Journal of Science Engineering Technology and Management Science
Volume 02, Issue 06, June 2025 *ISSN: 3049-0952*
www.jsetms.com *DOI:10.63590/jsetms.2025.v02.i06.299-306*

A STUDY OF VARIOUS VEHICLE LOAN PROVIDE BY HDFC BANK IN NAGPUR

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To Cite this Article
D. Keerthi Ganesh Reddy, V.Sandeep Kumar, K.Archana, "A Study Of Various Vehicle Loan Provide By Hdfc Bank In Nagpur", Journal of Science Engineering Technology and Management Science, Vol. 02, Issue 06, July 2025,pp: 299-306, DOI: http://doi.org/10.63590/jsetms.2025.v02.i06.pp299-306
Submitted: 10-05-2025 *Accepted: 16-06-2025* *Published: 23-06-2025*

ABSTRACT

The study titled "A Study of Various Vehicle Loans Provided by HDFC Bank in Nagpur" aims to analyze the different vehicle loan schemes offered by HDFC Bank and their impact on customer satisfaction, accessibility, and financial convenience for borrowers in the Nagpur region. Vehicle loans have become an essential financial product for middle-class and upper-middle-class families in India, enabling individuals to fulfill their aspiration of owning personal vehicles without immediate financial burden. This study focuses on understanding the features of HDFC Bank's vehicle loan portfolio, including interest rates, loan tenure, processing charges, eligibility criteria, repayment options, and customer service quality. The research highlights that HDFC Bank offers competitive vehicle loan products with flexible repayment structures and attractive interest rates compared to other private and public sector banks. The study also evaluates the level of awareness among Nagpur customers regarding loan schemes, their decision-making factors, and the challenges faced during the loan application and disbursement process. Findings suggest that while customers appreciate the quick processing and digital facilities offered by HDFC Bank, some concerns remain regarding hidden charges, complex documentation, and high prepayment penalties. The study emphasizes the role of customer relationship management, transparency in communication, and financial literacy in enhancing customer trust and satisfaction. Overall, this research contributes to understanding customer perceptions of vehicle loans in Nagpur and provides insights into how HDFC Bank can further improve its loan services to remain competitive in the retail banking sector. The study concludes that effective loan structuring, customer-centric policies, and innovative digital solutions are crucial for strengthening HDFC Bank's position in the vehicle loan market of Nagpur.

I.INTRODUCTION

A vehicle loan (also known as an automobile loan, or auto loan) is a sum of money a consumer borrows in order to purchase a vehicle. Generally speaking, a loan is an amount of money that is lent to an individual, a business, or another entity. The party that lends the money is known as the lender, while the party borrowing the money is called the borrower. When taking out a loan a borrower agrees to pay back the full loan amount, as well as any interest (a percentage of the loan amount, usually calculated on an annual basis), by a certain date, typically by making monthly payments.

Vehicle loans follow most of the same rules and procedures that apply to other loans. In most cases when purchasing a vehicle, a borrower will specifically apply for a vehicle loan; however, a consumer can also use a personal loan (a loan obtained by an individual to use at his or her discretion) for the same purpose. All vehicle loans are for specific lengths of time, generally anywhere between 24 and 60 months, although some vehicle loans can be for longer periods. This type of loan is also known as financing. Vehicle loans generally include a variety of fees and taxes, which are added to the total loan amount.

Many consumers apply for vehicle loans at their local bank. When applying for a vehicle loan a borrower will usually begin by specifying how much money he or she wants to borrow. The borrower will then provide information about his or her financial situation, beginning with income (the amount of money he or she earns by working). Most lenders will require the borrower to provide some proof of employment, usually in the form of a pay stub (the portion of a paycheck that includes information about an employee's earnings, which an employee keeps for his or her records) or a copy of a tax return (the form submitted by individuals when paying taxes). The lender will also check the borrower's credit report. A credit report is a detailed record of an individual's past credit (in short, borrowing) activities, whether in the form of loans or other debts (money owed). If the prospective borrower has a bad credit history, he or she may be ineligible for a vehicle loan.

Definition:

Often a bank or financial institution will preapproved certain customers for vehicle loans. In these situations, a consumer has a certain number of days (often 30, sometimes 45) to decide whether to seek full approval for a car loan. Because most borrowers secure a car loan before actually shopping for a car, when an application for a car loan is approved, a lender will generally give the borrower a maximum amount he or she will be able to borrow. The borrower is then free to use this money to purchase the car of his or her choosing; however, the borrower is not required to spend the full amount offered by the lender. For example, while a bank might approve a car loan of $50,000 for a long-term customer, that customer has the right to spend only a fraction of that amount.

Research Problem

In Nagpur, the demand for vehicle loans has significantly increased due to rising aspirations for personal mobility and easy financing options. Among various financial institutions, HDFC Bank has positioned itself as a leading private sector bank offering competitive vehicle loan schemes. However, despite attractive interest rates, flexible repayment structures, and quick processing, many customers still face challenges such as lack of transparency in charges, complicated documentation, hidden costs, and limited awareness of different loan products. These issues create confusion, dissatisfaction, and hesitancy among potential borrowers. Therefore, the research problem lies in identifying the gaps between customer expectations and the actual services provided by HDFC Bank in its vehicle loan offerings in Nagpur. This study seeks to investigate whether HDFC

Bank's vehicle loan products effectively meet the financial needs of individual borrowers and how customer satisfaction can be improved.

RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive research design to analyze the various vehicle loan schemes offered by HDFC Bank and to assess customer perception and satisfaction levels in Nagpur.

Data Collection Methods

Primary Data: Collected through structured questionnaires and interviews with HDFC Bank vehicle loan customers in Nagpur.

Secondary Data: Sourced from HDFC Bank's official website, annual reports, RBI publications, journals, newspapers, and previous research studies related to vehicle loans and banking services.

Sample Design

Population: Individual borrowers of HDFC Bank vehicle loans in Nagpur.

Sample Size: 100–150 respondents (customers availing two-wheeler loans, four-wheeler loans, and commercial vehicle loans).

Sampling Technique: Convenience sampling will be used to select respondents from different branches in Nagpur.

Tools for Data Analysis

Statistical tools such as percentage analysis, mean score, and chi-square test will be used.

Graphs and charts will represent comparative results of loan features and customer satisfaction.

Scope of the Study

The study is limited to vehicle loan products of HDFC Bank within the geographical boundaries of Nagpur city.

II.LITERATURE REVIEW

Fagerlind and Saha (1989) commented that assumptions of the human capital theory result into suggestion that cost of education should be borne by the beneficiaries should share the not solely the state. The justifies the reason why the state and beneficiaries should share the cost of the higher education through cost share Mora and Vila (2003)supported that, the government has limited resources given a lots demands from other public sectors apart from education example health and defense sector .They counite to argue that, beneficiaries should bear these cost through proper repayment which can be achieved through the reduction of the default rate among loans beneficiaries by taking care of the characteristics associated with

defaulting among student's loans beneficiaries.

According `to carnoy (2009) pre-collage characteristics associated with student loans beneficiaries are important factors on repayment hence affecting default rate.

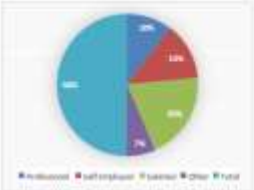
However calendar (2003) supported that age, gender and attitude among the beneficiaries should be controlled for maximum repayment and for support of human capital theory ascertain concerning enhancement of equity within the country .he continued the argue that availability of fund through repayment will enhance attainment of higher education of people from law income group society hence reduce inequality within the country.in this regard Barr and Crawford (2005) states that, by availability of funds through repayments to supports higher education. Inequalities can be reduce through increased participations.

According to Eicher and chevaillier (2002) a increased repayment by reduction of default rate through controlling the characteristics associated with default rate among loans beneficiaries result into efficiency in provision of student loans hence improvement in human capital investment, improvement of occupation and income, contribution to the productivity of the worker as well as reduction of the social inequalities .however human capital theory concept which advocate that improvement in human investment through education will result will result into improvement will improvement in occupation and income has been criticized by psacharopouls and patrinous (2002) who argue that sometimes improvement in education and income depends much on the other factor such as number as of years in services, which also true for the cases of Tanzania .Eicher chevaillier (2002 b) supported that, improvement in human capital through education does not always contribute to the productivity of the workers and the reduction the social inequalities this is because workers productivity can be affected by other factor apart from improve education, for example job satisfaction, reward structure, motivation as well as characteristics. They future argued that improvement in educational investment is assumed to decrees the social inequalities by rising income of people from different background; this is provide to be not always they cases because under certain circumstances rising income may lead to inequalities in distribution within society. Therefore, for economic development of the country, there is need to developed human capital, student’s loan.

III.DATA ANALYSIS AND INTERPRETATION

Factor	No of Respondents
Professional	19
Self Employed	15
Salaried	29
Other	9

No of Respondents: -

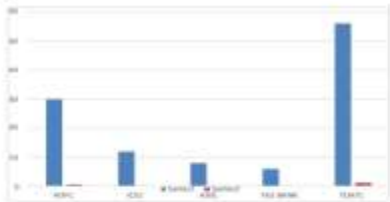


Interpretation:

Out of 72 people, the 26% customer is itself-employed people, 21% customer is professional people, 40% customer is salaried i.e. include (government sector as well as private sector), & 13% customer is other people.

2 Have you taken any loan for commercial vehicle? If yes from which bank?

Factor	No of Respondents
HDFC	30
ICICI	12
AXIS	8
YES	BANN



Interpretation:

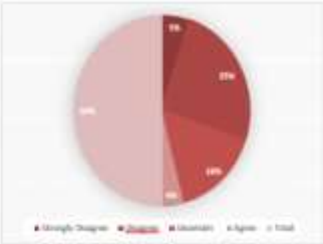
Out of 72 people 56 have taken loan of which ,54% customer have taken it from HDFC, 21% customer is taken from ICICI, 14 % customer from Axis, & 11% from YES Bank. Out of 56 people,54% customer was taken loan from HDFC Bank because they all are agreed from the service & facility which bank provide to them, & remaining customer was not taken loan from HDFC bank because they are not happy with the service & facility of bank.

Response	No of Respondents	%Age
News paper	25	50%
Television	05	10%
Internet	10	20%
Other sources	10	20%
Total	50	100%

Interpretation: -

In this pie chart is very much clear that 50% respondent come to know from newspaper, 10% come to know from television, 20% respondent come to know from interest, 20% respondent come to know from other sources.

Scale	Frequency	Percentage	Cumulative percentage
Strongly disagree	5	10	10
Disagree	25	50	60
Uncertain	16	32	92
Agree	4	8	100
Total	50	100	



INTERPRETATION

HDFC bank has modern-looking and hi-tech equipment. Here analysis show that most of the respondents disagreed with this statement. Among the total respondents 50% disagreed, 32% were neutral and 8% agreed. After analysis I found that majority of the respondents think that HDFC Bank do not have modern looking equipment or no hi-tech equipment.

IV.FINDINGS

- Out of 72 people 56 have taken loan of which ,54% customer have taken it from HDFC.
- In HDFC bank 77% of people are getting the loan approval.
- Only 76% of people are ready to take loan for purchasing the vehicle.
- 30% of people are not happy with the bank service.

V.CONCLUSION

In my study I came to know that many peoples are interested to take a vehicle loan from HDFC Bank Ltd to buy vehicle. People are confused before taking vehicle loan because of its high interest and EMI's. Even through the interest rates are high peoples are willing to take a loan from HDFC Bank due to certain reason. The loan sanction process is low when compared to other banks, because of which people choose HDFC. The disbursement process is very effective as it is on time when compared to other banks. Financial advisers are the most preferred channel for the investment in home loan. They can change investor mind from one investment option to others. Only those people invest directly who know well about Vehicle loan and its operations and those have time.

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