**“A STUDY ON THE EVALUTION OF BANK LENDING AND CREDIT MANAGEMENT WITH SPECIAL REFERENCE TO HDFC BANK”**

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**MAHATMA GANDHI UNIVERSITY, KOTTAYAM**

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**Degree of Bachelor of Business Administration**

Submitted by


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**BHARATA MATA COLLEGE, THRIKKAKARA**

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(AFFILIATED TO MAHATMA GANDHI UNIVERSITY, KOTTAYAM)

**BONAFIDE CERTIFICATE**

This is to certify that the study report entitled **"A STUDY ON THE EVALUATION OF BANK LENDING AND CREDIT MANAGEMENT WITH SPECIAL REFERENCE TO HDFC BANK"** is a record of original work done by **MATHEWS S PALAPURAM (Registration no.210021080013)** in partial fulfilment of the requirement for the degree of Bachelor of Business Administration under the guidance of **Ms. ANJANA CA ASSISTANT PROFESSOR**, **DEPARTMENT OF BACHELOR OF BUSINESS ADMINISTRATION**. This work has not been submitted for the award of any other degree or titled of recognition earlier.

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# DECLARATION

This is to declare that this bonafide record of the project work done by me entitled **“A STUDY ON THE EVALUATION OF BANK LENDING AND CREDIT MANAGEMENT WITH SPECIAL REFERENCE TO HDFC BANK”** in partial fulfilment of the BBA Programme of Mahatma Gandhi University under the guidance of **Ms. ANJANA C A. ASSISTANT PROFESSOR**, and that the report has not found the basis for the award of any Degree/Diploma or other similar titles to any candidate of any other university.

Place:

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## 1.1 INTRODUCTION

In the dynamic landscape of global finance, the effective management of lending practices and credit risk is vital for the stability and growth of banks. This holds true for Bank of Baroda, one of India's leading public sector banks, with a history that spans over a century. HDFC bank, like many financial institutions, faces the on-going challenge of optimizing its lending and credit management operations to ensure profitability while safeguarding against potential credit-related risks.

The efficient evaluation of bank lending and credit management is pivotal for financial institutions to strike the right balance between expanding their loan portfolios and preserving asset quality. In this comprehensive exploration, we aim to delve into the specific strategies, processes, and technologies employed by HDFC to assess and manage lending activities, with a particular focus on credit risk.

### HDFC bank: A Beacon of Indian Banking

HDFC, commonly referred to as HDFC, is a name synonymous with trust and reliability in the Indian banking sector. Established in 1994, it has grown to become one of the most prominent public sector banks in the country. With a vast network of branches and a strong presence both nationally and internationally HDFC plays a crucial role in facilitating economic growth, financial inclusion, and international trade.

HDFC reputation is built on a foundation of stability, innovation, and a commitment to customer satisfaction. As of my knowledge cut-off date in January 2022, the bank has consistently expanded its footprint, embracing technological advancements and adapting to evolving customer demands. This legacy provides an intriguing case study for evaluating bank lending and credit management, as it embodies the transformation and resilience required in today's banking landscape.

### The Importance of Bank Lending and Credit Management

Bank lending is the lifeblood of any economy, as it fuels investment, consumption, and economic growth. However, lending without effective credit management can lead to undesirable outcomes, including high default rates, financial instability, and adverse economic consequences. As such, the evaluation of bank lending and credit management is a critical exercise to understand how banks navigate this intricate landscape. Credit risk is an inherent part of lending, and how banks assess, mitigate, and manage this risk has a direct impact on their financial health. Robust credit management practices enable banks to make informed lending decisions, optimize their loan portfolios, and ensure the timely repayment of loans. Additionally, these practices play a crucial role in protecting depositors' funds and maintaining the stability of the overall financial system. Understanding credit management in the context of HDFC, a financial institution that serves a diverse customer base, provides valuable insights into the challenges and opportunities faced by Indian banks. By examining HDFC practices and comparing them to industry standards and best practices, this project aims to unravel how a bank of its stature addresses the complexities of modern lending. The Regulatory Landscape in India The banking industry is highly regulated, and India is no exception. The Reserve Bank of India (RBI) is the apex regulatory authority governing banking and financial institutions in the country. The RBI, through its policies, guidelines, and regulations, sets the framework for sound banking practices, including credit management. HDFC, like all Indian banks, operates within this regulatory framework. The evaluation of its lending and credit management practices cannot be separated from an understanding of how these practices align with RBI's directives. Compliance with regulatory requirements is fundamental to the safe and sound functioning of banks, and it also influences the effectiveness of credit management.

## 1.2 PROBLEM DEFINITION

The problem at the core of this study is to comprehensively assess and analyse HDFC lending and credit management practices within the specific context of the Indian banking sector.

This involves a multifaceted examination of how HDFC navigates the complexities of modern lending while addressing the following key areas of concern:

- **Credit Risk Management**: The central challenge is to evaluate the bank's credit risk management strategies, encompassing the effectiveness of its credit risk assessment models, processes for determining the creditworthiness of borrowers, and mechanisms for monitoring and mitigating credit risk. The objective is to identify strengths and weaknesses in the bank's existing credit risk management practices.

- **Loan Portfolio Optimization:** A critical concern is the optimization of HDFC loan portfolio. This entails an analysis of the bank's loan origination procedures, including the criteria for loan approval and the diversification of loan products offered. The aim is to determine how the bank balances portfolio growth with risk mitigation.
- **Technology and Data Utilization**: The study will investigate the technology and data analytics tools employed by the bank for credit management. This includes assessing the extent to which HDFC leverages technological advancements for informed lending decisions, risk assessment, and efficient credit portfolio management.
- **Regulatory Compliance:** A fundamental aspect of the problem definition is to evaluate the extent to which HDFC aligns with regulatory guidelines set forth by the Reserve Bank of India (RBI). This includes understanding the bank's compliance with RBI directives related to credit management, risk assessment, and reporting.
- **Challenges and Opportunities:** The project aims to identify the specific challenges HDFC faces in its credit management practices, which might include market volatility, changing customer behaviours, or regulatory shifts. Simultaneously, it seeks to uncover opportunities for improvements and innovations that can enhance credit management efficiency and effectiveness.
- **Recommendations for Enhancements:** The ultimate goal is to offer concrete recommendations for enhancing Bank of Baroda's credit management practices based on the findings of the evaluation. These recommendations should be practical, tailored to the bank's specific context, and aligned with the broader objectives of financial stability and profitability.

This problem definition provides a clear roadmap for the project, allowing for a structured and focused assessment of HDFC lending and credit management practices. By addressing these key areas, the study aims to contribute valuable insights not only to the bank but also to the broader banking sector in India, enabling more informed decision-making, enhanced risk management, and the potential for sustainable growth in the Indian financial landscape.

## 1.3 OBJECTIVES OF THE STUDY

The study's goal is divided into primary and secondary goals and they are as follows:

**PRIMARY OBJECTIVE**

The primary objective this study is to analyse the evolution of bank lending and credit management and to comprehensively evaluate HDFC credit risk management strategies.

**SECONDARY OBJECTIVE**

Secondary objective of the study are here as follows:

- Understand the Role of Technology in Credit Management
- Examine the Impact of Regulatory Changes
- The project can consider the impact of credit management practices on the customer experience, including the ease of obtaining loans, transparency in lending processes, and customer satisfaction.

## 1.4 SCOPE OF THE STUDY

- **Geographic Scope:** The study will primarily focus on the practices and operations of HDFC in India, with reference to the Indian banking sector. It will consider the domestic and international operations of the bank, but the primary geographic scope is India.
- **Timeframe:** The study will cover a specified timeframe, including historical data relevant to HDFC credit management practices and the regulatory framework. It should also consider the present state of the bank's operations as of the most recent available data.
- **Credit Management Practices:** The scope of the study includes an in-depth examination HDFC credit management practices, encompassing credit risk assessment, loan origination, credit monitoring, and risk mitigation strategies.
- **Regulatory Compliance:** The study will analyse HDFC complies with regulatory guidelines and directives set by the Reserve Bank of India (RBI) pertaining to credit management and lending practices.

## 1.5 LIMITATIONS OF THE STUDY

**Limitations that where faced while conducting the study are here as follows:**

- The research was limited in scope due to time constraints as it was difficult to obtain the adequate information due to the limited time duration.
- Lack of cooperation from some of the respondents.
- Unavailability of information in some cases.
- The study depth and scope may be limited by a lack of funds and/or time. Performing in-depth research might not always be possible
- Due Bank rules and regulations we can’t go in depth of study.
- Many restrictions are set by the bank while conducting the study so it affected the data quality.

## 2.1 REVIEW OF LITERATURE

- **Patil, A., &Haripriya(2023)** stated that the drivers of credit risk in the banking industry have been the subject of a large amount of research in the past. There are two lines of research on the factors of bank credit risk in specific. The first body of research has investigations concentrated on the elements that influence systemic credit risk and the second focussing on the role of unsystematic risk factors.
- **BMwiya (2022)** states that the study has demonstrated that dependability, fulfilment, efficiency, and responsiveness of the digital platforms to deliver on the promises made to customers must be prioritised in order to encourage more users to adopt internet banking services. However, this does not imply that improved security, privacy, and website features for user-friendliness and navigation should be neglected.
- **Valecha, Manish.(2021)**Banks play a critical and important role in the growth of an economy. A sound banking system mobilizes the community's small savings and makes them available for investment in profitable businesses. Banks mobilize deposits by providing enticing interest rates, converting savings into productive capital; otherwise, the money would have sat idle. Banks are vital sources of credit and financing for industry and commerce. Farmers are supported by commercial banks in obtaining credit for agricultural production. Banks also play an important role in improving people's living standards by providing them with consumer loans. But the sound financial condition of the banks is needed for all of this. A financially stable bank is an economic advantage, while a financially fragile bank is an economic liability.
- **HM (2021)** states that in previous studies, it was discovered that the expected impacts varied greatly across different user types, cultures, and systems. Fourth, a bigger sample might enable the proposed model tested to be more broadly applicable. In order to understand the relationship between the costs and advantages of successful internet banking, additional study is also necessary to continue analysing IS success in other contexts and nations.
- **NESAMALAR, J. A. (2021)**states that customer satisfaction has been used as the dependent variable, and five aspects from the factor analysis—including

responsiveness, convenience, trust, website efficiency, and security—have been taken into consideration as independent variables. When each factor is taken into account separately, the website's efficiency and trustworthiness are important for client satisfaction. Other factors, such as responsiveness, convenience, and security, are unimportant.

- **S Rahi (2020)** states that The main variables that affect user behaviour and their intentions to use internet banking are WD, CS, BI, and customer satisfaction. The IPMA data specifically showed that customer that banking industry, contentment is the most crucial criterion, followed by WD, in determining a user's inclination to utilise internet banking.
- **SC Vetrivel (2020)** states that According to the results of an exploratory factor analysis, five factors were eliminated, including responsiveness, convenience, trust, website efficiency, and security, which together accounted for 72.173 percent of the total variation. Customer satisfaction has been used as the dependent variable, and five aspects from the factor analysis—including responsiveness, convenience, trust, website efficiency, and security—have been taken into consideration as independent variables. When each factor is taken into account separately, the website's efficiency and trustworthiness are important for client satisfaction.
- **AP Perrera (2018**) states that the study's findings showed that IBS quality dimensions have a stronger impact on customer satisfaction. Customer happiness is more positively impacted by effectiveness, therefore customers are more satisfied when they can quickly and easily access the bank's website and find what they need there.
- **MKSidhu (2018)** states that internet banking has been extremely beneficial to the banking sector. It lets clients overcome the conventional geographic barriers. The banks have benefited from this shift from conventional to electronic means by increasing earnings. The sample banks' internet banking services contribute to improving the financial performance of the banks.
- **SFirdous (2017)** states that the study revealed that efficiency, privacy and website design are the major integral determinants of internet banking services quality. The empirical results show that there is a direct relationship between

internet banking service quality dimensions and customer satisfaction in the banking industry

- **SK Roy (2017)** states that the study demonstrates that while internal risk, or danger brought on by a lack of self-efficacy, lowers the perceived ease of use of internet banking, external risk, or risk brought on by external circumstances, lowers the consumers' favourable attitudes towards internet banking. A plausible argument is that customer acceptance of internet banking is influenced by their perceptions of how simple it will be for them to conduct their financial transaction utilising the service.
- **GWorku (2016)** states that e-banking has increased customer satisfaction compared to traditional banking, given customers better control over their accounts, and created opportunities for service expansion. However, banks have not conducted any empirical research or customer surveys to gauge how satisfied customers are with the technology. Customers' understanding of e-banking, the service's availability around-the-clock, and their improvement in account management are the most delicate factors that affect how satisfied they are with e-banking. To put it simply, e-banking has an impact on increasing customer happiness, lowering the wait time for bank services, and enhancing consumers' ability to manage their account activities.
- **LB Ismail (2015)** states that according to the report, internet banking is having a significant impact on how people interact with banks, and the conventional model of a personal contact with a high street bank that issues money and provides services for money withdrawal or transfer is being pushed to the side more and more. if internet because it is based on the idea that internet banking is better because it requires less time and money to conduct banking activities.
- **Akhisar (2015)** states that the findings indicate that almost all the banking services under consideration affect the profitability. However, the number of POS terminals and the number of customer using internet banking service are determined to effect profitability negatively. This situation can be interpreted as the sample had differences in electronic banking infrastructure and socio-cultural characteristics of customer behaviour in the countries.

- **E Rashidi (2015)** states that the findings also showed a substantial correlation between consumer happiness with online banking compared to traditional banking, customer understanding of internet banking, and the likelihood that customers will have direct access to and control over their bank accounts. It implies that a possibility of 24*7 access to bank accounts as well as the possibility of optimised control and monitoring on bank accounts have a substantial relationship with customer satisfaction.
- **SARaza (2015)** states that it is advised that management of online banks concentrate on making the design and content of the websites more aesthetically pleasing in order to grab the attention of both current clients and draw in new ones. So that customers may establish long-term relationships with the use of online banking, management must take effective steps to further enhance the security and safety of online bank accounts. To make consumers feel more comfortable, online banks must offer them more dependable services.
- **P Singh (2014)** states that internet banking needs to be simple to use and have top-notch customer service. System integration is the main issue in this situation. The problem is more related to technology than anything else. The Internet banking platforms of many banks are difficult to fully integrate with the rest of their business.
- **JNNjogu (2014)** states that electronic banking has helped the commercial banks to lower their cost of banking, through technology which has created greater opportunities to the banks to offer great flexibility to the customers, this has enabled commercial banks to be very fast in adopting electronic 38 banking which has enabled commercial bank to be ubiquity in coverage, flexibility, interactivity, and with greater accessibility compared to conventional banking channels.
- **R Hm (2014**) states that the sample included bankers and teaching professionals who already found computers and the internet to be user-friendly and did not perceive this to be the main influencing factor in the adoption of internet banking. In conclusion, all hypotheses have been proven, showing that awareness, need, perceived usefulness, perceived usability, and perceived reliability all positively influence the use of internet banking.

- **HAKhadir (2014**) states that gender, age and education level of users have significant impact on satisfaction level on responsiveness of ATM users. Age and marital status are among independent variables without significant impact on satisfaction of responsiveness of banks related to ATM problems.
- **DSDKarimzadeh (2014)** states that we can infer that the growth of e-banking increased the bank's profitability index. In other words, by increasing the quantity of ATMs, credit cards, point-of-sale systems, terminal branches, and other electronic services for customers, bank deposits have increased; customers now trust banks more, and as a result, profitability indices will rise as a result of the increased bank deposits.
- **MSMAriff (2013)** stated that The relationship between e-SQ, e-satisfaction, and e-loyalty in the context of internet banking was expanded by this study. The improvement of e-SQ will result in better e-satisfaction, as evidenced by the considerable effects of e-SQ dimensions on e-satisfaction. As most of the earlier studies addressed, this study recognised that e-satisfaction had a major positive impact on loyalty.
- **JChavan (2013)** states that it has strongly impacted the strategic business considerations for banks by significantly cutting down costs of delivery and transactions. It must be noted, however, that while e-banking provides many benefits to customers and banks, it also aggravates traditional banking risks. Compared to developed countries, developing countries face many impediments that affect the successful implementation of e-banking initiatives.
- **SHaq (2013)** states that the research depicted that users of internet banking are increasing as their income and education standard is improving number of users depending upon the education standard of internet banking users with income. Therefore it is the need of time financial literacy of the users should be increased. banking becomes more expensive and time-consuming. Customer satisfaction will decline
- **FBZavareh (2012**) states that the study had proven that the E-SERVQUAL construct may be used to assess e-SQ for online banking services, with certain modifications. ESERVQUAL's dimensions and items needed to be adjusted in order to assure the instrument's applicability in the online banking environment.

When measuring e-commerce success, additional factors like site personalization and aesthetics should be taken into account.

- **A Kesharwani (2012)** states that consumer trust and perceived risk may function as a barrier to online transactions, which financial institutions offering internet banking services and even web-retailers using online payments should be aware of. In reality, if online merchants can increase consumer confidence
- **RSafeena (2011)** states that the results of the study cannot be generalised due to the sample's limited size.The goal of this study was to investigate the variables affecting individuals' intentions to use IB services. As a result, more research into the uptake of IB services is still necessary. For the results to be more broadly generalised, this study must be replicated on a bigger scale with more IB clients and people from diverse country cultures.
- **M Dash (2011)** states that the study model was built on an expansion of the technological acceptance model that included social influence aspects. The findings give bank management helpful insight for creating suitable marketing strategies to satisfy consumer wants and further to retain and grow customer base.
- **P Malhotra (2010**) states that a wider range of services are available via the Internet for Internet banking, larger banks, and banks that have provided this service for a longer period of time. Large banks are planning to make more aggressive offers. Additionally, banks are offering a wide range of services online, which is compatible with a more inventive business strategy as they rely less on deposits for financing.
- **MS Khan (2009**) states that customers appear to be content with the dependability of the services offered by banks but are less so with the 'User friendliness' component. Regression analysis is used to create a seven-dimension model for assessing the overall service quality of i-banking.
- **PMalhotra(2009)** states that Internet banking significantly and negatively affects the profitability of private sector banks, especially newly established private sector banks. Therefore, the adoption of Internet banking was a factor in these banks' reduced profitability since Internet banks in the new private sector

had greater operational costs, including fixed costs and labour costs, which had a negative impact on these banks' profitability.

- ❖ **M Rod (2009)** stated that customers use internet banking services more frequently as they get used to them, and there are now initiatives being made to look into the service quality and consumer satisfaction of internet banking in a worldwide context.
- ❖ **SGrabner (2008)** states that the study's results revealed that their customers often have little faith in the internet as a platform for conducting their personal financial transactions. Dispositional trust is one of the ways that culture influences trust. However, culture can also impact how different trust characteristics are perceived and how much weight is placed on each level.
- ❖ **Pk Gupta(2008)** states that Indian private banks and foreign banks dominate Internet banking in India, which is still in its infancy. Internet banking is only used by a small subset of consumers. The banks must model the numerous hazards related to Internet banking utilising sophisticated systems and substantial use of technology. To simplify and address the challenges relating to Internet banking, the legal system as it currently stands has to be updated.
- ❖ **PMalhotra (2007)** stated that according to the findings, larger banks, institutions with younger staff members, and banks with sizable deposits are more likely to implement internet banking. On the other side, banks with lower market shares, lower branching levels, and higher fixed asset and real estate costs are also more likely to use Internet banking. In order to gain market share and reduce costs, banks have adopted Internet banking as a channel in addition to their current branch network.
- ❖ **YT Chang (2003)** states that the findings reported in this research give compelling evidence that individual traits, both in static and dynamic frameworks, have an impact on internet banking adoption behaviour. Demographics, exposure to risk, information-seeking activity, and general banking behaviour are examples of individual characteristics. Furthermore, while they are equally essential in duration models, demographics are less important than banking-specific behaviour in the adoption decision of a new

banking technology in the static model. and reduce perceived risk, it will have a favourable impact on their intents and behaviour.

- **B Suh (2002)** states that psychological intent to employ Online banking is strongly correlated with mind-set, perceived utility, and trust. These findings suggest that customers depend on trust in online settings that handle sensitive data.
- **MKKeskar (2002)** stated that Banks may target new geographical areas without making significant financial investments in physical assets thanks to online banking, which helps them get around the practical challenges of opening branches in far-flung locations. Increased customer satisfaction among internet banking customers can be attained by effective website design, personalization, dependability, and quicker and more precise task fulfilment.
- **RNath (2001**) states that the study also shown that many traditional banks do not see e-banking as a threat. In order to provide services that cannot be provided on the web alone, the majority of e-banks are actually striving to build alliances and partnerships with banks, financial institutions, and other companies with physical presences
- **M Tan (2000)** states that since equivalent services are provided without charge in the physical world, the Internet bank shouldn't be collecting any fees for them. However, some transactions will still need administrative fees, such cheque cancellations and wire transfers. Since maintaining Internet banking services is inexpensive, online banks should search for ways to reduce fees and pass along cost savings to customers. Promoting efforts should include highlighting the cheaper fees for online transactions as one of the primary advantages

### 3.1 BRIEF HISTORY OF THE INDUSTRY

The history of the banking industry dates back to ancient times, when money lending and borrowing first emerged as a form of trade. In ancient civilizations such as Mesopotamia and ancient Egypt, temples played a crucial role in facilitating financial transactions. These temples acted as early banks, storing valuable goods and lending money to individuals and businesses. This early form of banking laid the foundation for the modern banking system we have today. As civilization progressed, so did the banking industry. In ancient Greece and Rome, private individuals started to engage in banking activities. They would accept deposits, make loans, and even issue letters of credit. However, it was during the Middle Ages that banking truly began to flourish. This period saw the emergence of merchant bankers, who specialized in financing international trade. They developed networks of agents across different cities, enabling them to transfer funds and provide credit to merchants.

The banking industry is an integral part of the global financial system, providing a wide range of financial services to individuals, businesses, and governments. It plays a crucial role in facilitating economic activities by channelling funds from savers to borrowers and managing risks associated with financial transactions. Banks are financial institutions that accept deposits from individuals and businesses and use these funds to provide loans and other financial services. They also offer a range of products such as checking accounts, saving accounts, credit cards, mortgages, and investment services. The banking industry has evolved significantly over the years, adapting to changes in technology, regulatory frameworks, and customer expectations. With the advent of digital banking, customers can now access a wide range of banking services through mobile apps and online platforms. This has made banking more convenient and accessible, enabling customers to perform transactions anytime and anywhere. Furthermore, advances in technology have also led to the development of innovative financial products and services such as mobile payments, peer-to-peer lending, and robo advisor.

The banking industry is highly regulated to ensure the stability and integrity of the financial system. Governments and regulatory bodies set rules and guidelines that banks must adhere to in order to maintain financial stability, protect consumers, and prevent money laundering and fraud. These regulations include capital requirements, liquidity standards, risk management frameworks, and customer protection measures. Compliance with these regulations is essential for banks to maintain their operating licenses and safeguard their reputation.

The banking industry is also characterized by intense competition. Banks compete for customers by offering attractive interest rates, low fees, innovative products, and superior customer service. This competition has led to a constant drive for efficiency and innovation within the industry. Banks are investing heavily in technology to streamline their operations, improve customer experience, and enhance cyber security measures. Furthermore, partnerships between banks and fin-tech companies have become increasingly common as both parties seek to leverage each other's strengths to deliver better financial services.

In recent years, the banking industry has faced numerous challenges and disruptions. The global financial crisis of 2008 highlighted the importance of effective risk management practices and led to increased regulatory scrutiny. Additionally, the emergence of fin-tech companies has disrupted traditional banking models by offering alternative financial solutions that are often more cost-effective and user-friendly. Banks are now facing the challenge of adapting to this changing landscape by embracing digital transformation, investing in new technologies, and fostering a culture of innovation.

In conclusion, the banking industry is a critical component of the global financial system that provides essential services to individuals, businesses, and governments. It has undergone significant changes in recent years due to technological advancements and regulatory developments. Despite challenges and disruptions, banks continue to play a vital role in driving economic growth by facilitating financial transactions, managing risks, and supporting the needs of their customers.

## 3.2 INDUSTRIAL PERFORMANCE-GLOBAL, NATIONAL & REGIONAL

The banking industry plays a crucial role in driving economic growth and development at various levels, including the global, national, and regional levels. At the global level, the performance of the banking industry is closely monitored as it has a significant impact on the stability of the international financial system.

### GLOBAL LEVEL

The global banking industry encompasses large multinational banks that operate in multiple countries, facilitating cross-border transactions and financing international trade. The performance of these global banks is assessed based on various factors such as profitability, asset quality, liquidity, and capital adequacy. Their ability to withstand economic shocks and maintain stability is crucial in ensuring the smooth functioning of the global financial system.

### NATIONAL LEVEL

At the national level, the performance of the banking industry is a key indicator of the overall health of the economy. Banks are the primary institutions responsible for intermediating between savers and borrowers, mobilizing savings, and allocating credit to productive sectors. A well-performing banking sector can support economic growth by efficiently allocating capital, promoting investment, and facilitating business activities. On the other hand, a weak or underperforming banking sector can hinder economic growth by limiting access to credit, increasing borrowing costs, and reducing investor confidence. Therefore, monitoring and evaluating the performance of national banks is essential for policymakers to make informed decisions and implement appropriate measures to ensure financial stability and sustainable economic growth.

### REGIONAL LEVEL

At the regional level, the performance of the banking industry can vary significantly due to differences in economic conditions, regulatory frameworks, and market structures. Regional banks often serve as key financial intermediaries within their respective regions, catering to the specific needs of local businesses and consumers.

Their performance is closely linked to the regional economic dynamics and can be influenced by factors such as regional integration initiatives, infrastructure development, and sectoral specialization. For example, in regions with a strong focus on agriculture or manufacturing, banks may have specific lending strategies tailored to support these sectors. Monitoring regional banking performance helps identify potential risks and opportunities specific to a particular region, enabling policymakers to implement targeted measures to address challenges or promote regional development

Overall, assessing the performance of the banking industry at various levels is crucial for understanding its contribution to global financial stability, national economic growth, and regional development. It helps policymakers identify areas of improvement, address vulnerabilities, and implement appropriate regulatory frameworks to ensure a sound and resilient banking system. Moreover, monitoring banking performance allows stakeholders to make informed investment decisions and assess risks associated with financial institutions. As financial markets become increasingly interconnected, understanding the performance of the banking industry across different levels becomes even more important to mitigate systemic risks and promote sustainable economic development.

## 3.3 PROSPECTS & CHALLENGES IN THE INDUSTRY

### PROSPECTS

The economy of any country heavily relies on the banking industry, which acts as the foundation for financial transactions and offers a variety of services to individuals, businesses, and governments. Like any other sector, the banking industry presents both opportunities and obstacles. A significant opportunity in this industry is the potential for growth and expansion. Due to the growing demand for financial services, banks can attract new customers and introduce innovative products and solutions, leading to increased profitability and market share. Moreover, the emergence of digital banking has created new avenues for growth, enabling banks to reach a broader customer base and provide convenient and efficient services.

**CHALLENGES**

Despite the promising prospects, the banking industry also encounters various challenges. One of the primary challenges is the escalating competition from non-traditional players like fin-tech companies. These companies utilize technology to offer financial services that are often quicker, more cost-effective, and more convenient than traditional banks. To remain competitive, banks must adapt to this evolving landscape by investing in technology, enhancing their digital offerings, and improving customer experience.

Another significant challenge faced by the banking industry is cyber security. With the increasing prevalence of cyber threats, banks must ensure that their systems are secure and safeguarded against unauthorized access, data breaches, and fraud. This necessitates substantial investments in cyber security infrastructure, as well as continuous monitoring and risk management.

The banking industry encounters a significant obstacle in the form of the regulatory environment. Banks must adhere to strict regulations that aim to uphold financial stability, protect customers, and prevent financial crimes such as money laundering. While these regulations are essential for maintaining the integrity of the financial system, they also impose substantial compliance costs on banks. Furthermore, regulatory requirements can change rapidly, necessitating constant adaptation of processes and systems to ensure compliance. This can be a time-consuming and expensive endeavour for banks.

In conclusion, while the banking industry offers numerous opportunities for growth and expansion, it also confronts various challenges. These challenges include competition from non-traditional players, cyber security threats, regulatory compliance, and economic conditions. To thrive in this dynamic environment, banks must embrace technological advancements, invest in cyber security measures, stay updated on regulatory changes, and implement effective risk management strategies. By doing so, they can position themselves for success in an ever-evolving industry.

## 4.1 BRIEF HISTORY OF THE ORGANIZATION

HDFC Bank Limited, commonly known as HDFC, is a prominent Indian multinational banking and financial services company headquartered in Mumbai. It is recognized as India's largest private sector bank in terms of assets and the world's fifth-largest bank in terms of market capitalization as of August 2023, following its acquisition of its parent company HDFC. The Reserve Bank of India (RBI) has designated HDFC Bank, along with State Bank of India and ICICI Bank, as Domestic Systemically Important Banks (D-SIBs), which means they are considered "too big to fail. "HDFC Bank was established in August 1994 after receiving an 'in principle' approval from the RBI, which allowed HDFC to establish a private sector bank as part of the liberalization of the Indian banking industry. It officially commenced operations in January 1995. With a market capitalization of $140 billion as of January 2024, HDFC Bank ranks as the third-largest company on Indian stock exchanges. It is also the sixteenth largest employer in India, with nearly 1.73 lakh employees.

Originally a subsidiary of the Housing Development Finance Corporation, HDFC Bank's registered office is located in Mumbai, Maharashtra, India. Its first corporate office and full-service branch were inaugurated at Sandoz House, Worli, by the then Union Finance Minister, Manmohan Singh. As of June 1, 2023, HDFC Bank has an extensive distribution network comprising 8,344 branches and 19,727 ATMs across 3,811 cities. It has also deployed 430,000 POS terminals and issued 23.5 million debit cards and 12 million credit cards in FY 2017. The bank currently employs a workforce of 1,77,000 permanent employees as of June 1, 2023.

## CURRENT BOARD OF DIRECTORS

**MR. ATANU CHAKRABORTY**

(CHAIRMAN)

↓

**MR. KEKI M. MISTRY**

(NON-EXECUTIVE DIRECTOR)

↓

**MR. UMESH CHANDRA SARANGI**

(INDEPENDENT DIRECTOR)

↓

**MR. MD RANGANATH**

(INDEPENDENT DIRECTOR)

↓

**MR. SANDEEP PAREKH**

(INDEPENDENT DIRECTOR)

↓

**DR. (MRS.) SUNITA MAHESHWARI**

(INDEPENDENT DIRECTOR)

↓

**MRS. LILY VADERA**

(INDEPENDENT DIRECTOR)

↓

**MRS. RENU SUD KARNAD**

(NON-EXECUTIVE DIRECTOR)

↓

**DR. (MR.) HARSH KUMAR BHANWALA**

(INDEPENDENT DIRECTOR)

↓

**MR. SASHIDHAR JAGDISHAN**

(MD AND CEO)

↓

**MR. KAIZAD M BHARUCHA**

(DEPUTY MANAGING DIRECTOR)

## 4.3 MISSION, VISION AND VALUES AND QUALITY POLICY FOLLOWED

### MISSION

HDFC Bank's mission is to be a world class Indian bank.
We have a two-fold objective: first, to be the preferred provider of banking services for target retail and wholesale customer segments. The second objective is to achieve healthy growth in profitability, consistent with the bank's risk appetite.

### VISION

The bank is committed to maintaining the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. HDFC Bank's business philosophy is based on five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability.

## 4.4 BUSINESS PROCESS OF THE ORGANIZATION –PRODUCT PROFILE

Products & Services: personal loans | two-wheeler loans | loans against property | durable consumer loan | retail banking | auto loans | wholesale banking | treasury | lifestyle loan | credit cards Bourn vita.

## 4.5 SWOT ANALYSIS OF HDFC BANK

### STRENGTHS

- **Comprehensive network of branches:** HDFC Bank stands out as India's second-largest financial institution in private banking. The bank has up to 6,342 branches and 18,130 ATMs. That empowers the bank to reach a wider population, which in turn has a positive impact on its annual revenue.
- **Significant player in the banking sector:** HDFC Bank ranks as the number one private sector bank by assets in India and the 16th largest bank by market capitalization. HDFC trades on the Indian stock exchanges at a market capitalization of 9.04 trillion Rupees.
- **Strong presence in retail banking:** The bank performs exceptionally well

in retail banking. It provides customized services to individual consumers who get better ways of managing their money, accessing credit, and securely depositing money. Some of the services available in the retail banking segment include credit cards, personal loans, mortgages, certificates of deposit, and savings accounts.

- **SME finance services:** HDFC Bank provides financial solutions to small and medium businesses all over India. The SME services available include credit cards, working capital, trade services, cards, loans, accounts, and payments and collections.
- **High customer satisfaction rating:** The bank has enjoyed significantly higher customer ratings compared to other private banks. Generally, the bank has positive reviews for good services and outstanding customer support and does well for both current and savings accounts. HDFC's net promoter score, a customer satisfaction metric, has improved by 22% from last year.
- **awards that create customer confidence:** HDFC Bank has received several awards and recognition that work in its favour regarding getting customer confidence. For instance, the bank has been awarded the 'Best Bank' title from key financial rating institutions like Financial Express, Finance Asia Country Awards, Euro money Awards for Excellence, and Dun and Bradstreet.
- **High employee retention rate:** HDFC Bank has a large employee database due to the company's size. Despite that, the bank enjoys a high employee retention rate. That means they save time on recruitment processes but instead can plan on company growth. The ability to keep employees for a long time also sends a strong message to customers as they note that the bank has significant stability.

**WEAKNESSES**

- **Lack of strong rural presence:** HDFC Bank has yet to create a strong presence in the rural area, contrary to what its main competitor ICICI has been doing. This lack of rural dominance means the company loses important businesses that would have further bolstered its revenue.

Currently, the bank has 1,147 branches in rural areas, compared with 1,312 in urban areas and 1,843 in metropolitans.

- **Underperforms in some sectors:** Even though the bank has made efforts to penetrate various segments, that does not mean it is doing well in all. The bank's shares on stock exchanges are underperforming, reporting lower than expected earnings in the quarter ending March 2022.The disappointment in earnings and subsequent target price cuts have led to the stock underperforming its competitors consecutively for several months.
- **Restrained marketing approach:** HDFC Bank does not advertise as aggressively as ICICI. The lack of effective marketing strategies has not anchored well with the bank's intention to expand its market growth. Additionally, it has made most customers label it as a bank of high-end clients. Investors' uncertainty Investors have remained uncertain about their investment in HDFC Bank for a while because the bank's share prices keep fluctuating.
- **Stiff competition from public and private banks:** HDFC Bank has to put up with spirited competition from other banks with more aggressive marketing strategies.
- **Weak international presence:** HDFC mainly operates its businesses in India, with overseas branches in Hong Kong, Kenya, and Abu Dhabi. Only 0.55% of total revenue is contributed by overseas branches. The dependency on its domestic business makes the bank vulnerable to the economic situation in India.

**OPPORTUNITIES**

- **Leverage growing corporate banking:** HDFC Bank can expand its business by taking advantage of the growing corporate banking sector. According to India Ratings & Research, banking credit is expected to have double-digit growth in the next few years. Small, medium, and large businesses are expanding at a rapid rate. The bank can use its positive reputation in corporate banking to attract these customers.

- **Venture into foreign markets:** HDFC Bank can start looking beyond its borders. It is something that they can do easily, considering the bank's strong financial backing.
- **Debt settlement process:** HDFC Bank has gradually improved its bad debt portfolio compared to most government banks. Putting in place efficient debt settlement processes can further work to its advantage.
- **Asset availability for growth:** HDFC Bank has the required resources for it to grow. Its good asset quality puts it above government banks in terms of growth potential.
- **Digital opportunities:** HDFC has been actively integrating technology into its operations. The company has engaged in digital transformation, which is under three pillars named Digital Factory, Enterprise Factory, and Enterprise IT. The bank is future-ready to harvest any new opportunities related to digital banking.

**THREATS**

- **New-age banking:** We are in an era of banking where things have changed from how they used to be done traditionally. Aspects like online crypto currency and online stock trading present significant threats to HDFC Bank if it does not adapt to the new environment.
- **Restricted growth:** HDFC Bank has had a rough time trying to increase its market share due to the spirited marketing that ICICI has conducted.
- **Increasing competition:** Government banks have started becoming more flexible, which makes them more competitive with private banks like HDFC Bank.
- **Data securities:** As more and more client data and software systems are stored in the cloud, cybercriminals could utilize this vulnerability to organize cyber-attacks. Cyber security has become an important issue in banking. HDFC will need to ensure the safety of its IT infrastructures to avoid harmful breaches.

## 5.1 STATEMENT OF PROBLEM

This study is titled "**A Study On The Evaluation Of Bank Lending And Credit Management With Reference To HDFC Bank** ". This study was carried out at HDFC BANK. The study aims to analyzing the evaluation of bank lending and credit management facilities and also to analyze customers approach towards the bank lending and credit facilities**.**

## 5.2 RESEARCH DESIGN

Research is the pursuit of information. It seeks to ascertain the reality. It is a vital and effective tool for guiding males toward advancement. It adds something new to the body of existing information. The scientific approach is used in the quest to find answers to questions. It is the pursuit of knowledge using a methodical, objective approach to issue solving. Research is therefore the systematic, in-depth study or search of any topic, issue, or field of inquiry supported by the gathering, computation, presentation, and interpretation of pertinent data.

The type of research design used in this study is. Quantitative and qualitative research design refers to Qualitative research uses techniques including structured and unstructured interviews, focus groups, and participant observation to not only help generate hypotheses which can be more rigorously tested with quantitative research but also to help researchers delve deeper into the quantitative research numbers, ...

## 5.3 SAMPLE DESIGN

A sample of a community is a limited subset chosen with the intention of learning more about its characteristics. A sample is an accurate representation of the community. Convenience sampling was the sampling technique used in this research.

Simple Random Sampling method is used to select the sample. It is a sample selected from a population in such a way that every member of the population has an equal chance of being selected and selection of any individual does not influence the selection of any other.

### 5.3.1 POPULATION

A population refers to the entire group of individuals, objects, events, or other elements that have a characteristics or attribute of interest. The population is the target of study, and the goal of research is to make inferences about the population based on a sample

- Here the population of study is the customers of the bank

### 5.3.2 SAMPLING TECHNIQUE

Sampling techniques refer to the methods used to select a sample from a population. The choice of a sampling technique depends on the research question, the type of data being collected, the size of population, and the resources available for conducting the research.

- The sampling method used for the study is random sampling and convenience sampling

### 5.3.3 SAMPLE SIZE

The size of the sample refers to the number of sampling units that were chosen from the community. There shouldn't be an excessively small or large sample number.

- **50** people made up the study's sample population.

### 5.3.4 DATA COLLECTION DESIGN

Data collection design refers to the process of planning and implementing methods for gathering data for a particular research study or project. The design process involves defining the research question or problem, determining the type of data needed to answer the question, selecting the most appropriate data collection methods, and planning how the data will be collected, stored, and analysed .Close-ended questions ask respondents to choose from a predefined set of responses, typically one-word answers such as “yes/no”, “true/false”, or a set of multiple-choice questions. Liker scale is a type of questions that uses a 5 or 7-point scale, sometimes referred to as a satisfaction scale that ranges from one extreme attitude to another. The 5-point Liker scale is a global scale that is used to assess attitudes and views. It is a scale with 5 answer options which has two utmost poles and a neutral option linked with intermediate answer options. For example, agree, fully agree, neither agree nor disagree, disagree, and fully disagree. A self-prepared questionnaire was prepared to collect data. The questions were closed ended questions and 5-point Liker scale with 5 answer options (Highly Satisfied, Satisfied, Neutral, Dissatisfied, and Highly Dissatisfied).

## 5.4 DATA SOURCES

**PRIMARY DATA**

Primary data is information that the researcher attempts to gather himself from the sources accessible for his specific purpose. Primary data are thus those that were initially gathered by the detective himself, making the data unique in nature.

- Data collected using questionnaire is the primary data of this study

**SECONDARY DATA**

Secondary data are those that have been gathered and released by another party for their own purposes. A person is said to use auxiliary data if they use information that has already been compiled by someone else.

- Data from Bank website and other data which is taken from the bank are the secondary data used for the study

### 5.4.1 DATA COLLECTION TOOL

- Surveys: Surveys can be conducted online, via email, or in person, and are used to gather Information from many people.
- Data collection tool used for research is questionnaire.
- Surveys: Surveys are a common data collection tool used to gather information on Marketing strategy. They can be administered online, by mail, or in person and can be designed to collect both quantitative and qualitative data. • Interviews: Interviews can be conducted in person or

over the phone, and can be used to collect detailed information on patient satisfaction. A self-prepared questionnaire was prepared to collect data. The questions were closed ended questions and 5-point Likert scale with 5 answer options (Highly Satisfied, Satisfied, Neutral, Dissatisfied, and Highly Dissatisfied).

### 5.4.2 DATA ANALYSIS TOOLS

- **Percentage Analysis**

After the data collection it is analyze through percentage method. Coding was done and master chart is drawn.

The various tools to analyze for this study are: Percentage analysis is applied to create a contingency table from the frequency distribution and represent the collected data for a better understanding.

**Percentage analysis = no of respondents * 100**

Total Sample

Pie Diagram

It is a statistical graphic which is divided into slices to illustrate numerical proportion

## 6.1 AGE

**Table showing the age a distribution of the customers**

| Options | Number of respondents | Percentage |
|---|---|---|
| 18 to 20 | 5 | 14% |
| 20 to 30 | 20 | 40% |
| 30 to 40 | 18 | 36% |
| 40 to 50 | 7 | 10% |
| TOTAL | 50 | 100% |

**TABLE 6.1**

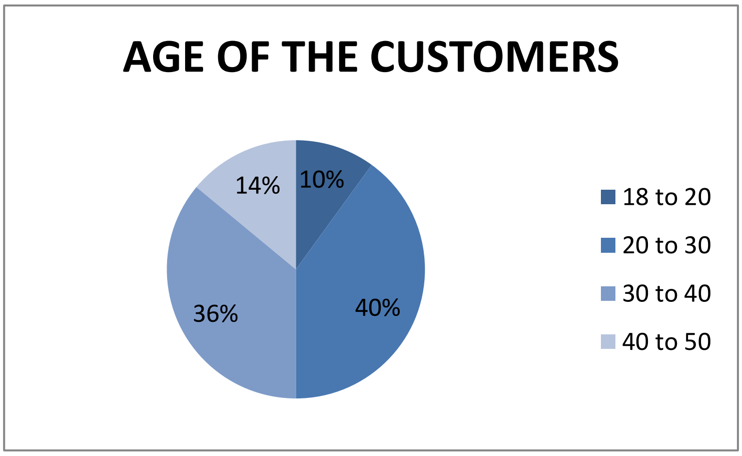


**FIGURE 6.1**
**Figure showing the age of the customers**

## INTERPRETATION

**According to the above data 40% of customers are in the age group between 20to30 and 36% of customers are in the age group between 30 to40**

## 6.2 GENDER

**Table showing the gender distribution of the customers**

| Options | Number of respondents | Percentage |
|---|---|---|
| Male | 36 | 90% |
| Female | 4 | 10% |
| TOTAL | 50 | 100% |

**TABLE 6.2**

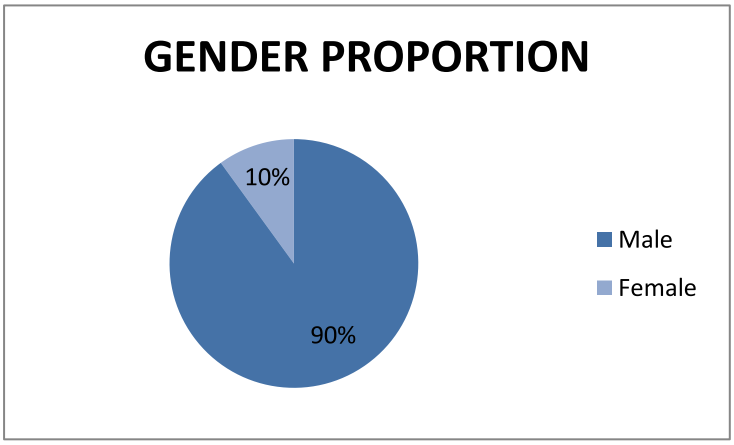


**FIGURE 6.2**
**Figure showing the gender proportion of the customers**

## INTERPRETATION

**According to the above data 90% of respondents are male and 10% are female**

## 6.3 OCCUPATION

**Table showing the occupation status of the customers**

| Options | Number of respondents | Percentage |
|---|---|---|
| Self employed | 9 | 18% |
| Government job | 17 | 34% |
| Private job | 24 | 48% |
| TOTAL | 50 | 100% |

**TABLE 6.3**

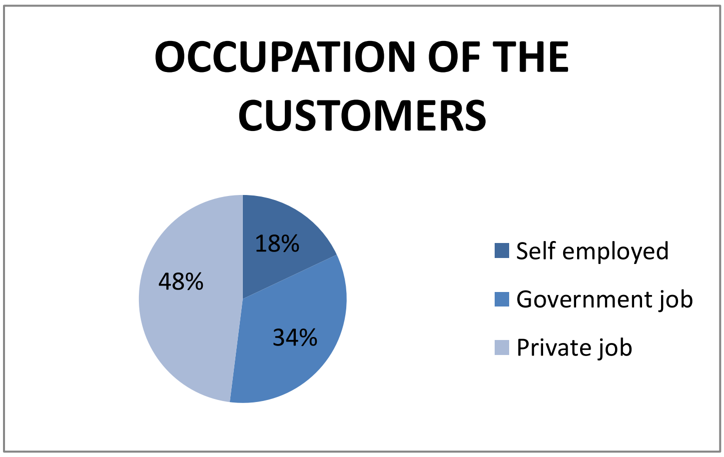


**FIGURE 6.3**
**Figure showing the occupation of the customers**

## INTERPRETATION

**According to the above data 48% of customers are private employees, 18% of customers are self-employed, 34 % of customers are government employee in this survey through this we analysed that private employees are taking more loan compare to others**

## 6.4 EDUCATIONAL STATUS

**Table showing educational level of the customers**

| Options | Number of respondents | Percentage |
|---|---|---|
| School education | 3 | 6% |
| Ug | 34 | 68% |
| Pg | 13 | 26% |
| TOTAL | 50 | 100% |

**TABLE 6.4**

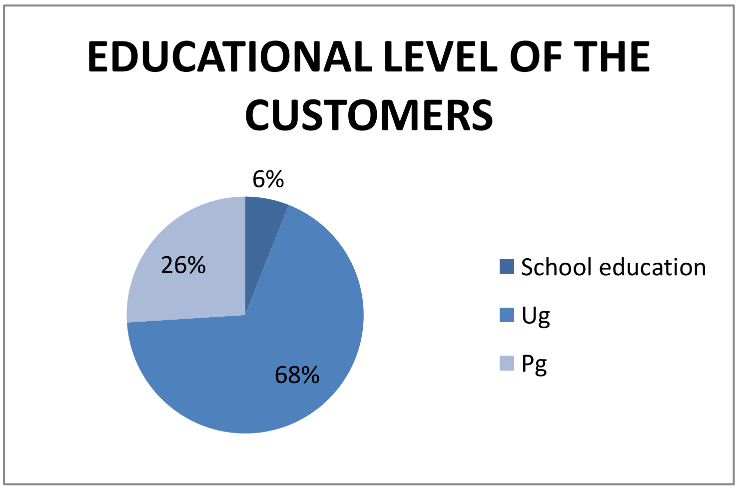


**FIGURE 6.4**
**Figure showing the educational level of the customers**

## INTERPRETATION

**According to the above data 68% of respondents complete ug education ,26% completed pg education,6% completed school education**

## 6.5 ARE YOU FAMILIAR WITH HDFC BANK

**Table showing weather the customer is familiar with HDFC bank or not**

| Options | Number of respondents | Percentage |
|---|---|---|
| yes | 50 | 100% |
| No | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.5**

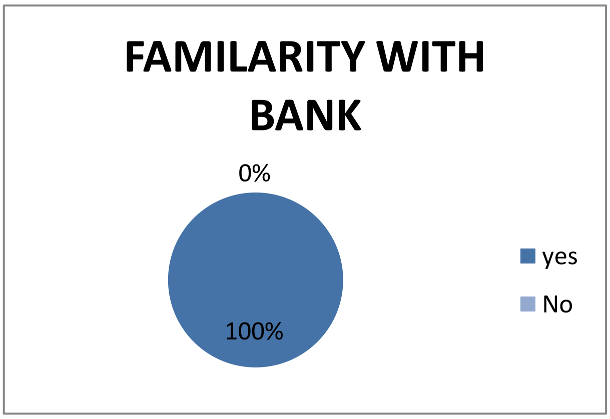


**FIGURE 6.5**
**Figure showing the customers familiarity with the bank**

## INTERPRETATION

**According to the above data 100% of respondents are familiar with the HDFC bank.**

## 6.6 WOULD YOU RATE YOUR PERCEPTION OF HDFC BANK'S REPUTATION IN TERMS OF LENDING AND CREDIT MANAGEMENT

**Table showing the rating given by the bank on HDFC bank's reputation in terms of lending and credit management.**

| Options | Number of respondents | Percentage |
|---|---|---|
| Excellent | 13 | 26% |
| Good | 34 | 68% |
| Average | 3 | 6% |
| Poor | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.6**

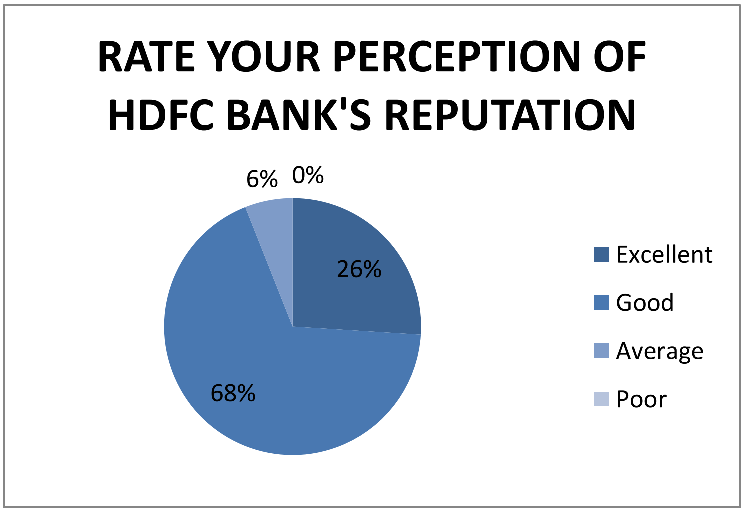


**FIGURE 6.6**
**Figure showing the rate of perception of the customers**

## INTERPRETATION

**According to the above data 68% of respondents rated good on their perception of HDFC Bank's reputation in terms of lending and credit management**

## 6.7 HAVE YOU EVER AVAILED A LOAN OR CREDIT FACILITY FROM HDFC BANK

**Table showing weather the customer availed loan or credit facilitys from the bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| Yes | 50 | 100% |
| No | 0 | 0 |
| TOTAL | 50 | 100% |

**TABLE 6.7**

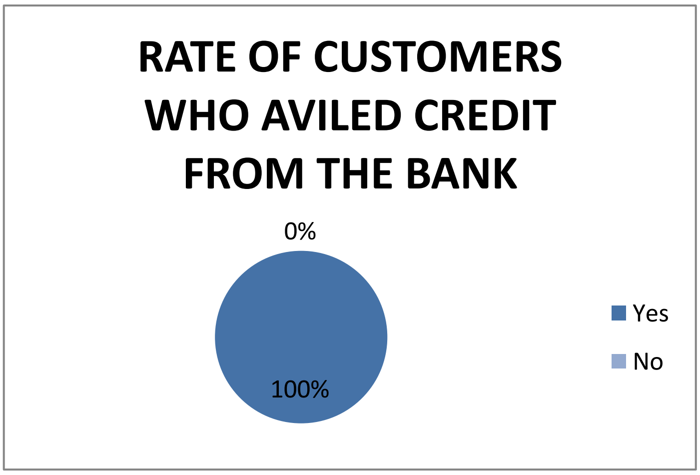


**FIGURE 6.7**
**Figure showing the rate of customers who availed credit from the bank**

## INTERPRETATION

**According to the above data 100 % of respondents availed a loan or credit facility from HDFC Bank.**

## 6.8 PLEASE SPECIFY THE TYPE OF LOAN OR CREDIT FACILITY YOU HAVE AVAILED

**Table showing the type of loan which is availed by the customers from the bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| personal loan | 12 | 24% |
| home loan | 13 | 26% |
| credit card | 25 | 50% |
| TOTAL | 50 | 100% |

**TABLE 6.8**

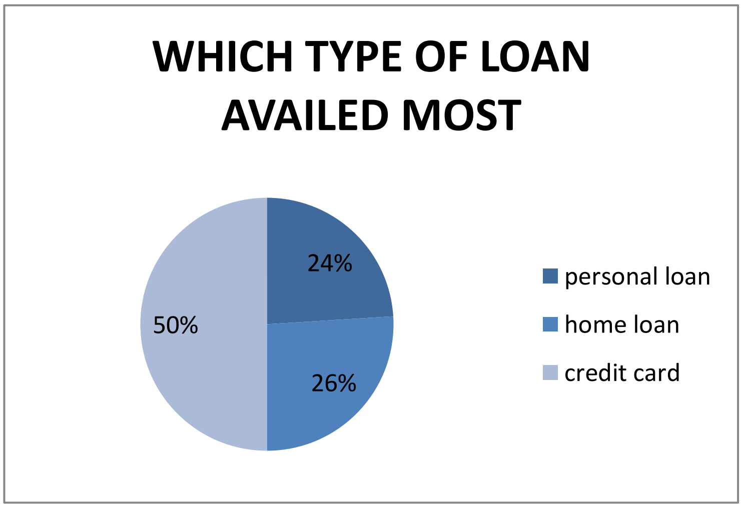


**FIGURE 6.8**
**Figure showing which type of loan availed most.**

## INTERPRETATION

**According to the above data 50% of respondents are availed credit card loan compared to other loans**

## 6.9 HOW SATISFIED WERE YOU WITH THE LENDING PROCESS AND CREDIT MANAGEMENT PRACTICES OF HDFC BANK

**Table showing the rating given by the customers on the lending process of HDFC bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| Very satisfied | 11 | 22% |
| Satisfied | 34 | 68% |
| Neutral | 5 | 10% |
| Dissatisfied | 0 | 0% |
| Very dissatisfied | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.9**

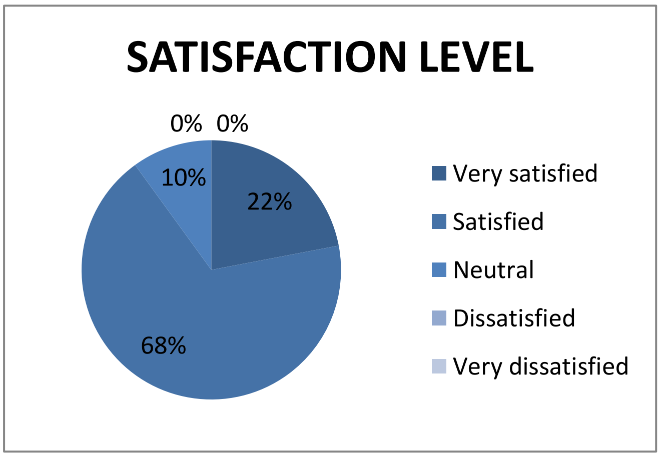


**FIGURE 6.9**
**Figure showing the satisfaction level of the customers**

## INTERPRETATION

**According to the above data 68% of respondents are satisfied with the lending process and credit management practices of HDFC Bank it shows that how the bank treat their customers at the time of taking loan**

## 6.10 HOW DO YOU PERCEIVE HDFC BANK'S APPROACH TO ASSESSING CREDITWORTHINESS BEFORE GRANTING LOANS

**Table showing the preciseness of HDFC bank in assessing credit worthiness**

| Options | Number of respondents | Percentage |
|---|---|---|
| Stringent | 15 | 30% |
| Moderate | 33 | 66% |
| Lenient | 2 | 4% |
| TOTAL | 50 | 100% |

**TABLE 6.10**

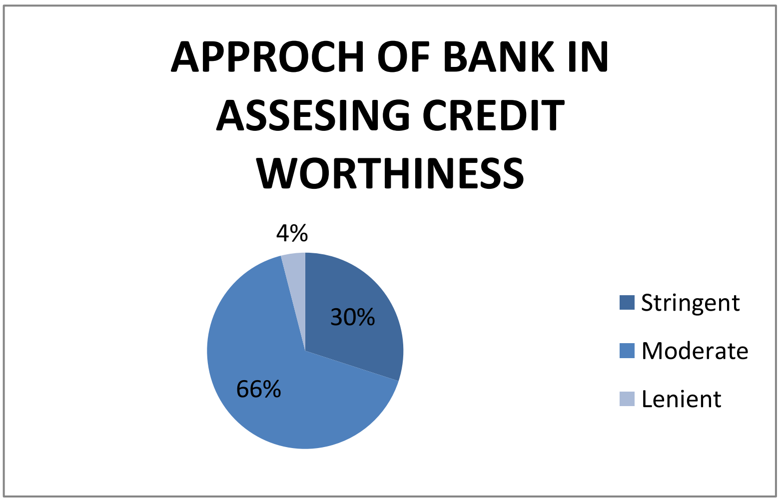


**FIGURE 6.10**

**Figure showing the approach of bank in assessing credit worthiness before granting loan**

## INTERPRETATION

**According to the above data 66 % of respondents stated that there is moderate mode of HDFC Bank's approach to assessing creditworthiness before granting loans**

## 6.11 DO YOU BELIEVE HDFC BANK ADEQUATELY INFORMS CUSTOMERS ABOUT THE TERMS AND CONDITIONS OF LOANS AND CREDIT FACILITIES

**Table showing weather the HDFC bank adequately inform their customers about terms and conditions before taking loan**

| Options | Number of respondents | Percentage |
|---|---|---|
| Yes | 50 | 100% |
| No | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.11**

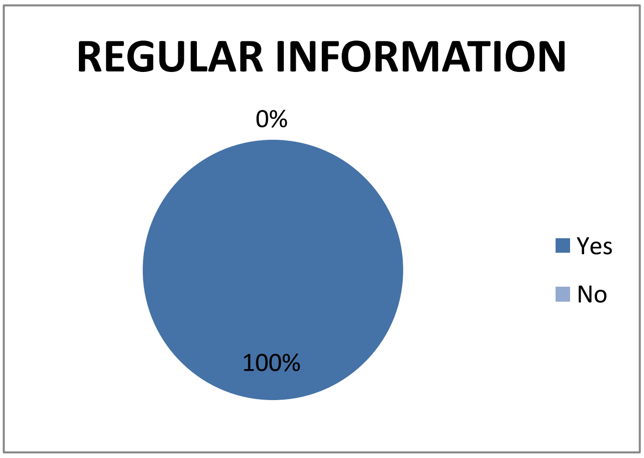


**FIGURE 6.11**

**Figure showing weather the HDFC Bank adequately informs customers about the terms and conditions of loans and credit facilities**

## INTERPRETATION

**According to the above data 100% of respondents stated that HDFC bank provides regular information regarding the terms and conditions about the loan**

## 6.12 HOW TRANSPARENT DO YOU THINK HDFC BANK IS IN DISCLOSING FEES, CHARGES, AND INTEREST RATES ASSOCIATED WITH LOANS AND CREDIT PRODUCTS

**Table showing the transparency level of customer in dealing with customers**

| Options | Number of respondents | Percentage |
|---|---|---|
| Very transparent | 14 | 28% |
| Somewhat transparent | 36 | 72% |
| Not transparent | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.12**

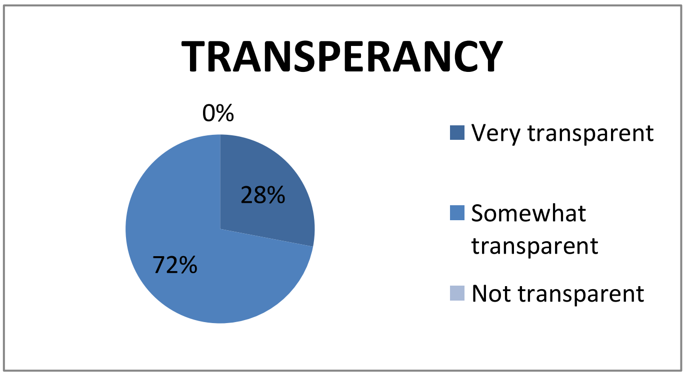


**FIGURE 6.12**
**Figure showing the level of transparency of HDFC Bank**

## INTERPRETATION

**According to the above data 72% of respondents stated that HDFC bank is somewhat transparent in disclosing fees, charges, and interest rates associated with loans and credit products**

## 6.13 FROM YOUR PERSPECTIVE, HOW EFFECTIVE DO YOU THINK HDFC BANK IS IN MANAGING CREDIT RISKS ASSOCIATED WITH ITS LENDING ACTIVITIES

**Table showing the effectiveness of HDFC bank in managing risk**

| Options | Number of respondents | Percentage |
|---|---|---|
| Highly effective | 12 | 24% |
| Moderately effective | 38 | 76% |
| Ineffective | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.13**

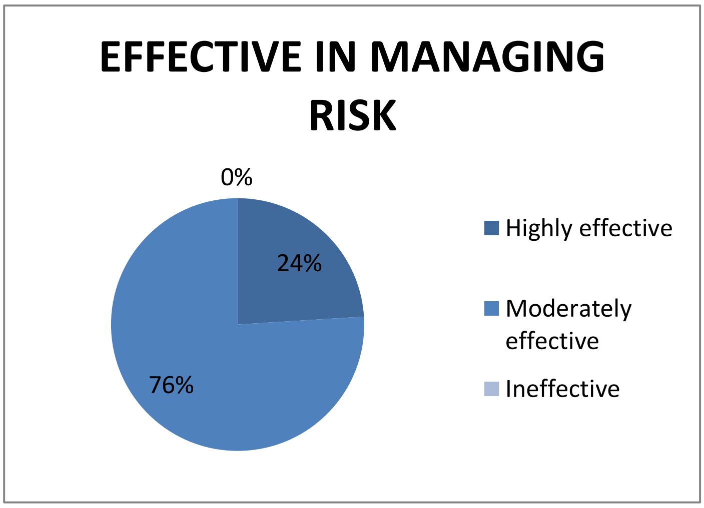


**FIGURE 6.13**
**Figure showing how effective HDFC Bank is in managing credit risks associated with its lending activities**

## INTERPRETATION

**According to the above data 76 % of respondents stated that HDFC bank is moderately effective in managing credit risk**

### 6.14 TO WHAT EXTENT DO YOU BELIEVE HDFC BANK LEVERAGES TECHNOLOGY AND INNOVATION IN STREAMLINING ITS LENDING PROCESSES AND CREDIT MANAGEMENT?

**Table showing the belief of the customers in HDFC banks technology and innovation in streamlining its lending processes and credit management**

| Options | Number of respondents | Percentage |
|---|---|---|
| Excellent | 10 | 24% |
| Good | 28 | 56% |
| Fair | 12 | 24% |
| Poor | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.14**

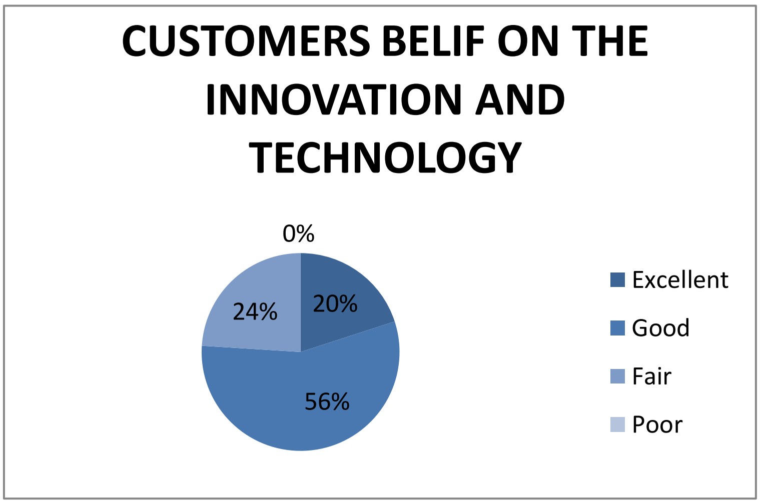


**FIGURE 6.14**

**Figure showing belief of customers on technology and innovation in streamline lending processes and credit management**

### INTERPRETATION

**According to the above data 56% of respondents voted good for HDFC Bank leverages technology and innovation in streamlining its lending processes and credit management**

## 6.15 HOW WOULD YOU RATE HDFC BANK'S ASSET QUALITY AND LOAN PORTFOLIO DIVERSIFICATION IN MINIMIZING RISKS?

**Table showing the quality of asset a management of HDFC bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| Extensively | 13 | 26% |
| Moderately | 36 | 72% |
| Minimally | 1 | 2% |
| Not at all | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.15**

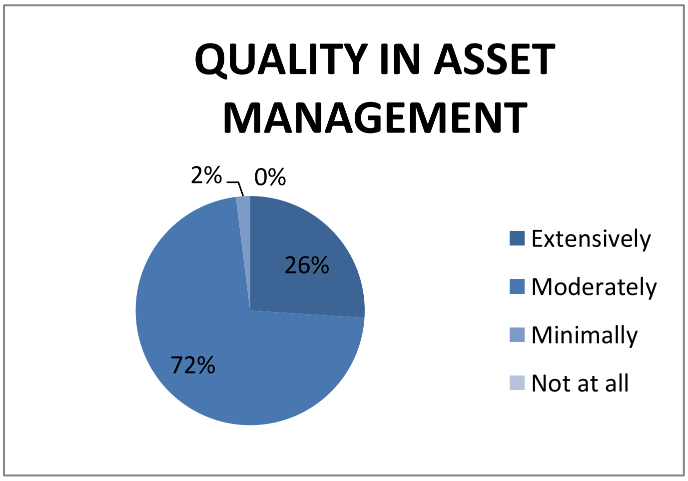


**FIGURE 6.15**
**Figure showing HDFC Bank's quality in asset management**

## INTERPRETATION

**According to the above data 72% of respondents rated moderately for HDFC Bank's asset quality and loan portfolio diversification in minimizing risks**

## 6.16 DO YOU PERCEIVE HDFC BANK TO BE COMPLIANT WITH BANKING REGULATIONS AND GUIDELINES CONCERNING LENDING PRACTICES AND CREDIT MANAGEMENT?

**Table showing weather the HDFC bank follows guidelines or not**

| Options | Number of respondents | Percentage |
|---|---|---|
| Yes | 50 | 100% |
| No | 0 | 0 |
| TOTAL | 50 | 100% |

**TABLE 6.16**

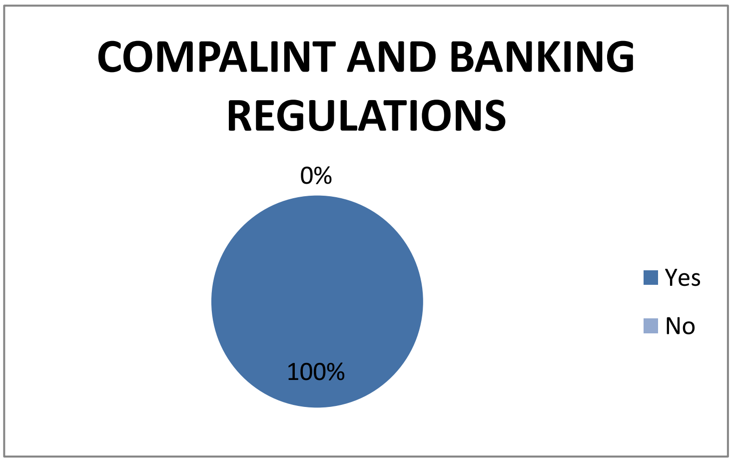


**FIGURE 6.16**

**Figure showing the HDFC Bank to be compliant with banking regulations and guidelines concerning lending practices and credit management**

### INTERPRETATION

**According to the above data 100 % of respondents perceive that HDFC Bank to be compliant with banking regulations and guidelines concerning lending practices and credit management**

## 6.17 HOW DO YOU PERCEIVE HDFC BANK'S LENDING RATES AND FEES COMPARED TO OTHER BANKS OR FINANCIAL INSTITUTIONS?

**Table showing lending fee structure of HDFC bank compared to other bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| LENDING FEES | 7 | 14% |
| Similar | 3 | 6% |
| Less competitive | 40 | 80% |
| TOTAL | 50 | 100% |

**TABLE 6.17**

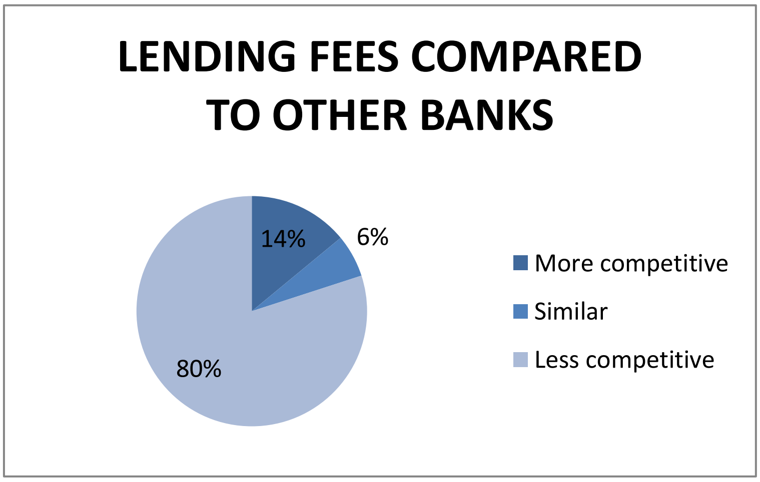


**FIGURE 6.17**

**Figure showing the lending fees compared to other banks**

### INTERPRETATION

**According to the above data 80 % perceive that HDFC Bank's lending rates and fees compared to other banks or financial institutions are less competitive**

## 6.18 HOW WOULD YOU RATE THE CUSTOMER SERVICE AND SUPPORT PROVIDED BY HDFC BANK DURING THE LENDING PROCESS?

**Table showing the overall customer satisfaction on customer service provided by the bank**

| Options | Number of respondents | Percentage |
|---|---|---|
| Excellent | 50 | 100% |
| Good | 0 | 0% |
| Average | 0 | 0% |
| TOTAL | 50 | 100% |

**TABLE 6.18**

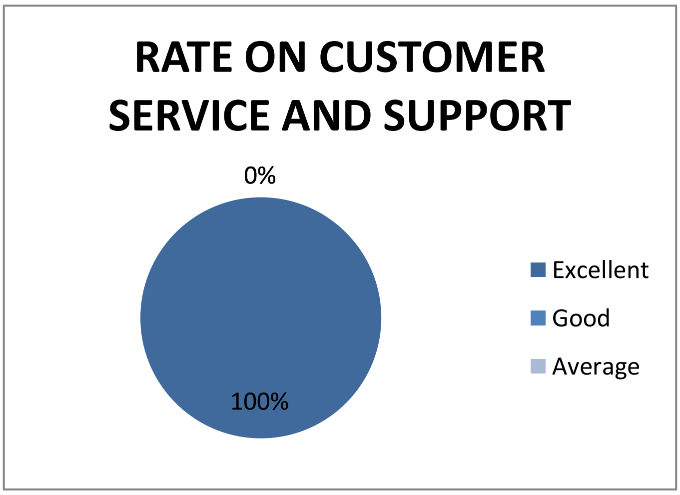


**FIGURE 6.18**

**Figure showing the rate on customer support and services**

## INTERPRETATION

**According to the above data 100% of respondents rate the customer service and support provided by HDFC Bank during the lending process is very good**

**7.1 FINDINGS**

- According to the above data 40% of customers are in the age group between 20to30
- According to the above data 90% of respondents are male and 10% are female
- According to the above data 48% of customers are private employees, 18% of customers are self-employed, 34% of customers are government employee in this survey
- According to the above data 68% of respondents complete ug education ,26% completed pg education,6% completed school education
- According to the above data 100% of respondents are familiar with the HDFC bank.
- According to the above data 68% of respondents rated good on their perception of HDFC Bank's reputation in terms of lending and credit management
- According to the above data 100 % of respondents availed a loan or credit facility from HDFC Bank.
- According to the above data 72% of respondents stated that hdfc bank is somewhat transparent in disclosing fees, charges, and interest rates associated with loans and credit products
- According to the above data 76 % of respondents stated that hdfc bank is moderately effective in managing credit risk
- According to the above data 56% of respondents voted good for HDFC Bank leverages technology and innovation in streamlining its lending processes and credit management
- According to the above data 72% of respondents rated moderately for HDFC Bank's asset quality and loan portfolio diversification in minimizing risks
- According to the above data 100 % of respondents perceive that HDFC Bank to be compliant with banking regulations and guidelines concerning lending practices and credit management
- According to the above data 80 % perceive that HDFC Bank's lending rates and fees compared to other banks or financial institutions are less competitive

- According to the above data 100% of respondents rate the customer service and support provided by HDFC Bank during the lending process is very good
- According to the above data 56% of respondents voted good for HDFC Bank leverages technology and innovation in streamlining its lending processes and credit management
- According to the above data 68% of respondents are satisfied with the lending process and credit management practices of HDFC Bank

## 7.2 SUGGESTIONS

- Building strong relationships with borrowers and understanding their needs can lead to repeat business and referrals, thereby increasing lending opportunities and capacity.
- Monitoring economic indicators and market conditions is essential for adjusting lending capacity in response to changes in the business cycle, interest rates, and regulatory environment.
- Leveraging technology and automation can streamline lending processes, reduce costs, and improve efficiency, thereby increasing lending capacity. Digital lending platforms, data analytics, and artificial intelligence enable faster loan origination, credit assessment, and decision-making.
- Optimizing the loan portfolio by balancing risk and return is crucial. Banks may adjust the mix of loans, prioritize high-quality borrowers, and actively monitor credit quality to maximize lending capacity while minimizing risk.
- Effective risk management practices help banks identify, assess, and mitigate risks associated with lending activities. This includes credit risk, market risk, operational risk, and liquidity risk. Implementing robust risk assessment models and diversifying the loan portfolio can enhance lending capacity.

## 7.3 CONCLUSION

HDFC Bank's approach to bank lending and credit management is characterized by a comprehensive and efficient strategy that prioritizes financial stability, risk mitigation, and sustainable development. The bank has demonstrated a strong commitment to responsible lending practices, which is further reinforced by robust risk management structures, advanced technology integration, and a diverse loan portfolio.

One of the key factors contributing to HDFC Bank's success in lending and credit management is its rigorous credit evaluation procedures. The bank employs a thorough assessment process to evaluate the creditworthiness of borrowers, ensuring that loans are extended to individuals and businesses with a high likelihood of repayment. This approach helps to minimize the risk of default and maintain a healthy loan portfolio.

In addition to credit evaluation, HDFC Bank also places a strong emphasis on proactive risk supervision. The bank has implemented comprehensive risk management frameworks and systems to identify, assess, and mitigate potential risks. By closely monitoring credit exposures and market conditions, HDFC Bank is able to take timely actions to mitigate risks and protect its financial stability.

Compliance with regulatory standards is another area where HDFC Bank excels in its lending and credit management practices. The bank adheres to all relevant regulations and guidelines set by regulatory authorities, ensuring that its operations are conducted in a transparent and responsible manner. This commitment to compliance not only helps to maintain the bank's reputation but also enhances its ability to attract and retain customers.

HDFC Bank's strong asset quality and liquidity position further enhance its lending capabilities. The bank maintains a healthy balance sheet, with a low level of non-performing assets and a strong liquidity position. This allows HDFC Bank to extend credit to a wide range of borrowers and support economic growth while minimizing the risk of financial instability.

Moreover, HDFC Bank's customer-centric approach, focus on innovation, and strategic alliances have enabled it to adapt to changing market conditions and seize emerging opportunities. The bank constantly strives to understand and meet the evolving needs of its customers, offering innovative products and services that cater to their specific requirements. Additionally, HDFC Bank actively seeks strategic partnerships and collaborations to expand its reach and enhance its competitive advantage.

In summary, HDFC Bank serves as a model of excellence in bank lending and credit management. Its commitment to responsible lending practices, strong risk management structures, advanced technology integration, and diverse loan portfolio contribute to its financial stability and sustainable development. By upholding values of honesty, transparency, and resilience, HDFC Bank has established itself as a trusted and reliable financial institution, dedicated to the pursuit of sustainable financial prosperity.

**ANNEXURE 1**
**QUESTIONNAIRE:**

1Age

- 18 to 20
- 20 to 30
- 30 to 40
- 40 to 50

2Gender

- Male
- Female

3 Occupation

- Self employed
- Government job
- Private job

4 Education Level

- School education
- Ug
- Pg

5 Are you familiar with HDFC Bank

- Yes
- No

6 how would you rate your perception of HDFC Bank's reputation in terms of lending and credit management

- Excellent
- Good
- Average

- Poor

7 Have you ever availed a loan or credit facility from HDFC Bank

- Yes
- No
-

8 Please specify the type of loan or credit facility you have availed

- personal loan
- home loan
- credit card

9 How satisfied were you with the lending process and credit management practices of HDFC Bank

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied

10 How do you perceive HDFC Bank's approach to assessing creditworthiness before granting loans

- Stringent
- Moderate
- Lenient

11 Do you believe HDFC Bank adequately informs customers about the terms and conditions of loans and credit facilities

- Yes
- No

12 How transparent do you think HDFC Bank is in disclosing fees, charges, and interest rates associated with loans and credit products?

- Very transparent
- Somewhat transparent
- Not transparent

13 From your perspective, how effective do you think HDFC Bank is in managing credit risks associated with its lending activities

- Highly effective
- Moderately effective
- Ineffective

14 How would you rate HDFC Bank's asset quality and loan portfolio diversification in minimizing risks

- Excellent
- Good
- Fair
- Poor

15 To what extent do you believe HDFC Bank leverages technology and innovation in streamlining its lending processes and credit management

- Extensively
- Moderately
- Minimally
- Not at all

16 Do you perceive HDFC Bank to be compliant with banking regulations and guidelines concerning lending practices and credit management

- Yes
- No

17 How do you perceive HDFC Bank's lending rates and fees compared to other banks or financial institutions

- More competitive

- Similar
- Less competitive

18 How would you rate the customer service and support provided by HDFC Bank during the lending process

- Excellent
- Good
- Average
- Poor

**ANNEXURE 2**

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