



CREDIT SCHEMES OF HDFC

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Abstract

Credit in its literal sense means trust or confidence. Actually it means the postponement of payment. Credit is an act of exchanging in which the creditor delivers certain goods, money or services in the present and believes sometime in the future. The word credit has been derived from the Latin 'Credo' meaning 'I believe'. This also shows that credit has no existence without belief, faith or confidence.

Keywords :*Forms of credit, RBI credit control, Credit Rationing, comparative of Income statement , Interpretation of credit schmes.*

Introduction

Finance is the life-blood of modern commerce. It facilitates trade and provides necessary lubrication to its mechanism. Provision of funds is essential for every type of domestic trade. In the modern money-using economy, finance may be defined as the provision of money at the time it is wanted. Success of a business today depends upon the credit and borrowing abilities of a businessman. In the words of Macleod, 'What the steam engine is in mechanism; what the differential Calculus is in Mathematics; that is credit in Commerce.

Definitions of credit

In the words of prof.Gide, it (credit) is an exchange which is complete after the expiry of a certain period of time after payment. In the words of Prof.Cole, "credit is purchasing power not derived from income but created by financial institution either as an offset to idle income held by depositors in the banks or a net addition to the total amount of purchasing Power"

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Credit Rationing

This refers to the laying down of a ceiling on the maximum amount of accommodation, which banks can get from the Central Bank.

1.Direct Action: It refers to the forced measures taken by the central bank against individual units.

2.Moral Suasion: The Central Bank tries to achieve its objective by persuading banks to follow the policy laid down by the Central Bank regarding their creation of credit

Origin

The origin of the word 'bank' is traced to a Latin word "BANCUS" which means a bench. European moneylenders and moneychangers used to transact their business at benches or tables. The bench or table used by a trader in money was the symbol of the business or dealing in money. The success or failure in trading was associated with his bench. When a banker failed, his bench used to be destroyed by the people.



Some authorities observe that the word bank was originally derived from the German word 'BANK' which means a joint stock fund. The Germans Italianized this word into "banco" when they were the rulers of a major part of Italy. The French again changed this term into 'BANK'. Afterwards, the Britishers converted this term into 'bank', which has now been universalized. The term bank or banker is used in almost all the countries of the world to denote a financial institution dealing in money. "A bank is a financial intermediary, a dealer in loans and debts" said Cairn cross.

Research Methodology

The Data is collected through primary and secondary sources.

Collection of Data

The primary data is collected through the interview with the executives at various levels of the bank. The secondary data is collected through audited financial results and records of the books

Review of Literature

The business of receiving or borrowing money from the public with a view to lend the same to the public is called "banking business". Any person or institution carrying on such business is called a 'banker' or 'bank'. So banking mainly consists of 'money receiving' (borrowing) and 'money lending'

Objectives of the Study

1. An evaluate study on credit schemes in the HDFC with the help of comparative statement analysis.
2. To evaluate the performance of branch bank based on balance sheet and income statement with the help of comparative statement analysis.

Interpretation of Credit Schmes& Educlational Loans

The educational loan accounts of the bank having increase of 26 accounts in 2017 to 38accounts in 2017, there by showing an absolute increase of 15 accounts accounting to 17% change over the base year. In this 26 accounts the amount of realized in 2017 accounted for Rs.0.27 crores as against the 2017 amount of Rs.0.67 crores, this increases accounted for Rs.0.40 crores equaling to 178% increase over the base year

Export credit

The export credit of the bank as decreased from Rs.15 crores in 2017 to Rs.4 crores in 2017, there by showing a net decline of Rs.8 crores accounting to -65% over the base year.

Housing Loans

The housing Loans of the bank on number of accounts outstanding was 21 accounts in 2017 and 25 accounts in 2017; there by showing an increase of 4 accounts which accounting to 19% over the base year. The bank no of accounts outstanding amount is also increased from Rs.0.72crores in 2017 to Rs.1.10crpres in 2017, there by showing an increase of 0.38 crores which accounting to 53% over the base year.

The sanctioned and disbursed no of accounts were increase from 5 accounts in 2017 to 7 accounts in 2017, there by showing an overall increase of 40% over the base year. The sanctioned and disbursed amount were increase from Rs.0.35crores in 2017 to Rs.1.10crores in 2017, there by showing an overall increase Rs.0.7 cr which accounting to 211% over the base year.

Personal Loans

The personal Loans of the bank on no of accounts outstanding were 171 accounts in 2017 and in 2017 is also 171 accounts. There is noincrease no of accounts. But the amount of outstanding accounts were Rs.0.46crores in 2017 and Rs.0.46crores in 2017, this means the outstanding no of accounts same in both years but the amount of outstanding accounts decreased by Rs.0.05crores accounting to 11% over the base year. The sanctioned and disbursed no of accounts were increase from 21 accounts in 2017 to 45 accounts in 2017, there by showing an over all increase 117% over the base year. The sanctioned and disbursed amount were increase from Rs.0.09cr in 2010 to Rs0.21cr in 2017, there by showing an overall increase of 172% over the base year.



Mortgage Loans

The banks statements and official records reveled that only in 2017 the bank sanctioned Mortgage Loans. The no of accounts outstanding an Mortgage Loans accounted for 5 accounts as against the amount outstanding at Rs.0.65cr. The sanctioned and disbursed accounts and amounts are also same in these financial years.

Comparative Balance Sheet of HDFC. Hyd Main Branch for the Year Ended 31-4-2017 RS. In crores

Particulars	Schedule No	31-07-16	31-07-17	Absolute Change	Percentage Change
Liabilities & Capital					
Long term liabilities					
Capital	1	--	--	--	--
Reserve & Surplus	2	--	--	--	--
Deposits	3	155.22	168.58	16.36	11%
Borrowings	4	2.51	0.20	-2.31	-92%
Total long-term liabilities (A)		157.73	168.78	11.05	10%
Current Liabilities					
Other liabilities & provisions	5	98.00	72.28	-25.72	-26%
Total current liabilities (B)		98.00	72.28	-25.72	-26%
Total Liabilities (A+B)		225.73	211.06	-17.67	-7%
Assets					
Current Assets					
Cash & balances with RBI	6				
Balances with banks and money at call and short notice	7	15.01	7.46	-4.55	-38%
Investment	8				
Advances	9	0.04	0.56	0.52	1600%
		--	--	--	--
Total current assets (A)		186.28	179.66	-6.57	-3%
Fixed Assets					
Fixed assets	10	198.28	187.68	-10.60	-5%
Other assets	11	0.17	0.19	0.05	36%
Total fixed assets (B)		27.31	23.19	-4.15	-16%
Total Assets (A+B)		27.45	23.38	-4.07	-16%
		225.73	211.06	-17.67	-7%



Interpretation of Balance sheet

1). There has been decrease of 5% in the current assets of the bank. It can be see that this is in spite of a fall of 38% in cash and balances with RBI and 3% in advances. But 1600% increase in balances with banks and money at call and short notice. Current liabilities are also decrease by 7%. This means banks current assets and current liabilities simultaneously decreased.

But working capital of the bank for the year ended 2016 is Rs.100.28 crores and in 2017 Rs.116.40 crores. This means the increase in working capital with means improvement in the current financial position of the business.

In liquid assets the balances with banks and money at call and short notice very much increase of 1600%. This means the liquidity position of the bank is increase.

2). The long-term liabilities of the bank increased by 9%. This means the deposits the bank is increased. This means the bank attract the customers to deposits their amounts. But the fixed assets decreased by 16%. This means the bank did not expand their business in this year. This means the bank did not use long-term liabilities to increase their fixed assets. The long-term financial position of the bank is not satisfactory, because the bank did not follow the financial policy of the concern.

Findings

- The over all performance of bank is good.
- The credit schemes offered by bank are flexible.
- Interest rates are low when compared to private sector bank.
- To find out the number of persons investing or interested in investing, in securities
- These included processing fee waiver, pre-closure charges and guarantees, simplified loan procedure and provision of different services such as house insurance, repayment protection, credit/debit cards/ATM cards, and personal accident insurance.

Suggestions

- The bank has to concentrate more on promoting their products effectively.
- The bank has to concentrate on increasing their deposits and as well as advances.
- The bank is to stress more on the norms such as sureties, guarantors and documentation etc., to prevent defaults.
- The bank has to concentrate on the recovery management.
- The bank does more work on reducing their Non-performance assets.
- The bank does more work to look after customer relations in convincing way.
- The bank does more work on to getting customer relations and satisfaction

Conclusion

- From the analysis and interpretation of balance sheet for the year ending
- 31st march, 2017, it is clear that the bank current financial position, liquidity position and long term financial position is good.
- From the analysis and interpretation of income statement for the year ending 31st march, 2017, it is clear that the bank profitability is satisfactory.
- From the analysis and interpretation of business profile for three years, it is clear that the bank overall performance in 2011-2017 is better than the financial year of 2017-16.
- From the analysis and interpretation of various credit schemes for the year ending 31st march 2017, it is clear that the bank is more interested in issuing this type of credit schemes.
- From the various analysis and various interpretations, it is clear that the bank overall performance and position is good.



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