



Original Article

**A STUDY ON ANALYSIS OF CAR LOAN FINANCING PROCESS FOR
PURCHASING A NEW CAR WITH RESPECT TO MARUTI SUZUKI (ARENA)**

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Abstract:

Aggressive marketing, effective packaging, easy eligibility criteria, and quick processing of applications have all contributed to car finance becoming a preferred option over using personal funds. The auto financing sector is divided into three main segments:

1. *Commercial vehicle financing*
2. *Two-wheeler vehicle financing*
3. *Car financing*

Vehicle loan financing plays a crucial role in the automobile industry by allowing customers to purchase vehicles through easy monthly installments (EMIs), rather than paying the full amount upfront. At Maruti Suzuki Arena (Chavan Motors), vehicle loans are offered in collaboration with banks and financial institutions, providing flexible tenure, low interest rates, and quick processing. This enhances customer affordability, boosts sales for the showroom, and improves customer satisfaction when purchasing new Maruti vehicles.

Overview of the Sectors:

The finance sector in car showrooms is essential in enabling customers to buy vehicles through structured loan facilities. It involves partnerships with banks and Non-Banking Financial Companies (NBFCs) to offer car loans, vehicle loans, and other financing options. These financing solutions allow customers to pay for their vehicles in Equated Monthly Installments (EMIs), making vehicle ownership more affordable. Car showrooms frequently offer attractive interest rates, flexible repayment terms, and quick processing, making the purchasing process more convenient. In addition, showrooms may provide financing options for business owners interested in commercial vehicles, or offer guidance on housing and education loans in partnership with financial institutions.

The finance sector in car showrooms helps to:

1. *Increase vehicle sales*
2. *Make vehicles more affordable for customers*
3. *Strengthen the relationship between customers and the showroom*
4. *Contribute to the growth of both the automobile and finance industries.*

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Introduction:

In recent years, the car financing sector has witnessed significant changes, driven by evolving customer needs, aggressive marketing, and improved financial solutions. Maruti Suzuki Arena (Chavan Motors), one of the leading names in the automobile industry, offers a variety of vehicle financing options to make car ownership more accessible and affordable. These financing solutions, available through partnerships with banks and Non-Banking Financial Companies (NBFCs), allow customers to purchase vehicles through manageable Equated Monthly Installments (EMIs) instead of making a large, upfront payment.

At Maruti Suzuki Arena, customers can choose from a range of loan options tailored to different budgets and needs, with competitive interest rates, flexible loan tenures, and fast approval processes. These features play a crucial role in enhancing customer satisfaction and boosting vehicle sales for the showroom.

This questionnaire aims to achieve a deeper understanding of the vehicle loan financing process at Maruti Suzuki Arena (Chavan Motors) by focusing on the following key areas:

1. **The Vehicle Loan Financing Process** – How customers navigate through the financing options available and their overall experience in securing a loan.
2. **Customer Preferences** – What factors influence customers when choosing vehicle loans, and how these preferences align with Maruti Suzuki Arena's financing schemes.
3. **Impact on Vehicle Sales** – To analyze how the availability of showroom-specific finance schemes affects customers' decisions to purchase a vehicle, contributing to increased sales and overall customer loyalty.

Through your participation, we aim to identify the strengths and areas for improvement in the

vehicle financing process. Your feedback will provide valuable insights into how the financing options offered by Maruti Suzuki Arena can be further optimized to meet customer needs and expectations. By sharing your experiences, you will directly contribute to improving the services provided and help enhance the overall customer journey at Maruti Suzuki Arena.

Introduction of Organization:

Industry Profile: Maruti Suzuki India Limited, formerly known as Maruti Udyog Limited, is an automobile manufacturer in India. It is a 56.21% owned subsidiary of the Japanese car and motorcycle manufacturer Suzuki Motor Corporation. As of July 2018, it had a market share of 53% of the Indian passenger car market. Maruti Suzuki manufactures and sells popular cars such as the Ciaz, Ertiga, Wagon R, Alto K10, Swift, Celerio, Swift Dzire, Baleno and Baleno RS, Omni, Alto 800, Eeco, Ignis, S-Cross. The company is headquartered in New Delhi. In May 2015, the company produced its fifteen millionth vehicles in India, a Swift Dzire. Maruti was established in February 1981 with production starting in 1983 with the Maruti 800, based on the Suzuki Alto Kei car. As of May 2007, the Government of India, through the Ministry of Disinvestment, sold its complete share to Indian financial institutions and no longer has any

Chavan Motors Div.(I) Pvt.Ltd.: CHAVAN UDYOG SAMUHA is a trusted and reputed business entity in Solapur and Osmanabad districts. Late Ambadas Chavan is the Founder of “Chavan Udyog”. After beginning the journey of our business by selling only white goods, now we are catering various needs of our customers. We have been in the automobile space since 1990 when we got the 2-wheel dealership of Kinetic Engineering Ltd. Further, we were engaged with Tata Motors as one



of their authorized service centers (TASC) in Solapur. Later on, in 2007, we became a dealer for renowned Hero Moto Corp Ltd which was earlier known as Hero Honda Motors Ltd. Presently, we manage 2-wheeler dealerships of Hero Moto Corp, Royal Enfield and Tata Motor's Small Commercial Vehicle (SCV) and Medium and Heavy Commercial Vehicle. In 2010 we became a proud member of the Maruti-Suzuki family as their dealer for Solapur and Osmanabad districts under the banner of CHAVAN MOTORS. Considering the need of our customers and to prepare for the next level of growth, we have established 9 branch offices all over our territory. We are also having NEXA premium showroom and workshop to offer exclusive services to discerning clients.

Statement of the Problem:

Statement of the Problem is “ A Study on Analysis of Car Loan Financing Process For Purchasing a New Car with respect to Maruti Suzuki (Arena).”

Objectives of the study:

1. To understand the vehicle loan financing process at Maruti Suzuki Arena (Chavan Motors).
2. To study customer preferences while availing vehicle loans.
3. To analyze the role of showroom finance schemes in increasing vehicle sales.

Scope of the Study:

- The study focuses on understanding the vehicle loan financing process at Maruti Suzuki Arena (Chavan Motors), Solapur.
- It covers various vehicle loan schemes, documentation processes, and customer eligibility checks conducted at the showroom.
- It analyzes customer preferences, behavior, and satisfaction levels while availing vehicle loans.

- The study includes the role of finance schemes in increasing vehicle sales at Chavan Motors.
- It helps showroom management understand customer expectations and areas for improving the financing process.
- Data is collected from customers who have purchased vehicles using finance only.

Limitations of the Study:

- The study is limited to Maruti Suzuki Arena (Chavan Motors), Solapur and does not include other showrooms.
- The sample size is limited to 40 customers, which may not represent all customer preferences fully.
- The study covers only vehicle loan financing for new vehicles, excluding cash purchases and used vehicle financing.
- Customer responses may vary depending on their personal experiences and financial background.
- The study period is short due to internship/project timeline constraints, limiting long-term observation of repayment behavior.

Research Methodology

Research Design:

The study is descriptive research, aiming to analyze the vehicle loan financing process, customer preferences, and the impact of finance on vehicle sales at Maruti Suzuki Arena (Chavan Motors).

2. Sources of Data:

- **Primary Data:**

Collected directly from customers and showroom staff using:

Structured questionnaires

Personal interactions and discussions

Observations during the internship/project period

Secondary Data:



Collected from:

- Company brochures and finance scheme documents
- Maruti Suzuki Arena website
- Reports and records from Chavan Motors
- Finance-related reference books

Data Collection Methods:

- Questionnaire (Google Forms): For quantitative analysis (Likert-scale question)

Sampling Technique:

- Sampling Method: Census Sampling method used for proposed study.
- Sample Size: 40 Customers depending on availability and scope.

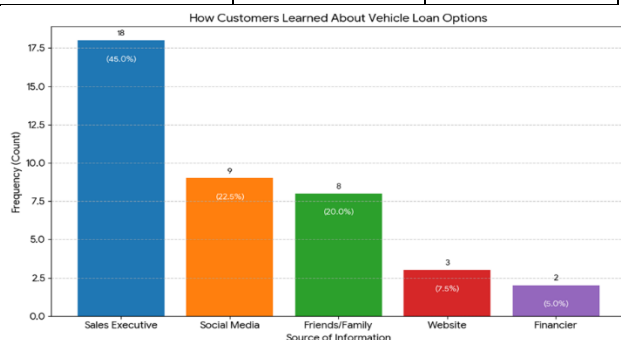
Tools for Data Analysis:

- Quantitative Tools: Percentage analysis, Mean, Standard Deviation, Correlation, and Charts.
- Software: Excel, SPSS, or Google Sheets.
- Qualitative Tools: Thematic analysis for open-ended responses or interview transcripts

Data Analysis

How did you learn about the vehicle loan options at Maruti Suzuki Arena?

Source	Frequency	Percentage
Sales Executive	18	
Social Media	9	
Friends/Family	8	
Website	3	
Financier	2	



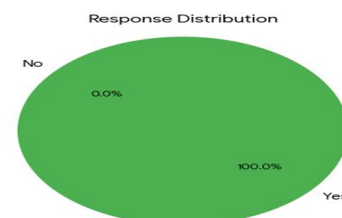
Interpretation

The data indicates that the primary source for generating business is the **Sales Executive**, accounting for 18 out of the 40 total counts (45%). **Social Media** (9 counts) and **Friends/Family** (8 counts) are the next most significant sources, suggesting that a strong presence in these areas is also effective.

The **Website** (3 counts) and **Financier** (2 counts) are the least frequent sources for generating business, implying they currently have a smaller impact compared to the other sources listed.

4 .Did you take a vehicle loan for your purchase?

Response	Frequency	Percentage
Yes	40	100%
No	0	0%
Total	40	100%



Interpretation:

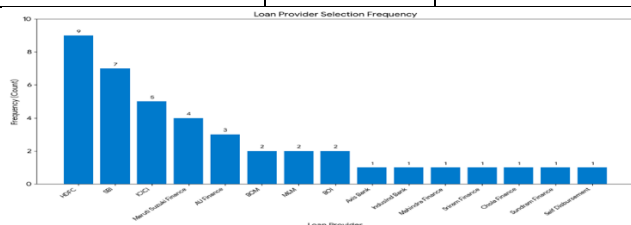
This indicates that the survey was either exclusively targeted at customers who availed of financing, or that the dealership's strategy is extraordinarily effective in ensuring universal loan uptake for vehicle purchases, likely due to the high engagement by the Sales Executives identified

5.Which bank/finance company did you choose for the loan?

Financier	Frequency	Percentage
SBI	9	22.5%
HDFC	8	20.0%
ICICI	5	12.5%
Maruti Suzuki Finance	3	7.5%
BOM	2	5.0%



BOI	2	5.0%
AU Finance	2	5.0%
M&M Finance	2	5.0%
Others (7 different entities)	7	17.5%
Self Disbursement	1	2.5%

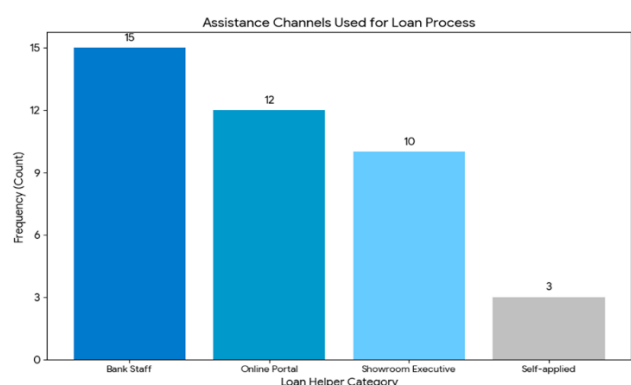


Interpretation:

HDFC Bank is the most frequent choice for loans (9 selections), closely followed by SBI (7) and ICICI Bank (5). The financing market in this dataset is heavily dominated by these three major Indian financial institutions.

6. Who helped you with the loan process?

Loan Helper	Frequency	Percentage
Bank Staff	15	37.5%
Online Portal	12	30.0%
Showroom Executive	10	25.0%
Self-applied	3	7.5%

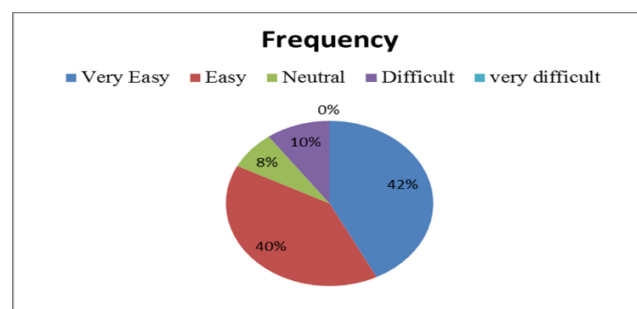


Interpretation:

The loan process help is primarily split between Bank Staff (37.5%) and the Online Portal (30.0%), with Showroom Executives (25.0%) also playing a significant role.

7. How would you rate the loan process in terms of ease and speed?

Rating	Frequency	Percentage
Very Easy	17	42.50%
Easy	16	40.00%
Neutral	3	7.50%
Difficult	4	10.00%
Very difficult	0	0.00%
Total	40	40%



Interpretation:

Customer satisfaction with the vehicle loan process is **very high**, with **82.5%** rating it as "Very Easy" or "Easy." This indicates efficient execution and strong financier tie-ups. Only **10.00%** found it "Difficult," and **17.5%** total rated it Neutral or Difficult, identifying a minor area for operational refinement related to friction points like documentation or slight delays. The process is overwhelmingly rapid and straightforward.

Finding:

- Analysis of 40 Maruti Suzuki Arena customers showed key findings on the car loan process:
- **Customer Profile:** Primarily Salaried (47.5%), high income (70% > ₹50,000/month), 100% loan uptake.



- **Financing:** Sales Executives are the main information source (45.0%); SBI, HDFC, ICICI are top financiers. Process is largely easy (82.5%) and fast (nearly half approved in 1-2 days).
- **Satisfaction & Challenges:** 72.5% were satisfied; 20.0% faced issues, but documentation was smooth.
- **Preferences:** 5-year tenure is most popular (62.5%); 80% prefer interest rates 12% or lower. Key influencers: Maruti tie-up, tenure, speed, and interest rate.
- **Showroom Schemes:** Highly influential (70.0% said schemes influenced purchase); Fast Processing and Cashback/Discounts are most appealing.

Suggestion:

- To enhance the car loan process at Maruti Suzuki Arena (Chavan Motors), the following are recommended: Simplify Digital Documentation: Share a clear, single-page document checklist early.
- Promote MSSF: Position Maruti Suzuki Smart Finance as the most reliable and fast channel.
- Optimize Promotion Focus: Emphasize "Cashback/Discounts" and "Guaranteed Fast Processing" over solely low interest rates.
- Engage the "Neutral" Segment (25.0%): Identify and resolve minor friction points for this segment.
- Boost Digital Self-Service: Improve website loan info and EMI calculators to reduce Sales Executive reliance.

Conclusion:

The vehicle loan financing process at Maruti Suzuki Arena (Chavan Motors) is a highly efficient and successful sales driver, ensuring high customer satisfaction and fast turnaround times. Strategic tie-ups with major banks (SBI, HDFC, ICICI) encourage most customers to opt for financing. Customers primarily prioritize affordability (lower EMIs with 5-year tenure) and convenience over minimal interest rates. While robust, minor documentation clarity issues were noted, suggesting a need for small operational refinements. Ultimately, the finance schemes are a powerful tool significantly boosting sales conversion.

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