"A STUDY ON CUSTOMER ATTITUDE TOWARDS INVESTING IN KSFE CHIT FUND WITH SPECIAL REFERENCE TO VILLIAPPALLY PANCHAYAT"

A project report submitted to the Calicut University in partial fulfilment of the requirement for the award of degree of

BACHELOR OF BUSINESS ADMINISTRATION

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DECLARATION

I **MUHAMMED JASIM**, hereby declare that the project report **entitled "CUSTOMER ATTITUDE TOWARDS INVESTING IN KSFE CHIT FUND WITH SPECIAL REFERENCE TO VILLIAPPALLY PANCHAYAT"** submitted to Calicut University in partial fulfilment of the requirement of the award of Degree of Bachelor of Business Administration, is record of original work done by me under the guidance of **Mrs. ANUSREE V. P MHES COLLEGE CHERANDATHOOR VADAKARA.**

Place:

Date:

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CHAPTER-1

INTRODUCTION

INTRODUCTION

The strategic role of the financial system is to channel fund from surplus units to deficit unit. The financial system comprising the set of institution, markets and instruments facilitates capital formation and accelerates the pace of economic development. The gap between gross capital formation and gross domestic savings in India necessitates the need for augmenting the growth rate of voluntary domestic savings. So, the working of different financial intermediaries for mobilizing savings from various income categories will have to be widened and strengthened. It is in this context that one has to appreciate the role of the Non-Banking Financial Intermediaries' ability to purvey funds depends toa large extent on the resource they can mobilize. Miscellaneous Non-Banking Companies or Chit Funds being a category of Non-Banking Financial Intermediaries, contribute significantly to the value of financial markets in India.

The 'Chit' is an agreement by the subscribers with the foreman, who conducts the Chit. The Kerala Chitties Act 2 defines the Chit agreement as a document containing the Article of agreement between the foreman and the subscribers of the Chit. It contains provisions as to the number of instalments, amount payable for each instalment, provision of interest for default or late payment of instalments, manner of conducting the auction, determining the bidder in the Auction, mode of disbursement of discount, limit if any on the discount, manner of disbursing the Chit amount, details of security to be offered by the prized subscribers etc.

The small savings which otherwise might find little productive application have been mobilized and turned into tangible wealth by catalytic action. Thus, the foreman acts as a social functionary. From an individual foreman, with very limited resources and area of operation, the proprietor of a Chit has grown into a Company managed by a Board of Directors or to a public sector Chit company, having abundant resources and wider frontiers of business. These changes have had far reaching influence in the sphere of Chit Finance in Kerala. This unique financial institution facilitates savings and capital formation even among the poor in the society.

'Chit' means a written note on a small piece of paper. In Malayalam language, it is known as 'Kuri'; a synonym of 'Chit' or 'Kuri' is a derivative, the root being the 'lot'. The Chit Fund business is administrated by respective State Governments through the offices of the registrar of Chits.

Chit fund prove to be successful and provide innovative access to finance for low-income households. Organised Chit fund companies were functionally profitable and people find Chit fund close to their heart because of their easy accessibility, good return on savings and availability of money etc. Chit fund is a community activity, which can provide a great service to small scale to meet local demands. The Chit fund money was mostly utilized for consumption purpose and at times, for meeting production, trade and agriculture etc.

An interesting aspect of Chit fund in India is that industry is highly regulated and institutionalized. People consider Chit fund is very safe and also offer loans and lower rate than money lenders. In the case of prize money, maximum reduction possible is 25% as per prevailing Chitty Act and if there are more than one subscriber interested in 25% reduction, the number of such bidder will put to draw. The salient feature of Chit fund is legal formalities of getting Chit fund are lower than that of commercial loans. The Chit fund do not require the members to state the purpose to which they wanted to use the funds; it is there liberty to use this money. Small traders are businessman subscribe largely Chit funds. Banks are hesitating to provide financial assistance to individual businessman or small entrepreneur due to strict security norms. These small-scale entrepreneurs are highly exploited by the local money lenders charging exorbitant rate of interest for the money borrowed. Chit funds to certain extend help these small-scale entrepreneurs to their financial problems.

The salient features of chit fund are legal formalities to getting Chit fund are lower than that of commercial loans. The Chit fund do not require the members to state the purpose to which they wanted to use the funds; it is there liberty to use this money. Small traders and businessman subscribe largely Chit funds.

1.1 STATEMENT OF PROBLEM

Chit fund in an age old organized Non-Banking Financial Institution over the years both the Government and players in this industry have tried to organize this important institution which has been contributing significantly to the economic development of the country. The Chit Fund Act 1982, was a major step towards organizing this activity. The efforts in direction have however not been totally successful. The Chit fund operation still face problem as to the default by subscribers on payment. Insolvency of subscribers and fraudulent activities of the subscribers.

The study focuses on the importance of KFSE Chitty to provide financial assistance to customers and help to identify the level of interest of the customers to invest in KSFE Chit funds and causes. KSFE provides fund for meeting the financial needs of the customer such as agriculture, manufacturing, business, house construction, marriage, etc. the study also finds out the major problems of KFSE chit fund operations to customers. That makes suitable suggestions for improving the working of KSFE.

1.2 OBJECTIVES

- To measure the customer satisfaction towards the services provided by KSFE.
- To check the interest of the customer to invest in the KSFE chit fund.
- To examine the major problems faced by KSFE subscribers.
- Identify the customers attitude towards invest in KSFE Chit fund.

1.3 SCOPE OF THE STUDY

Chit fund is important source of finance for small business, agriculture purpose, manufacturing activities and other economic and social needs of the customers. Chit fund prove to be successful and provide innovative access to finance for low-income households. As they chit funds close to their hearts because of easy accessibility. Good return on savings and easy availability of money.

The study deals with the effectiveness of KSFE, and customer attitude towards investing chit fund in KSFE in Villiappally Panchayat. And understand the importance of Chitties in economic development. No study has been conducted so far to evaluate the effectiveness of service of KSFE. Hence, this study is confined to Villiappally Panchayat.

1.4 SIGNIFICANCE OF THE STUDY

The development and prosperity of an economy depends on how successfully the Nation can mobilize the savings. Individual used to save a part of their income for meeting their future needs and also meet contingencies. Chit fund prove to be successful and provide innovative access to finance for low-income households. Even today the majority of working capital requirements of farmers and rural people are financed by informal way of financing.

1.5 RESEARCH METHODOLOGY

1.5.1 RESEARCH DESIGN

The descriptive method was used to carry this study. And survey type research was conducted, through the questionnaires, public opinion and perception was discriminate about the "CUSTOMER ATTITUDE TOWARDS INVESTING IN KSFE CHIT FUND"

1.5.2 AREA OF STUDY

Villiappally Panchayat are purposefully selected for this study

1.5.3 UNIVERSE

Total is indefinite because there are several users of KSFE Chitty. Hence, the population is subscribers of KSFE Chitty in Villiappally Panchayat.

1.5.4 SAMPLE SIZE

This refers to the number of items to be selected from the total population to constitute the sample. The sample size used for the study is 50.

1.5.5 SAMPLING TECHNIQUE

The sample technique used for the study is non-random sampling. Convenience sampling is used here.

1.5.6 SOURCE OF DATA

Both primary sources and secondary sources are used for smooth conduct of study.

- PRIMARY SOURCE

In order to achieve the objective of the study, primary data were collected by using well-structured questionnaire from 50 customers who is subscriber of KSFE chit fund.

- SECONDARY SOURCE

Secondary date was collected from KSFE broachers, journals, books, website, and other magazines.

1.5.7 TOOLS FOR DATA COLLECTION

A. RANKING METHOD

B. LIKERT SCALE

1.5.8 TOOLS FOR ANALYSIS OF DATA

A. PERCENTAGE METHOD

Percentage of respondents = Number of respondents / Total number of respondents * 100

B. RANKING METHOD

1.5.6 PERIOD OF THE STUDY

The time period taken for the study is 21 days.

1.7 LIMITATIONS OF THE STUDY

- Time is less
- The data are collected through personal interview, So, there may be the chance Of personal bias.
- The study is confined to a KSFE Chitty only.
- Some of the respondents were not co-operate with the survey.

CHAPTER – 2

REVIEW OF LITERATURE

2. REVIEW OF LITERATURE

In one of the earliest references to the existence of Kuries, Sim COX (1894) in his work "Primitive Civilization or Outlines of the History of Ownership in Archaic Communities" has mentioned about the 'Dravidian Kuri or Lottery' that is used for raising s sum of money for some special purpose.

A Striking reference on the origin of Kuries is found in Padmanabha Menon's 29 (1920), work on "History of Kerala". According to him Kuries developed as a source of finance for the national assembly's that prevailed in Malabar since the 8th Century.

Subbarama Ayer 30 (1925) in his work "Economic Life in a Malabar Village" has described the working of "Changaathi Kuri" where 'lot' decided every month the person to whom the amount is to be paid and the person who gets the sum is bound to entertain the members. It is also traced out the superiority of Chit Fund over co-operative credit societies. The Chit Fund offered a fixed quantity of money at a flexible rate of interest – the rate of interest (the discount) on the Chit amount changing according to the demand for money. Thus, is allowed freedom to its borrowers in fixing the rate of interest on the loan.

William Logan 32 (1951) in his work "Malabar" has clearly mentioned the presence of a flourishing Kuri or Lottery system existing in the Society. He also described the operation of the Kuri system among friends known as 'Changaathi Kuri'.

The Report of the Travancore-Cochin Banking Enquiry Commission (1956) stated that most of the banks in the Travancore-Cochin state grew out of the womb of Chit or Kuri Funds that have been operating in the State since ancient times.

The All-India Rural Credit Survey 34 (1958) for the first time attempted a scientific enquiry into the working of Chit Funds. This enquiry appended to the Quilon District Monograph of the survey, Analysed the organization of Chit Fund in some detail, through of a very limited geographical area. The survey report presented the position of the foreman as well as subscriber. The report showed that the Chitty allowed a reasonable rate of interest to the subscribers who joined for investment purpose. The Survey mentioned the average duration of Chits as ranging between 28 and 84 months. The report of the enquiry stated that to study the working of Chit Fund as a banking institution, it was probably more appropriate and logical to consider a fixed rate of interest on investment and a different higher rate of interest on loans.

Krishnan V (1959) in his work "Indigenous Banking in South India" has dealt with indigenous savings institution like Chit Fund and Nidhis. The study presented the general features of Chit Fund, different kinds of Chits and the malpractices existing in the system like delay in giving the prize-money, lack of transparency in accounting and failure in the payment of monthly subscription by the prized subscriber.

Nayar (1973) in his study "Chit Finance an Exploratory Study on the working of the Chit Funds" had tried to place the role of Chit Funds in the proper financial perspective. The study emphasized the need to regulate the activities of Chit Funds. But at the same time, perceived their role as active mobilizes of savings of the community and as a useful complement to other financial institutions. The work was an attempt to study all the known type of Chit Funds, Classifying, Naming and defining them wherever necessary. The study also attempted to examine the economic aspects of Chit Funds on an empirical and analytical basis. The analysis covered all the patterns of business of Chit Funds working throughout the Country. He also pointed out that the basic principle underlying a Chitty is accumulation of savings. The unique feature of savings in a Chitty as against the savings in other type of financial institutions such as Commercial Bank, The Post-Office Savings banks, etc., is that there is a sort of compulsion in effecting savings while examining the history of Chit Funds, Nayar has also discussed different stages of their evolution.

Radhakrishnan (1975) in his work "Chit Funds and Finance Corporations" attempted to look at the working of Chit Funds primarily from the angle of the subscribers. It examined critically the working of prize and auction Chits. It also traced the growth of Chit Funds particularly in Tamil Nadu. The study also brought out the abuses and malpractices in Chit Funds and argued for stringent regulations and for their effective administration. The study called for a ban on acceptance of deposits by unincorporated Chit Funds and similar agencies. The study also opposed the entry of public sector and commercial banks into the business of Chit Funds. It attempted to show that Chit Funds are neither a cheap source of credit nor an attracted medium of saving. The study also included various methods of estimation of gains and losses of the subscribers.

CHAPTER – 3

THEORETICAL FRAMEWORK

3.1 CHIT FUND AN OVER REVIEW

A Chit fund is a kind of savings scheme practiced in India. A Chit fund company means a company managing, conducting or supervising, as foreman, agent or in any other capacity, chits as defined in section 2(b) of the chit fund act 1982, according to section 2(b) of the Chit Fund Act 1982," chit means a transaction whether called chit, chit fund, chitty, kuri or by any other name by or under which a person enters into an agreement with a specified number of person that every one of them shall a certain sum of money (or a certain quantity of gain instead) by way of periodical instalments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in chit agreement, be entitled to the price amount.

The basic principle underlying the chit fund is accumulation of savings. The operation of chit fund business involves enrolment of members, disbursement of bid payable amount and recovery of monthly instalments. The sole purpose of chit is to help an individual or an organization to build wealth and create a buffer in times of need.

3.2 ORIGIN OF CHIT FUND

This indigenous financial institution had its origin of the state of Kerala as grain chit, centuries back 'chit' means a written note on a small piece of paper. In Tamil language, it is known as 'chits. The chit is a derivative, the root being the 'lot'. The chit fund business is administered by the respective state government through the offices of the register of chits. The chit fund companies are expected from the requirements of registration under the **RBI ACT**. However, the deposit acceptance of these companies is regulated under the miscellaneous non-banking company's directions, and those relating to the advertisement for soliciting deposits are governed by the nonbanking companies (advertisement) rules,1977 framed by the government of India under section 58 A of the companies Act, 1956.

3.3 HISTORY OF CHIT FUND

Chit fund evolved years ago when the present system of banking did not exist. Few families in a village would get together to form a chit save money and to avail of loan amongst the group formed. Origin of chit fund is linked with Portuguese missionaries from China, who visited Muziris (kodungallur) for evangelization and established a seminary at Vypeencotta village in 1557. The modern operation of chit fund started between 1830 -1835 when Chaldran Syrian

Church in Thrissur Kuris under its name and pass book to subscribe as evidence of enrolment. It is said that the chits are more advantageous as they less collateral and documentation. Chit amount is collected from the participants at their door step on a flexible basis when the participants able to pay, the business man also find it more useful for easy money rotation than bank loan and the chit the only financial product that allow to save and borrow. According to all Kerala kuri foremen's association, Kerala has around 5000 chit companies with Thrissur District accounting for the maximum of 3000. These chit companies provide employment to about 35000 people directly and equal number indirectly.

3.4 ADVANTAGES OF CHIT BUSINESS

- Creates regular savings mentality.
- High return of investment as auction discount.
- Easy and flexible procedure.
- Chit fund investments are not affected by any market fluctuations.
- Finance option through chit funds is easier to re-pay through the remaining monthly instalments

3.5 FEATURES OF CHIT FUND

Chit fund have the advantage both savings a need and as an investment. Money can be readily drawn in an emergency or could be continued as an investment.

- Interest rate is determined by the subscribers themselves, based on mutual decisions and varies from auction to auction
- Chit fund have the advantage both for saving a need and as an investment. Money can be readily drawn in an emergency or could be continued as an investment.
- The money that chit holders borrow is against their own future contribution.
- The amount is given on personal sureties too, unlike in banks and other financial institutions which demand a tangible security

- Chit funds can be relied upon to satisfy personal needs. Unlike other financial institution chit holder can draw upon their chit fund for any purpose i.e., marriage, religious functions. And medical expenses etc. • Cost of intermediation is the lowest.

3.6 ACTS

Chit funds in India are governed by various state or central laws organized chit fund schemes are required to register with the registrar or firms, societies and chits.

Union Government: Chit Fund act 1982(except the state of Jammu and Kashmir)

Kerala : Kerala Chitties act 1975.

Tamil Nadu : Tamil Nadu chit fund act 1961

Karnataka : The chit fund funds (Karnataka rules 1983

Andhra Pradesh : The Andhra Pradesh chit fund act 1971

New Delhi : The chit fund act, 1982 and Delhi chit fund rules 2007

Maharashtra : Maharashtra chit fund act 1975

Goa, Daman & Diu : The Pondicherry chit fund act, 1966

Puducherry : The Puducherry Chit Fund Act 1966

With the collapse of big chit companies in the early seventies, the government of India constituted a special committee to undertake the study of chits, its implications and benefits or problems to the Indian economy. On the recommendation of this committee a special chit acts 1982 by the parliament of Union government. In Karnataka the Central chit funds Act was promulgated in 1984 along with the chit fund (Karnataka) Rules 1983. Under the chit fund ac, this industry has been highly regulated and is governed by stringent rules. This is institutionalization of the chit fund.

3.7 CHITTY

Chitty is the main product of KSFE. It is a unique financial product, which blends the advantages of both investment and advances. It is a risk-free safe haven for the public as KSFE conducts only Chitties fully governed by the provisions of Central Chit Fund Act 1982. The instalment per month for Chitties range from. 1,000 to 5,00,000 and the usual duration of Chitties are 30 months, 50 months to 60 months and 100 months.

Other Schemes Offered is given below:

• Loans and advances

Although Chitty is in essence a loan/advance scheme, for subscribers whose Chitties are not getting prized and, at the same time they are in need of money, relief has been provided by two loans schemes built within the chitty scheme, viz. Chitty Pass Book Loan and New Chitty Loan. KSFE offer other loan/advances scheme, comparable to those given by banks and other financial institution, and the same includes: Gold Loan Scheme, Reliable Customer Loan, Consumer

Vehicle Loan, Special Car Loan, New Housing Finance Scheme, Flexy Trade Loan, Tax Planning Loan scheme, Sugama (Akshaya) Overdraft Scheme, Vidhyadhanam Educational

Loan Scheme ad KSFE Haritham Loan Scheme. • Deposit schemes:

Fixed deposit, Short Term Deposit, Sugama deposit (which is similar to the saving deposit in banks), Chitty Security Deposit-in-Trust and Sugama Security account.

• Free Based Activities of KSFE

• Securities: from chitty subscribers and customers who avail loans/advances of **KSFE, KSFE** accept various types of securities which include:

Fixed deposit with KSFE or approved banks, Bank guarantee, NRI Deposits, LIC Policies, National Savings Certificate (NSC), Kisan VikasPathra (KVP), Chitty Pass Book of Non-prized Chitties, Gold Security, Post- dated Cheques, Personal surety and Property Security.

3.8 DIFFERENT CATEGORIES OF CHIT INSTITUTION

Chit fund are of different categories which come under the broad heading, 'Chit finance'. In Kerala they include the public sector Chit Company (The Kerala State Financial Enterprises Ltd), Co-operatives, Private Chits and those in the informal sector.

3.9 KSFE

Type: Public sector

Industry: NBFC

Founder: Government of Kerala Headquarters Thrissur city, Kerala, India

Number of locations: Kerala

Area served: Kerala

Products: Chitty, Loans, Savings, Investment vehicles, etc

Revenue: Rs 120crore

Net Income: Rs 40,000 crore

Total equity: Rs 100crore Number of employees: 6782 Website:

http://www.ksfe.com

3.10 NEED OF KSFE

Chit business in Kerala was under private monopoly till 1969. The Business of 'chit' had been exposed to a wide variety of malpractices from its very inception. They're existed ample scope for exploitation of the needy people by unscrupulous promoters for their own selfish interest. Lack of Government control offered many opportunities for new entrants in this lucrative field of business. The government wanted to introduce some restrictions on the unbridled growth of such Chit institution with a view to safeguarding the interest of the subscribers and to channelize the savings for productive purpose. Another justification for State control was the need to avoid the concentration of wealth and power among a few.

3.11 OBJECTIVES

The objectives of the company are listed in the Memorandum of Association of the Company

- To start, conduct, promote, manage and carry on the business of Chitties in India or elsewhere
- To promote, undertake, organize, conduct, manage and carry on the business of general and miscellaneous insurance of any kind in India or
- To start, promote, conduct, operate, carry on and manage the business of dealers, agents and traders under hire purchase system of articles, vehicles, machinery, material goods and tools, of all Capital goods and consumer goods and property of all nature and Description for personal, domestic, office, commercial, industrial and community use and consumption as a business of the Company or as agent of the Government, state or central or anybody or Organization there under or of any other Company
- Beside these objects, there are many objects, which is incidental or ancillary to the main objects such as to advance, deposit with or lend money, securities, property or to receive loans or grants or concession of any nature or deposits from Banks, Government or Government organization or others.

3.12 FEATURES OF KSFE

- Any Indian citizen, who has attained maturity, can subscribe to KSFE Chits
- The due date for the payment of prize money is the 45th day after the auction, but with effect from 13-08-2001 it has been changed by KSFE to the 30th day after auction
- Advance payment of prize money as a loan is available at the prevailing rate of interest.
- New Chitty Loan (NCL) has been introduced to bridge the gap between the real need of the subscriber and the uncertain point of time in future when the ticket gets prized.
- Passbook loan scheme has been introduced from 1975 onwards to provide quick loan to non-prized subscribers to meet the urgent needs on the security of paid-up subscription in their Chits
- Monetary range of KSFE Chits extends up to Rs. 10Lakhs with monthly subscription of Rs. 25000 each. The duration ranges from 40 months to 100 months

3.13 SERVICES OFFERED

KSFE has actually marked fantastic improvements in chit business by offering an entire variety of quality services and products, adopting technology and benchmark standards in customer services and performance and dispersing their wings beyond the borders of Kerala, on an international level. KSFE maintained the pre-eminent part in Chitty business, continued focus on extending resources to the Govt. of Kerala.

The main schemes of the company as of now are:

- Chit scheme
- Passbook loan
- New Chitty loan
- Hire purchase scheme
- Hire purchase (House modernization scheme)
- Employment oriented hire purchase scheme
- Gold loan scheme
- Trade financing scheme • Fixed deposit scheme
- Sugama deposit scheme
- New fixed deposit loan scheme • New housing finance scheme.

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

4.1 AGE WISE CLASSIFICATION OF RESPONDENTS

Table 4.1

Age	No. of Respondent	Percentage
Age below 20	0	0
20 – 30	6	12
30 - 50	28	56
Above 50	16	32
Total	**50**	**100**

Sources of data: Primary Data

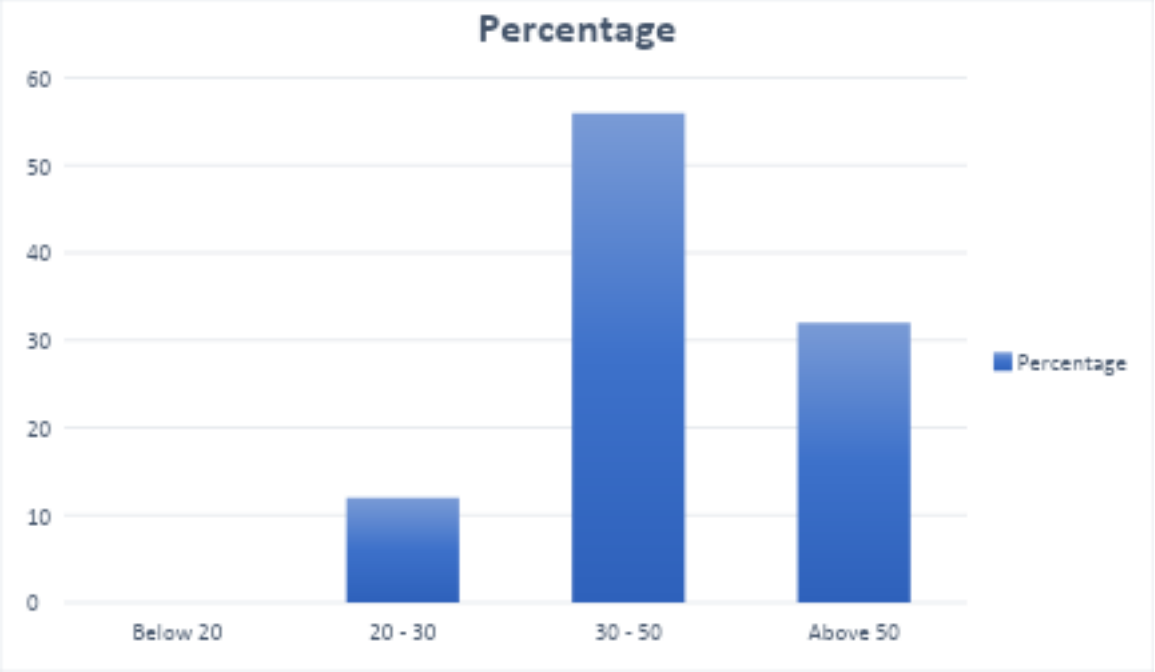


Figure 4.1

Interpretation: Table 4.1 shows that 56 per cent of respondents are aged between 30-50, 32 percent of respondents are above 50, 12 per cent of respondents are in between 20-30 and

there are no respondents in age of below 20. Thus, we can state that, most of the respondents or subscribers are in between the age group of 30-50.

4.2 CLASSIFICATION BASED ON OCCUPATIONAL STATUS

Table 4.2

Occupational	No. of Respondent	Percentage
Agriculture	16	32
Business	13	26
Profession	9	18
Household	8	16
Abroad	4	8
TOTAL	**50**	**100**

Sources of Data: Primary Data

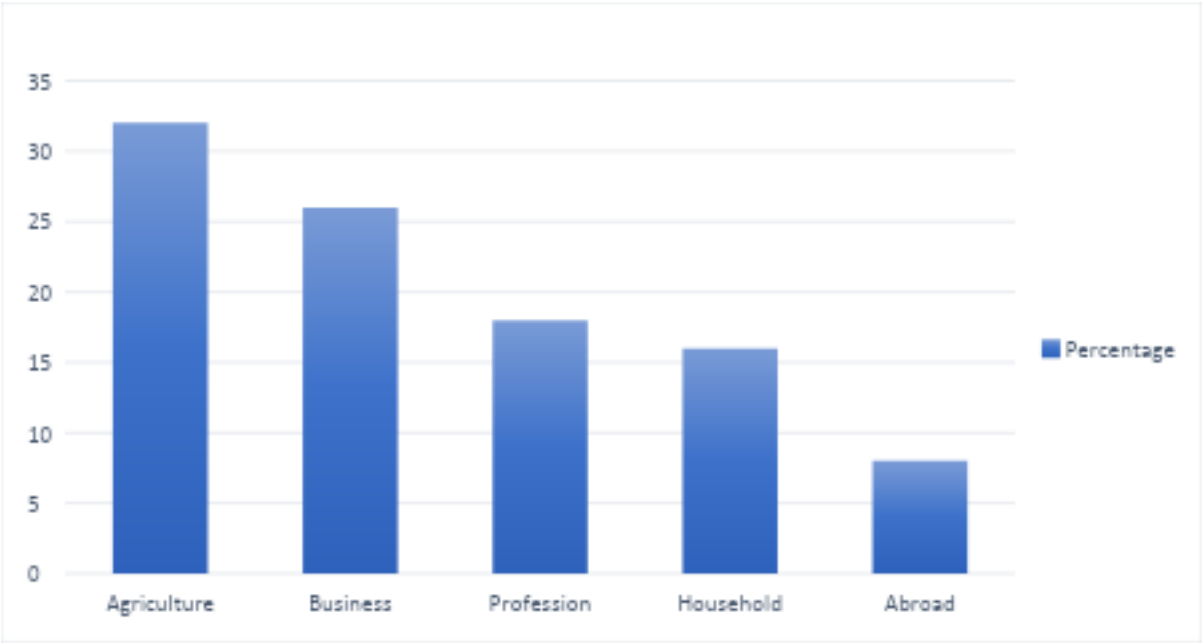


Figure 4.2

Interpretation: Table no 4.2 shows that, 31 per cent of respondents are farmers. 26 per cent of respondents are belonged to business. 18 per cent of respondents are professionals and 16

per cent are house hold and rests of the respondents are in abroad. It reveals that, most of the KSFE subscribers are farmers.

4.3 CLASSIFICATION ACCORDING TO ANNUAL INCOME

Table 4.3

Annual Income	No. of Respondent	Percentage
Below 10000	6	12
10000 - 25000	10	20
25000 – 50000	27	54
Above 50000	7	14
Total	**50**	**100**

Sources of Data: Primary Data

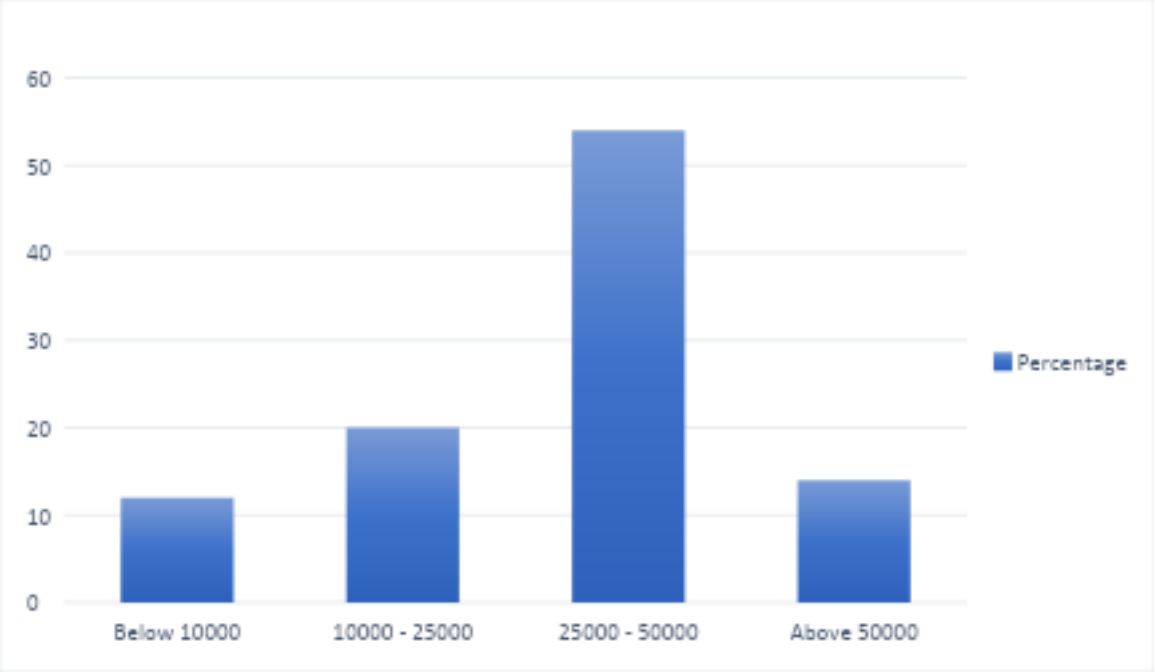


Figure 4.3

Interpretation: Table No.4.3 shows that, 54 per cent of respondents are in annual income in between25000-50000, 29per cent of respondents are in between 1000025000, 14 per cent of

respondents are in between above 50000 and rest of the respondents are below 10000. So, we can analyse that, most of the KSFE subscribers in our Villiappally Panchayat are, income level between 25000-50000.

4.4 MAJOR SOURCES OF INCOME

Table no. 4.4

Particular	No. of Respondents	Percentage
Agriculture	14	28
Daily Wages	20	40
Government job	8	16
Other	8	16
Total	50	100

Sources of Data: Primary Data

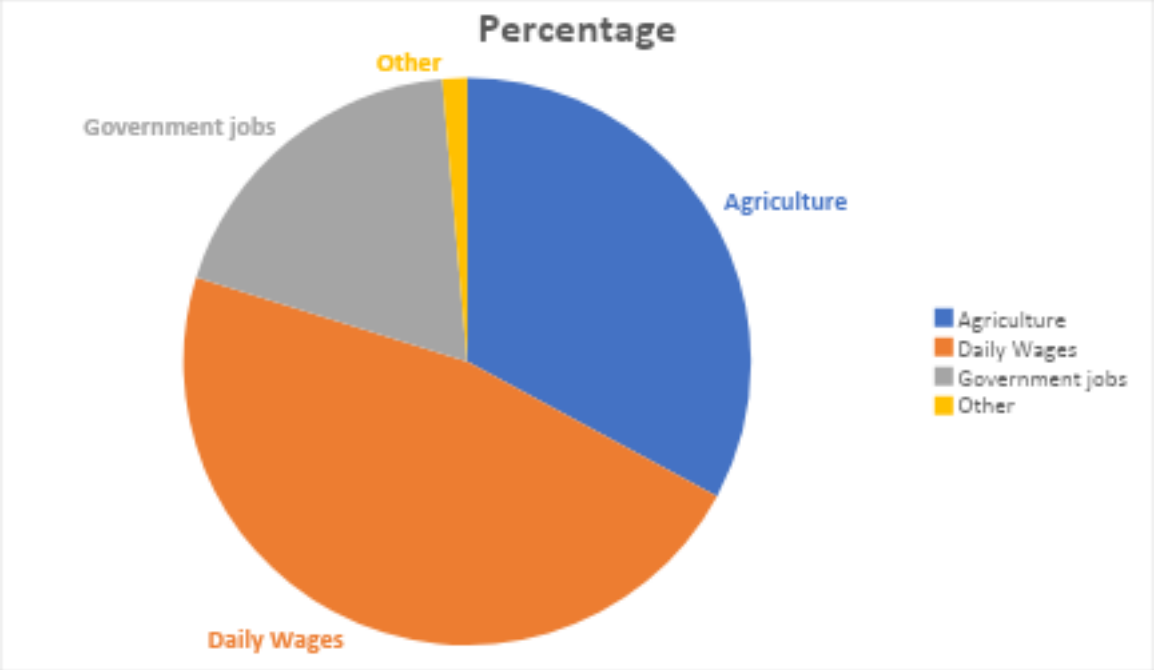


Figure 4.4

Interpretation: The Table 4.4 shows that, the major sources of income for the chit fund is coming from daily wages, and from agriculture.

4.5 FACTORS INFLUENCING CHIT INVESTMENT

Table no.4.5

Particulars	No. of Respondent	Percentage
More return	12	24
Investment	26	52
Security	12	24
Economic Status	0	0
Total	**50**	**100**

Sources of Data: Primary Data

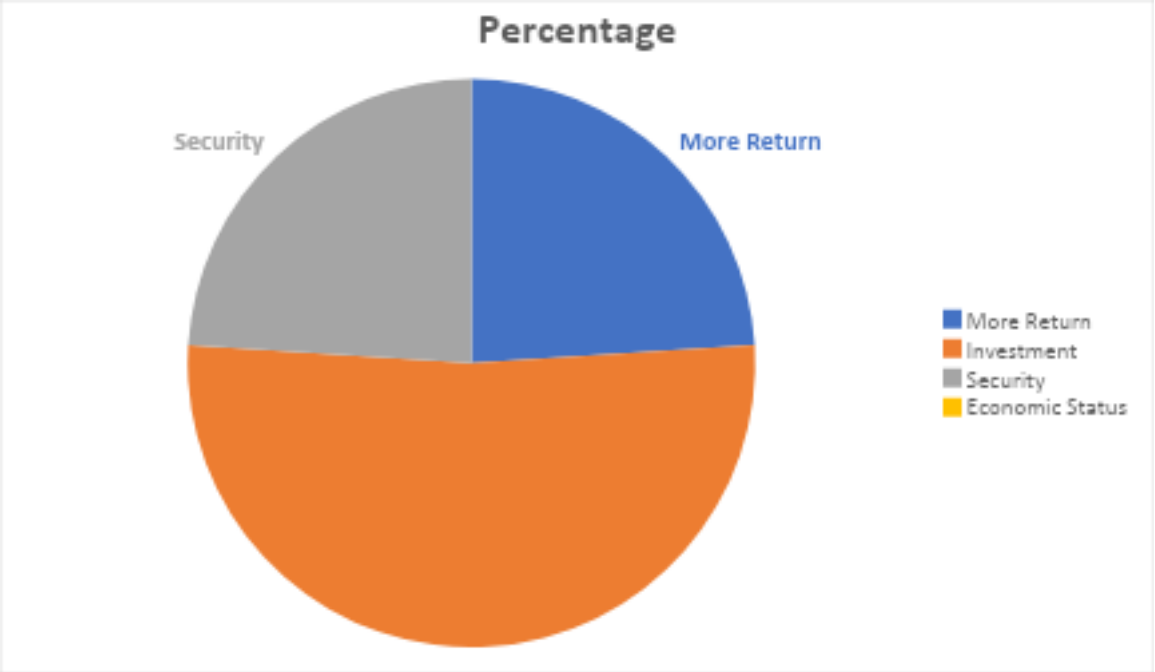


Figure 4.5

Interpretation: Table 4.5 shows the factors influencing chitty investment. 24per cent of the respondents take chitty because of getting more return, 52 per cent of the respondents are influenced by investment factor, the rest 24 per cent of the respondents are influenced by the factor of security. Economic status is not an influencing factor to take chitty.

4.6 PURPOSE OF TAKING CHIT INVESTMENT

Table 4.6

Particular	No. of Respondent	Percentage
Business	8	16
Agriculture	18	36
Marriage	5	10
Education	7	14
House construction	9	18
Other Purpose	3	6
Total	**50**	**100**

Sources of Data: Primary Data

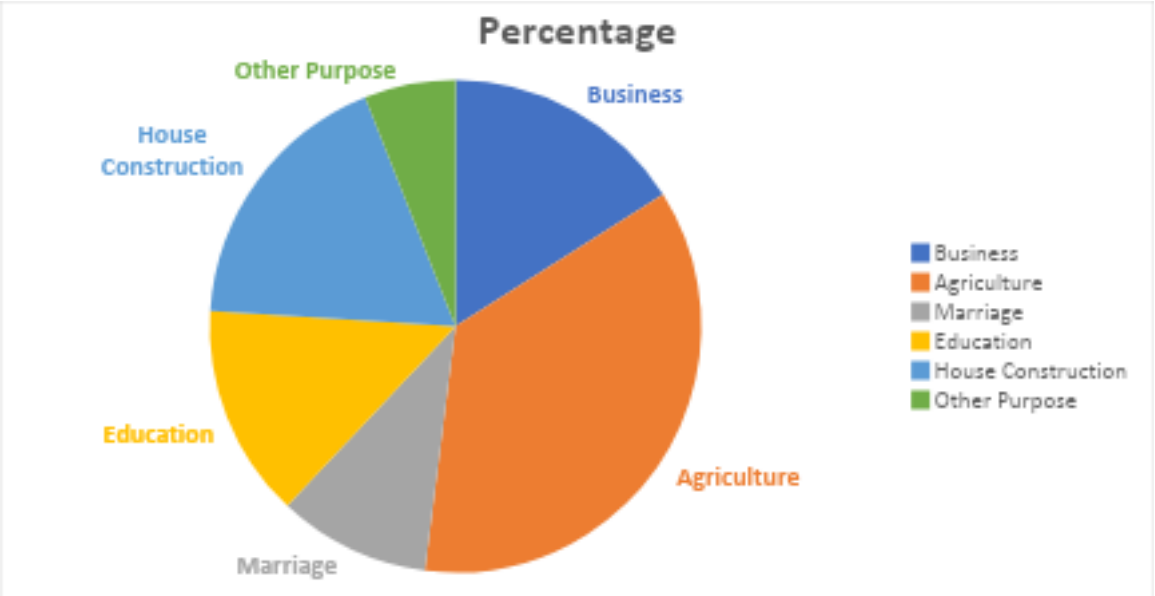


Figure 4.6

Interpretation: The table 4.6 shows that out of 50 respondents, 18 respondents take chit investment for agriculture, 9 respondents are in house construction purpose, 8 respondents are

in business purpose, 7 respondents are for education purpose, 5 respondents are for marriage purpose and remaining 3 respondents are in other purpose.

4.7 ADVANTAGES OF CHIT FUND

Table 4.7

Particular	No. of Respondent	Percentage
Money is Easily & Quickly Available	8	16
Easy Repayment	20	40
Profit Distributed as Dividend	4	8
Easy Membership	10	20
Low Interest	8	16
Total	**50**	**100**

Sources of Data: Primary Data, Figure 4.7



Interpretation: Table 4.7 shows that, most of the people invest in chit due to repayment in easy instalment.

4.8 RETURN ON INVESTMENT

Table no. 4.8

Particular	No. of Respondent	Percentage
High	21	42
Moderate	29	58
Low	0	0
Total	50	100

Sources of Data: Primary Data

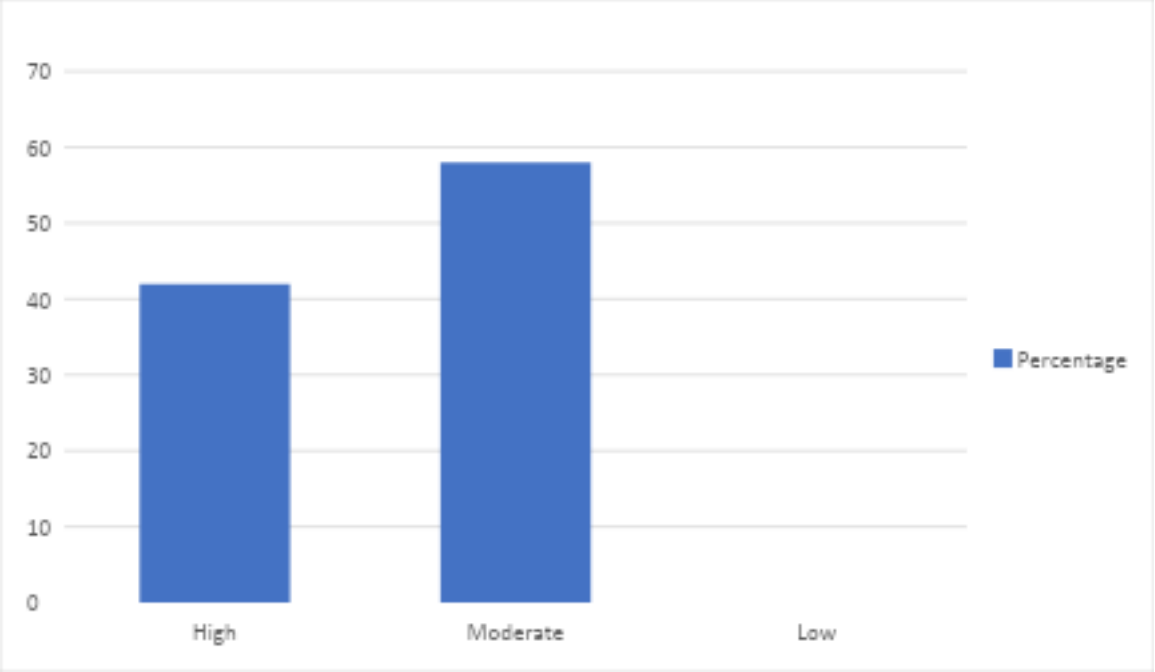


Figure 4.8

Interpretation: Table No. 4.8 shows opinion of the respondents regarding the return from chit investment 58 per cent of respondent believe in Moderate return and 42 per cent of respondent believe that they get high return from chit fund and no respondent believe that they get high return from chit fund and no respondent believe or expect low return from chitty.

4.9 INCREMENT IN SAVING MENTALITY

Table 4.9

Particular	No. of Respondent	Percentage
Increase	39	78
Constant	11	22
Decrease	0	0
Total	**50**	**100**

Sources of Data: Primary Data

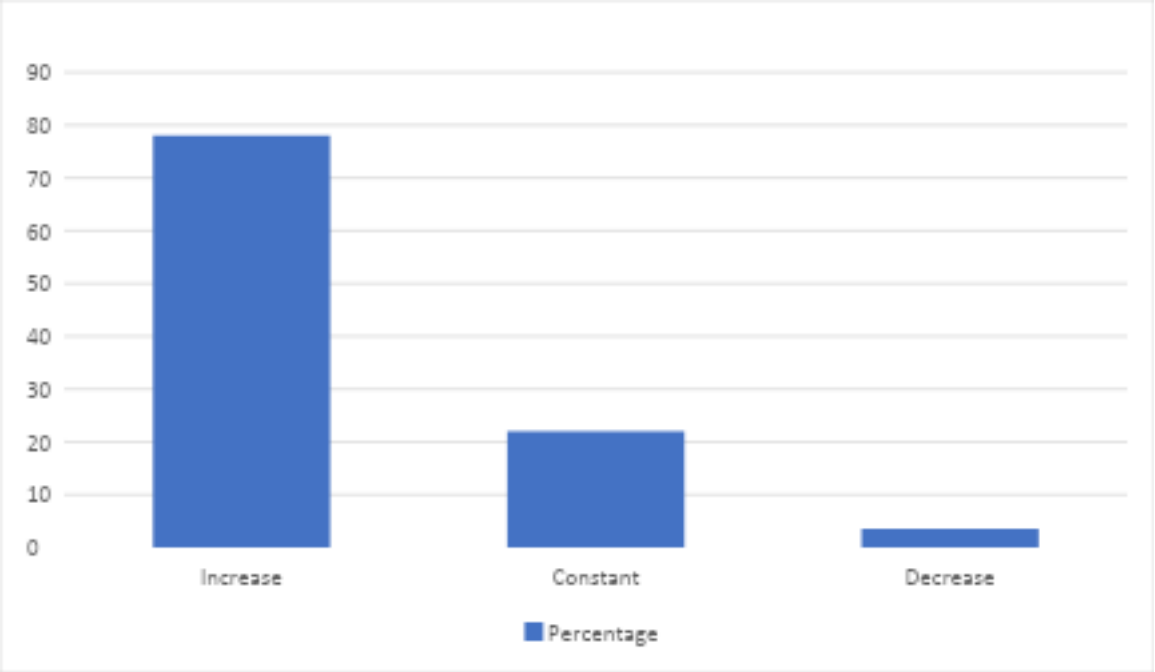


Figure 4.9

Interpretation: Table 4.9 shows that the saving habit of people after taking chitty. Savings habit of 78per cent respondents are increased, 22 per cent of respondents are in constant saving mentality and the saving habit of respondents are not decreased after taking chitty in KSFE.

4.10 ANY BENEFIT FROM JOINING KSFE

Table 4.10

Particular	No. of Respondent	Percentage
Yes	26	52
No	24	48
Total	**50**	**100**

Sources of Data: Primary Data

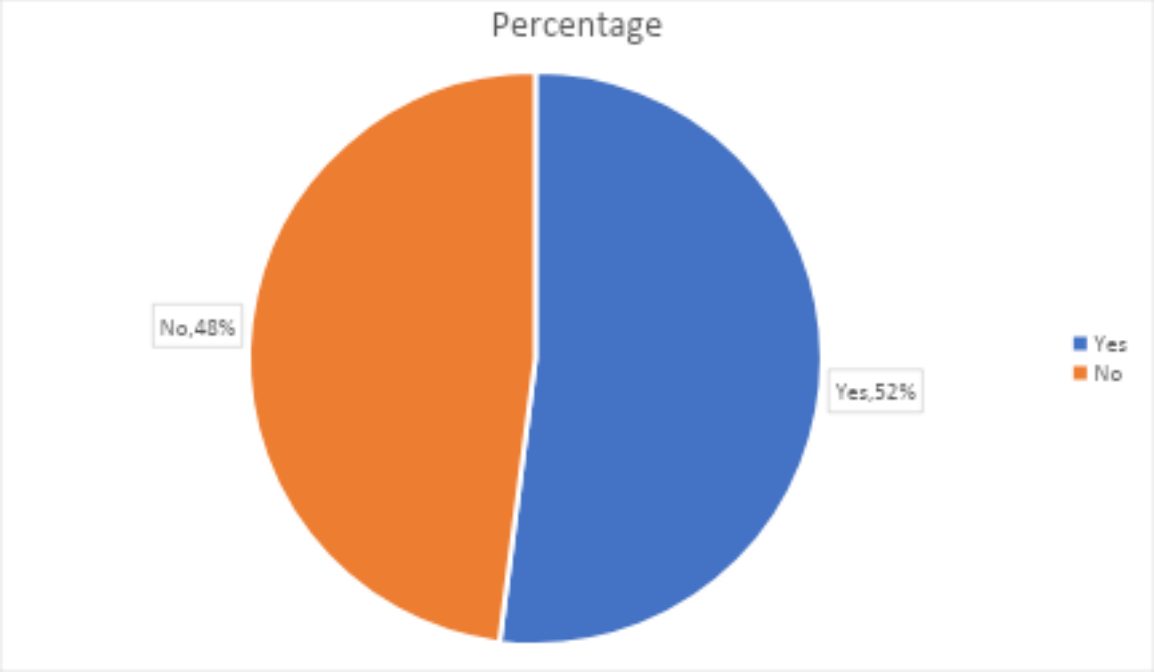


Figure 4.10

Interpretation: Table 4.10 shows that, 52per cent of respondents are received benefits from joining KSFE chits, and 48per cent of respondents are not received any benefit from taking chitty.

4.11 SATISFACTION OF PERSONAL NEED OF CUSTOMERS IN KSFE CHIT

Table 4.11

Particular	No. of Respondent	Percentage
Yes	30	60
No	20	40
Total	**50**	**100**

Sources of Data: Primary Data

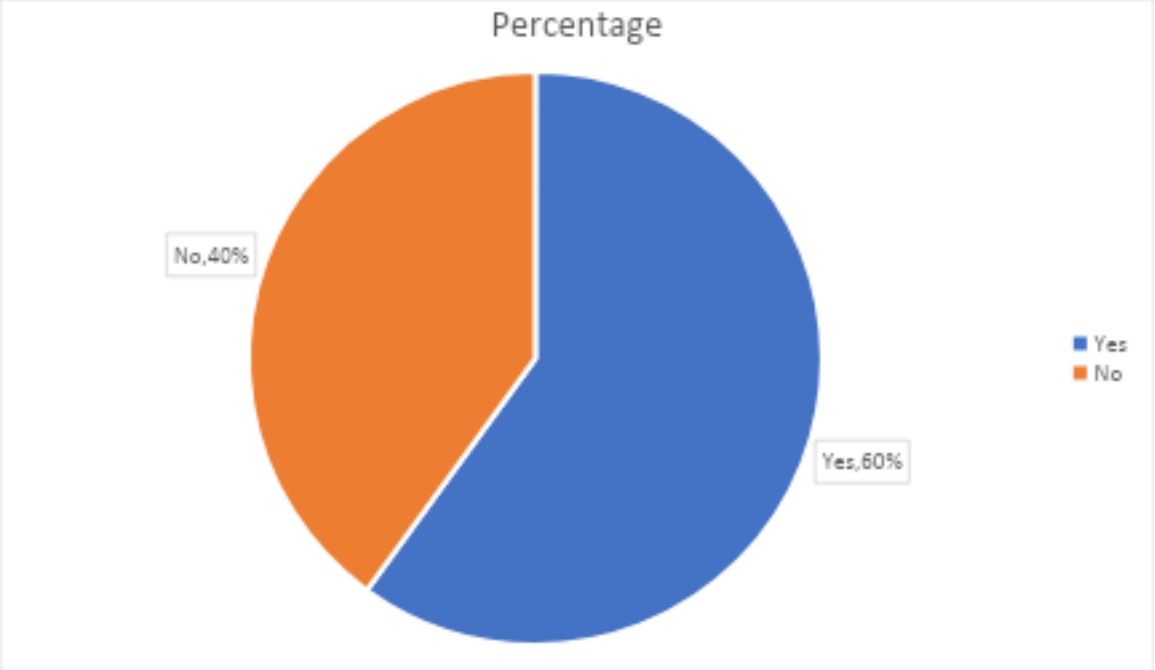


Figure 4.11

Interpretation: Table 4.11 reveals that on the opinion of 60 per cent of subscribers, their personal needs are satisfied by KSFE. Only 40 per cent of subscribers can't satisfy their personal needs using KSFE. Thus, we can generalize that KSFE chits satisfy the personal needs of the subscribers.

4.12 TYPES OF CHITTY

Table 4.12

Particular	No. of Respondent	Percentage
Lot Chitty	24	48
Business Chitty	8	16
Tender Chitty	6	12
Cost and return on Chits	12	24
Total	**50**	**100**

Sources of Data: Primary Data

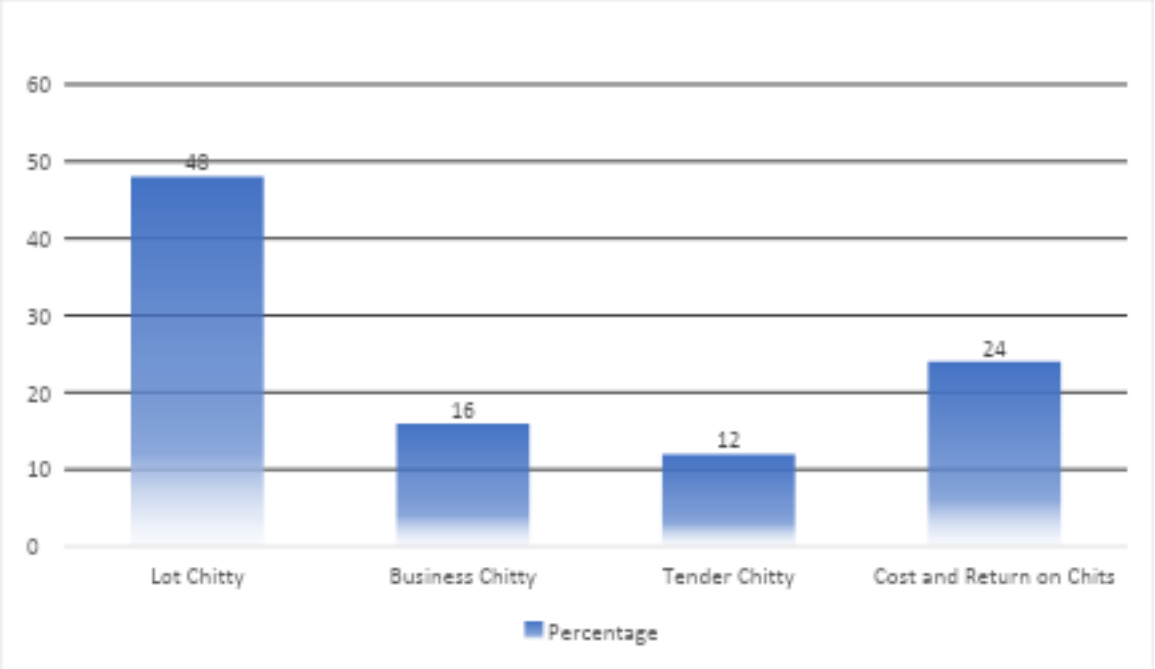


Figure 4.12

Interpretation: Table 4.12 shows, 48per cent of respondents prefer lot chitty, 24per cent respondents prefer cost and return on chits, 16per cent respondents prefer business chitty and the remaining 12per cent of the respondents choose tender chitty.

4.13 REASON FOR PREFERRING KSFE CHIT FUND

Table 4.13

Particular	Rank						Total Mark
	1st	2nd	3rd	4th	5th	6th	
High Return	32	10	5	3	0	0	271
Safety	15	26	6	2	1	0	252
Door to Door Collection	0	4	3	2	1	40	80
Customer Friendly	1	1	3	9	30	6	116
Best Source of Credit	2	6	23	14	4	1	185
Future Savings in Advance	0	3	10	20	14	3	146

Sources of Data: Primary Data

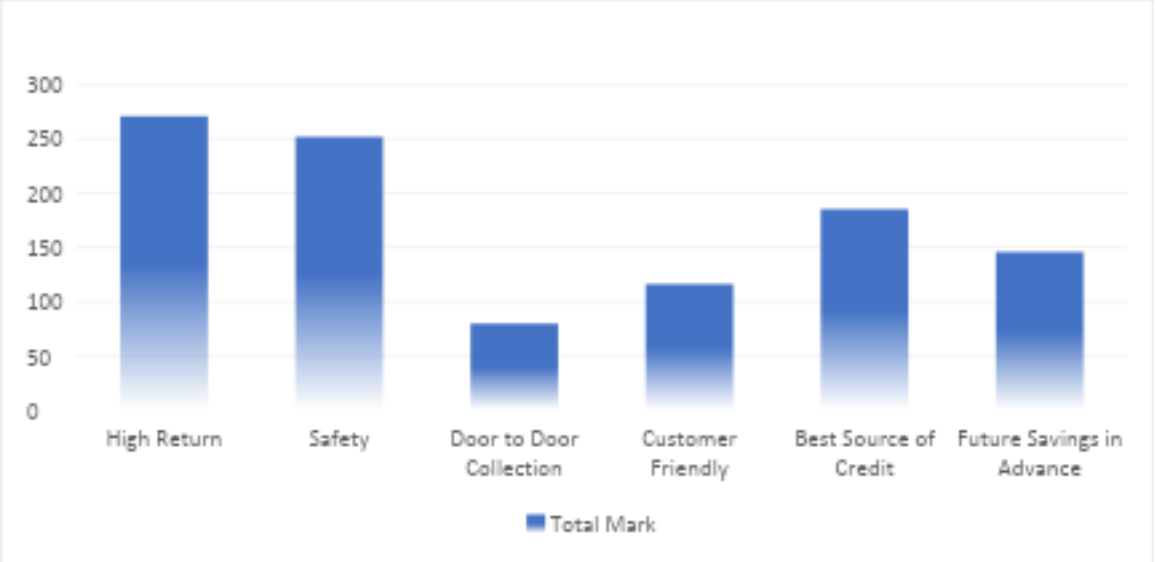


Figure 4.13

Interpretation: Table No 4.13 shows that reason for preferring KSFE chits. Most of the respondents reveal that, high return is the main reason for preferring KSFE chits. The second reason is safety.

4.14 LIMITATIONS OF LOAN

Particular	Rank				Total Mark	Average
	1st	2nd	3rd	4th		
Difficult formalities	6	18	10	16	114	2.28
Security norms	23	14	6	7	153	3.06
Long queue at cash counter	4	9	18	19	98	1.96
Procedural delay	17	9	16	8	135	2.7

Sources of Data: Primary Data

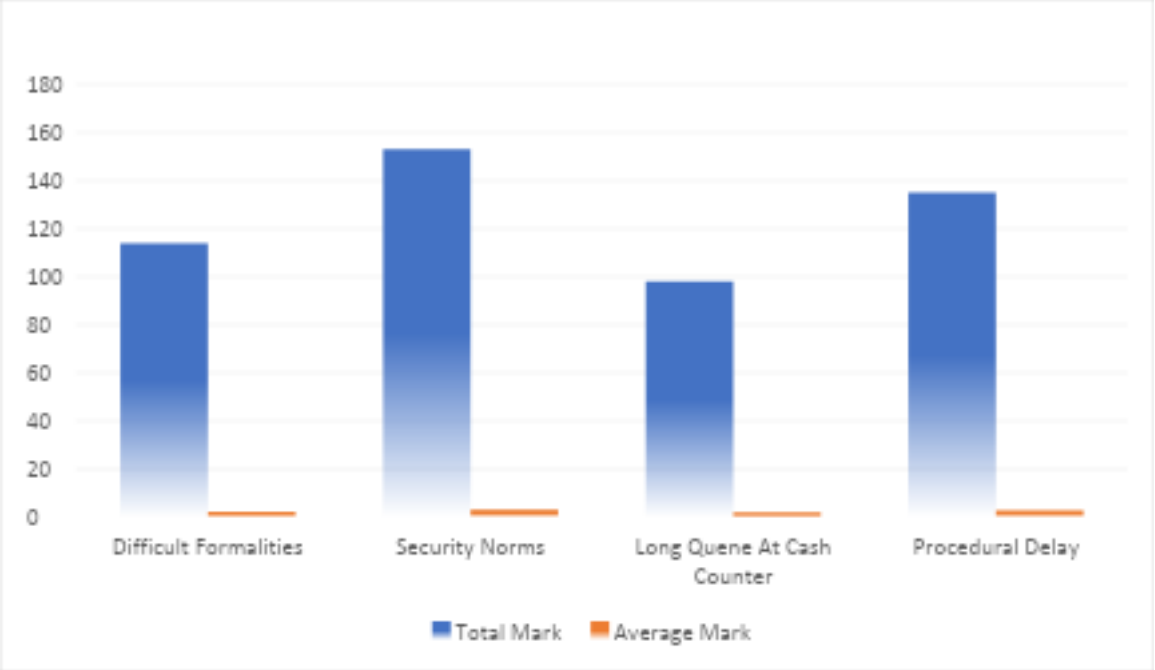


Figure 1.14

Interpretation: Table No. 4.14 analyse the limitation or drawback of KSFE chit. Most of the subscribers say that, the main limitation of the KSFE is difficult in security norms.

4.15 SATISFACTION OF RESPONDSENT BY TAKING CHITTY

Table 4.15

Particular	No. of Respondent	Percentage
Highly Satisfied	20	40
Satisfied	30	60
Dissatisfied	0	0
Highly Dissatisfied	0	0
Total	**50**	**100**

Sources of Data: Primary Data

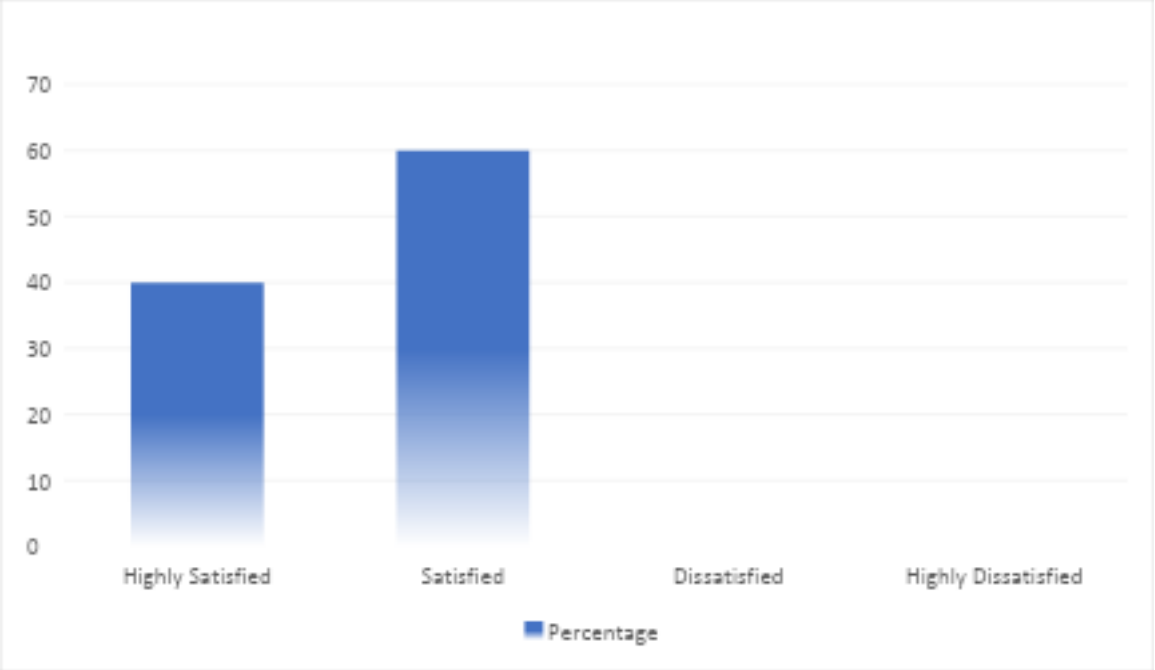


Figure 4.15

Interpretation: The above table 4.15 shows that satisfaction of respondents by taking chitty. 40% of the respondents are highly satisfied and remaining 60% if the respondents are satisfied. No respondents are in the category of dissatisfied and highly dissatisfied.

4.16 BID FOR THE CHIT IN KSFE

Table 4.16

Particular	No. of Respondent	Percentage
Between 2nd- 10th month	15	30
Between 11th- 20th month	11	22
Between 21th- 30th month	9	18
30th month outwards	9	18
As need arises	6	12

Total	**50**	**100**

Sources of Data: Primary Data

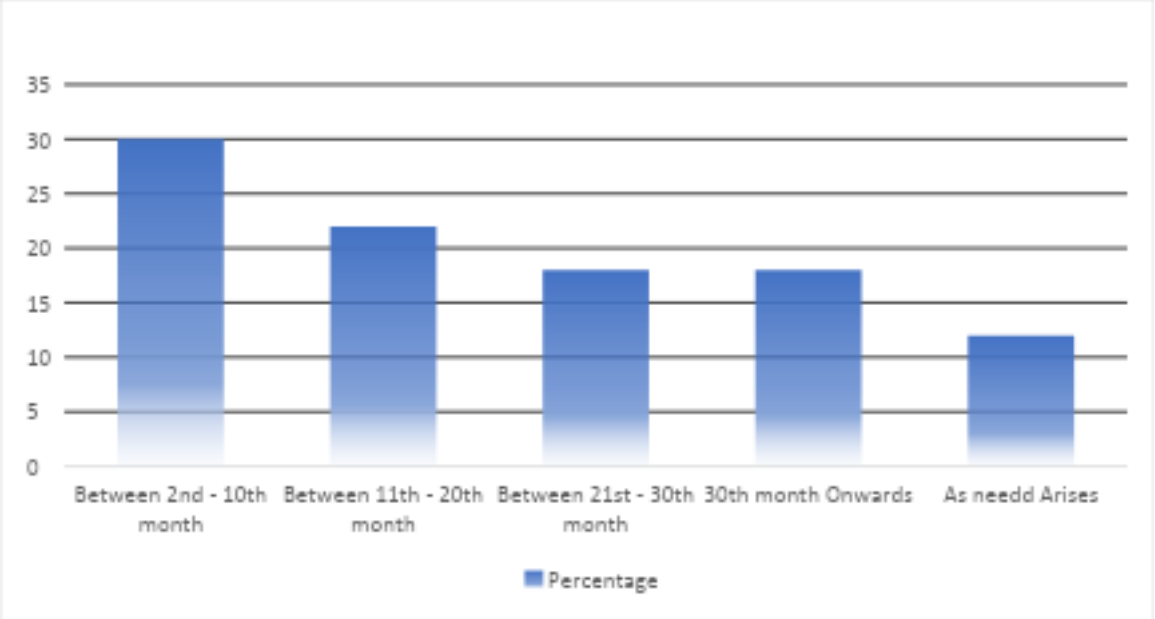


Figure 4.16

Interpretation: Table 4.16 shows the bidding of chit in KSFE. Most of the respondents bid in between 2nd to 10th month in KSFE. 22 per cent respondents are in between 11th to 20thmonth, 18 per cent respondents are in between 21th o 30th month, 18 pr cent respondents are in between 21th to 30th month and remaining 12 per cent bid as need arises

4.17 MAXIMUM PERCENTAGE FORGONE

Table 4.17

Particular	No. of Respondent	Percentage
5-10%	25	50
10-15%	12	24
15-20%	8	16
Above 20%	5	10
Total	**50**	**100**

Sources of Data: Primary Data

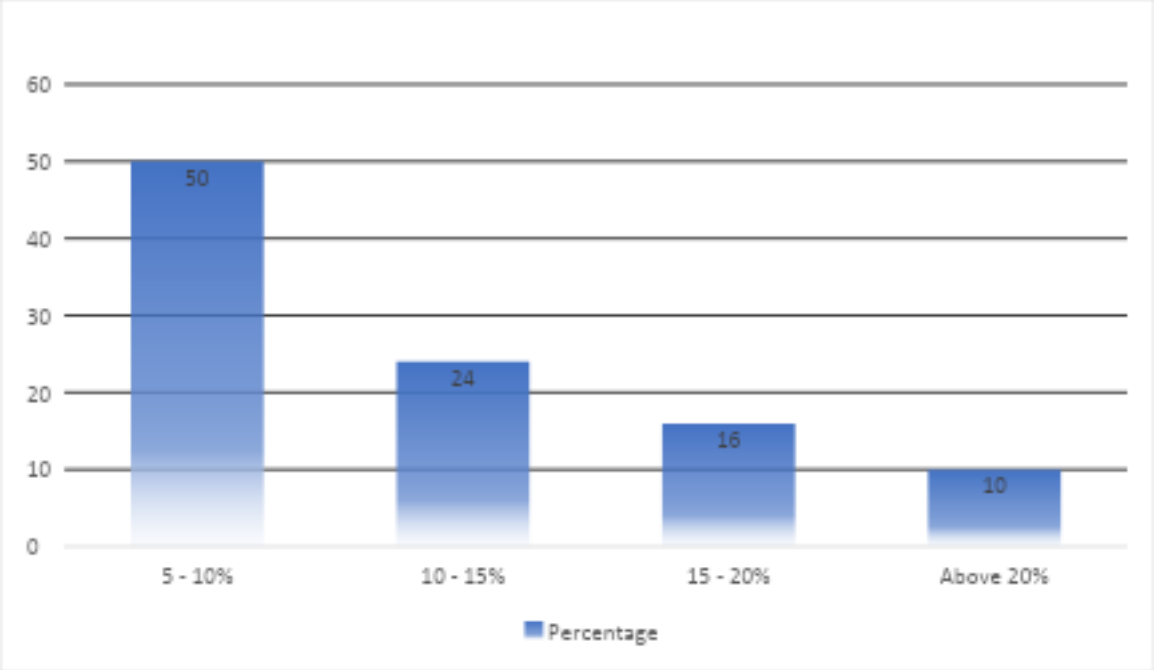


Figure 4.17

Interpretation: Table 4.17 shows the respondents who forego 25% onwards are early drawer or bidder who actually needs quick money. Normally those who forego less percentage by bidding will have already earned more than or equal amount by way of dividends and virtually they are not the losers.

4.18 INDICATES THE SECURITY DEMANDS AND PROVIDED

Table 4.18

Particular	No. of Respondent	Percentage
Security	20	40
Security Not Provided	30	60
Total	**50**	**100**

Sources of Data: Primary Data

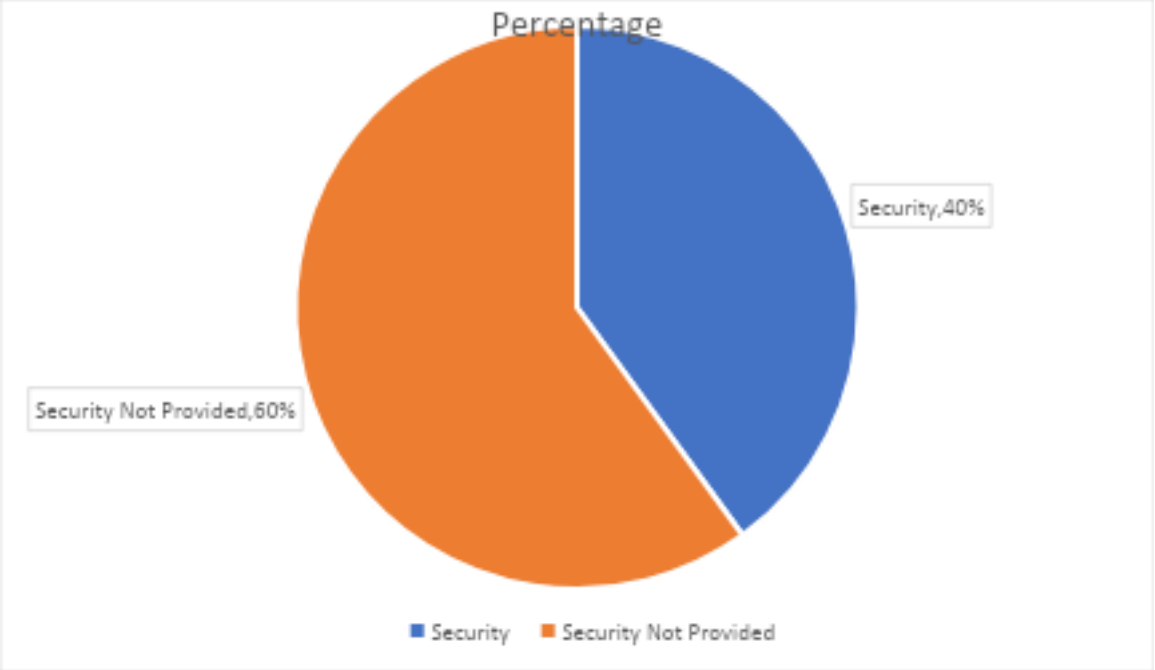


Figure 4.18

Interpretation: Table 4.18 provides details on security demanded by the company from the prized subscribers. However, the above data reveals that the majority of the clients being 60 per cent or the respondents have not given any security.

CHAPTER – 5

FINDINGS, SUGGESTION & CONCLUSION

FINDINGS

- The study reveals that majority of subscribers have income level between 25000 and 30000.
- Most of the subscribers are aged between 30 and 50 Most of the chit subscribers are farmers.
- The study reveals that most of the respondents received benefit from chitty, so chitty is beneficial to the people and it provides adequate sources of finance to the customers.

- Majority of the respondents are takes chitty as an investment need. It is the highly influencing factor to take chitty.
- Most of the respondents prefer lot Chitties.
- The study reveals that 82 per cent of the respondent's saving mentality is increased by taking chitty.
- It can be analysed that security problem is the main limitation of the loan.
- High return is the main reason for preferring KSFE chitty.
- The main advantage of chit fund in KSFE is repayment in easy instalment.
- Lack of modern facility and strict security norms are the main imitations of KSFE chitty.

SUGGESTIONS

- This study completed to ascertain customer attitude towards investing in KSFE chit.
- KSFE chit is contributing more to the economic development of the Villiappally Panchayat. Some of the suggestions made on the basis of the study for the improvements of KSFE chitty.
- The strict security norms for loan and chit amount are difficult to subscribers. So, it should liberalize the security norms.

- Provide modern facility to its customers
- KSFE chitty must provide facility to avoid the long queue for cash remittance.
- Introduce more schemes, thus making more attractive or beneficial to the members and customer.
- The low-income households prefer chit fund as their source of finance. So KSFE should provide finance at cheaper rate of interest.
- Introduce incentive or schemes, so as to motivate the subscribers to make prompt payment of subscription money.

CONCLUSION

The project study makes a deep study on the chit in KSFE the responses of the foreman and subscribers.

The project covers the aspects of profitability in investing KSFE chit fund. The legal framework governing the chit business, and the responses of the members of the KSFE, to know the attitude of the customers towards investing in chit funds in KSFE.

The banking sectors are developing day-by-day. They provide more facilities or services to attract the customers. And they contribute to the economic development. Most of the customers still depend upon the KSFE to meet their financial needs. Chit investment provided by KSFE is more operate and easy to operate compared to other chit investment. An investor can receive return without any difficulty. Chit amount is mostly used for agriculture and business purpose, high return on investment; provide future savings in advance, safety, and customer

friendly attitude of staff…etc, are the main reason for preferring KSFE chit by the customers. Easy payment system, easy membership is also attracted the people to joining KSFE, at the same time, security problem, delay in sanctioning, difficult formalities faced to get return from KSFE chit. And security norms, long queue for cash remittance, less computerization, modernization are the main drawbacks of KSFE chitty in the view point of subscribers. Most of the investors are very satisfied about services and return provided by KSFE chitty. If the chit fund provides adequate sources of finance at the right time, it because a new source and it will definitely improve the standard of living of the people. If more and more customers are attracted towards chit fund, it will increase their saving habit and it will increase the growth rate of the economy.

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APPENDIX

QUESTIONNAIRE

CUSTOMER ATTITUDE TOWARDS INVESTING IN KSFE CHIT FUNDS

I am MUHAMMED JASIM, student of sixth semester BBA in MHES College Cherandathoor. As a part of the curriculum, I am doing a Project on “A STUDY ON CUSTOMER ATTITUDE TOWARDS INVESTING IN KSFE CHIT FUND”.

You kindly give information this Questionnaire. I assure that the information provided will be used for academic purpose only.

Name: ……

1. Age

   Below 20 ☐ 20-30 ☐ 30-50 ☐ Above 50 ☐

2. Occupational status.

   Agriculture ☐ Business ☐ Profession ☐ Household ☐

   Abroad ☐

3. Annual income.

   Below 15000 ☐ 15000 - 30000 ☐ 30000-50000 ☐

   Above 50000 ☐

4. What is your major source of income?

   Agriculture ☐ Daily wages ☐

   Govt. Job ☐ Other ☐

5. What are the factors influencing your chit investment?

   More return ☐ Investment ☐ Security ☐ Economic status ☐

6. State the Purpose of taking chit investment?

Business ☐ Agriculture ☐

Education ☐ House Construction ☐ Other purpose ☐

7. What according to you are the advantages of chit fund in KSFE?

Money is easily& quickly available ☐

Easy repayment ☐

Profits distributed as dividend ☐

Easy membership Low interest ☐

8. What is your opinion about rate of return on chit investment?

High ☐ Moderate ☐ Low ☐

9. Is chits increase your saving mentality?

Increase ☐ Constant ☐ Decrease ☐

10. Do you get any benefit from joining KSFE?

Yes ☐ No ☐

11. Do you think KSFE chit satisfies your personal needs?

Yes ☐ No ☐

12. Which type of chitty do you prefer?

Lot chitty ☐ Business chitty ☐ Tender chitty ☐

Cost and return on chits ☐

13. Why do you prefer KSFE Chit Fund? (Rank1-5)

High Return Safety ☐

Door to Door collection ☐

Customer Friendly ☐

Best Source of credit ☐

Future Savings in Advance ☐

14. Limitations or drawback of KSFE Chitty (Rank 1-5)

Lack of modern facility ☐

Security norms ☐

Long queue at cash counter ☐

High interest on loan ☐

Procedural delay ☐

15. Are you satisfied by service provided by KSFE Chit?

Highly satisfied ☐

Satisfied ☐

Dissatisfied ☐

Highly satisfied ☐

16. When do you normally bid for the chit in KSFE?

B/W 2nd – 10th month ☐ B/W 11th -20th month ☐

B/W 21- 30th month ☐ 30th month outwards ☐

As need arises

17. What is the maximum percentage you would forego?

5-10% ☐ 10-15% ☐ 15-20% ☐ 20%onwards ☐

18. Do you give any security, when you draw a chit?

Yes ☐ No ☐

19. Do you face any complexities in receiving money after making the bid?

Difficult formalities ☐

Security problem ☐

Delay in sanctioning ☐