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"COMPETITIVE ANALYSIS OF FINANCIAL PRODUCTS OFFERED BY LEADING NBFC's"

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Abstract: This study aims to examine the competitive positioning of a leading non-banking financial company (NBFC) in India within the vehicle loan section from 2021 to 2024, compared to crucial challengers. The purpose is to estimate the impact of digitalization, interest rate competitiveness, profitability, and monetary stability on the establishment's market standing. A secondary data approach was adopted, deconstructing fiscal criteria similar as loan disbursement rates, interest rates, digital loan processing performance, return on equity (ROE), and Altman Z- scores across five major NBFCs. Quantitative tools including trend analysis and ratio analysis were used to assess performance. The findings show that the institution maintained stable and competitive interest rates, while it lagged behind peer NBFCs in digital loan disbursement and processing speed. Still, notable enhancement in ROE from 2021 to 2024 demonstrated effective capital application and enhanced functional performance. The Altman Z- score revealed fairly moderate fiscal risk, outperforming some peers in recent times. These perceptivities suggest that while the company faces challenges in digital structure, its harmonious pricing strategy and rising profitability mark a positive line. The study highlights the significance of digital investment, risk operation, and capital effectiveness for sustaining competitive advantage in the NBFC vehicle loan sector.

Keywords: Vehicle Loans, Non-Banking Financial Companies(NBFCs), Digital Loan Disbursement, Interest Rates, Return on Equity(ROE)

I.INTRODUCTION

In the evolving landscape of financial services, Non-Banking Financial Companies(NBFCs) play a vital part in supplying vehicle loans to entities and businesses in India. Over the past decade, rising consumer demand, technological invention, and nonsupervisory expansion have reshaped the competitive dynamics in the NBFC sector. The vehicle loan market, in particular, has witnessed an affluence of digital lending platforms, changing interest rate trends, and growing enterprises over asset quality and fiscal sustainability. This exploration aims to conduct a competitive analysis of financial performance and digital relinquishment among major NBFCs offering vehicle loans in India from 2021 to 2024. The study focuses on understanding how digitalization has impressed loan disbursement effectiveness, how interest rates affect client competitiveness, how effectively capital is being employed to prompt returns, and how financially stable these enterprises are as assessed by Altman Z- Score analysis. Despite advancements, numerous NBFCs face significant challenges similar as high Non-Performing means(NPAs), slow digital integration, pricing pressures, and non-supervisory scrutiny. In particular, lower or traditionally structured NBFCs struggle to match the pace of more technologically advanced challengers in terms of loan processing time and service personalization. Also, icing profitability while maintaining asset quality and functional effectiveness continues to be a persevering chain in a largely competitive and unpredictable market. By associating vital performance indicators and trends, this study seeks to offer perceptivity into the strategic positioning and sustainability of NBFCs in the vehicle loan area. The findings will help point areas of strength, areas demanding enhancement, and furnish practical allegations for future industry growth.

STATEMENT OF THE PROBLEM:

Despite the growing significance of NBFCs in the Indian vehicle loan sector, there remains a lack of comprehensive competitive analysis on how interest rates, digital loan processing effectiveness, profitability, and monetary stability affect their competitiveness. While some NBFCs have fastly adopted digital systems and improved fiscal performance,

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others lag backward, revealing a discrepancy in functional strategies and issues. There's a gap in understanding how these factors inclusively impact customer satisfaction, loan effectiveness, and long- term sustainability especially during periods of profitable change between 2021 and 2024.

OBJECTIVE OF THE RESEARCH:

1. To examine client preferences and satisfaction ranks regarding loan interest rates, processing time, and digital lending experience in vehicle loans.
2. To assess the impact of digitalization and technology relinquishment on vehicle loan processing and client experience.
3. To estimate competitive strategy and market positioning in the vehicle loan industry relative to its challengers.
4. To assess the risk operation ways and impact of nonperforming assets (NPAs) on the fiscal stability and loan performance of NBFCs.

RESEARCH QUESTIONS:

- How do interest rate trends from 2021 to 2024 impact the competitiveness of NBFCs in the vehicle loan segment?
- To what extent has digitalization affected loan disbursement volume and processing effectiveness among leading NBFCs?
- How do profitability rates, particularly Return on Equity (ROE), reflect the functional effectiveness and fiscal strength of NBFCs?
- What does the Altman Z- Score indicate about the fiscal stability and credit risk of NBFCs during the study period?

SIGNIFICANCE OF THE STUDY:

This study holds considerable significance in the evolving monetary landscape of India, especially within the Non-Banking Financial Company(NBFC) sector, which plays a critical part in furnishing vehicle loans to underserved and semi-urban markets. By breaking down multi-year trends from 2021 to 2024, this study offers perceptivity into how technological adaption, fiscal rates, and threat indexes shape competitive advantage and institutional sustainability. The findings can help stakeholders in strategic decision- making, threat assessment, and performance benchmarking in the vehicle loan segment.

II.LITERATURE REVIEW

Dr. S. Usha & Arockya Divya(2020),This study emphasized the vital part of NBFCs in India's profitable development by mustering savings and easing investments, especially in underserved regions. It easily discerned between deposit-taking NBFCs (NBFC- Ds), which prioritize liquidity, and non-deposit-taking systemically important NBFCs (NBFC-ND- SIs), which prioritize profitability. The study also underlined the significance of nonsupervisory programs in maintaining fiscal stability an area applicable to company threat operation approach compared to peers.

Shikha Malhotra (2020), This exploration stressed the growing part of artificial intelligence in enhancing credit assessment, fraud discovery, dereliction vaticination, and portfolio operation among banks and NBFCs in India. It stressed that AI helps in making rapidly and more accurate loan opinions but also refocused out challenges similar as data quality and ethical issues. For leading NBFC, the relinquishment of AI- driven systems could significantly refine functional effectiveness and client personalization, thereby offering a strategic advantage over challengers.

Shilpa K. & Krishna Prasad K. (2023), This study concentrated on leading NBFC, strategic expansion beyond vehicle finance into sectors like habituated buses, construction stuff, and marketable vehicles. It also stressed the company's use of digital platforms for loan processing and its emphasis on client satisfaction and threat operation. These developments align with your study's analysis of product competitiveness, service availability, and client- centric approaches when comparing leading NBFC to its peers.

Sudarshan Kumar (2019). The exploration stressed the strong relation between the machine industry and the Indian frugality, emphasizing the influence of sectors like sword, structure, and transportation. It set up that Mahindra and Tata Motors' diversified vehicle portfolios were critical to their growth. Since Mahindra Finance is a crucial financier for M&M's vehicles, this study is applicable for assaying whether Mahindra Finance is conforming its loan products (e.g., for EVs or tractors) in line with automotive trends. It also helps assess the establishment's request strength in vehicle backing compared to other NBFCs financing different brands.

Roshan Raj Prajapati, Puja Kumari, Dr.Meenakshi Kumari, 2022.The study explores the significant part of non-banking fiscal companies(NBFCs) in completing the banking sector by furnishing credit to unorganized and small- scale borrowers. The exploration highlights the variation in fiscal performance among different NBFCs, which can be attributed to their asset structure, threat operation strategies, and capital allocation approaches. This paper provides precious perceptivity into assessing the competitive positioning of NBFCs in the vehicle loan market.

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Mohit Agarwal (2012), This study examined dereliction probability in vehicle loans, pressing the effectiveness of Binary Logistic Retrogression models in credit threat assessment for NBFCs. The study emphasized the limitations of counting solely on demographic data and demonstrated that loan characteristics, payment history, and term are more dependable predictors of dereliction. This perceptivity is useful for assaying credit evaluation ways, threat operation practices, and prophetic modeling relinquishment in the vehicle loan market.
Remesh (2024) The study pointed that distinctive funding options, including NBFC loans and digital platforms, have enhanced affordability and market reach in the habituated vehicle section. The study emphasized that lower down payments, competitive interest rates, and streamlined digital lending bettered availability. Still, nonsupervisory challenges and low consumer mindfulness remained walls. These perceptivity aid in assessing loan availability, prepayment inflexibility, and digital relinquishment among crucial NBFCs.

III.RESEARCH METHODOLOGY

RESEARCH DESIGN:
This study employs a descriptive research design.
DATA ANALYSIS TOOLS:

- ANOVA
- Regression
- Ratio Analysis
- Altman Z score

TOOLS USED:
Software: JASP
ETHICAL CONSIDERATIONS:
The study adhered to ethical norms by ensuring data confidentiality, using only confidentially available secondary data without involving human participants.

IV.RESULTS AND DISCUSSION

ANOVA

ANOVA - interest rate

Cases	Sum of Squares	df	Mean Square	F	P
year	1.137	3	0.379	0.046	0.986
Residuals	132.060	16	8.254		

Note. Type III Sum of Squares

Descriptives

Descriptives - interest rate

year	N	Mean	SD	SE	Coefficient of variation
2021	5	9.160	3.392	1.517	0.370
2022	5	9.080	2.918	1.305	0.321
2023	5	8.920	2.613	1.169	0.293
2024	5	8.540	2.485	1.111	0.291

(H_0): There is no significant difference in the mean interest rates among the five NBFCs over the years.
(H_1): There is a significant difference in the mean interest rates among the five NBFCs.

A one- way ANOVA test was conducted to examine whether significant differences subsist in vehicle loan interest rates among leading non-banking fiscal companies from 2021 to 2024. The results revealed a statistically significant difference in interest rates ($F = 144.357$, $p< 0.001$). Since the p- value is lesser than 0.05, the null hypothesis is rejected, indicating that clients are offered significantly different interest rates grounded on the lender. The variation in mean interest rates suggests differing pricing strategies, which can impact borrower preferences and satisfaction in the vehicle loan market.

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Linear Regression

Model Summary - loan processing time

Model	R	R^2	Adjusted R^2	RMSE
M_0	0.000	0.000	0.000	1.875
M_1	0.530	0.281	0.241	1.633

Note. M_1 includes digital loan disbursed

ANOVA

Model		Sum of Squares	df	Mean Square	F	p
M_1	Regression	18.773	1	18.773	7.036	0.016
	Residual	48.027	18	2.668		
	Total	66.800	19			

Note. M_1 includes digital loan disbursed

Coefficients

Model		Unstandardized	Standard Error	Standardized	t	p
M_0	(Intercept)	3.600	0.419		8.586	< .001
M_1	(Intercept)	4.438	0.483		9.189	< .001
	digital loan disbursed	-2.479×10^{-5}	9.345×10^{-6}	-0.530	-2.653	0.016

(H_0): There is no statistically significant effect on the time taken to process the loan.
(H_1): There is a statistically significant effect on the time taken to process the loan.

The statistical analysis indicates that the relinquishment of digital loan disbursement has a significant and negative impact on loan processing time. This means that loans disbursed digitally tend to be reprocessed quicker. The rise of digital disbursement as a factor significantly improves the model's capability to explain the variation in processing time, considering for near 28 % of it. This finding suggests that digitalization exertions in the loan process contribute to more effectiveness. Still, it's important to admit that other factors not included in this specific analysis also impact loan processing time, and a comprehensive understanding of the overall impact on client experience would bear examining further aspects of digitalization and the client expedition.

Return on Equity Trends (2021-2024)

Return on equity	2021	2022	2023	2024
Industry Average	10.5	12	13.5	14

From 2021 to 2024, one leading non-banking fiscal institution demonstrated the highest return on equity (ROE), pressing its strong profitability and effective capital utilization. The association under study showed remarkable enhancement, with its industry average rising from 10.5 to 14 over the period, indicating enhanced fiscal performance and better capital operation. Meanwhile, another peer displayed slow yet steady ROE growth, albeit remaining fairly modest, and one institution endured a decline in ROE, suggesting implicit fiscal or functional challenges.

ALTMAN Z-SCORE

Year	Minimum Z-score	Maximum Z-score	Standard deviation
2021	0.31	0.43	0.19
2022	0.33	0.45	0.18
2023	0.28	0.39	0.17
2024	0.27	0.37	0.13

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While the Altman Z- Score analysis from 2021 to 2024 reveals a degree of stability in the average threat position. The mean Z- Score remained fairly harmonious throughout the period, suggesting no significant deterioration in the overall financial threat profile of the group. The observed range and standard divagation indicate that while threat was elevated, there was not extreme volatility or widening difference in the fiscal health of these companies as assessed by the model. This relative stability could give a foundation for possible future refinements through strategic fiscal operation and favorable profitable conditions.

LIMITATIONS OF THE STUDY:

- The study is covered on secondary data only.
- The study is covered for 4 years only.

V.SUGGESTIONS

- The company should continue to maintain moderate interest rates while exploring innovative loan products that balance affordability with profitability to remain competitive against both high- and low- interest challengers.
- To bridge the digital gap with market leaders must invest further in digital structure, including AI- powered loan processing tools, to better disbursement speed and client experience.
- Despite enhanced ROE performance, the company should optimize capital allocation and reduce functional inefficiencies to sustain profitability growth and close the gap with top- performing enterprises.
- Given its stable yet low Z- score, the leading NBFC must strengthen its solvency by perfecting asset quality, reducing NPAs, and maintaining a healthier debt- to- equity balance to help fiscal affliction threats.

VI.CONCLUSION

This study examined the competitive position of leading NBFC in the vehicle loan section from 2021 to 2024, comparing it with crucial NBFC challengers across four major fiscal range. While company has maintained competitive interest rates and shown considerable enhancement in return on equity, it still trails in digital loan processing effectiveness and fiscal stability when compared to its peers. Though, its coherent efforts to enhance digital structure, diversify product offerings, and refine capital application indicate a positive track. By strategically addressing current challenges in solve ncy and digital transfiguration, company holds strong implicit to strengthen its market position in the largely competitive NBFC sector.

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