

PROBLEMS FACED BY THE CUSTOMERS REGARDING THE BORROWING OF THE LOAN IN STATE BANK OF INDIA - AN ANALYSIS

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Abstract : State Bank of India (SBI) is a commercial bank owned by Indian Government which offers a variety of financial services to its customers (both individuals and corporate). The major objective of this study is to identify the problems faced by the customers regarding the borrowing of the loan in State Bank of India. The researcher has used both primary and secondary data. The primary data were collected from the State Bank Customers in Madurai District. The researcher has collected sample of 175 customers in State Bank of India. Delay in arranging security requirements, no timely support from the bank, delay in sanctioning loan are some of the major problems faced by the state Bank of India customers regarding borrowing of Loan.

Index Terms - State Bank of India, Commercial Bank, Loans and Advances, Customers, Security.

I. INTRODUCTION

State Bank of India (SBI) is the largest commercial bank in India, in terms of assets, deposits, and employees. It is a public sector bank. SBI offers a range of general banking services like accepting deposits, lending loans and advances and providing other auxiliary services to corporate and individuals in India and abroad. State Bank of India is the statutory body headquartered in Mumbai, Maharashtra. SBI is in 216th rank in the Fortune Global 500 list of the world's biggest corporations of 2018. It is the largest bank in India with a 23% market share in assets, besides a share of one-fourth of the total loan and deposits market.

Wants are unlimited. Every individual has different plans. But finance is mandatory for implementing such plans. People need money for various purposes like education, business, and constructing house and so on. Bank provides loans for public, which is repayable along with certain percentage of interest. Borrowing loans from bank involves various procedures and formalities. Bank will demand collateral security for granting loans. This study identifies the problems faced by the customers regarding the borrowing of the loan in State Bank of India.

II. REVIEW OF LITERATURE

Paul Thompson (1998), studied the lending policies of a sample of UK banks with respect to environment, focusing on issues of environmental risk management, market segmentation and the exploitation of marketing opportunities and researcher found that while the banks are placing considerable emphasis on environmental risk management in their corporate lending operations, there is little evidence of them harnessing the opportunities presented by the "greening" of industry.

Olusanya, et.,al. (2012), investigated the level of commercial bank loan advances in Nigeria and to also examines those various determinants of commercial banks lending behavior in Nigerian. The study reveals that there is a positive relationship between Loan and advances and Volume of deposits annual average exchange rate of the naira to the dollar, Gross domestic product at the current market price and cash reserve requirement ratio except for Investment portfolio and Interest rate (lending rate) that have a negative relationship. The researcher revealed from the result that there is a long run relationship between Loan and advances and all the explanatory variables in the model and this shows that commercial bank has a lot of impact of their lending behaviour. The Commercial bank should endeavour to create more deposit in other to improve their lending behaviour and should enforce the most easily realizable policies and good credit management in every situation.

Chandra(2015), the researcher studied is an attempt to know the customers' perception towards different banks and the problems faced while borrowing the loans from the banks. It also throws light on the quality of services, both transaction based and IT enabled in terms of its constituent factors in public sector, private sector and foreign banks.

Thangam (2017), examined that the coming year the deposits amount may be decreased manner because of heavy rules for minimum balance maintain in this own account it is not possible for all peoples but only maintain for business man and industrialist and salaried persons most of the savings account and deposits are maintain by the rural peoples and formers and Mahatma Gandhi National Rural Employment Guarantee scheme peoples. The rules changes in the banks that time the deposits will be increased.

Thangam (2017), concluded that the government and bankers has to take serious effort for decrease the NPA otherwise it thoroughly damages the bank profit of the banker and also is not good for the developing countries.

III. OBJECTIVES

1. To analysis the socio- economic condition of State Bank of India's customers.
2. To identify the problem faced by the customers regarding the borrowing of the loan in State Bank of India.

IV. METHODOLOGY

The researcher used both primary and secondary data for the study. The primary data were collected from the State Bank Customers in Madurai District. The researcher used convenience sampling techniques has been adopted to identify the banking

customers for the present study. The researcher has collected sample of 175 customers in State Bank of India. The researcher has used simple percentage and weighted average methods.

V. ANALYSIS AND INTERPRETATION

Table 1
Personal Details about State Bank Customers

S.No	Gender	Number of Defaulting Customers	Percentage
1	Female	77	44
2	Male	98	56
	Total	175	100
S.No	Age(Years)	Number of Defaulting Customers	Percentage
1.	Below 30	33	18.9
2.	30 to 35	9	5.1
3.	35 to 40	34	19.4
4.	40 to 45	42	24
5.	45 to 50	30	17.1
6.	Above 50	27	15.7
	Total	175	100
S.No	Marital Status	Number of Defaulting Customers	Percentage
1	Married	150	85.7
2	Unmarried	25	14.3
	Total	175	100
S.No	Educational Qualification	Number of Defaulting Customers	Percentage
1.	School Level	8	4.6
2.	Under Graduate	31	17.7
3.	Post Graduate	92	52.6
4.	Professional Course	37	21.1
5.	ITI	7	4.0
	Total	175	100

Source: Primary Data

- It is inferred that the majority of the defaulting customers were male.
- It reveals that the most of the defaulting customers belong to the age group of 40 to 45 years.
- It is inferred that the majority of the defaulting customers are married.
- It reveals that the most of the defaulting customers are educated up to professional course.

1. PROBLEMS FACED BY THE CUSTOMERS AT THE TIME OF BORROWING

The researcher has identified ten problems faced at the time of taking loan at State Bank of India. Ten problems are complicated formalities, unfavourable attitude of bank officials, need for repeated visit to bank, lack of proper guidance from bankers, delay in arranging security requirement of bank, no timely support from the bank, delay in sanctioning loan, post loan history of parents (CIBIL rating), rejection of my loan application by another bank, political interference in the lending process.

Theses problems, the researcher has used weighted average for measuring gthe problems faced at time of taking loan. Table 2 shows that actual score of problems faced by the customer at the time of borrowing loan.

Table 2
Actual score of problem faced by the defaulting borrowers to taking loan

S.No	Particulars	5	4	3	2	1	Total
1.	Complicated formalities	50	38	54	8	25	175
2.	Unfavourable attitude of bank officials	19	65	56	18	17	175
3.	Need for repeated visit to bank	46	47	51	47	46	175
4.	Lack of proper guidance from bankers	34	42	43	31	25	175
5.	Delay in arranging security requirements of bank	48	39	64	11	13	175
6.	No timely support from the bank	19	45	81	20	10	175
7.	Delay in sanctioning loan	17	23	97	23	15	175
8.	Past loan history of parents(CIBIL rating)	19	1	27	58	70	175
9.	Rejection of my loan application by another bank	3	1	23	31	117	175
10.	Political Interference in the Lending Process	14	12	25	16	108	175

Source: Primary Data

Table 2 discuss that the actual score gained for the each statement of problem. The researcher has given the actual score as per the descending order from 5-1 (5-Always, 4- Often, 3-Sometimes, 2-Rarely, 1-Never).

Table 3
Weight score of problem faced by the defaulting borrowers to taking loan

S.No	Particulars	Weight					Total
		5	4	3	2	1	
		Weight Score					
1.	Complicated formalities	250	152	162	16	25	605
2.	Unfavourable attitude of bank officials	95	260	168	36	17	576
3.	Need for repeated visit to bank	230	188	153	94	46	711
4.	Lack of proper guidance from bankers	170	168	129	62	25	554
5.	Delay in arranging security requirements of bank	240	156	192	22	13	623
6.	No timely support from the bank	95	180	243	40	10	568
7.	Delay in sanctioning loan	85	92	291	46	15	529
8.	Past loan history of parents(CIBIL rating)	95	4	81	116	70	366
9.	Rejection of my loan application by another bank	15	4	69	62	117	267
10.	Political Interference in the Lending Process	70	48	75	32	108	333

Source: Primary Data (Computed Table)

Table 3 concludes that the actual score of problem focused by the defaulting borrowers at time of facing loan at State Bank of India. The researcher has give weight from actual score on to base of descending order from 5-1 (5 weight for always selected respondents, 4 weight for often selected respondents, 3 weight for sometimes selected respondents, 2 weight for rarely selected respondents, 1 weight for never selected respondents).

2. Mean score of problems faced by the borrowers at the time of borrowing

Mean score of problems faced by the defaulting borrower at the time of loan.

$$\text{Mean Score} = \frac{\text{Total Weight Score}}{\text{Total Respondents}}$$

Table 4 shows that the mean score and rank of the problems faced by the defaulting borrowers at the time loan taken.

Table 4
Mean score and rank

S.No	Particulars	Total Score	Mean	Rank
1.	Complicated formalities	605	3.46	III
2.	Unfavourable attitude of bank officials	576	3.29	IV
3.	Need for repeated visit to bank	711	3.54	II
4.	Lack of proper guidance from bankers	554	3.17	VI
5.	Delay in arranging security requirements of bank	623	3.56	I
6.	No timely support from the bank	568	3.25	V
7.	Delay in sanctioning loan	529	3.02	VII
8.	Past loan history of parents(CIBIL rating)	366	2.09	VIII
9.	Rejection of my loan application by another bank	267	1.53	X
10.	Political Interference in the Lending Process	333	1.90	IX

Source: Primary Data (Computed Table)

Table 4 shows that the defaulting borrower first face the problem is delay in arranging security requirement of bank followed by the second problems is need for repeated visit to bank. The third face the problem is complicated formalities followed by the fourth problems is unfavourable attitude of bank officials. The fifth problem is no timely support from the bank and sixth problems is lack of proper guidance from bankers. The seventh problem is delay in sanctioning loan and eighth problem is past loan history of parents (CIBIL rating). The ninth problem is political interference in the lending process and the last problem is rejection of my loan application by another bank.

VI. CONCLUSION

Every individual need finance to convert his/ her plan into action. State Bank of India stands good at satisfying the need of finance by proving loan to its customers. SBI's customer facing many problems for borrowing loans. The major reason of these problems is that the bank wants to ensure the security and repaying capacity of the customers. Therefore, steps should be taken by the government to increase the operating efficiency of banks in providing loans. Long term funds may be made available liberally to these banks providing housing finance which would enable these banks to provide loans billions of people. This will improve the living standard of the people.

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