

## **CHAPTER VI**

### **PROFILE, AWARENESS AND PROBLEMS ANALYSIS OF SBI AND CANBANK CUSTOMERS**

This chapter focuses on the profile, awareness and problems of customers in factoring and mutual fund of SBI and CanBank.

## **PROFILE ,AWARENESS AND PROBLEMS OF CUSTOMERS OF SBI AND CANBANK .**

Today's market is considered as buyers market. In the present globalised and liberalized economy there are number of options in front of customers. Customers are considered as supreme in the present competitive market. Satisfaction and retaining customers is the major objective of business organisation which in turn help to expand the business and increase the profitability of the concern. Factoring and Mutual fund are the modern non-banking financial services provided by the public sector banks in recent years. The growth and prospects of these services will depend upon the customers, in availing the services at a wider scale. Thus it is essential to study profile, awareness and the problems faced by customers in availing these services provided by SBI and CanBank.

## 6.1 PROFILE, AWARENESS AND PROBLEMS ANALYSIS OF CUSTOMERS OF SBI FACTORS

**Table 6.1**

**Form of organisation of customers in SBI Factors**

	Frequency	percent	Cumulative percent
Partnership firm	5	16.7	16.7
Company organisation	25	83.3	100.0
Total	30	100.0	

Source:- primary survey

It can be seen in the table 6.1 that 5 respondents (16.7 per cent) belong to partnership firm and 25 respondents ( 83.3 per cent) belong to company organisation .This showed that maximum respondents belong to company form of organisation which signifies that factoring services were availed more by the company form of organisation rather than other forms of organisation.

**Table 6.2**

**Year of establishment of customers with SBI factors**

	frequency	percent	Cumulative percent
Before 1980	10	33.3	33.3
Between1980-90	10	33.3	66.7
Between1991-2000	9	30.0	96.7
After2001	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It was observed in the table 6.2 that 10 respondents (33.3 per cent) established before 1980,10 respondents (33.3 per cent )established between1991-

2000 and 1 respondent established after 2001. Thus it communicates that maximum respondents established their organisation before 2000.

**Table 6.3**  
**Customers business turnover of SBI Factors**

	frequency	percent	Cumulative percent
More than 50 lakhs but less than 1 crore	1	3.3	3.3
More than 1 crore but less than 5 crore	6	20.0	23.3
Above 5 crore	23	76.7	100.0
Total	30	100.0	

Source:- primary survey

It is noticed in the table 6.3 that 23 respondents(76.70 per cent )have had a turnover of above 5 crore , 6 respondents (20.0 per cent)have had a turnover of more than one crore but less than 5crore and 1 respondent have had a turnover of more than 50 lakhs but less than one crore .Thus it indicates that factoring services are more required in the business enterprises where turnover is larger.

**Table 6.4**  
**Banker of customers of SBI factors**

	frequency	percent	Cumulative percent
State Bank of India	15	50.0	50.0
Canara Bank	1	3.3	53.3
Any other	14	46.7	100.0
Total	30	100.0	

Source:- primary survey

It is observed in the table 6.4 that 15 respondents ( 50 per cent) have the accounts with the State Bank of India ,14 respondents ( 46.7 per cent) have accounts with various banks. Thus it shows that many customers were found to

have availed factoring services from SBI Factors and holding account with State Bank of India. At the same time 14 respondents maintained their accounts in other banks.

**Table 6.5**  
**Type of industry**

Type of industry	frequency	percent	Cumulative percent
Auto industries	7	23.3	23.3
Chemical and services	9	30.0	53.3
Metal and cylinders	1	3.3	56.7
Packaging	4	13.3	70.0
Consumers	3	10.0	80.0
Electrical components	1	3.3	83.3
Plastic industries	1	3.3	86.7
Textiles	1	3.3	90.0
Others	3	10.0	100.0
Total	30	100.0	

Source:- primary survey

It is noticed in the above table that auto ,chemicals and services are the major industries availed factoring services followed by packaging, consumers, electrical, plastic, textiles and metals and cylinders .The above table showed a diversified customers of SBI Factors.

**Table 6.6**  
**Capital of the organisation**

	Frequency	Percent	Cumulative percent
Less than 50 lakhs	11	36.7	36.7
More than 50 lakhs but less than 1 crore	5	16.7	53.3
More than 1 crore but less than 5 crore	6	20.0	73.3
Above 5 crore	8	26.7	100.0
Total	30	100.0	

Source:- primary survey

It is observed in the table that 11 respondents ( 36.7 per cent) has capital less than 50 lakhs, 5 respondents ( 16.7 per cent )have a capital more than 50 lakhs but less than 1 crore, 6 respondents ( 20 per cent) has capital of more than 1 crore but less than 5 crore and 8 respondents ( 26.7 per cent) have capital of more than 5 crore. Thus it clearly speaks that maximum respondents have less than 50 lakhs which showed maximum units are small scale . Factoring services are more required for small scale because they cannot lend more credit in the market and also for longer period. Factoring services will help Small scale industries through sale of debts and receipt of prepayment amount

**Table 6.7**

**Avail of factoring services from SBI factors**

	frequency	percent	Cumulative percent
From 1990 onwards	6	20.0	20.0
From 1995 onwards	10	33.3	53.3
From 2000 onwards	14	46.7	100.0
Total	30	100.0	

Source:- primary survey

It is viewed from the table 6.7 that ,6 respondents ( 20 per cent ) started availing factoring services from 1990 onwards, 10 respondents ( 33.3 per cent ) started availing factoring services from 1995 onwards and 14 respondents ( 46.7 per cent )started availing factoring services from 2000 onwards . Thus it speaks that maximum respondents started availing factoring services from 1995 onwards even though factoring services started from 1991 onwards.

**Table 6.8****Sources of awareness of factoring services**

Sources	Frequency	Percent	Cumulative percent
Through factor	13	43.3	43.3
Through banker	9	30.0	73.3
Through friends	7	23.3	96.7
Through media	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

Table 6.8 reveals that 13 respondents ( 43.3 per cent) were observed to be aware of factoring services through factor , 9 respondents ( 30 per cent) came to know factoring services through banker, 7 respondents ( 23.3 per cent) learnt factoring services through friends and one respondent through media. Thus it communicates that maximum awareness is created through factor. Factoring is modern financial service provided by banks in India recently thus it needs awareness.

**Table 6.9****Reasons for not discounting of bills**

Reasons	frequency	percent	Cumulative percent
Delay in payments	8	26.7	26.7
Actual limit is less	11	36.7	63.3
Discounting charges are more	2	6.7	70.0
More legal formality	7	23.3	93.3
Any legal	2	6.7	100.0
Total	30	100.0	

Source:- primary survey

It is noticed in the table 6.9 that 8 respondents ( 26.7 per cent) did not discount the bills with bank due to delay in payments, 11 respondents ( 36.7 per cent) did not discount the bills due to less limit of discounting,7 respondents (23.3 per cent) have not discounted due to more legal formalities and 2 respondents ( 6.7 per cent ) due to more discounting charges . Thus it indicates that actual limit and delay in payments were the two major reasons for not having discounted the bills. The actual limit is prescribed by the bank to which the customer can avail the cash by discounting the bill.

**Table 6.10**

**Reasons for Preferring SBI Factor**

	frequency	percent	Cumulative percent
Early requirement of fund	18	60.0	60.0
Customer settle bills promptly	5	16.7	76.7
Concentrate fully on business	6	20.0	96.7
Any other	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It learnt from the above table that 18 respondents ( 60 per cent) prefer factor for early requirement of fund, 5 respondents(16.7 per cent) prefer factor due to settlement of customers bills promptly and 6 respondents ( 20 per cent) preferred factor due to concentration fully on business expansion .Thus it clearly gives hints that factor is preferred by a large numbers due to an early requirement of funds. Factor makes an advance payments to clients as soon as debts is purchased, thus it helps to reduce the requirement of working capital.



**Table 6.11**  
**Services provided by factor**

Services rendered	frequency	percent	Cumulative percent
Maintainance of sales ledger	21	70.0	70.0
Letter of reminder	6	20.0	90.0
Consultancy services	2	6.7	96.7
Any other	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It can be seen in the table 3.30 that 21 respondent ( 70 per cent) found that factor provides service of maintenance of sales ledger,6 respondents ( 20 per cent) expressed that the letters of reminder are sent by the factor and consultancy service is also provided by the factor. Thus it signifies that maintenance of sales ledger is one of the important services provided by the factor. The letters of reminder will help the factor for smooth recovery of debts.

**Table 6.12**  
**Size of current assets of customers of SBI Factors**

	frequency	percent	Cumulative percent
Less than 50 lakhs	2	6.7	6.7
More than50 lakhs but less than1 crore	3	10.0	16.7
More than1 crore but Less than 5 crore	12	40.0	56.7
Above 5 crore	13	43.3	100.0
Total	30	100.0	

Source:- primary survey

It is observed in the table 6.12 that 12 respondents ( 40 per cent) have more than a crore but less than 5 crore investment in current assets and 13 respondents (43.3 per cent) have more than 5 crore as investment in current assets. More

investment in current asset will increase the liquidity but reduces the profitability. Thus it is required that investment in current asset should be adequate.

**Table 6.13**  
**Customer transaction on credit**

Credit transactions	frequency	percent	Cumulative percent
Less than 10	6	20.0	20.0
More than 10 but less than 50	11	36.7	56.7
More than 50 but Less than 100	8	26.7	83.3
Above 100	5	16.6	96.7
Total	30	100.0	100.0

Source:- primary survey

It was found in the table 6.13 that 6 respondents ( 20 per cent) have less than 10 customers allowed on credit, 11 respondents ( 36.7 per cent) have more than 10 but less than 50 customers are allowed on credit , 8 respondents ( 26.7 per cent) has more than 50 but less than 100 customers allowed on credit whereas 5 respondents (16.6 per cent) have above 100 customers allowed on credit . Thus it denotes that number of customers allowed on credit are increasing which signifies that there is scope for factoring services.

**Table 6.14**  
**Customers of clients involved in export business**

Export business	frequency	percent	Cumulative percent
Less than 5	16	53.3	53.3
More than 5 but less than 10	4	13.3	66.7
More than 10 but Less than 20	7	23.30	90.0
Above 25	3	10.0	100.0
Total	30	100.0	

Source:- primary survey

It was observed in the table 6.14 that 16 respondents (53.3 per cent )have less than 5 customers ,4 respondents (13.3 per cent) have more than 5 but less than10 customers,7 respondents (23.30 per cent) have more than 10 but less than 20 customers and 3 respondents has more than 25 customers involved in export business. A less number of customers involved in export business indicates a that less scope for international factoring.

**Table 6.15**  
**Number of customer defaulted**

No. of Customers defaulted	frequency	percent	Cumulative percent
Less than 5	25	83.30	83.30
More than5but less than10	1	3.33	86.63
More than10 but Less than 20	4	13.33	100.00
Above 20	-----		
Total	30	100.00	

Table 6.15 reveals that 25 respondents ( 83.33 per cent) have less than 5 customer as defaulters and 4 respondents ( 13.33 per cent )have more than 10 but less than 20 customers as defaulters . Considering the size of total customers, the percentage of defaulters is rather less. Thus it indicates that due to the factoring services the size of bad debts observed to have been decreased which signifies factoring services are beneficial to business enterprises.

**Table 6.16**  
**Benefits from factoring**

Benefits	frequency	percent	Cumulative percent
Easy in collection	4	13.3	13.3
Helps to increase working capital	23	76.7	90.0
Helps to expand business	3	10.0	100.0
Total	30	100.0	

Source:- primary survey

It has been observed in the table that 4 respondents ( 13.3 per cent) got the benefit of easy collection of debts , 23 respondents (76.7 per cent) got the benefit of factoring through increase in working capital, 3 respondents (10 per cent) got the benefit through an expansion of business .Thus, it indicates that maximum respondents got the benefit of factoring services through increase in their working capital .Factor makes an advance payment of nearly 80 per cent to client thus it helps to reduce the requirement of working capital.

**Table 6.17**  
**Problems faced by the customers**

	frequency	Percent	Cumulative percent
Interest charged is very	20	66.7	66.7
Delay in remitting	1	3.3	70.00
More legal formality	2	6.7	76.7
Lack of knowledge	1	3.3	80.0
Cheques are drawn	1	3.3	83.3
Collateral security	4	13.3	96.6
Letter of authority	1	3.3	100.0
Total	30	100.0	

It is viewed from the table 6.17 that 20 respondents ( 66.7 per cent) faced the problem of interest charged on prepayment was higher, 4 respondents (13.3 per cent) were faced with problem of collateral security demanded by factor. These were the two major problems faced by large number of customers. Besides this other problems includes delay in remitting money, more legal formalities, letter of authority etc. Interest charged on prepayment amount is normally higher due to the fact that factor borrows finance from the bank and than remit to clients obviously the rate of interest will be higher

**Table 6.18**  
**Suggestion from customers**

	frequency	percent	Cumulative percent
Factor should take responsibility of collection of debts	5	16.7	16.7
More legal formality	5	16.7	33.3
Interest charged should be minimum	20	66.7	100.0
Total	30	100.00	

Source:- primary survey

It is seen in the table 6.18 that 5 respondents (16.7 per cent )suggested that factor should take the responsibility of collection of debts,5 respondents ( 16.7 per cent) suggested that legal formality should be minimized and 20 respondents ( 66.7 per cent )suggested that interest charged should minimized .An interest charged by a factor is normally higher than the interest charged by the bank since factor borrows the fund from the banks and other financial institution where interest rates is much higher.

## 6.2 PROFILE, AWARENESS AND PROBLEMS ANALYSIS OF CUSTOMERS OF CANBANK FACTORS

**Table 6.19**

### Form of organisation of customers in CanBank Factors

Type of customers	frequency	Percent	Cumulative percent
Sole proprietorship firm	1	3.3	3.3
Partnership firm	5	16.7	20.0
Company organisation	24	80.0	100.0
Total	30	100.00	

Source:- primary survey

It can be seen in the table 6.19 that out of 30 respondents 24 respondents (80 percent) belong to company form of organisation ,5 respondents (16.7 percent) belongs to partnership firm and 1 respondent ( 3.30 percent) belong to sole trading concern. This showed that the company form of organisation were observed to have availed the highest CanBank factoring services followed by partnership firm and sole trading organisation. Factoring services are more required where business depends more on credit transactions. It is a normal feature of companies that they provide more credit than other form of organisations.

**Table 6.20**

### year of establishment of Customers with CanBank Factors

Year of establishments	frequency	Percent	Cumulative percent
Before1980	11	36.7	36.7
Between 1980-90	8	26.7	63.4
Between1991-2000	9	30.00	93.4
After2001	2	6.6	100
Total	30	100.0	

Source:- primary survey

It is observed in the table 6.20 that 11 respondents(36.7 percent) were found to have established before 1980 ,8 respondents(26.7percent )were established between 80-90,9 respondents (30 percent) were established between 91-2000 and 2 respondents (6.60 percent ) after 2001.Thus it signifies that a maximum respondents established their organisations before 1980.

**Table 6.21**  
**Customers Business Turnover with CanBank Factors**

Volume of Business	frequency	percent	Cumulative percent
More than 50 lakhs and less than 1 crore	5	16.7	16.7
More than 1 crore and less than5 crore	17	56.7	73.3
Above 5 crore	8	26.6	100.0
Total	30	100.0	

Source:- primary survey

It is noticed in the table 6.21 that 5 respondents(16.7 percent ) has turnover of more than 50 lakhs but less than one crore,17 respondents (56.7 percent) have made a turnover of more than one crore but less than 5 crore and 8 respondents ( 26.6 percent) has turnover of above 5 crore. Thus it signifies that the highest number of customers have had a turnover of more than one crore followed by more than 5 crore and less than one crore.

**Table 6.22**  
**Existence of customers Relationship with CanBank Factors**

	frequency	percent	Cumulative percent
From 1990 onwards	7	23.3	23.3
From1995 onwards	13	43.3	66.7
After 2000	10	33.3	100.0
Total	30	100.0	

Source:- primary survey

It is ascertained in the above table that 7 respondents (23.3 percent ) started availing factoring services from 1990 onwards, 13 respondents (43.3 percent) started availing factoring services from 1995 onwards and 10 respondents ( 33.3 percent) started availing factoring services from 2000 onwards . Thus it indicates that factoring services got a momentum after 1995 onwards even though it was started in 1991. Thus, awareness of factoring service started after 1995 onwards.

**Table 6.23**  
**Reasons for not Discounting Bills in Banks**

Reasons	frequency	percent	Cumulative percent
Delay in payments	13	43.3	43.3
Actual limit is less	16	53.3	96.7
More legal formalities	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It is confirmed in the table that 13 respondents (43.3 percent) did not discount their bills with banks due to delay in payments, 16 respondents (53.3 percent) did not discount due to limit set up is less where as only one respondent did not discount due to more legal formality. Thus it indicates that delay in payments and actual limit are the reasons for not discounting bills with banks. In factoring, factors makes an immediate payments and also actual limit is much higher than the limit with the ban

**Table 6.24**  
**Documents required for availing factoring services**

	frequency	percent	Cumulative percent
Written undertakings	15	50.0	50.0
Letter of disclaimer	15	50.0	100.0
Total	30	100.0	



It viewed in the table that written undertaking and letter of disclaimer are the two documents required to obtain factoring services. A letter of disclaimer is an undertaking from the client stating that no claim is made by the other party on the bills factored. A written undertaking is required when an advance payments are made to clients. A written undertakings are taken from customers so that factor can collect debts from customers .

**Table 6.25**  
**Awareness of factoring services**

source	frequency	percent	Cumulative percent
Through factor	11	36.7	36.7
Through banker	9	30.0	66.7
Trough friends	10	33.3	100.0
Total	30	100.0	

Source:- primary survey

It stated in the above table that 11 respondents (36.7 percent ) were found that they aware of factoring services through factor,10 respondents (33.33 percent) through friends, 9 respondents (30 percent )through banker. Thus, it signifies that factor plays a very important role in creating an awareness of the factoring services. Factoring is a new financial service that needs awareness.

**Table 6.26**  
**Reasons for Preferring CanBank factor**

Reasons	frequency	percent	Cumulative percent
Early requirements of funds	22	73.3	73.3
Customer settle bills promptly	7	23.3	96.7
Any other	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It is viewed from table that 22 respondents (73.3 percent ) preferred factor due to an early requirement of funds, 7 respondents ( 23.3 percent)prefer due to customers promptly settlement of bills. It clearly indicates that preference for factor is due to an early requirement of funds. Factor pays nearly 70-80 percent as an prepayment money and it can be used as an working capital.

**Table 6.27**

**Services provided by CanBank Factors to customers**

	frequency	percent	Cumulative percent
Maintainance of sales ledger	13	43.3	43.3
Customer settle bills promptly	16	53.3	96.7
Any other	1	3.3	100.0
Total	30	100.0	

Source:- primary survey

It can be seen in the table that CanBank factor provides services such as maintenance of sales ledger, letter of reminders and consultancy services. It was observed in the table that 13 respondents ( 43.3 percent) receives the services of maintenance of sales ledger,16 respondents(53.3 percent )receive letter of reminders sent to customer for settlement of bills .Maintenance of sales ledger will reduce the burden of clients. Factor will maintain the sales ledger which will help to identify the amount of debts. Factor also sends letter of reminders to customers for payments of bills. Thus it will help to make good recovery of debt

**Table 6.28****Number of customers of clients of CanBank Factor**

	frequency	percent	Cumulative percent
Less than 50	9	30.0	30.0
More than 50 but less than 100	11	36.7	66.7
More than 100 but less than 200	8	26.7	93.3
Above 200	2	6.7	100.0
	30	100.0	

Source:- primary survey

It is observed from the table that 9 respondents ( 30 percent) have less than 50 customer, 11 respondents (36.7 percent) have more than 50 but less than 100 customer, 8 respondents (26.7 percent) has more than 100 but less than 200 customers and only 2 respondents have above 200 customers. Thus it indicates that the maximum number of respondents have customers between 50 and 100.

**Table 6.29****Size of current assets of customers of CanBank Factor**

Size of current assets	frequency	percent	Cumulative percent
Less than 50 lakhs	4	13.3	13.3
More than 50 lakhs but less than 1 crore	4	13.3	26.7
More than 1 crore but less than 5 crore	15	50.0	76.7
Above 200	7	23.3	100.0
Total	30	100.0	

Source:- primary survey

It can be seen in the table that maximum 15 respondents (50 percent) had invested more than one crore but less than 5 crore in current assets and 7 respondents ( 23.3 percent) invested above 5 crore in current assets whereas 4 respondents each ( 13.3 percent) had invested in less than 5 crore. Thus it clearly signifies that maximum investment in current assets is between 1 crore to 5 crore.

Maximum investment in current asset will increase the liquidity of the firm but at the same time it will reduce the profitability of the CanBank Factor.

**Table 6.30**

**Amount of Credit allowed by clients of CanBank Factors to their customers**

Number of customers	frequency	percent	Cumulative percent
Less than 10	2	6.7	6.7
More than 10 but less than 50	11	36.7	
More than 50 but less than 100	10	33.3	
Above 100	7	23.3	
Total	30	100.0	

Source:- primary survey

It is viewed from the table that 2 respondent (6.7 percent ) has less than 10 customers to whom credit is allowed, 11 respondents ( 36.7 percent) have more than 10 customer but less than 50 to whom credit is allowed, 10 respondents ( 33.3 percent) has more than 50 customer but less than 100 customers and 7 respondents (23.3 percent) has more than 100 customer allowed credit. Thus it indicates that a large number of customers are allowed on credit basis. More customer that were allowed on credit increases the scope for factoring services.

**Table 6.31**

**Export business of clients**

Number of customers	frequency	percent	Cumulative percent
Less than 5	15	50.0	50.0
More than 5 but less than 10	8	26.7	76.7
More than 10 but less than 20	4	13.3	90.0
Above 25	3	10.0	100.0
Total	30	100.0	

It is noted in the table that 15 respondents ( 50 percent) have less than 5 customer involved in export business, 8 respondents ( 26.7 percent) have more than 5 but less than 10 customer involved in export business, 4 respondents (13.3 percent)has involved in export business and 3 respondents ( 10.0 percent) have got above 25 customers involved in export business. Thus it indicates that less number of customers are involve in export business hence there is less scope for an export factoring.

**Table 6.32**  
**Customers defaulters**

	frequency	percent	Cumulative percent
Less than 5	11	36.7	36.7
More than 5 but less than 10	13	43.3	80.0
More than 10 but less than 20	3	10.0	90.0
Above 20	3	10.0	100.0
Total	30	100.0	

Source:- primary survey

It is mentioned in the table that 11 respondents ( 36.7 percent) have less than 5 customer who are defaulters in payment of credit,13 respondents who were defaulters( 43.3 percent) were found among 5 but less than10 customers, 3 respondents ( 10.0 percent )were with more than 10 customers but less than 20 customers as defaulters and 3 respondents have got above 20 customers as defaulters. Thus, it indicates that number of defaulters are less. This is due to factoring services provided by a factor. Maintainance of sales ledger and letter of reminders sent to customers have helped to pay their debts in time.

**Table 6.33****Benefits of CanBank factors to customers**

Benefits received	Frequency	Percent	Cumulative percent
Easy collection of debts	6	20.0	20.0
Helps to increase working capital	20	66.7	86.7
Helps to expand business	2	6.7	93.3
Time saved	2	6.7	100.0
Total	30	100.0	

Source:- primary survey

It is spotted in table that 6 respondents (20 percent) benefitted from factoring services through easy collection of debts, 20 respondents (66.7 percent) got benefit through increase in working capital, 2 respondents each got the benefit through an expansion of business and saving in time. Thus, a large number of respondents got the benefits through an increase in working capital. A factor pays nearly 70-80 percent amount in advance which helps corporates to use as an working capital.

**Table 6.34****Problems faced by customers in CanBank Factors**

Nature of problems	frequency	percent	Cumulative percent
Interest charged is very high	8	26.7	26.7
Delay in remitting	3	10.0	36.7
More legal formality	3	10.0	46.7
Lack of knowledge	6	20.0	66.7
Cheques are drawn	2	6.7	73.3
Collateral security	1	3.3	76.7
Letter of authority	7	23.3	100.0
Total	30	100.0	

It can be seen in the table that 8 respondents (26.7 percent) faced with the problem of higher interest rate, 7 respondents( 23.3 percent) with demand of authority letter by the factor,6 respondents ( 20.0 percent) with lack of knowledge of factoring services,3 respondents ( 10 percent) faced with more formalities,2 respondents ( 6.7 percent) faced with cheques are drawn on bankers. Thus it indicates that an interest charged on prepayment amount and letter of authority demanded by factor are the major problems faced by the customers. An interest charged is normally higher than interest charged by banks . It is due to CanBank factor borrows money from the bank and other sources from outside and it is advanced to customers as prepayment amount.

**Table 6.35**  
**Suggestion made by respondents**

Suggestions	Frequency	Percent	Cumulative percent
Factor should take responsibility	26	86.7	86.7
Legal formality	2	6.7	93.7
Interest charged	2	6.7	100.0
Total	30	100.0	

Source:- primary survey

Table 6.35 reveals the suggestion made by the respondents during the study period. It was found in the table that 26 respondent ( 86.7 percent) suggested that factor should take the responsibility of collecting the debts,2 respondents each ( 6.7 percent) suggested that legal formality and interest charged should be minimized. when customers fails to repay the debts than factor sends back the book debts to clients thus, factor does not take the responsibility of bad debts.

**6.3 PROFILE, AWARENESS AND PROBLEMS ANALYSIS OF CUSTOMERS OF SBI MUTUAL FUND**

**Table 6.36**

**Distribution of investors by demographic factors**

Investors particulars	Number of Respondents	Percentage
Sex		
Male	44	73.30
Female	16	26.70
Age		
Under 25 yrs	5	2.30
Between 26 to 35 yrs	13	21.70
Between 36 to 50 yrs	33	55.00
Above 50 yrs	9	15.00
Education		
Graduate or higher	30	50.00
Below graduate but above matriculate	24	40.00
Non-matriculate	6	10.00
Occupation		
student	1	1.70
House -wife	8	13.30
Professional	8	13.30
service	34	56.70
Business	6	10.00
Retired	3	5.00
Marital status		
Married	55	91.70
Unmarried	5	8.30
Monthly Income		
Below 100000 P .A	18	30
Below 100001 to 300000	36	60
Below 300001 to 500000	3	5
Above 500000	3	5

Source:- Primary survey

Table 6.36 exhibits the distribution of respondents according to demographic factors. It was observed in the table that 44 respondents i.e 73.30 percent belongs to male category and 16 respondents i.e 26.70 percent belongs to female. Thus , it signifies that investment in mutual fund is male dominated. It can be found from the table that 5 respondents i.e 8.70 percents are under 25 years, 13



respondents i.e 21.70 percent belongs to age group of 26. to 35 years and 9 respondents i.e 55 percents belong to age group of 36 to 50 years and 9 respondents i.e 15 percents belongs to the age group of more than 50 years. Thus it signifies that maximum respondents belongs to age group of 36 to 50 years.

As regards to educational qualification 30 respondents i.e 50 percent are graduates or higher, 24 respondents i.e 40 percent were under graduates but above matriculate and 6 respondents i.e 10 percent belongs to non-matriculate

As regards to occupation 34 respondents i.e 56.70 percents belong to service category of services, 8 respondents each i.e 13.30 percent belongs to housewife, and professional ,6 respondents i.e 10 percent and 3 respondents belongs to retired class. Thus it shows that maximum number of respondents belong to service category.

As regards to marital status 55 respondents i.e 91.70 percent were married while 5 respondents i.e 8.30 percent were unmarried. As regards to monthly income 18 respondents i.e 30 percent belong to income group of 100001 to 300000 and 3 respondents each belongs to 300001 to 500000. Thus it indicates that maximum respondents belongs to the income group of 100001 to 300000 P.A.

**Table 6.37****Distribution of Respondents according to Investment pattern**

Investors particulars	Number of Respondents	Percentage
First time Investment		
Before 1990	6	10.00
After 1990 but before 1995	23	38.30
After 1995 but before 2000	19	31.70
After 2000	12	20.00
Investment every year		
Below 10000	32	53.30
More than 10000 but less than 25000	20	33.30
<b>More than 25000 but less than 50000</b>	6	10.00
Above 50000	2	3.30
Total Investment		
Up to 5000	8	13.30
<b>Rs 5001 to 10000</b>	15	25.0
Rs 10001 to 25000	18	30.0
Rs 250001 to 50000	18	30.0
Rs 50000 to 100000	1	1.70
Preference for Mutual fund		
Regular income	21	35
Growth Income	2	33.3
<b>Balanced scheme</b>	6	10.0
Tax saving scheme	13	21.70

Table 6.37 denotes the distribution of investors according to investment pattern. It can be observed from the table that 6 respondents i.e 10 percent made their first investment before 1990 , 23 respondents i.e 38.30 percent invested after 1990 but before 1995 , 19 respondents i.e 31.70 percent invested after 1995 but before 2000 and 12 respondents i.e 20 percents invested after 2000. Thus it shows that maximum respondents invested after 1990 but before 1995. As regards to the size of investment annually 32 respondents i.e 53.30 percent annual size of investment is below 10000, 20 respondents i.e 33.33 percent invest more than 10000 but less than 25000, 6 respondents i.e 10 percent invest more than 25000, 6 respondents i.e 10 percents invest more than 25000 but less than 50000 and 2

respondents i.e 3 percents invest more than 50000 P.A .Thus it shows that maximum respondents invest below 10000 P.A. With regards to the total investment as on date .It is noticed that respondents i.e 13.30 percent invested up to 5000, 15 respondents i.e 25 percent invested total sum of rupees above 5001 but below 10000 ,18 respondents each i.e 30 percent invested above 10000 but below 25000 and above 25000 but below50000 and one percent invested above 50000. Thus it shows that maximum respondents whose investments are above 10000 but below 50000.As regards to preference of mutual fund schemes 21 respondents i.e 35 percent chose regular income scheme, 20 respondents i.e 33.33 percent preferred Growth income schemes, 6 respondents i.e 10 percent preferred balanced scheme and 13 respondents i.e 21.70 percent chose tax saving schemes. Thus overall it showed that maximum respondents preferred regular income schemes through dividends.

**Table 6.38**

**Distribution of investors according to selection of mutual schemes**

Method of selection of schemes	Number of Respondents	Percentage
Pamphlets	2	3.30
Newspaper	6	10.00
magazines	5	8.30
Television	-	-
Friends and Relatives	9	15.00
Agents or consultants	38	63.30
Total	60	100.00

Table 6.38 reveals the methods of selection of mutual fund schemes. It is noted that 38 respondents i.e 63 percent select mutual fund through Agents or consultants,9 respondents i.e 15.00 percent select through friends and relatives, 6

respondents i.e 10 percent select through Newspaper, 5 respondents i.e 8.30 percent through magazines. Thus it indicates that maximum number of respondents select mutual fund through agents or consultants. Agents or consultants are normally specialise in securities therefore it is better if these schemes are selected through agents or consultants.

**Table 6.39**

**Factors considered for choosing the Mutual fund organisation**

Factors	Very important	Important	Not much important	Not important at all
Capital Appreciation	22	28	10	-
Regular Dividend Income	12	36	12	-
Previous experience	7	36	17	-
Friends/relatives	1	27	28	4
Agents recommendation	20	32	7	1
Advertising	1	19	37	3
General reputation	13	16	27	4
Schemes most suitable	19	15	21	5
Pamphlets or prospectus	1	27	28	8
Name of the sponser	3	24	22	11
Other factor	15	22	20	3

source:- Primary survey

Table 6.39 reveals the factors considered for choosing mutual fund organisation and its importance. It is noted that 22 respondents expressed as very important, 28 respondents disclosed as important and 10 respondents mentioned that it was not much important. As regards regular dividend income 12 respondents communicated important and 12 respondents said it not much important. As regards to previous experience 7 respondents speaks that it is very important,36 respondents said it is important and 17 respondents mentioned it is not much important. As regards to friends and relatives 27 respondents communicated that it is important and 28 respondents disclosed it is not much important. With regards to agents recommendation 20 respondents expressed very important , 32

respondents mentioned it is important and 7 respondents communicated it is not much important. Thus it shows that agents recommendation is considered as important. As regards to advertising maximum respondents disclosed that it is not much important. As regards to general reputation ,schemes most suitable, pamphlets, name of the sponsorer and other factor maximum respondents spoke that it is not much important factor for selecting mutual fund organisation.

**Table 6.40**

**Opinion of investors about safety with other security**

Type of securities	Absolutely safe	Reasonably safe	Unsafe	Don't know
Shares in primary market	-	23	20	17
Shares in secondary market	1	5	39	15
Company deposits	4	13	39	4
Debentures of company	1	37	15	7
Mutual funds	4	48	6	2
Fixed Deposits in Banks	29	26	4	1
Fixed Deposits in credit society	27	25	6	2
National saving certificate	53	4	2	1
Life insurance policy	52	4	2	-
Post office deposits	49	9	2	-

source:- Primary survey

Table 6.40 reveals the opinion of investors about safety of securities. It is observed that absolute safe securities selected by maximum respondents are national saving certificate, followed by LIC, Post office deposits, fixed deposits in co-operative credit societies. With regard to reasonably safe it is found that maximum respondents disclosed that mutual fund followed by debentures of company, fixed deposits in banks, fixed deposits in society, shares in primary market and company deposits. This indicate that there is some percentage of risk involved in these securities. As regards to unsafe securities maximum respondents

communicated that, shares in secondary market followed by company deposits, shares in primary market, Debentures of the company. It indicates that there is high degree of risk involved in these type of securities. The number of respondents who do not aware of these securities were negligible. As regards to mutual fund securities it was observed that it is not absolutely free from risk factor.

**Table 6.41**

**Distribution of respondents according to satisfaction of Agents services**

Services provided by Agents	Very satisfied	satisfied	Not satisfied
Helping with guidance & Advise	13	44	3
Helping with knowledge of tax	8	51	1
Promptly introducing scheme	15	34	11
Supply and collection of application form	14	34	12
Sorting out problems	20	30	10

Source:- Primary survey

Table 6.41 shows the satisfaction level of the respondents towards the agents services. It is seen that maximum respondents were satisfied with the services of agents towards helping with regards to tax matter, promptly introducing new schemes, collection of application forms and sorting out problems. Thus it indicates that maximum respondents expressed satisfied action with the services of the agents. A small number of respondents found the services provided by agents as not satisfied being disclosed by small number of respondents. Generally agents have their independent office hence with help of office staff it is possible for them to provide required services to investors.

**Table 6.42****Factors considered for selling mutual fund schemes.**

Factors	Number of respondents	percentage
Suggestion from Agents	23	38.30
Suggestion from Friends	21	35
Own knowledge and experience	8	13.30
Fluctuation	4	6.70
In need of Money	4	6.70

Source: Primary survey

It is seen in the table 6.42 that maximum number of respondent followed the agent suggestion for selling mutual fund .It was followed by suggestion from friends, own knowledge and experience, fluctuation and need of money. Thus it indicates that maximum number of respondent consider suggestion from agents as the major factor for selling mutual fund scheme. Since agents have the professional knowledge of the capital market it helps the investors to consider the opinion of agent as important while selling.

**Table 6.43****Problems faced by investors while investment and sale**

Problem faced	Number of respondents	percentage
<b>While Investing</b>		
Contacting broker difficult	12	20.0
Broker doesn't disclosed all the scheme	20	33.30
Difficulty in selecting schemes	27	45
Difficult to contact company authority	1	1.70
<b>While selling</b>		
Delay in getting cash	21	35
Broker charges more commission	18	30
No fixed centre	7	11.70
Relie on broker for sale	14	23.30

Source:- Primary survey

Table 6.43 reveals the problems faced by respondents while investing and selling mutual fund. It is viewed from the above table that 12 respondents i.e 20 percents disclosed that contacting broker is difficult, 20 respondents i.e 33.30 percent communicated that the broker dose not disclose all the schemes, 27 respondents i.e 45 percent faced with the difficulty in selection of schemes and only one percent expressed that meeting company officials is difficult. Thus , it shows that maximum respondents expressed that they are faced with the problem of difficulty in selection of schemes .Further it was observed that 21 respondents i.e 35 percents faced with the problem of delay in getting cash, 18 respondents i.e 30 percent disclosed that broker charges higher commission, 7 respondents i.e 11.70 percent mentioned about no fixed centre and 14 respondents i.e 23.30 percent disclosed that they are faced with the problem of relying on brokers for sale. Thus it shows that delay in getting cash is the major problem faced by large number of respondents.



**6.4 PROBLEMS, AWARENESS AND PROBLEM ANALYSIS OF INVESTORS OF CANBANK MUTUAL FUND**

**Table 6.44**

**Distribution of investors by demographic factors**

Investors particulars	Number of Respondents	Percentage
Sex		
Male	43	71.7
Female	17	31.15
Age		
Under 25 yrs	1	1.70
Between 26 to 35 yrs	23	38.30
Between 36 to 50 yrs	24	40
Above 50 yrs	12	20
Education		
Graduate or higher	48	80
Below graduate but above matriculate	12	20
Non-matriculate		
Occupation		
student	1	1.7
House -wife	4	6.7
Professional	8	13.30
service	38	63.30
Business	3	5.0
Retired	6	10.0
Marital status		
Married	56	93.30
Unmarried	4	6.70
Monthly Income		
Below 100000 P .A	10	16.70
Below 100001 to 300000	38	63.30
Below 300001 to 500000	12	20
Above 500000	-	-

Source:- Primary survey

Table 6.44 exhibits the distribution of respondents according to demographic factors. It has been observed in the table that 43 respondents i.e 71.70 percent belongs to male category and 17 respondents i.e 31.15 percent are female. It signifies that investment in mutual fund has been made more by men rather than

by women. It has also been found in the table that one respondent i.e 1.70 percent belong to the category of under 25 years, 23 respondents i.e 38.30 percent belongs to age group of 26 to 35 years while 24 respondents i.e 40 percent belong to the age group 36 to 50 years and 12 respondent i.e 20 percent belongs to age group or more than 50 years. Thus it signifies that the maximum number of respondents belong to age group of 36 to 50 years. With regards to the educational qualification 48 respondents i.e 80 percent are graduates or having higher qualification, 12 respondents i.e 20 percent were under graduates but above matriculate. As regards to the occupation 38 respondents i.e 63.30 percent were to category of services, 8 respondents each i.e 13.30 percent were professionals, 6 respondents i.e 10 percent were the retired class. Thus it is seen that the maximum number of respondents belongs to service category. As regards to marital status 56 respondents i.e 93.30 percent were married and 4 respondents i.e 6.70 percent were unmarried. As regards to monthly income 10 respondents i.e 16.70 percent belong to income group of less than 100001, 38 respondents i.e 63.30 belonged to 100001 to 300000 and 12 respondents i.e 20 percent between 300000 to 500000. Thus it seen that the maximum number respondents belongs to the income group of 100001 to 300000 P.A.

Table no 6.45 reveals the distribution of investors according to investment pattern. It has been observed in the table that 8 respondents i.e 13.30 percent had made their investment first time before 1990, 44 respondents i.e 73.30 percent invested after 1990 but before 1995, 4 respondents i.e 6.60 percent invested after 1995 but before 2000 and 4 respondents i.e 6.60 percent invested after 2000. Thus it is seen that maximum respondents invested after 1990 but before 1995. With

regards to the annual size of investments 37 respondents i.e 53.30 percent the annual size of investment is below 10000, 20 respondents i.e 61.70 percent invests more than 10000 but less than 25000, while 21 respondents i.e 35 percent invest more than 25000. Thus it shows that maximum respondents invest below

**Table 6.45**

**Distribution of Respondents according to Investment pattern**

Investors particulars	Number of Respondents	Percentage
First time Investment		
Before 1990	8	13.30
After 1990 but before 1995	44	73.30
<b>After 1995 but before 2000</b>	4	6.70
After 2000	4	6.70
Investment every year		
Below 10000	37	61.70
More than 10000 but less than 25000	21	35
<b>More than 25000 but less than 50000</b>	2	3.30
Above 50000		
Total Investment		
Up to 5000	10	16.70
<b>Rs 5001 to 10000</b>	11	18.30
Rs 10001 to 25000	20	33.30
Rs 250001 to 50000	16	26.70
Rs 50000 to 100000	3	5.00
Preference for Mutual fund		
Regular income	7	11.70
Growth Income	23	38.30
<b>Balanced scheme</b>	11	18.30
Tax saving scheme	19	31.70

Source:- Primary survey

10000 P.A. As regards to total investment as on date was noticed that 10 respondents i.e 16.70 percent invested up to 5000, 11 respondents i.e 18.30 percent invested above 5001 but below 10000 ,20 respondents each i.e 33.30 percent made investment up to 25000 ,16 respondents i.e 26.70 percent invested above 25000 but below 50000 and 3 respondents i.e 5 percent invested above 50000. Thus it is

seen that the maximum number of respondents investment are more than 10000 to 25000. As regards to preference of mutual fund schemes 7 respondents i.e 11.70 percent chose regular income scheme, 23 respondents i.e 38.30 percent preferred Growth income schemes, 11 respondents i.e 18.30 percent preferred balanced scheme and 19 respondents i.e 31.70 percents choose tax saving schemes. Thus overall it is seen that the maximum number of respondents preferred regular income schemes .

**Table 6.46**

**Method of selection of mutual schemes**

Method of selection of schemes	Number of Respondents	Percentage
Pamphlets	8	13.30
Newspaper	20	33.33
Magazines	4	6.70
Television	-	-
Friends and Relatives	8	13.30
Agents or consultants	20	33.30
Total	60	100.00

Table 6.46 shows the methods of selection of mutual fund schemes. It is seen in the table that 20 respondents i.e 33.30 percent select mutual funds through newspaper and agents or consultants, 8 respondents i.e 13.30 percent each select schemes through pamphlets and friends and only four respondents select mutual fund scheme through magazines. Since the coverage for newspaper is wide it becomes easy for investors to select the schemes. Agents or brokers being the professionals they normally guides the customers to select the appropriate schemes. Pamphlets and friends create low influence for selecting mutual fund schemes. It has been observed that the maximum respondents select the schemes through newspaper and Agents .

Table 6.47 exhibits factors considered for choosing mutual fund organisation. It has been observed that 35 respondents expressed capital appreciation as very important factor in choosing mutual fund organisation. Regular dividend and previous experience were considered as important factors by 39 respondents each followed by pamphlets or prospectus and name of the sponser. The major factor which is considered as of not much important includes advertising followed by friends and relatives, general reputation, other factor ,name of sponser and pamphlets Hence in general it has been observed that capital appreciation ,regular dividend, previous experience as a client are the important factors which are considered before choosing the mutual fund organisation

**Table 6.47**

**Factors considered for choosing the Mutual fund organisation**

Factors	Very important	Important	Not much important	Not important at all
Capital Appreciation	35	15	10	-
Regular Dividend Income	9	39	11	1
Previous experience	4	39	13	3
Friends/relatives	6	16	29	9
Agents recommendation	11	18	20	11
Advertising	3	13	37	7
General reputation	13	17	26	33
most suitable	14	20	20	6
Pamphlets or prospectus	6	23	19	11
Name of the sponser	14	17	19	11
Other factor	12	20	20	8

Source:- Primary survey

**Table 6.48****Opinion of investors about safety with other security**

Type of securities	Absolutely safe	Reasonably safe	Unsafe	Don't know
Shares in primary market	4	20	33	3
Shares in secondary market	1	30	29	-
Company deposits	6	29	21	4
Debentures of company	8	37	8	7
Mutual funds	5	42	10	3
Fixed Deposits in Banks	39	15	5	1
Fixed Deposits in credit society	21	14	23	2
National saving certificate	53	4	3	-
Life insurance policy	51	6	2	1
Post office deposits	47	7	6	--

Source:- Primary survey

Table-6.48 reveals the opinion of investors about safety of securities. It has been observed that absolute safe securities selected by maximum respondents are national saving certificate, followed by LIC, Post office deposits, fixed deposits in co-operative credit societies. As regards to reasonably safe securities it has been found that the maximum number of respondents disclosed that mutual funds followed by debentures of company, fixed deposits in banks, shares in primary market shares in secondary market, and fixed deposits in society. This indicate that there is some percentage of risk involved in these securities. As regards to unsafe securities maximum respondents communicated that, shares in secondary market followed by company deposits, shares in primary market and mutual fund. It indicates that there is high degree of risk involved in these type of securities. The number of respondents who are not aware of these type of securities were negligible. As regards to mutual fund securities it was observed that it is not absolutely free from risk factor.

**Table 6.49**

**Distribution of respondents according to satisfaction of Agents services**

Services provided by Agents	Very satisfied	satisfied	Not satisfied
Helping with guidance & Advise	6	35	19
Helping with knowledge of tax	8	34	8
Promptly introducing scheme	9	41	10
Supply and collection of application form	14	39	7
Sorting out problems	12	30	18

Source:- Primary survey

Table 6.49 shows the satisfaction level of the respondents towards the agent services. It has been observed that the maximum respondents were satisfied with the services of agents with regards to tax matters, promptly introducing new schemes, collection of application forms and sorting out problems. Thus it indicates that the maximum number of respondents expressed that they were satisfied with the services of the agents. The 19 respondents disclosed that the services provided by agents were not satisfactory. With 18 respondents towards sorting out problems of the investors. Generally agents, have their independent office hence with help of office staff it is possible for them to provide required services to investors.

**Table 6.50**

**Factors considered for selling mutual fund.**

Factors	Number of respondents	percentage
Suggestion from Agents	10	16.70
Suggestion from Friends	19	31.70
Own knowledge and experience	24	40.0
Fluctuation	5	8.30
In need of Money	2	3.30

Source: Primary survey

It has been observed in the table 6.50 that the maximum number of respondents disclosed that their own knowledge and experience, suggestion from friends and relatives and suggestion from agents were the factors considered while selling the mutual funds. Thus it is seen that the maximum respondents consider their own knowledge and experience as the major factors for selling mutual fund scheme. Most of the investors in mutual fund were and educated, reads news paper daily which helped them to get the knowledge of the market situation .

**Table 6.51**

**Problems faced by investors while investment and sale**

Problem faced	Number of respondents	percentage
<b>While Investing</b>		
Contacting broker difficult	12	20
Broker dose not disclosed all the scheme	22	36.70
Difficulty in selecting schemes	20	33.30
Difficult to contact company authority	6	10.00
<b>While selling</b>		
Delay in getting cash	25	41.70
Broker charges more commission	19	31.70
No fixed center	8	13.30
Rely on broker for sale	8	13.30

Source:- Primary survey

Table-6.51 reveals the problems faced by respondents while investing and selling mutual fund. It has been observed in the table that 12 respondents i.e 20 percent disclosed that contacting broker was difficult,22 respondents i.e 36.70 percent communicated that brokers do not disclose all the schemes,20 respondents i.e 33.30 percent faced the difficulty in the selection of schemes and 6 respondents expressed the opinion that meeting company officials was difficult. Thus, it is seen that the maximum number of were of the opinion that they faced



the problem of with the broker as the brokers do not disclose all the schemes. Further it has been observed that 25 respondents i.e 41.70 percent faced with the problems of delay in getting cash, 19 respondents i.e 31.70 percent disclosed that broker charges more commission, 8 respondents each i.e 13.30 percent mentioned the fact that there were no fixed centers and had to rely on the brokers for the sale. Thus it shows that delay in getting cash is the major problem faced by large number of respondents.

### Conclusion

1) The factors observed in choosing the mutual fund scheme of SBI and CanBank by the customers include safety, dividend ,capital appreciation, tax benefit and liquidity . Whereas capital appreciation, regular dividend and previous experience as a client are the important factors considered before choosing mutual fund organisation.

2) As regards securities, national saving certificate, LIC, Post office deposits and fixed deposits are considered as absolute safe securities by the investors of SBI and CanBank Mutual Fund. Whereas mutual fund considered as reasonably safe but it is not absolutely free from the risk factor.

3) The delay in getting cash is the major problem faced by investors of SBI and CanBank Mutual fund.

4) The selection of schemes are made through recommendation of agents or consultants in SBI mutual fund whereas in CanBank mutual fund maximum respondents observed to select schemes through newspaper and agents.

5) As regards to selling of mutual funds it was observed that in SBI mutual fund, Maximum respondents consider suggestion from agents as the major factor. Whereas in CanBank mutual fund own knowledge and experience as the major factor.