A PROJECT ON

THE STUDY OF CREDIT MANAGEMENT IN NBFC

WITH SPECIFIC REFERANCE TO FULLERTON INDIA PVT LTD

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RAVINA UPAGADE

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CHAPTER-01

INTRODUCTION

What Is Credit Risk?

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Although it's impossible to know exactly who will default on obligations, properly assessing and managing credit risk can lessen the severity of loss. Interest payments from the borrower or issuer of a debt obligation are a lender's or investor's reward for assuming credit risk.

Understanding Credit Risk

When lenders offer mortgages, credit cards, or other types of loans, there is a risk that the borrower may not repay the loan. Similarly, if a company offers credit to a customer, there is a risk that the customer may not pay their invoices. Credit risk also describes the risk that a bond issuer may fail to make payment when requested or that an insurance company will be unable to pay a claim.

Credit risks are calculated based on the borrower's overall ability to repay a loan according to its original terms. To assess credit risk on a consumer loan, lenders look at the **Five Cs: credit history, capacity to repay, capital, the loan's conditions, and associated collateral**.

Some companies have established departments solely responsible for assessing the credit risks of their current and potential customers. Technology has afforded businesses the ability to quickly analyze data used to assess a customer's risk profile.

If an investor considers buying a bond, they will often review the credit rating of the bond. If it has a low rating (B or C), the issuer has a high risk of default. Conversely, if it has a high rating (AAA, AA, or A), it's considered to be a safe investment.

Bond credit-rating agencies, such as Moody's Investors Services and Fitch Ratings, evaluate the credit risks of thousands of corporate bond issuers and municipalities on an ongoing basis. For example, a risk-averse investor may opt to buy an AAA-rated municipal Bond. In contrast, a risk-seeking investor may buy a bond with a lower rating in exchange for potentially higher returns.

Credit Risk vs. Interest Rates

Important: If there is a higher level of perceived credit risk, investors and lenders usually demand a higher rate of interest for their capital.

Creditors may also choose to forgo the investment or loan.

For example, because a mortgage applicant with a superior credit rating and steady income is likely to be perceived as a low credit risk, she will receive a low-interest rate on her mortgage. In contrast, if an applicant has a poor credit history, he may have to work with a subprime lender—a mortgage lender that offers loans with relatively high interest rates to high-risk borrowers to obtain financing.

Similarly, bond issuers with less-than-perfect ratings offer higher interest rates than bond issuers with perfect credit ratings. The issuers with lower credit ratings use high returns to entice investors to assume the risk associated with their offerings

CHAPTER-02

ABOUT

NBFC

WHAT IS NBFC?

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 of India, engaged in the business of loans and advances, acquisition of shares, stock, bonds, hire-purchase insurance business or chit-fund business but does not include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or construction of immovable property.

The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI) within the framework of the [[Reserve Bank of India Act, 1934]] (Chapter III-B) and the directions issued by it. On November 9, 2017, Reserve Bank of India (RBI) issued a notification outlining norms for outsourcing of functions/services by Non-Bank Financial Institution (NBFCs). As per the new norms, NBFCs cannot outsource core management functions like internal audit, management of investment portfolio, strategic and compliance functions for know your customer (KYC) norms and sanction of loans. Staff of service providers should have access to customer information only up to an extent which is required to perform the outsourced function. Boards of NBFCs should approve a code of conduct for direct sales and recovery agents. For debt collection, NBFCs and their outsourced agents should not resort to intimidation or harassment of any kind. All NBFCs' have been directed to set up grievance redressed machinery, which will also deal with the issues relating to services provided by the outsourced agency.

HISTORY OF NBFCs IN INDIA

The Reserve Bank of India Act, 1934 amended on 1 December 1964 by Reserve Bank Amendment Act, 1963. In this new 'Chapter III-B' introduced to Regulate 'Deposit Accepting' NBFCs.

- *Different types of Committees to Review existing framework of NBFCs.*

TYPES OF NBFCs IN INDIA

Different types of NBFCs are as follows:

- **Asset Finance Company (AFC)**

An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic, such as automobiles, tractors, lathe machines, cranes, generator sets, earth moving and material handling equipment, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

- **Investment Company (IC)**

IC means any company which is a financial institution carrying on as its principal business with the acquisition of securities.

❖ Loan Company (LC)

LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

❖ Infrastructure Finance Company (IFC)

Infrastructure finance companies deploy a minimum of three-fourths of their total assets in infrastructure loans. The net owned funds are more than 3 billion and a minimum crediting rating of 'A' and the Capital to Risk-Weighted Assets Ratio is 15%.

❖ Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC)

IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raises resources through Multiple-Currency bonds of minimum 5-year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

❖ NBFC-Factors

NBFC Factors has principle business of factoring. Factoring is a financial transaction and a type of debtor finance.

❖ Gold Loan NBFCs in India

Over the years, gold loan NBFCs witnessed an upsurge in Indian financial market, owing mainly to the recent period of appreciation in gold price and consequent increase in the demand for gold loan by all sections of society, especially the poor and middle class to make ends meet. Though there are many NBFCs offering gold loans in India, about 95 per cent of the gold loan business is handled by three Kerala based companies, viz., Muthoot Finance, Manapuram Finance and Muthoot Fincorp. Growth of gold loan NBFCs eventuating from various factors including Asset Under Management (AUM), number of branches, and also the number of customers etc. Growth of gold loan NBFCs occurred both in terms of the size of their balance sheet and their physical presence that compelled to increase their dependence on public funds including bank finance and non-convertible debentures. Aggressive structuring of gold loans resulting from the uncomplicated, undemanding and fast process of documentation along with the higher Loan to Value (LTV) ratio include some of the major factors that augment the growth of Gold loan NBFCs.

- **Residuary Non-Banking Companies (RNBCs)**

Residuary Non-Banking Company is a class of NBFC which is a company and has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner and not being Investment, Asset Financing, Loan Company. These companies are required to maintain investments as per directions of RBI, in addition to liquid assets.

THE ROLE OF NBFCs IN THE INDIAN ECONOMY.

NBFCs (Non-Banking Financial Companies) play an important role in promoting inclusive growth in the country, by catering to the diverse financial needs of bank excluded customers. Further, NBFCs often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSMEs) most suitable to their business requirements. NBFCs do play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments and to support financially weaker sections of the society. Emergency services like financial assistance and guidance is also provided to the customers in the matters pertaining to insurance.

NBFCs are financial intermediaries engaged in the business of accepting deposits delivering credit and play an important role in channelizing the scarce financial resources to capital formation. They supplement the role of the banking sector in meeting the increasing financial needs of the corporate sector, delivering credit to the unorganized sector and to small local borrowers. However, they do not include services related to agriculture activity, industrial activity, sale, purchase or construction of immovable property. In India, despite being different from banks, NBFC are bound by the **Indian** banking industry rules and regulations.

NBFC focuses on business related to loans and advances, acquisition of **shares**, stock, bonds, **debentures**, securities issued by government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business.

The banking sector would always be the most important sector in the field of business because of its credibility in supporting manufacturing, infrastructural development and even being the backbone for the common man's money. But despite this, the role of NBFCs is critical and their presence in a country would only boost the economy in the right direction.

Game Changers

P Vijaya Bhaskar, ex – Executive Director, RBI, explained how NBFC companies are game-changers that are very important to the economy.

- **Size of Sector:** The NBFC sector has grown considerably in the last few years despite the slowdown in the economy.

- **Growth:** In terms of year-over-year growth rate, the NBFC sector beat the banking sector in most years between 2006 and 2013. On an average, it grew 22% every year. This shows, it is contributing more to the economy every year.

- **Profitability:** NBFCs are more profitable than the banking sector because of lower costs. This helps them offer cheaper loans to customers. As a result, NBFCs' credit growth - the increase in the amount of money being lent to customers – is higher than that of the banking sector with more customers opting for NBFCs.

- **Infrastructure Lending:** NBFCs contribute largely to the economy by lending to infrastructure projects, which are very important to a developing country like India. Since they require large amount of funds, and earn profits only over a longer time-frame, these are riskier projects and deters banks from lending. In the last few years, NBFCs have contributed more to infrastructure lending than banks.

- **Promoting inclusive growth:** NBFCs cater to a wide variety of customers - both in urban and rural areas. They finance projects of small-scale companies, which is important for the growth in rural areas. They also provide small-ticket loans for affordable housing projects. All these help promote inclusive growth in the country.

- **NBFCs aid economic development in the following ways:**

1. Mobilization of Resources - It converts savings into investments.
2. Capital Formation - Aids to increase capital stock of a company.
3. Provision of Long-term Credit and specialized Credit.
4. Aid in Employment Generation.
5. Help in development of Financial Markets.
6. Helps in Attracting Foreign Grants
7. Helps in Breaking Vicious Circle of Poverty by serving as government's instrument.

- **The Technology Backbone:**

With the increasing role of NBFCs in the Indian Economy, the Reserve Bank of India has issued the notification Master Direction - Information Technology Framework for the NBFC Sector this year. The directions on IT Framework for the NBFC sector are expected to enhance safety, security, efficiency in processes leading to benefits for NBFCs and their customers. NBFCs with asset size above 500 cores are expected to adhere to the new "recommendations" by 30th September 2018. Recommendations for smaller NBFCs include developing basic IT systems mainly for maintaining the database.

While larger NBFCs stare at a strict deadline, smaller NBFCs, especially Fintech startups have a bigger problem at hand; an identity crisis! The business models of startups like Bank Baaar mandate that they do not become a NBFC, while the nature of operations of startups like Lendingkart makes them a NBFC as part of the legal compliance.

CHAPTER-03

FULLERTON

CASESTUDY

❖ ABOUT FULLERTON INDIA.

Fullerton India Credit Company Limited (FICCL) is a Non-Banking Finance Company (NBFC) with an A category license, issued by the Reserve Bank of India. It is a fully owned subsidiary of Fullerton Financial Holdings Pvt. ltd. Singapore. The Company was established in 1994. In December 2005 the Management of this Company changed, with an investor making an investment in the equity capital of this Company under the Foreign Direct Investment Policy. 99.99% of the share capital of FICCL is held by Angelica Investment Pte. Ltd. Singapore. Then they began their operations with new management in India in January 2006. The new management team is headed by a professional CEO and Managing Director, supported by a team of professionals, with expertise in area of Consumer Finance, Middle market lending and SME businesses. These professionals have worked in various Banks and Financial institutions, and have good commercial experience. The company operates on a wide range of financial products and services for customers related to the retail markets and commercial mass markets. The company provides financial support to its clients through basically two policies namely Fullerton India Home Loans and Fullerton India Loan Against Property (LAP). Fullerton India Home Loans provides financial security to both salaried as well as Self-Employed individuals for the purchase of Residential property whereas Fullerton India Loan Against Property offers financial support both salaried and Self Employed individuals for the purchase of commercial property and funds required for business expansion. The company follows a customer centric, community based business model, and is committed to provide quality financial services to the growing Indian masses. Under the organizational structure, the Company has in each of its branches, a team of Relationship Managers and Officers who meet customers to understand their business or profession and credit requirements. The Company being in the financial sector provides Loans and financial services to customers such as

Individuals, Professionals, Partnership firms, Sole proprietorship and Small and Medium companies. To service its customers, the Company has two major divisions HL and LAP.

PRODUCTS OFFERD BY THE COMPANY:

Fullerton India Home Loans and LAP has introduced a new concept in the Indian market. The company has branches, which cater only to the specific needs of Salaried Individuals. Its HL branches provide customized products and solutions, especially designed keeping in mind the unique circumstances and requirements of this segment.
The HL and LAP cover a wide range of products, which include:

1. Unsecured Personal Loans
2. Secured Loans
3. Home Finance
4. Home Equity Loans

1. Unsecured Personal Loans:

An unsecured loan is a loan that is not backed by collateral, it is also known as a *signature loan* or *personal loan*. Unsecured loans are based solely upon the borrower's credit rating. An unsecured loan is considered much cheaper and carries less risk to the borrower.

Types of Unsecured Personal Loans:

There are three types of unsecured loans.

a) First is a personal unsecured loan, which means a loan that, a person individually responsible for the repayment.

b) Second is an unsecured business loan which leaves the business responsible for the repayment.

c) Third is an unsecured business loan with a personal guarantee. In this type of unsecured loan the borrower is the business, but guarantor will be the payer if the business defaults to pay the loan.

2. Secured Loans:

A secured loan is a loan in which the borrower pledges some asset (e.g. a car or property) as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan. The debt is thus secured against the collateral. In any event if the borrower defaults to repay, then the creditor takes possession of the asset used as collateral and may sell it to satisfy the debt by regaining the amount originally lent to the borrower. There are two purposes for a loan secured by debt. In the first purpose, by extending the loan through securing the debt, the creditor is relieved of most of the financial risks involved because it allows the creditor to take the property in the event that the debt is not properly repaid. In exchange, this permits the second purpose where the debtors may receive loans on more favorable terms than that available for unsecured debt, or to be extended credit under circumstances when credit under terms of unsecured debt would not be extended at all. The creditor may offer a loan with attractive interest rates and repayment periods for the secured debt.

Home Equity Loan:

A home equity loan (sometimes abbreviated HEL) is a type of loan in which the borrower uses the equity in their home as collateral. These loans are sometimes useful to help finance major home repairs, medical bills or college education. A home equity loan creates a lien against the borrower's house, and reduces actual home equity.

Types of Home Equity Loan

a) **Closed end home equity loan:** The borrower receives a lump sum at the time of the closing and cannot borrow further. The maximum amount of money that can be borrowed is determined by variables including credit history, income, and the appraised value of the collateral, among others. It is common to be able to borrow up to 100% of the appraised value of the home, less any liens, although there are lenders that will go above 100% when doing over-equity loans. However, state law governs in this area; for example, Texas (which was, for many years, the only state to not allow home equity loans) only allows borrowing up to 80% of equity. Closed-end home equity loans generally have fixed rates and can be amortized for periods usually up to 15 years. Some home equity loans offer reduced amortization whereby at the end of the term, a balloon payment is due. These larger lump-sum payments can be avoided by paying above the minimum payment or refinancing the loan.

b) **Open end home equity loan:** This is a revolving credit loan, also referred to as home equity line of credit, where the borrower can choose when and how often to borrow against the equity in the property, with the lender setting an initial limit to the credit line based on criteria similar to those used for closed end loans. Like the closed-end loan, it may be possible to borrow up to 100% of the value of a home, less any liens. These lines of credit are available up to 30years, usually at a variable interest rate. The minimum monthly payment can be as low as only the interest that is due. Typically, the interest rate is based on the Prime rate plus a margin. Fullerton India LAP strives to improve the business and lives of the small business community. Their business is focused only on small establishments with a Turnover of less than Rs. 25 Mn p.a.

CHAPTER-04

LOAN PROCESS

CREDIT RATIOS:

Ratios and Formulas in Customer Financial Analysis

Financial statement analysis is a judgmental process. One of the primary objectives is identification of major changes in trends, and relationships and the investigation of the reasons underlying those changes. The judgment process can be improved by experience and the use of analytical tools. Probably the most widely used financial analysis technique is ratio analysis, the analysis of relationships between two or more line items on the financial statement. Financial ratios are usually expressed in percentage or times. Generally, financial ratios are calculated for the purpose of evaluating aspects of a company's operations and fall into the following categories:

- **Liquidity ratios measure a firm's ability to meet its current obligations.**

- **Profitability ratios measure management's ability to control expenses and to earn a return on the resources committed to the business.**

- **Leverage ratios measure the degree of protection of suppliers of long-term funds and can also aid in judging a firm's ability to raise additional debt and its capacity to pay its liabilities on time.**

- **Efficiency, activity or turnover ratios provide information about management's ability to control expenses and to earn a return on the resources committed to the business.**

A ratio can be computed from any pair of numbers. Given the large quantity of variables included in financial statements, a very long list of meaningful ratios can be derived. A standard list of ratios or standard computation of them does not exist. The following ratio presentation includes ratios that are most often used when evaluating the credit worthiness of a customer. Ratio analysis becomes a very personal or company driven procedure. Analysts are drawn to and use the ones they are comfortable with and understand.

LIQUIDITY RATIOS

- ***Working Capital:***

Working capital compares current assets to current liabilities, and serves as the liquid reserve available to satisfy contingencies and uncertainties. A high working capital balance is mandated if the entity is unable to borrow on short notice. The ratio indicates the short-term solvency of a business and in determining if a firm can pay its current liabilities when due.

Formula

Current Assets - Current Liabilities

- ***Acid Test or Quick Ratio:***

A measurement of the liquidity position of the business. The quick ratio compares the cash plus cash equivalents and accounts receivable to the current liabilities. The primary difference between the current ratio and the quick ratio is the quick ratio does not include inventory and prepaid expenses in the calculation. Consequently, a business's quick ratio will be lower than its current ratio. It is a stringent test of liquidity.

Formula

$$\frac{\text{Cash + Marketable Securities + Accounts Receivable}}{\text{Current Liabilities}}$$

❖ ***Current Ratio:***

Provides an indication of the liquidity of the business by comparing the amount of current assets to current liabilities. A business's current assets generally consist of cash, marketable securities, accounts receivable, and inventories. Current liabilities include accounts payable, current maturities of long-term debt, accrued income taxes, and other accrued expenses that are due within one year. In general, businesses prefer to have at least one dollar of current assets for every dollar of current liabilities. However, the normal current ratio fluctuates from industry to industry. A current ratio significantly higher than the industry average could indicate the existence of redundant assets. Conversely, a current ratio significantly lowers than the industry average could indicate a lack of liquidity.

Formula

$$\frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

❖ ***Cash Ratio:***

Indicates a conservative view of liquidity such as when a company has pledged its receivables and its inventory, or the analyst suspects severe liquidity problems with inventory and receivables.

Formula

$$\frac{\textbf{Cash Equivalents + Marketable Securities}}{\textbf{Current Liabilities}}$$

PROFITABITY RATIOS

- ***Net Profit Margin (Return on Sales):***

A measure of net income dollars generated by each dollar of sales.

Formula

$$\frac{\text{Net Income}}{\text{Net Sales}}$$

* Refinements to the net income figure can make it more accurate than this ratio computation. They could include removal of equity earnings from investments, "other income" and "other expense" items as well as minority share of earnings and nonrecurring items.

- ***Return on Assets:***

Measures the company's ability to utilize its assets to create profits.

Formula

$$\frac{\text{Net Income}}{(\text{Beginning + Ending Total Assets}) / 2}$$

- ***Operating Income Margin:***

A measure of the operating income generated by each dollar of sales.

Formula

$$\frac{\text{Operating Income}}{\text{Net Sales}}$$

❖ ***Return on Investment:***

Measures the income earned on the invested capital.

Formula

$$\frac{\text{Net Income *}}{\text{Long-term Liabilities + Equity}}$$

❖ ***Return on Equity:***

Measures the income earned on the shareholder's investment in the business.

Formula

$$\frac{\text{Net Income}}{\text{Equity}}$$

❖ ***Gross Profit Margin:***

Indicates the relationship between net sales revenue and the cost of goods sold. This ratio should be compared with industry data as it may indicate insufficient volume and excessive purchasing or labor costs.

Formula

$$\frac{\text{Gross Profit}}{\text{Net Sales}}$$

FINANCIAL LEVERAGE RATIO

- ***Total Debts to Assets:***

Provides information about the company's ability to absorb asset reductions arising from losses without jeopardizing the interest of creditors.

Formula

$$\frac{\textbf{Total Liabilities}}{\textbf{Total Assets}}$$

- ***Debt to Equity:***

Indicates how well creditors are protected in case of the company's insolvency.

Formula

$$\frac{\textbf{Total Debt}}{\textbf{Total Equity}}$$

- ***Interest Coverage Ratio (Times Interest Earned):***

Indicates a company's capacity to meet interest payments. Uses EBIT (Earnings Before Interest and Taxes)

Formula

$$\frac{\textbf{EBIT}}{\textbf{Interest Expense}}$$

EFFICIENCY RATIOS

- ***Cash Turnover:***

Measures how effective a company is utilizing its cash.

Formula

$$\frac{\text{Net Sales}}{\text{Cash}}$$

- ***Total Asset Turnover:***

Measures the activity of the assets and the ability of the business to generate sales through the use of the assets.

Formula

$$\frac{\text{Net Sales}}{\text{Average Total Assets}}$$

- ***Fixed Asset Turnover:***

Measures the capacity utilization and the quality of fixed assets.
Formula

$$\frac{\text{Net Sales}}{\text{Net Fixed Assets}}$$

- ***Accounts Receivable Turnover:***

Indicates the liquidity of the company's receivables.

Formula

$$\frac{\text{Net Sales}}{\text{Average Gross Receivables}}$$

- ***Accounts Receivable Turnover in Days:***

Indicates the liquidity of the company's receivables in days.

Formula

$$\frac{\text{Average Gross Receivables}}{\text{Annual Net Sales/365}}$$

- ***Inventory Turnover:***

Indicates the liquidity of the inventory.

Formula

$$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

- ***Inventory Turnover in Days:***

Indicates the liquidity of the inventory in days.

Formula

$$\frac{\text{Average Inventory}}{\text{Cost of Goods Sold / 365}}$$

- ***Payables Turnover:***

Indicates the liquidity of the firm's payables.

Formula

$$\frac{\textbf{Purchases}}{\textbf{Average Accounts Payable}}$$

- ***Payables Turnover in Days:***

Indicates the liquidity of the firm's payables in days.

Formula

$$\frac{\textbf{Average Accounts Payable}}{\textbf{Purchases / 365}}$$

ADDITIONAL RATIOS

- ***Bad-Debt to Accounts Receivable Ratio:***

Bad-debt to Accounts Receivable ratio measures expected uncollectibility on credit sales. An increase in bad debts is a negative sign, since it indicates greater realization risk in accounts receivable and possible future write-offs.

Formula

$$\frac{\text{Bad Debts}}{\text{Accounts Receivable}}$$

- ***Bad-Debt to Sales Ratio:***

Bad-debt ratios measure expected uncollectibility on credit sales. An increase in bad debts is a negative sign, since it indicates greater realization risk in accounts receivable and possible future write-offs.

Formula

$$\frac{\text{Bad Debts}}{\text{Sales}}$$

❖ ***Current-Liability Ratios:***

Current-liability ratios indicate the degree to which current debt payments will be required within the year. Understanding a company's liability is critical, since if it is unable to meet current debt, a liquidity crisis looms. The following ratios are compared to industry norms.

Formulas

$$\textbf{Current to Non-current} = \frac{\textbf{Current Liabilities}}{\textbf{Non-current Liabilities}}$$

$$\textbf{Current to Total} = \frac{\textbf{Current Liabilities}}{\textbf{Total Liabilities}}$$

RULE NUMBER 72

A rule of thumb method used to calculate the number of years it takes to double an investment.

Formula

$$\frac{72}{\text{Rate of Return}}$$

Example

Paul bought securities yielding an annual return of 9.25%. This investment will double in less than eight years because,

$$\frac{72}{9.25} = 7.78 \text{ years}$$

KEY TAKEWAYS:

- Credit risk is the possibility of loss a lender takes on due to the possibility of a borrower not paying back a loan.
- Consumer credit risk can be measured by the five Cs: credit history, capacity to repay, capital, the loan's conditions, and associated collateral.
- Consumers posing higher credit risks usually end up paying higher interest rates on loans.

KNOW YOUR BORROWER

- Whether buying a business or providing senior debt, the deal comes down to trust. How well do you know the borrower and how much do you trust he or she will not default?
- Assessing the integrity and ability of a borrower is challenging – even when the assets backing the loan appear rock-solid. What you see is not always what you get. Unfortunately, there is no stereotypical "fraudster" – the scam artist can neither be profiled nor categorized. A polished CEO with an impressive background can look the same as every other swindler. Lenders need to be particularly mindful of who the borrower is and this means conducting proper due diligence.

- Investigative due diligence is designed to determine a prospective borrower's character; but it must go way beyond the basic check-the-box background check. A criminal record or mediocre credit score is certainly helpful to know, but a clear criminal record or good credit does not necessarily mean the lender is qualified to pay the loan back. You need to dig deeper.

- First, you need to confirm the borrower is honest in how they present themselves: confirm degrees, professional licenses and other credentials. Then, you need to see what businesses the person has been involved with over the years. And this is not just confirming what's on a resume. Are there other companies the executive has formed over the years that you don't know about? The most common factor in a successful Ponzi scheme is the shady LLC that is used to embezzle the money. (Just ask Bernie Madoff, Robert Allen Stanford, Andrew Caspersen and every other convicted Ponzi schemer.)

- In addition to checking criminal history or DUIs, lawsuits, bankruptcies, judgments and liens must be reviewed. Was the lender sued by other financial institutions in the past (as in: are you next in line?)? If the executive has had personal financial problems, it is likely your line of credit that will pay off his own indebtedness. And, even though a case might be closed or dismissed, that does not mean the merits of the case are irrelevant. When you look at the complaints filed in closed cases, you can learn a lot about allegations made against a person or company (fraud, discrimination) and also understand how the case was resolved (e.g. is there a looming judgment against the company which would deter its ability to succeed). This type of information is not as concrete as having bad credit but is of equal importance when assessing the quality of the lender. This type of analysis is imperative.

- Lastly, you want to see if the borrower has been involved in anything controversial over the years. This includes reviewing traditional media sources (more than Google!) to identify any connections to bad people or incidents. And of course, the most recent spot for outrageous behaviour is social media. Lies on LinkedIn, threatening political rants on Facebook and salacious pictures on Instagram are all more common than you might think. These "posts" can clue you in on how the borrower behaves outside the office, and sometimes this behaviour is unethical or symptomatic of future bad behaviour that could affect reputational risk and asset quality.

- Background investigations can have differing scopes and the level of the research should depend on your exposure and familiarity with the borrower. Also, contacting other lenders or people who have worked with the borrower is crucial: you need to understand what their reputation is “on the ground” and be alert to other red flags because it is all about reducing non-performing loans.

WHAT IS DISBURSEMENT OF LOAN?

Wondering about the home loan disbursement process? There are three stages, namely the submission of the application form and documents followed by the sanctioning and the disbursement which is usually communicated through the home loan disbursement letter. This letter is where you will find the home loan disbursement schedule for your home loan.

It is also better to use a home loan eligibility calculator in order to understand the amount that you will be eligible for and a home loan EMI calculator to work out the amount to be repaid every month and whether you can afford it or not. Once you have approved the home loan sanction letter, the disbursement process will start.

The key home loan disbursement stages include the following:

• **Documents:** You have to submit a signed duplicate copy of the offer letter and will be informed about the property documents need for disbursal of the home loan.

• **Legal Examination of Documents:** The property papers like own contribution receipt, no objection certificate, and sale deed will be examined by a legal expert/lawyer. The report will give the nod towards taking the process further or added documentation may be needed.

• **Down Payment Amount and Date:** You will be informed about the date of the down payment and the first instalment required.

• **Transaction Documents:** Documents to be executed include the likes of the Credit Facility Application Form and others which will have to be done.

• **Disbursement of The Loan Amount:** The amount will then be disbursed in a single or more instalments, post technical and legal property verification and subject to the sanction letter's terms and conditions

CHAPTER-05

LITRATURE REVIEW

LITRATURE REVIEW

Trevor Richards (1996) Begins by defining the conversion model. A model used as a marketing tool to identify commitment to different brands of goods or services. Argues that there is a difference between committed and uncommitted customers which are not related to service quality and that this makes it difficult to predict customer retention based solely on these grounds. Other factors also drive commitment. Presents two short case studies based on this assumptions. Kurt Matzler, Hans H. Hinterhuber, Franz Bailom, Elmar Sauerwein (1996) How to delight your customers, Asks which product qualities are decisive for the satisfaction of the customer and which features merely prevent dissatisfaction. Proposes Kano's model of customer satisfaction for answering these questions and for drawing conclusions for the management of product development. In his model, Kano distinguishes between three types of product requirement which influence customer satisfaction in different ways when met: must-be requirements, which are basic criteria of a product - if these requirements are not fulfilled, the customer will be extremely dissatisfied; one-dimensional requirements, where customer satisfaction is proportional to the level of fulfillment, the higher the customer's satisfaction and vice versa; and attractive requirements, which are the product criteria which have the greatest influence on how satisfied a customer will be with a given product.

Attractive requirements are neither explicitly expressed nor expected by the customer. Antony Beckett, Paul Hewer, Barry Howcroft (2000). An exposition of consumer behavior in the financial services industry, Deregulation and the emergence of new forms of technology have created highly competitive market conditions which have had a critical impact upon consumer behavior. Bank providers must, therefore, attempt to better understand their customers in an attempt not only to anticipate but also to influence and determine consumer buying behavior. The paper accordingly presents and develops a model which attempts to articulate and classify consumer behavior in the purchasing of financial products and services. The theoretical insights generated by this model are then used to examine qualitative research data gained from focus group discussions on consumers ‘attitudes to their financial providers and their financial products. Finally, these findings are examined for the potential insights they provide to bank providers attempting to identify appropriate strategies which are conductive to increased customer retention and profitability. Randi Priluck (2003) Relationship marketing can mitigate product and service failures, Relationship marketing is beneficial to firms because it can foster customer loyalty and re-patronage behavior. Consumers engaged in relational exchanges are more satisfied than those in discrete transactions because of the ease and psychological comfort of purchasing from a familiar company. This research investigates the power of relationship marketing to mitigate in two situations. One exposes consumers to poor product performance and examines their levels of trust, commitment and satisfaction. The second presents a product failure that is followed by a lapse in service recovery and measures satisfaction and exit behavior. The findings of both studies suggest that relationships make up for increasingly strong negative encounters, providing a level of insulation for the marketer. Implications for service firms are discussed.

Adam Lindgreen (2004) few published empirical studies have examined the design, implementation, and monitoring of customer relationship management (CRM) programs at a practical level. The article develops a single embedded case study on Dagbladet Borsen (http://www.borsen.dk), the largest publisher of business-related materials in Scandinavia. The article first introduces the reader to the philosophy behind CRM. Following that, it considers key areas of a four-year long CRM program and offer insights into the procedure that has been developed by SJP (http://www.sjp.dk), the consulting firm that was brought into assist. The procedure is organized around eight areas: commitment of senior management, situation report, analysis, strategy formulation, implementation, management development, employee involvement, and evaluation of loyalty building processes. Over the four-year long CRM programmer, Dagbladet Borsenincreased its newspaper circulation by 40 per cent and advertising revenue by 50 percent, while total revenue more than doubled.

Ka-shing Woo, Henry K.Y. Fock (2004). The axiom that —the customer is always right is no longer valid when companies realize that some of their customers are not right at all. Paying too much attention to these so-called "wrong" customers may jeopardize a company's survival and profitability. Right customers have to be retained; "at-risk" right customers have to be recovered, and wrong customers have to be divested. This study attempts to operationalize the concept of customer "rightness" and "wrongness" in terms of different configurations of attribute satisfaction and overall satisfaction. Based on the result of a discriminant analysis of satisfaction survey data, customers with different configurations of attribute satisfaction and overall satisfaction are re-examined in terms of switching intention, behavioral patterns and demographic characteristics in order to highlight any significant descriptor. Susan E. Rau (2005) Building great products can be a reality for any 18company that takes the time and effort to create and execute the linkages between: winning strategy; the role of products and services; the product building blocks; and, linkages to customer needs. In fact, our research and work with clients suggests that a lack of alignment of these factors is the number one cause for the poor performance of many new products. This article defines for the reader the four winning strategy choices a company has "Product Leader", Distribution Giant, Innovation Superstar and Customer Lover and how each of these models puts a different emphasis on products and services. Once a company has selected a winning strategy, executing that strategy successfully requires adherence to the business model, including aligning product and services, customer imperatives and financial realities to that winning strategy model. Losing focus and drifting away from the chosen strategy or interspersing, for example, the product priorities from one winning strategy with the customer imperatives from another is a recipe for lackluster earnings and poor stock performance. Readers will learn how to outsmart the competition and build products that really win in the marketplace.

CHAPTER-06

RESEARCH METHODOLOGY

RESERCH METHODOLOGY

Research Methodology is a way to systematically solve the research problem. The Research Methodology includes the various methods and techniques for conducting a Research. This project comes under the head of Marketing Research. The Marketing Research is the systematic design, collection, analysis and reporting of data and finding relevant solution to a specific marketing situation or problem.

- **Sampling Plan –** Sampling can be defined as the section of some part of an aggregate or totality on the basis of which judgment or an inference about aggregate or totality is made. The sampling plan helps in decision making in the following areas:

- **Sample size –** Sample size refers to the total numbers of items about which the information is desired. The sample ***size of the study is 100***.

- **Data Collection -** Information has been collected from both

PRIMARY AND SECONDARY DATA.

- **Primary Data –**Primary data are those, which are collected for the first time, and thus happen to be original in character. *Primary Data has been collected in this study by conducting survey through Questionnaire.*

- **Secondary Data:** Secondary Data are those which have already been collected by someone else and which already had been passed through the statistical process. *Secondary data has been collected in this study through Magazines, Web sites, Newspaper and Journals.*

COLLECTION OF DATA OF PRESENT STUDY:

- ***All the primary data is being collected from the questionnaire, the applicants who took the loan from Fullerton India Credit Company, whether it is a HL or LAP. An approx. amount of 100 questionnaire were taken an below mention study is based on all that 100 questionnaires .i.e. below study is respect to the view, reviews, suggestions and all the ideas regarding loan taken by those 100 applicant from Fullerton India Credit Company.***

- ***This research is based on primary and secondary data i.e. collected through primary and secondary sources. The primary data is collected with the help of questionnaire survey and the secondary data is collected from Newspapers, Internet, and Magazines.***

OBJECTIVE OF THE STUDY

The study was conducted to aiming at fulfilling the following:

- ***Objectives.***

- **To find the preferences of customer regarding various types of loan.**
- **To know the amount of loan generally availed by the respondents.**
- **To study the Advertising effectiveness in creating awareness among the public.**
- **To study the satisfaction level of customer regarding different loans schemes provided by Fullerton India Credit Company Ltd.**
- **To know the process of Loan Disbursement.**
- **Ratio analysis in credit management.**

CHAPTER-07

DATA ANALYSIS AND INTERPRETATION

❖ANALYSIS OF DATA

Therefore, the analysis of data is categorized under following two sub categories that are:-

- ❖ Analysis of Primary Data.
- ❖ Analysis of Secondary Data

Firstly the analysis of primary data includes the analysis of data collected through questionnaire. The analysis of Primary Data is as follow:-

Parameters selected for Collecting Primary Data:

- ❖ **Age of Respondent:**

AGE	18-25 YEARS	25-35 YEARS	35-50 YEARS	ABOVE 50 YEARS
PERCENTAGE	15%	30%	40%	15%

The respondent of research comprises of 15% of 18-25 years, 30% of 25-35 years, 40% of 35-50 years and 15% of more than 50 years. This classification of age group is required to know the perception of person for taking loan at different stage of life. Generally Fullerton India provides loan to salaried individuals and new entrepreneurs, therefore our sample size is consists 56% of respondents lies between the age group of 18 to 35 years. After setting the age group composition for survey the next parameter for differentiating respondent is Income level. After setting the age group composition for survey the next parameter for differentiating respondent is Income level.

- **Annual Income of the Respondent**

INCOME	BELOW 04 LACS	04-10 LACS	10-20 LACS	ABOVE 20 LACS
% AGE	**47%**	**35%**	**10%**	**08%**

Second classification of respondent is based on the basis of their annual income. This classification is done to know that mostly which income level people have more demand for loan. This research is targeted to know the demand of loan by salaried individual and small entrepreneurs, therefore the sample size consists of 47% Lower Income level and 35% middle income level for judging the demand of salaried individual and to judge the demand of small entrepreneurs the sample size consists of 10% upper middle income level and 08% that are having annual income more than 5 lakh.

- **Occupation of the Respondent:**

OCCUPATION	GOVERNMENT EMPLOYEE	PRIVATE EMPLOYEE	BUSINESSMAN
PERCENTAGE	**20%**	**20%**	**60%**

The third important consideration which helps to identify that whether the respondent is salaried individual or small entrepreneurs is occupation. The occupation comprises of Government Employee, private employee that fall into salaried individual category and third component of occupation is Businessman which indicates small entrepreneurs. The weight provided to salaried individual i.e.to Government and private employee is 40% because Fullerton offered less products to this category and for small entrepreneurs the weight assigned is 60%, because this weight can give justifiable result to divide the demand of loan on the basis of occupation.

- **From which source you knew about the various schemes of Fullerton India?**

MEDIUM	NEWSPAPER	TELEVISION	FRIENDS	SALES EXECUTIVE
PERCENTAGE	15%	20%	50%	15%

This question is asked in order to know the effectiveness of the Advertisement strategy adopted by Fullerton India. The result found by the survey shows that most of the customer knew about the various loan schemes through newspaper &internet. Therefore company can make more use of the newspaper and internet to increase its customer base. Secondly the company also getting the benefit of its existing customer to advertise its product, because 50% of customer knew about the schemes of Fullerton India through their friends who had taken loan from Fullerton India. Fullerton India is not making use of Television media frequently because it is very costly; therefore resultantly it contributed only 20% in creating the awareness among the customer regarding various schemes of Fullerton India.

- **Which type of loan you availed from Fullerton India?**

TYPES	SECURED (LAP)	UNSECURED	HOME LOAN	HOME EQUITY LOAN
PERCENTAGE	50%	12%	30%	08%

The most preferred loan by customer is secured loan (LAP) Loan against Property which is availed by 50% of customers. This loan is easily available to customer because there is less risk faced by Fullerton in giving this type of loan as it is secured by some assets of customer. Second more preferred loan than secured loan is Home loan which is availed by 30% of customer other loan are availed by 12% and 08% of sample size.

- **Through which scheme of Fullerton India you availed loan?**

TYPE	HL	LAP
PERCENTAGE	35%	65%

The Fullerton India offers different types of loans under two main schemes that are HL and LAP. Fullerton India Home Loans provides financial security to both salaried as well as Self-Employed individuals for the purchase of Residential property whereas Fullerton India Loan Against Property offers financial support both salaried and Self Employed individuals for the purchase of commercial property and funds required for business expansion. The result of survey shows that most of customer availed loan under HL scheme i.e. 65% as compare to LAP as these customers apply loan on a constant basis whether it is a term loan, business loan or loan for commercial purpose. Therefore it shows that, the small entrepreneur individual are more important for company, so the company is require to focus on this core product and simultaneously it require to improve the promotion of its HL scheme to attract more customers.

❖ **What is your amount of loan?**

AMOUNT OF LOAN	% OF CUSTOMERS
0 - 5 LACS	18%
05 LACS - 10 LACS	15%
10 LACS – 50 LACS	60%
MORE THAN 50 LACS	07%

This question is asked to know that generally how much amount of loan is availed by the customer. The result of survey shows that 18% customer availed loan up to Rs. 05 lakh, 15% availed 05 lakh to 10 lakh, 60% availed loan up to Rs 10 lakh to 50 lakh and there are very less customer who availed loan more than 50 lakh. So the Fullerton India is famous for medium loan, but there are very less number of customer for large amount loan. Therefore the company needs to focus on the schemes for large amount loan to become famous in this segment also.

❖ **What is the repayment period of your loan?**

Number of Years percentage of Respondents.

NUMBER OF YEARS	% OF CUSTOMERS
BELOW 03 YEARS	16%
3-10 YEARS	24%
10-20 YEARS	55%
MORE THAN 20 YEARS	05%

The profit of the company depends on the repayment period, because if there payment period is long than customer will pay interest for long period so it beneficial for company to issue loan for long repayment period. In the survey it was found that 16% customer availed loan for maturity period less than 03 years, 24% of customer availed loan for 03 years to 10 years, 55% availed for 10 to 20 years which is usually for home loans or for the purchase of commercial property. Only 05 % availed for the repayment period more than 20 years. The most preferred repayment period is 10 years to 20 years. The company will earn more sustainable profit for long period if it increases the customer who avail loan for long maturity period, therefore the company need to formulate some attractive scheme to attract the customer towards long repayment period loan.

- **Are you satisfied with the rate of interest charge by Fullerton India?**

YES	NO
62%	38%

The Fullerton India charging different rate of interest for different type of loan. The rate of interest of unsecured loan is quite high because of risky nature whereas secured loan is available at less rate of interest. Therefore there are some customers who are not satisfied with the rate of interest. The sample size consists of 62%customers who are satisfied with the rate of interest charging by Fullerton India and only 38% are unsatisfied.

- **What are the main factors which persuade you to avail loan from Fullerton India?**

FACTOR	% OF CUSTOMERS
EASY REPAYMENT	20%
EASY DOCUMENTATION	20%
ATTRACTIVE RATE OF INTEREST	15%
QUICK PROCESSING	30%
OTHERS	15%

This question is considered to know that which service of Fullerton India attracts more and more customer. The result shows that an attractive rate of interest is the most important factor responsible for attracting customer toward Fullerton India, then easy documentation, easy repayment and quick processing is also work as supplement to attract customer for availing loan from Fullerton India. Only 15%customers are fall in the category of others who availed loan due to flexible rate of interest.

❖ **What grade you will assign to the services of Fullerton India?**

GRADES	EXCELLENT	VERY GOOD	GOOD	FAIR	POOR
PERCENTAGE	**12%**	**47%**	**31%**	**6%**	**4%**

This result shows the perception of different customer toward services of Fullerton India. The 12 % customer thinks that the service delivery of Fullerton India is excellent whereas 47% thinks its service delivery is very good, 31% thinks that services delivery is only good and 6% thinks that the service delivery of Fullerton India is fair, but as nobody can satisfy everyone at same time, so this is same for Fullerton India, 4%customer are not satisfied with the services of Fullerton India.

ANALYSIS OF SECONDARY DATA

Analysis of secondary data includes the review of the news and articles published in newspaper or magazines regarding Fullerton India Credit Company Limited.

Article 1

Fullerton India Credit adopts Newgen’s BPM solution

Newgen Software Technologies Limited announced the successful implementation of its BPM solution (based on Newgen Omni Flow™) at Fullerton India Credit Company Limited (FICCL). NEWGEN SOFTWARE Technologies Limited, a market leader in Business Process Management (BPM) and Enterprise Content Management (ECM), with impeccable track record of implementing mission-critical workflow and document imaging solutions, announced the successful implementation of its BPM solution(based on Newgen Omni Flow™) at Fullerton India Credit Company Limited(FICCL). FICCL, one of the largest capitalized Non-Banking Finance Companies.

(NBFC) in the country has taken a steep target of setting up a total of 800 branches in the country by the end of 2009 (Till now, the company has set up over 650 branches).

Speaking of Newgen‘s solution that has helped the FICCL in gearing up to meet its targets, Pramod Krishnamurthy, executive vice president, technology, FICCL said, One of the key factors that has accounted for Fullerton India‘s rapid growth and ramping up of operations is the excellent support provided by the Newgen team. Their state of the art workflow routing and imaging system (OmniFlow) has met our dynamic requirements very well; it has enabled us to provide high level of customer service internally and externally. We look forward to a continued longer association with them as a valuable partner in our growth Newgen‘s implementation at FICCL covers the entire gamut of processes including loan origination and booking, collections and prospect tracking, loan against gold and early warning processes. FICCL currently has more than 350 branches across the country. Number of concurrent users (users across the branches who can be simultaneously logged into the system), which is already over 900, is expected to grow up to 1500 in near future.

Speaking of the successful implementation at FICCL, Punit Jain, vice president, sales and marketing, Newgen Software Technologies, said, In line with our objective to be an end-to-end BPM solution provider our solution has offered FICCL continuous process improvement, rapid results, visibility and control. With this implementation, we are glad to support FICCL in reaching its steep targets and establishing a strengthened network in India. Newgen OmniFlow™ 5.0 is a platform independent, scalable BPM solution that enables automation of organizational business processes. It is a complete software solution to design, deploy, modify, monitor and manage business processes, involving minimal programming effort, and is easily deployable thereby enabling enterprises to streamline their business processes for greater efficiencies. Built using open technologies Newgen OmniFlow™ has seamless integration abilities allowing it to be introduced into almost any existing IT infrastructure. About Fullerton India Credit Company Limited Fullerton India Credit Company Limited, a fully owned subsidiary of Fullerton Financial Holdings, Singapore, is the fastest growing financial services company in India with an equity capital base of US$150 million (Rs 7 billion). The company follows a relationship led, community based business model with close proximity and engagement with the customer to effectively reach out to them. In a short span of time the company has disbursed over 1800 crore rupees, opened more than 400branches spread across 150 locations and has more than 8000 employees on its rolls. About Newgen Software Newgen Software Technologies Limited is a market leader in Business Process Management (BPM) and Enterprise Content Management (ECM), with impeccable track record of implementing mission-critical workflow and document imaging solutions. We have a global footprint, with an installation base of more than 700 customers in over 25 countries. More than 40 of our customers are Global Fortune 500 companies. Having domain expertise in industry verticals such as Banking, Financial Services, Insurance, BPO, Telecom, e-Governance and manufacturing among others, we are known as one of the fastest implementers of BPM solutions in the world.

The sales and support offices span across major cities in Asia, North America, Europe, Africa and the Middle East.

Winner of several awards such as ‗Frost and Sullivan‘s Market Leadership Award for Document Management and Workflow Software & Services for 2006' and Distinguished Application Product Company' by NASSCOM, Newgen Software is an ISO 9001:2000.

Review of Article: 1

The first review based on the article published in web site BPM.com. This article talks about the adoption of Newgen‘s BPM solution for their Business process management. NEWGEN SOFTWARE Technologies Limited is a market leader in Business Process Management (BPM) and Enterprise Content Management (ECM), with impeccable track record of implementing mission critical workflow and document imaging solutions, has announced the successful implementation of its BPM solution (based on Newgen Omni Flow™) at ―Fullerton India Credit Company Limited . Fullerton India has taken this step to achieve its target of setting up a total of 800 branches in the country by the end of 2009 (Till now, the company has set up over 650 branches). Newgen‘s solution will help the Fullerton India to meet its targets and another importance of this step is rapid growth. It also enables Fullerton India to provide high level of customer service internally and externally. Newgen‘s implementation at FICCL covers the entire gamut of processes including loan origination and booking, collections and prospect tracking, loan against gold and early warning processes.

Article: 2

Fullerton India Credit Company Limited (FICCL) has bagged the Gold award for Excellence in Business Process Management (BPM) and Workflow with Newgen Software‘s BPM solutions. The company has bagged the award for the Pacific Rim region. The Global Awards for Excellence in BPM and Workflow recognizes user organizations that have demonstrably excelled in implementing innovative 38 business process solutions to meet strategic business objectives. The awards are given for five geographical regions: Europe, Middle East Africa, North America, Pacific Rim, and South & Central America with each region receiving one Gold and one Silver

AWARDS

In order to streamline the workflow and imaging process, Fullerton deployed the BPM solutions provided by Newgen. The implementation by Newgen Software at FICCL covered the entire gamut of processes including loan origination and booking, collections and prospect tracking, loan against gold and early warning processes. FICCL currently has more than 825 branches across the country. We are honored to have been presented with this award. One of the most important factors which contributed to our success has been the ease with which business process change has been enabled through Newgen‘s Omni Flow The solution has enabled us to do this quickly and economically, said Pramod Krishnamurthy, executive vice president, technology, FICCL.

Speaking of the successful implementation of their solution Rajvinder Kohli, VP—Sales, Newgen Software Technologies, said, the recognition is a reflection of our commitment towards our customers to provide them with best services. The deployment of Omni Flow BPM Suite at Fullerton India Credit has created history by enabling them to open more than 800 branches in just two years. The solution provides total automation for Loan Origination, CRM and Collection processes, including implementation of a unified interface that integrates four different core applications seamlessly.

ABOUT THE AWARDS

The annual Global Awards for Excellence in BPM and Workflow is co-sponsored by WMC, BPMFocus.org and BPM.com and now in their 15th year. While judging the winners, particular attention is paid to implementations that have showed processes extending beyond the corporate boundaries to support customers, suppliers, trading partners and more. There are five geographical regions: Europe, Middle East Africa, North America, Pacific Rim, and South and Central America. Each region receives one Gold and one Silver Award About Newgen Software Newgen Software Technologies Limited is the market leader in Business Process Management (BPM) and Document Management System (DMS), with global footprint of about 700 installations in over 30 countries. More than

100of these implementations are large, mission critical solutions deployed at world’s leading BFSI, BPO and Fortune Global 500 companies. Newgen is recognized by distinguished analyst firm IDC in its exclusive report Newgen Software: Global Leader in Business Process Management and Document Management Solutions. Winner of prestigious awards, such as CNBC-TV18 Emerging India Award2008 , Frost and Sullivan's Market Leadership Award for Document Management System and Workflow Software & Services and Distinguished Application Product Company by NASSCOM Newgen Software is an ISO9001:2000, ISO 27001 certified and CMM Level 4 company.

CHAPTER-08

CONCLUSION

AND

SUGGESTIONS

CONCLUSION

From the above study it is clear that 62% of the respondents have taken loan under HL scheme and only 38% taken loan under LAP scheme. Therefore it shows that Fullerton India is favorable in short term loan segment which is provided by Fullerton India under HL scheme and especially for salaried individual. From the above study it is clear that majority of the respondents got aware of different loan scheme provided by Fullerton India through Newspaper.

Therefore company is requiring advertising its schemes more frequently in Newspaper which will help company in getting more new customers.

The above study depicts that most of the respondent availed loan of amount ranging from Rs. 2 - 5 Lakh. Therefore, if Fullerton India introduce more scheme under this range to meet the different demand of customers. The above study depicts that mostly the respondents preferred the loan having repayment period from 2-5. Therefore the company needs to add some more benefits to the long term period loan so that the demand of long term loan will increase which increase the profit of company, because as the repayment period is long than the source of income (Interest) is sustain for long period.

Most of the people are satisfied with the rate of interest charged and by Fullerton India.

Fullerton India mostly disbursed loan as secured loan, this will provide the safety and it will avoid the increasing number of Non-performing asset and bad debts.

Customers are the main source of new ideas, and thus their suggestions are vital for every Company. From the above figure it is clear that majority of the respondents are satisfied with the services of their present bank so they do not want any change in the rate of interest and services, but no one can satisfy everyone at same time, Fullerton having respondents who are not satisfied with rate of interest and services of Fullerton India.

SUGGESTION

The following suggestions have been formulated on the basis of above study. These set of suggestions might help the Fullerton India to improve the quality of service regarding loan provisions and simultaneously these suggestions help the Fullerton India to tackle the competition prevailing in the market, thereby achieving success in the future.

Firstly Fullerton India should create awareness among the common public about the various loan schemes of they are providing.

In order to create awareness regarding the loan schemes an electronic medium of media can put to use to advertise about the schemes and services provided by Fullerton India. This would help to change the attitude of the people regarding the Fullerton India.

The interest rates should be regularly revised in order to attract more and more customer. Some new plans should be introduced regularly to cater the special needs of customer which provides them more offerings and benefits.

New strategies should be made by the company which enables them to face the competition with other private leading Non-Banking Financial companies.

The Company needs to focus more on providing value added services to its customer. This will create Brand loyalty among customer which indirectly attract more and more customer because a satisfied customer will always bring two more new customers.

The management of company should be more efficient which enables in quick processing of the task regarding loans disbursement and loan collection; this will enable efficiency in the working capital cycle of the company.

There should be customer relationship management concept in the Company which helps the company to understand the special need of Customer. Accordingly company formulate schemes should be maintained.

The Fullerton India need to concentrate on new target market by expanding its business through introducing new loan schemes and services. Currently the company is proving loans under main two categorize. HL and LAP so, it looks limited. Therefore the company needs to introduce new schemes to enter in to new target market.

CHAPTER-09

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BIBLIOGRAPHY

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CHAPTER-10

ANNEXURE:

&

QUESTIONNAIRE

ANNEXTURE:

Fullerton India Credit adopts Newgen's BPM solution

About Fullerton India Credit Company Limited

Fullerton India Credit Company Limited, a fully owned subsidiary of Fullerton Financial Holdings, Singapore, is the fastest growing financial services company in India with an equity capital base of US$150 million (Rs 7 billion). The company follows a relationship led, community based business model with close proximity and engagement with the customer to effectively reach out to them. In a short span of time the company has disbursed over 1800 crore rupees, opened more than 400branches spread across 150 locations and has more than 8000 employees on its rolls.

About Newgen Software

Newgen Software Technologies Limited is a market leader in Business Process Management (BPM) and Enterprise Content Management (ECM), with impeccable track record of implementing mission-critical workflow and document imaging solutions. We have a global footprint, with an installation base of more than 700 customers in over 25 countries. More than 40 of our customers are Global Fortune 500 companies. Having domain expertise in industry verticals such as Banking, Financial Services, Insurance, BPO, Telecom, e-Governance and manufacturing among others, we are known as one of the fastest implementers of BPM solutions in the world. The sales and support offices span across major cities in Asia, North America, Europe, Africa and the Middle East. Winner of several awards such as Frost and Sullivan's Market Leadership Award for Document Management and Workflow Software & Services for 2006 and Distinguished Application Product Company by NASSCOM, Newgen Software is an ISO 9001:2000 certified and CMM Level 4 company.

QUESTIONNAIRE

Name:……………

Contact No:……………

1. Age of the Respondent:-

a. 18-25yrs □ b. 25-35 yrs □
c. 35-50 yrs □ d. More than 50 □

2. Annual Income of the Respondent:

a. Below 04 Lakh □ b. 04-10 Lakh □
c. 10-20 Lakh □ d. >20 Lakh □

3. Occupation of the Respondent:-

a. Government Employee □
b. Private Employee □
c. Businessman □

4. From which source you knew about the various schemes of Fullerton India?

a. News Paper □
b. Television Media □
c. Friends □
d. Sales Executive □

5. Which type of loan you availed from Fullerton India?

a. Secured Loan (LAP) □
b. Unsecured Loan □
c. Home Loan □
d. Home equity loan □

6. Through which scheme of Fullerton India you availed loan?

a. HL □
b. LAP □

7. What is your amount of loan?

a. 0 - 5,00,000 □
b. 5,00,000-10,00,000 □
c. 10,00,000-50,00,000 □
d. 50,00,000 or more □

8. What is the repayment period of your loan?

a. Below 03 Years □
b. 03-10 Years □
c. 10-20 Years □
d. More than 20 Years □

9. Are you satisfied with the rate of interest charge by Fullerton India?

a. Yes □
b. No □

10. What are the main factors which persuade you to avail loan from Fullerton India?

a. Easy Repayment □
b. Easy Documentation □
c. Attractive Rate of Interest □
d. Quick Processing □
e. Others □

11. What grade you will assign to the services of Fullerton India?

a. Excellent □ b. Very Good □
c. Good □ d. Fair □
e. Poor □