

# CHAPTER-1

**Introduction**

**On**

**Loans and advances**

## INTRODUCTION

The term 'loan' refers to the amount borrowed by one person from another. The amount is in the nature of loan and refers to the sum paid to the borrower. Thus, from the view point of borrower, it is 'borrowing' and from the view point of bank, it is 'lending'. Loan may be regarded as 'credit' granted where the money is disbursed and its recovery is made on a later date. It is a debit for a borrower. While granting loans, credit is given for a definite purpose and for a predetermined period. Interest is charged on the loan at agreed rate and intervals of payment. 'Advance' on the other hand, is a 'credit facility' granted by bank. Banks grant advances largely for short-term purpose, such as purchase of goods traded in and meeting other short-term trading liabilities. There is a sense of debt in loan, where as an advance is a facility being availed of by the borrower. However, like loans, advances are also repaid. Thus a credit facility repayable in installments over a period is termed as loan while a credit facility repayable within one year may be known as advances.

Loans and advances granted by commercial banks are highly beneficial to individuals, firms, companies and industrial concerns. The growth and diversification of business activities are effected to a large extent through bank financing. Loans and advances granted by banks help in meeting short-term and long term financial needs of business enterprises.

**We can discuss the role played by banks in the business world by way of loans and advances as follows:-**

- (a) Loans and advances can be arranged from banks in keeping with the flexibility in business operations. Traders may borrow money for day to day financial needs availing of the facility of cash credit, bank overdraft and discounting of bills. The amount raised as loan may be repaid within a short period to suit the convenience of the borrower. Thus business may be run efficiently with borrowed funds from banks for financing its working capital requirements.

- (b) Loans and advances are utilized for making payment of current liabilities, wage and salaries of employees, and also the tax liability of business.
- (c) Loans and advances from banks are found to be 'economical' for traders and businessmen, because bank charge a reasonable rate of interest on such loans/advances. For loans from money lenders, the rate of interest charged is very high. The interest charged by commercial banks is regulated by the Reserve Bank of India.
- (d) Banks generally do not interfere with the use, management and control of the borrowed money. But it takes care to ensure that the money lent is used only for business purpose.
- (e) Bank loans and advances are found to be convenient as far as its repayment is concerned. This facilities planning for future and timely repayment of loans. Otherwise business activities would have come to halt.
- (f) Loans and advances by banks generally carry element of secrecy with it. Banks are duty-bound to maintain secrecy of their transactions with the customers. This enhances people's faith in the banking system.

## **Lending of Money**

The commercial bank lends money in four different ways:

- (a) Direct Loans.
- (b) Cash Credit.
- (c) Overdraft. and
- (d) Discounting of bills.

## **Loans**

Loan is the amount borrowed from bank. The nature of borrowing is that the money is disbursed and recovery is made in installments. While lending money by way of loan, credit is given for a definite purpose and for a pre-determined period. Depending upon the purpose and period of loan, each bank has its own procedure for granting loan. However the bank is a liberty to grant the loan requested or refuse it depending upon its own cash position and lending policy.

**There are two types of available from banks:**

- (1) Demand loan, and
- (2) Term loan.

**(1) A Demand Loan:** - it is a loan which is repayable on demand by the bank. In other words, it is repayable at short-notice. The entire amount of demand loan is disbursed at one time and the borrower has to pay interest on it. The borrower can repay the loan either in lump sum (one time) or as agreed with the bank. Demanded loans are raised normally for working capital purpose, like purchase of raw materials, making payment of short-term liabilities.

**(2) Term loans:** -medium and long term loans are called term loans. Term loans are granted for more than a year and repayment of such loans is spread over a longer period. The repayment is generally made in suitable installment of a fixed amount. Term loan is required for a purpose of starting a new business activity, renovation, and modernization, expansion/extension of existing units, purchase of plant and machinery, purchase a land for setting up a factory, construction of a factory building or purchase of immovable assets. These loans are generally secured against the mortgage of land, plant and machinery, building and etc....

## **Cash Credit**

Cash Credit is a flexible system of lending under which the borrower has the option to withdraw the funds as and when required and to the extent of his needs. Under this arrangement the banker specifies a limit of loan for the customer (known as cash credit limit) up to which the customer is allowed to draw. The cash credit limit is based on the borrower's need and as agreed with the bank. Against the limit of cash credit, the borrower is permitted to withdraw as and when he needs money subject to the limit sanctioned.

It is normally sanctioned for a period of one year and secured by the security of some tangible assets or personal guarantee. If the account is running satisfactorily, the limit of cash credit may be renewed by the bank at the end of the year. The interest is calculated and charged to the customer's account. Cash credit, is one of the types of bank lending against the security by way

of pledge or /hypothecation of goods. 'Pledge' means bailment of goods as security for the payment of debt.

Its primary proposes is to put the goods pledged in the procession of lender. It ensures recovery of loans in case of failure of borrower to repay the borrowed account. In 'hypothecation', goods remain in the possession of the borrower, who binds himself under the agreement to give possession of goods to the banker whenever the banker requires him to do so. So hypothecation is a device to create a charge over the asset under circumstances in which transfer of possession is either inconvenient or impracticable.

### **Overdraft**

Over draft facility is more or less similar to 'cash credit' facility is the result of an agreement with the bank by which a current account holder is allowed to draw over and above the credit balance in his/her account. It is a short-period facility. This facility is made available to current account holder who operates their account through cheques. The customer is permitted to with the amount of overdraft allowed as and when he/she needs it and to repay it through deposit in the account as and when it is convenient to him/her. Overdraft is generally granted by a bank of the basis of a written request by the customer. Sometimes the bank also insists on either a promissory note from the borrower or personal security of borrower to ensure safety of amount withdrawn by the customer. The interest rate on overdraft is higher than is charged on loan.

### **The following are some of the benefits of cash credit and over draft:-**

- (1) Cash credit and some overdraft allow flexibility of borrowing, which depends upon the needs of the borrower.
- (2) There is no necessity of providing security and documentation again and again for borrowing funds.
- (3) This mode of borrowing is simple and elastic and meets the short term financial needs of the business.

## **Discounting of Bills**

Apart from sanctioning loans and advances, discounting of bills of exchange by bank is another way of making funds available to the customers. Bills of exchange are negotiable instruments which enables debtors to discharge their obligations to the creditors. Such bills of exchange arise out of commercial transactions both in inland trade and foreign trade. When the seller of goods has to release his dues from the buyer at a distant place immediately or after the lapse of agreed period of time, the bill of exchange facilitates this task with the help of banking institution. Banks invest a good percentage of their funds in discounting bills of exchange. These bills may be payable on demand or after a stated period.

In discounting a bill, the bank pays the amount to the customer in advance, i.e. before the due date. For this purpose, bank charges discount on the bill at a specified rate. The bill so discounted is retained by the bank till its due date and is presented to drawee on the date of maturity. In case the bill is dishonored on due date the amount due on bill together with interest and other charges is debited by the bank to the customer's account.

## **Nature and security of loans**

To ensure the safety of funds lent, the first and most important factor considered by a bank is the capacity of borrowers to repay the amount of loan; the bank therefore, relies primarily on the character, capacity and financial soundness of the borrower. But the bank can hardly afford to take any risk in this regard and hence it also has the security of tangible asset owned by the borrower. In case the borrower fails to repay the loan, the bank can recover the amount by attacking the assets. It can sell the assets offered as a security and realize the amount.

Thus from the view point of security of loans, we can divide the loans into two categories: (a) secured, and (b) unsecured.

Unsecured loans are those loans which are not covered by the security of tangible assets. Such loans are granted to firms/institutions against the personal security of the owner, manager or director. On the other hand, Secured loans are those which are granted against the security of tangible assets, like stock in trade and immovable property. Thus, while granting loan against the

security of some assets, a charge is created over the assets of the borrower in favor of bank. This enables the bank to recover the dues from the customer out of sale proceeds of the assets in case the borrower fails to repay the loan. There are various types of securities which may be offered against loans granted, but all of those are not acceptable to the banks.

**The types of securities generally accepted by the bank are the following:**

- Tangible assets such as plant and machinery, motor-van, etc.
- Documents of title to goods, like Railway Receipt (R/R), Bills of exchange, etc.
- Financial securities (Shares and Debentures)
- Life-Insurance Policy.
- Real Estates (Land, Building, etc).
- Fixed Deposit Receipt (FDR).
- Gold Ornaments, jewellery etc.

# CHAPTER-2

## RESEARCH DESIGN



## **Research methodology**

Research methodology is a methodology for collecting all sorts of information & data pertaining to the subject in question. The objective is to examine all the issues involved & conduct situational analysis. The methodology includes the overall research design, sampling procedure & fieldwork done & finally the analysis procedure. The methodology used in the study consistent of sample survey using both primary & secondary data. The primary data has been collected with the help of questionnaire as well as personal observation book, magazine; journals have been referred for secondary data. The questionnaire has been drafted & presented by the researcher himself.

### **❖ Sample Size:**

Sample of 50 people was taken into study, and their data was collected

### **❖ Sampling Technique:**

To study the Project, a Simple Random Sampling technique is used.

### **❖ Data Collection:**

Collection of data is done by Secondary Data & through

- Questionnaire

i.e., Primary data was collected through Questionnaire.

### **❖ Data Analysis:**

After data collection, I'm able to analyze customer's views, ideas and opinions related to Advance Product and about SBI Advance Product and from this, SBI will come to know the customer requirements.

## ❖ **Data Interpretation:**

Interpretation of data is done by using statistical tools like Pie diagrams, Bar graphs, and also using quantitative techniques (by using these techniques) accurate information is obtained.

## ❖ **Classification & tabulation of data:**

The data thus collected were classified according to the categories, counting sheets & the summary tables were prepared. The resultant tables were one dimensional, two dimensional.

## ❖ **Statistical tools used for analysis:**

Out of the total respondents, the respondents who responded logically were taken into account while going into statistical details & analysis of data. The tools that have been used for analyzing data & inference drawing are mainly statistical tools like percentage, ranking, averages, etc.

**As per questionnaire and market surveys I have find out different responses from different people. According to their responses I analyze the findings and draw certain remarks.**

## **Statement of problem**

- SBI Branch, Bangalore want to know about the customer perception about the advance product provide by them to the people.
- To find out that what is the easier way for providing advance product.
- To find out the need of the customer and hence formulate the strategy to level the economy in the society.
- How the products are helping the customer.

- To know the utility of the product.
- To find out the need of the customer in Bangalore region and introduce new product or facilitate new service in existing product.

## **The scope of the study revolves around the following aspects:-**

- Consumer perception towards Advance Product
- Consumer awareness about Advance Product scheme and its benefit.
- Aware the Bank about the customer problems faces by the advances products

## **Objectives of study**

Project gives a practical exposure and helps in acquiring the on road skills.

- First objective is to find out the reasons for using of Advance Product from SBI.
- To find out the services that other bank given to their customer.
- To generate the leads through the survey.
- To sort out the prospective leads from the data I have collected through the survey.
- To build the relationship with the customers and to follow up them, make sure that they are satisfied with the product.
- To maintain good relationship with the corporate employees.
- To get more references from the customers and generate new leads by following a chain process.
- To place SBI Advance Product ahead of the competitors.
- To find out the customer awareness on booming Advance Product market and to find out the using patterns of the people
- To make the customer aware of the benefits of the product and convince him to go for SBI Advance Product.

# CHAPTER-3

## COMPANY PROFILE

## INDUSTRIAL PROFILE

### **BANKING INDUSTRY IN INDIA**

Banking in India is originated in last decades of 18<sup>th</sup> century. The oldest bank in the bank is existence in India is the ‘State Bank of India’; a government-owned bank that traces its origin back to June 1806 and that is largest commercial bank in the country. Central banking is the responsibility of the Reserve Bank of India, which in 1935 formally took over these responsibilities from the Imperial Bank of India, relegating it to commercial banking functions. After India’s independence in 1947, the Reserve bank was nationalized and given broader powers. In 1969 the government nationalized the 14 largest commercial banks, the government nationalized the six largest in 1980.

The first bank of India, General Bank of India was established in 1786. From 1786 till today, the journey of Indian Banking system can be segregated into three distinct phases.

They are as follows

- Early phase from 1786 to 1969 of Indian Banks.
- Nationalization of Indian Banks and up to 1991 prior to Indian Banking sector reforms.
- New phase of Indian banking system with the advent of Indian financial and banking sector reforms after 1991.

### **BANKING IN INDIA**

#### **BANKING DURING BRITISH PERIOD BEFORE INDEPENDENCE**

- The first Joint stock Bank, namely the General Bank of India was established in 1786.
- Later on Bank of Hindustan and Bengal Bank also came in to existence, bank of Hindustan carried on business till 1906.
- East India Company established the following three banks, namely the Bank of Bengal in 1809, The Bank of Bombay in 1840 and The Bank of Madras in 1843.
- They were collectively called Presidency Banks and were well functioning independent units.
- The three banks established by the East India Company were amalgamated in 1920 and new bank called Imperial Bank of India was established.

- At least 94 Banks in India failed between 1913 and 1918 as indicated in the following table:

Years	Number of banks that failed	Authorized capital (Rs. Lakhs)	Paid-up capital (Rs. Lakhs)
1913	12	270	35
1914	42	710	109
1915	11	56	5
1916	13	231	4
1917	9	76	25
1918	7	209	1

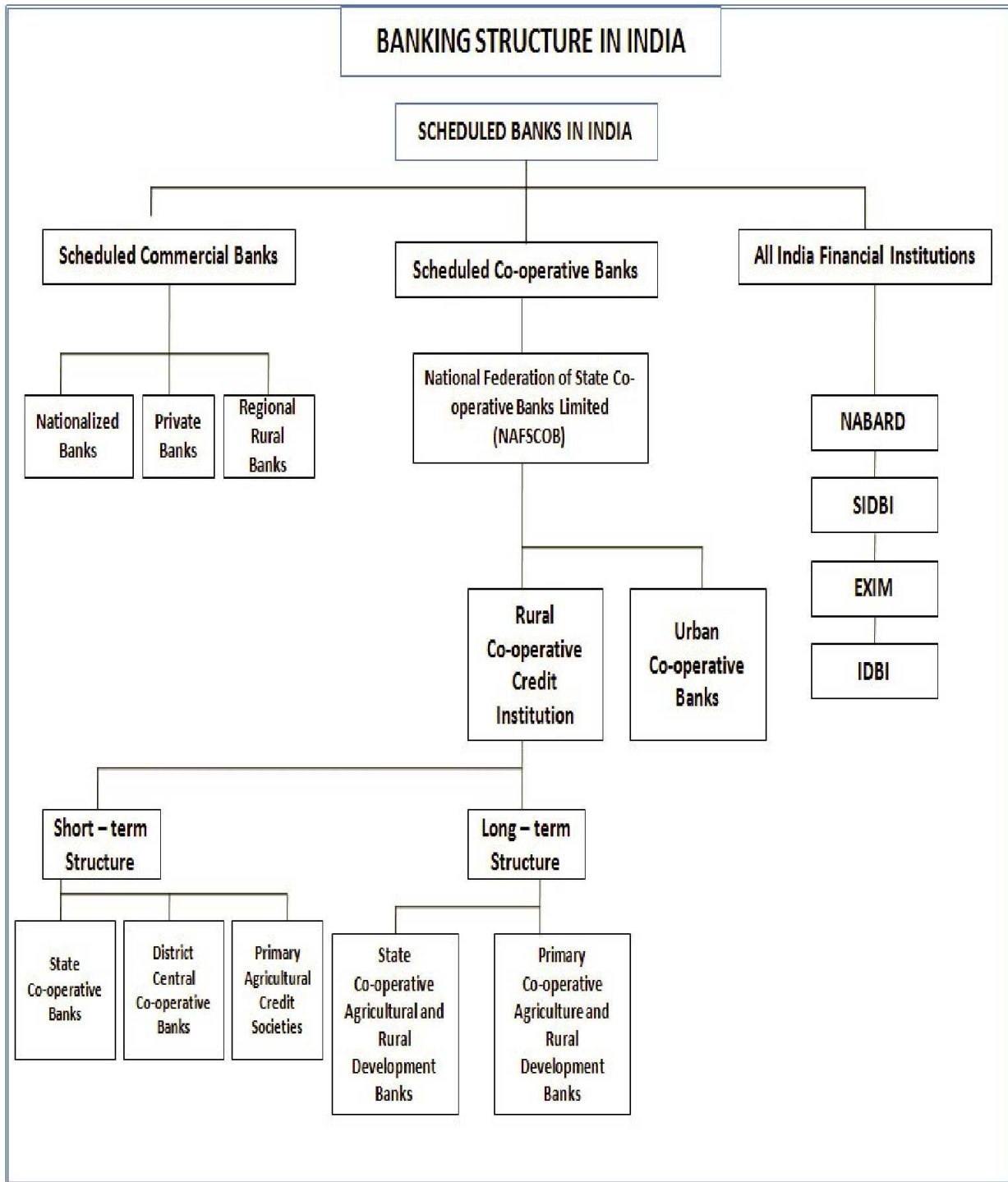
- The businessmen had established a number of Private Banks in mid of the 19<sup>th</sup> onwards. In the surcharged atmosphere of swadeshi movement, a number of banks with Indian management, namely Punjab National Bank ltd, Bank of India ltd, Canara Bank ltd, and Indian Bank ltd, etc was established.
- The Reserve Bank of India was established as the Central Bank of the country under an act passed in 1949. RBI was conferred with supervision and control of the banks and licensing powers and authority to conduct inspections was also given to it.

## **AFTER INDIPENDENCE**

- In 1955, Imperial Bank of India was nationalized and was given the name “State Bank of India”. It was established under State Bank of India Act 1955.
- In 1960, RBI was empowered to force the compulsory merger of the weak banks with the strong ones. This led to the reduction in the number of Banks from 566 in 1951 to about 89 in 1969.
- On July19, 1969, 14 major banks were nationalized, this raising the number of nationalized banks to 20.
- On the suggestions of Narashiman Committee, the Banking Regulation Act was amended in 1933 and thus the gates for the new Private sector banks opened.

## PRESENT STRUCTURE OF INDIAN BANKING SYSTEM

Reserve Bank of India (RBI) is the Central Bank and all Banks of India are required to follow the guidelines issued by RBI. The present structure of the Indian Banking system is as follows:-



Currently, India has 88 scheduled commercial banks (SCBs)—28 public sectors banks (that is with the Government of India Holding a stake), 29 private banks (these do not have Government stake; they may be publically listed and traded on stock exchanges) and 31 foreign banks. They have a combined network of over 53,000 branches and 17,000 ATMs. According to report of ICRA limited, a rating agency, the public sector bank hold over 75% of total assets to banking Industry, with the private and foreign banks holding 18.2% and 6.5% respectively.



## **COMPENY PROFILE**

### **STATE BANK OF INDIA**

#### **SBI Mission, Vision & Values**

##### **VISION**

- My SBI.
- My Customer first.
- My SBI: First in customer satisfaction

##### **MISSION**

- We will be prompt, polite and proactive with our customers.
- We will speak the language of young India.
- We will create products and services that help our customers achieve their goals.
- We will go beyond the call of duty to make our customers feel valued.
- We will be of service even in the remotest part of our country.
- We will offer excellence in services to those abroad as much as we do to those in India.
- We will imbibe state of the art technology to drive excellence.

##### **VALUES**

- We will always be honest, transparent and ethical.
- We will respect our customers and fellow associates.
- We will be knowledge driven.
- We will learn and we will share our learning.
- We will never take the easy way out.
- We will do everything we can to contribute to the community we work in.
- We will nurture pride in India.

## **Evaluation of SBI**

The origin of the **State Bank of India** goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later, the bank received its charter and was re-designed as the Bank of Bengal (2 January 1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) followed the Bank of Bengal. These three banks remained at the apex of modern banking in India till their amalgamation as the Imperial Bank of India on 27 January 1921.

Primarily Anglo-Indian creations, the three presidency banks came into existence either as a result of the compulsions of imperial finance or by the felt needs of local European commerce and were not imposed from outside in an arbitrary manner to modernize India's economy. Their evolution was, however, shaped by ideas culled from similar developments in Europe and England, and was influenced by changes occurring in the structure of both the local trading environment and those in the relations of the Indian economy to the economy of Europe and the global economic framework.



**Bank of Bengal H.O.**

## **Establishment**

The establishment of the Bank of Bengal marked the advent of limited liability, joint-stock banking in India. So was the associated innovation in banking, viz. the decision to allow the Bank of Bengal to issue notes, which would be accepted for payment of public revenues within a restricted geographical area. This right of note issue was very valuable not only for the Bank of Bengal but also its two siblings, the Banks of Bombay and Madras. It meant an accretion to the capital of the banks, a capital on which the proprietors did not have to pay any interest. The concept of deposit banking was also an innovation because the practice of accepting money for safekeeping (and in some cases, even investment on behalf of the clients) by the indigenous bankers had not spread as a general habit in most parts of India. But, for a long time, and especially up to the time that the three presidency banks had a right of note issue, bank notes and government balances made up the bulk of the investible resources of the banks.

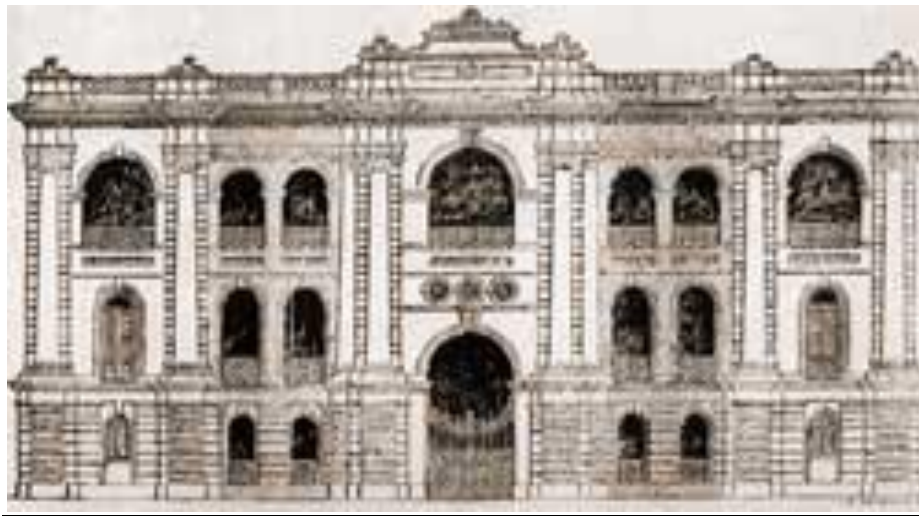
The three banks were governed by royal charters, which were revised from time to time. Each charter provided for a share capital, four-fifth of which were privately subscribed and the rest owned by the provincial government. The members of the board of directors, which managed the affairs of each bank, were mostly proprietary directors representing the large European managing agency houses in India. The rest were government nominees, invariably civil servants, one of whom was elected as the president of the board,

## **Business**

The business of the banks was initially confined to discounting of bills of exchange or other negotiable private securities, keeping cash accounts and receiving deposits and issuing and circulating cash notes. Loans were restricted to Rs.one lakh and the period of accommodation confined to three months only. The security for such loans was public securities, commonly called Company's Paper, bullion, treasure, plate, jewels, or goods 'not of a perishable nature' and no interest could be charged beyond a rate of twelve per cent. Loans against goods like opium, indigo, salt woolens, cotton, cotton piece goods, mule twist and silk goods were also granted but such finance by way of cash credits gained momentum only from the third decade of the nineteenth century. All commodities, including tea, sugar and jute, which began to be financed

later, were either pledged or hypothecated to the bank. Demand promissory notes were signed by the borrower in favor of the guarantor, which was in turn endorsed to the bank. Lending against shares of the banks or on the mortgage of houses, land or other real property was, however, forbidden.

Indians were the principal borrowers against deposit of Company's paper, while the business of discounts on private as well as salary bills was almost the exclusive monopoly of individuals Europeans and their partnership firms. But the main function of the three banks, as far as the government was concerned, was to help the latter raise loans from time to time and also provide a degree of stability to the prices of government securities.



**Old Bank of Bengal**

### **Major change in the conditions**

A major change in the conditions of operation of the Banks of Bengal, Bombay and Madras occurred after 1860. With the passing of the Paper Currency Act of 1861, the right of note issue of the presidency banks was abolished and the Government of India assumed from 1 March 1862 the sole power of issuing paper currency within British India. The task of management and circulation of the new currency notes was conferred on the presidency banks and the Government undertook to transfer the Treasury balances to the banks at places where the banks

would open branches. None of the three banks had until then any branches (except the sole attempt and that took a short-lived one by the Bank of Bengal at Mirzapore in 1839) although the charters had given them such authority. But as soon as the three presidency banks were assured of the free use of government Treasury balances at places where they would open branches, they embarked on branch expansion at a rapid pace. By 1876, the branches, agencies and sub agencies of the three presidency banks covered most of the major parts and many of the inland trade centers in India. While the Bank of Bengal had eighteen branches including its head office, seasonal branches and sub agencies, the Banks of Bombay and Madras had fifteen each.

### **Presidency Banks Act**

The presidency Banks Act, which came into operation on 1 May 1876, brought the three presidency banks under a common statute with similar restrictions on business. The proprietary connection of the Government was, however, terminated, though the banks continued to hold charge of the public debt offices in the three presidency towns, and the custody of a part of the government balances. The Act also stipulated the creation of Reserve Treasuries at Calcutta, Bombay and Madras into which sums above the specified minimum balances promised to the presidency banks at only their head offices were to be lodged. The Government could lend to the presidency banks from such Reserve Treasuries but the latter could look upon them more as a favor than as a right.



**Bank of Madras**

The decision of the Government to keep the surplus balances in Reserve Treasuries outside the normal control of the presidency banks and the connected decision not to guarantee minimum government balances at new places where branches were to be opened effectively checked the growth of new branches after 1876. The pace of expansion witnessed in the previous decade fell sharply although, in the case of the Bank of Madras, it continued on a modest scale as the profits of that bank were mainly derived from trade dispersed among a number of port towns and inland centers of the presidency.

India witnessed rapid commercialization in the last quarter of the nineteenth century as its railway network expanded to cover all the major regions of the country. New irrigation networks in Madras, Punjab and Sind accelerated the process of conversion of subsistence crops into cash crops, a portion of which found its way into the foreign markets. Tea and coffee plantations transformed large areas of the eastern Terais, the hills of Assam and the Nilgiris into regions of estate agriculture par excellence. All these resulted in the expansion of India's international trade more than six-fold. The three presidency banks were both beneficiaries and promoters of this commercialization process as they became involved in the financing of practically every trading, manufacturing and mining activity in the sub-continent. While the Banks of Bengal and Bombay were engaged in the financing of large modern manufacturing industries, the Bank of Madras went into the financing of large modern manufacturing industries, the Bank of Madras went into the financing of small-scale industries in a way which had no parallel elsewhere. But the three banks were rigorously excluded from any business involving foreign exchange. Not only was such business considered risky for these banks, which held government deposits, it was also feared that these banks enjoying government patronage would offer unfair competition to the exchange banks which had by then arrived in India. This exclusion continued till the creation of the Reserve Bank of India in 1935.



### **Bank of Bombay**

#### **Presidency Banks of Bengal**

The presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged in 1921 to form the Imperial Bank of India. The triad had been transformed into a monolith and a giant among Indian commercial banks had emerged. The new bank took on the triple role of a commercial bank, a banker's bank and a banker to the government.

But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a quasi-central bank.

The establishment of the Reserve Bank of India as the central bank of the country in 1935 ended the quasi-central banking role of the Imperial Bank. The latter ceased to be bankers to the Government of India and instead became agent of the Reserve Bank for the transaction of government business at centre's at which the central bank was not established. But it continued to maintain currency chests and small coin depots and operate the remittance facilities scheme for other banks and the public on terms stipulated by the Reserve Bank. It also acted as a bankers' bank by holding their surplus cash and granting them advances against authorized securities. The management of the bank clearing houses also continued with it at many places

where the Reserve Bank did not have offices. The bank was also the biggest tendered at the Treasury bill auctions conducted by the Reserve Bank on behalf of the Government.

The establishment of the Reserve Bank simultaneously saw important amendments being made to the constitution of the Imperial Bank converting it into a purely commercial bank. The earlier restrictions on its business were removed and the bank was permitted to undertake foreign exchange business and executor and trustee business for the first time.

### **Imperial Bank**

The Imperial Bank during the three and a half decades of its existence recorded an impressive growth in terms of offices, reserves, deposits, investments and advances, the increases in some cases amounting to more than six-fold. The financial status and security inherited from its forerunners no doubt provided a firm and durable platform. But the lofty traditions of banking which the Imperial Bank consistently maintained and the high standard of integrity it observed in its operations inspired confidence in its depositors that no other bank in India could perhaps then equal. All these enabled the Imperial Bank to acquire a pre-eminent position in the Indian banking industry and also secure a vital place in the country's economic life.



### **Stamp of Imperial Bank of India**

When India attained freedom, the Imperial Bank had a capital base (including reserves) of Rs.11.85 crores, deposits and advances of Rs.275.14 crores and Rs.72.94 crores respectively and a network of 172 branches and more than 200 sub offices extending all over the country.



### **First Five Year Plan**

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, therefore, to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries (later named Associates).


The State Bank of India was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three Local Head Offices inherited from the Imperial Bank. The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking subserving the growing and diversified financial needs of planned economic development. The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.

## BOARD OF DIRECTORS

### List of Directors on the Central Board of State Bank of India (As on 28<sup>th</sup> December, 2013)

Sr. No.	Name	Designation	Under Section of SBI Act 1955
1	Smt. Arundhati Bhattacharya	Chairman	19(a)
2	Shri Hemant G. Contractor	Managing Director	19 (b)
3	Shri A. Krishna Kumar	Managing Director	19 (b)
4	Shri S.Vishvanathan	Managing Director	19 (b)
5	Shri P. Pradeep Kumar	Managing Director	19(b)
6	Shri S. Venkatachalam	Director	19 (c)
7	Shri D. Sundaram	Director	19 (c)
8	Shri Parthasarathy Iyengar	Director	19 (c)
9	Shri Thomas Mathew	Director	19 (c)
10	Shri Jyoti Bhushan Mohapatra	Workmen Employee Director	19 (ca)
11	Shri S.K. Mukherjee	Officer Employee Director	19 (cb)
12	Dr. Rajiv Kumar	Director	19 (d)
13	Shri Deepak I. Amin	Director	19 (d)
14	Shri Harichandra Bahadur Singh	Director	19 (d)
15	Shri Tribhuvan Nath Chaturvedi	Director	19(d)
16	Shri Rajiv Takru	Director	19 (e)
17	Dr. Urjit R. Patel	Director	19 (f)

# Awards & Recognitions

  
**SBI has bagged the awards for 'Most Preferred Bank' and 'Most Preferred Brand for Home Loan' in CNBC Awaaz Consumer Awards in August 2007**


  
**The only Indian Bank to find a place in the Fortune Global 500 List.**

  
**SBI is placed at 70<sup>th</sup> in the Top 1000 Banks Survey by Banker Magazine, July 2007,(up from 107 last Year)**

  
**SBI ranked 6<sup>th</sup> in the Economic Times Market Cap List, (up from 50 last Year)**

  
**Today, SBI/SBI CAP is the No.1 Syndicator of domestic debt in Asia Pacific REGION.**

  
**No.1 in Mergers & Acquisition Deals (31 Deals of US\$19.8bn)**

  
**SBI is No.1 provider of Agri. Finance and No.1 in Credit Linking of Rs 9.35 lacs SHGs**

  
**SBI is market Leader in financing SSIs with a market share of 29%.**



**Business Standard**  
has Awarded  
**The Best Banker of**  
**the Year Award to Shri**  
**O.P.Bhatt** for his  
initiative to re-  
energise the **Bank**.



**CNN IBN**  
Network 18 has  
selected **Shri**  
**O.P.Bhatt** as **Indian**  
of the Year –  
**Business 2007** for  
showing how a  
public sector  
behemoth can flex  
its muscle in the  
ferociously  
competitive **Banking**  
**Sector**



**Asian Centre for**  
**Corporate**  
**Governance &**  
**Sustainability and**  
**Indian Merchants**  
**Chamber** has awarded  
the **Transformational**  
**Leader Award 2007** to  
**Shri O.P.Bhatt** for  
leadership, charisma,  
inspiration and  
intellectual  
stimulation for the  
entire **SBI team**

**AWARDS (2013-2014)**

<b>List of I.T. Awards (2013-14)</b>		
1	<b>The BANKER (1)</b>	Innovation in Customer Data Management (DWP)
2	<b>IDRBT (3)</b>	Financial Inclusion (IT-RB), Electronic Payment (INB, MB &W, ATM, PSG) and CRM&BI (DWP)
3	<b>D&amp;B Polaris (1)</b>	Best IT adoption
4	<b>SKOCH (3)</b>	HRMS, BI (DWP), MPAT (INB)
5	<b>SKOCH CORPORATE EXCELLENCE (3)</b>	BEST IT Team, CSR and Corporate Excellence
6	<b>PC Quest</b>	AWARD for change management for managing high scale IT projects
7	<b>EDGE AWARD (2)</b>	HRMS and RISK ANALYSIS DWP)
<b>TOTAL: 14 till date (CSI Evaluation on, IBA yet to be announced)</b>		

<b>List of Awards won by Corporate Communication &amp; Change Department, Corporate Centre, Mumbai (2013-14)</b>			
<b>Sr. No.</b>	<b>Name of the Award</b>	<b>Category</b>	<b>Award Instituted By</b>
1	Asia's Best CSR Practices Award-2013- Singapore	Best CSR Practices-Banking	CMO Asia
2	Asian BFSI Awards-2013- Dubai	Best CSR Practices Award-2013-Banking	Asian Leadership Awards
3	India's Most Ethical Companies Award-2013	Most Ethical Company in Banking	World CSR Congress
4	Asian Green Future Leadership Awards-2013	Best Green Service Innovations	Asian Confederation of Business

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## COMPETITORS OF STATE BANK OF INDIA

### Competitors and other players in the field:-

#### **Top Performing Public Sector Banks**

Andhra Bank

Allahabad Bank

Punjab National Bank

Dena Bank

Vijaya Bank

#### **Top Performing Private Sector Banks**

HDFC Bank

ICICI Bank

AXIS Bank

Kotak Mahindra Bank

Centurion Bank of Punjab

#### **Top Performing Foreign Banks**

Citibank

Standard Chartered

HSBC Bank

ABN AMRO Bank

American Express

## **Strength/ Opportunities:**

The growth for SBI in the coming years is likely to be fuelled by the following factors:

- Continued effort to increase low cost deposit would ensure improvement in NIMs and hence earnings.
- Growing retail & SMEs thrust would lead to higher business growth.
- Strong economic growth would generate higher demand for funds pursuant to higher corporate demand for credit on account of capacity expansion.

## **Weakness/ Threats:**

The risks that could ensue to SBI in time to come are as under:

- SBI is currently operating at a lowest CAR. Insufficient capital may restrict the growth prospects of the bank going forward.
- Stiff competition, especially in the retail segment, could impact retail growth of SBI and hence slowdown in earnings growth.
- Contribution of retail credit to total bank credit stood at 26%. Significant thrust on growing retail book poses higher credit risk to the bank.
- Delay in technology up gradation could result in loss of market shares.
- Management indicated a likely pension shortfall on account of AS-15 to be close to Rs50bn.
- Slow down in domestic economy would pose a concern over credit off-take thereby impacting earnings growth.

**DIFFERENT PRODUCTS OF SBI:**

DEPOSIT	LOANS	CARDS	DIFFERENT CREDIT CARDS
▪ Savings Account	▪ Home Loans	▪ Consumer Cards	▪ SBI International cards
▪ Life Plus Senior Citizens Savings Account	▪ Loan Against Property	▪ Credit Card	▪ SBI Gold cards
▪ Fixed Deposits	▪ Personal Loans	▪ Travel Card	▪ SBI Gold Master cards
▪ Security Deposits	▪ Car Loan	▪ Debit Cards	▪ <i>Your City Your Cards</i>
▪ Recurring Deposits	▪ Loans against Securities	▪ Commercial Cards	
▪ Tax-Saver Fixed Deposit	▪ Two Wheeler	▪ Corporate Cards	▪ <i>Partnership Cards</i>
▪ Salary Account	▪ Pre-approved Loans	▪ Prepaid Card	
▪ Advantage Woman Savings Account	▪ Retail Asset	▪ Purchase Card	▪ <i>SBI Employee Cards</i>
▪ Rural Savings Account	▪ Farmer Finance	▪ Distribution Cards	
▪ People's Savings Account	▪ Business Installment Loans	▪ Business Card	▪ <i>SBI Advantage Cards</i>



**NO THIRD PARTY GUARANTEE?  
A LOAN UPTO ₹1 Crore?**



**NO PROBLEM.**

**SBI SME COLLATERAL-FREE LOANS WITH  
CGTMSE GUARANTEE COVERAGE.**

**What's more, the guarantee fee is paid by the bank!**

*Campaign for promotion of collateral free*

*Loans Upto ` 1 Cr. Under CGTMSE guarantee  
coverage*

# **CHAPTER- 4**

## **DATA ANALYSIS AND INTERPRETATION**

## **I. Data on loans and advances**

### **LOANS PROVIDED BY STATE BANK OF INDIA (SBI)**

#### **4.1 SBI saral personal loan**

#### **4.2 Housing loan**

##### **4.2.1 SBI- home loan**

##### **4.2.2 SBI-flexi home loan**

##### **4.2.3 SBI-max gain home loan**

##### **4.2.4 SBI-reality home loan**

##### **4.2.5 SBI-freedom home loan**

##### **4.2.6 Short term housing loan**

#### **4.3 Easy travel loan**

#### **4.4 Car loan**

#### **4.5 Education loan**

#### **4.6 Property loan**

#### **4.7 Loan to pensioners**

#### **4.8 Loan for earnest money deposit**

#### **4.9 Scholar loan**

#### **4.10 Festival loan**

#### **4.11 Loan against shares/debentures**

## 4.1 SBI SARAL PERSONAL LOAN

Funds are readily available whenever desired or needed, be it a sudden vacation that you plan with your family or urgent funds required for medical treatment, etc. SBI Saral - Personal Loan is helpful in such situations.

### Advantages of saral personal loan

- Low interest rates. Further, interest is charged on a daily reducing balance.
- Low processing charges: only 1%-2% of loan amount.
- No hidden costs or administrative charges.
- No security required, which means minimal documentation, which is always desirable.
- No prepayment penalties. It helps to reduce the interest burden and optimally utilize the surplus funds by prepaying the loan (1% of the loan amount will be charged if you repay the loan before 6 months).
- Long repayment period of up to 48 months.

### The Scheme

#### Purpose

The loan will be granted for any legitimate purpose whatsoever (e.g. expenses for domestic or foreign travel, medical treatment of self or a family member, meeting any financial liability, such as marriage of son/daughter, defraying educational expenses of wards, meeting margins for purchase of assets etc.).

#### Eligibility

To be eligible one has to be a Resident Indian of Nationality having capability to repay a loan, except agriculturists.

## **Loan Amount**

The personal loan limit would be determined by the income and repayment capacity of the applicant.

Minimum: Rs.24, 000/- in metro and urban centres

Rs.10, 000/- in rural/semi-urban centres

Maximum: 12 times Net Monthly Income for salaried individuals and pensioners and 1 year's Net Annual Income in case of others, subject to a ceiling of Rs.10 lacs in all centres

## **Documents Required**

Important documents to be furnished while opening a Personal Loan Account:

- **For existing bank customers**

Passport size photograph

- **From salaried individuals**

Latest salary slip and Form 16

- **From Self-employed individuals and Professionals**

IT returns for the last two financial years

Proof of Professional Qualification

Copy of highest professional degree held

Proof of official address. This can include shop and establishment certificate/Lease deed/Telephone Bill.

## **Margin**

SBI does not insist on any margin amount.

## **Interest Rates**

3% above SBAR floating i.e. 13.75% p.a.

## **Repayment**

The loan is repayable in 48 EMI. You are allowed to pay more than the EMI if you wish to, Without attracting any prepayment penalty.

## **Security**

**NIL**

## **Processing Fee**

Processing charges are 1-2% of the loan amount. This is amongst the lowest fees in the industry. Processing fees have to be paid up front. There are no hidden costs or other administrative charges.

## **4.2 HOUSING LOAN**

Home is where the heart is! At SBI, they understand this better than most – the toil and sweat that goes into building/ buying a house and the subsequent pride and joy of owning one. This is why SBI Housing loan schemes are designed to make it simple for you to make a choice at least as far as financing goes.

### **4.2.1 SBI-Home Loans**

#### **Unique features:**

- No cap on maximum loan amount for purchase/ construction of house/ flat
- Option to club income of your spouse and children to compute eligible loan amount
- Provision to club expected rent accruals from property proposed to compute eligible loan amount
- Provision to finance cost of furnishing and consumer durables as part of project cost  
Repayment permitted upto 70 years of age
- Free personal accident insurance cover
- Optional Group Insurance from SBI Life at concessional premium (Upfront premium financed as part of project cost)
- Interest applied on daily diminishing balance basis
- ‘Plus’ schemes which offer attractive packages with concessional interest rates to Govt. Employees, Teachers, Employees in Public Sector Oil Companies.

- Provision for downward refixation of EMI in respect of floating rate borrowers who avail Housing Loans of Rs.5 lacs and above, to avail the benefit of downward revision of interest rate by 1% or more
- In-principle approval issued to give you flexibility while negotiating purchase of a property  
Option to avail loan at the place of employment or at the place of construction
- Complimentary international ATM-Debit card
- Complimentary SBI Classic/ International Credit Card with waiver of joining and first year's fees
- Option for E-banking
- Concessional package under 'Credit Khazana' for prospective car loan borrowers whose accounts are conducted satisfactorily
- 50% concession in charges in respect of all personal remittances/ collection of outstation cheques

### **Purpose:**

- Purchase/ Construction of new House/ Flat
- Purchase of an existing House/ Flat
- Purchase of a plot of land for construction of House
- Extension/ repair/ renovation/ alteration of an existing House/ Flat
- Purchase of Furnishings and Consumer Durables as a part of the project cost
- Takeover of an existing loan from other Banks/ Housing Finance Companies

### **Eligibility:**

- Minimum age 18 years as on the date of sanction
- Steady source of income

**Loan Amount:**

- Applicant/ any one of the applicants are aged over 21 years and upto 45 years – 60 times Net Monthly Income (NMI) or 5 times Net Annual Income (NAI), subject to aggregate repayment obligations not exceeding 57.50% of NMI/ NAI
- Applicant(s) aged over 45 years of age– 48 times NMI or 4 times NAI, subject to aggregate repayment obligations not exceeding 50% of NMI/ NAI

To enhance loan eligibility there is option to add:

- Income of your spouse
- Income of your son/ daughter living with you, provided they have a steady income and his/ her salary account is maintained with SBI
- Expected rent accruals (less taxes, cess, etc.) if the house/ flat being purchased is proposed to be rented out
- Regular income from all sources

**Margin:**

- Purchase/ Construction of a new House/ Flat/ Plot of land: 15%
- Purchase of an existing House/ Flat: 15%
- Repairs/ Renovation of an existing House/ Flat: 20%

**Processing Fee:**

0.50% of Loan amount with a cap of Rs.10, 000/-(including Service Tax)

**Prepayment Penalty:**

2% of the loan prepaid if the loan is preclosed before expiry of half the original tenure.

**Security:** Equitable mortgage of the property other tangible security of adequate value like NSCs, LIC policies etc., if the property cannot be mortgaged



**Maximum Repayment Period:**

- For applicant's Up to 45 years of age: 20 years
- For applicants over 45 years of age: 15 years

**Moratorium:**

Up to 18 months from the date of disbursement of first installment or 2 months after final disbursement in respect of loans for construction of new house/ flat (moratorium period will be included in the maximum repayment period)

**Disbursement:**

- In lump sum direct in favor of the builder/ seller in respect of outright purchase
- In stages depending upon the actual progress of work in respect of construction of house/ flat etc.

**Documents:**

- Completed application form
- Passport size photograph
- Proof of Identity – PAN Card/ Voters ID/ Passport/ Driving License
- Proof of Residence – Recent Telephone Bill/ Electricity Bill/ Property tax receipt/ Passport/ Voters ID
- Proof of business address in respect of businessmen/ industrialists
- Sale Deed, Agreement of Sale, Letter of Allotment, Non encumbrance certificate, Land/ Building Tax paid receipt etc. (as applicable and subject to satisfaction report from our empanelled lawyer)
- Copy of approved plan and approval from the Local Body
- Statement of Bank Account/ Pass Book for last 6 months

### **4.2.2 ‘SBI-Flexi’ Home Loans**

A customized product designed to enable borrowers to hedge their Home Loan against unfavorable movement in interest rates. The product gives you a onetime irrevocable option to choose one of the three customized combinations of fixed and floating interest rates and also to choose the order in which the fixed and floating rate will be availed. “Minimum Loan Amount: Rs.5 lacs.

### **4.2.3 ‘SBI-Maxgain’ Home Loans**

An innovative and customer-friendly product to enable the customers to earn optimal yield on your savings and minimize interest burden on Home Loans, with no extra cost. The loan is granted as an Overdraft facility with the added flexibility for you to operate your Home Loan Account like the SB or Current Account.

The product serves to minimize customer’s interest cost by enabling customers to park their surplus funds in ‘SBI-Maxgain’ (with the benefit to withdraw the surplus funds whenever required), specially in the wake of low yields from other deposit/ investment avenues. Minimum Loan Amount: Rs.5 lacs.

### **4.2.4 ‘SBI-Realty’ Home Loans**

A unique product if the customers are on the lookout for a loan to purchase a plot of land for house construction. The loan is available for a maximum amount of Rs.20 lacs\* and with a comfortable repayment period of up to 15 years. Customers are also eligible to avail another Housing Loan for construction of house on the plot financed above with the benefit of running both the loans concurrently. (House should be constructed within 5 years from the date of availment of ‘SBI-Realty’ Housing Loan).

### **4.2.5 ‘SBI-Freedom’ Home Loans**

A revolutionary product designed for customers who are on the lookout for a source of finance for a property they want to invest in without mortgaging the same. All you have to do is pledge any financial security that you have and you will get a Home Loan for your dream home.

It’s a must-take for those who do not want to pay stamp duty for mortgage of their property or go through the Hassles of creation of mortgage.

You there is an option to take the loan by way of mortgage of the property and pledge financial securities in lieu of margin money.

Repayment is highly customized, giving customers the option to repay through regular EMIs or through maturity proceeds of the securities pledged.

### **4.2.6 Short term housing loan**

Home is where the heart is. At SBI, they know this better than most - the toil and sweat that goes into building/buying a house and the subsequent pride and joy of owning one.

This is why their housing loan schemes are designed to make it simple for you to make a choice at least as far as financing goes.

No hidden clauses or costs or unnecessary documentation. The loans have the longest tenors and the repayment terms are amongst the most flexible. They offer you a totally transparent process and yes, there is no fine print. They even give you an in-principle approval prior to identifying a house/flat, relieving you of the tension of anticipating the approved amount.

Last, but not the least, they have specialized Housing loan branches to serve your needs better. Their newly opened personal banking branches also specialize in this.

## **One can avail of a housing loan for:**

- Purchase or construction of a new house/ flat.
- Purchase an existing (old) house/ flat.
- Extension, repair, renovation or alteration of a house/ flat.
- Purchase a plot of land meant for construction of a dwelling unit.

## **Why should you opt for a housing loan from State Bank of India ?**

- Excellent service and lower costs. A quick survey of similar schemes available elsewhere and you will find that SBI housing loans offer you the lowest costs.
- Lowest Equated Monthly Installments (EMI) Lowest interest rates, currently between 7.50% pa and 8.50% p.a. on daily reducing balances. A nominal processing fee of 0.25% will be charged. Compare this with the 1.5% - 2% charged by others.
- No hidden costs or administrative costs
- In-principle approval given prior to your identifying a house /flat, giving you flexibility in choice.
- Complete transparency – For the stated rate of interest as 8% p.a. you pay only 8%. When others say 8.5%, you may be paying even 10% p.a., as interest may be levied even on the amounts you have already repaid. This is because SBI applies interest on a daily reducing balance while housing finance companies/ other banks mostly apply interest on annual reducing balance.

## **Purpose**

Loan can be taken for:

- Purchase or construction of a new house/ flat.
- Purchase an existing (old) house/ flat.
- Extension, repair, renovation or alteration of a house/ flat.
- Purchase a plot of land meant for construction of a dwelling unit.
- Repayment of housing loan availed from other banks/financial institutions to avail of the benefit of our low rates of interest.

## **Eligibility**

You can avail of an SBI Housing loan if you are over 21 years of age and have steady source of income.

## **Documents Required**

You will need to furnish the following documents along with the completed application form:

- Passport size photograph
- Proof of residence (This applies only to new or non-bank customers, and could be either a PAN identity card, voter identification card or passport)
- Sale Deed/ Agreement of Sale
- Bank account Statement or passbook, for the last six months
- For employees or people in service, you also need to provide:
- Salary certificate and other information, if any, about your repayment capacity
- Form 16 or a copy of the Income Tax Returns for the last 2 years
- For self employed and other IT assesses:
- IT returns for the last 3 years· Receipts of advance tax paid

**In addition to the above mandatory documents, you are also required to furnish one or more of the following documents wherever applicable: ·**

- Letter of allotment from the housing board or society
- Copy of the approved plan
- Permission for construction
- Copy of the relative order in the case of conversion of agricultural land. (not required where the house/flat has been constructed by an approved builder)
- In the case of an old existing house, you will need to get a valuation certificate from approved value's as well as a certificate from a government approved architect /structural engineer regarding the condition of the flat/house well as its remaining life. This will give you the comfort of knowing that the property you are purchasing is of sound construction.

## **Loan Amount**

While there is no ceiling to the amount of loan we sanction the actual loan amount is determined on the basis of repayment capacity taking into account your income, age, assets and liabilities. As a rule of thumb - Upto 60 times the net monthly income will be sanctioned depending upon your age. Usually, your spouse's income and the expected rental would also be taken into account.

## **Margin**

The customer's contribution (margin) for the housing loan is as under: 15% for new house/ flat 20% for old house/ flat 20% for repairs and renovation.

## **Interest**

Avail of the lowest interest rates in the market. We give you the option of locking in the low interest rates for the full tenure of the loan or keeping your interest option open by linking it to the Bank's Term Lending rate. Therefore, you could either avail the loan at a fixed rate of interest, which stays constant throughout the loan period, or at a floating rate of interest where the interest changes (increases or decreases) depending on changes in the Bank's Term Lending Rate.

## **Repayment**

In 60 Equated Monthly Installments. Our repayment terms are amongst the most flexible in the market. Depending on your age and capacity to repay, you could pay back the loan in easy installments. You may prepay at will without attracting any penalty, or pay more than your stipulated monthly installment at any time, depending upon availability of funds with you. However, in case of takeover of loan by other banks/finance companies, prepayment penalty of 2% may be levied.

If you have already taken a housing loan from any other bank/financial institution and wish to benefit from our low rates of interest, we can take over your existing loan.

## **In-principle Approval**

They also give in-principle approvals based on your income and capacity to repay, to enable you to identify a house/ flat with full confidence.

## **4.3 EASY TRAVEL LOAN**

Do you want funds readily available to you whenever you desire to go on a vacation that you plan with your family or friends? SBI's Easy Travel Loan is the answer to your questions.

### **SBI Advantages:**

- Low interest rate. Further, we charge interest on a daily reducing balance.
- Low processing charges; only 1% of loan amount.
- Complete transparency; No hidden costs or administrative charges.
- No security required .....which means minimal documentation...something that you had always wanted
- No prepayment penalties. Reduce your interest burden and optimally utilize your surplus funds by prepaying the loan.
- Long repayment period of up to 48 months.

### **Purpose**

To meet any kind of Travel expense such as cost of ticket, hotel stay, visa, airport tax, purchase of Basic Travel Quota, etc.

### **Eligibility**

You are eligible if you are:

- A State/Central Govt. Employee, employee of public sector undertaking/reputed profit making public limited company, reputed institutions, MNC with a minimum service experience of 2 years.
- A self employed professional, with a minimum 2 years standing. You should be 60 years of age or less.

- A Pensioner of PSU/Govt. (Central/State)/Public Sector Bank who has taken premature voluntary retirement and is 60 years of age or less.
- Agent of insurance/KVP/Mutual funds etc. with 3-5 years standing who is a tax assessee and whose gross annual income exceeds Rs. 2 lacs.
- A trader, who has cash flows to repay the loans and can provide suitable third party guarantee, you should restrict your banking requirements to the branch where the loan is proposed to be taken.

### **Salient Features**

#### **Loan Amount**

Your personal loan limit would be determined by your income and repayment capacity.

Minimum: Rs.24,000/-

Maximum : 12 times Net Monthly Income for salaried individuals and pensioners and 1 year's net annual income in case of self employed professionals with the under noted ceilings.

For Salaried individuals and self employed professionals: Rs.2.5 lacs (Rs.5 lacs in New Delhi, Chennai, Bangalore, Hyderabad, Mumbai and Kolkata and can be further increased to Rs.10 lacs if the self-employed professional maintains a satisfactorily conducted account with our branch or the salary of individual is regularly credited to their account with our Bank).

For pensioners: Rs.1.5 lacs. For members of business community: Rs.3.0 lac or 1 year's net annual profit during the preceding financial year, whichever is lower.

#### **Documents Required**

For existing bank customers

- Copy of Passport (for overseas travelers)
- Copies of Rail-tickets/Bus tickets/Air tickets and visas(for overseas travelers)
- Copy of consolidated invoice containing ticket charges, insurance charges, other sundry charges, etc.
- Passport size photograph



- For salaried individuals Latest salary slip and Form 16, for Self-employed individuals and Professionals IT returns for the last two financial years.
- Proof of Professional Qualification (for self employed professionals)
- Copy of highest Professional degree held

### **For New Customer:**

Important documents to be furnished while opening a Personal Loan Account:

- Proof of Identity.
- Copy of Passport (for overseas travelers).
- Copies of Rail-tickets/Bus tickets/Air tickets and visas(for overseas travelers).
- Passport size photograph.
- For salaried individuals Latest salary slip and Form 16 for Self-employed individuals and Professionals IT returns for the last two financial years.
- Proof of Residential address, this can include home and establishment certificate/Lease deed/Telephone Bill.
- Proof of Professional Qualification (for self employed professionals)  
Copy of highest Professional degree held

### **Margin**

SBI do not insist on any margin amount.

### **Interest Rates**

3% above SBAR Floating i.e.13.75% p.a.

### **Repayment**

The loan is repayable in a maximum of 48 EMI. You are allowed to pay more than the EMI if you wish to, without attracting any prepayment penalty.

## Security

No security is needed except in the case of members of business community where suitable third party guarantee is required.

## 4.4 CAR LOAN

Move ahead in life with SBI Car Loans! If you have been putting off purchasing that car, they invite you to go through their Car Loans scheme.

Low interest rates, easy repayment options, total transparency, Low processing charges, finance to include vehicle registration charges, insurance and one time road tax.

Well, what are you waiting for? Just step in to any of our branches (more than 6000) that offer Car Loans or our Personal Banking Branches and give wheels to your desire!

You can apply for an SBI Car Loan to purchase :

- A new car, jeep, Multi Utility Vehicle (MUV) or SUV (any make or model)
- An old car / jeep / MUV /SUV (not more than 5 years old). (any make or model)

### **SBI Advantages:**

Excellent service and lower costs. A quick survey of similar schemes available elsewhere and you will find that SBI Car Loans for new and old vehicles offer you

- Lowest interest rates
- Longer repayment period of upto 84 months.
- Low processing charges.
- No hidden costs or administrative charges.
- **Finance for one-time road tax, registration fee and insurance premium**
- No advance EMIs.(Some Banks/companies ask you to pay one or more EMIs at the time of disbursement of loan, thereby effectively reducing your loan amount.)
- **Complete transparency:** We levy interest on daily reducing balance method. When you pay one installment, the interest is automatically calculated on the reduced balance

thereafter. When you pay interest on an annual reducing balance, as charged by many other companies/banks, the interest amount for the coming year is determined on the amount outstanding at the beginning of the year. You continue to pay interest even on the amounts you repay during the year.

### **Purpose**

You can take finance for A new car, jeep or Multi Utility Vehicles (MUVs)

An old car / jeep (not more than 5 years old).(Any make or model)

Takeover of existing loan from other Bank/Financial institution (Conditions apply)

### **Eligibility**

To avail an SBI Car Loan, you should be

- Individual between the age of 21-65 years of age.
- A Permanent employee of State/Central Government, Public Sector Undertaking, Private company or a reputed establishment or
- A Professionals or self-employed individual who is an income tax assessee or
- A Person engaged in agriculture and allied activities.
- Net Annual Income Rs. 75,000/- and above.

### **Salient Features**

#### **Loan Amount**

There is no upper limit for the amount of a car loan. It is limited only by your repaying capacity. A maximum loan amount of 2.5 times the net annual income can be sanctioned. If married, your spouse's income could also be considered provided the spouse guarantees the loan the loan amount includes finance for one-time road tax, registration and insurance! Loan amount for used cars is subject to a maximum limit of Rs. 15 lacs.

## **Documents Required**

You would need to submit only the following documents along with the completed application form if you are an existing SBI account holder:

- Bank statement for the last 6 months
- Two passport size photographs
- Latest salary slip and Form 16, in the case of salaried persons
- IT returns for the last two financial years, in the case of self employed individuals and professionals

If you are not an account holder with SBI you would also need to furnish documents that establish your identity and give proof of residence.

## **Margin**

New/used vehicles

- 15% when loan is upto Rs.6 lacs
- 30% when loan exceeds Rs.6 lacs

## **Repayment**

You enjoy the longest repayment period in the industry with us.

Repayment period for new vehicles: Maximum of 84 months.

Repayment period for old vehicles: Up to 84 months from the date of original purchase of the vehicle.

## **Processing Fee**

0.50% of Loan amount, to be paid upfront

## 4.5 EDUCATION LOAN

A term loan granted to Indian Nationals for pursuing higher education in India or abroad where admission has been secured.

### Eligible Courses

All courses having employment prospects are eligible.

- Graduation courses/ Post graduation courses/ Professional courses
- Other courses approved by UGC Government/AICTE etc.

### Expenses considered for loan

- Fees payable to college/school/hostel
- Examination/Library/Laboratory fees
- Purchase of Books/Equipment/Instruments/Uniforms
- Caution Deposit/Building Fund/Refundable Deposit
- Travel Expenses/Passage money for studies abroad
- Purchase of computers considered necessary for completion of course
- Cost of a Two-wheeler up to Rs. 50,000/-
- Any other expenses required to complete the course like study tours, project work etc.

### Amount of Loan

For studies in India, maximum Rs. 10 lacs, Studies abroad, maximum Rs. 20 lacs

### Interest Rate

- For loans up to Rs.4 lacs - 11.00% p.a. Floating
- For loans above Rs.4 lacs - 12.00% p.a. Floating

### Processing Fees

- No processing fee/ upfront charges
- Deposit of Rs. 5000/- for education loan for studies abroad which will be adjusted in the margin money

### Repayment Tenure

Repayment will commence one year after completion of course or 6 months after securing a job, whichever is earlier.

Place of Study	Loan Amount	Repayment Period in Years
In India	Up to Rs. 7.5 lacs	5-7
	Above Rs. 7.5 lacs	5-10
Abroad	Up to Rs. 15 lacs	5-7
	Above Rs. 15 lacs	5-10

### Security

Amount	Studies In India	Studies Abroad
Upto Rs. 4 lacs	No Security	No Security
Above Rs. 4 lacs to Rs. 7.50 lacs	Third Party Guarantee	Third Party Guarantee
Above Rs. 7.50 lacs to Rs. 10 lacs(India)/	Tangible Collateral	Tangible Collateral security of suitable

Rs. 15 lacs(Abroad)	security for full value of loan	value of loan or third party guarantee
Rs 15 lacs to Rs. 20 lacs	—	Tangible Collateral security for full value of loan

### Margin

- For loans up to Rs.4.0 lacs : No Margin
- For loans above Rs.4.0 lacs:
  - Studies in India: 5%
  - Studies Abroad: 15%

### Documentation Required

- Completed Education Loan Application Form.
- Mark sheets of last qualifying examination
- Proof of admission scholarship, studentship etc
- Schedule of expenses for the specified course
- 2 passport size photographs
- Borrower's Bank account statement for the last six months
- Income tax assessment order, of last 2 years
- Brief statement of assets and liabilities, of the Co-borrower

Proof of Income (i.e. Salary slips/ Form 16 e)

## 4.6 PROPERTY LOAN

A dream comes true. An ALL PURPOSE LOAN for anything that life throws up at you!! Do you need funds for a Marriage ceremony, want to take your family to a well-deserved holiday or for a sudden medical emergency? You have some property, but would rather not sell it? Then why not avail of this **ALL PURPOSE LOAN** from SBI? SBI now makes it very much possible for you to only keep your property but also have liquid funds.

### **SBI Advantage**

- Complete transparency in operations
- Access this loan from our wide network of branches
- Interest rates are levied on a monthly/daily reducing balance method
- Lowest processing charges.
- Long repayment period of 60 months, up to 120 months for salaried individuals with check-off facility
- No Hidden costs or administrative charges.
- No prepayment penalties. You can have surplus funds at any time thereby conveniently reducing your loan liability and interest burden.

### **Property Loan Scheme**

Avail of an All-Purpose loan against mortgage of any of your property. We offer you these loans at all our Personal Banking Branches and those branches having Personal Banking Divisions amongst others.

### **Eligibility**

You are eligible if you are:

- 1) An individual who is
  - a) An Employee or
  - b) A Professional, self-employed or an income tax assessee or
  - c) Engaged in agricultural and allied activities.



- 2) Your Net Monthly Income (salaried) is in excess of Rs.12,000/- or Net Annual Income (others) is in excess of Rs.1,50,000/-.

The income of the spouse may be added if he/she is a co-borrower or a guarantor.

- 3) Maximum age limit: 60 years.

### **Salient Features**

#### **Loan Amount**

**Minimum:** Rs.25, 000/-

**Maximum:** Rs.1 crore. The amount is decided by the following calculation:

- 24 times the net monthly income of salaried persons (Net of all deductions including TDS) OR
- 2 times the net annual income of others (income as per latest IT return less taxes payable)

#### **Margin**

we will finance up to 75% of the market value of your property.

#### **Interest**

Term Loan 0.25% above SBAR. i.e.11% p.a. Floating

Current Account Overdraft 0.50% above SBAR. i.e.11.25% p.a. Floating

#### **Repayment**

Maximum of 60 equated monthly instalments, upto 120 months for salaried individuals with check-off facility. You could opt to divert any surplus funds towards prepayment of the loan without attracting any penalty.

## 4.7 LOAN TO PENSIONERS

If you are a Central or State Government pensioner drawing your pension through one of our branches and are not more than 72 years of age, you can avail of a loan from your branch to meet your personal expenses. We understand you may have an urgent or unexpected need for funds or a family obligation to be fulfilled and appreciate your association with us. You can avail a loan of up to a maximum of 12 months pension, subject to a ceiling of Rs.1,00,000. The documentation is easy.

The loan may be repaid over 5 years and will carry a low interest rate of 10.75% p.a.

There are no processing fees, no hidden costs and no prepayment penalties.

### **Salient features of the Scheme:**

#### **Eligibility:**

All Central and State Government pensioners, whose pension accounts are maintained by our branches, The pensioner should not be more than 72 years of age.

#### **Purpose:**

To meet personal expenses.

#### **Loan Amount:**

A maximum of 12 months pension with a ceiling of Rs.1,00,000/-

#### **Margin:**

Nil

#### **Security:**

The spouse eligible for family pension should guarantee the loan or any other family member or a third party worth the loan amount.

#### **Repayment:**

60 Equated Monthly Installments (EMIs) – if age of Pensioner at the time of loan sanction is up to 70 years

48 Equated Monthly Installments (EMIs) – if age of Pensioner at the time of sanction is between 70 – 72 years

**Rate of Interest:**

0.50% above SBAR floating i.e. 11.25% p.a.

**4.8 LOAN FOR EARNEST MONEY DEPOSIT**

This product addresses the financial requirements towards Earnest Money Deposit to book residential plots/ built-up houses/ flats being sold by Govt. Housing Agencies, Urban Development Authorities like PUDA, HUDA and Housing Boards.

**Scheme highlights**

- Easy availability of loan with minimum documentation.
- Option to repay this loan from the proceeds of Housing Loan availed from SBI
- Interest applied on daily diminishing basis.
- No administrative charges or application fee.

**Eligibility**

- Minimum age 21 years as on the date of sanction.
- Steady source of income.

**Maximum Loan Amount**

- Rs.100,000.
- 90% of application money, or
- 10 times Net Monthly Income of the applicant

Whichever is the least, subject to the following:

- One person can be financed only for one application at any point of time
- In case of applications in more than one name, incomes of all the applicants may be taken into account

## **Security**

- Third party guarantee good for the loan amount.
- Tangible security in the form of NSCs/ IVPs/ TDRs/ LIC policy/ SBI Life policy etc. covering at least 50% of the loan amount.
- Tangible security clause waiver considered in respect of permanent employees of reputed public/ private sector organizations, where check-off is available.

## **Repayment**

- In case of unsuccessful applicants – on receipt of refund from the Housing Board/ Urban Development Authority.
- In case of successful applicants – lump sum repayment of the loan out of Housing Loan availed from us for purchase of house allotted to you or for construction of house on the plot allotted.
- No penalty for prepayment.

## **Rate of Interest**

1% above SBAR, present effective rate of interest being 11.25% p.a.

## **Processing Fee**

0.5% of the loan amount (minimum Rs.100/-)

## **Disbursement**

The loan would be disbursed by issuance of draft/ banker's cheque favouring the concerned Government Agency.

## **Documents**

- Letter of allotment from the concerned Housing Agency, Urban Development Authority or Housing Board
- Photograph

- Proof of Identity\*
  - Voters' I-card/ Passport/ Driving License/ PAN Card etc.
- Proof of residence\*
  - Passport/ Driving License/ PAN Card/ Ration Card
  - Any other satisfactory proof of residence
- Proof of Income

\*not required if the applicant is maintaining an account with us

#### 4.9 SCHOLAR LOANS

If you are enrolled in any of the Elite Medical,best Engineering or top B-Schools, State Bank of India has a tailormade loan scheme to offer which is christened as SBI SCHOLAR LOANS.

**List of Institutions are as under:**

<b>1</b>	IIT, Kanpur	<b>2</b>	IIT, Delhi
<b>3</b>	IIT, Mumbai	<b>4</b>	IIT, Chennai
<b>5</b>	IIT, Guwahati	<b>6</b>	IIT, Roorkee
<b>7</b>	IIT, Kharagpur	<b>8</b>	BITS, Pilani
<b>9</b>	Anna University, Chennai	<b>10</b>	Delhi College of Engineering, Delhi
<b>11</b>	IISc, Bangalore	<b>12</b>	IIM, Ahmedabad
<b>13</b>	IIM, Bangalore	<b>14</b>	IIM, Kolkata
<b>15</b>	IIM, Lucknow	<b>16</b>	XLRI, Jamshedpur

<b>17</b>	Jamnalal Bajaj, Mumbai	<b>18</b>	FMS, Delhi
<b>19</b>	IIM, Indore	<b>20</b>	IIM, Kohzhikode
<b>21</b>	SP. Jain, Mumbai	<b>22</b>	NITIE, Mumbai
<b>23</b>	MDI, Gurgaon	<b>24</b>	XIM, Bhubaneshwar
<b>25</b>	NMINS, Mumbai	<b>26</b>	IIT-SJSOM, Mumbai
<b>27</b>	AIIMS, Delhi	<b>28</b>	Christian Medical College, Vellore
<b>29</b>	AFMC, Pune	<b>30</b>	JIPMER, Pondicherry

#### 4.10 FESTIVAL LOANS

It is the festive season!!! Is the unavailability of ready funds, dampening the celebrations?

Avail of SBI's Festival Loan and bring back the cheer and celebrate in style!!! Hurry, the gifts and the sweets are waiting....

SBI offers you the unique facility of Festival Loans to help you meet any kind of festival related expenses.

##### Enjoy the SBI Advantage :

- Low interest rates, currently 13.25% p.a.(compare with the 15 - 30% p.a. charged by others for personal loans/credit card companies.)
- Low processing charges; 1.10% of loan amount(inclusive of service tax) per application.

- No hidden costs or administrative charges.
- No security required if check off is available..... which means minimal documentation.... something that you had always wanted.
- No prepayment penalties.

### **Purpose**

To meet any kind of festival related expenses.

### **Eligibility**

#### **You are eligible to avail a Festival Loan if you are:**

An Employee of Govt., PSUs, profit making public/private limited companies/ institutions etc with a minimum of 2 years service OR

Self employed person with minimum 3 years standing/experience OR

A person having regular source of income from verifiable channels like Pension and interest from TDRs/NSCs/Govt. Securities etc

You have a net monthly income of Rs.3000/- and above.

Your spouse's income can also be considered in calculating the loan amount provided he/she guarantees the loan or the loan is taken jointly.

### **Loan Amount**

Your festival loan limit would be determined by your income and repayment capacity.

Minimum : Rs.5000/-

Maximum : 4 times your Net Monthly Income, subject to a ceiling of Rs.50,000/-.

### **Documents Required**

Passport Size Photograph

Proof of official address for self employed individuals and professionals,

This can include shop and establishment certificate/Lease deed/Telephone Bill.

Latest Salary Slip and Form 16, in the case of salaried persons IT returns for the last two financial years, in the case of self employed individuals and professionals

## **Interest**

3% above SBAR Floating i.e. 13.75% p.a

## **Repayment**

You can repay the loan over a period of 12 months through Equated Monthly Installments (EMI). Should you wish to deploy your surplus funds towards prepayment of the loan, feel free to do so without any prepayment penalty.

## **Security**

Personal guarantee of the spouse or any other person of adequate worth where check off facility is not available.

## **Processing Fee**

You need to pay only a nominal processing fee of 1.10% of the loan amount.

## **4.11 LOAN AGAINST SHARES \ DEBENTURE**

### **Purpose**

- When the customer needs urgent cash but doesn't wish to sell or liquidate his holding of shares
- Leverage his investments in shares, debentures, public sector bonds and Government securities for loans to meet unforeseen expenses. The customer need not miss out on the next stock market boom.
- Avail of loans up to Rs.20.00 lacs against your shares/debentures to enable you to meet contingencies, personal needs or even for subscribing to rights or new issue of shares.



- **Note:** Loan are not sanctioned for
  - speculative purposes
  - inter-corporate investments or
  - acquiring controlling interest in company/companies.

### **Advantages:**

- Low interest rates. Further, we charge interest on a daily reducing balance!!
- Low processing charges; only 1% of loan amount - compare with 1-3% of others.
- No hidden costs or administrative charges..
- No prepayment penalties. Reduce your interest burden and optimally utilize your surplus funds by prepaying the loan.

### **The Scheme**

#### **Eligibility:**

This facility is available to the existing individual customers enjoying a strong relationship with SBI. This loan could be availed either singly or as a joint account with spouse in 'Either or Survivor'/ 'Former or Survivor' mode. It is offered as an Overdraft or Demand Loan.

#### **Purpose:**

For meeting contingencies and needs of personal nature. Loan will be permitted for subscribing to rights or new issue of shares / debentures against the security of existing shares / debentures. Loan will not be sanctioned for (i) speculative purposes (ii) inter-corporate investments or (iii) acquiring controlling interest in company / companies.

#### **Loan Amount:**

You can avail of loans up to Rs 20.00 lacs against your shares/debentures.

## **Documents Required**

You will be required to submit a declaration indicating :

- Details of loans availed from other banks/ branches for acquiring shares/ debentures.
- Details of loans availed from other banks/ branches against security of shares/ debentures

## **Margin:**

You will need to provide a margin amount of 50% of the prevailing market prices of the shares/ non-convertible debentures being offered as security. (The market prices refer to the prices in the Stock Exchanges as reported in the Economic Times.)

## **Interest:**

0.25% below SBAR Floating i.e. 10.50% p.a.

## **Repayment Schedule:**

To be liquidated in maximum period of 30 months through a suitable reducing DP programme. In case of a default or if the outstanding is over Rs.20.00 lacs, the shares/debentures will be transferred in the name of the Bank.

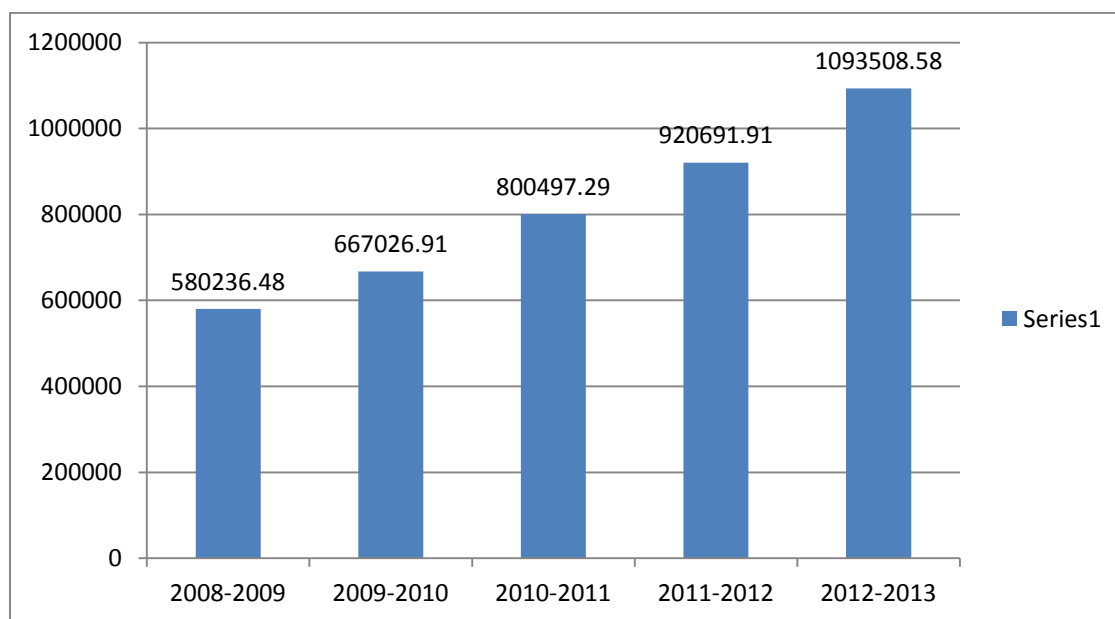
## **Security:**

Pledge of the demat shares/debentures against which overdraft is granted.

## II. Data Analysis and Interpretation

**Loan and advances sanction by State bank of India in past 5 years.**

<b>Particulars</b>	<b>Loans and Advances</b> (Amt in cr...)
<b>2008-2009</b>	<b>580236.48</b>
<b>2009-2010</b>	<b>667026.91</b>
<b>2010-2011</b>	<b>800497.29</b>
<b>2011-2012</b>	<b>920691.91</b>
<b>2012-2013</b>	<b>1093508.58</b>



### Interpretation:

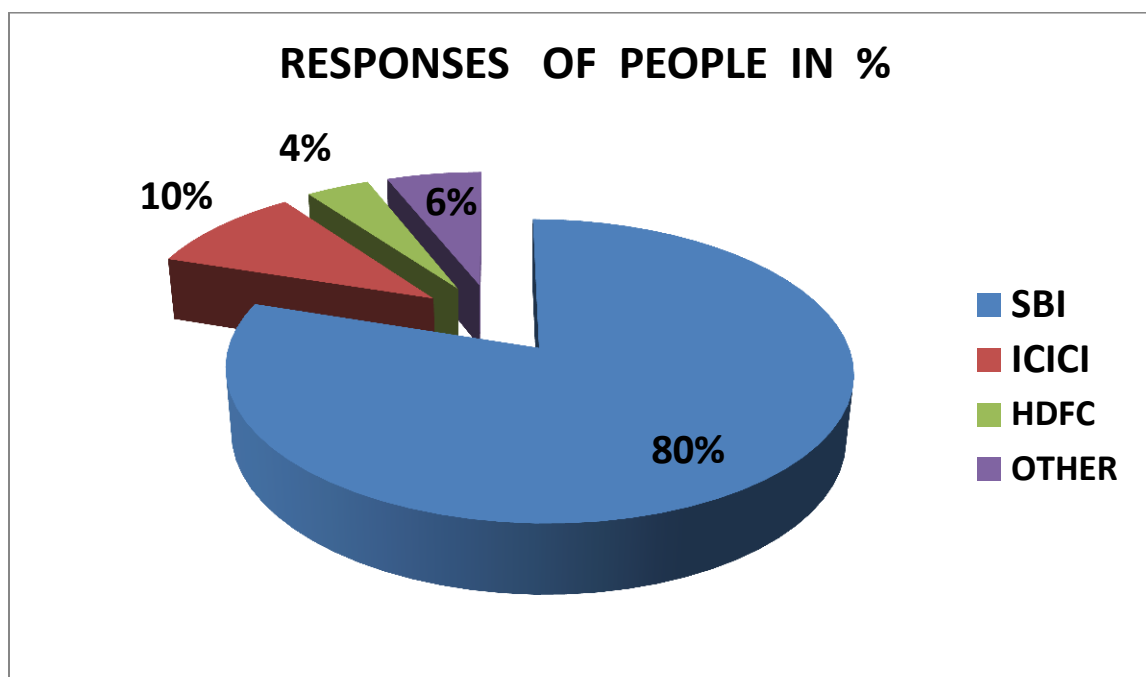
From year 2009-10 the loan and advances has been increased by 14%. In year 2010-2011 increased by 20%. In year 2011-2012 increased by 15%. And in year 2012-2013 increased by 18.7%. There is a rapid growth in loans and advances that shows the State Bank of India is helping the financial needy people by providing loans and advances at the low rate of interest.

### GRAPHICAL REPRESENTATION OF DATA

Note: Number of People '( )'

Q1. On which bank you depend for your regular transaction?

SBI	80% (40)
ICICI	10% (5)
HDFC	4% (2)
OTHER	6% (3)
TOTAL NO OF PEOPLE	50

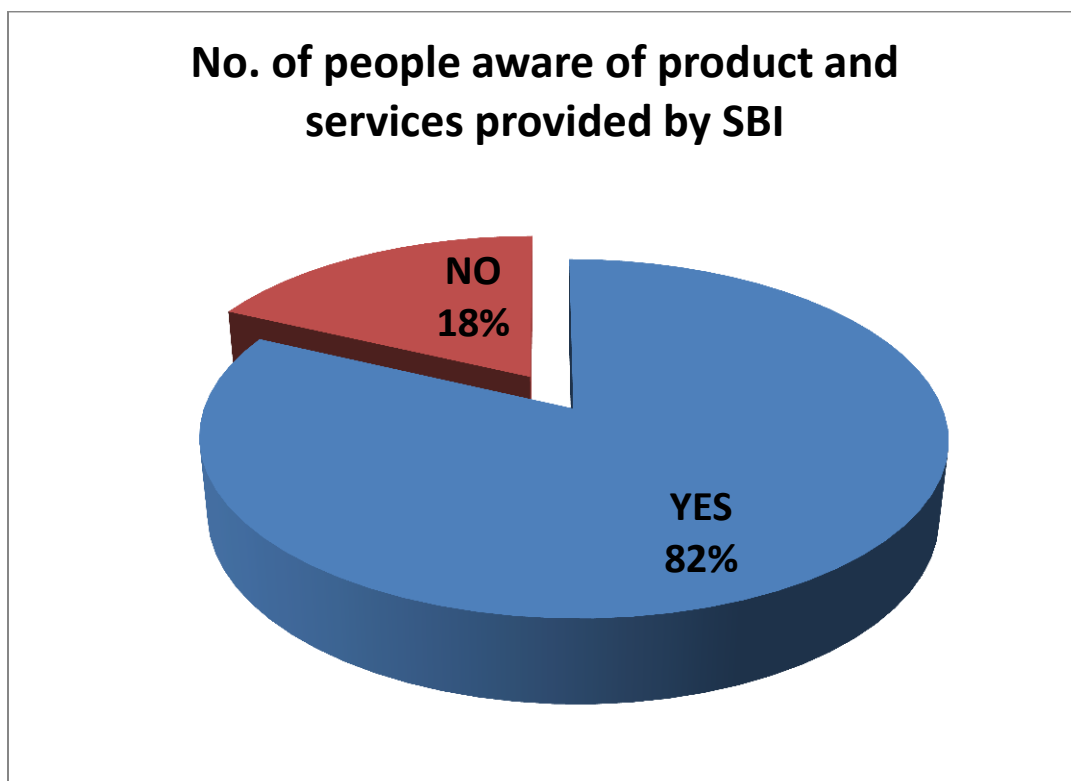


#### **Interpretation:**

It has been observed that approximately 80% correspondents are using the service of SBI for their daily transaction, around 10% of people are using ICICI Bank for their transaction and only 4% & 6% of people are using HDFC & other Bank service respectively in Bangalore. It also shows that SBI have the highest market position in Bangalore as per my sample.

**Q2. Are you aware of products & services provided by SBI?**

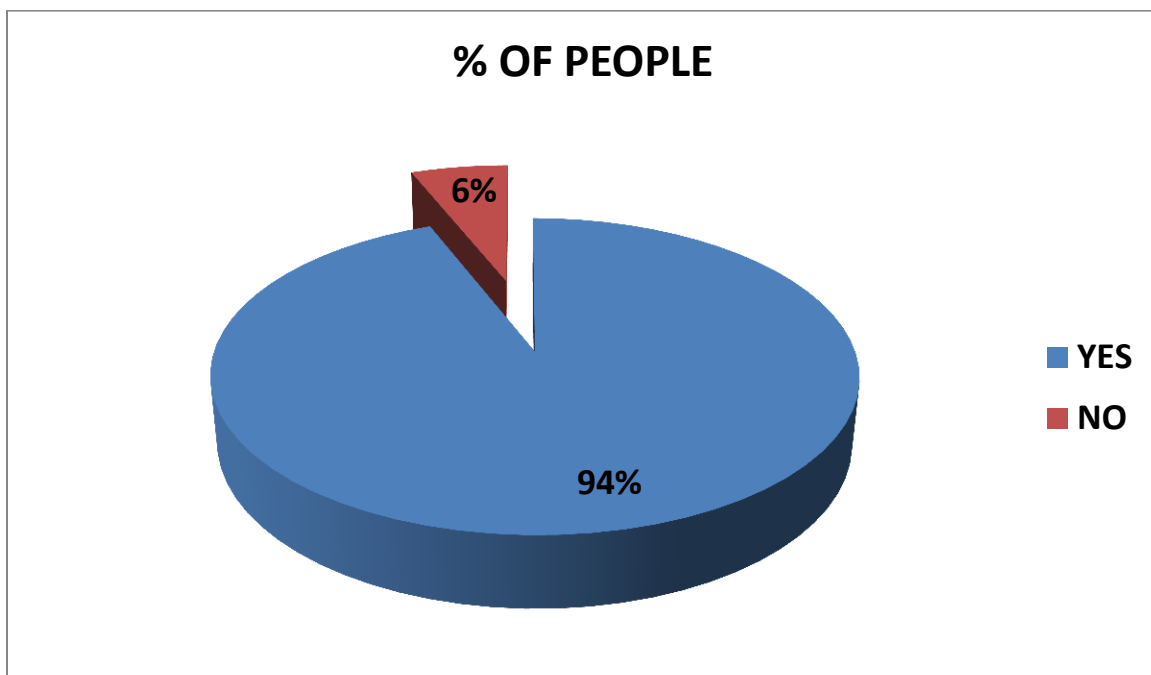
YES	82% (41)
NO	18% (9)
TOTAL NO OF PEOPLE	50

**Interpretation:**

From the above data it is clear that most of the customers (around 82%) of Bangalore have the idea about the **product & services** of **SBI**, the rest 18% have the idea about the product they are using. In this 18% most of the people are from typical rural area.

**Q3. If yes are you aware of the advance products (Loan segments) of SBI?**

<b>YES</b>	<b>94% (47)</b>
<b>NO</b>	<b>6% (3)</b>
<b>TOTAL NO OF PEOPLE</b>	<b>50</b>

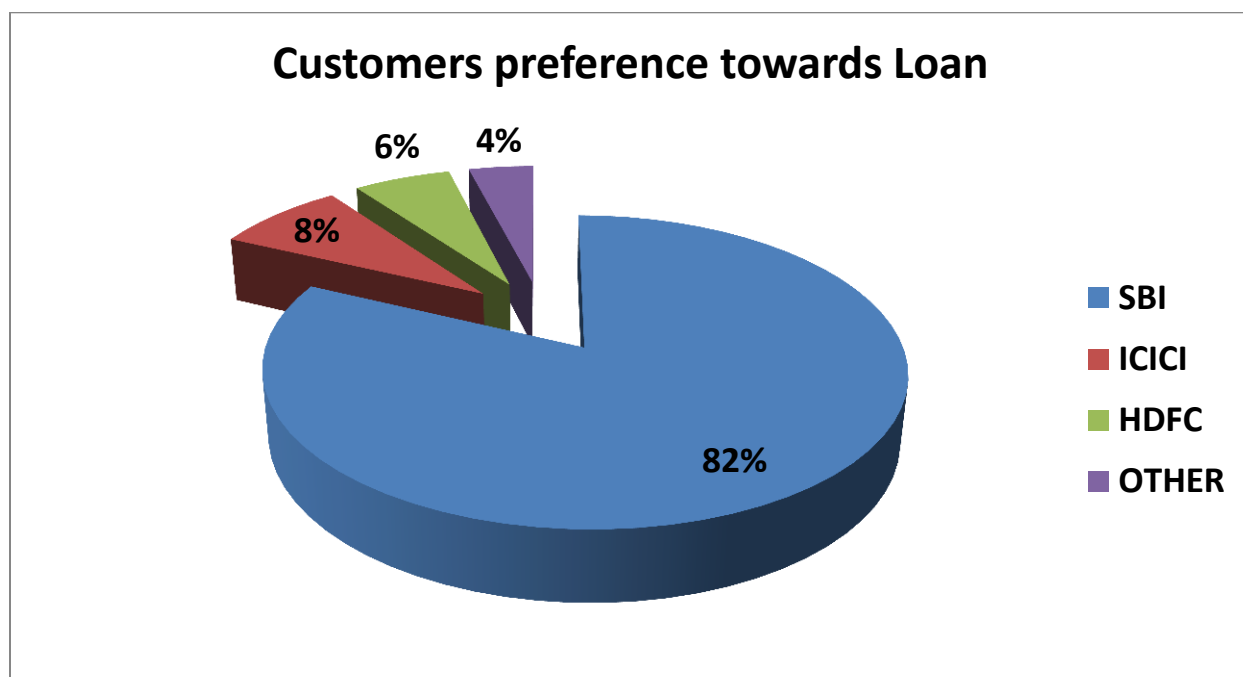


**Interpretation:**

It is clear that most of the people have the idea about the advance product of SBI. Almost all the 95% people who have the idea about the advance product are the user of SBI product & service.

**Q4. Which bank you prefer for taking loans?**

<b>SBI</b>	<b>82% (41)</b>
<b>ICICI</b>	<b>8% (4)</b>
<b>HDFC</b>	<b>6% (3)</b>
<b>OTHER</b>	<b>4% (2)</b>
<b>TOTAL NO OF PEOPLE</b>	<b>50</b>

**Interpretation:**

According to my sample size 82% of people prefer SBI for loan product, but some people prefer ICICI, HDFC or OTHER Bank for loan because they have their account in different bank & it is easier for them to get loan from their bank & it is easier for them to pay the interest because it is less as compare to other bank because they are the customer of that bank.

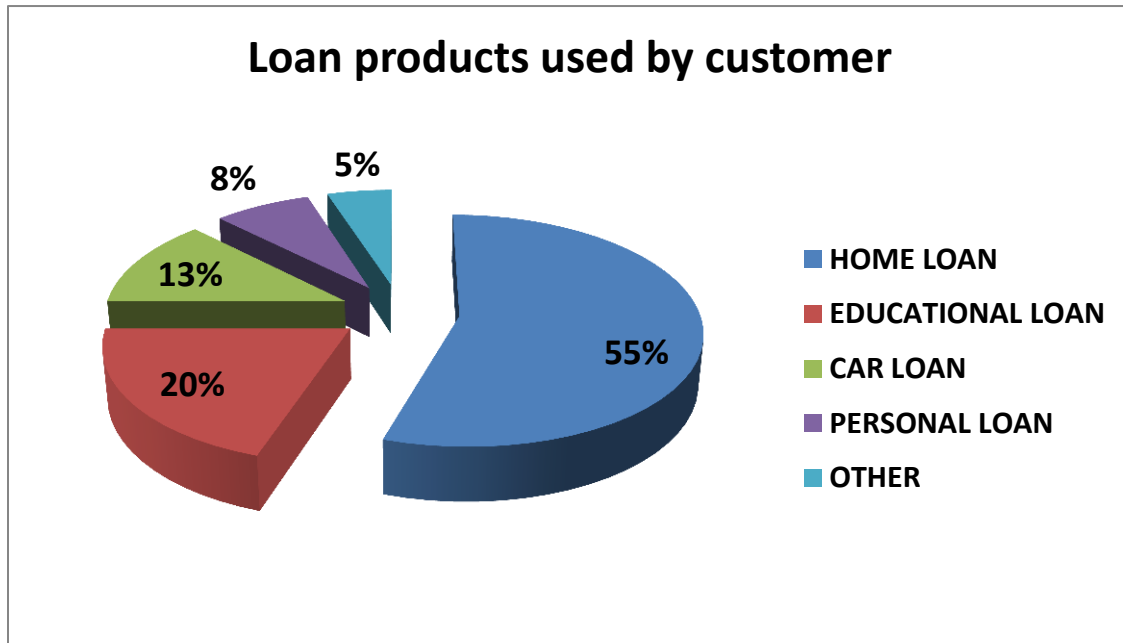
**Q5. If you prefer SBI for taking loan than what influence you to take Loan from SBI?**

**As:** Most of the people said that they prefer SBI for taking loan because of the transparency and the lowest interest rate for any kind of loan product. And it is easy to get loan from SBI as compare to other bank because less paper work is require and as it is the largest govt. bank in India and having partnership with RBI (Reserve Bank of India) and other association, it is easier for SBI to give loan to people with a longer repayment period.

**Q.6 Which loan product of SBI you have used?**

<b>HOME LOAN</b>	<b>55% (22)</b>
<b>EDUCATIONAL LOAN</b>	<b>20% (8)</b>
<b>CAR LOAN</b>	<b>12.5% (5)</b>
<b>PERSONAL LOAN</b>	<b>7.5% (3)</b>
<b>OTHER</b>	<b>5% (2)</b>
<b>TOTAL NO OF PEOPLE</b>	<b>40</b>

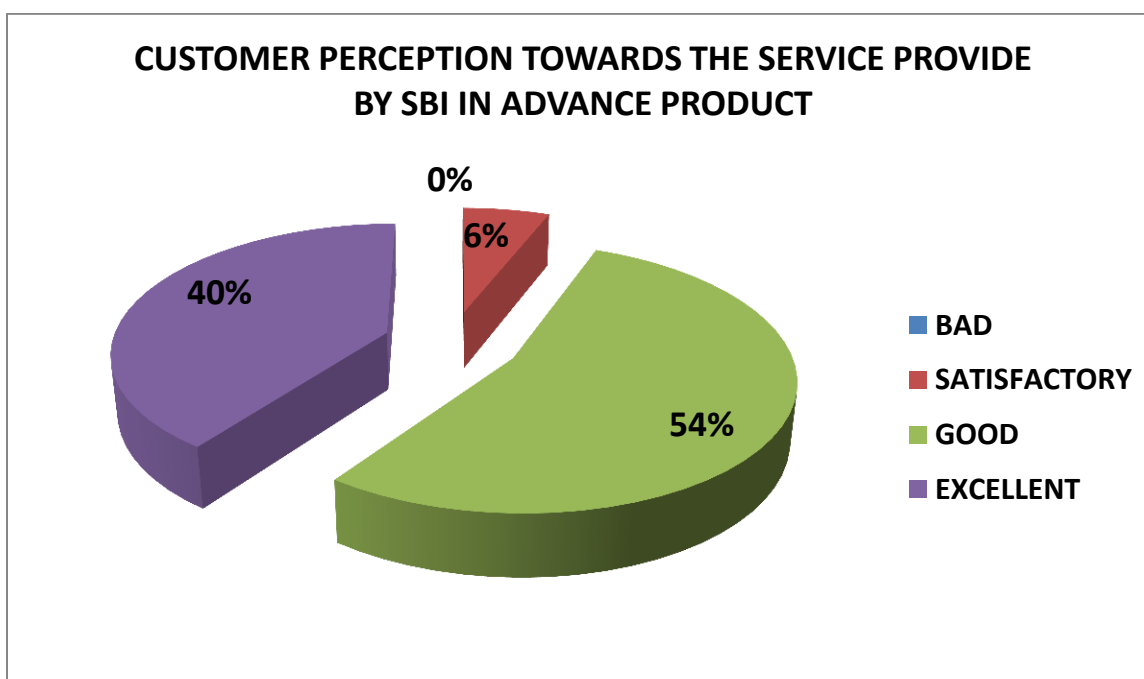


**Interpretation:**

From the sample size 82% of people are using the SBI loan product. From the 40 people 55% of people took home loan from SBI. 20% of people took education loan for their children, 13% of people took car loan from SBI. Some of the customer took 2 type of loan from SBI like both car & educational loan and home & car loan. 8% of people took personal loan. And 5% of people took other loans.

**Q7. What do you feel about the services providing by SBI in advance product?**

<b>Bad</b>	<b>0% (0)</b>
<b>Satisfactory</b>	<b>6% (3)</b>
<b>Good</b>	<b>54% (27)</b>
<b>Excellent</b>	<b>40% (20)</b>
<b>TOTAL NO. OF PEOPLE</b>	<b>50</b>

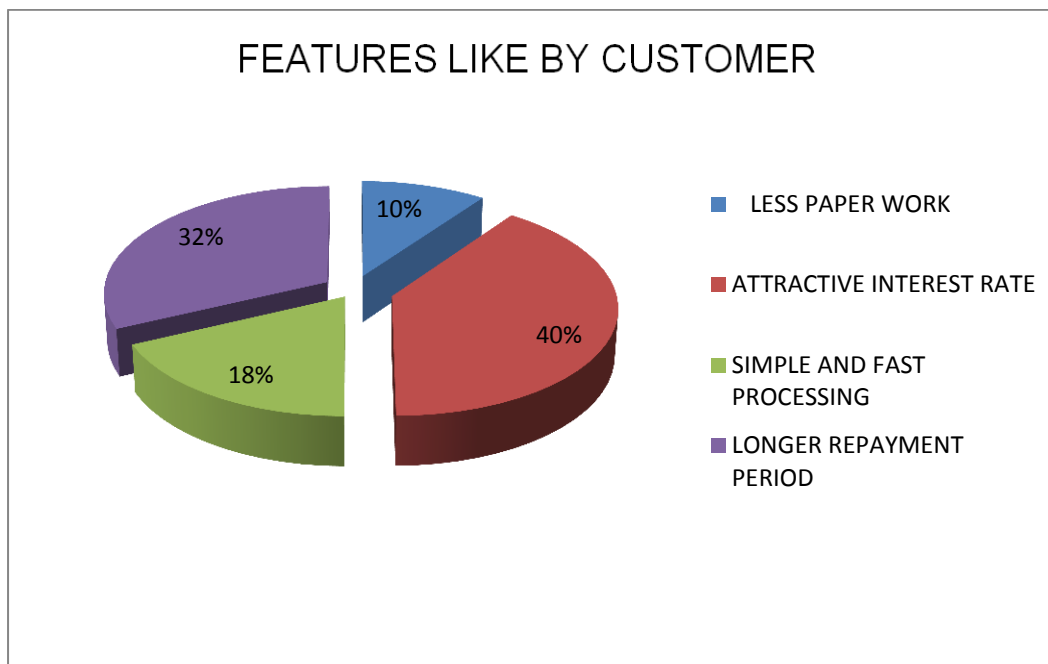


**Interpretation:**

From this it is clear that the service provide by SBI in its advance product is good in between the customer. All of them satisfy with the product provide by SBI. 55% of people said that the service provide by SBI is good & 43% said it is excellent & just 2% of people said that it is satisfactory.

**Q8. Which features do you like most in Loan segments of SBI?**

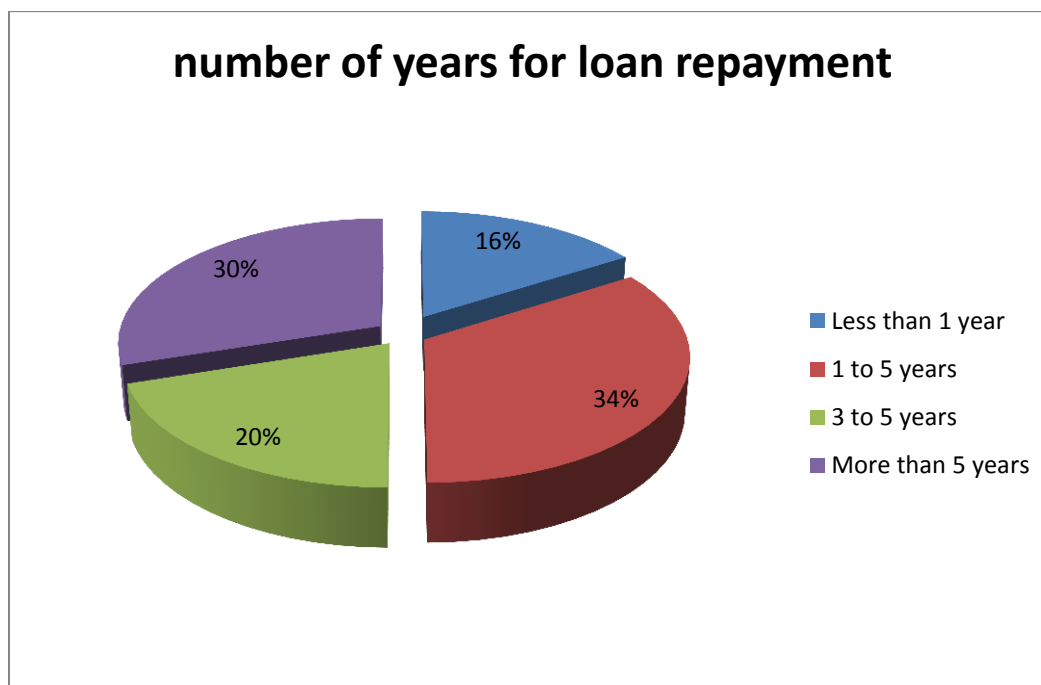
<b>LESS PAPER WORK</b>	<b>10% (5)</b>
<b>ATTRACTIVE INTEREST RATE</b>	<b>40% (20)</b>
<b>SIMPLE AND FAST PROCESSING</b>	<b>18% (18)</b>
<b>LONGER REPAYMENT PERIOD</b>	<b>32% (16)</b>
<b>TOTAL NO. OF PEOPLE</b>	<b>50</b>

**Interpretation:**

Most of the people like the attractive interest rate & longer repayment period. It's easier for people to repay the whole loan amount with its interest with low interest rate and with longer repayment period.

**Q9. For how many years do you want to avail Loan?**

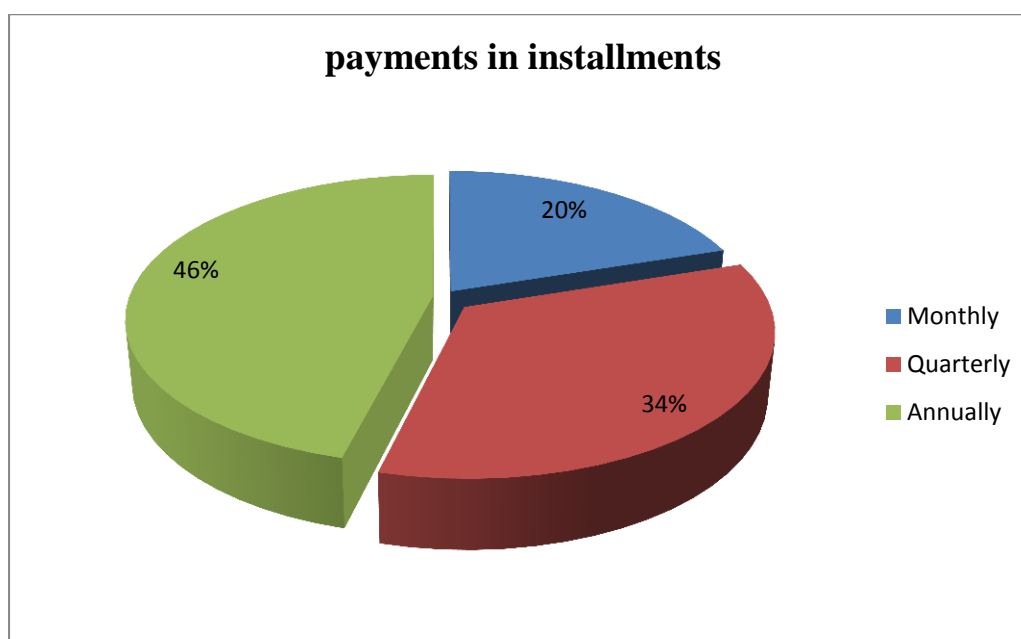
<b>Less than 1 year</b>	<b>16% (8)</b>
<b>1 to 3 years</b>	<b>34% (17)</b>
<b>3 to 5 years</b>	<b>20% (10)</b>
<b>More than 5 year</b>	<b>30% (15)</b>
<b>TOTAL NO. OF PEOPLE</b>	<b>50</b>

**Interpretation:**

From this we get to know that 34% of people like to repay their loan within 1 to 5 years. And 30% person who took Home loan they prefer More than 5 years. And 20% of people who runs small business like to repay the loan amount in 3 to 5 years.

**Q10. How do you prefer to pay your Installments?**

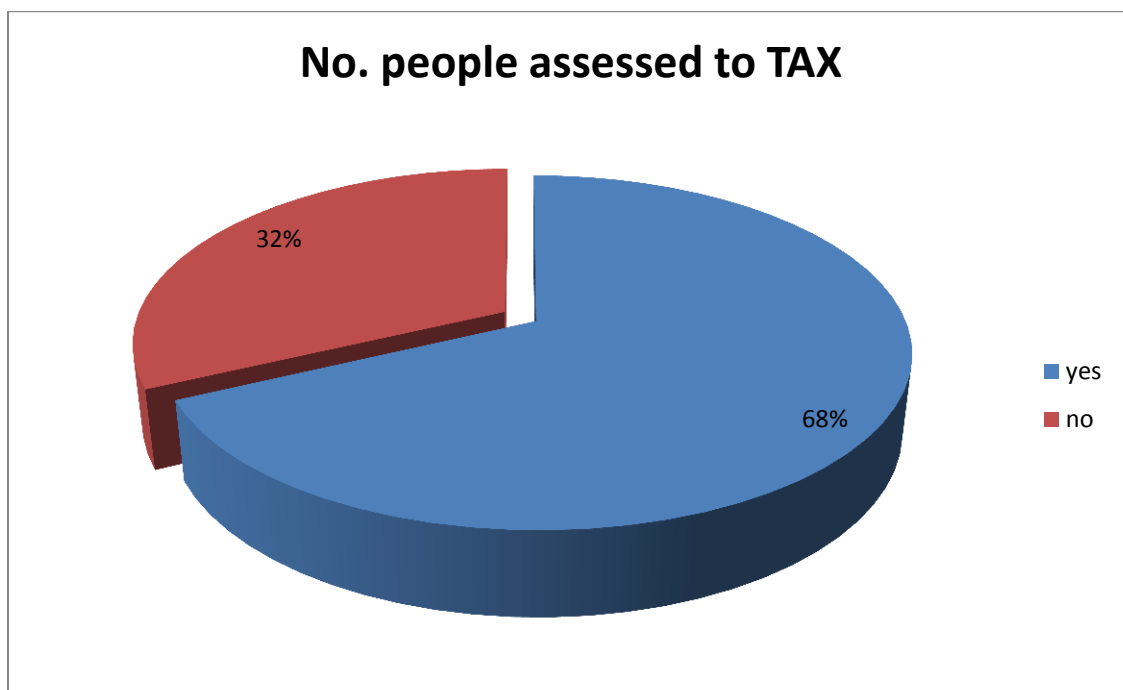
Monthly	20% (10)
Quarterly	34% (17)
Annually	46% (23)
TOTAL NO. OF PEOPLE	50

**Interpretation:**

Form this sample size we got to know that 46% of people prefer to repay their Loans in Annual installments basis. 34% and 20% of people like to repay the loan amounts in Quarterly and Monthly respectively.

**Q11. Are you assessed to TAX?**

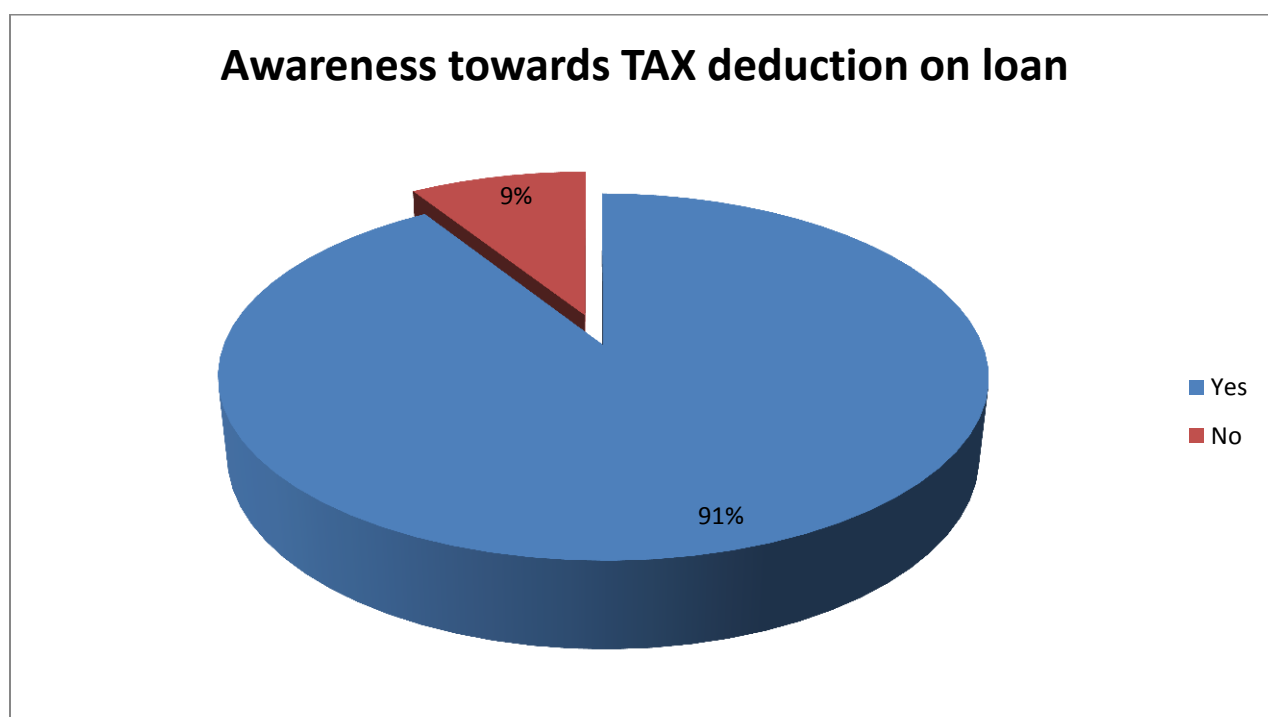
Yes	68% (34)
No	32% (16)
Total no of people	50

**Interpretation:**

In this survey we got to know that 68% of the people are assessed to TAX and TAX helps in growth of the country's economy. 32% of people are not assessed to TAX. From this we got to know that there is more Tax payer in Bangalore.

**Q12. If yes are you aware of ‘Tax deduction on purchase of loan’ is done up to a certain limit?**

Yes	91% (31)
No	9% (3)
Total no of people (assessed to Tax)	34

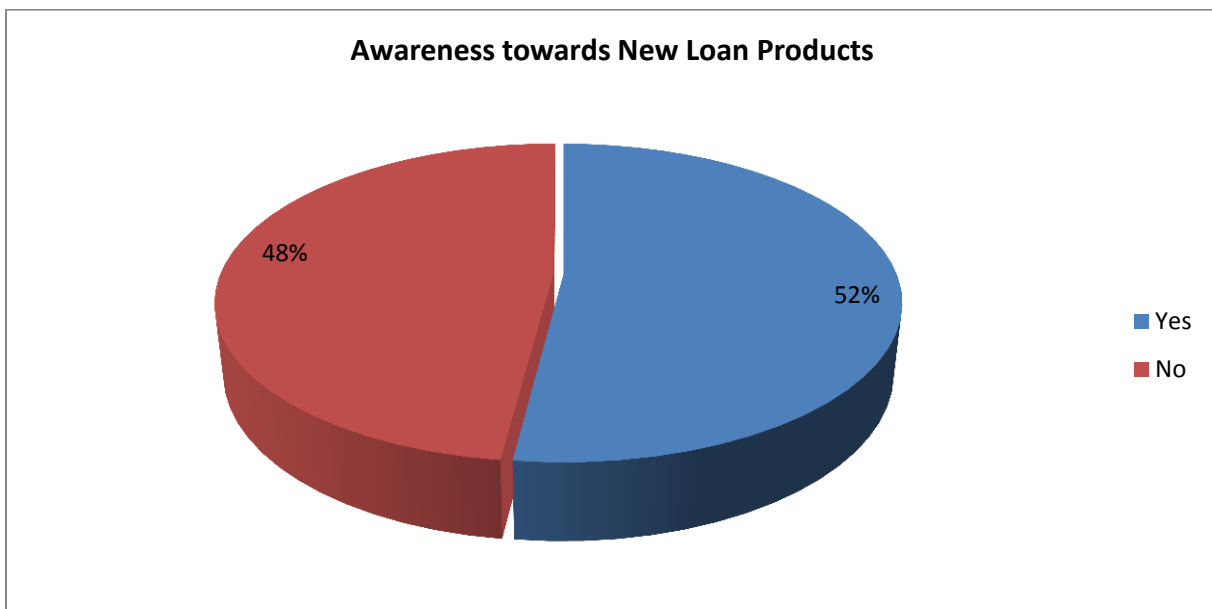


**Interpretation:**

From this we get to know that 91% of people are aware of the Tax deduction on the loan up to a certain limit. The bank helps the people in all time in various ways.

**Q13. Are you aware of the new product of loan ‘CAREER LOAN’ and ‘SCHOLAR LOAN’ which is offered by State Bank of India?**

Yes	52% (26)
No	48% (24)
Total no of people	50



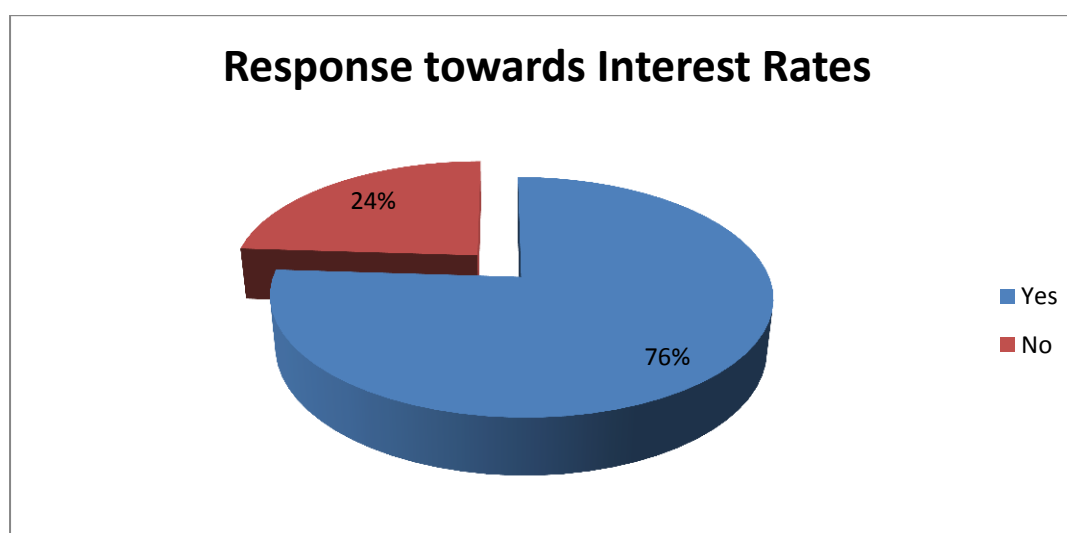
**Interpretation:**

In this sample size this shows that the people are not much aware of new product of loan. 52% of people are aware of new loan product and around 48% of people are not aware of such product.



**Q14. Is the rate of interest on Loans are very low of SBI compared to other banks?**

Yes	76% (38)
No	24% (12)
Total no of people	50



**Interpretation:**

Most of the people think that the interest rates on Loans are comparatively less than the other banks. So they prefer to take loan from State Bank of India.

**Q15. Any suggestion for the betterment of SBI loan Product?**

As: Most of the people said that there should be a quick procedure of the loan procession from the bank. So, people can use the money when there is any kind of problem. Thus through this sample size we came know that people are interested in taking loan from State Bank of India.

# CHAPTER-5

## FINDINGS

## AND

## SUGGESTION

## **Project Findings:**

- From this project it is found that SBI advance product having the 1<sup>st</sup> place in the market at Bangalore, there is a great opportunity to compete with ICICI Bank & to retain its customer by fulfilling the requirement of customer in SBI advance product.
- It has been observed that approximately 82% correspondents are using advance product of SBI and 18% are not using any type of advance product of SBI in Bangalore.
- All of SBI customers are satisfied with the services provided by the bank.
- Many of these customers satisfied with the low interest rate and longer repayment period of the advance product.
- Most of the customers at Bangalore prefer to take loan from SBI.
- Approximately 40% of advance product users said that the service of SBI in advance product is excellent.
- A response from customer care is so clear & good.
- Many customers have no time to call customer care so that they are not able to know about the service & features of SBI advance product.
- Most customers are shifted from other bank's advance product to SBI because of hidden charges, high interest rate, less repayment period.
- Government employees are more concern than private employees for advance product.

## **Reasons for highly use of SBI Advance Product:**

- LESS PAPER WORK
- ATTRACTIVE INTEREST RATES
- TRANSPARENCY
- SIMPLE & FAST PROCESSING
- LONGER REPAYMENT PERIOD
- QUICK PROCESSING

### **Suggestion:**

- Customer awareness program is required so that more people should attract towards advance product.
- If there are any kind of hidden charges than that must disclose to customer before giving loan to them.
- SBI must take some steps so that customers can get their loan in time. Like phone verification by customer care that one customer is got their loan on time or not .It must be before a certain date so necessary steps can be taken.
- SBI should more concern about physical verification rather than phone verification so it will avoid fraud or cheating.
- Advance product selling agents must not give any type of wrong information regarding advance product.
- SBI customer care should more concern about the fastest settlement of customer problems.
- Before deducting or charging any monetary charge SBI must consult with customer.
- It is the duty of the bank to disclose all the material facts regarding advance product, like interest charged, repayment period, other types of charges, etc.
- The bank should increase the period for repayment of loan.
- SBI must focus on Segmentation based on customer knowledge Product offering based on customer demand.
- SBI must take feedbacks of customers regarding features & services.

### **Suggestions given by the consumers at the time of survey:**

- There is more time period for repayment of education loan.
- Education loan should be providing to private college also which is not under any kind of University.
- SBI should take steps to solve customer problems immediately.
- Agents should be trained, well educated & proper trained to convince the people about different advance product.
- Loan sanction date should be according to customer convenient.
- A customer awareness program should be taking place in rural area.

# CHAPTER-6

# ANNUEXURE

## Questionnaire

On

### SBI Loans and Advances

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Occupation: \_\_\_\_\_

Q1. On which bank do you depend for your regular transactions?

- (a) State Bank of India [  ]      (b) ICICI Bank [  ]  
(c) HDFC Bank [  ]      (d) Other Bank [  ]

Q2. Are you aware of the products & services provided by SBI?

- (a) Yes [  ]      (b) No [  ]

Q3. If yes are you aware of the advanced products (Loan segments) of SBI?

- (a) Yes [  ]      (b) No [  ]

Q4. Which bank do you prefer for taking loans?

- (a) State Bank of India [  ]      (b) ICICI Bank [  ]  
(c) HDFC Bank [  ]      (d) Other Bank [  ]

Q5. If you prefer SBI for LOAN than what influences you to take a Loan from SBI?

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Q.6. Which loan product of SBI have you used?

- (a) HOME LOAN [ ] (b) EDUCATIONAL LOAN [ ]  
(c) CAR LOAN [ ] (d) PERSONAL LOAN [ ]  
(e) OTHERS [ ]

Q7. What do you feel about the services providing by SBI on Advance products?

- (a) Excellent [ ] (b) Good [ ]  
(c) Satisfactory [ ] (d) Bad [ ]

Q8. Which features do you like most in Loan segments of SBI?

- (a) Less paper Work [ ] (b) Attractive Interest Rates [ ]  
(c) Simple and fast Processing [ ] (d) Longer Repayment period [ ]

Q9. For how many years do you want to avail loan?

- (a) Less than 1year [ ] (b) 1 to 3 years [ ]  
(c) 3 to 5 years [ ] (d) more than 5 years [ ]

Q10. How do you prefer to pay your installments?

- (a) Monthly [ ] (b) Quarterly [ ]  
(c) Annually [ ]

Q11. Are you assessed to TAX?

- (a) Yes [ ] (b) No [ ]

Q12. If yes are you aware of 'Tax Deduction on purchase of Loan' is done up to a certain limit?

- (a) Yes [ ] (b) No [ ]



Q13. Are you aware on the new product of loans ‘CAREER LOAN’ and ‘SCHOLAR LOAN’ which is offered by the State Bank of India?

- (a) Yes [ ] (b) No [ ]

Q14. Is the Rate of Interest on loans are very low compared to other banks?

- (a) High [ ] (b) Medium [ ]  
(c) Low [ ]

Q15. Any suggestions for the betterment of SBI Loan product?

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# CHAPTER-7

## BIBLIOGRAPHY

**Web Resources.**

- [WWW.SBI.CO.IN](http://WWW.SBI.CO.IN)
- [WWW.ONLINESBI.COM](http://WWW.ONLINESBI.COM)
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