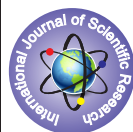


Management of Financial Services Companies in India



Commerce

KEYWORDS : performance of financial services industry

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| Chennamaraju Shalini | Assistant professor, Bharathi Institute of Business Management Warngal. |
| Mr P.B Reddy | Research scholar dept of management S V UNIVRTSITY |
| Dr. Morusu Siva Sankar | Academic Consultant, Dept. Of Commerce, S.v. University, Tirupati 517502 |

ABSTRACT

This topic attempts a critical review of the performance and policy concerning Indian Banking since the early 2000s whence economic reforms were formally introduced. This paper presented only research purpose, Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. As of 2004, the financial services industry represented 20% of the market capitalization of the S&P 500 in the States. The U.S. finance industry comprised only 10% of total non-farm business profits in 1947, but it grew to 50% by 2010. Over the same period, finance industry income as a proportion of GDP rose from 2.5% to 7.5%, and the finance industry's proportion of all corporate income rose from 10% to 20%. The Indian financial services sector is one of the most complex, yet one of the most robust service segments of the Indian economy. Spanning from insurance to capital markets, banking to foreign direct investments (FDI) and from mutual funds to private equity (PE) investments, the financial services sector covers all related segments under its umbrella. Having major effects in its abstract as well as physical form post liberalisation, the financial services segment is undoubtedly the mainstay of Indian economy.

Today it is at par with the international financial frameworks and promises to surpass them in terms of performance in the years to come. This is very much evident from the fact that Indian financial services industry was amongst the least affected during the crisis the world faced in 2010-11.

Major developments pertaining to the sub-segments of Indian financial services industry are discussed hereafter.

Insurance Sector

Indian life insurance sector collected new business premiums worth Rs 11,742.7 crore (US\$ 1.96 billion) for April-May 2013, according to data from the Insurance Regulatory and Development Authority (IRDA). Life insurers collected Rs 1, 07, 010.7 crore (US\$ 17.84 billion) worth of new premiums for the financial year ended March 31, 2013

Meanwhile, the general insurance industry grew by 19.6 per cent in April-May period of FY14, wherein the non-life insurers collected premium worth Rs 13,552.46 crore (US\$ 2.26 billion)

Banking Services

According to the Reserve Bank of India (RBI)'s 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks', September 2012, Nationalised Banks accounted for 52.0 per cent of the aggregate deposits, while the State Bank of India (SBI) and its Associates accounted for 22.3 per cent. The share of New Private Sector Banks, Old Private Sector Banks, Foreign Banks, and Regional Rural Banks in aggregate deposits was 13.6 per cent, 4.8 per cent, 4.3 per cent and 2.9 per cent, respectively

India's foreign exchange (forex) reserves stood at US\$ 280.167 billion for the week ended July 5, 2013, according to data released by the central bank. The value of foreign currency assets (FCA) - the biggest component of the forex reserves - stood at US\$ 252.103 billion, according to the weekly statistical supplement released by the RBI

Mutual Funds Industry in India

India's asset management companies (AMCs) have witnessed growth for the fifth consecutive quarter wherein their average assets under management (AUM) during April-June 2013 increased by 3.68 per cent.

The financial system of a country has a great impact on the economy with financial services companies responsible for the robust economic growth. Financial services provided by finance

companies include insurance, housing financing, mutual funds, credit reporting, debt collection, stock broking, portfolio management, and investment advisory.

Find below a comprehensive list of top financial services companies in India.

SBI CAPITAL MARKETS LIMITED:

This happens to be the oldest organizations in the sphere of capital markets in India. Established in 1986 in the form of an ancillary of SBI, they have ranked second in Asia's Project Advisory services.

Bajaj Capital Limited:

One of the major financial services companies in India, Bajaj Capital offers best investment advisory and financial planning services.

DSP Merrill Lynch Limited:

A major player in the equity and debt market in India, DSP Merrill Lynch offers financial advises to varied corporations and institutions.

Birla Global Finance Limited:

The subsidiary of Aditya Birla Nuvo Ltd., this company has operations in the corporate finance and capital market arena. An alliance with Sun Life Financial of Canada, they have given birth to Birla Sun Life Insurance Co Ltd., Birla Sun Life Distribution Co. and alike.

Housing Development Finance Corporation:

A best financial solution for home loans, NRI loans, HDFC is the one stop destination for personal finance.

PNB Housing Finance Limited:

This company offers premium solutions for relieving the borrower segment. The Home Loan Life Insurance Plan of this has come in conjunction with TATA AIG, with the lowest premium when compared to the peers.

ICICI Group:

Wide arena of financial products and services, ICICI Group has solutions like Insta Banking, Online Trading, Insta Insure, ICICI Bank i mobile etc

LIC Finance Limited:

It is the biggest Housing Finance Company in India, providing

finance to individuals for repair or construction or renovation of any old or new apartment or house.

L & T Finance Limited:

Established in 1994 by the Larsen and Turbo group, this has become a significant name in the financial sector.

Karvy Group:

With Mutual Funds Services, Depository Services, Debt Market Services, Investment Banking and many others, Karvy Group has spanned across the domestic financial sector as well as abroad.

Housing finance is a relatively new concept in India comparing to other financial services that are widely available in the country since a long year back. However, the speedy development in housing and various housing activities have understandably led to the growth of Indian housing finance market.

As the commercial banks started expanding housing-related disbursements, the market share also started growing up. In 2000, the Indian housing finance companies accounted for 70 per cent of the disbursements, while their collective share decreased to 36 per cent within 5 years. In 2005, banks accounted for 64 per cent of the disbursements.

Top Housing Finance Companies in India Find below a list of some of the top housing finance companies of India: Housing Development Finance Corporation Limited (HDFC)

Housing Development Finance Corporation Ltd (HDFC) is one of the leaders in the Indian housing finance market with almost 17% market share as on March 2010.

State Bank of India Home Finance (SBI)

State Bank of India is another major player in the Indian housing finance market with 17% of the market share, same as HDFC's share as on March 2010. The SBI Housing Loan schemes are specifically designed to meet the varied requirements of the customers. It offers home loan for various purposes including new house/flat, purchase of land, renovation/alteration/extension of existing house/flat etc.

Housing Urban Development Corporation (HUDCO)

Through its 'Niwas' scheme, HUDCO offers housing loans for the buying/constructing house/flat. Loans are also offered for renovation/extension/alteration of existing house/flat. In the financial year 2009-10 (ended on March 31, 2010), HUDCO registered a net profit of ` 495.31 crore, comparing to ` 400.99 crore of the previous year.

LIC Housing Finance Limited

LIC Housing Finance is another major player in housing finance sector in India with about 8% of market share. Promoted by Life Insurance Corporation of India, LICHL has an extensive distribution network with a strong brand presence.

ICICI Home Finance Company Limited

ICICI is the third largest housing finance company in India with almost 13% market share. It offers various types of home loans for its customers which may have tenure up to 20 years. The home loan interest rate is connected to the ICICI Bank Floating Reference Rate (FRR/PLR).

IDBI Home finance Limited (IHFL)

Founded in January 10, 2000, IDBI Home finance Limited has become one of the major players in the Indian housing finance market with about 4% market share as on March 2010

PNB Housing Finance Limited

PNB Housing Finance Limited offers a wide range of loans for purchase/construction of property to resident Indians as well as NRIs.

Dewan Housing Finance Corporation Limited (DHFL)

Dewan Housing Finance Corporation Limited is one of the larg-

est housing finance solution providers in India with an extensive network of 74 branches, 78 service centers and 35 camps spread across the nation.

GIC Housing Finance Limited

GIC Housing Finance Limited, one of the leading housing finance companies in India, was initially established as 'GIC Grih Vitta Limited' on December 12, 1989.

Can Fin Homes Limited (CFHL)

Can Fin Homes Limited is another big player in the Indian housing finance market with an extensive network of 40 branches. It is also the first and one of the biggest bank-sponsored (sponsored by Canara Bank) housing finance companies in India.

The Indian financial system is essentially strong, operationally wide and has always exhibited utmost efficiency and flexibility. This has driven the Indian economy towards a more market-driven and productive one. Finance in India stands so strong that the system has always supported and induced high levels of investment, thereby promoting growth and wide economic coverage

The Financial sector in India comprises of varied elements – financial institutions, financial markets, financial instruments and financial services. The financial institutions in India are responsible for all the financial intermediation in the organized sector.

The Reserve Bank of India (RBI) acts as the main credit regulator and is the apex institution in the Indian financial system. The other important financial institutions are the commercial banks (both public and private sector), cooperative banks, regional rural banks and development banks. Non banking financial companies (NBFCs) comprise of finance and leasing companies and institutions like LIC, GIC, UTI, Mutual funds, Provident Funds, Post Office Banks etc. the dominant segment of the Indian financial sector is the banking industry as they manage more than 80% of the funds in the economy. Broadly one can say that Indian finance is just the management of funds. With the general areas of financial services in India being business finance, personal finance, and public finance, finance in India is really comprehensive.

Financial services in India the different segments of the financial services in India are:

1. Corporate finance

corporate finance is that segment in Indian financial services where financial decisions are arrived at by business enterprises and accordingly the business strategies are made. Maximizing the corporate value is the main aim of corporate finance, thereby minimizing the corporate risk. The sub categories of corporate finance deal with the following:

- Structured finance
- Capital budgeting
- Financial risk management
- Mergers and Acquisitions
- Accounting
- Financial Statements
- Auditing
- Credit rating agency
- Leveraged buyout
- Venture capital

2. Personal finance

Personal finance is entirely related to the application of finance principles, thereby helping an individual to make necessary monetary decisions. Individuals or families through this, obtain, budget, save, and spend resources (entirely monetary) taking into consideration the associated financial risks and time period. The personal finance apparatus includes savings accounts, credit cards and consumer loans, stock market investments, retirement plans, social security benefits, insurance policies, and income tax administration. Sub categories of personal finance

are:

- Credit and Debt
- Employment contract
- Retirement
- Financial planning

3. Public finance

Public finance is entirely an economy related concept whereby it is related with paying for governmental activities. This field

helps the entire economy to have an idea about what the government is doing, how much has been its collections and from whom have they been collecting these resources. Sub categories of public finance are:

- Tax
- Government debt
- Deficit spending
- Warrant (of payment)

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