To determine the comparative study of banking region with personal loan, business loan specific area for North Maharashtra: Novel approach

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Abstract- Comparative studies are based on research techniques and strategies for drawing inferences about causation and/or association of factors that are similar or different between two or more subjects/objects. Baking loan as mention person loan include all loans like home loan, education loan, car loan, property loan etc. and other side business loan also consist various kind of business loan. This paper presents the comparative study overview on various kind of loans in north Maharashtra and their scope of work. The various kind of banking loan and their demerits and merit also determine on the basis of primary and secondary RBI reports and also determine various research gaps and findings.

Index Terms- baking sector, personal loan, business loan, comparative study, north Maharashtra, etc

I INTRODUCTION

As per the Reserve Bank of India (RBI), banking sector in India is adequately capitalised and well-regulated. Henceforth the financial and economic environments in the country are extreme superior to any other country in the world. Indian banks are normally resilient and have survived the global downturn well and studies suggest that credit, market and liquidity risk are good enough to face any kind of risk. Indian banking industry has lately perceived the roll out of innovative banking models like payments and small finance banks. The Indian banking system contains of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. Where public-sector banks regulator nearly 80 percent of the market, thereby leaving relatively much smaller shares for its private sectors. With the usage of internet and mobile the present sector banks are also boosting their customers to manage their finances.

The Indian banking industry has huge potential to grow further by reaching untapped markets in rural parts of India. The prime income source of the Banking industry is lending the money from deposits. Earlier the players in the banking industry was restricted to few types of loan provided to only few economic classes of people in the society, but now due to the frenzied competition in the market and entry of private and foreign players in the market, they started focussing on tapping each and every unutilized opportunity to expand consumer base and market share in the industry.

Banking norms

In India, Section 49A of the Banking Regulation Act, 1949excludes any institution other than a banking company to accept deposit money from public withdrawal by cheque. The core function of banking is receiving the deposits from public with the facility of withdrawal of money by cheque. Bank being a financial institution it deals with deposit of money and lending of credit.

Therefore, bank act as an intermediary which use people's money for the benefit of both creditor and debtor. According to Section 5 (1) (b),

"Banking means accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft, order or otherwise".

Private Sector Banks can be defined as, "banks which are licensed to operate in India under Banking Regulation Act, 1949, other than Urban Co-operative Banks, Foreign Banks and banks established under specific Statutes"

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Banking loan system

In general, the players in the banking industry offers various types of loans to their customers such as home, business, vehicle, education, personal, gold and loan against property & securities, etc. Among the above-mentioned loans, personal loans play a vital role in meeting emergency need of the customers. Most of the times, when the people end up with emergency or unexpected money requirement for a specific need, their first choice would be the personal loan rather than any other type loan. The strong reason exists behind their move is mostly personal loans are unsecured loans, which will be given by the bankers to their customer without getting any collateral security as a property document, or signature from reputed person. In general, the banks disburse the personal loan based on the personal profile of the customers such as their age group, occupation, employer, year of experience in their job/ profession, monthly income, financial stability, etc.

The personal loans are given by public and private banks are identical reasonable rate. Generally, customers mostly chooses public sector banks for personal loans, particularly since most of the customers believe that it is very safe bank and the rate of is also less. While the private sector banks are favoured by young the population since of facilities & services delivered by them are prompt in nature. Hence this prime aim of this research is to analyse and compare the features inducing personal loan decision of the customers and its impact on customer satisfaction and loyalty among customers of private and public sector banks at north Maharashtra.

The various types of loans are offered in India for individuals and Corporates to meet their personal and professional needs or development expenses. These are listed below 1. Home Loans 2. Personal Loans 3. Business loans 4. Education loans 5. Gold Loans 6. Vehicle Loans 7. Loans against Insurance Policy

Personal loan

In finance, a loan is the transfer of money by one party to another with an agreement to pay it back. The recipient, or borrower, incurs a debt and is usually required to pay interest for the use of the money.

Personal Loans Personal loans offered to fulfil personal needs of the customers such as purchase of home appliances, family tours, payment of small loans, medical exigencies, etc. It can be paid in equated monthly instalments (EMIs). The term EMI refers to repayment of the loan amount in monthly basis which includes two components such as principal and interest. It also helps the consumer to meet any shortfall they face in buying a house or a car, in children's higher education, or even in cases of medical contingencies, among other things. In general, this loan is disbursed to the consumer based on their monthly income, source of income, the nature of profession or business, or any other sources of income, etc. The unique of this loan while compared to other loan is it can be utilised for any purpose, for example, paying debt, marriage expenses or vacation expenditure, whereas other loans the loan amount should be used for stated purpose only. One more advantage of this loan,

Business loan

A business loan is a loan specifically intended for business purposes. As with all loans, it involves the creation of a debt, which will be repaid with added interest.

The commercial loan market in India is rapidly evolving. There are many lending institutions that provide capital for start-ups. Additionally, lenders also offer finance to fund working capital needs as well as for growth and expansion activities. The Government of India has provided many business loan schemes and programs to encourage entrepreneurs to start new ventures. The Central and State government have undertaken numerous initiatives to uplift the small businesses across the country. Ultimately, the growth of businesses contributes to the development of the nation's economy.

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Different loan schemes available in India Besides business loans that are offered by private lending institutions, the Government of India also provides loan schemes. Various schemes are offered through public sector banks to provide financial assistance to small and medium enterprises (SMEs). Some of the top fund schemes for SMEs are Credit Guarantee Fund Scheme for Micro and Small Enterprises, Credit Link Capital Subsidy Scheme for Technology Upgradation, Market Development Assistance Scheme for MSMEs, Technology and Quality Upgradation Support to Micro, Small and Medium Enterprises, and Mini Tool Room and Training Centre Scheme. The main objective of these schemes is to boost India's economy and place additional emphasis on business development.

RESEARCH OBJECTIVES

1. To know about the evolution, growth and regulatory framework in Indian Banking System.

2. To analyze the demographic profile of the customers of personal loan in the public sector and private sector banks chosen for the study.

The following are the various kinds of business loans offered by the banks

Term loans **–** The specific amount of money given to be repaid in a fixed tenure at the applicable interest rate. In general, three years for short term loan and 10-15 years for long term loans.

Bank overdraft limits – Bank allow the customer to withdraw more money than what is deposited.

Bill Discounting **–** It refers to a Short-term borrowing, which can be used to improve a company's working capital and cash flow position.

Letter of Credit (LOC) for international business- Bank provides guarantee to a buyer's payment to a seller in specified period.

Research aspect

There is a scope for decision if there are options, similarly in case of personal loan the customers are having lot of options, therefore they tend to choose the best option based on various criteria such as eligibility, loan amount, process duration, convenience, processing & other charges, loan repayment terms, loan closure terms, etc. This research encompasses all those above mentioned variables which effect the personal loan decision of the customers under four dimensions such as Loan eligibility, Loan approval, Loan Repayment and Loan Closure. In today business scenario, technology has a critical role in each phase of a business, the customers prefers to associate with technocrats rather than traditional players. They give more importance to technology based banking services. In this research, technology utilization was not considered as separate dimensions, since it is required in every single process of business, so the researcher has included such statements in all the above-mentioned four dimensions of factors influencing personal loan decision. For example, availability of eligibility verification through online, EMI calculation through online, online personal loan application, online loan approval, online EMI payment/ part-payment, online loan closure, etc. This study not only summarizes the factors influencing personal loan decision, but also compares how it differs among the customers of selected private and public sectors banks.

Apart from profit making, the expected end result of every business is customer satisfaction and loyalty, because it ensures the repurchase of the products and services by the customer and recommending others also to have the association with those business organizations. Because, business organizations can's strive for new customers every time and one more important thing is unsatisfied customers may spread negative image about the business organizations faster than satisfied customers. Hence, the researcher also wants to gauge the impact of factors influencing personal loan decision on customer satisfaction and loyalty and also compared whether significant variation exists among the customers of selected private and public sector banks. Finally, based on the outcome of the analysis recommendations were given to improve the factors that influences personal loan decision of the customers of the private and public sectors banks for the customers at Maharashtra, which in turn may enhance the customer satisfaction and loyalty towards the selected private and public sector banks in north Maharashtra.

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various studies conducted in the field of customer satisfaction and loyalty towards the factors which influences in availing personal loans and business loans that are offered by private and public sector banks

this research specialist has focused on the customer understanding with regards to the places of customer preference, customer satisfaction, commitment, repurchase decision and stressing behavior of customers in the purchase of real estate fund. In the current situation the real estate fund business has become liberalized and aggressive. It is found that checking behavior of the customers can use will give an understanding to real estate fund to increase their clients.

the specialist examines reasoning that customer satisfaction is the place to start of promotion and company activities is based on the supposition that customer satisfaction leads to customer commitment, paying attention to all of the good results that customer commitment has on company success of an organization. Because of this, promotion and management concept and practice devote particular attention to the ideas of customer satisfaction and loyalty. In this document we will use the surveys of customers of banking services not only to show the levels of their fulfilment and commitment, but also to make a relative analysis of information obtained through off-line an internet-based investigation. This approach was made possible because the analysis was carried out on an example which was separated in two groups. All of the members responded to the questions from a unique questionnaire; however, one team took laptop computer via the Internet (online) while information from the other number of members was gathered in the field by using printed surveys (offline). The results of the relative analysis of off-line and paid study results are presented in the final part of the document.

RESEARCH DESIGN

It is the design that is adopted for the various techniques used for piloting the study. It comprises the techniques for locating the needed data, the manner in which they are administered and the manner in which the outcome of the research study are presented. Descriptive research design is adopted in the current study which aims to describe the factors that influences personal loan decision of the customers of selected private and public sector banks and its impact on customer satisfaction and loyalty. This research was designed in such a way that the perception of the customers from two different bank categories such as private and public sector banks were compared in terms of features that influences personal loan decision of the customers of selected private and public sector banks and its influence on customer satisfaction and loyalty

CONCLUSION

A loan is a sum of money that one or more individuals or companies borrow from banks or other financial institutions so as to financially manage planned or unplanned events. In doing so, the borrower incurs a debt, which he has to pay back with interest and within a given period of time. When a business wants to analyze an idea, problem, theory or question, conducting a comparative analysis allows it to better understand the issue and form strategies in response. This paper explained various aspect sof personal loans and business loans in north Maharashtra.

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