



A study on loan facility provided by public sector banks with special reference to State Bank of India In Tirupur city

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Abstract

This study examines the loan facilities provided by public sector banks in India, with a specific focus on the State Bank of India (SBI). The primary objective of this study is to understand the process of loan disbursement by public sector banks, the criteria used for approving loans, and the role of the SBI in providing financial assistance to various sectors of the economy. The study is based on secondary data, including annual reports of the SBI and other public sector banks, published articles and books, and government reports. The findings reveal that the SBI is the largest public sector bank in India, with a significant presence in the rural and semi-urban areas. It offers a wide range of loan products, including personal loans, home loans, vehicle loans, and business loans. The bank uses a stringent process to approve loans, including a credit score assessment, documentation verification, and collateral assessment. The study also identifies some of the challenges faced by the SBI and other public sector banks, including high non-performing assets (NPAs) and competition from private sector banks. Overall, the study provides insights into the loan facilities provided by public sector banks in India and highlights the critical role played by the SBI in the country's financial sector.

Keywords: Loan facilities, State bank of India bank

Introduction

The State Bank of India is the largest public sector bank in India. Public sector banks consistently advance customer-benefitting programmes in the public interest. Additionally, they have lower service fees than private banks. Nationalised banks in India not only serve the public good but also make enormous profits.

State Bank of India (SBI) is a statutory organisation for financial services and a multinational public sector bank with its headquarters in Mumbai, Maharashtra. The only Indian bank on the Fortune Global 500 list of the biggest companies in the world in 2020, SBI is the 43rd largest bank in the world and is rated 221st. It is a public sector bank and the biggest bank in India, with a 25% percent of the overall loan and deposit market and a 23% market share for assets. With approximately 250,000 workers, it ranks as India's fifth-largest employer. State Bank of India crossed the \$5 trillion market capitalization threshold on September 14, 2022, becoming the third lender (after HDFC Bank and ICICI Bank) and seventh Indian company to first surpass the market capitalization of \$5 trillion on the Indian stock exchanges.

Objectives of the study

1. To study the socio-economic characteristics of respondents.
2. To analyze the loan facility offered by public sector banks.
3. To study about the problem faced by public sector, State bank of India in providing loans.
4. To evaluate the customers satisfaction of State bank of India.

5. To offer suggestion based on the finding and conclusion.

Scope of the study

An analysis of the many loan products the bank offers, their interest rates, and eligibility requirements will be part of the study on lending facilities supplied by public sector banks with particular reference to State Bank of India in Tirupur city.

- The scope the study concerned with to the public sector bank (State Bank of India).
- The study "ANALYSIS ON LOANS FACILITY" is empirical and description in nature.

Research methodology research design

The research design used for the study is descriptive in nature. The researcher has made an attempt to find the loan facility provided by the public sector banks with special reference to State Bank of India in Tirupur city.

Sample design

The convenient sampling method was adopted in this research.

Methods of data collection primary data

The primary data have been collected through structured questionnaires. The questionnaire was filled by 120 customers of State bank of India in Tirupur city.

Secondary data

The secondary data was collected from various sources like Articles, Journals, Wikipedia, Related Websites.

Sample size

The study was conducted with a sample size of 120 respondents in Tirupur city.

Tools for analysis

- Simple percentage analysis
- Rank analysis

Simple percentage analysis

Percentage analysis is used in making comparisons between two or more series of data. Percentage is used to describe relationships. Percentage can also be used to compare the relative terms, the distribution of two or more series of data.

$$\text{Simple percentage method} = \frac{\text{Number of respondents replied}}{\text{Total number of respondents}} * 100$$

The information given by the proprietor will be influenced by their personal profile likeage, educational qualification, nature of business and so on. So, to have an idea on their personal profile a percentage analysis was carried out.

Rank analysis

A rank analysis is any of several statistics that measure an ordinal association, the relationship between ranking of different ordinal variables or different ranking of the same variables, where a "ranking" is the assignment of the labels "first", "second", "third", etc., To different of a particular variable. A rank analysis measures of similarity between two rankings, and can be used to assess the significance of the relation between them. It is not necessarily a total order of object because two different objects can have the same ranking. The ranking themselves are totally ordered.

Limitations of the study

- The survey was limited only to the physical boundaries of the Tirupur city.
- This study is mainly based on loan facility provided by the State Bank of India.
- All the findings and observation related to services are purely based on the Respondents answer.

Review of literature

A. Ahamed& M Jegadeeshwaran-(2022): ^[1], Without e-banking service no banks can survive in this competitive banking business. It provided number of benefits to customer in term of easy to use and at least cost of transactions; it may be either through internet, telephone or other electronic delivery channels. Nationalization was a structural change in the performance of commercial banks which resulted in to the emergence of public sector banks. This study helps to know the satisfaction level of customers towards E-banking services provided by SBI in Coimbatore City. Here E-Banking services includes ATM service, POS using debit card and credit services, mobile banking, EFT etc. ^[1]

A. Ahamed& M Jegadeeshwaran-(2022) ^[1], The Term Asset-Backed Securities Loan Facility, January 2022 SSRN Electronic Journal, DOI:10.2139/ssrn.4155617.

Anjali Mathur& K Vinitha& R Shubham-(2019): ^[2], A bank merger is a situation in which two banks or all branches of a bank join together to become one bank. The

bank merger of State Bank of India was implemented on 1st April 2017 in India. The big data analytics provides algorithms to compare, classify and cluster the data at local and global level. This research paper proposes big data analytics for education loan provided by State Bank of India. The proposed work is for comparative study of the impact of bank merger on education loan provided by State Bank of India.

Arun Hade - (2015): ^[3], "Impact of new public sector banks on state bank of India special reference to Madhya Pradesh state", has reviewed about the phases of changes of banking sector. Especially he has considered the changes during the stages of liberalization, globalization. With it the impact of new entrant of private banks on the state bank of India – bank of Banks. He has taken into a/c the transformation phases and factors which influences the economy of domestic as well as at international level. He also mentioned that during the passing through the liberalization, degeneration of interest rate regime at the same time facing the competition from new generation banks.

Rani S-(2011): ^[4], National Housing Policy gave a thrust to the concept of housing finance by establishing the National Housing Bank on 9th July, 1988 under the National Housing Bank Act, 1987 which became the regulatory body for the Housing Finance in India and also for providing funds and other assistance to the Housing Finance Institutions. With the help of their study they concluded that HDFC has been the on the top of the list of housing finance with 37% market share followed by SBI thru HUDCO with 16% market share and LICHFL with 13% market share.

Table 4.1: The table showing the gender of the respondents

S.No	Gender	No of respondents	Percentage
1	Male	64	53.3
2	Female	56	46.7
	Total	120	100

(Source: Primary data)

Interpretation

The above table shows that mostly 53.3% of Male and 46.7% of Female respondents.

Inference

The survey reveals majority 53.3% of respondents are Male.

Table 4.2: The table showing the type of the account of the respondents

S.no	Account type	Total no of respondents	%of total number of respondents
1	Current account	27	22.5
2	Saving account	82	68.3
3	Demataccount	8	6.7
4	Deposit account	3	2.5
	Total	120	100

(Source: Primary data)

Interpretation

The above table shows that 68.3% respondents have Saving accounts, 22.5% respondents have Current account, 6.7% respondents have Demat account and 2.5% respondents have Deposit accounts.

Inference

The survey reveals majority 68.3% of respondents have Saving account.

Table 4.3: The table showing the problems faced while borrowing loans of the respondents

S.no	Problems faced	Total no of respondents	% of total number of respondents
1	Multiple document submission	49	40.8
2	Late response	31	25.8
3	High interest rate	24	20.0
4	Regular enquiries	16	13.3
	Total	120	100

(Source: Primary data)

Interpretation

The above table shows the major problem faced is 40.8% in Multiple document submission, 25.8% in Late response, 20.0% in High interest rate and 13.3% in Regular enquiries.

Inference

The survey reveals mostly 40.3% of respondents face problem in Multiple document submission.

Table 4.4: The table showing the ranking of the respondents interpretation

Factors	Satisfaction level					Total	Rank
	1	2	3	4	5		
Availability Of atm	25	15	21	43	16	350	Ii
	(5)	(4)	(3)	(2)	(1)		
	125	60	63	86	16		
Variety of Service offered	8	30	38	36	8	354	I
	(5)	(4)	(3)	(2)	(1)		
	40	120	114	72	8		
Providing Loan Facilities	8	25	31	44	12	333	Iv
	(5)	(4)	(3)	(2)	(1)		
	40	100	93	88	12		
Response of The staff	13	22	36	33	16	343	Iii
	(5)	(4)	(3)	(2)	(1)		
	65	88	108	66	16		
E-banking Services	16	12	27	47	18	321	V
	(5)	(4)	(3)	(2)	(1)		
	80	48	81	94	18		

The above table indicate the variety of service offered in ranked i, availability of atm in ranked ii, response of the staff in ranked iii, providing loan facilities in ranked iv and ebanking services ranked in v.

Inference

The survey reveals that I rank is for variety of services offered.

Findings, suggestions and conclusions findings

1. The survey reveals majority 53.3% of respondents are Male.
2. The survey reveals majority 68.3% of respondents have Saving account.
3. The survey reveals mostly 40.3% of respondents face problem in Multiple document submission.
4. The survey reveals that I rank is for variety of services offered.

Suggestions

1. SBI needs to educate its customers about the services

2. To enhance customer service.
3. To increase public trust and confidence in banking institutions.
4. To sanction loans as quickly as feasible and to enhance the loan facility.
5. SBI needs to improve its cooperativeness performance.
6. To offer appropriate credit facility guidelines.

Conclusion

For people and enterprises in Tirupur city, the loan facility offered by public sector banks, especially the State Bank of India, is a significant source of funding. The Credit accessibility is essential for maintaining economic growth, generating jobs, and eradicating poverty. By providing credit to underprivileged and marginalised groups, it significantly contributes to the promotion of financial inclusion. In addition to making sure that interest rates are reasonable and competitive, banks must ensure that loan applications are completed quickly

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