

AN ANALYTICAL STUDY ON CUSTOMER PREFERENCE TOWARDS NBFCs IN KANNIYAKUMARI DISTRICT

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Abstract

Non-Banking Financial Companies (NBFCs) are financial institutions that offer various banking services without holding a banking license. Governed primarily by the Reserve Bank of India (RBI), these entities play a pivotal role in the Indian financial ecosystem by bridging the gap between formal banking institutions and individuals or businesses with limited access to traditional banking. The key difference between NBFCs and banks lies in their operational scope and regulatory frameworks. NBFCs cater to niche markets and provide tailored financial solutions that are often more flexible than traditional banking products. They focus on diverse segments, including retail customers, small and medium enterprises (SMEs), and underserved sectors, contributing significantly to financial inclusion and economic development. The important objective this study is to analyze the customer preference towards NBFCs in Kanniyakumari district. The study is confined with both primary and secondary data. The primary data is collected through a well-structured interview schedule and the secondary data have been mainly collected from the books, journals, magazines, and also from the internet. In order to analyze the customer preference towards NBFCs in Kanniyakumari district 30 NBFC customers or were randomly selected as samples using convenient sampling method. The collected data were analyzed with the help of various statistical measures such as Percentage and Garrett Ranking Technique.

Key words: NBFCs, Types and Customer preference.

INTRODUCTION

Non-Banking Financial Companies (NBFCs) are financial institutions that offer various banking services without holding a banking license. Governed primarily by the Reserve Bank of India (RBI), these entities play a pivotal role in the Indian financial ecosystem by bridging the gap between formal banking institutions and individuals or businesses with limited access to traditional banking. Unlike banks, NBFCs cannot accept demand deposits but are integral in providing credit, asset financing, wealth management, and other specialized financial services.

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that are often more flexible than traditional banking products. They focus on diverse segments, including retail customers, small and medium enterprises (SMEs), and underserved sectors, contributing significantly to financial inclusion and economic development.

Over the years, NBFCs have emerged as vital contributors to the Indian economy. Their agility, ability to innovate, and focus on customer-centric solutions have enabled them to adapt to market demands swiftly. They have been instrumental in extending credit to rural and semi-urban areas, thus fostering entrepreneurship and infrastructure development. However, NBFCs also face unique challenges, including asset quality concerns, liquidity management, and regulatory compliance. As they continue to grow, maintaining transparency, risk management, and sustainable business practices remains crucial for their long-term stability and success in India's evolving financial landscape.

OBJECTIVE

The important objective this study is to analyze the customer preference towards NBFCs in Kanniyakumari district.

METHODOLOGY

Sources of data

The study is confined with both primary and secondary data. The primary data is collected through a well-structured interview schedule and the secondary data have been mainly collected from the books, journals, magazines, and also from the internet.

SAMPLING DESIGN

In order to analyze the customer preference towards NBFCs in Kanniyakumari district 30 NBFC customers or were randomly selected as samples using convenient sampling method.

STATISTICAL TOOLS USED

The collected data were analyzed with the help of various statistical measures such as **Percentage and Garrett Ranking Technique.**

ANALYSIS OF DATA

The data collected to study the objectives of the study are analyzed using suitable statistical tools and presented in the below tables:

Personal profile of the Respondents

Age Wise Classification of the respondents

The age is an important factor which influences the responsibility of a person and the sample respondents are classified on the basis of their age and presented below.

Table:1

Age Wise Classification of the employees

S. No	Age	No. of. respondents	Percentage
1.	Up to 25 years	03	10
2.	26 years to 50 years	19	63
3.	Above 50 years	08	27
	Total	30	100

Source: Primary data

It is revealed from the above table that 3(1 percent) of the respondents belongs to the age group of up to 25 years, 19(63 percent) of them comes under the age group of 26 – 50 years and the remaining 8(27 percent) of them belongs to the age group of Above 50 years.

Gender of the respondents

Gender is also considered for the study and the gender wise distribution of the respondents is illustrated in the following table.

Table: 2
Gender of the respondents

S. No	Gender	No. of respondents	Percentage
1.	Male	21	70
2.	Female	09	30
	Total	30	100

Source: Primary data

It is revealed from the above table 21(70 percent) of the respondents are Male and the remaining 9(30 percent) of them are female.

Marital Status of the respondents

The marital status of a person is an important factor which decides the expenses and hence it is also considered for the study and presented in the following table.

Table: 3
Marital Status of the respondents

S. No	Marital status	No. of respondents	Percentage
1.	Married	26	87
2.	Unmarried	04	13
	Total	30	100

Source: Primary data

The above table shows that 26(87 percent) of the respondents are married and the remaining 04(13 percent) of them are unmarried.

Type of family of the respondents

The family type of the sample respondents also gathered by the researcher and in the following table.

Table: 4
Type of family of the respondents

S. No	Type of family	No. of respondents	Percentage
1.	Joint family	17	57
2.	Nuclear	13	43
	Total	30	100

Source: Primary data

It is clear from the above table 17(57 percent) of the respondents belongs to joint family and the remaining 13(43 percent) of them belongs to nuclear family.

Educational qualification of the respondents

Education is an important factor which determine the occupation of a person. The educational qualification-wise classification of the sample respondents is given in the following table.

Table:5
Educational qualification of the respondents

S. No	Educational qualification	No. of. respondents	Percentage
1.	Under Graduate	13	43
2.	Post Graduate	08	27
3.	Others	09	30
	Total	30	100

Source: Primary data

It is revealed from the above table 13(43 percent) of the sample respondents are under graduates, 8(27 percent) of them are post graduates and the remaining 9(30 percent) of the respondents are having other qualifications such as diploma, professional degree etc.

Occupation of the respondents

Occupation is another important factor considered for the study because it plays an important role in determining the income. The occupation wise classification of the respondents is presented in the following table.

Table:6
Occupation of the respondents

S. No	Occupation	No. of. respondents	Percentage
1.	Private employee	22	73
2.	Government employee	02	07
3.	Others	06	20
	Total	30	100

Source: Primary data

It is clear from the above table that 22(73 percent) of the respondents are private employees, 2(7 percent) of them are government employees and the remaining 6(20 percent) of them are comes under other categories.

Monthly Income of the respondents

The sample respondents are also classified on the basis of their monthly income and presented in the following table.

Table:7
Monthly Income of the respondents

S. No	Monthly income	No. of. respondents	Percentage
1.	Up to Rs.25,000	23	77
2.	Rs.25,000 – Rs. 50,000	04	13
3.	Above Rs. 50,000	03	10
	Total	30	100

Source: Primary data

The above table depicts that 23(77 percent) of the sample respondents are earning up to Rs.25,000 per month, 4(13 percent) of them are earning Rs.25,000 – Rs.50,000 per month and the remaining 3(10 percent) of them are earning above Rs.50,000 per month.

Area of residence

The sample respondents are also classified on the basis of their residential area and presented in the following table.

Table:8
Area of residence

Sl. No.	Area of residence	No. of Respondents	Percentage
1	Rural	14	47
2	Urban	06	20
3	Semi urban	10	33
	Total	30	100

Source: Primary Data

It is revealed from the above table 14(47 percent) of them are residing in rural area, 6(20 percent) of them are residing in urban area and the remaining 10(33 percent) of the respondents are residing in semi-urban area.

NBFCs preferred by the respondents

The researcher analyzed the preference given to the NBFCs in the study area by the respondents. The rank assigned by them are converted into Garrett mean score and presented in the following table.

Table:9
NBFCs preferred by the respondents

S. No	NBFCs	Mean Score	Rank
1.	Manappuram Finance	43.01	II
2.	Kosamattam Finance	42.96	III
3.	Muthoot Finance	43.61	I
4.	IIFL	42.52	V
5.	Shriram Finance Ltd	42.69	VII
6.	Muthoot Fincorp	42.73	IV
7.	Bajaj Finserv	42.17	VI
8.	Others	41.21	VIII

Source: Primary data

From the above table we came to know that the Muthoot finance scores high and hold first rank, Manappuram finance and Kosamattam finance holds second and third ranks respectively in the NBFCs preferred by the respondents.

FINDINGS OF THE STUDY

The major findings of the study are:

- The researcher found out that 19(63 percent) of the sample respondents comes under the age group of 26 – 50 years.
- Regarding the gender 21(70 percent) of the respondents are Male.
- Majority 26(87 percent) of the respondents are married.
- Most 17(57 percent) of the respondents belongs to joint family.
- From the total 30 respondents 13(43 percent) of them are under graduates.
- It is found out that 22(73 percent) of the respondents are private employees.
- 23(77 percent) of the sample respondents are earning up to Rs.25,000 per month.
- The researcher found out that 14(47 percent) of them are residing in rural area.

- The Muthoot finance scores high and hold first rank, Manappuram finance and Kosamattam finance holds second and third ranks respectively in the NBFCs preferred by the respondents.

CONCLUSION

Non-Banking Financial Companies (NBFCs) play a pivotal role in the financial ecosystem by bridging the gap between traditional banks and underserved segments of the population. They provide a wide range of financial services, including loans, asset financing, and investment products, catering to individuals, small businesses, and sectors often overlooked by conventional banking. NBFCs enhance financial inclusion by offering credit to rural and semi-urban areas, promoting entrepreneurship and economic growth. Additionally, their innovative and flexible lending models help meet the diverse needs of customers, driving consumption, infrastructure development, and overall economic progress. Thus, NBFCs are crucial for complementing the banking sector and fostering a more inclusive and robust financial system.

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