

Final Project Report

" A Comparative Study on Gold Loan Financing at Bajaj Finance Limited and HDFC Bank."

Submitted To: -

D. M. S. R., G. S. College of Commerce & Economics, Nagpur

Affiliated To: -

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfilment for the award of the degree of

Master of Business Administration

Submitted by: -

Tejaswini R. Parekar

Under the Guidance of: -

Dr. Afsar Sheikh

Department of Management Sciences and Research,

G. S. College of Commerce & Economics, Nagpur

NAAC Re-Accredited "A" Grade Autonomous Institution



Academic Year 2021-22

G. S. College of Commerce & Economics, Nagpur

CERTIFICATE

This is to certify that has submitted the project titled "**A Comparative Study on Gold Loan Financing at Bajaj Finance Limited and HDFC Bank**", towards partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he has ingeniously completed his project as prescribed by **D. M. S. R., G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR** (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

Dr. Afsar Sheikh
(Project Guide)

Dr. Sonali Gadekar
(Coordinator)

Place: **Nagpur**

Date:

G. S. College of Commerce & Economics, Nagpur

DECLARATION

I hereby declare that the project with title "**_A Comparative Study On Gold Loan Financing At Bajaj Finance Limited And HDFC Bank.**" has been completed by me in partial fulfilment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **D. M. S. R., G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR** (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur** and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Signature
(**Tejaswini R. Parekar**)

Place: **Nagpur**

Date:

G. S. College of Commerce & Economics, Nagpur

ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to **Dr. N.Y. Khandait**, Principal, **G. S. College of Commerce & Economics, Nagpur**. I am also thankful to the **Dean of the DMSR Prof. Anand Kale**.

I am extremely thankful to my Project Guide for her guideline throughout the project. I tender my sincere regards to Coordinator, **Dr. Sonali Gadekar** for giving me guidance, suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Signature
(Tejaswini R Parekar)

Place: **Nagpur**

Date:

INDEX

| Chapter No. | Contents | Page No. |
|--------------------|----------------------------------|-----------------|
| 1 | Introduction | 6 |
| 2 | Company profile | 14 |
| 3 | Literature review | 20 |
| 4 | Research methodology | 25 |
| 5 | Need of the Study | 28 |
| 6 | Objectives | 30 |
| 7 | Hypothesis | 32 |
| 8 | Limitations | 34 |
| 9 | Data collection | 36 |
| 10 | Data analysis and interpretation | 40 |
| 11 | Findings | 52 |
| 12 | Conclusion | 55 |
| 13 | Recommendations | 57 |
| 14 | Bibliography | 59 |
| 15 | Annexure | 61 |

INTRODUCTION

INTRODUCTION

WHAT IS LOAN?

Loan is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an organization or individual to another entity at an interest rate, and evidenced by a promissory note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging, and date of repayment. A loan entails the reallocation of the subject asset for a period of time, between the lender and the borrower.

In a loan, the borrower initially receives or borrows an amount of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants.

Although this article focuses on monetary loans, in practice any material object might be lent.

Acting as a provider of loans is one of the principal tasks for financial institutions such as banks and credit card companies. For other institutions, issuing of debt contracts such as bonds is a typical source of funding.

Types of Loans

Personal loans - You can get these loans at almost any bank. The good news is that you can usually spend the money however you like. You might go on vacation, buy a jet ski or get a new television. Personal loans are often unsecured and fairly easy to get if you have average credit history. The downside is that they are usually for small amounts, typically not going over \$5,000, and the interest rates are higher than secured loan

INTRODUCTION OF GOLD LOAN

What is Gold Loan?

A gold loan is a loan which is secured against gold ornaments. A borrower pledges their gold ornaments with the lender in exchange for funds. Therefore, it is a loan which is granted against a certain physical security of gold. Gold loans have successfully enabled thousands of people to mobilize their personal assets, which would've otherwise simply been kept away in a locker.

- Faster loan – Our loan sanction and disbursal are one of the quickest with easy documentation and doorstep service.
- Competitive pricing – Very attractive loan rates and charges.



Gold Loan Documents Required for gold loan

- Proof of Identity – (Passport / Voter’s ID / Driving License/PAN Card/Aadhar Card)
- Signature Proof (Passport /Driving License/Banker’s verification)
- Address Proof- (Ration card /Driving License/ Voter’s ID / Utility Bill (anyone within last 3months) / Registered Rental Agreement. / Credit Card Statement / Passport)
- Date of Birth Proof (Driving Licence / PAN Card / Passport / Birth Certificate / 10th / 12th mark sheet bearing date of birth)
- 2 passport size photographs
- Please note that the loan is granted for Agricultural/Business/ personal purposes. The loan amount cannot be used for purchase of Gold Coins, jewels, land or other speculative

Gold Loan Eligibility

- Minimum age of applicant: 21 years
- Maximum age of applicant at loan maturity: 65 years
- Gold jewellery should be owned by the applicant or any of the family members.

Gold Loan in India: As the price of gold were increasing the Advance against gold loan were also increasing and some NBFCs gain a sharp increase in their profit by the product of gold loan. They find it very much convenient tool for giving loans, as there is very less chances of risk. And due to less risk customer get loan at cheaper cost in comparison to personal loan. There is very less formality and paper work anyone can take loan against the gold within few minutes. Geographical expansion of gold loan companies facilitated the loan delivery. Flexibility of loan options, liberal Loan to Value Ratio, easy to conform documentation led to expansion of gold loans. The average size of the gold loan increased due to the rapid price increase of the gold and constricted availability of retail and personal loans from banks.

(Reference- Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs in India)

Specification of Gold Loan:

- This is a secured loan as the gold is deposited with the bank.
- Shorter period loan extending to a maximum of 12 months in most cases.
- The amount of loan is decided by the value of gold not by the paying capacity of individual. Interest rate is less in compare to personal loan. It ranges between 12 % to 26 % in different companies. The risk associated with this is the fluctuation in gold price, which may increase loan default.

Advantages of Gold Loan

- Gold loan doesn't demand any certificate to show your salary or income and even no credit card history is required. Thus, even unemployed and non-working people can go for gold loan.
- Unlike any other unsecured loan, gold loan doesn't require many papers, only few documents such as ID proof and address proof is enough to avail for such loan.
- One of the main advantages of gold loan is its low interest rates. Usually, loan over gold is provided at the interest of 12-16% per annum and this is quite low compared to personal loans available at interest rates of 15-26% per annum.
- In rural areas Agricultural loan against gold is also available for agriculturist at very nominal rate of Interest of 7%-8%, proof of agricultural document needs to be provided
- Gold loan is the most simple and convenient forms of loan because here all you need to do is pledge your gold with a bank or finance company and get up to 80% of the market value of the gold as a loan.
- Borrower will be given an option to pay only interest during the entire term and at the end of the tenure you can pay complete borrowed amount in single shot.

- In case of gold loan processing time is very less. Usually, banks take just few hours to complete the process where as in case of NBFC's (Non-Banking Financial Companies) a few minutes is enough for the same. So, for immediate financial help this is the best option.

Charges associated with Gold Loan:

- **Loan processing charge:** While some of the service providers may waiver these charges, some banks do charge a processing fee.
- **Valuation Charge:** These are the charges to be paid to the valuator. These charges are also specific to the service provider and those having in-house valuers do not charge any extra amount for valuation.
- **Late payment penalty:** Most of the service providers charge late payment penalty and this too can vary from one institution to the other.
- **Pre-payment penalty:** Most of the service providers do not charge a penalty for repayment before the loan tenure is over. But some may still have this charge in place. It is advisable to check with the loan provider before taking the loan. These charges could change the amount that you may finally receive.

RBI GUIDELINES REGARDING GOLD LOANS

RBI standardises gold loan guidelines:

If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral, RBI says The Reserve Bank of India (RBI), standardise that it had been decided to prescribe a loan-to-value (LTV) ratio of not exceeding 75 per cent for banks' lending against gold jewellery, including bullet-repayment loan against pledge of gold jewellery.

“As a prudential measure, it has been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for banks’ lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). Therefore, henceforth loans sanctioned by banks should not exceed 75 per cent of the value of gold ornaments and jewellery,” the RBI said.

“In order to standardize the valuation and make it more transparent to the borrower, it has been decided that gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion.

It is reiterated that banks should continue to observe necessary and usual safeguards and also have a suitable policy for lending against gold jewellery with the approval of their Boards of Directors, the RBI further said.

The Risk Associated with Gold Loan:

- Price fluctuation of gold loan: - The fluctuation of gold price makes worried to the lender and the amount of loan which given against the gold value will not be the adequate when the price fall down this will Increase the loan default
- Saturation of business opportunities: - Growth rates have started slowing down progressively as the business grows. Rates of 100-200 percent are more or less over.

- Growing competition: - Competition is growing as we have seen above many banks and NBFCs are coming in this sector and launching their gold loan product with several facilities.
- Change in policy and norms: - With time definitely regulatory body come in action to control the practices of these companies The Reserve Bank India has declared it as non-priority sector lending. This pushed up interest rates by 1-2 percent immediately.
- Margin of loan against gold: - private companies lend against lower margins. Unlike banks, which lend 55-65 percent of the value of gold mortgaged, private companies give out higher proportions of 70-80 percent. This means the safety margins are thinner for them.
- Concentration risk: -As more than 90 per cent of the assets are concentrated only in gold jewellery loans.
- Lack of transparency in procedures adopted by these NBFCs for auctioning the pledged gold has become a concern.

COMPANY PROFILE

COMPANY PROFILE

Bajaj Finserv Ltd



Bajaj Finance Ltd (Formerly Known as Bajaj Auto Finance Ltd) is one of the leading Non-Banking Financial Corporation in India. Headquartered in Pune the company's product offering includes Consumer Durable Loans Lifestyle Finance Digital Product Finance Personal Loans Loan against Property Small Business Loans Home loans Credit Cards Two-wheeler and Three-wheeler Loans Construction Equipment Loans Loan against Securities and Rural Finance which includes Gold Loans and Vehicle Refinancing Loans along with Fixed Deposits and Advisory Services. The Reserve Bank of India classified the company as an Asset Finance Company. Bajaj Auto Finance Ltd was incorporated on March 25 1987 as a private limited company. On 20 October 1987 it became a deemed public company u/s 43A (1) of the Companies Act 1956. On 24 September 1988 it was registered as a Public Limited Company. On 5 March 1998 Bajaj Auto Finance registered with RBI as a Non-Bank Company. In 1994/95 Bajaj Auto Finance came out an initial public offer and was listed on the BSE and NSE. Initially the company as was promoted by erstwhile Bajaj Auto Ltd and Bajaj Auto Holdings Ltd. As per the scheme of de-merger of erstwhile Bajaj Auto Ltd the shareholding of Bajaj Auto Ltd in the company has been vested with Bajaj Finserv Ltd. In order to offer various finance schemes, the company opened many branches in various locations throughout the country. During the years 1991-95 the company opened their branch offices at Hyderabad New Delhi Chennai Bangalore Mumbai Nagpur Vijayawada Nasik Vishakhapatnam Kolkata Goa Madurai and Pune. During the year 1995-96 the company completed their

first Real Estate Project for Nayan Co-operative Housing Society Ltd at Pune. Also, they opened their branch offices at Baroda and Trivandurm. During the year 1998-2003 they opened their branch offices at various places which include Chandigarh Cochin Indore Ludhiana Surat Kolhapur Bhopal Bhubaneshwar Calicut Erode Jalgaon Jullundhar Kanpur Lucknow Raipur Rajkot Salem Solapur

Udaipur Tirupati Amaravati Amritsar Bhavnagar Durgapur Jamshedpur Jodhpur Kopergaon Mehsana Mysore Siliguri and

Vellore. During the year 2003-04 the company entered into the financing of Personal Computers. They opened their branch offices at Hissar Hubli Patiala Rourkela Agra Ahmednagar Ajmer Akola Alwar Ambala Anand Bharuch Bhilai Chandrapur Dindigul Eluru Guna Gurgaon Himatnagar Jagadhri Jamnagar Karaikudi Karimnagar Karur Kottayam Kurnool Navsari Nellore Palghat Rajahmundry Sangli Tanjore Tirunelveli and Ujjain during the year 2004-05. During the year 2005-06 the company opened Loan

Shoppes with a view to enhance their direct marketing activity and their brand awareness. They opened 22 shoppes and 14 new branch offices during the financial year. During the year 2006-07 the company opened 11 new branch offices in which the total number of branches has gone up to 113. Also, they cover 280 towns through their branch network. The company launched new product lines/extensions during the year 2007-08. They launched IPO financing for high-net-worth customers acquisition of AAA rated securitization transactions personal loan cross sell programme to their existing customers and financing for personal computers to SMEs. On 6 September 2010 the name of the company was changed from Bajaj Auto Finance to Bajaj Finance. In 2013 the company makes Rights issue in the Ratio of 3:19. On 1

November 2014 the company acquired 100% shares of Bajaj Financial Solutions for a consideration of

Rs. 17 crore from its holding company Bajaj Finserv to promote the business of housing finance. Bajaj Housing Finance Limited a wholly owned subsidiary of Bajaj Finance received certificate of registration on 2 October 2015 from the National Housing Bank to commence housing finance business. In June 2015 Bajaj Finance raised Rs. 1400 crore through Qualified Institutions Placement (QIP). On 8 August 2017 Bajaj Finance entered into an agreement with One Mobikwik Systems Private Limited (Mobi Kwik) and invested an amount of Rs. 225 crores in the equity shares and cumulative compulsorily convertible preference shares (CCPS) of Mobi Kwik a mobile wallet major. Post conversion of CCPS Bajaj Finance would hold approximately 10.83% of equity in MobiKwik on a fully diluted basis. In September 2017 Bajaj Finance raised Rs. 4500 crores through Qualified Institutions Placement (QIP). The QIP was priced at Rs. 1690 per equity share of Rs. 2 face value. On 11 October 2017 Bajaj Finance and LG Electronics India announced the launch of an exclusive OEM co-branded card - LG Bajaj Finserv EMI card that will enable customers to buy all LG products at no cost EMI option across all LG formats. AUM grew by 27% YOY to Rs. 1,47,153 crores as on 31 March, 2020. The customer franchise crossed the 40 million mark and the company's geographical spread expanded to 2,392 locations across India, in both urban and rural areas. Bajaj Financial Securities Limited, also started its operation in H2 2019.

HOUSING DEVELOPMENT FINANCE CORPORATION LTD



Housing Development Finance Corporation Limited (HDFC) is an Indian financial conglomerate based in Mumbai, India. It is a major provider of finance for housing in India. It also has a presence in banking, life and general insurance, asset management, venture capital, realty, education, deposits and education loans.

It was founded in 1977 as the first specialized mortgage company in India. HDFC was promoted by the Industrial Credit and Investment Corporation of India. Hasmukh Bhai Parekh played a key role in the foundation of this company.

In 2000, HDFC Asset Management company launched its mutual fund schemes. In the same year, IRDA granted registration to HDFC Standard Life Insurance, as the first private sector life insurance company in India.

Other income (non-interest revenue) was ₹ 7,443.2 crore at 31.3% of the net revenues for the quarter ended December 31, 2020 as against ₹ 6,669.3 crore in the corresponding quarter ended December 31, 2019. The four components of other income for the quarter ended December 31, 2020 were fees & commissions of ₹ 4,974.9 crore (₹ 4,526.8 crore in the corresponding quarter of the previous year), foreign exchange & derivatives revenue of ₹ 562.2 crore (₹ 525.6 crore for the corresponding quarter of the previous year), gain on sale / revaluation of investments of ₹ 1,109.0 crore (gain of ₹ 676.5 crore in the corresponding quarter of the previous year) and miscellaneous income, including recoveries, of ₹ 797.1 cro

Products and services

Mortgage

The company provides housing finance to individuals and corporates for purchase/construction of residential houses.^[6] It is one of the largest providers of housing loans in India. In its Annual Report for financial year 2012-13, the company has disclosed that it has disbursed approx. INR 456,000 crores in 35 years of its existence for a total of 4.4 million housing units.

The average loan profile amounts to INR 2.18 million (US\$35,160) which lasts for about 13 years and covers approx. 65% of actual property value.

Life insurance

The company has been providing life insurance since the year 2000, through its subsidiary HDFC Standard Life Insurance company Limited. It offers 33 individual products and 8 group products. It uses the HDFC group network to cross sell by offering customized products. It operates out of 451 offices across India serving over 965 locations. It had a market share of 4.6% of life insurance business in India as of 30 September 2013. HDFC Life has over 15,000 employees.

General insurance

The company offers general insurance products such as:

- Motor, health, travel, home and personal accident in the retail segment which accounts for 47% of its total business and
- Property, marine, aviation and liability insurance in the corporate segment

Mutual funds

HDFC provides mutual fund services through its subsidiary HDFC Asset Management Company Limited. The average Assets Under Management (AUM) of HDFC Mutual Fund for the quarter Jul-13 to Sep-13 was INR 1.03 trillion.

LITERATURE REVIEW

LITERATURE REVIEW

1). R.N. Amadi, &G.B. Nsereka (2016) [48] in their article titled ‘The Role of Advertising in Motivating Consumer Brand Preference for Banking Services in Eco bank Nigeria Ltd’ stated that advertising is the most motivating factor of the consumer’s purchasing power of Eco bank Services, the preference for Eco bank as a brand is not significantly tied to their exposure to advertising messages. That means that advertising, as should naturally be expected, is one but not the only factor in the motivation of consumers in their preference for the Eco bank brand.

2). S. Riaz, M. Furqan and S.S. Sddique (2015) [49] in their article titled ‘Advertising Influence on The Profitability of Public and Private Sector Commercial Banks’ Confirmed that the effect of advertising on banks profitability, controlling for the effects of operational efficiency, credit risk, total results show advertising has positive has significant effect on ROE of public sector banks.

3). Pallavi & Rishi Raj Sharma (2015) [50] in their article titled ‘Evaluating the Impact of Advertisement on Buying Behaviour: A Study of Financial Service Sector’ investigated to find the major factors which will impact the customer's decision making. Study found the five prompting factors that played a significant part in the buying process of the respondents. The research show that factors such as Celebrity Endorsement, Decision making, Knowledgeable, Publicity effects, Promotion about new schemes had major impact on the attitude, mind set and approach towards buying behaviour.

4). MD. Daoud Ciddikie and N. U. K. Sherwani, (2015) [51] in their article titled ‘Marketing Practices of Service Sector in India: The Role of Advertising’ explored limitations and problems faced by the service sector and advocates that advertising industry can provide a platform for improvement and success of the service sector, advertising can play a role to overcome the problems and help to achieve and sustain growth, productivity, trade and investment. As service sector deals with intangible items,

advertising helps portray the right picture. There always lies difference between the customer expectation and firm's perception. Identification and reduction of this gap will result in maximizing the total customer lifetime value and will give them satisfaction against their expectations. When the customers get a good deal, they become a keen customer. But a simple approach to give clients a free treatment after they purchase a product or service helps build loyalty.

5). Kara Chan & Fei Fan (2015) [52] in their article titled 'How Consumers Perceive Environmental Advertising in the Banking Context' conducted to investigate how the bank's brand name, environmental issue featured in a corporate advertising, and type of environmental claim may influence consumers' responses. Results found that the corporate bank advertisement featuring global warming generated more favourable consumer attitudes toward the advertisement than the ad featuring air pollution in Hong Kong. Use of a substantive claim was able to generate a more favourable advertising effect than use of an associative claim in both advertisements featuring global warming as well as featuring air pollution. Environmental advertising in the banking sector benefits both a well-known bank and a less-known bank.

6). Thomas E. Barry & Daniel J. Howard (2015) [53] in their article titled 'A Review and Critique of the Hierarchy of Effects in Advertising' discussed Industry practitioners and social scientists throughout the world have long sought to determine the effectiveness of advertising in this multi-billion-dollar industry. For close to a century, many social scientists have debated just how advertising works. One suggested explanation is the hierarchy of effects—that body of literature that posits that audiences go through a variety of stages, namely cognitive, affective, and conative, in responding to advertising, and other persuasive marketing messages. This study reviews the hierarchy of effects from its beginning at the turn of this century to present-day developments. The study also examines the controversies surrounding hierarchy models and provides a critique of the evidence supporting its position as an advertising model.

7). Hussein khazae (2015) [54] in his article titled 'Advertising on Customer Behaviour of E Banking, According to Education Level' found Advertising has the same effect on National Bank's customer behaviour with different education level in electronic banking system. As, advertisement affects

knowledge and interest of consumers with AD education on confidence and customer satisfaction with diploma or high school education and the customer's recognition with PhD education with the greatest impact, and it affects the desire, action, and loyalty of customers at every level of education.

8). Elham Ahmadi & Mohammad Mahmoodi Meimanad (2015) [55] in their article 'Examining the Effectiveness of The Advertisements of Maskan Bank of Hormozgan by Use of AIDA Model' declared that Effectiveness of ads is one of the main issues in domain of ads. Results of this study show that ads of Maskan Bank of Hormozgan were effective based on AIDA model and were effective on attracting attention, inducing interest, and tendency of customers. Descriptive data also showed that small number of people viewed the internet ads of the bank. Based on the increasing growth of internet users, a good opportunity exists for advertising goods on the virtual environment and especially in the domain of banking. In addition, many banks in Iran pay little attention to this important fact. Comparative study of the effectiveness of advertisings of the media indicates that regarding customers, TV has been the most effective medium in attracting customers.

9). Ali Hassan (2015) [56] in his article 'Effects of TV Advertisement on Consumer Buying Behaviour: A Comparative Study of Rural-Urban and Male-Female Consumers' found very interesting results and thus it is concluded from the study that rural individuals and females like the TV advertisement more than urban residents and male counterparts. Rural residents jointly make a decision with their family members which product to be purchased and they also expect the same quality of the product that is shown in TV advertisement while it is not so with the urban residents. Both genders and residents' sense good when they watch the ad of the particular product that they are by now having. The urban citizens do not purchase the product that they don't need. The study proved that there is a significant variation among the rural and urban residents on the issue that TV advertisements enhance the engagement process of buying. It can also be concluded from the study that buying behaviour of female individuals is more influenced by the television advertisements than their male counterparts.

10). Dr. Francis Ofunya Afande & Fr. Mathenge Paul Maina (2015) [57] in their article ‘Effect of Promotional Mix Elements on Sales Volume of Financial Institutions in Kenya: Case Study of Kenya Post

Office Savings Bank ‘found number of issues with regard to the use of promotional elements in organizations, especially financial institutions. First and foremost, it was established that sales promotion has the highest influence on sales volume of financial institutions in Kenya. Another very important finding is that the financial institutions use personal selling to increase sales volumes.

OUR MISSION

We want to create an environment of possibilities for our customers and employees by implementing effective business processes through commitment to quality, responsiveness and resourcefulness.

OUR VALUES

Our ‘Employee Focus’ approach strives to create a happy environment for employees where they develop an emotional commitment to the company and “go the extra mile” to leverage organizational goals. ‘Customer Centricity’ puts our customers and their interests on priority to make informed decisions for mitigating their needs. To act with ‘Integrity’ is to ensure that employees are truthful, accountable and respect co-workers, stakeholders and our customers. Fostering ‘Collaboration’ amongst our employees makes them the most productive at work. ‘Agility’ stirs in us ability to work quickly, seamlessly and cohesively. Our CSR endeavours motivate us to serve the less fortunate with humility to create ‘Social Impact.

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

TYPES OF RESEARCH

- 1) Descriptive vs Analytical
- 2) Applied vs Fundamental
- 3) Quantitative vs. Qualitative
- 4) Conceptual vs. Empirical
- 5) Some other types of research.

1) Descriptive vs. Analytical: -

Descriptive research includes surveys and fact-finding enquiries of different kinds. The main feature of this method is that the research has no control over the variable; he can only report what has happened.

2) Applied vs. Fundamental: -

Research can either be applied (or action) research or fundamental (to basic or pure) research aims at finding a solution for an immediate problem facing a society or an industrial/business organization.

3) Quantitative vs. Qualitative: -

Quantitative research is based on the measurement of quantity or amount. It is application to phenomena that can be expressed in term of quality. Qualitative research, on the other hand, is concerned with qualitative phenomenon.

4) Conceptual vs. Empirical: -

Conceptual research is that related to some abstract idea(s) or theory. It is generally used by philosophers and thinkers to develop new concepts. On the other hand, empirical research relies on experience or observation along. It is data-based research.

5) Some other types of research: -

- † One time research or long-term research.
- † Field setting research or laboratory research.
- † Clinical or diagnostic research.
- † Historical research.
- † Conclusion oriented research.

NEED OF THE STUDY

NEED OF THE STUDY

Both internal management and external users (such as analysts, creditors, and investors) of the financial statements need to evaluate a company's profitability, liquidity, and solvency. The profitability of banks with reference to gold loan is a matter of importance and therefore this study has been taken.

The most common methods used for financial statement analysis are trend analysis, common-size statements, and ratio analysis.

OBJECTIVE

OBJECTIVE

- To do the comparative analysis on gold loan financing of Bajaj Finance & HDFC bank.
- To understand the gold loan process of both the companies.
- To study the risk factors affecting during gold loan process of both the companies.
- To study the process of gold loan.
- To find the reason for choosing gold loan over conventional other loans.

HYPOTHESIS

HYPOTHESIS

H0 There is no significant difference between gold loan provided by Bajaj finserv & HDFC bank

H1 There is significant difference between gold loan provided by Bajaj finserv & HDFC bank

LIMITATIONS OF THE STUDY

LIMITATIONS OF THE STUDY

- 1.As per the company rules many information was not disclosed.
- 2.Due to limitation of time the research could not be made more detailed.
- 3.One of the limitations is, the data collected for this study is based on the information available on the company website.
4. Could not able to collect the data from the organization regarding the competitors and their financial information. Industry figures were also difficult to get.

DATA COLLECTION

DATA_COLLECTION

Data collection is the process of gathering and measuring information on targeted variables in an established systematic manner which then enables one to answer relevant questions and evaluate outcomes

DIFFERENT METHODS OF COLLECTING DATA

There two types of collecting data

1. Primary data
2. Secondary data

1. PRIMARY DATA

The primary data are those which are collected fresh and for the first time and thus happen to be original in character.

METHODS OF COLLECTINGPRIMARY DATA

- a) Observation method
- b) Interview method
- c) Through questionnaires
- d) Through schedules

2. SECONDARY DATA: -

The secondary data on the other hand are those which have already been collected by someone else and which have already been through the statistical process.

Secondary data helps in various activities in a research study, such as, generating new ideas, analysing the needs previously addressed, understanding the tools and techniques used for similar cases, save the time, etc. Secondary data is given preference in the situation where research has to be completed in shorter time duration. The information that is received with the help of journals, magazines, financial report, internet, publications, articles, company books, or which is already present with the company.

Research design of the study:

The study is based on secondary data. The study consists of analysis and market scoping of financial product of Bajaj Finance ltd

Sources of data:

Secondary data: Are published materials such as, journals, newspapers, and website of the company. The objectives, Data Interpretations are based on secondary data only.

SAMPLE SIZE: -

The Sample Size is 100 Respondents

which type of interest rate have you preferred?

- Floating
- Fixed
- Adjustable
- Others

Are you satisfy with the bank or financial institution from where you have availed the Gold loan? *

- Yes
- No

Which bank easily provide Gold loan? *

- Bajaj Finserve
- HDFC
- Other

Flexible repayment period plays an important role while taking Gold loans. What is your opinion? *

- Agree
- Disagree

Submit

Do you find safe to take a loan against gold ?

- Yes
- No
- Maybe

Have you ever taken a loan against loan ? *

- Yes
- No

What is your opinion regarding the Gold loan procedure? *

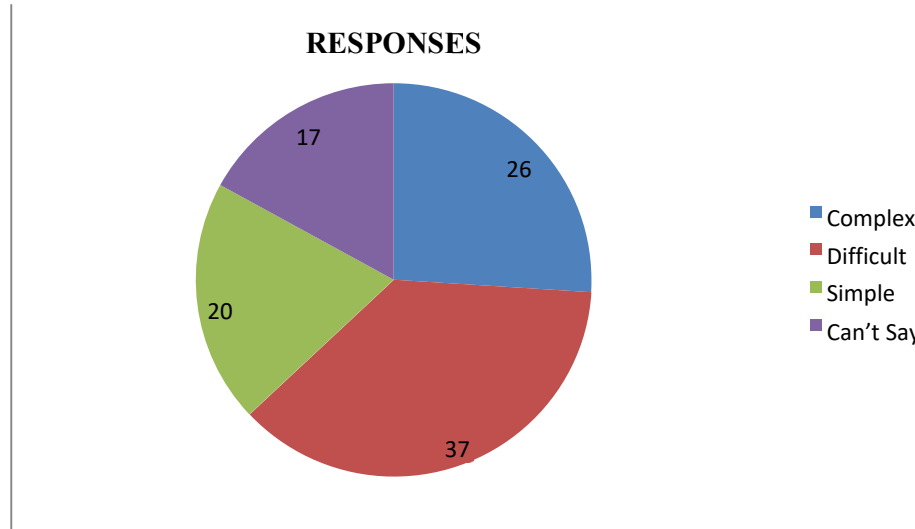
- Complex
- Difficult
- Simple
- Can't Say

DATA ANALYSIS AND INTERPRETATIONS

DATA ANALYSIS AND INTERPRETATIONS

Q.1.What is your opinion regarding the Gold loan procedure?

| Opinion | Complex | Difficult (own safety) | Simple | Can't Say |
|--------------------|---------|------------------------|--------|-----------|
| No. Of Persons (%) | 26% | 37% | 20% | 17% |

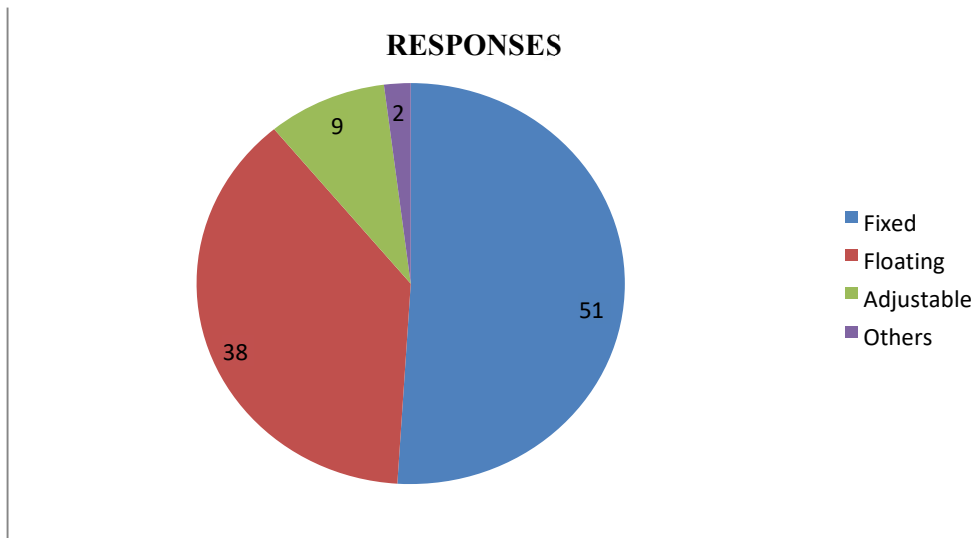


INTERPRETATION

Among 100 respondents, 26% persons think that the gold loan availing procedure is complex, 37% persons believe that it is difficult (requires own safety), 20% persons think that it is simple and there are 17% persons who do not have any opinion about it.

Q.2 which types of interest rate have you preferred?

| Types of interest | Fixed | Floating | Adjustable | Others |
|--------------------|-------|----------|------------|--------|
| No. Of persons (%) | 51% | 38% | 9% | 2% |

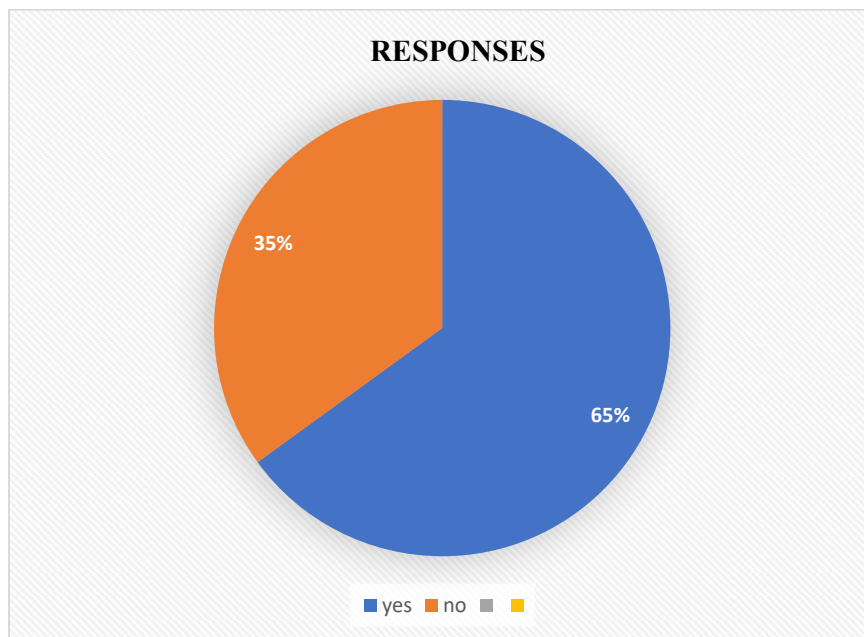


INTERPRETATION

Among 100 respondents, 51% persons are interested in fixed rate of interest at the time of gold loan, 38% persons are interested in floating rate of interest, 9% persons prefer adjustable rate of interest and 2 % prefers other interest rates.

Q.3.Are you satisfy with the bank or financial institution from where you have availed the gold loan?

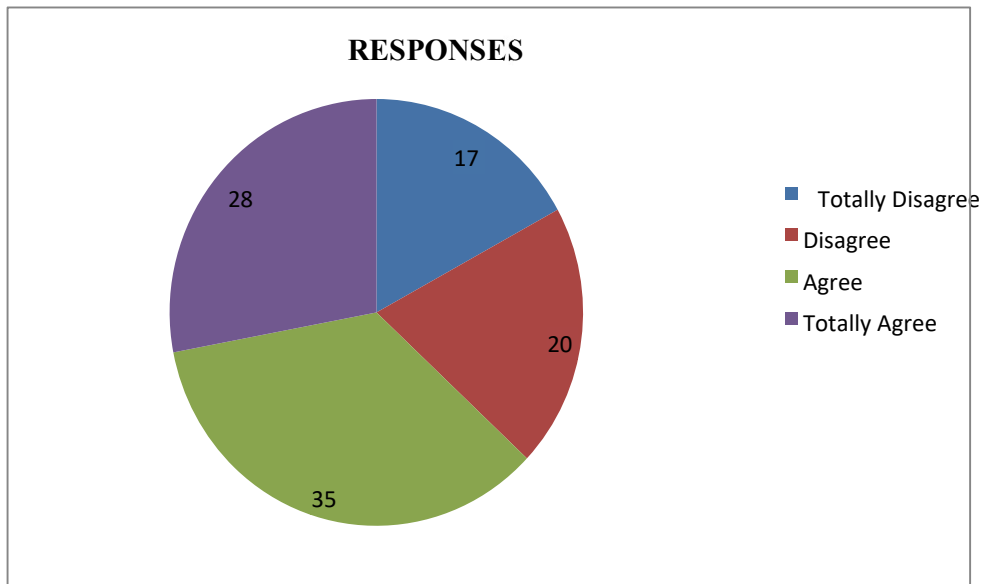
| Satisfaction | Yes | No | Total |
|--------------------|-----|-----|-------|
| No. Of Persons (%) | 65% | 35% | 100 |

**INTERPRETATION**

Among 100 respondents, 65% persons satisfy with the bank or financial institution from where they have availed the gold loan but 35% persons are not satisfied with the bank or financial institution from where they have availed the gold loan.

Q.4.Easy availability is an important factor for gold loans. Do you agree?

| Opinion | Totally Disagree | Disagree | Agree | Totally Agree |
|--------------------|------------------|----------|-------|---------------|
| No. Of Persons (%) | 17% | 20% | 35% | 28% |

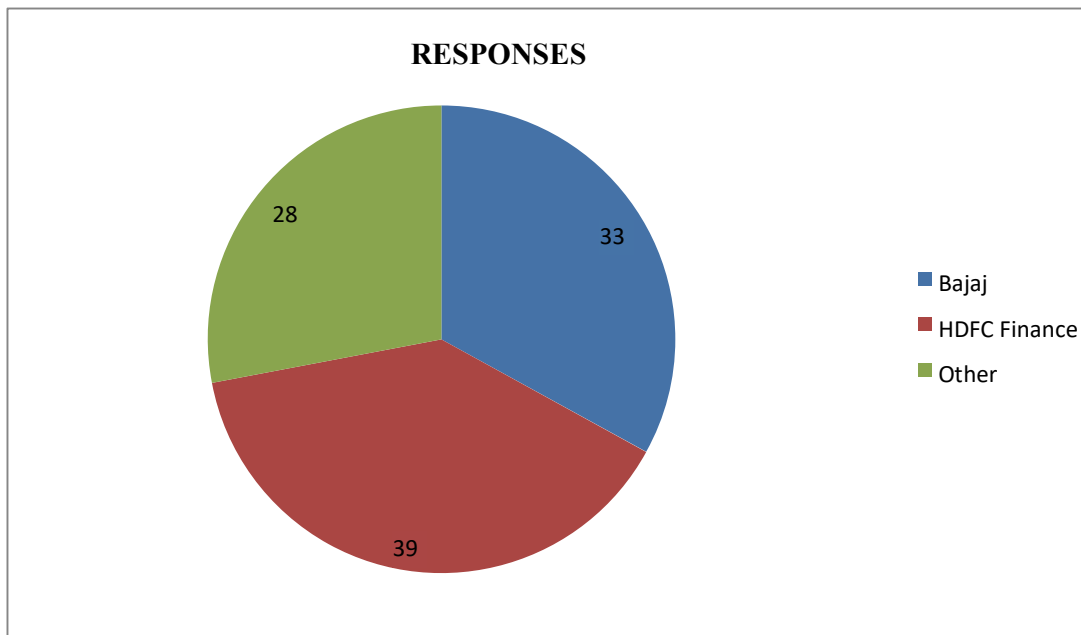


INTERPRETATION

Among 100 respondents, 17% persons says that they totally disagree with the fact that easy availability is an important factor for gold loan, 20% persons disagree with it, 35% persons says that they agree and 28% persons says that they totally agree with the fact that easy availability is an important factor for gold loan.

Q.5.Which bank easily provide gold loan?

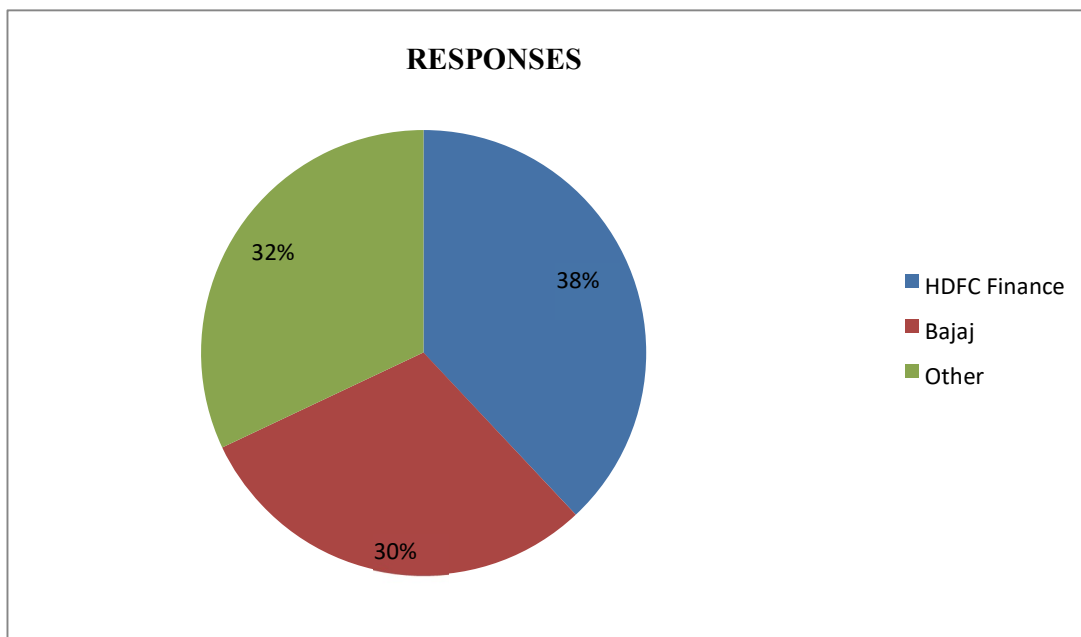
| Bank | Bajaj | HDFC Finance | Others |
|-----------------------|-------|-----------------|--------|
| NO. Of Persons (%) | 33% | 39% | 28% |

**INTERPRETATION**

Among 100 respondents, 33% persons say that HDFC Finance easily provide gold loan, 39% persons says that BAJAJ Bank easily provide gold loan and 28% persons says that Bajaj's easily provide gold loan.

Q.6.Which bank charge lowest interest rate?

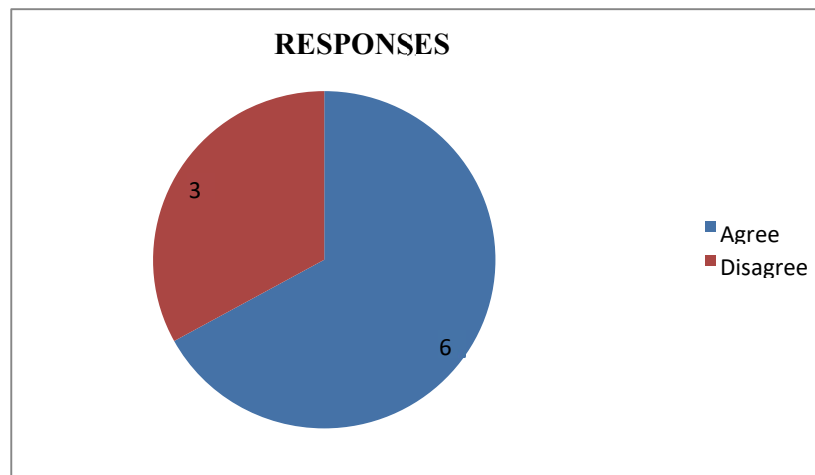
| Bank | HDFC Finance | BAJAJ | Others |
|--------------------|--------------|-------|--------|
| No. Of Persons (%) | 38% | 30% | 32% |

**INTERPRETATION**

Among 100 respondents, 38% persons say that HDFC Finance provide flexible repayment period, 30% says that BAJAJ provide flexible repayment period and 32% persons says that Bajaj's provides flexible repayment period.

Q.7.Do provisions of more insurance affect your selection of mortgage from banks?

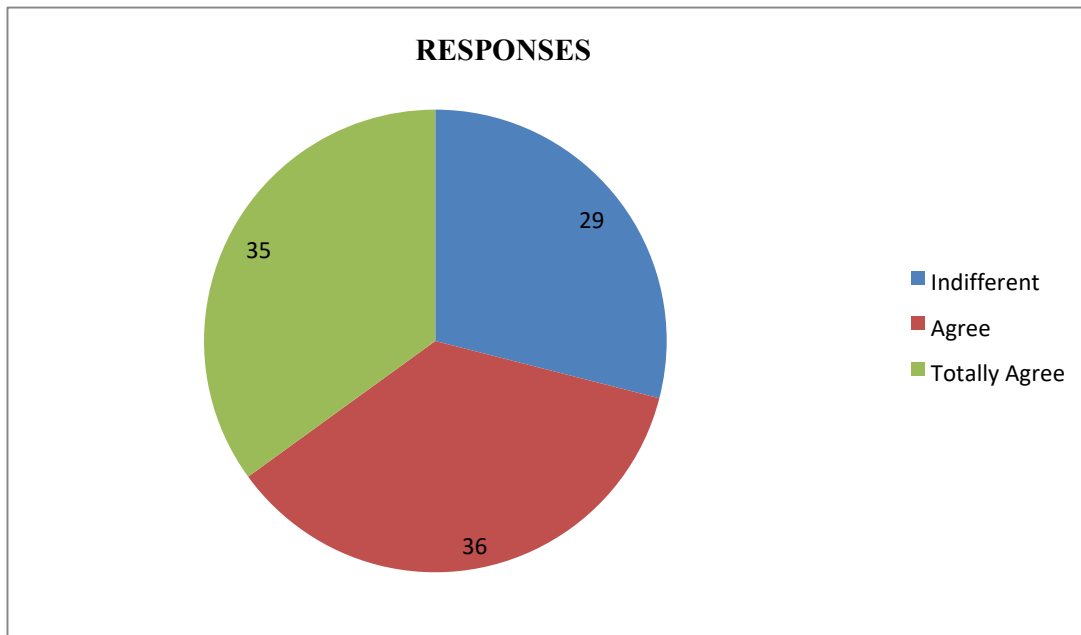
| Opinion | Agree | Disagree |
|--------------------|-------|----------|
| No. Of Persons (%) | 67% | 33% |

**INTERPRETATION**

Among 100 respondents, 67% persons agree with the fact that insurance affect their selection of gold loan from banks and 33% persons disagree with it

Q.8.Prepayment penalty need to be taken into consideration while taking gold loan. What is your opinion?

| Opinion | Indifferent | Agree | Totally Agree |
|--------------------|-------------|-------|---------------|
| No. Of Persons (%) | 29% | 36% | 35% |



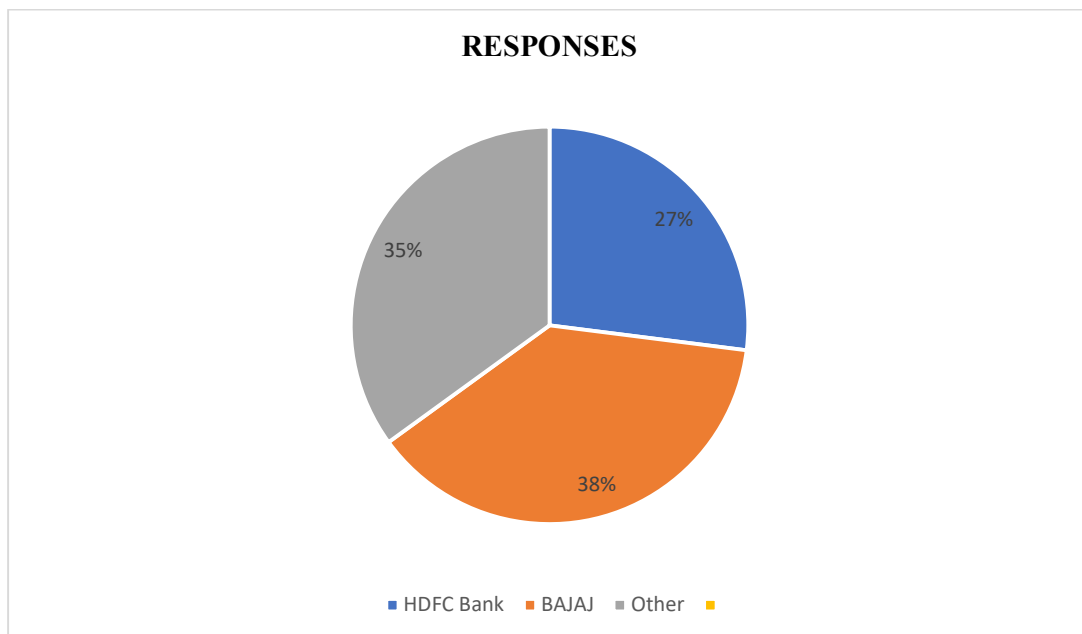
INTERPRETATION

: -

Among 100 respondents, 29% persons are indifferent about prepayment penalty, 36% says that they agree with the fact that prepayment penalty need to be taken into consideration while taking gold loan and 35% persons totally agrees with it.

Q.9.Which bank charges lower prepayment penalty?

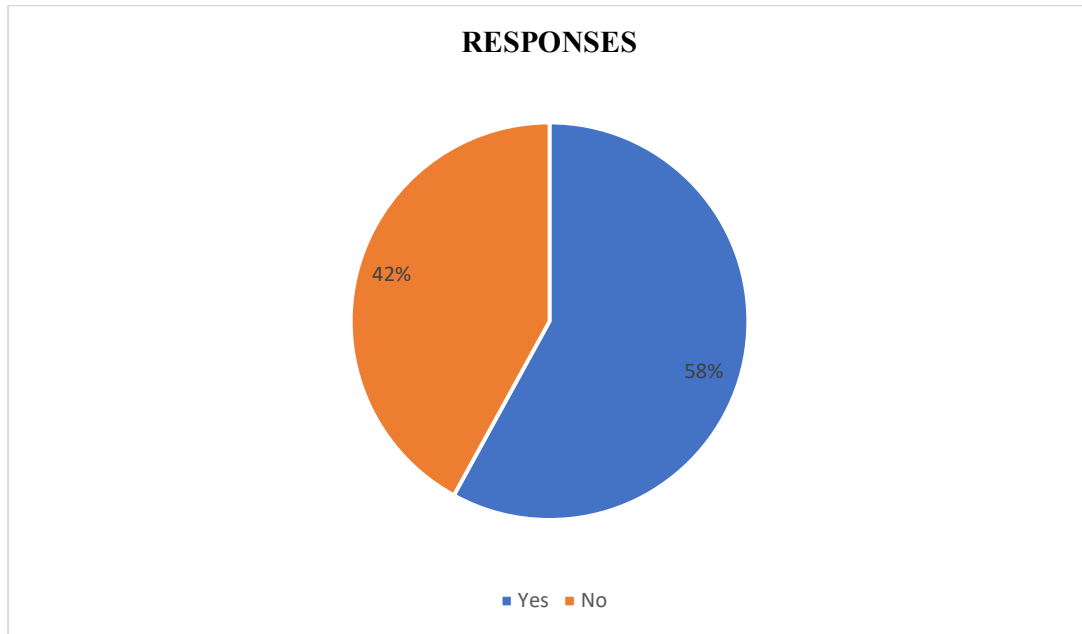
| Bank | HDFC Finance | BAJAJ | Others |
|--------------------|--------------|-------|--------|
| No. Of Persons (%) | 27% | 38% | 35% |

**INTERPRETATION**

Among 100 respondents, 27% persons says that HDFC Finance charges lower prepayment penalty, 38% persons says that BAJAJ charges lower prepayment penalty and 35% person says that Bajaj's charges lower prepayment penalty.

Q.10.Do miscellaneous expenses affect your selection of gold loans?

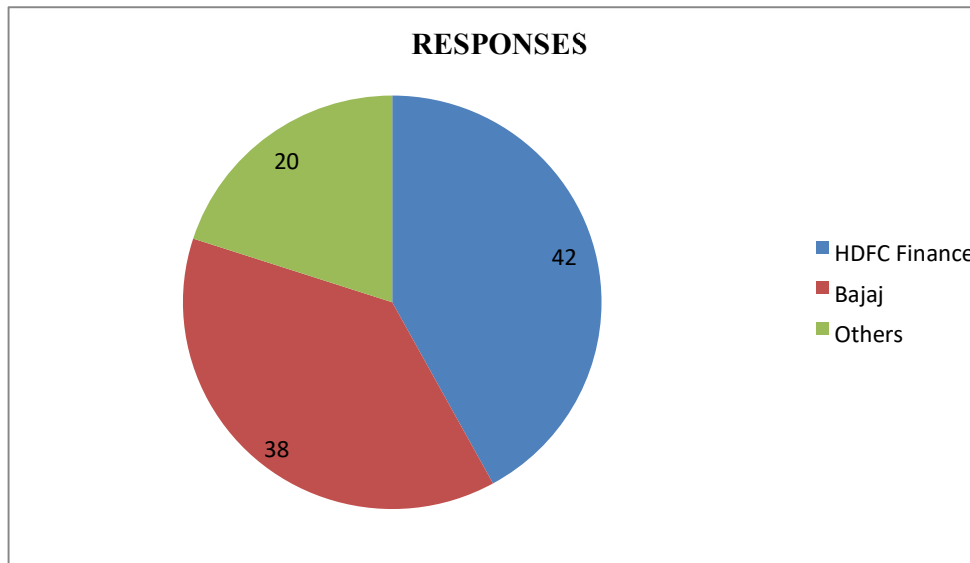
| Opinion | Yes | No |
|--------------------|-----|-----|
| No. Of Persons (%) | 58% | 42% |

**INTERPRETATION**

Among 100 respondents, 58% persons says that miscellaneous expenses affect their selection of gold loans but 42% persons says that it does not affect their selection.

Q.11.Which bank charges lower processing fees?

| Bank | HDFC Finance | BAJAJ | Others |
|--------------------|--------------|-------|--------|
| No. Of Persons (%) | 42% | 38% | 20% |

**INTERPRETATION**

Among 100 respondents, 42% says that HDFC Finance charges lower processing fees, 38% persons says that it is low in case of BAJAJ and 20% says that Bajaj's charges lower processing fees.

FINDINGS

FINDINGS

- Among 100 respondents, 26% persons think that the gold loan availing procedure is complex,37% persons believe that it is difficult (requires own safety),20% persons think that it is simple and there are 17% persons who do not have any opinion about it.
- Among 100 respondents, 51% persons are interested in fixed rate of interest at the time of gold loan, 38% persons are interested in floating rate of interest, 9% persons prefer adjustable rate of interest and 2 % prefers other interest rates.
- Among 100 respondents, 65% persons satisfy with the bank or financial institution from where they have availed the gold loan but 35% persons are not satisfied with the bank or financial institution from where they have availed the gold loan.
- Among 100 respondents, 22% persons came to know about gold loans through phone, 26% persons came to know through internet, 28% persons came to know through television, 9% persons through friends/relatives, 8% through brochures and 7% persons came to know about gold loans from press.
- Among 100 respondents, 17% persons says that they totally disagree with the fact that easy availability is an important factor for gold loan, 20% persons disagree with it, 35% persons says that they agree and 28% persons says that they totally agree with the fact that easy availability is an important factor for gold loan.
- Among 100 respondents, 33% persons say that HDFC Finance easily provide gold loan, 39% persons says that BAJAJ Bank easily provide gold loan and 28% persons says that Bajaj is easily provide gold loan.
- Among 100 respondents, 36% persons are indifferent about flexible repayment period, 42% persons says that they agree with the fact that flexible repayment period plays an important role while taking gold loan and 22% persons totally agrees with the fa

is

CONCLUSION

CONCLUSION

- ✓ People prefer HDFC gold loan than Bajaj finserv
- ✓ Gold an is good option for short term requirement
- ✓ HDFC provide better services than Bajaj finserv
- ✓ People prefer public sector than private sector bank
- ✓ HDFC offers lower interest rate
- ✓ Lowest interest rate than personal loan

RECOMMENDATION

RECOMMENDATION

- Customer awareness program is very important
- Banks should go for advertisement campaign from scratch. Banks should try to cash its brand image.
- Increase customer care network.
- To provide plans for low-income group.
- Disclose all the hidden charges.
- The banks should a combined booklet of the product range in order to upgrade knowledge of future taking of loans.
- Banks should introduce some new model keeping in mind the loan suitable for the medium income group customer.
- In this age of information, the customer before taking loans collected all the information about various brands. The banks should a combined booklet of the product range in order to upgrade the knowledge of future taking of loans.
- Presence of some famous personality in Advertisement or in Pamphlet's insuring better retention in the mind of customers.

BIBLIOGRAPHY

BIBLIOGRAPHY

TEXT BOOKS

FINANCIAL MANAGEMENT

BY Dr. P.A.M. Dhawalkar and Narendra
Nagpure

MAGZINES

- BUSINESS WORLD.
- BUSINESS TODAY.
- INDIA TODAY

NEWS PAPERS • THE TIMES OF INDIA.

- THE HINDU.

WEB SITES

- www.hdfcfinance.com
- www.bajajfinance.com

ANNEXURE

ANNEXURE

Name-----

Age-----

Gender-----

Occupation-----

Q.1.What is your opinion regarding the gold loan procedure?

- a) Complex
- b) Difficult
- c) Simple
- d) Can't say

Q.2 which types of interest rate have you preferred?

- a) Fixed
- b) Floating
- c) Adjustable
- d) Other

Q.3.Are you satisfy with the bank or financial institution from where you have availed the gold loan?

- a) Yes
- b) No

Q.4.Easy availability is an important factor for gold loans. Do you agree?

- a) Totally disagree
- b) Disagree
- c) Agree.
- d) Totally agree

Q.5. Which bank easily provide gold loan?

- a) HDFC
- b) Bajaj finserv
- c) Other

Q.6.Which bank charge lowest interest rate?

- a) HDFC
- b) Bajaj Finserv
- c) Other

Q.7.Do provisions of more insurance affect your selection of mortgage from banks?

- a) Agree
- b) Disagree

Q.8.Prepayment penalty need to be taken into consideration while taking gold loan.

What is your opinion?

a) Agree

b) Disagree

Q.9.Which bank charges lower prepayment penalty?

a) HDFC

b) Bajaj Finserv

c) OTHER

Q.10.Do miscellaneous expenses affect your selection of gold loans?

a) YES

b) NO

Q.11.Which bank charges lower processing fees?

a) HDFC

b) Bajaj

c) Other

THANK YOU FOR YOUR VALUABLE TIME.

HAVE A GOOD DAY!

THANK YOU!