



Summer Internship Programme

**Final SIP Report – Bajaj AutoFinance
Ltd.**



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Section: C

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PROJECT DETAILS

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ACKNOWLEDGEMENT

The internship opportunity with **Bajaj Finance Ltd - AF** was an amazing opportunity for learning and professional development.

I would like to use this opportunity to express my deepest gratitude and special thanks to my mentor for the project **Mr. Amit Kumar Shaw**, Senior Manager – Product and Marketing, Bajaj Finance Ltd – AF, who in spite of being extraordinarily busy with his duties, took time out to hear, guide and keep me on the correct path and allowing me to carry out my project at their esteemed organization. I would also like to express my sincere thanks to my reporting manager **Mr. Anurag Shiva**, Deputy General Manager, Alternate Distribution, Bajaj Finance Ltd – AF, for providing valuable insights and constant guidance throughout the course of internship.

Also, I would like to express my gratitude to **Prof. Chetan Jhaveri**, the guide for my Summer Internship for his insightful suggestions, encouragement and constant evaluation during my internship.

EXECUTIVE SUMMARY

This report is a research on used two-wheeler and four-wheeler market in India and the financing options that are available. Based on the market research of the same, I was able to find out that currently the used vehicle industry is witnessing a rapid increase in sales volume and demand. Due to the constant increase in demand of used two – wheelers and used four – wheelers, the market is getting infused with more and more financing options for the same. Many NBFCs / OEMs / Banks have entered the used vehicle financing market. Also, it was discovered that the used four wheeler market is much more developed than used two wheeler market and there are a certain features of the used four wheeler market that could be adopted by the used two wheeler market players. The research also includes a study of the competitive scenario in this industry – the leaders and their business models. The conclusion part shows the learnings gained from the research and the gaps that were identified in the offerings of Bajaj Finance Ltd – AF viz. – a – viz its competitors. Moreover, the report also includes the customer life cycle management process of various competitors of Bajaj Auto Finance.

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INTRODUCTION

➤ Context of the organization and specific department/branch

The Bajaj Group is among the main 10 business houses in India. Its impression extends over a wide scope of businesses, crossing cars (bikes and three-wheelers), home apparatuses, lighting, iron and steel, protection, travel and fund. The gathering's lead organization, Bajaj Auto, is positioned as the world's fourth biggest two-and three-wheeler maker and the Bajaj brand is notable over a few nations in Latin America, Africa, Middle East, South and South East Asia. Established in 1926, at the tallness of India's development for autonomy from the British, the gathering has a celebrated history. The trustworthiness, commitment, genius and assurance to succeed which are normal for the gathering today, are frequently followed back to its introduction to the world during those long stretches of tireless dedication to a typical reason. Jammalal Bajaj, organizer of the gathering, was a nearby associate and follower of Mahatma Gandhi. Truth be told, Gandhiji had embraced him as his child. We are celebrating 125th Birth commemoration of Shri. Jammalal Bajaj on fourth of November 2014.

Bajaj Auto Finance Ltd. is a division of Bajaj Finance Limited and has headquarters in Akurdi, Pune, Maharashtra. Bajaj Auto Finance is in operation since 1987 and has more than 30 lacs customers across India. The company has 16 Regional Offices (RO) and 75 branch offices. Also, it has 294 urban and 497 rural consumer branches all across the nation.



➤ **Bajaj Auto Finance gains a competitive advantage over its competitors by offering:**

- Easy online payments of EMIs
- Processing loans in 3 mins
- Minimal documentation requirements
- Quick loan processing
- Repayment alert schedules
- Strong 24*7 customer support

➤ **Bajaj Auto Finance has head office in Akurdi and total of 16 regional offices**

in:

1. Ahmedabad
2. Bangalore
3. Bhopal
4. Bhubaneshwar
5. Chandigarh
6. Chennai
7. Cochin
8. Delhi
9. Ghaziabad
10. Hyderabad
11. Jaipur
12. Kolkata
13. Lucknow
14. Patna
15. Pune
16. Ranchi

Bajaj Auto Finance was awarded Best Place to Work award in year 2019, in year 2018; the company was awarded as Best Employer in India. Bajaj Auto Finance has always believed in maintaining high- trust and high-performance culture. These awards show that Bajaj Auto

Finance has a culture which supports employee to develop and grow in their careers by providing the new and challenging opportunities which in turn also increases employee's morale and reduces turnover. We as an intern at Bajaj Auto Finance has always experienced huge support and learning opportunities in the company and our allotted mentors always give us opportunity and freedom to do things in our own way but on the other hand, they allow monitor our work that we don't go off the track. In this pandemic situation also, the company is offering all the work opportunities to its interns by allowing them work from home by understanding their situation. The company has only 5 day working policy which gives employees time to focus on their personal lives which encourages them to work efficiently on their working days. Also, when we started our internship at the company there was an online orientation was organized by the company and senior manager helped us to understand the structure and working of the company and also, they allotted mentors to each intern to work efficiently. A mentor allots the work to their interns through mails and also explains the task, takes the progress report and also solves the queries through regular team meetings.

- **Strategy:** The strategy of Bajaj Auto Finance is to provide maximum benefits to the customers and employees to retain them and to provide quality services like loan processing in 3 mins, easy EMI payment options, online processing, convenience to the customers and they also have a channel in some areas where the customer can call the company to collect the payment of EMI from him and a person from company will go to collect the payment and will give the receipt to him.

- **Systems:** In Bajaj Auto Finance the decisions are made through both the top to bottom and bottom-up approach, as all the decisions which involve high cost are taken by top management of the company and also some decisions are taken after taking advise from field level employees as the company believes that field employees are the one who are in contact with the real market.

Also, any employee has a right to challenge manager's decision and is free to give his opinion and if his opinion is approved then he's asked to work on it on trial basis. In this lockdown period, all the working and communication is being done through emails only and all the mentors guide their interns through "teams meeting application"

➤ **Customers:**

Bajaj Auto Finance bifurcate its customers according to different segments such as:

I. **Income Group:** The Company mainly focuses on 3 customer segments i.e. salaried customers, self-employed customers and rural profile customers, who intend to purchase 2-wheeler and 3-wheeler vehicles. The company generally targets middle and lower segments of the markets.

II. **Age Group:** The Company focuses on customers of 18-45 year of age, who wants to buy 2-wheeler and 3-wheeler vehicles for personal and commercial use.

III. **Behavioural basis:** The company generally bifurcate the customers and focuses on customers who are regular in paying their EMIs and are stable financially

The company either approaches the customers directly through brochures or stored customer data or approaches the customers coming to the Bajaj showroom to buy 2-wheeler and 3-wheeler vehicles. The company offers loans to customers at Bajaj showrooms or at their authorized centers or the customers can apply for Bajaj loans online as well.

Bajaj Auto Finance has some conditions for customers, which they have to adhere to before applying for any loan at Bajaj Auto Finance:

I. The customers must be between age of 21-65 and customers of age below 21 but above 18, can apply but with a co-applicant

II. Also, the customer must submit/upload documents like ID proof, Address proof, payment bank slip to show income eligibility and latest passport size photos.

➤ **Industry**

Bajaj Auto Finance Ltd come in “NON- BANK FINANCIAL COMPANY (NBFC)” industry. NBFC are companies which does not have a full banking license but they facilitate banking related services like loans and credit services, wealth management, educational loans, etc and they are the main source of providing financial services to major MSMEs. NBFCs provide tailored financial services to its customers according to their specific needs. Reserve Bank of India regulates the operations of all NBFCs. NBFCs are the reason that the competition within financial services industry has increased.

From past few years, the number of non-bank financial companies has increased significantly as many companies have entered the industry such as Power Finance Corporation Limited, Magma Fincorp, Bajaj Auto Finance, Muthoot Finance, Shriram Transport Finance Co. Ltd, etc.




Auto Finance companies comes under NBFC industry and India's Auto Finance market is one of the most developed Auto Finance markets in Asia. As much as 90% of the commercial vehicles purchased in India are bought with automobile loans. The Auto Financing industry faces a huge threat from its substitutes and new entrants as well who aims to provide quality services at lower interest rates. Auto Finance companies have threats from various competitors such as other Auto Finance companies, banks and credit associations, internet loan providers, etc. Auto Finance industry is very competitive industry as there are many banks, NBFCs and other institutions competing in the industry also in this industry entry barriers are very low as any new players can enter the market with sufficient level of capital. Generally, in Auto Finance there was a thumb rule of one vehicle one party, but now in the changing industry many people can jointly own finance for the vehicle also now firms and businesses can buy vehicle and finance for the same on their name.

The company has following departments:

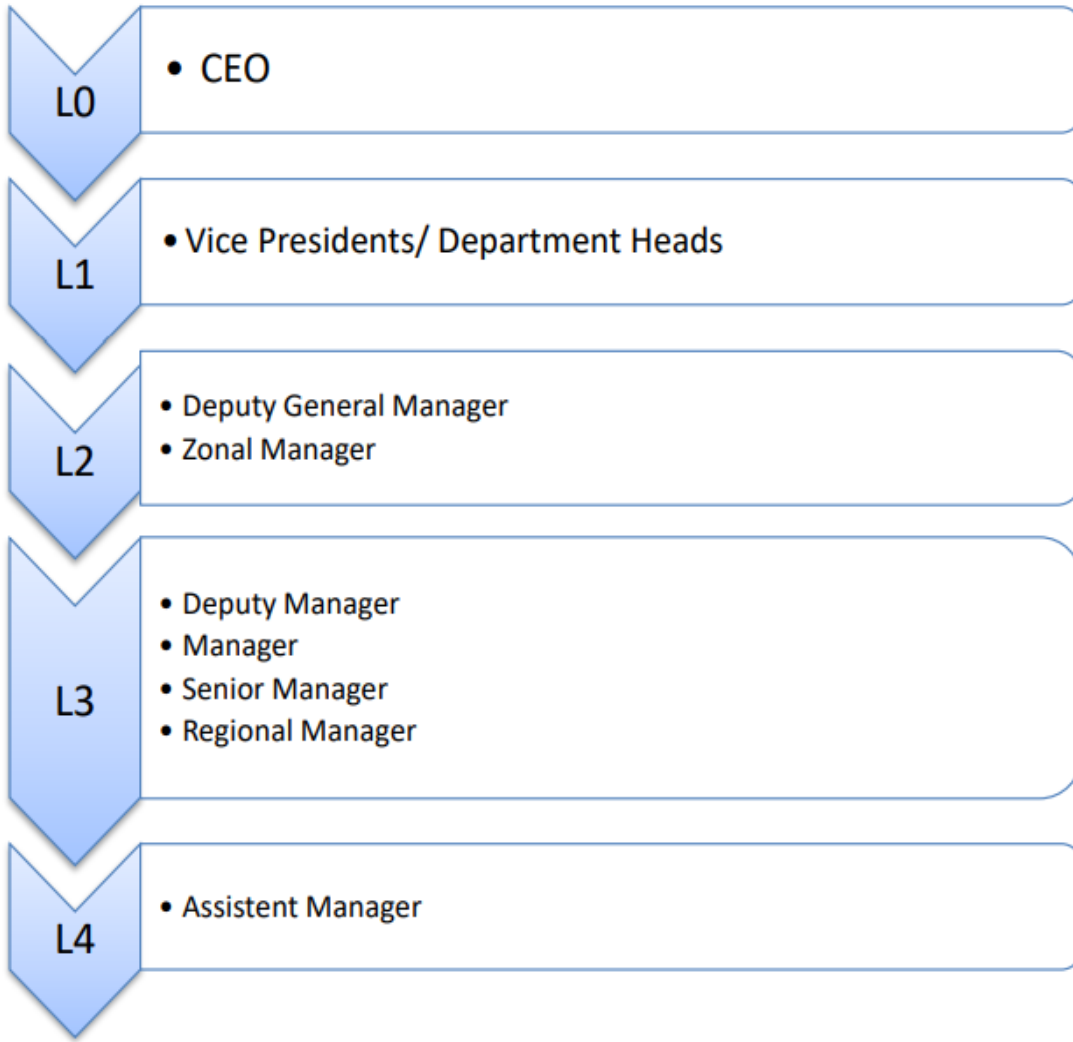
Departments

BAJAJ
FINANCE LTD - AF

- Motorcycle
- Commercial Vehicle
- Collections:-
 - MC Collections
 - CV Collections
- Recovery
- Legal
- Human Resource
- Finance
- IT



➤ **Workflow of the departments at Bajaj Finance Ltd. –Auto Finance is:**



OBJECTIVES

Due to the prevailing situation of a global pandemic, the production of new vehicles has been hindered. Thus, the only immediate option available for the buyers is used vehicle, be it car or bike, the used vehicle industry is experiencing a constant increase in demand. More and more financing options are being provided to the consumers especially in the four – wheeler industry. Two – wheeler financing market is also witnessing a constant growth and there are many NBFCs which provide financing for used two – wheelers. Bajaj Auto Finance is planning to enter used two – wheeler financing market and my objective was to do a thorough market research of the used vehicle / used vehicle financing industry.

The tasks that were assigned to me are as follows:

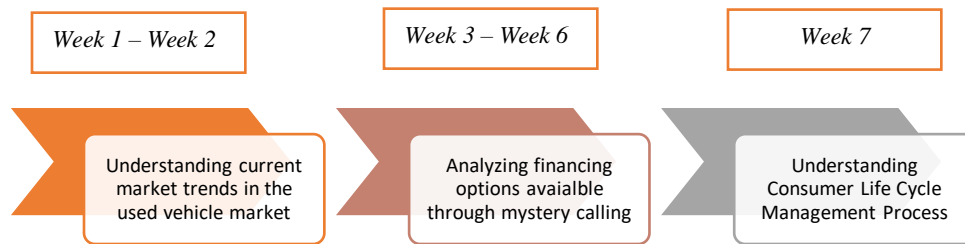
- Understanding of current market trends in used 2W and used 4W.
- Understanding the current market scenario, customer segmentations and market competition
- Gather competition data through mystery calling to different brokers, online channels, different OEMs / product for understanding direct and indirect Competition offerings viz.- a-viz. BAFL placement in the market.
- Identify gaps in BAFL offerings
- Understanding of customer life cycle management process of competitors

II. METHODOLOGY (Research Based Project)

1. APPROACH

As mentioned above, my objective was to research the used vehicle industry, to identify the key growth factors, current market trends, major market players and their business models. Also, I had to gather competition data through mystery calling to several brokers / local dealerships / OEMs / online channels. The last stage was to understand the consumer life cycle management process of the competitors.

There used to be a review meeting every Friday, wherein my mentor at the organization would review the tasks done throughout the week and guide me as to how to proceed forward.



2. SOURCES OF DATA

The data collected is purely qualitative and is based on the research that I did by mystery calling and by reading various articles online. The aim of this research was mainly to provide suggestions to Bajaj Finance Ltd – AF by identifying its placement in the market viz. – a – viz its competitors.

After having a telephonic conversation with various representatives from banks / NBFCs / local dealerships about the loans that they provided for used vehicles, I was able to fetch some information regarding the interest rates offered, EMI, Loan repayment tenure, list of documents required for loan approval, eligibility criteria, etc. After a detailed comparison of this data with BAFL offerings, I was able to identify certain gaps that could be filled by BAFL in order to increase their sales and market share. This is included in the later stage of the report.

III. PROJECT DATA

1. MARKET RESEARCH – USED VEHICLE INDUSTRY

a. Used Two – Wheeler Market

India is the largest producer and manufacturer of two wheelers in the world followed by Republic of China.

➤ **Reasons for Increasing Demand of Used Two – Wheelers**

- Rising fuel prices is one of the most important factors for the increasing demand of two-wheelers due to their higher fuel efficiency.
- In India, commuters across all age groups use motorized vehicles, especially two wheelers owing to the escalating population and rapid increase in traffic congestion. This has made two wheelers one of the most convenient mode of transportation.

The demand for used two wheelers has seen a constant rise over the past few years especially from models like Honda Activa, TVS Jupiter, Bajaj Pulsar and Bajaj Discover.

➤ **Market Segmentation of Used Two – Wheeler in India**

● *By Market Structure*

Individual sellers, local dealers/mechanics, and small dealerships generated the majority of the sales volume in the unorganized sector, accounting for a majority of the proportion in the entire used two-wheeler market. In FY 2018, the organized sector, on the other hand, was reported to capture the remaining volume share.

● *By Distribution Channel*

The bulk of transactions in the market are handled through a C2C or offline B2C channel due to a lack of awareness about the existence of organized online and offline participants. The C2C channel accounted for a large share of the total sales volume in the used two-wheeler market.

- ***By Type of Two Wheelers***

During FY'2018, motorcycles continued to dominate the Indian used two-wheeler market, with a large volume share. This is because male riders who drive longer distances choose motorcycles over scooters because motorcycles have a larger engine and provide more mileage. Gearless scooters, on the other hand, are popular in the country, particularly among women.

- ***By Engine Capacity***

Based on engine capacity of two-wheelers, it has been observed that used bikes with 100-110 cc engine capacity have been mostly purchased by buyers. On the other hand, engine capacities with 125-135 cc, 150-200 cc and others have been gaining traction in India.

- ***By Average Ownership Period of Two Wheelers***

The purchase behavior of Indians has changed significantly over the review period, owing primarily to the owners' reduction in the time they possess two-wheelers. It has been found that Indians nowadays use their two-wheelers for at least three to five years before discarding them.

- ***By Manufacturer of Two Wheelers***

Hero, which is also the global leader and largest participant in the new two-wheeler business, dominates the Indian used two-wheeler market. The organization serves a diverse customer base and has characterized its market based on income and age. During the FY'2018, other players such as Bajaj, Honda, Yamaha, TVS, and Suzuki were able to contribute the remaining sales volume in India's used two-wheeler market.

- ***By Body Type of Two Wheelers***

Commuter bikes such as the Hero Splendor, Bajaj Discover, and Honda CB Twister accounted for majority of the used two-wheeler volume during FY 2018. Scooters are the next most popular vehicle category in India's used-two-wheeler market.

➤ **Competitive Landscape**

Majority of the used two-wheeler market in terms of sales volume was found to be extremely disorganized, with individual sellers, local mechanics, and tiny dealerships making up the majority of the market. On the other hand, organized businesses like as Droom, CredR, BikeDekho.com, BikeWale.com, Mahindra First Choice Wheels Limited (MFCWL), BikersHighway, and others dominate the market.

With the surge in popularity of E-commerce platforms in the country, the online used two-wheeler market has emerged. Growth of online advertising has fueled the rise of online classified platforms such as OLX, Quikr, Gaadi.com and others have revolutionized the way in which pre-owned vehicles have been sold in the country. The online used two-wheelers market in India has seen year on year growth during the FY'2020.

➤ **Major Market Players – Organized and Unorganized Sector**

Used Two – Wheelers (Organized)

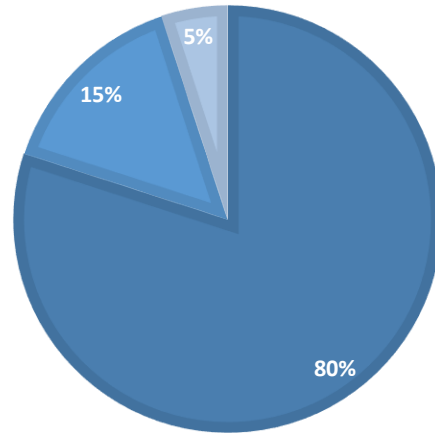
Offline	Online
Mahindra First Choice Wheels	Droom
CredR	BikeDekho
Honda Best Deal	Bike4sale
	CredR
	OLX
	Quikr

Unorganized Sector

Individual Sellers (C2C)
Local Dealerships
Mechanics

SALES VOLUME GENERATED - MARKET STRUCTURE (2W)

■ Unorganized ■ Organized ■ C2C



➤ **Future Projections**

The used two-wheeler market in India is expected to develop in the next years, as used vehicles are significantly less expensive to buy than new ones. According to projected projections, the overall market for used two-wheelers in India is expected to develop rapidly in terms of sales volume in FY'2023E. People who want to possess a vehicle particularly in smaller cities and towns, start by purchasing a used two-wheeler. Local dealers, who have been experiencing stiff competition from online classifieds, may be seen collaborating with online players in order to reach a larger audience.

b. Used Four – Wheeler Market

The used car industry in India was estimated at USD 27 billion in 2020, and it is predicted to grow at a CAGR of 15% over the next five years (2020-2025). The pandemic of Covid -19 had no significant influence on the industry. With more people preferring personal mobility and more finance choices being poured into the used automobile industry, the sector is expected to develop significantly. Because new vehicle sales and manufacture have been hampered by the pandemic, purchasers must turn to the used automobile market for urgent relief.

➤ Market Overview

With the rise of the organized and semi-organized sectors in the country, the used automobile market evolved. In FY 2018, the pre-owned or used automobile market surpassed 4 million units, indicating that the used car market is 1.3 times larger than the new car industry. The reduction of the GST on used automobiles from 28 percent to 12- 18 percent is one of the market's primary development drivers.

With the implementation of the new BS VI emission requirements by the Indian government, the customer will be unable to afford the technological costs of cars that satisfy the regulations. Furthermore, according to Mahindra First Choice Wheels (MFCW) MD and CEO, the companies' focus on reducing diesel car production, such as Maruti Suzuki's decision to exit the diesel car segment by April 2020, is expected to boost demand for compact diesel cars in the used car market, unless there is a backlash against diesel cars.

The growth of the used automobile market may be hampered by factors such as uniform dealership experiences, good price experiences, and high finance costs for used cars. OLX, Mahindra First Choice Wheels, Cars24, Maruti True Value, and Hyundai H Promise, among others, are some of the prominent competitors in the sector.

➤ **Market Segmentation of Used Four – Wheelers**

- By Vehicle Type: Sedans, Hatchbacks, SUVs
- By Vendor Type: Organized, Unorganized
- By Fuel Type: Petrol, Diesel

During the projection period, the organized segment of the Indian used automobile market is estimated to grow at a CAGR of 22.79 percent. In the previous three years, the organized sales channel has seen substantial expansion. Increased sales of used automobiles in metro cities, as well as a surge in online sales platforms like CarDekho, Cars24, and Droom, are driving this growth.

The majority of OEMs have already entered the used automobile market, and those that haven't yet entered the industry have done so in the recent five years. Renault launched its used car business in 2015, and Nissan followed suit in 2017. Maruti Suzuki, Mahindra, Hyundai, and Toyota, as well as luxury car manufacturers like BMW, Audi, and Jaguar Land Rover, have their own used car networks in India.

- For example, by the end of FY2020, Mahindra First Choice Wheels had a strong yearly sales of USD 51 million.
- During the same time period, the company sold over 250,000 used cars, with the goal of increasing that number by 40% by 2020.
- MFCW currently operates 1,100 stores in India. By 2020, the corporation plans to expand to 1,200 locations, with 11 of those being dedicated solely to the selling of premium vehicles. Maruti Suzuki, the Indian automobile manufacturer, has also joined the used car market with their True Value chain, in which cars are put through a series of quality tests before being put up for sale.
- In addition, between 2017 and 2019, internet used automobile sellers saw a significant increase in sales. Over the previous three years, CarDekho has been a pioneer in the online used automobile industry, with a Y-o-Y growth rate of around 100%.
- Furthermore, when purchasing used automobiles, buyers seek safety, transparency, convenience, and low risk, indicating that the organised sector of used car sales is expected to rise fast in terms of market share, with enormous growth potential.

➤ **Growing Demand for Used Luxury Cars**

The used automobile market in the country is booming, with demand for luxury vehicles continuing to rise. Owning a luxury car used to be a pipe dream for many consumers due to budgetary constraints, but this is progressively changing as consumers can now readily purchase used premium vehicles. Because of the steep decline in luxury automobile prices, these vehicles have become a popular choice in the used car market. Consumers chose used luxury vehicles costing more over INR 15 lakh, according to OLX. According to OLX, over 55,000 luxury cars (priced over INR 15 lakh) were listed on the platform every month in 2017, with supply increasing by more than fourfold.

High rate of depreciation value of luxury cars, rapidly growing base of young people, increasing discretionary income of buyers (along with rapid urbanization), and growing internet penetration in non-metros are some of the primary factors fueling the growth of used luxury cars.

According to car dealers, demand for used luxury automobiles has increased by 35 percent to 40 percent year over year, as owners of luxury cars typically sell their vehicles after a year or two years in order to upgrade to newer and better models. Apart from the causes, the bulk of these automobiles' buyers are from Tier 1 and Tier 2 cities.

➤ **Competitive Landscape:**

Due to their business approaches and rising number of pre-owned car retail shops, India's used automobile market is consolidated, with major players having the majority share of the industry. OLX, Mahindra First Choice Wheels, CARS24, Maruti True Value, and Hyundai H Promise are among the key participants.

Other participants in the local market, including Quikr, Honda Auto Terrace, Ford Assured, and Toyota U-Trust, have been extending their presence and activities. The unorganised market accounts for roughly 80% of the total market.

➤ **Major Market Players – Organized and Unorganized Sector**

Used Four – Wheelers (Organized)

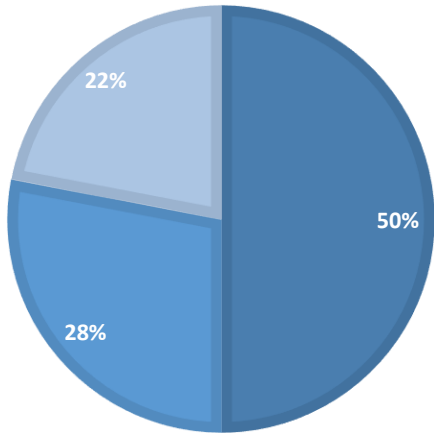
Offline	Online
Hyundai H Promise	Droom
Maruti Suzuki True value	CarDekho
Nissan Intelligent Choice	Carwale
Toyota U trust	Cars24
	OLX
	Quickr

Unorganized Sector

Individual Sellers (C2C)
Local Dealerships
Mechanics

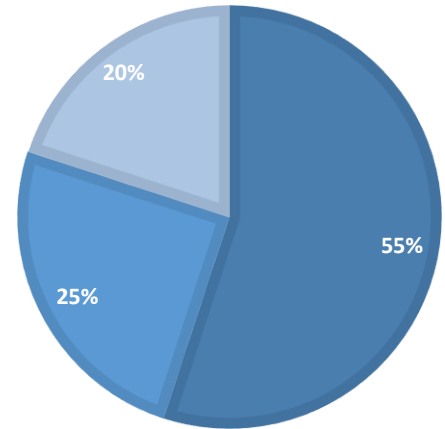
SALES VOLUME GENERATED - MARKET STRUCTURE (4W)

■ Unorganized ■ Organized ■ C2C



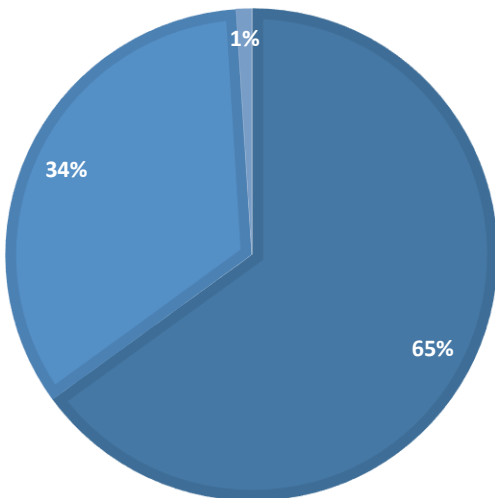
SALES VOLUME GENERATED BY VEHICLE TYPE

■ Hatchbacks ■ SUVs ■ Sedans



SALES VOLUME GENERATED BY FUEL TYPE

■ Diesel ■ Petrol ■ Petrol + CNG ■



- Automatic transmission cars accounted for **63%** of the total sales volume and the remaining cars has manual transmission.
- **36%** used cars belonged to Indian Automakers, **22%** to Japanese automakers, **18%** to German automakers and **12%** to South Korean automakers

c. Gap Identification – Used 2W and Used 4W Market.

	Two – wheeler	Four – Wheeler
Best Selling Model	Bajaj Pulsar	Maruti Suzuki Dzire
Avg. Selling Price	Rs. 47,689	Rs. 8,38,827
Avg. Ownership Duration	67 months	77 months

After this research I was able to establish a fact that Used four wheeler market is much more developed than used two wheeler market. Be it, availability of vehicles or financing, used four - wheeler market has successfully reached at its “developed” stage whereas used two – wheeler market is still at its “developing” stage.

The reasons for this are many. The most important one being the greater ticket size available when compared to Used two – wheelers. Due to this greater ticket size, Financers are more willing to provide finance for used four – wheelers. Whereas, the ticket size for used two – wheelers is smaller comparatively and hence financing options are less.

Also, there are more number of organized players in used four – wheeler market than used two – wheeler market. The online channels available for used four wheelers are more in number than used two wheelers. Moreover, its offline players are also more in number. The online players in the used car market have also established a strong network, they have their tie – ups with the showrooms and some established dealerships which has helped them gain larger inventory.

Another trend in the used four – wheeler market is that mostly all the new entrants in the market are OEMs. They are already established; have their brand recognition and they enter the market with a very strong dealer network. Whereas dealer network is not very organized and strong in used two – wheeler market. Due to this, the buyers do not have enough options.

Also, the demand for used premium bikes is spiking continuously due to more financing options available (because of greater ticket size). On the other hand, demand for used luxury cars is also increasing continuously as the buyers get the status quo on very reasonable prices. Many luxury car brands have entered the used vehicle business.

2. MARKET RESEARCH – USED VEHICLE FINANCE

After researching the used vehicle market, I studied about the financing options available in this market. Many organized players (both online and offline) and other OEMs provide various financing options to their customers. With the rise in demand of used vehicles and with increasing awareness in the urban parts of the country, financing options for used vehicles have been gaining traction.

During my course of research, I was able to observe the fact that used 4 wheeler market is much more developed than used two wheeler market even in terms of financing options available. The used vehicle financing market is segmented on the basis of type of financiers i.e. Banks, OEMs, NBFCs.

Dominant market players in this industry include:

3. IDFC bank
4. ICICI bank
5. HDFC bank
6. Wheels EMI
7. Mahindra Finance

a. Used Two – Wheeler Finance

A two-wheeler is an excellent alternative to congested public transportation and long traffic jams. This could be the explanation for India's two-wheeler market's rapid expansion. Bikes and scooters can easily transport you to and from work or on a getaway. However, it cannot be denied that purchasing a two-wheeler can put a significant dent in one's wallet. In that scenario, a used two-wheeler may be a better option for individuals on a budget or who do not want to spend a lot of money. With the help of a two-wheeler loan, purchasing a used two-wheeler becomes even easier. Many of the country's biggest lending providers are now offering appealing used bike loans.

➤ **Features of Used Bike loan**

- ***Loan amount:***

A used two-wheeler loan might be worth up to ten lakh rupees. Keep in mind, however, that the loan amount is determined by the worth of the two-wheeler.

- ***Interest rate:***

Second-hand bike loans have interest rates starting at 11.60 percent. The interest rate on a two-wheeler loan varies depending on the lender.

- ***Tenure:***

Two-wheeler loans typically have a maximum lifetime of five years. You can, however, choose your preferred tenure. There is an inverse relationship between tenure and EMI. The term will be longer if you choose a lower EMI, and vice versa.

- ***Age Criteria:***

To be eligible for a two-wheeler loan, an individual must be at least 21 years old but not more than 65 years old. Some banks may offer bike loans to people who are at least 18 years old.

- ***Net monthly income:***

Loan providers will consider both salaried and self-employed persons for second-hand bike financing. There is a minimal net monthly income margin for salaried individuals. The majority of banks have a monthly minimum demand of Rs. 18,000. However, depending on the city where the borrower lives, certain banks may issue loans to salaried employees with a monthly income of Rs. 12,000 or less.

- ***Processing Fees:***

Processing fees for two-wheeler loans vary depending on the lender. While some lenders may not charge any processing costs, others may charge as much as Rs. 1,000.

- ***Pre-closure:***

For used bike loans, pre-closure is permitted. You have the option of repaying the entire loan amount before the end of the term and closing the loan early. However, there may be certain pre-closing fees.

- **Loan Options available for used two – wheelers:**

Many banks offer second-hand bike loans with a variety of interest rates and terms. Below mentioned are the loan choices that can assist you in purchasing a used bike before deciding on one.

- ***Bike loans:***

Bike loans are now available from banks for both new and used bikes. After authenticating the secondhand bike, you want to buy, they will give you a loan amount.

- ***Personal loans:***

You can get a personal loan instead of a bike loan. A personal loan can be useful when purchasing a used motorcycle or scooter. You can pay for the bike and then use the remaining funds to repair or enhance the bike in any way.

- ***Dealer / OEMs financing:***

Dealer / OEMs financing is available from a number of dealers / OEMs. You can acquire direct loans from the showrooms. The dealer assesses your loan eligibility based on your credit score and reports.

➤ **Procedure for loan procurement:**

Customers nowadays prefer minimal documentation and easy procedures for loan procurement. While many lenders have made efforts in this direction, there are several things that a customer needs to verify on his/her end in order to procure the loan without any hassle.

- ***CIBIL Score - Creditworthiness***

When you apply for a loan, the bank will check your CIBIL score to ensure that you are creditworthy. A strong CIBIL score indicates that you have paid your debts on time, which boosts your chances of getting a loan. As a result, the first step in applying for a loan is to ensure that you have a decent CIBIL score.

- ***Establish a budget:***

Before making any purchase, it is critical to establish a budget. The same is true of loans. You should apply for a loan with low monthly payments. It's possible that the bike you want will put a significant financial strain on your shoulders. Make a budget based on your needs to guarantee you don't end up buying something you can't afford.

- ***Choose the best lender:***

Before approving your loan application, the lender will evaluate your creditworthiness. Similarly, you should investigate the lenders' credibility. The terms and conditions of well-established and reputable loan providers are transparent and pre-determined.

- ***Find about any offers in your current bank:***

Existing customers are frequently offered special deals by banks. As a result, asking for a loan at a bank where you have a savings account or have previously taken out a loan will be advantageous.

List of Documents Required for procuring used two-wheeler loan

Identity Proof: Aadhar Card, PAN Card, Voter’s ID, Driving License, etc.

Residence Proof: Passport, Electricity Bill, Telephone Bill, etc.

Income Proof: ITR – past 2 years if self employed and Bank Statement/Salary slip – past 6 months

Two – wheeler Quotation

b. Competition Analysis

Indian Used vehicle financing industry is still on a fragmented side i.e., it is still majorly unorganized. There are a number of new entrants in this industry. Also, there aren’t any dominant players in the industry as it is still developing and has a long way ahead.

Moreover, upon mystery calling to various brokers / online channels / local dealerships / OEMs, I found out that there is a tie up between various online / offline used vehicle portals and banks / NBFCs providing financing for pre – owned vehicles.

The main aim of mystery calling in these various channels was o find out about the competitor offerings. For e.g., Rate of Interest, EMI, Loan repayment tenure, Loan – to – value, List of documents required, Turnaround time, etc.

Based on the data collected, I was expected to analyze the data and provide suggestions to BAFL as to what can be done to increase their sales volume and market share.

Major Market Players – Used 2W market

Bank/ NBFC	Provides loan for (2W)
IDFC	New, Used
HDFC	New
ICICI	New
Finzy	Provides Personal Loan
Fullerton India	New
Mannapuram Finance	New, Used
Wheels EMI	New, Used

Data collected through mystery calling is as given below:

	CredR	Bike4sale	Droom
Location Contacted	Bangalore	Mumbai	Bangalore
Profile Chosen	Beautician (NIP)	Beautician (NIP)	Employee in IT Firm (IP)
Type of loan	Used Bike Loan	Personal Loan	Used Bike Loan
Bike inquired	Bajaj Pulsar	Bajaj V12	Bajaj Dominar
Bank/NBFC	IDFC	Finzy	IDFC
Loan To Value	80 -85%	50,000 - 5,00,000	80 - 85%
Down Payment	20%	depending on the loan amount	15 - 20% (mandatory)
Rate of Interest	9 - 12%	7.99% onwards	10.74% onwards
Loan repayment Tenure (in months)	12 - 36	12 - 36	24
Processing Charges	Included in down payment	depending on the loan amount	1770
Turnaround Time (in days)	Unpredictable	2 - 3	Unpredictable

This data collected is for the used two wheelers. In order to find out the difference in offerings for customers with and without income proof, I used two profiles i.e., a beautician and an employee in an IT firm. Beautician's profile would come under NIP (No Income Proof) whereas Employee an IT firm would fall under IP category.

- IDFC bank is one of the most preferred banks for pre – owned vehicle loans. IDFC bank has a tie – up with CredR, where it gives a payout to CredR (a certain % of loan amount) in exchange

of new leads.

- Wheels EMI is the most preferred bank in areas such as Pune and Hyderabad. It has a strong brand visibility and a stronger broker network.
- Finzy has a tie up with Bike4sale. Although, it provides personal loans ranging from Rs. 50,000 to Rs. 5,00,000 for new and pre – owned bikes.

➤ ***Bajaj Finance Offerings viz. – a – viz. its competitors:***

	Bajaj Auto Finance Ltd.	Wheels EMI	IDFC
Type of OEMs	Bajaj Auto	All	All
Presence	Almost PAN India	Select States	Select States
Min loan amount	10k(For Racing 25K)	10,000	NA
Max loan amount	NA	5,00,000	NA
Type of Customers	IP & NIP	IP & NIP	IP & NIP
Vintage	Upto 5 Years	Upto 10 years	Upto 7 Years
Max LTV (%)	Upto 90%	Upto 90%	Up to 85%
ROI	8.50% onwards	9% onwards	9% onwards
Tenure	6 - 36 Month	12- 36 Month	12-36 Month
Processing Charges	4.00%	~6%	3% - 5%
Valuation	Internal Grid Price	Internal Valuation	External valuer

Learnings:

- Bajaj Auto Finance serves customers PAN India whereas its primary competitors provide

services in some selected states.

- IDFC and Wheels EMI finance vehicles from all OEMs whereas BAFL finances bikes from Bajaj Auto only.
- When it comes to LTV (loan – to – value), Loan repayment Tenure and types of customers serviced, BAFL is at par with its competitors.
- BAFL provides a lower interest rate to its customers as compared to wheels EMI and IDFC bank, which provides an edge to BAFL.

➤ ***Used Four – Wheeler Finance:***

During the forecast period, the Indian used automobile finance market is expected to increase at a CAGR of roughly 8%. The pre-owned car financing sector is nearly totally reliant on its parent market: used automotive sales. Automobile ownership, which was once considered a prestige symbol, has recently become a need. Since its foundation, the automotive sector has experienced exponential growth. Consumers are increasingly interested in old automobiles, with some even preferring them to two-wheelers.

The majority of clients who choose to buy a car nowadays rely on some form of financial aid. The current rate of financing for used cars is roughly 15%, which presents a huge opportunity for both manufacturers and financial institutions. The market's expenditures on used automobiles are at an all-time high, and new companies are entering the market, making the business extremely competitive.

With the implementation of BS-VI in the country starting in 2020 and following demands for required safety features, the cost of new cars is likely to rise. Furthermore, a number of manufacturers are discontinuing its diesel lineup, and consumers who like diesel automobiles for their durability and mileage figures are turning to the secondhand car market. These variables are projected to boost used automobile financing once again.

➤ **Features of Used Four – Wheeler Finance:**

The following are the characteristics of the loans available for used automobiles that differ from those available for new cars:

- The loan for a used car runs from 60% to 80% of the car's on-road price.
- Because there is a larger risk connected with a used car loan. As a result, the interest rate on used car loans is higher, starting at 13.75 percent.
- The application process for used automobile finance is straightforward and, for the most part, identical to that of a new car loan.
- When it comes to applying for a car loan, there are little or no limits. Anyone with a steady source of income is eligible to apply.
- The Used Car Loan can be paid over a period of up to 7 years.
- Loans for pre – owned cars are availed at reducing balance method.
- If the profile is strong enough, certain banks provide 100% financing (Zero Down Payment).

For second-hand car loans, different banks and financial organisations have distinct sets of rules. However, the following are some general eligibility requirements for obtaining a used car loan:

- ***Applicant's Age:*** Applicants must be between the ages of 21 and 65 to qualify for used car financing.
- ***Income:*** A person must have a steady source of income. The minimum income required for a used automobile loan is \$18,000 for salaried employees and \$1.50 lakh for business owners or self-employed individuals.
- ***Work Experience:*** Banks require a minimum of one year of work experience for salaried workers and three years of business experience for businessmen.

➤ **Competitive Landscape**

In India, the used car financing sector is very fragmented. Such a market dynamic has arisen as a result of the presence of numerous organised and unorganised firms. Furthermore, most automakers, in addition to providing their own financing, have partnered with banks and other financial institutions to provide their consumers with a larger range of options. However, the more simpler procedures for obtaining a loan from various NBFCs are projected to favour them. Some of the prominent competitors in the market include Mahindra Finance, Magma Fincorp, Shriram Finance, Bluecarz, TSM Cars, and others.

Major Market Players – Used 4W Market

Bank / NBFC	Provides loan for (4W)
IDFC bank	New, Used
HDFC bank	New, Used
ICICI bank	New, Used
Finzy	Provides personal loan
Wheels EMI	New, Used
Fullerton India	New, Used
Mahindra Finance	New, Used
Mannapuram Finance	New, Used

Data collected through mystery calling is given below:

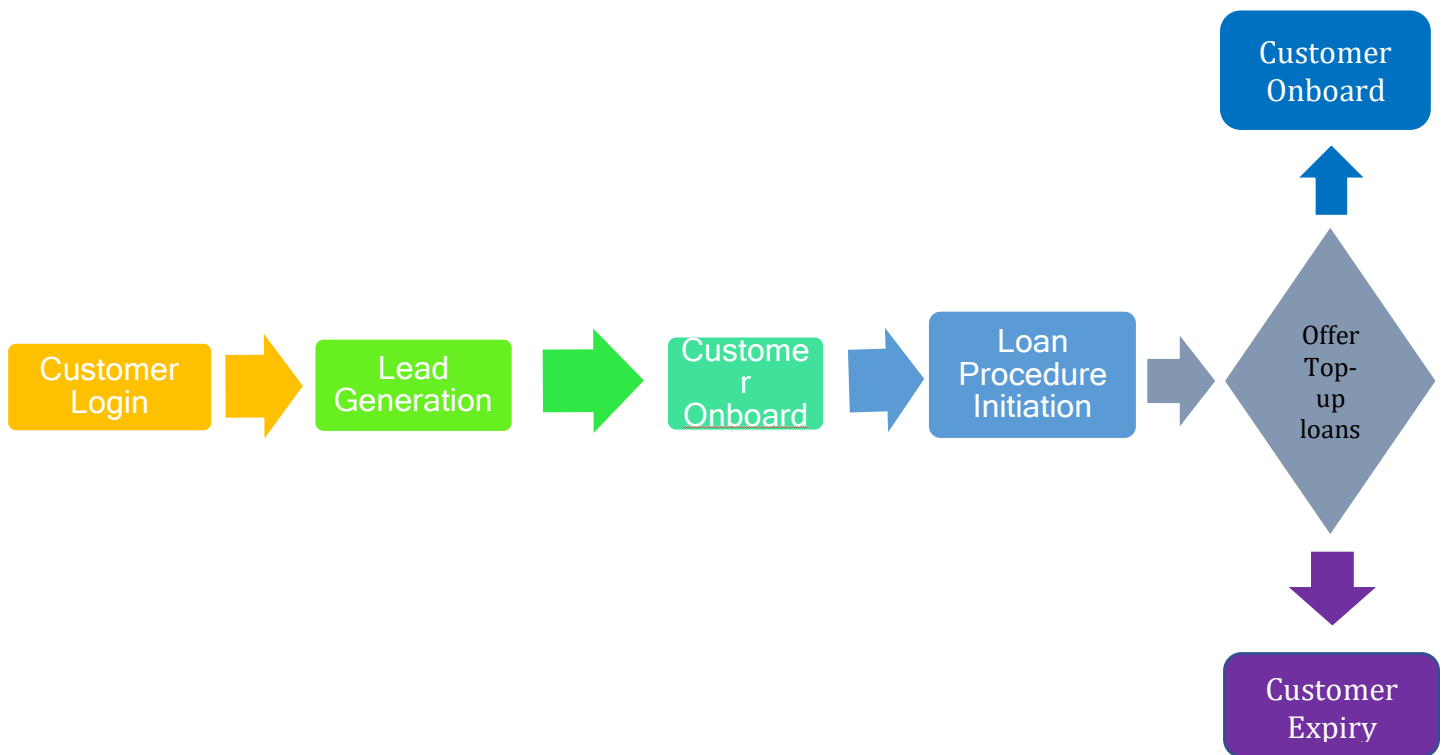
	CarDekho (Jolly Motors)	CarDekho (Kamdhenu Motors)	CarDekho (Surat)	Carwale
Location Contacted	Ahmedabad	Ahmedabad	Surat	Mumbai
Profile Chosen	Self - employed	Self - employed	Self - employed	Self - employed
Bank / NBFC	HDFC	ICICI	Axis Bank	HDFC
LTV	80 - 90%	90%	95%	Acc. to IDB value
Down Payment	10 - 20%	10%	5%	--
ROI	7.50%	13% (RB)	12 - 13% (RB)	11.90%
Tenure (months)	48	60	60	48
Processing charges	7500	5000 - 6000	8000 - 10000	7500
TAT (days)	2	3 - 4	3 - 4	2

3. CUSTOMER LIFE CYCLE MANAGEMENT

Customer life – cycle management: Management of end to end journey of a customer from login/inquiry to the expiry of loan (here).

Customer lifecycle management comprises of various stages. The end goal is to retain the customer. Different lenders employ different strategies for the same. These strategies mostly include attractive schemes on loans for eg. Zero processing charges or pre – approved loans, etc.

Customer life cycle management process of **Wheels EMI** is as shown below:



4. SUGGESTIONS PROVIDED TO BAFL:

- If BAFL finances bikes from other OEMs as well, there will be a drastic increase in market share.
- BAFL can tie up with various aggregators by offering them a payout as this would help generate more leads.
- Have a proper valuation system. Gaps in valuation may lead to loss or overfunding.
- Create a strong broker network like Wheels EMI currently has. Local dealerships, mechanics, individual sellers are the unorganized sector and they occupy 80% of the market share.
- Provide an option of 100% financing for customers with a stronger profile.

IV. ANNEXURE



BAJAJ
FINANCE LTD - AF

CERTIFICATE OF INTERNSHIP

Dear Mr. / Ms. Priya Gagnani

This is to certify successful completion of your Internship under our Campus to Corporate Program for the period from 3rd May 2021 to 30th June 2021.

During this internship you have submitted Project/s on the Topic of:

- Used Vehicle Market Study.

The above project was completed under the guidance of Mr. / Ms. Anurag Shiva (Deputy General Manager - Alternate Distribution) who has confirmed satisfactory completion of your Internship.

During internship, you have engaged with Managers at our following office:

Bajaj Finance Ltd
Old Mumbai-Pune Road,
Akurdi, Pune-411035

We congratulate **Priya Gagnani!** And wish him good luck for her professional Journey.

Warm Regards,

Anuja Krishna

(Senior Manager - Human Resources)

Date: 12th July 2021



Bajaj Finance Limited

Registered Office: Mumbai-Pune Road, Akurdi, Pune-411035, Maharashtra, India