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## CRITICAL ANALYSIS OF PROFILE OF CONSUMERS FINANCING BY COMMERCIAL BANKS

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attempt is made to analyze the financial profile of commercial banks related to consumers.

### II) OBJECTIVES OF THE STUDY:-

- 1) To analyze the overall financing position of commercial banks.
- 2) To examine the profile of consumers financing in commercial banks.
- 3) To suggest suitable measures based on the findings of the study.

### III) LIMITATIONS OF THE STUDY:-

- 1) The study covers only the consumers financing profile.
- 2) Limited period of study is also one of the limiting factor.

### IV) ANALYSIS OF THE STUDY:-

The banking sector in India achieved significant growth and progress. The study reveals the consumers financing is slowly emerging as an important and growing field the expansion of commercial banking activity in the country. The profile of overall financing by the commercial banks are given in

### ABSTRACT

**T**he growth and development of any consumer depends on the finance. The finance is the important indicator which speaks about the performance of any consumer. Finance is the most essential thing for the success of consumer. Without finance the consumer would be lifeless.

**KEYWORDS:** Critical Analysis , Commercial Banks , growth and development.

### INTRODUCTION

Consumers financing by commercial banks in India can be viewed as an

aspect of asset diversification by the bank in the country. In India the commercial bank lending money mainly to trade and commercial activities as well as large scale industries consumers financing by commercial banks implies commercial banks lending to the consumers for meeting the consumption expenditure which they plan to undertake beyond their current disposable income. The large amount of such expenditure in case of housing loan, consumer durables, credit card receivables, other personal loan etc. In this way the commercial banks lending money to various purposes, but in this study, an

the table 4.1

**Table 4.1**  
**Profile of consumers loans by commercial Banks in India**  
**(Amount in Rs. Cores)**

Year	Total Loans	Consumers Loans	% of consumers Loans to total loans
2009	2793572	593816	21.3
2010	3040007	622752	20.5
2011	3667400	731000	19.9
2012	4289700	859900	20.1
2013	4869600	1009500	20.7
Increase Over 2009	2076028	415684	---
Increase %	74.31	40.17	---

(Source: - Reserve Bank of India, reports on trend and progress)

Table 4.1 shows that in 2013, Rs. 4869600 crores loans given to different sectors from commercial banks in India. It will shows that, the loan amount increased during 2009 to 2013 was 2793572 to 4869600 crores respectively. At the same time consumers loans also increasing from 593816 crores to 1009500 crores in the year 2009 to 2013 respectively. The increase percentage of total loans increased upto 74.31 percent from 2009 to 2013 respectively. The growing volume of the consumer's loans made by the bank implied increasing consumption expenditure in the country and growing domestic market for goods and services.

**Table 4.2**  
**Consumers Loan portfolio of commercial Banks in India**  
**(Amount in Rs. Cores)**

Sr. No.	Particulars	2009	2010	2011	2012	2013
1	Housing Loans	263235 43.00	315862 (50.70)	360700 (49.30)	411800 (47.90)	475400 (47.10)
2	Consumers Durables	5431 (0.90)	3032 (0.50)	4600 (0.60)	2700 (0.30)	3400 (0.30)
3	Credit card Receivables	29941 (5.00)	21565 (3.40)	18700 (2.60)	22300 (2.60)	26800 (2.70)
4	Auto Loans	83915 (14.00)	78346 (12.60)	100200 (13.70)	116200 (13.50)	142100 (14.10)
5	Other Personal Loans	211294 (38.00)	203947 (32.80)	246900 (33.80)	306900 (35.70)	361800 (35.80)
6	Total Consumer Loans	593816 (100.00)	622752 (100.00)	731000 (100.00)	859900 (100.00)	1009500 (100.00)

(Source: - Reserve Bank of India, reports on trend and progress)

Table 4.2 shows that the profile of consumers financing in commercial bank in India is increasing year by years. The main items of consumers financing are shows the followings results.

Housing loans are taken by the consumers for purchasing of house, repairing of house. The percentage of consumers housing loans varies from 43 percent to 50.70 percent during the study period. It means it shows that the major portion of consumer's loans are occupied by housing loans.

Personal loans are taken by the consumers for various purposes, such as purchasing shares, gold and other Government securities. The share of personal loans is varies from 32.80 percent to 38.00 percent during the study period. It is the second major part of the consumer loans.

Auto loans are taken by the consumers for purchasing motor car, bike, scooters etc. The auto loans varies from 12.60 percent to 14.00 percent during the study period.

Credit card facility is one of the modern technology used by the bank for purchase of any kind of goods and services. It avoids the need of carry large amount of cash by the consumer during the period of marketing or day to day purchasing. Credit card receivables by the bank from consequently another form of consumer financing. The share of this types of loans is varied from 2.60 percent to 5.00 percent during the study period.

Consumers durable loans are taken by the consumers for purchasing costly and durable consumer goods, i.e. washing machine, television, air conditioners etc. The share of consumers goods is very negligible, and is shows the decreasing trends in year by years during the study period. The share of consumers durables decreasing up to 0.30 percent from 0.90 percent during the study period.

#### V) FINDING: -

Consumers financing gives a lot of stability and public image to commercial banks in India as compared to corporate banking. The basic reason for growth in consumers financing is economic prosperity and consequent increasing in purchasing power. The average growth rate of Indian economy is 6.8 percent and continues to grow at the almost the same rate. Comparatively stable real estate prices during last five to six years have laid to spurt in demand of housing loans. Increased demand for dwelling units due to gradual shift of population from rural to semi urban and urban to metro centre for employment. In early years shift in the attitude of the Indian household from "Save and buy" theory to a "buy and repay principle". all these factors are played the major role to increase the consumers financing during the study period.

#### VI) CONCLUSION: -

The new economic policy of globalization has reduce the dominate role of any banking. Therefore, initiate the more competition in different financial sectors. The consumers financing scheme should be both convenient to the borrowers as well as bankers in terms of cost. Care should be taken by the banks while making such type of loans to see that such loans do not become non performing assets for the banks, because consumers financing offers phenomenal opportunities for growth, the challenges are equally daunting. How far the consumers financing is able to lead growth of the commercial banking in future would depend upon the capacity building of the banks to meet the challenges and make use of opportunities profitably.

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