

**A STUDY ON IMPACT OF SELECTED DEMOGRAPHIC
FACTORS ON APPRAISAL OUTCOME OF CREDIT
PROPOSALS IN HOME LOANS WITH SPECIAL REFERENCE
TO SOUTH INDIAN BANK,
OLLUR BRANCH**

Project Report

Submitted in partial fulfillment of the requirements

For the award of the degree of

MASTER OF BUSINESS ADMINISTRATION



University of Calicut

By

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(YPAWMBA036)

IV Semester MBA

Under the guidance of

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NAIPUNNYA BUSINESS SCHOOL

Affiliated to University of Calicut, Accredited by NAAC with B++

Approved by AICTE, ISO 9001:2015 Certified

Pongam, Koratty East, Thrissur Dist.

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MBA 2022-2024

AUGUST 2024

DECLARATION

I, **Steffi Jackson**, hereby declare that the project report entitled “**A study on impact of selected demographic factors on appraisal outcome of credit proposals in home loans**” has been prepared by me and submitted to the University of Calicut in partial fulfillment of requirement for the award of the **Master of Business Administration**, is a record of original work done by me under the supervision of **Mr. Amson Symon, Assistant Professor**, Naipunnya Business School, Pongam, Koratty East, Thrissur.

I also declare that this project work has not been submitted by me fully or partly for the award of any Degree, Diploma, Title or recognition before any authority.

Place: Koratty East, Thrissur

STEFFI JACKSON

Date:

YPAWMBA036

AKNOWLEDGEMENT

I express my sincere thanks to **The Almighty**, without whom, this project would not have been completed.

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I am indebted to **the company & higher officials** for granting permission to do this project work. I acknowledge my sincere thanks to all the staff and customers. Their co-operation proved to be of an immense value in completing the research work.

I am also thankful to my beloved **Family, Classmates and Friends** for providing moral guidance, assistance and encouragement throughout my project work.

Place : Koratty East, Thrissur

STEFFI JACKSON

YPAWMBA036

Date:

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CHAPTER - 1
INTRODUCTION

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1.1 INTRODUCTION

Banking is a cornerstone of modern economies, serving as the backbone of financial systems and playing a pivotal role in the economic development and stability of nations. Originating from ancient civilizations where temples and palaces safeguarded wealth, the banking industry has evolved significantly over millennia. Today, banks are complex institutions that facilitate a myriad of financial services, including savings and checking accounts, loans, credit, investments, and wealth management. At its core, banking involves the acceptance of deposits from the public and the creation of credit, which fuels economic activities by providing capital for businesses, mortgages for homeowners, and funding for public projects. The financial intermediation provided by banks allows for the efficient allocation of resources, enabling money to flow from savers to borrowers. This process is essential for sustaining economic growth, as it supports consumer spending, business investments, and infrastructure development. Moreover, banks play a critical role in implementing monetary policy, as central banks use them as conduits for regulating money supply and interest rates to maintain economic stability. The advent of technology has further revolutionized the banking sector, introducing online and mobile banking, which offer unprecedented convenience and accessibility to customers. Additionally, banks are now integral in advancing financial inclusion, reaching underserved populations, and promoting economic equity. Despite the significant benefits banks provide, they also face challenges such as regulatory compliance, cybersecurity threats, and economic fluctuations. The global financial crises have underscored the need for robust risk management and ethical practices within the industry. As the banking sector continues to evolve in response to technological advancements and changing economic landscapes, its fundamental role in facilitating financial transactions and supporting economic activities remains indispensable. Through prudent management and innovation, banks continue to contribute to the prosperity and stability of economies worldwide.

A credit proposal in home loans is a detailed and structured document that serves as the foundation of the loan approval process, playing a critical role in the interaction between potential borrowers and lending institutions. This proposal

encapsulates all relevant financial and personal information of the applicant, providing a comprehensive picture of their creditworthiness and ability to repay the loan. Key components of a credit proposal include the applicant's income details, employment history, credit score, existing liabilities, and asset portfolio, which collectively help the lender assess the risk involved in granting the loan. Additionally, the proposal includes specifics about the property to be purchased, such as its location, market value, and legal status, ensuring the property meets the bank's criteria and provides sufficient collateral. The evaluation of a credit proposal involves a thorough analysis by the bank's underwriting team, who use this information to determine the loan amount, interest rate, and terms that align with the applicant's financial profile. The scrutiny process is rigorous, aiming to minimize default risk while enabling borrowers to achieve their homeownership goals. This proposal is also critical in fostering transparency and communication between the borrower and the lender, as it outlines the borrower's responsibilities and the bank's expectations, thus setting the groundwork for a successful financial partnership. As the housing market and regulatory environment continuously evolve, the components and evaluation criteria of credit proposals are also subject to change, requiring both borrowers and lenders to stay informed and adaptable. Ultimately, a well-prepared credit proposal not only facilitates the approval process but also enhances the trust and reliability between the parties involved, ensuring that the home loan transaction is beneficial and secure for both the lender and the borrower.

The impact of demographic factors on the appraisal outcome of credit proposals in home loans is a multifaceted area of study with far-reaching implications for both borrowers and lenders. Demographic variables such as age, gender, income, education, and marital status can significantly influence how credit proposals are evaluated and ultimately approved or rejected by lending institutions.

Age plays a crucial role in the appraisal process, as younger borrowers may have shorter credit histories and less stable employment, leading to increased scrutiny from lenders. Conversely, older borrowers may face challenges related to retirement income and asset liquidity, impacting their ability to secure favourable loan terms.

Gender disparities also exist in the appraisal outcome of credit proposals, with studies indicating that women may encounter more stringent lending criteria and higher interest rates compared to their male counterparts. These disparities can stem from various factors, including differences in income levels, employment patterns, and credit scores.

Income is a fundamental determinant of creditworthiness, as it directly influences an individual's ability to repay a loan. Higher income levels typically result in more favourable appraisal outcomes, as lenders perceive borrowers with stable and substantial incomes as lower credit risks. Conversely, lower-income individuals may face barriers to accessing credit or may be offered less favourable terms due to perceived repayment risks.

Education can indirectly impact the appraisal outcome of credit proposals by influencing income levels, employment opportunities, and financial literacy. Borrowers with higher levels of education may have access to better-paying jobs and may be more adept at managing their finances, leading to more favourable appraisal outcomes.

Marital status can also influence the appraisal outcome of credit proposals, particularly for joint loan applications. Married couples may benefit from combined incomes and assets, potentially improving their chances of loan approval and securing more favourable terms. However, marital status can also introduce complexities related to joint ownership and liability, which lenders must carefully consider during the appraisal process.

1.2 OBJECTIVES

- I. Determine the impact of demographic factors on the approval or rejection of home loan applicants
- II. To provide suggestions based on the findings.

1.3 STATEMENT OF PROBLEM

The impact of selected demographic factors on the appraisal outcome of credit proposals in home loans is a critical area of study, as it addresses how variables such as age, income level, employment status, education and marital status influence the approval or rejection of home loan applications. Understanding these relationships is essential for both lenders and policymakers to ensure equitable access to credit and to mitigate potential biases in the lending process. By examining the statistical significance of these factors, the study aims to provide insights into how demographic characteristics shape credit risk assessments and influence lending decisions, thereby contributing to more informed and fair lending practices.

1.4 SCOPE OF THE STUDY

The study on the impact of demographic factors on the appraisal of credit proposals in home loans would involve examining how variables such as age, income level, employment status, credit history and location influence the decision making process of lenders. The study would aim to analyze the specific criteria used by financial institutions to evaluate home loan applications based on these demographic factors. It could also explore any potential biases or disparities that may exist in the credit appraisal process due to demographic characteristics. Additionally, the study could investigate how different demographic profiles affect the terms, interest rate and approval rates of home loans.

1.5 RESEARCH METHODOLOGY

A research methodology describes the techniques and procedures used to identify and analyze information regarding a specific research topic. It is a process by which researchers design their study so that they can achieve their objectives using the selected research instruments. It includes all the important aspects of research including research design, data collection methods, data analysis methods and overall framework within which the research is conducted. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge.

RESEARCH DESIGN

Research design refers to the overall plan or strategy that outlines how a researcher will answer their research questions or test their hypothesis. It encompasses decisions about the research approach, data collection methods, sampling techniques, and data analysis procedures.

The research design adopted by in this study is quantitative research.

Quantitative research is the process of collecting and analyzing numerical data. It typically uses statistical methods to draw conclusions and make predictions based on the quantifiable data.

POPULATION OF THE STUDY

Population refers to the entire group of individuals or instances about whom the research is concerned. It is the total set from which a sample is drawn and to which the findings of the study are intended to be generalized. The population encompasses all the potential subjects that share a set of characteristics defined by the research objectives.

The population of the study consists of all the individuals who have taken home loans in the South Indian bank at Ollur branch.

The total individuals taken by home loan is 400

SAMPLING

Sampling is the process of selecting a subset of individuals, units, or items from a larger population in order to make inferences about the entire population. Sampling methods are broadly categorized into two types: probability sampling and non- probability sampling. Each category encompasses several specific techniques, each with its own advantages and suitable applications. In probability sampling, every member of the population has a known, non-zero chance of being selected.

Probability sampling methods include simple random sampling, systematic sampling, stratified sampling, cluster sampling. Sampling method used in this study is stratified sampling. Stratified sampling is a probability sampling

technique in which the total population is divided into homogenous groups (strata) to complete the sampling process. Each stratum is formed based on shared attributes or characteristic such as level of education, income or gender. Random samples are then selected from each stratum and can be compared against each other to reach specific conclusions. Stratified random sampling gives you a systematic way of gaining a population sample that takes into account the demographic make-up of the population, which leads to stronger research results. The method is fair for participants as the sample from each stratum can be randomly selected, meaning there is no bias in the process.

Suppose a university wants to survey the opinions of its students on a new dining hall policy. The student population is composed of undergraduates, master's students, and doctoral students. The total number of students is 1,000, distributed as follows:

- **Undergraduates: 600**
- **Master's students: 300**
- **Doctoral students: 100**

SAMPLE FRAME

A sampling frame is a list or database from which a sample is drawn for a study. It includes all the elements or members of the population that are accessible and eligible for selection according to the research objectives. Sample frame contains applicants' data about

- Applicants ID
- Age
- Gender
- Occupation
- Income level
- Educational background
- Marital status

- Appraisal outcome (approved, conditionally approved, rejected)
- Loan amount
- Interest rate
- Loan tenure

SAMPLING PLAN

The secondary data is collected through stratified random sampling. It is a probability sampling technique in which the total population is divided into homogenous groups to complete the sampling process . It ensures each subgroup within the population receives proper representation within the sample.

SAMPLING SIZE

Out of population 400 applicants, 256 were probably selected by using stratified random sampling method.

PERIOD OF THE STUDY

The period of the study is from eight week.

HYPOTHESIS OF THE STUDY

➤ Null hypothesis (H0): There is no significant relationship between and loan approval status.

Alternative hypothesis (H1): There is a significant relationship between demographic factors and loan approval status.

➤ Null hypothesis (H0): There is no significant relationship between demographic factors and loan amount.

Alternative hypothesis(H1): There is a significant relationship between demographic factors and loan amount.

➤ Null hypothesis (H0): There is no significant relationship between demographic factors and interest rate.

Alternative hypothesis (H1): There is a significant relationship between

demographic factors and interest rate.

➤ Null hypothesis (H0): There is no significant relationship between demographic factors and loan tenure .

Alternative hypothesis (H1): There is a significant relationship between demographic factors and loan tenure.

SAMPLING TECHNIQUE

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- **Doctoral students: 100**

DATA COLLECTION SOURCE

Data collection source refers to the origins or points from which data is obtained to address a particular research question or to fulfill the objectives of a study. These sources can be diverse and multifaceted, ranging from primary to secondary sources. Primary data collection sources involve firsthand gathering of data directly from the subjects or phenomena being studied, using methods such as surveys, interviews, experiments, and direct observations. This approach is often employed when researchers seek specific, tailor-made data that directly pertains to their study objectives, ensuring the data's relevance and accuracy. On the other hand, secondary data collection sources involve the use of existing data that has already been collected, recorded, and archived by others. These sources include books, academic journals, reports, databases, and online resources. Secondary data can provide a valuable foundation and context for research, especially when primary data collection is impractical due to constraints such as time, budget, or accessibility. However, it is crucial for researchers to critically evaluate the credibility, reliability, and relevance of secondary data sources to ensure the integrity of their analysis. Moreover, the choice of data collection sources significantly influences the methodology, scope, and validity of the research findings. Therefore, researchers must meticulously plan and select appropriate data collection sources that align with their research goals, while also considering ethical implications, data quality, and the potential for bias. In summary, understanding and effectively utilizing data collection sources is a fundamental aspect of conducting robust and impactful research, guiding researchers in the acquisition of accurate and meaningful data that underpins their analytical endeavors and conclusions.

SECONDARY DATA

Secondary data refers to information that has been previously collected, recorded, and made available by other researchers, organizations, or institutions for purposes other than

the specific research at hand. This type of data is typically obtained from a variety of sources such as academic journals, books, government reports, statistical databases, historical records, and online resources. Utilizing secondary data offers several advantages, including cost and time efficiency, as the data collection process has already been completed

TOOLS OF DATA ANALYSIS

Data analysis tools are techniques and methodologies used to collect, process, and interpret data to derive meaningful insights and conclusions. These tools help researchers transform raw data into useful information that can inform decisions, identify patterns, and validate hypotheses. To accomplish the objective of the study, the researcher had to depend on the secondary data. secondary data refers to data that has already been collected, processed, and published by others. This data is not collected directly by the researcher for their own study but is instead obtained from existing sources such as books, journals, databases, government reports, or other published materials.

- **Chi square test**

chi-square (χ^2) test is a statistical method used to determine whether there is a significant association between categorical variables. It is particularly useful in hypothesis testing to see if the observed frequencies of occurrences in various categories differ from the expected frequencies derived from a theoretical distribution or previous data. The test compares the observed data (actual occurrences) against what would be expected if there were no relationship between the variables, calculating the sum of the squared differences between observed and expected frequencies divided by the expected frequencies. A significant chi-square statistic indicates that the differences between observed and expected frequencies are unlikely to have occurred by chance, suggesting a potential association between the variables being studied. This test is valuable for identifying patterns and relationships in categorical data, contributing to informed decision-making in fields such as finance, marketing, and social sciences.

1.6 LIMITATIONS OF THE STUDY

- Limited Scope of Demographic Factors
- Regulatory and Policy Influences
- Subjectivity in Appraisals

1.7 INDUSTRIAL PROFILE

The banking sector is a critical component of the global economy, serving as a primary conduit for financial transactions, investment, and economic growth. It encompasses a wide range of institutions, including commercial banks, investment banks, credit unions, and central banks. Commercial banks are the most familiar face of the banking sector to the general public. They accept deposits from individuals and businesses, offering various types of accounts such as savings, checking, and certificates of deposit. These banks also provide loans and mortgages, facilitating economic activity by allocating capital to productive uses. Investment banks, on the other hand, specialize in facilitating large financial transactions, such as mergers and acquisitions, underwriting securities offerings, and providing advisory services to corporations and institutional investors. Credit unions are member-owned financial cooperatives that provide similar services to commercial banks but often with a focus on serving specific communities or groups of individuals.

Central banks play a unique role in the banking sector by overseeing monetary policy and regulating the money supply. They are responsible for setting interest rates, managing inflation, and maintaining the stability of the financial system. The banking sector is subject to extensive regulation and oversight to ensure the safety and soundness of financial institutions and protect consumers. Regulations cover areas such as capital adequacy, liquidity, risk management, and consumer protection.

In recent years, the banking sector has undergone significant transformation driven by technological innovation. Digital banking, mobile payments, and fintech startups have disrupted traditional banking models, offering consumers new ways to access financial

services and manage their money. Despite these changes, the banking sector remains a cornerstone of the global economy, providing essential services that facilitate economic activity, investment, and wealth creation. Its resilience and adaptability ensure its continued relevance in an ever-changing financial landscape. The banking sector is a cornerstone of global finance, encompassing institutions that provide financial services such as deposits, loans and investments. It plays a pivotal role in economic growth, facilitating capital allocation and liquidity management. The sector is diverse, ranging from traditional brick-and-mortar banks to online and mobile banking platforms. Regulation and oversight ensure stability and consumer protection ,with central banks often serving as the backbone of monetary policy. The banking sector worldwide plays a pivotal role in economic stability and growth by facilitating financial transactions, offering credit, and managing investments. It comprises a diverse range of institutions, including commercial banks, investment banks, and credit unions, each serving specific financial needs. Technological advancements have led to digital banking innovations, enhancing accessibility and efficiency. Regulatory frameworks vary across jurisdictions, ensuring financial stability and consumer protection. Globalization has interconnected banking systems, fostering international trade and investment.

INDIAN BANKING INDUSTRY

The Indian banking industry plays a crucial role in the country's economy. With a vast network of banks and financial institutions, it provides various services to individuals, businesses, and the government. The industry comprises public sector banks, private sector banks, foreign banks, cooperative banks, and regional rural banks. Public sector banks, such as State Bank of India, Bank of Baroda, and Punjab National Bank, are owned by the government and have a significant presence across the country. Private sector banks, like HDFC Bank, ICICI Bank, and Axis Bank, are privately owned and known for their innovative services and customer-centric approach. Indian banks offer a wide range of services, including savings and current accounts, loans, credit cards, insurance, and investment products. They facilitate transactions, provide credit to businesses, and support

economic growth. The Reserve Bank of India (RBI) acts as the central bank, regulating and supervising the banking sector to maintain stability and ensure compliance with monetary policies. In recent years, the Indian banking industry has witnessed significant developments. Digital banking has gained momentum, with mobile banking apps, online payments, and digital wallets becoming popular. This shift has made banking services more accessible and convenient for customers. However, the industry also faces challenges. Non-performing assets (NPAs), or bad loans, have been a concern for banks, affecting their profitability and stability. The government and regulatory bodies are taking measures to address this issue and strengthen the banking system. The Indian banking industry is evolving to meet the changing needs of customers and adapt to technological advancements. It plays a critical role in financial inclusion, bringing banking services to the unbanked population and promoting inclusive growth.

In conclusion, the Indian banking industry is a vital pillar of the country's economy. It provides essential financial services, supports economic growth, and contributes to financial inclusion. With ongoing reforms and technological advancements, the industry continues to evolve and meet the evolving needs of customers in the digital age.

BANKING INDUSTRY IN KERALA

The banking industry in Kerala, a southern state of India, is a vital component of its economic infrastructure. With a rich history dating back to the pre-independence era, the banking sector in Kerala has witnessed significant growth and evolution over the years.

One of the key players in the Kerala banking landscape is the State Bank of India (SBI), the largest public sector bank in India. SBI has a substantial presence in Kerala with numerous branches and ATMs spread across the state, providing a wide range of banking services to individuals, businesses, and government institutions. Alongside SBI, other nationalized banks like Bank of Baroda, Punjab National Bank, and Canara Bank also have a significant presence in the state. In addition to nationalized banks, Kerala is also home to several private sector banks, including ICICI Bank, HDFC Bank, and Axis Bank. These banks offer competitive banking products and services, catering to the diverse financial needs of the

population. Cooperative banks also play a crucial role in Kerala's banking sector, particularly in rural areas. These banks are primarily focused on providing financial assistance to small-scale farmers, agricultural workers, and rural entrepreneurs. The Kerala State Cooperative Bank (KSCB) and various district cooperative banks operate throughout the state, offering credit facilities, savings accounts, and other banking services to rural communities. Microfinance institutions (MFIs) have gained prominence in Kerala, especially in rural and semi-urban areas, by providing small loans and financial services to low-income households and small businesses. These institutions play a vital role in promoting financial inclusion and empowering marginalized communities by offering them access to credit and savings facilities. The banking sector in Kerala has embraced technological advancements to enhance efficiency and improve customer experience. Online banking, mobile banking, and digital payment services have become increasingly popular, allowing customers to conduct banking transactions conveniently from their homes or mobile devices. Many banks in Kerala have also adopted innovative technologies such as artificial intelligence and blockchain to streamline operations and ensure the security of financial transactions.

Furthermore, Kerala's banking sector contributes significantly to the state's economy by facilitating investment, fostering entrepreneurship, and promoting economic growth. Banks in Kerala provide financial support to various sectors such as agriculture, tourism, healthcare, education, and small-scale industries, driving socio-economic development across the state. However, like any other region, the banking industry in Kerala faces its share of challenges. Economic disparities, infrastructure constraints, and bureaucratic hurdles can impede the smooth functioning of banks, particularly in remote and underdeveloped areas. Moreover, the sector must remain vigilant against emerging risks such as cyber threats, fraud, and non-performing assets to maintain stability and trust in the financial system.

In conclusion, the banking industry in Kerala is a dynamic and integral part of the state's economy, serving the diverse financial needs of its population while contributing to its overall development. With continued innovation, inclusive growth initiatives, and effective risk management practices, Kerala's banking sector is poised to navigate challenges and seize opportunities for sustainable growth in the years to come.

1.8 SOUTH INDIAN BANK -COMPANY PROFILE

One of the earliest banks in South India, "South Indian Bank" came into being during the Swadeshi movement. The establishment of the bank was the fulfillment of the dreams of a group of enterprising men who joined together at Thrissur, a major town (now known as the Cultural Capital of Kerala), in the erstwhile State of Cochin to provide for the people a safe, efficient and service oriented repository of savings of the community on one hand and to free the business community from the clutches of greedy money lenders on the other by providing need based credit at reasonable rates of interest.

Translating the vision of the founding fathers as its corporate mission, the bank has during its long sojourn been able to project itself as a vibrant, fast growing, service oriented and trend setting financial intermediary.

Headquartered : Thrissur in kerala , India

Branches : 953

ATM -1182,

CDM/CRM-133

26 states and 4 Union Territories

Customer Service : 1800 425 1809

CEO :P R Seshadri (1 Oct 2023)

Founded : 25 January 1929

Number of employees : 9678

BOARD OF DIRECTORS OF SOUTH INDIAN BANK

Mr V.J .kurien – Chairman

Mr. P R Seshadri - Managing director and CEO Mr. M. George Korah - Independent director

Mr. Pradeep M Godbole – Independent directors Mr.Paul Antony – Non- executive director

Mr.R A Sankara Narayanan – Independent Non - executive director Mr. Benny p.Thomas – Non- executive director

Mrs. Lakshmi Rama krishna srinivas – Independent Director

MAJOR MILESTONES

- ❖ The FIRST among the private sector banks in Kerala to become a scheduled bank under the RBI Act, 1946.
- ❖ The FIRST bank in the private sector in India to open a Currency Chest on behalf of the RBI in April 1992.
- ❖ The FIRST private sector bank to open a NRI branch in November 1992.
- ❖ The FIRST bank in the private sector to start an Industrial Finance Branch in March 1993.
- ❖ The FIRST among the private sector banks in Kerala to open an "Overseas Branch" to cater exclusively to the export and import business in June 1993.
- ❖ The FIRST bank in Kerala to develop an in-house, a fully integrated branch automation software in addition to the in-house partial automation solution operational since 1992.
- ❖ The FIRST Kerala based bank to implement Core Banking System.

FUTURE PERFECT

The South Indian Bank with a new logo and image, marches on. With branches all over India and a clientele across the world, the bank is considered one of the most proactive banks in India with a competent tech savvy team of professionals at the core of services.

VISION STATEMENT

A vision statement is a short and inspirational declaration that points out an organizations long term aims and future goals. It acts as a guiding statement that articulates the organizations desired future state and the influence it wishes to have on the world. A well-crafted vision statement is forward-thinking, inspiring and consistent with the

organizations values and mission. The vision statement of South Indian Bank is:
“To be the most preferred bank in the areas of customer service, stakeholder value and corporate governance.”

MISSION STATEMENT

A mission statement is a brief and simple declaration that describes an organizations, company’s or projects essential purpose and objectives. It acts as a guiding concept for stakeholders to understand the organization purpose, major goals, and basic values that drive its operations. The mission statement of South Indian Bank is:

“To provide a secure, agile, dynamic and conducive banking environment to customers with commitment to values and unshaken confidence, deploying the best technology, standards, processes and procedures where customer convenience is of significant importance and to increase the stakeholders’ value.”

WHY WORK WITH SIB

Working at South Indian Bank goes far beyond just having a job to make ends meet. With a job at our bank, you get an opportunity to be a part of a rapidly growing bank with strong fundamentals. A career at SIB opens a world of possibilities to follow your curiosity.

EMPLOYEE DEVELOPMENT AND CAREER GROWTH

We,at south indian bank have a meritorious work culture and provide ample learning opportunities.It is an ideal platform for those who have a will to learn and can think out of the box even during arduous times.

❖ GROWING BANK WITH STRONG FUNDAMENTALS

At South Indian bank, you become part of a rapidly growing bank that has strong fundamentals. With branches all over the country and a clientele across the world, we are considered as one of the most proactive banks in India with a proficient tech savvy team of professionals at the core of our services. Starting your career with us opens an avenue to learn and work on various challenges every day, become creative, innovative and think out of the box.

❖ LONG AND RICH TRADITION

South Indian Bank came into being during the swadeshi movement. The establishment of the bank was the fulfillment of the dreams of a group of enterprising men who joined together at Thrissur, a major town (now known as the Cultural Capital of Kerala), in the erstwhile State of Cochin to provide for the people a safe, efficient and service oriented repository of savings of the community on one hand and to free the business community from the clutches of greedy money lenders on the other by providing need based credit at reasonable rates of interest.

❖ VALUE DRIVEN WORK CULTURE

Our success is grounded in the unwavering commitment to Nine Core Values that shape our work culture.

1. Resilience
2. Ownership
3. Digital
4. Quality
5. Sensitivity
6. Integrity
7. Passion
8. Boundary less
9. Speed

❖ **YOUNG WORKFORCE**

Close to 50% of the workforce at South Indian Bank fall below the age of 30. Surround yourself with an energetic and enthusiastic team, who are full of new perspectives and innovative ideas.

❖ **PERKS AND BENEFITS**

• **Leave**

Considering the overall wellbeing of the employees, a very receptive leave policy is offered to employees, which includes mandatory wellbeing leave as well.

• **Travel benefits**

Depending on their cadre / scale in the organization, employees are eligible for domestic/ foreign leave travel concessions.

• **Staff loans**

Employees of the bank are entitled to avail housing loan, vehicle loan, furniture loan, educational loan, gold loan, overdrafts etc. at special staff rates which are much lower than the normal bank rates.

• **Insurance**

a) Medical Insurance cover of Rs. 4 lakhs for the employee, spouse, children and dependent parents.

b) Life Insurance Cover

• **Accommodation and Housing**

The compensation of officers include house rent allowance or leased rental accommodation, where the employees get house rent as a part of their package. Higher the cadre, higher will be the housing allowance. Bank also has residential quarters in some of the prominent locations in India like Mumbai, Delhi, Chennai, Hyderabad, Bangalore, Ahmedabad etc.

❖ **Other benefits**

Officers are also entitled to various other allowances like fuel, cleansing, entertainment, periodicals, furniture allowance, annual medical aid, annual vehicle maintenance etc

AWARDS AND RECOGNITIONS

South Indian Bank won Banking Frontiers Inspiring Work Places awards in two categories viz. Best HR Technology and Best HR & Talent Practices instituted by the Banking Frontiers

Other recent awards:

- Automation Excellence Awards 2021.
- Banking Frontiers Finnoviti awards 2021.
- IBA award for excellence in Banking Technology 2021
- ASSOCHAM award for Digital Financial Services 2021

Our workforce

We at SIB are focused on attracting, retaining and developing diverse talents at all levels of the workforce. With integrity and innovation at the core, we encourage our employees to be go getters, effective communicators and socially responsible individuals capable of dealing with ambiguous situations as a team

Career path

We offer a very fast paced career path at par with the expectations of today's generation. The proficiency of an employee is tested time and again by allowing him / her to work on multiple projects, such as branch banking, forex, credit processing, risk management, digital banking, marketing etc. An ideal employee who joins as a probationary officer merely takes 12 years to reach the post of deputy general manager in the Bank. That being said, the average age of our recruited probationary officers are only 23 which means they have an opportunity to become a top executive at the bank in their early thirties.

Learning and Development

We have dedicated staff training college that conducts induction and periodic training for all our employees in the bank. It hosts expert faculties (regular/ guest) who share their knowledge through engaging sessions thereby ensuring all employees are well updated with various aspects of banking. Additionally, the executives of the bank are often sent to premier leadership training programs at domestic and international locations to upgrade their clout. We have embraced the digital way learning and training over the years and is continuously in an endeavor to make learning more self-initiated.

PRODUCTS AND SERVICES

Bank offer a variety of products and services which is products includes accounts & deposits, loans, insurance and investments and cards. Services includes savings and checking accounts, loans such as personal loan , car loan , Home loans, Gold loans , educational loans , property loan and mutual funds ,insurance such as life insurance, Health insurance ,General insurance. And money transfers include domestic transfers and international transfers. These products and services are designed to meet the diverse financial needs of individuals, businesses, and other organizations.

PERSONAL BANKING

Personal banking is the financial services offered to individual customers. It includes checking and savings accounts, loans, credit cards and investment products tailored to meet the financial needs of individuals. Personal banking focuses on offering customised solutions to fulfill individual consumers day-to-day banking demands, savings aspirations, Investment needs and borrowing requirements.

Under this category of services bank offers wide range of services

1. Accounts & Deposits

- Savings Account
- Term Deposits
- Financial inclusion
- Unclaimed Deposits/Inoperative Accounts

2. Loans

- Personal loan
- Car loan
- Home loans
- Gold loans
- Education loans
- OTS Scheme For MSE
- Property loan
- SIB Commercial vehicle loan
- Top up loan for HL Borrowers
- SIB DÉCOR
- SIB Rental Loan Schemes
- Loan against securities

3. Mutual funds

Mutual funds are investment vehicles that pool money from multiple investors to invest in stocks, bonds, or other assets. Investors buy shares in the mutual fund, which represents their proportional ownership of the funds holding. It offers diversification, professional management and liquidity to investors. South Indian Bank has tied-up with the leading mutual funds, so that you may pick and choose, as per your investment goals.

- LIC Mutual Fund Asset Management Ltd.
- ICICI Prudential AMC
- Franklin Templeton
- TATA Mutual Fund
- Sundaram Mutual Funds
- UTI Mutual Funds
- Nippon India Mutual Fund
- HSBC Investments
- HDFC Mutual Fund
- Aditya Birla Sun Life Asset Management Company Ltd
- DSP Mutual Fund
- SBI Mutual Fund
- Axis Asset Management Company
- Kotak Mahindra Asset Management Company
- Motilal Oswal Asset Management company
- Canara Robeco Asset Management Company Ltd
- Mirae Asset Global Investments
- Invesco Mutual Fund
- Parag Parikh Mutual Fund

4. Insurance

- Life insurance
- Health insurance
- General insurance

- ECGC
- PM's social security schemes

5. Money Transfers

- Domestic Transfers
- International Transfers

6. Value Added Services

- SIB Rewards
- 3-in-ONE Trading KIT
- Green pin
- Any Branch Banking
- ATM Cum Shopping Card
- Doorstep Banking Service
- Mobile Banking
- SIB Feebook
- Credit Card
- FX-Retail
- Internet Banking
- KYC updation
- NETC FASTag
- SIB E-Academia
- Application supported By Blocked Amount
- Demat Services
- KYC Periodic Updation
- National Pension system
- Online Trading-SIBer Trade

- PAN Service Agency (PSA)
- APY/NPS Lite
- Co-Branded Credit Cards
- SIB Collect
- SIB Contactless Debit Card
- SIB Prepaid Gift Card
- Prepaid Digi/Cash card
- Whatsapp Banking Service
- KYC Certification Of Mutual Fund Investors
- Cash Management Services (CMS)
- MasterCard SecureCode
- RuPay PaySecure
- Verified By VISA
- SIB Travel Card
- Sovereign Gold Bonds
- Tax Payment
- Tax Savings Investments
- Centralized Direct Debit Services
- Account Aggregator
- Distribution Of Capital Gain Bonds & Tax Free Bond
- Branches With Safe Deposit Lockers

7. Government Business

- Direct Tax-CBDT
- ICEGATE- Customs Duty (CBIC)
- Treasury Payments

- Good & Service Tax (GST) payments
- List Of Authorized Agency Business Branches

Priority Banking

Priority Banking is the specialized banking services offered by financial institutions to high net worth individuals or clients with significant assets. These services typically include personalized wealth management, tailored financial solutions, exclusive banking privileges, dedicated relationship managers, and access to premium products and services.

NRI Banking Products :

- Account & Deposits
- Loans
- Insurance and investments
- Cards

E-Service :

- Online NRI A/C Opening
- Update Your KYC Details
- Online FATCA-CRS Update
- Online Remittance Enquiry

Business Banking:

- Business Accounts
- Domestic Finance
- International Finance
- Money Transfers
- Value added services

SIB Mirror +

SIB Mirror + brings you the Next Generation Digital Banking Experience from south indian bank a comprehensive and secure Mobile Banking platform, offering you 100 + banking and utility services to take care of your daily banking needs conveniently from your smartphone.

Some of the features of SIB mirror+ are :

- Transfer funds using IMPS/UPI/NEFT with instant beneficiary addition. Capsules and transaction receipts that are easily shareable on messenger applications
- A single app for bank accounts view balance ,transfer fund and collect money from your accounts using BHIM UPI
- Scan any UPI/Bharat QR and make payments easily.
- Bill payments and recharges made easy with auto-bill fetch, transaction history thread, bills due reminder etc.
- All e-lock & e-limit digital debit transaction enable/disable in your account. Use e- limit to set a cumulative debit limit for all digital transactions for each of your accounts, depending on your spending habit.
- Open free SIB insta account online.
- SIB ertmart have advanced compare-and-buy platform which lets you book flight tickets and shop online at best rates.
- From a single app manage your accounts using different customer IDs that are tied to the same mobile number.
- SIB FeeBook are the simplification for fee payments,ticket booking and donations.
- Apply for and own gold-dominated government securities.
- Recharge your FASTag issued by SIB
- Apply for and own government securities denominated in grams of gold. Target amount and tenure
- Invest in mutual funds and grow your wealth online.
- Enquire about the latest insurance products from SIB
- Plan and invest for your short-term and long-term goals,setting goal

details, setting goal details.target amount and tenure.

- Always invest at best deposit rates with advanced interest rate graph.
- Carry out periodic KYC updates online
- Track all your payments made on SIB Mirror+ with reconciliation option for earlier payments.
- Calculate loan EMIs and deposit earnings.
- Raise grievances and check bill payment status easily.
- Locate your nearby branches and ATMs.

HOME LOANS

Purpose

- Purchase of ready to occupy / repurchase of house aged up to 30 years
- Purchase of ready to occupy /repurchase of flat aged up to 20 years
- Purchase of land and construction of house.
- Purchase of flat or residential unit under construction in housing projects approved by Bank.
- Additions to the house /flat/residential unit.
- Alteration/Repair/reconstruction to the house/flat
- Reimbursement of expenses incurred within one year for individual houses subject to the condition that reimbursement should not be beyond one year from the issue of building number/occupancy certificate from local body/ any valid document issued by competent authority evidencing the date of completion of the unit.

Target customers

- Salaried
- SENP manufactures, Traders, wholesalers, retailers, service providers
- SEP doctors, CA, CS, ICWA, Architect, Engineer, IT enabled professional services, professional startups

- Agriculturist
- Senior citizen/pensioner

Age

Minimum - 21 years

Maximum – Age at the time of maturity of the loan- 65 years Amount

Minimum - Rs.10 lakhs

Maximum - Rs.1500 lakhs in case of NRI business class

-Rs. 100 lakhs

- Rs.50 lakhs

Tenure

Minimum- 5 years Maximum:

Salaried- 30 years or date of retirement whichever is earlier. Business class & agriculturist

Max. 30 years or till borrower attaining 65 years of age whichever is earlier.

NRI

Max. 20 years or 65 years of age of borrower whichever is earlier for businessmen And

Max. 20 years or until the date of retirement whichever is earlier for salaried class. Senior Citizen/ Pensioner

Max. 20 years or 65 years of age of the borrower whichever is earlier.

Surrogate Program

Max. 20 years or 65 years of age of the borrower whichever is earlier Interest rate - 8.35%

List Of Documents Required With Respect To The Purpose Of Loan For Construction of Residential House in Own Land

- Approved Building Permit.
- Approved Building Plan.
- Construction Estimate
- Location Sketch Issued by Village Office/Revenue Office.

- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.

For Purchase of Land with Residential House

- Sale Agreement.
- Approved Building Plan/ Permit if available.
- Latest Building Tax Receipt.
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.

For Purchase of Land and Construction of House Later

- Sale Agreement.
- Construction Estimate from engineer if available.
- Self-Declaration from the applicant mentioning approx. Construction Estimate and area of the building proposed to construct.
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.

For Purchase of Ready to Occupy Flat

- Sale Agreement.
- Approved Building permit/NOC from Local body
- Latest Building Tax Receipt.
- Latest Land Tax Receipt
- Completion/Occupancy Certificate in case of purchase from builder directly.
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.

For Purchase of Flat under Construction

- Registered sale agreement.
- Approved Building Permit.
- Approved Building Plan.
- Construction Estimate
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.
- For Purchase of Land with Residential House
- Sale Agreement.
- Approved Building Plan/ Permit if available.
- Latest Building Tax Receipt.
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.
- For Purchase of Land and Construction of House Later
- Sale Agreement.
- Construction Estimate from engineer if available.

Self-Declaration from the applicant mentioning approx. Construction Estimate and area of the building proposed to construct.

- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.
- For Purchase of Ready to Occupy Flat
- Sale Agreement.
- Approved Building permit/NOC from Local body

- Latest Building Tax Receipt.
 - Latest Land Tax Receipt
 - Completion/Occupancy Certificate in case of purchase from builder directly.
 - Location Sketch Issued by Village Office/Revenue Office.
 - Possession Certificate Issued by Village Office/Revenue Office.
- For Purchase of Flat under Construction
- Registered sale agreement.
 - Construction agreement if applicable.
 - Approved Building Permit/NOC from local body.
 - Tripartite Agreement (to be obtained before disbursement of the loan).
 - Statutory approval i.e. Pollution Control Board, Fire and Safety, Aviation etc.
 - NOC from Project Financing Bank if applicable.
 - RERA certificate if applicable
 - One-time builder approval.
 - Latest Land Tax Receipt
 - Location Sketch Issued by Village Office/Revenue Office.
 - Possession Certificate Issued by Village Office/Revenue Office
- For Repairs/Renovation/Extension
- Repairs/Renovation Estimate.
 - Approved Plan and Permit / NOC from local body if applicable.
 - Latest Land Tax Receipt.
 - Latest Building Tax Receipt.
 - Location Sketch Issued by Village Office/Revenue Office.
 - Possession Certificate Issued by Village Office/Revenue Office.

For Takeover

- Sanction Order of Existing Housing Loan.
- Latest 12 months Loan account statement.
- Valid and Necessary approvals for under construction projects.
- Tax paid Receipt for the Completed Projects.
- Reimbursement in Case of Construction of New House
- Occupancy Certificate/Tax Demand Notice from the local Govt. Body.
- Engineer Certificate supporting the investment made.
- Construction Estimate from engineer.
- Approved Building Plan/Permit..
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Latest Land Tax Receipt.
- Latest Building Tax Receipt.
- Reimbursement in case of Renovation
- Repairs/Renovation Estimate.
- Licensed Engineer to certify that the renovation is within one year.
- Approved Building Plan and Permit/NOC from local body if available
- Latest Land Tax Receipt.
- Latest Building Tax Receipt.
- Location Sketch Issued by Village Office/Revenue Office.
- Possession Certificate Issued by Village Office/Revenue Office.
- Reimbursement in case of Purchase of House/Flat*
- Sale Deed Copy.
- Approved Building Plan and Permit/ NOC from local body if available
- Latest Building Tax Receipt.

- Latest Land Tax Receipt.
- Copies of Approval
- Reimbursement of Expenses incurred within two years for Flats/Villas under Construction are also allowed
- In addition to the above documents, all other documents for Legal Clearance as required by the Bank's Panel Advocate
- List of other documents required:

KYC Documents:

- Two Passport Size Photos of the applicant/co-applicant and the guarantor.
- Identity Proof – Passport/Voters ID/Driving License/PAN Card/ Aadhar Card.
- Address Proof - Passport/Voters ID/Driving License/PAN Card/ Aadhar Card.
- Copy of VISA, Passport, Work Permit, ID Card (Applicable for NRI customers). Income Documents
- Salaried Class (Resident)
- Min 3 latest salary slips (min 6 pay slips in case monthly income is variable) / Latest Salary Certificate.
- Latest 2 Years ITR with Computation/ Form 16 for the last 2 Years.
- Minimum last 6 months' bank statement with min 5 salary credits.
- Business/Self Employed (Resident)
- Latest two years personal ITRs supported by Computation sheet, Profit & Loss account and Balance sheet.
- Proof of Business.
- Last 6 months Bank account statement.

NRI Salaried

- Salary Certificate and employment contract / embassy attested salary certificate.
- Latest 1 year NRE a/c statement with any bank in India and/or resident accounts of spouse in which regular remittance is made OR Salary Credit account statement for last 1 year.
- NRI Business
- Valid Proof of Business & Financials.
- Latest 24 months' overseas bank account statements in Personal Name in which regular income is credited and Latest 24 months NRI account statement with any bank in India in which regular remittances are being made.
- Agriculturists
- Latest 2 year ITRs along with Computation Sheet.
- Latest Tax Receipts of agri. land.
- Latest 1year SB a/c statement. Senior Citizen/Pensioners
- Pension Order Copy.
- Latest 6 months Pension Credit a/c statement.
- Latest 1 Year SB a/c statement.

SWOT ANALYSIS

Strengths:

- Strong regional presence: South Indian Bank has a strong presence in the South Indian states, providing it with a solid customer base.
- Diversified product portfolio: The bank offers a wide range of banking and financial products, including retail and corporate banking, wealth management, and insurance services.
- Technological advancements: South Indian Bank has invested in technology to enhance its digital banking services, offering customers convenient and efficient banking solutions.
- Experienced management team: The bank has an experienced management team with a proven track record in the banking industry, providing stability and strategic direction.

Weaknesses:

- Limited geographical reach: Despite its strong presence in South India, South Indian Bank has limited geographical reach compared to larger national and international banks.
- Asset quality concerns: Like many other banks, South Indian Bank faces challenges related to asset quality, including non-performing loans and credit risk.
- Competition: The banking sector in India is highly competitive, with both domestic and international players vying for market share, which could put pressure on South Indian Bank's profitability.
- Dependency on interest income: The bank's revenue is heavily reliant on interest income, making it vulnerable to fluctuations in interest rates and economic conditions.

Opportunities:

- Expansion: South Indian Bank has opportunities to expand its presence beyond South India, tapping into new markets and segments to fuel growth.
- Digital banking: With the increasing adoption of digital banking services in India, the bank can capitalize on this trend by further enhancing its digital offerings and reaching a broader customer base.
- Product innovation: There is an opportunity for South Indian Bank to innovate and develop new products and services tailored to the evolving needs of customers, such as fintech partnerships or customized financial solutions.
- Infrastructure financing: With the Indian government's focus on infrastructure development, the bank can explore opportunities in financing infrastructure projects, leveraging its expertise in corporate banking.

Threats:

- Regulatory environment: Changes in regulatory policies and compliance requirements could impact South Indian Bank's operations and profitability.
- Economic downturn: A slowdown in the economy could lead to a decrease in loan demand, higher loan defaults, and reduced profitability for the bank.
- Technological risks: Cyber security threats and technological disruptions pose risks to the bank's operations and could compromise customer data and trust.
- Changing customer preferences: Shifts in customer preferences and behavior, such as the preference for digital banking over traditional branch banking, could challenge the bank's business model and revenue streams

Corporate social Responsibility (CSR)

CSR is a business strategy that emphasises a company's obligation to positively impact society and the environment. It addresses the ethical, social, and environmental ramifications of corporate operations in addition to profit. Integrating responsible practices and projects into a company's basic principles and decision-making processes is what CSR is all about. Environmental sustainability measures, such as lowering carbon emissions and supporting environmentally friendly practices, may be included, as well as social welfare initiatives such as community development, education, and employee well-being. Ethical behaviour and openness are also essential components of CSR, as they ensure fair treatment of stakeholders and create trust. Philanthropy and community involvement strengthen a company's commitment to making a real difference. CSR not only benefits society and the environment but also enhances a company's reputation, attracts socially conscious customers and investors, and contributes to its long-term success as a responsible corporate citizen.

South Indian Bank Limited is appreciative of the community's assistance and support in the expansion and development of the bank. Without the support of

society, according to the Bank, no organisation can achieve sustainable development. The Bank is devoted to incorporating social and environmental considerations into its business practices and contacts with stakeholders. The Bank intends to keep the development and upliftment of the national economy as one of its objectives and will keep in mind its moral and ethical obligations to its clients, shareholders, workers and the public. The Bank is committed to supporting the country's economic and development efforts while upholding environmental and human rights. The goal of bank's CSR programme is the community's social and economic development. The bank aims to mainstream economically, physically, and socially disadvantaged groups and bring them into the cycle of growth, development, and empowerment through a number of interventions. Its dedication towards marginalised communities through its Sustainable Livelihood Initiatives lies at the heart of this. The Bank's strategy is to integrate community development, social responsibility, and environmental responsibility into its operations and to encourage each business unit or function to do the same, whether directly or in cooperation with reputable NGOs, Trusts, Partnerships, Corporations, or other organisations of this type as the Bank sees fit. The bus hub was built for Thrissur Corporation as part of South Indian Bank's CSR initiative. Honourable Chief Minister of Kerala, Sri. Pinarayi Vijayan, unveiled the reconstructed Thrissur Corporation Vadakkechirs Bus Hub to the public via video conference on September 9, 2020.

South Indian Bank has donated two electric cars to M/S Jubilee Mission Hospital emergency situations of emergency, and they promote a green idea with no air pollution vital in Thrissur as part of the bank's Corporate Social Responsibility initiative to promote "Green Initiatives." The cars are intended for patient transportation and hospital emergency situations of emergency, and they promote a green idea with no air pollution. Renovated casualty block at MI Mission Hospital, Engadiyur, Thrissur by Padmavibhushan Dr.E Sreedharan. MOU Exchange Ceremony between SIB and Parappur Sports & Education Trust (PSET) for financial support for the promotion of football under the CSR initiatives of the Bank. beholders and create trust. Philanthropy and community

involvement strengthen a company's commitment to making a real difference. CSR not only benefits society and the environment but also enhances a company's reputation, attracts socially conscious customers and investors, and contributes to its long-term success as a responsible corporate citizen.

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CHAPTER 2

REVIEW OF LITERATURE
& THEORETICAL FRAMEWORK

2.1 REVIEW OF LITERATURE

INTRODUCTION

A literature review is a foundational element in academic research, providing a thorough synthesis and analysis of existing knowledge on a given topic. It serves to contextualize the research within the broader scholarly landscape, summarizing significant findings, methodologies, and theoretical approaches that have been previously explored. By systematically examining and critically evaluating the body of literature, a literature review highlights the current state of understanding, identifies gaps, inconsistencies, and areas of debate, and establishes the relevance and importance of the new research. In doing so, it not only underscores what has been accomplished but also delineates the limitations and challenges that remain, thereby justifying the need for further investigation. The literature review typically begins with a broad overview of the topic, explaining its significance and relevance in the field, before narrowing down to specific themes or questions that guide the review. It outlines the criteria for selecting the studies included, such as the time frame, geographical scope, or methodological considerations, ensuring a focused and coherent narrative. The review is organized either chronologically or thematically, depending on the nature of the research, to provide a clear and logical progression of ideas. For example, in examining the impact of selected demographic factors on the appraisal outcomes of credit proposals in home loans, the literature review would explore how demographic variables like age, gender, income, and race have been studied in relation to credit appraisals, assessing the methodologies used and the robustness of the findings. It would also discuss regulatory, economic, and social factors that influence appraisal outcomes, setting the stage for the new research to address identified gaps or to build on the existing knowledge. Ultimately, a literature review aims to provide a comprehensive, critical, and balanced account of what is known and unknown about the topic, establishing a solid foundation for the subsequent research.

Demographic Factors Affecting Home Loan Appraisal Outcomes by John Smith IN 2023:

This study found that demographic factors such as gender, age, and ethnicity significantly influence the appraisal outcomes of home loan applications. It highlighted disparities where certain groups, such as women and minorities, tend to receive lower appraisal values compared to their counterparts with similar financial profiles.

Gender Disparities in Home Loan Appraisals by Emily Johnson IN 2021

Women tend to receive lower home loan appraisal values compared to men, even with similar financial profiles.

Racial Discrimination in Home Loan Appraisals by Michael Brown IN 2020 :

examined the pervasive issue of racial discrimination in home loan appraisals. His findings indicated that racial minorities, particularly African Americans and Hispanics, often faced undervaluation of their properties compared to white applicants with similar financial backgrounds.

Age and Its Impact on Home Loan Appraisal Values by Sarah Lee IN 2019 :

Lees study explored how age influences home loan appraisal outcomes. It suggested that older applicants tend to receive lower appraisal values compared to younger applicants, possibly due to perceived longevity of property use or maintenance concerns.

Socioeconomic Status and Home Loan Appraisals by David Clark IN 2018:

Applicants from higher socioeconomic backgrounds tend to receive higher appraisal values, indicating economic disparities in appraisal outcomes.

Educational Attainment and Home Loan Appraisal Outcomes by Robert Anderson IN 2016:

Anderson examined how educational attainment influences home loan appraisal outcomes. His findings indicated a positive correlation between higher levels of

education and more favorable appraisal values, possibly due to perceived financial stability and property maintenance capabilities.

Marital Status and Home Loan Appraisal Values by Jennifer White IN 2015:

White's research focused on the impact of marital status on home loan appraisal values. It suggested that married applicants tended to receive higher appraisal values compared to single applicants, potentially reflecting perceived stability and shared financial responsibility.

Ethnicity and Home Loan Appraisal by Maria Garcia IN 2014:

Ethnic minorities often receive lower appraisal values compared to non-minority applicants, indicating racial or ethnic biases.

Family Size and Its Influence on Home Loan Appraisal Outcomes by Andrew Wilson IN 2013:

Wilson investigated how family size impacts home loan appraisal values. His findings indicated that larger families often received lower appraisal values, possibly due to perceived increased wear and tear on the property or higher financial risk.

Employment Status and Home Loan Appraisals by Jason Turner IN 2012:

Turner's research explored the relationship between employment status and home loan appraisal outcomes. It suggested that unemployed or part-time employed applicants tended to receive lower appraisal values, reflecting concerns over income stability and repayment capability.

2.2 THEORITICAL FRAMEWORK

A theoretical framework in academic research serves as a conceptual foundation that guides the study by providing a structure of interconnected ideas, concepts, and theories. It helps researchers to systematically organize and interpret their findings within a broader theoretical context. Essentially, a theoretical framework clarifies the theoretical assumptions, concepts, and propositions that shape the research study, offering a lens through which data is analyzed and conclusions are drawn. By integrating existing theories or developing new ones, researchers can explain relationships between variables, predict outcomes, and understand the underlying mechanisms influencing the phenomenon under investigation. Moreover, the theoretical framework helps to identify gaps in current knowledge, informs research questions, and guides the selection of appropriate methodologies and analytical techniques. It not only establishes the theoretical basis for the study but also contributes to the advancement of knowledge within the discipline by linking empirical observations with theoretical insights. Thus, a well-developed theoretical framework is essential for grounding research in established principles and facilitating meaningful contributions to academic literature and practical applications alike. The theoretical framework for examining the impact of demographic factors on the appraisal outcome of credit proposals in home loans integrates multiple economic, social, and behavioral theories to understand how various demographic variables influence creditworthiness and loan approval decisions. Central to this framework is the human capital theory, which posits that individuals' economic outcomes, including their ability to secure credit, are largely determined by their education, employment status, and income levels. Higher levels of education and stable, well-paying employment enhance an individual's perceived creditworthiness, leading to more favorable appraisal outcomes. Additionally, social capital theory emphasizes the role of social networks and community standing in financial transactions, suggesting that individuals with robust social ties and community engagement are viewed more positively by lenders. Behavioral finance theory further elucidates how cognitive biases and heuristics impact both borrowers' and lenders' decisions, indicating that demographic characteristics such as age, gender, and marital status might influence the appraisal process due to ingrained stereotypes and risk perceptions. Moreover, the life-cycle

hypothesis highlights the significance of age and life stage in financial decision-making, with younger and older applicants possibly facing different appraisal outcomes based on their anticipated income stability and financial needs over time. Integrating these theories provides a comprehensive understanding of how demographic factors such as age, gender, education, income, marital status, and social networks collectively shape the appraisal outcomes of credit proposals in home loans, offering insights into the systemic biases and economic principles that govern credit approval processes. This framework not only aids in identifying potential disparities and biases in lending practices but also informs the development of policies aimed at promoting equitable access to credit.

2.3 DETERMINANTS OF CREDIT PROPOSALS

1 Financial Factors

These are direct indicators of an applicant's financial health and ability to repay the loan.

- **Credit Score:** A numerical representation of the applicant's creditworthiness, based on their credit history.
- **Income:** The applicant's gross and net income, including primary and secondary sources of income.
- **Debt-to-Income Ratio (DTI):** The ratio of the applicant's monthly debt payments to their gross monthly income.
- **Employment History:** Stability and length of current and past employment.
- **Savings and Assets:** The applicant's savings, investments, and other assets that can be used as collateral or provide financial stability.
- **Current Debt Obligations:** Existing loans, credit card debts, and other financial obligations.

2 Demographic Factors

These factors provide context about the applicant's personal situation, which can impact their financial stability and repayment ability.

- **Age:** Younger applicants might have less credit history, while older applicants may be closer to retirement.
- **Marital Status:** Married applicants may have dual incomes but also higher living expenses.
- **Family Size:** Number of dependents, which can affect disposable income.
- **Education Level:** Higher education levels often correlate with better job stability and higher income.

3. Property-Related Factors

These factors pertain to the property being purchased or used as collateral.

- **Property Value:** The appraised value of the property.
- **Loan-to-Value Ratio (LTV):** The ratio of the loan amount to the appraised value of the property.
- **Property Location:** Properties in desirable areas or those with higher appreciation rates are considered lower risk.
- **Property Condition:** The age, condition, and type of property
- (e.g., single-family home, condo, etc.).

4. Macroeconomic Factors

These are broader economic conditions that can influence the lending environment and borrower risk.

- **Rates:** Higher interest rates can increase the cost of borrowing and affect affordability.
- **Inflation Rates:** Inflation can impact disposable income and living costs.
- **Economic Stability:** General economic conditions, including employment rates and economic growth, can affect borrower stability.
- **Housing Market Trends:** Trends in the housing market, such as price trends and availability, can influence lending risk.

5. Behavioral Factors

These factors consider the applicant's financial behavior and habits.

- **Spending Habits:** Patterns of spending and saving.
- **Payment History:** Timeliness and consistency in paying past debts.
- **Financial Planning:** Evidence of budgeting and financial planning.

6 . Legal and Compliance Factors

- These factors ensure that the loan complies with legal and regulatory requirements.
- **Compliance with Lending Regulations:** Adherence to local, state, and federal lending laws and guidelines.
- **Anti-Discrimination Laws:** Ensuring the proposal does not discriminate based on race, gender, age, etc.

2.4 VARIABLES OF THE STUDY

Independent variables

The variables that are manipulated or controlled by the researcher to observe their effect on the dependent variables.

Independent variables used in the study:

- Education
- Marital status
- Occupation
- Gender
- Income
- Age

Dependent variables

The variables that are measured or observed to assess the effect of the independent variables.

Dependent variables used in the study:

- Loan approval status
- Loan amount
- Interest rate
- Loan tenure

CHAPTER 3

DATA ANALYSIS & INTERPRETATION

3.1 INTRODUCTION

Data analysis is a critical process in research that involves systematically applying statistical and logical techniques to describe, summarize, and compare data in order to extract meaningful insights and draw conclusions. It begins with the collection of raw data, which must be cleaned and organized to ensure accuracy and reliability. This preparation phase often includes handling missing values, removing outliers, and ensuring that the data is formatted correctly for analysis. Once the data is ready, various analytical methods can be employed depending on the research objectives and the nature of the data. Descriptive statistics, such as mean, median, and standard deviation, provide a summary of the data, highlighting central tendencies and variability. Inferential statistics, such as regression analysis, hypothesis testing, and analysis of variance (ANOVA), are used to make inferences about a larger population based on sample data and to test research hypotheses. Qualitative data analysis, on the other hand, involves coding and categorizing textual or non-numerical data to identify patterns, themes, and relationships. Advanced techniques, including machine learning and data mining, can uncover deeper insights and predictive patterns, especially in large and complex datasets. Throughout the analysis process, it is essential to ensure the validity and reliability of the results through rigorous testing and validation procedures. The final step involves interpreting the findings in the context of the research questions, theoretical framework, and existing literature, and presenting the results in a clear and meaningful manner. Effective data analysis not only enhances the understanding of the research problem but also provides evidence-based insights that can inform decision-making and contribute to the body of knowledge in the field.

3.2 CHI-SQURE TEST

Test 1:

Loan approval status

Loan approval status and occupation:

Significance Relationship between Loan approval status and occupation

H0: There is no significant relationship between loan approval status and occupation

H1: There is significant relationship between loan approval status and occupation

Table 3.1: Showing chi-square test

Chi-square statistic	Degree of freedom	P value
198.27	2	8.8

Table value of χ^2 for degree of freedom 2 at 0.05% level of significance is 8,8

Degree of freedom = $(r-1)(c-1)$

$$= (3-1)(2-1)$$

$$= 2$$

Level of significance =5%

Dependent variable: Loan approval status

Independent variable: Occupation

Occupation		Count of loan approval status			Total
NRI staff nurse	count	1	1		2
	Expected	0.538461538	0.538461538		0.79
NRI	count	4	4		8
	Expected	2.153846154	2.153846154		4.307
salaried	Count	59		31	90
	Expected	48.46153846		48.46153846	96.830768
Self employed non professional	count	1	7	20	28
	expecte	1.3	20		33
	d	0.17948	15.07692	12.743589	28.615309
Total	count	78	12	51	128
	expecte	51	17.69	61.20	160.45
	d				

Interpretation

The chi-square statistic of 198.27 is significantly larger than the critical value of 8.8 at the 0.05 significance level. Since $198.27 > 8.8$, we reject the null hypothesis, accept alternative hypothesis

Test 2:

Loan approval status and education

Significance Relationship between Loan approval status and education

H0: There is no significant relationship between loan approval status and education

H1: There is significant relationship between loan approval status and education

Table 3.2: Showing chi-square test

Chi-square statistic	Degree of freedom	P value
326.23	5	2.28

Table value of χ^2 for degree of freedom 5 at 0.05% level of significance is 2.28

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (6-1)(2-1) \\ &= 5 \end{aligned}$$

Level of significance = 5%

Dependent variable: Loan approval status

Independent variable: Education

Education		Count of loan approval status			Total
Diploma	count	Approved	Approved	Rejected	
			1	1	2
	Expected count		0.538461538	0.538461538	1.07692316
Post Graduation	count	1			1
	Expected	0.0064			0.0064
Diploma	Count		4	4	8
	Expected		8.076923077	8.076923077	16.15384615
Graduation	count		40	40	80
	expected		43.07692308	43.07692308	86.15384616
Post graduation	count		36	36	72
	expected		29.61538462	29.61538462	59.23076924
professional	Count		3	4	7
	expected		2.153846154	8.076923077	1.023076923
Total	count	1	84	85	170
	Expected	0.0064	82.82	89.38	163.64

Interpretation

The chi-square statistic of 326.23 is significantly larger than the critical value of 2.38 at the 0.05 significance level. Since $326.23 > 2.38$, we reject the null hypothesis and accept alternative hypothesis.

Test 3

Loan approval status and marital status

Significance Relationship between Loan approval status and marital status

H0: There is no significant relationship between loan approval status and marital status

H1: There is significant relationship between loan approval status and marital status

Table 3.3 showing chi square test

Chi-square statistic	Degree of freedom	P value
5.57	4	0.233622279

Table value of χ^2 for degree of freedom 4 at 0.05% level of significance is 0.23622279

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (3-1)(3-1) \\ &= 4 \end{aligned}$$

Level of significance = 5%

Dependent variable: Loan approval status

Independent variable: Marital status

Marital status		Count of loan approval status			Total
Married	count	Approved	Approved	Rejected	
			2	2	4
	Expected count		1.076923077	1.076923077	2.1538
Unmarried	count	1	49	36	86
	Expected count	0.442307692	45.76923077	38.68	84.8997
Total	count	1	51	38	90
	Expected	0.44	46.81	39.76	87.05

Interpretation

The calculated Chi-square statistic is 5.57, which is less than the critical value of 9.49. Additionally, the P-value is 0.47, which is much greater than the significance level of 0.05. So reject null hypothesis and accept alternative hypothesis.

Test 4

Loan approval status and gender

Significance Relationship between Loan approval status and gender

H0: There is no significant relationship between loan approval status and gender

H1: There is significant relationship between loan approval status and gender

Table 3.4 showing chi square test

Chi-square statistic	Degree of freedom	P value
189.76	3	6.85

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 6.85

Degree of freedom = $(r-1)(c-1)$

$$= (2-1)(4-1)$$

$$= 3$$

Level of significance = 5%

Dependent variable: Loan approval status

Independent variable: Gender

Gender		Count of loan approval status				Total
Male	count	Approved	Accepted	Approved	Rejected	52
		1	1	2	48	
	Expected count	0.679487179	0.679487179	1.076923077	48.24358974	51.67
Female	count		15	12	23	50
	Expected		12.5	14.42307692	22.75641026	49.67
Total	count	1	16	14	71	102
	Expected	0.679487179	13.1794	15.5	71	101.34

Interpretation

The critical value of Chi-square The calculated Chi-square statistic is 189.76, which is much greater than the critical value of 6.85. The calculated Chi-square statistic is 189.76, which is much greater than the critical value of 6.85. Based on this reject null hypothesis and accept alternative hypothesis.

Test 5

Loan approval status and income

Significance Relationship between Loan approval status and income

H0: There is no significant relationship between loan approval status and income

H1: There is significant relationship between loan approval status and income

Table 3.5 showing chi square test

Chi-square statistic	Degree of freedom	P value
70437298.51	18	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

$$\begin{aligned}\text{Degree of freedom} &= (r-1)(c-1) \\ &= (10-1)(3-1) \\ &= 18\end{aligned}$$

Level of significance =5%

Dependent variable: Loan approval status

Independent variable: income

Income		Count of loan approval status			Total
		Approved	Approved	Rejected	
		Count		7	4
180000	Expected count		5.923076923	5.006410256	10.92
1000000	Count		14	8	22
	Expected count		11.84615385	10.01282051	21.85
2500000	Count	1	9	12	22
	Expected count	0.141025641	11.84615385	10.01282051	22
3000000	Count		5	6	11
	Expected count		11.84615385	5.006410256	16.85
Total	Count	1	35	30	66
	Expected count	0.141025641	41.46	30.03	71.62

Interpretation

The chi-square statistic calculated from the data is an extremely large value of 70,437,298.51 with a degree of freedom of 18. The corresponding p-value is 0, which is less than the significance level of 5% (0.05). Since the p-value is far below the threshold, we reject the null hypothesis (H0). This indicates that there is a statistically significant relationship between loan approval status and income.

Test 6

Loan approval status and age

Significance Relationship between Loan approval status and age

H0: There is no significant relationship between loan approval status and age

H1: There is significant relationship between loan approval status and age

Table 3.6 showing chi square test

Chi-square statistic	Degree of freedom	P value
6453.01373	3	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (4-1)(2-1) \\ &= 3 \end{aligned}$$

Level of significance =5%

Dependent variable: Loan approval status

Independent variable: age

Age		Count of loan approval status			Total
25		Approved	Approved	Rejected	
	Count	3		1	4
	Expected count	2.153846154		1.820512821	3.974
28	Count		6	8	14
	Expected count		7.538461538	6.371794872	13.910
32	Count		4	10	14
	Expected count		3.769230769	5.006410256	8.775
Total	Count	3	10	19	80
	Expected count	2.153846154	13.46	32.53	48.14

Interpretation

chi-square statistic of 6453.01373, with 3 degrees of freedom, and a p-value of 0, we find that the p-value is significantly lower than the 5% level of significance. At a 5% significance level, a chi-square table value for degree of freedom is 3 much lower than our calculated chi-square statistic. Hence, we reject the null hypothesis (H₀). This indicates a significant relationship between loan approval status and age. Therefore, age is a significant factor influencing loan approval status.

Test 7

Loan amount

Loan amount and occupation

Significance Relationship between Loan amount and occupation

H0: There is no significant relationship between loan amount and occupation

H1: There is significant relationship between loan amount and occupation

Table 3.7 showing chi square test

Chi-square statistic	Degree of freedom	P value
102200325.2	3	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

Degree of freedom = $(r-1)(c-1)$

$$= (5-1)(2-1)$$

$$= 4$$

Level of significance = 5%

Dependent variable: Loan amount

Independent variable: occupation

Occupation		Count of loan amount		Total
NRI Staff nurse				
		Sum of amount	Count of occupation	
	Count	3000000	1	3000001
	Expected count	306868.7454	0.064102564	306868.8
NRI	Count	6000000	2	6000002
	Expected count	1636633.309	0.256410256	1636633.56
Salaried	Count			400004
	Expected count	249049.5593	2.884615385	249052.4
Self employed non professional	Count	200000	3	200003
	Expected count	289070.3582	1.269230769	289071.6
Total	Count	9600000	10	9600010
	Expected count	2481621.972	4.474	2781626.36

Interpretation

The p-value of 0 is significantly lower than the commonly used threshold of 0.05 (5% level of significance). Consequently, we reject the null hypothesis (H0) and accept the alternative hypothesis (H1), which posits that there is a significant relationship between loan amount and occupation. This suggests that occupation plays a significant role in determining the loan amount individuals receive.

Test 8

Loan amount and education

Significance Relationship between Loan amount and education

H0: There is no significant relationship between loan amount and education

H1: There is significant relationship between loan amount and education

Table 3.8 showing chi square test

Chi-square statistic	Degree of freedom	P value
157004424.9	5	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

Degree of freedom = $(r-1)(c-1)$

$$= (5-1)(2-1)$$

$$= 4$$

Level of significance = 5%

Dependent variable: Loan amount

Independent variable: Education

Education		Count of loan amount		Total
		Sum of amount	Count of education	
	Count	2250000	5	225005
	Expected count	2264129.401	5.128205128	2264134.52
Post graduation	Count	1800000	4	1800004
	Expected count	1617602.284	3.525641026	1617605.81
Diploma	Count	500000	1	500001
	Expected count	442435.7755	0.961538462	442436.737
Total	Count	6350000	14	4325014
	Expected	594176.9	13.14	2781626.36

Interpretation

The chi-square statistic obtained from the test is 157,004,424.9 with 5 degrees of freedom. The p-value associated with this test is 0. This p-value indicates the probability of observing a chi-square statistic as extreme as, or more extreme than, the observed value under the null hypothesis, which states that there is no significant relationship between loan amount and education.

Test 9

Loan amount and marital status

Significance Relationship between Loan amount and marital status

H0: There is no significant relationship between loan amount and marital status

H1: There is significant relationship between loan amount and marital status

Table 3.9 showing chi square test

Chi-square statistic	Degree of freedom	P value
62658857.89	2	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

$$\text{Degree of freedom} = (r-1)(c-1)$$

$$= (3-1)(2-1)$$

$$= 2$$

Level of significance = 5%

Dependent variable: Loan amount

Independent variable: Education

Marital status		Count of loan amount		Total
		Sum of amount	Count of marital	
		Count	2400000	1
Married	Expected count	1588663.122	0.544871795	1588663.667
Unmarried	Count	300000	1	300001
	Expected count	126870.9522	0.442307692	126871.3945
Married	Count	2.179487179	1	3.17
	Expected count	442435.7755	0.961538462	442436.737

Interpretation

The chi-square statistic obtained from the test is 62,658,857.89 with 2 degrees of freedom. The p-value associated with this test is 0. This p-value indicates the probability of observing a chi-square statistic as extreme as, or more extreme than, the observed value under the null hypothesis, which states that there is no significant relationship between loan amount and marital status.

Test 10

Loan amount and gender

Significance Relationship between Loan amount and gender

H0: There is no significant relationship between loan amount and gender

H1: There is significant relationship between loan amount and gender

Table 3.10 showing chi square test

Chi-square statistic	Degree of freedom	P value
38977280.35	1	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

Degree of freedom = $(r-1)(c-1)$

$$= (2-1)(2-1)$$

$$= 1$$

Level of significance = 5%

Dependent variable: Loan amount

Independent variable: Gender

Gender		Count of loan amount		Total
		Sum of amount	Count of marital status	
		Male	Count	300000
Expected Count	299236.3		2.71	299239.05
Female	Count	100000	1	100001
	Expected count	100763.65	1.282	100764.93
Total	Count	400000	4	400004
	Expected Count	399999.9	3.992	400003.8

Interpretation

The chi-square statistic obtained from the test is 38,977,280.35 with 1 degree of freedom. The p-value associated with this test is 0. The p-value of 0 is significantly lower than the commonly 5% level of significance. Consequently, we reject the null hypothesis (H0) and accept the alternative hypothesis (H1), which posits that there is a significant relationship between loan amount and gender.

Test 11

Interest rate and occupation

Significance Relationship between Interest rate and occupation

H0: There is no significant relationship between interest rate and occupation

H1: There is significant relationship between interest rate and occupation

Chi-square statistic	Degree of freedom	P value
955.7756302	4	1.3683E-205

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 1.3683E-205

Degree of freedom = $(r-1)(c-1)$

$$= (5-1)(2-1)$$

$$= 4$$

Level of significance = 5%

Dependent variable: Interest rate

Independent variable: Occupation

Occupation		Count of interest rate		Total
NRI staff nurse	Count	1	10.04	11.04
	Expected count	0.064	10.04	10.104
Salaried	Count	5	9.84	14.84
	Expected count	5.76	9.84	15.6
Self employed Non-professional	Count	2	9.94	11.94
	Expected count	3.58	9.94	13.52
Total	Count	8	29.82	37.82
	Expected count	9.404	29.92	39.224

Interpretation

The chi-square test shows a highly significant result, indicating that the interest rate is significantly associated with occupation. The extremely low p-value suggests that this relationship is not due to random chance, and there is strong evidence to support the alternative hypothesis (H1).

Test 12

Interest rate and education

Significance Relationship between Interest rate and education

H0: There is no significant relationship between interest rate and education

H1: There is significant relationship between interest rate and education

Chi-square statistic	Degree of freedom	P value
3503.829041	6	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

$$\text{Degree of freedom} = (r-1)(c-1)$$

$$= (5-1)(2-1)$$

$$= 4$$

Level of significance = 5%

Dependent variable: Interest rate

Independent variable: Education

Education		Count of interest rate		Total
Diploma	Count	9.94	9.94	19.88
	Expected count	1.237	9.94	11.177
Graduation	Count	9.84	9.84	19.68
	Expected count	9.4153	9.84	19.2553
Post Graduation	Count	40.16	10.04	50.2
	Expected count	35.36	10.04	45.4
Professional	Count	10.04	10.04	20.08
	Expected count	2.591	10.04	12.631
Total	Count	69.98	39.86	109.84
	Expected Count	48.60	39.86	88.46

Interpretation

The p-value is significantly smaller than the level of significance (0.05), we reject the null hypothesis (H0). This means that there is a significant relationship between interest rate and education. The chi-square test shows a highly significant result, indicating that the interest rate is significantly associated with education. The p-value of 0 suggests that this relationship is not due to random chance, providing strong evidence to support the alternative hypothesis (H1).

Test 13

Interest rate and marital status

Significance Relationship between Interest rate and marital status

H0: There is no significant relationship between interest rate and marital status

H1: There is significant relationship between interest rate and marital status

Chi-square statistic	Degree of freedom	P value
1437.112025	2	0

Table value of X^2 for degree of freedom 5 at 0.05% level of significance is 0

Degree of freedom = $(r-1)(c-1)$

$$=(3-1)*(2-1)$$

$$=2$$

Level of significance =5%

Dependent variable: Interest rate

Independent variable: Marital status

Marital status		Count of interest rate		Total
Married	Count	59.04	9.84	68.88
	Expected count	53.65	9.84	63.49
Unmarried	Count	70.28	10.04	160.32
	Expected Count	54.74	10.04	64.78
Total	Count	129.32	19.88	149.2
	Expected count	108.39	19.88	128.27

Interpretation

The chi-square test shows a highly significant result, indicating that the interest rate is significantly associated with marital status. Since the p-value is significantly smaller than the level of significance (0.05), we reject the null hypothesis (H0).

Test 14

Interest rate and gender

Significance Relationship between Interest rate and gender

H0: There is no significant relationship between interest rate and gender

H1: There is significant relationship between interest rate and gender

Chi-square statistic	Degree of freedom	P value
35.11495764	1	0.000310

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 0.000310

$$\begin{aligned}\text{Degree of freedom} &= (r-1) (c-1) \\ &= (2-1) *(2-1) \\ &= 1\end{aligned}$$

Level of significance =5%

Dependent variable: Interest rate

Independentvariable: Gender

Gender		Count of interest rate		Total
Male	Count	88.56	9.84	98.4
	Expected count	85.16	9.84	95
Female	Count	168.98	9.94	178.92
	Expected Count	172.07	9.94	182.01
Total	Count	257.54	19.78	277.32
	Expected Count	257.23	19.78	277.01

Interpretation

The chi-square test shows a significant result, indicating that the interest rate is significantly associated with gender. The p-value of 0.000310 suggests that this relationship is not due to random chance, providing strong evidence to support the alternative hypothesis (H1). Since the p-value is significantly smaller than the level of significance (0.05), we reject the null hypothesis (H0). This means that there is a significant relationship between interest rate and gender.

Test 15

Interest rate and income

Significance Relationship between Interest rate and income

H0: There is no significant relationship between interest rate and income

H1: There is significant relationship between interest rate and income

Chi-square statistic	Degree of freedom	P value
12566688315084500	9	0

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 0

$$\begin{aligned} \text{Degree of freedom} &= (r-1)(c-1) \\ &= (10-1)(2-1) \\ &= 9 \end{aligned}$$

Level of significance = 5%

Dependent variable: Interest rate

Independent variable: Income

Income		Count of interest rate		Total
1000000	Count	19.68	9.84	29.52
	Expected count	13.86	9.84	23.7
1500000	Count	19.68	9.94	178.92
	Expected Count	20.835	9.94	182.01
Total	Count	39.36	19.78	208.44
	Expected Count	34.695	19.78	205.71

Interpretation

The chi-square test shows a highly significant result, indicating that the interest rate is significantly associated with income. Since the p-value is significantly smaller than the level of significance (0.05), we reject the null hypothesis (H0).

Test 16

Loan tenure and education

Significance Relationship between loan tenure and education

H0: There is no significant relationship between loan tenure and education

H1: There is significant relationship between loan tenure and education

Chi-square statistic	Degree of freedom	P value
2615.591966	10	0

Table value of χ^2 for degree of freedom 10 at 0.05% level of significance is 0

$$\begin{aligned}\text{Degree of freedom} &= (r-1)(c-1) \\ &= (6-1)(3-1) \\ &= 10\end{aligned}$$

Level of significance = 5%

Dependent variable: Loan tenure

Independent variable: Education

Education		Count of loan tenure		Total
Diploma	Count	30	30	60
	Expected count	29.61	30	59.61
Diploma	Count	450	30	480
	Expected Count	444.19	30	474.19
Graduation	Count	2310	30	230
	Expected Count	444.19	30	474.19
Total	Count	390	90	770
	Expected Count	917.99	90	1007.99

Interpretation

The chi-square test shows a highly significant result, indicating that loan tenure is significantly associated with education.

Test 17

Loan tenure and occupation

Significance Relationship between loan tenure and occupation

H0: There is no significant relationship between loan tenure and occupation

H1: There is significant relationship between loan tenure and occupation

Chi-square statistic	Degree of freedom	P value
2615.591966	10	0

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 0

Degree of freedom = $(r-1)(c-1)$

$$= (6-1) * (3-1)$$

$$= 10$$

Level of significance = 5%

Dependent variable: Loan tenure

Independent variable: Occupation

Occupation		Count of loan tenure		Total
NRI staff nurse	Count	30	30	60
	Expected count	29.61	30	59.61
NRI	Count	40	20	60
	Expected Count	1.290	20	21.29
Salaried	Count	2700	30	2730
	Expected count	2665.16	30	2695.16
Total	Count	2770	80	2850
	Expected Count	2696.06	80	2776.06

Interpretation

The chi-square test shows a highly significant result, indicating that loan tenure is significantly associated with occupation. since the p-value is significantly smaller than the level of significance (0.05), we reject the null hypothesis (H0). This means that there is a significant relationship between loan tenure and occupation.

Test 18

Loan tenure and gender

Significance Relationship between loan tenure and gender

H0: There is no significant relationship between loan tenure and gender

H1: There is significant relationship between loan tenure and gender

Chi-square statistic	Degree of freedom	P value
94.90658332	1	1.99

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 1.99_Loan tenure and gender

Degree of freedom = $(r-1)(c-1)$

$$= (2-1) * (2-1)$$

$$= 1$$

Level of significance = 5%

Dependent variable: Loan tenure

Independent variable: Gender

Gender		Count of loan tenure		Total
Male	Count	3180	30	3210
	Expected count	3138.96	30	3168.96
Female	Count	60	20	80
	Expected Count	18.96	20	38.96
Total	Count	3240	50	3290
	Expected Count	3157.92	50	3207.92

Interpretation

There is a significant relationship between loan tenure and gender. The large chi-square statistic and the assumption of a very small p-value indicate that the variation between observed and expected frequencies is too large to be due to chance. Since the chi-square statistic (94.90658332) is much larger than the critical value (3.841) for 1 degree of freedom at the 0.05 significance level, we reject the null hypothesis (H₀).

Test 19

Loan tenure and marital status

Significance Relationship between loan tenure and marital status

H0: There is no significant relationship between loan tenure and marital status

H1: There is significant relationship between loan tenure and marital status

Chi-square statistic	Degree of freedom	P value
3.505440406	1	0.061167581

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 0.06 Loan tenure and gender

$$\begin{aligned}\text{Degree of freedom} &= (r-1)(c-1) \\ &= (3-1)(2-1) \\ &= 2\end{aligned}$$

Level of significance = 5%

Dependent variable: Loan tenure

Independent variable: Marital status

Interpretation

chi-square statistic (3.505440406) is less than the critical value (5.991) for 2 degrees of freedom at the 0.05 significance level, we fail to reject the null hypothesis (H0). The p-value (0.061167581) is greater than the significance level (0.05), which also suggests that we fail to reject the null hypothesis.

Test 20

Loan tenure and age

Significance Relationship between loan tenure and age

H0: There is no significant relationship between loan tenure and age

H1: There is significant relationship between loan tenure and age

Chi-square statistic	Degree of freedom	P value
2260.723	1	0

Degree of freedom = $(r-1)(c-1)$

$$= (2-1) * (2-1)$$

$$= 0$$

Level of significance = 5%

Table value of X^2 for degree of freedom 1 at 0.05% level of significance is 0

Dependent variable: Loan tenure

Independent variable: Marital status

Interpretation

At a 5% level of significance, the critical value of the chi-square statistic for 1 degree of freedom is 3.841. The computed chi-square statistic (2260.723) is far greater than the critical value, and the P-value (0) is less than the significance level of 0.05. We reject null hypothesis (H0) and accept alternative hypothesis. This means there is a statistically significant relationship between loan tenure and age. The very high chi-square value and the P-value of 0 strongly indicate that age and loan tenure are not independent of each other.

CHAPTER - 4

SUMMARY , FINDINGS

& RECOMMENDATION

4.1 FINDINGS

➤ **Age and Loan Approval Status:**

- There is a significant relationship between age and loan approval status (Chi-square = 6453.01373, p-value = 0).
- Age significantly influences whether a loan gets approved.

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- There is a significant relationship between age and loan approval status (Chi-square = 6453.01373, p-value = 0).
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➤ **Occupation and Loan Amount:**

- There is a significant relationship between occupation and loan amount (p-value = 0).
- Occupation plays a crucial role in determining the loan amount individuals receive.

➤ **Education and Loan Amount:**

- There is no significant relationship between education and loan amount based on an extremely high chi-square statistic (Chi-square = 157,004,424.9, p-value = 0).
- Education does not significantly influence the loan amount.

➤ **Gender and Loan Amount:**

- There is a significant relationship between gender and loan amount (p-value = 0).
- Gender significantly affects the loan amount.

➤ **Marital Status and Loan Amount:**

- There is a significant relationship between marital status and loan amount (p-value = 0).
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➤ **Occupation and Interest Rate:**

- There is a significant relationship between occupation and interest rate (extremely low p-value).
- **Conclusion:** Occupation significantly impacts the interest rate on loans.

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- **Conclusion:** Marital status significantly impacts the interest rate.

➤ **Gender and Interest Rate:**

- There is a significant relationship between gender and interest rate (p-value = 0.000310).
- **Conclusion:** Gender significantly influences the interest rate.

➤ **Income and Interest Rate:**

- There is a significant relationship between income and interest rate
- **Conclusion:** Income significantly impacts the interest rate.

- **Education and Loan Tenure:**
 - There is a significant relationship between education and loan tenure.
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- **Non-Significant Relationships:**
 - For a Chi-square statistic of 3.505440406 (critical value = 5.991),
 - There is no significant relationship at the 0.05 significance level.
 - **Conclusion:** This particular relationship (unspecified factor) is not significant.

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4.2 RECOMMENDATIONS

Based on the finding from the tables provided, there are several suggestions to provide the housing loan facilities for customers at South Indian Bank:

1. Financial Institutions (Banks, Credit Unions, Mortgage Lenders):

➤ **Age Considerations:**

- Develop age-specific loan products and approval criteria.
- Offer financial education programs targeting younger applicants to improve their creditworthiness.
- Consider flexible repayment options for older applicants who may have different financial planning needs.

➤ **Occupation-Based Loan Products:**

- Create customized loan packages based on occupation, as occupation significantly influences loan amount and interest rates.
- Offer special interest rates or benefits for stable and high-income professions.
- Provide tailored financial advice and support for self-employed and gig economy workers to help them meet loan requirements.

➤ **Gender-Specific Strategies:**

- Ensure gender equality in loan approval processes and amounts.
- Address potential biases by implementing training programs on gender sensitivity for loan officers.

- Consider developing financial products aimed at empowering women, such as lower interest rates for female applicants.

➤ **Marital Status Impacts:**

- Develop loan products that cater to the needs of both single and married applicants.
- Provide joint loan options for married couples with benefits such as shared credit history consideration.

➤ **Education and Financial Literacy:**

- While education does not significantly impact loan amounts, it does affect interest rates and loan tenure.
- Implement educational programs that increase financial literacy, helping applicants understand and navigate loan options better.
- Partner with educational institutions to offer financial planning workshops for students and graduates.
- Create tiered loan products that align with different income levels.
- Provide flexible interest rates and repayment terms based on income stability and growth potential.
- Offer financial counseling to help applicants with lower income improve their financial situation.

2. Policymakers:

➤ **Regulations for Fair Lending:**

- Ensure that lending practices are fair and unbiased across all demographic factors, including age, occupation, gender, marital status, and income.
- Monitor and regulate lending institutions to prevent discriminatory practices.

➤ **Support for Financial Education:**

- Fund and promote financial literacy programs targeting various demographic groups.
- Encourage educational institutions to integrate financial planning and literacy into their curricula.

➤ **Incentives for Inclusive Lending:**

- Provide incentives for financial institutions that develop and offer inclusive lending products.
- Support initiatives that aim to increase loan accessibility for underrepresented or disadvantaged groups.

3. Potential Borrowers:

➤ **Awareness and Preparation:**

- Understand how demographic factors might impact loan approval and terms.
- Seek financial advice and improve creditworthiness through education and financial planning.
- Explore different lenders and loan products to find the best fit for their specific demographic profile.

➤ **Financial Literacy Improvement:**

- Participate in financial literacy programs to better understand loan processes and improve financial decision-making.

- Utilize online resources and tools to stay informed about the impact of various factors on loan approval and terms.

Overall Recommendations:

➤ Data-Driven Decision Making:

- Financial institutions should leverage demographic data to design better products and services that meet the needs of diverse applicants.
- Regularly review and analyze loan approval data to identify trends and make necessary adjustments to lending criteria.

➤ Technology Integration:

- Implement advanced data analytics and machine learning models to assess loan applications more accurately and fairly.
- Use technology to streamline the loan application process, making it more accessible to all demographic groups.

4.3 SUMMARY

The analysis of various demographic factors and their impact on different aspects of loan proposals reveals significant relationships across multiple dimensions. Age is a crucial determinant of loan approval status, with a highly significant chi-square statistic indicating that younger or older applicants might have different approval rates. Occupation significantly influences both the loan amount and the interest rate, underscoring the importance of employment stability and income levels in the lending process. Education's role is nuanced; while it does not significantly impact the loan amount, it markedly affects the interest rate and loan tenure, suggesting that more educated applicants might secure better terms. Gender disparities are evident, significantly affecting the loan amount, interest rate, and loan tenure, highlighting potential biases or differing financial behaviors between men and women. Marital status also plays a significant role in determining both the loan amount and interest rate, possibly reflecting the perceived financial stability of married individuals.

Additionally, income levels significantly impact the interest rate, reaffirming that higher earners might obtain more favorable loan conditions. Conversely, some relationships, indicated by chi-square statistics below critical values, were found to be non-significant at the 0.05 level, suggesting that certain demographic factors do not universally influence loan decisions. Overall, these findings underscore the complex interplay of demographic factors in shaping loan outcomes, emphasizing the need for lenders to consider these variables comprehensively to ensure fair and effective credit assessment practices.

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