



## Consumers Insight Towards Housing Loan: An Empirical Study

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**Abstract :-** Home is a dream of a person. It is one of the things that everyone wants to own. Many financial institutions and commercial bank providing fund to the people who want to have home. The housing sector plays an important role in the economic development of the country. Housing sector industry has grown by leaps and bounds in a few year. The research compares and contrasts the home loans offered by public and private banks. For the purpose of study a sample of size 100 has been taken. We have collected primary data with the help of the questionnaire for fulfilling the objective to exact result .

**Keywords:** *Home loan, customer perception, Consumers insight, Housing Finance, etc.*

**Introduction :-**The basic need is food, clothing, housing and education in today's era. it is important that we all have a shelter of our own to survive in difficult times. We feel safe and secure when we have our own home and having a house is everyone's dream in life. It is better to own a home than to deal with the uncertainties of living in a rented house. According to data of 2011 census there are 24.67 crore household in India. From the data 68% rural household and 32% urban household. In this majority of household live in owned houses in both rural and urban area, of which 95% is from rural and 69% in urban area. Overall 22.35 crore or around 86% of these household, were living in owned house. Data are increase compared to the 2001 census figure.

In recent time, housing demand are need to be fulfilled because a normal person should have a roof in difficult condition may be the small house but at least they have a roof over their head. But due to increase the cost of labour and material, building equipment. A common person is not able to make a small house even. So the government also taking major steps and started a several policy for supporting the people.

There are several housing finance companies, as well as banks, which provide home loans. The challenge of choosing one bank from among is difficult one .Previously there was a tough task for getting the loan from Bank. But now a day it is easy to a obtained loan by fillings some documents and fulfilling their requirement. It is easy to obtained loan from a bank with many facilities of low interest rates , income tax benefit and competition among the housing finance companies. With the increase in population there are increasing in housing finance, people always want better living conditions in a society. Not everyone afford to buy a home with just their income. Hence, the householder needs finance to buy or build a house. Housing finance enables them to acquire land and own building for a better standard of living.

### Benefits of taking home loan:

**Make it easier to buy a dream home:-** Because many people cannot afford to buy a house with their own money, a home loan, which can be returned in monthly payments, makes it easier to acquire a house

**Save your money on rent:-**Rent paid in big cities are very expensive, putting a burden on your monthly budget. It is preferable to pay EMIs and own a home.

**Home loan tax advantages:-**To encourage more people to own their own home, the Indian government offers a tax break on both the principal and interest paid on a home loan. Income tax deductions are only possible after the house is completed. While the property is being built, you cannot claim income tax deductions.

**Subsidy under Pradhan mantri awas Yojna** :-On the purchase of a new home for the first time, there is an interest subsidy available in the form of a home loan. The maximum amount of this subsidy is Rs 2.67 lakh .In this different criteria are their in which you can take an advantage of subsidy under Pradhan Mantri awas Yojna

**Enjoy capital appreciation:-** As the price of the property rises over time, you will gain as well.

### **Type of Home loan in India :**

#### **Home loan**

If you want to buy a pre-constructed house or flat ,then you can take a home loan . The house can also be taken from an individual, or from a builder or developer or even from government housing construction agencies. This is the most popular type of home loan. You buy a house by taking money from the bank and later pay it off with interest.

#### **Home construction loan**

If you do not want to take a ready-made house, but want to build a customized house of your own choice, then a home loan is available for this. This is called home construction loan. Since the house is not yet built and the quantum of this home loan is decided according to the estimated cost of construction of the house.

#### **Home Improvement or Extension loan**

If you want some renovation or improvement in your old house itself. For example, if you want to build a bathroom, a kitchen or a garage or a room, you can also take a home loan for that. This is called a home extension loan. Similarly, if you want to get any part of your house repaired, then a home improvement loan is also available for that.

#### **Composite home loan**

In a composite home loan, loans are issued for two types of work at the same time. Like if you want to buy some land and also need money to build a house. So the bank issues a lump sum loan for both the works. It is called composite loan as it is used for multiple purposes at the same time.

#### **Home loan balance transfer**

One can also transfer home loan to another bank if they are not happy with the terms of previous home loan or the interest rate or lending institution. Most of the banks offer home loan transfer facility. Once the loan is transferred, you will have to pay the loan installments as per the interest rate and rules of the new bank. However, the new bank will also charge some charges for loan transfer.

#### **Literature review:**

A comparative study between public and private housing finance companies in India by **prof. S.v satyanarayan and mrs. Sri Lakshmi ramu in 2019**, according to their studies, there is a lack of empirical performance and profitability of private and governmental housing finance in India, according to studies. From the standpoint of Indian HFCs, this study has implications for enhancing the housing finance system.

**Murugan and Jansirani** conducted a survey in Chennai in 2017 to better understand customer perceptions of house loans by randomly selecting 500 customers. Their research attempted to assess the banking sector's performance and operational issues in depth.

**Utkarsh Gupta and Richa Sinha (2015)** investigate Low interest rates, convenient accessibility, the prestige / reputation of the institution, and the scheme supplied by the company are all factors that impact the choice of a housing institution. Demand for home loans are increasing in India for residential purpose. After availing the home loan benefit to buyer not only assets gaining but also in term of good instrument of Saving.

**Chithra and Muthurani (2015)** conducted a study on consumer perceptions of home loans at H.D.F.C in Chennai, with 85 sample size. According to the survey, H.D.F.C bank home loans have a product portfolio to meet a variety of client needs.

**G Thakur in 2014**, this study found that people in our country learn more about H.D.F.C bank than SBI bank on a daily basis, but that people in general prefer government banks for advancement, especially more established people. The cost of a loan is lower in the open SBI bank in comparison to the private H.D.F.C bank, but the benefits are not up to the stamp.

**Sangwan and Bhan's (2012)**, focused on customer satisfaction and the problems they had in acquiring a home loan. For this reason, they employed four commercial banks in Chandigarh.

In India, **Bandyopadhyay (2011)** has highlighted the impact of borrower-specific characteristics as well as the local scenario factor in predicting demand prospects as well as credit risk and loss on residential housing loan payback behaviour.

Comparative study of customer perception toward service rendered by public sector and private sector banks by **Dr.Pandit c. Bilange in 2011**. In this study people satisfaction towards bank service provided are discussed and through many attributed they are study. The method of study is purely on primary data . Through the study they also conclude that private bank is more better than public Bank.

Customer satisfaction regarding home loan a comparative study of ICICI bank and SBI bank by **Dr. Arti gaur in 2009**. The method of study is primary and secondary through local questionnaire two major bank studies were conducted to know the satisfaction of customer. through the study we learnt that people are more satisfied towards ICICI bank compared to SBI. The limitations of the study is that they only focus on behaviour of staff and service of bank rather than focusing other prospect.

**Research Methodology**

The research is purely based on primary data. The information relating to customer perception towards public or private bank is collected through a structured questionnaire. The people who have taken home loan from Public or private bank are considered for the study . The study is conducted in Bilaspur district of Chhattisgarh. The research is conducted on the basis of response of respondents.

**Objective of the study:**

- To find out consumer perception towards housing finance service.
- To investigate the consumer home loan preferences in private and public bank.

**Data analysis and interpretation:**

The study was descriptive in nature and was conducted on the basis of primary data. Primary data was gathered via interacting with a variety of people and having them fill out questionnaires. Questionnaires were used to collect data, which was then thoroughly categorised and analysed. The questionnaire was created as part of the investigation. The majority of the questions were closed-ended.

Age of respondents

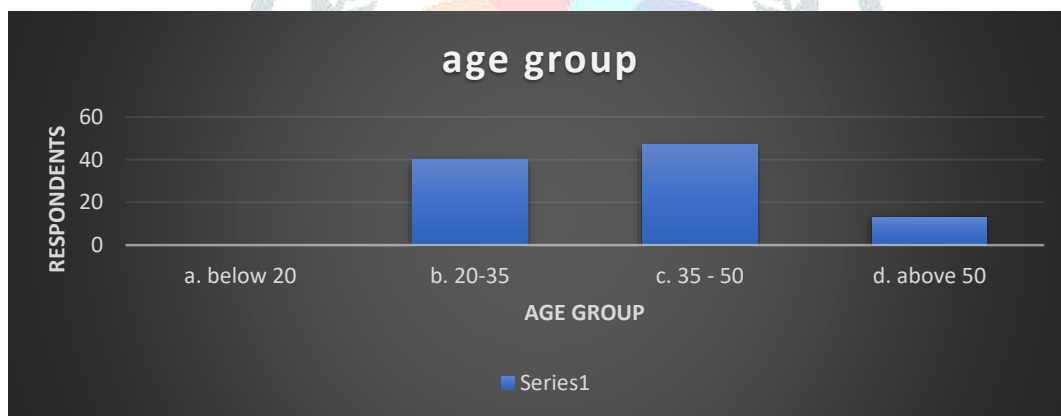
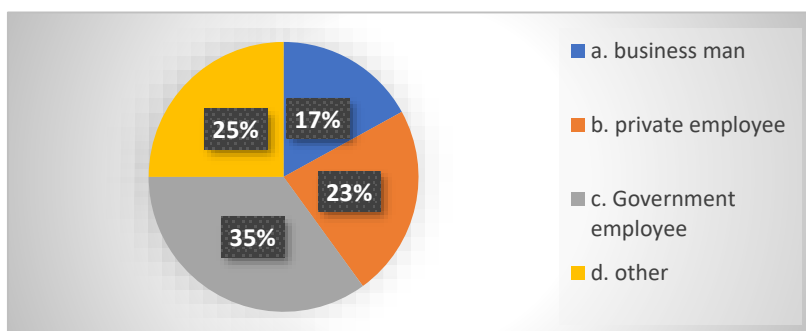


Figure 1

From the Figure 1. It is found that nearly 40% of respondents fall in age group of 20-35, 47% respondent are in the 35-50 age group, indicating that people in this age group were well settle and have their own home.

What is your occupation?



Above Figure 2 represent occupation of respondents . In which 35 % respondents were government employee which shows that most of the home loan borrowers where government employee and 23% were private employee.

How do you purchase your house?

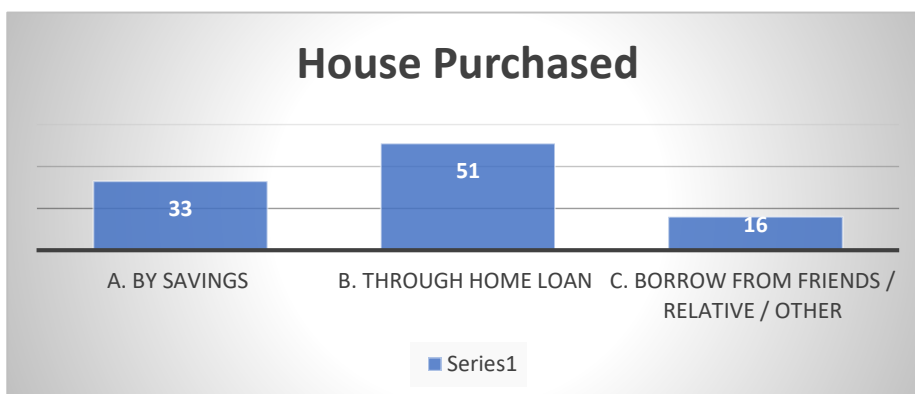


Figure 3

From the above Figure 3 it is found that majority of respondents took home loan for purchase of house which is 51 % of the total and 33 % respondents have used their savings to buy the house.

4.If you taken a home loan, then from which sector did you availed?

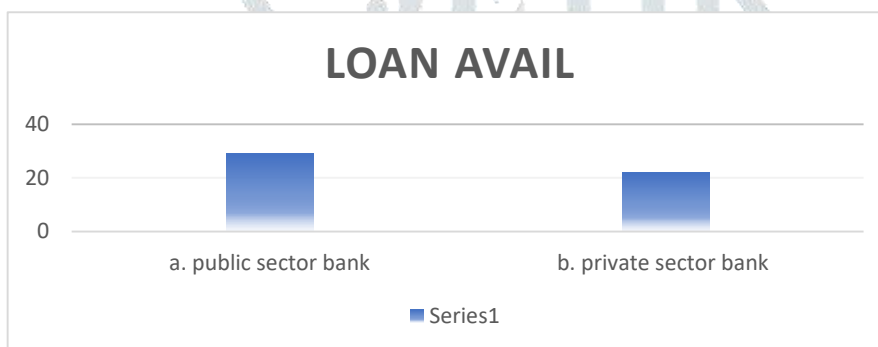


Figure 4

Figure 4 shows that 51 out of 100 respondents had taken home loan. In which 57% of the respondents got loans from the public sector, which shows the confidence of the people in the public sector bank.

5 .How long you have been a customer of your bank ?

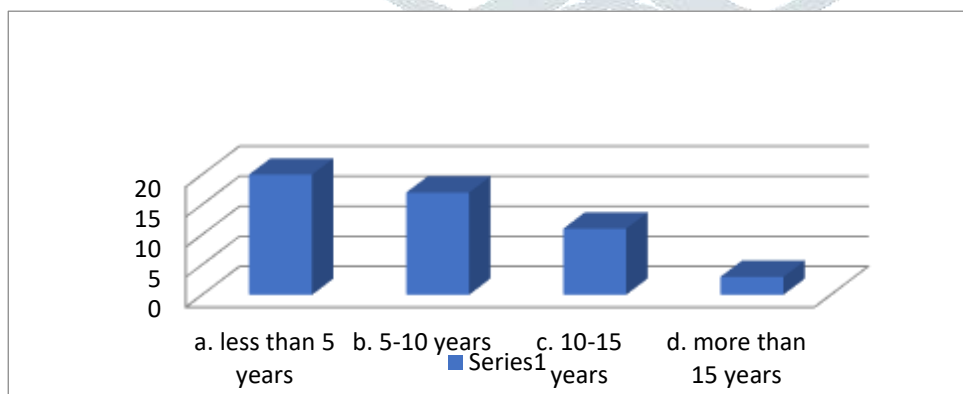


Figure 5

From the above figure 5 It is found that 39 percent borrowers are associated with the bank for less than 5 years indicating that the demand for bank facility has increased in the last 5 years and Fewer home loan borrower are more than 15 years.

6.Have you faced any difficulties while applying for the home loan?

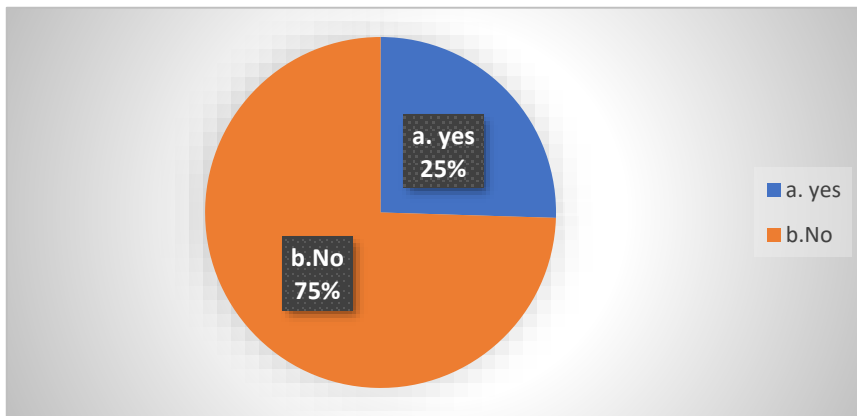


Figure 6

Figure 6 shows that majority of the respondents do not face any problem while applying for the loan because representative doing well job so they face less problems which is 75% and the remaining 25% of the respondents face difficulties of documentation, desire loan amount not sanctioned while applying for loan .

7 .Do you think that your bank’s home loan process is fast ?

Figure 7

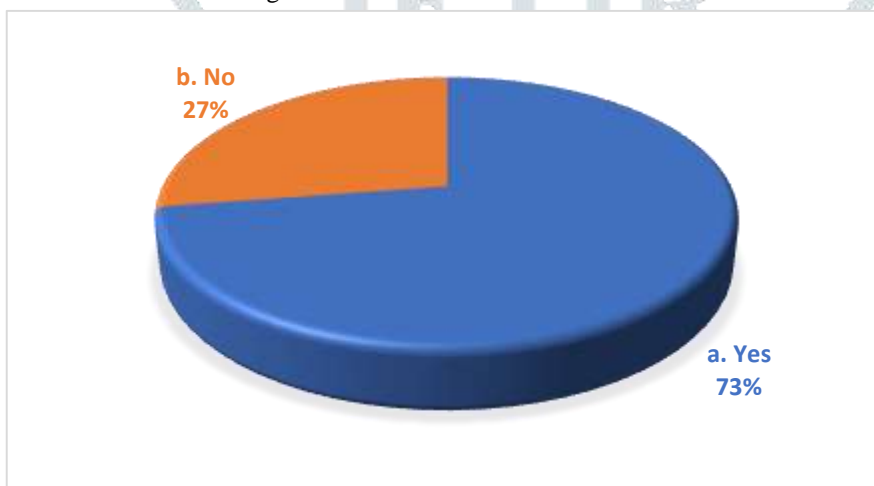


Figure 7 depicts that out of 51 respondent 73 percent believe that the loan process is quick because of completely paperless digital journey while 27 percent disagree with it.

8. Are you satisfied with the home loan service provided by your bank ?

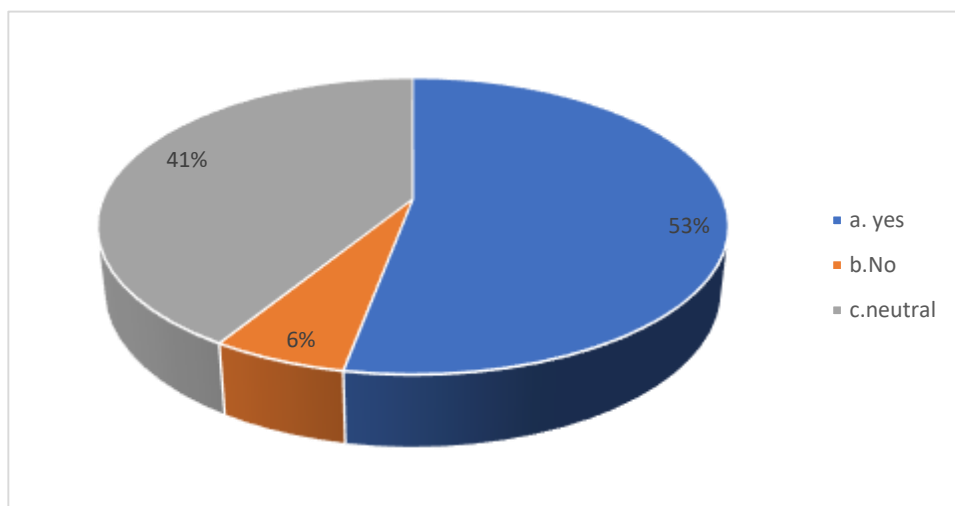


Figure 8

Figure 8 represent 51 respondents out of which 53% respondent are satisfied with the service provided by bank, 41 % is neutral, and 6% respondent are dissatisfied with the bank service

9 . Do you know about the Pradhan mantri awas yojna in which we get subsidy in home loan ?

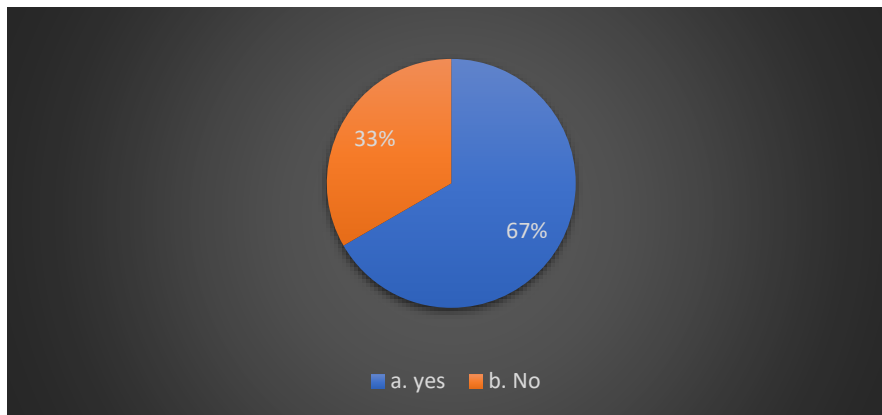


Figure 9

Figure 9 shows that out of 51 respondents, 67 per cent are aware of the scheme and 33 per cent have not even heard of the scheme at the time of taking home loan .

On the basis of home loan interest rate, which sector bank you should preferred?

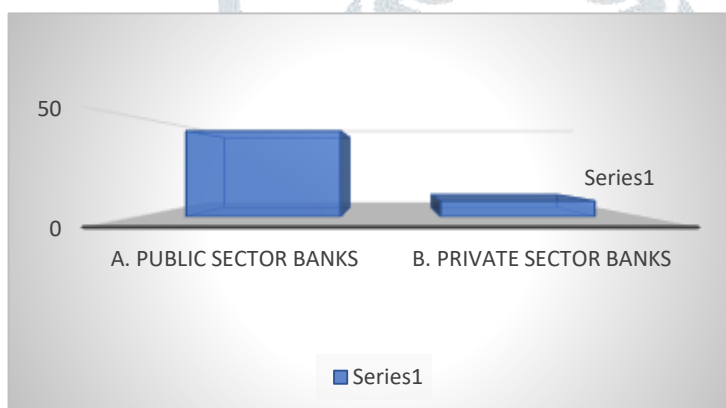


Figure 10

Figure 10 represent that group of respondents who select banks based on home loan interest rates; it could be seen that 84% prefer public banks in comparison to private bank

11.Which grade do you want to give your bank’s home loan scheme?

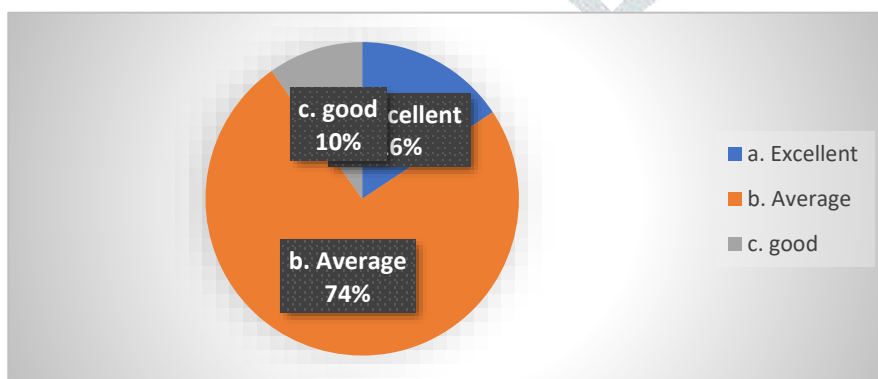


Figure 11

In the above figure 11 it is found that most of the respondents gave average grade to the bank as per the home loan scheme and 16% respondent gave it an excellent grade as they were satisfied with the bank.

Have you get any subsidy under Pradhan mantri awas yojna ?

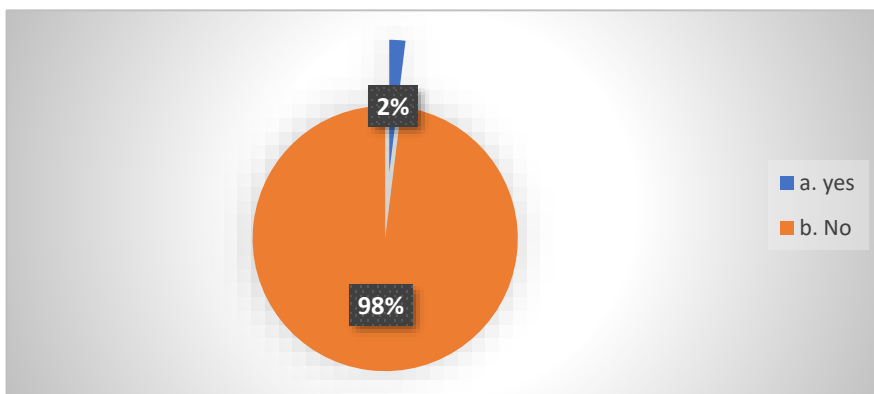


Figure 12

If yes, then under which criteria?

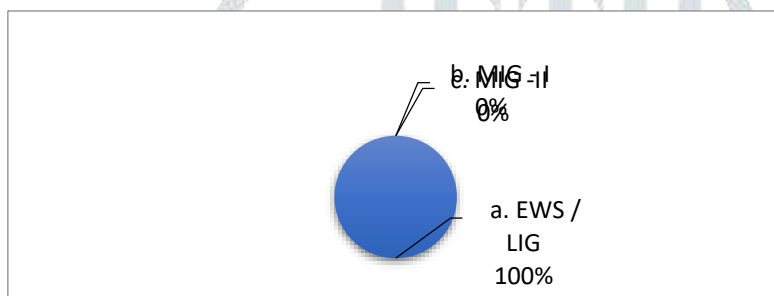


Figure 13

Figure 12 and 13 represent that out of 51 respondent only 2% is getting subsidies Under Pradhan mantri awas yojna under the criteria EWS/LIG in which maximum loan amount is up to 6 lakh and carpet are is 60 sqm.

Do you want to convert or switch your bank in future?

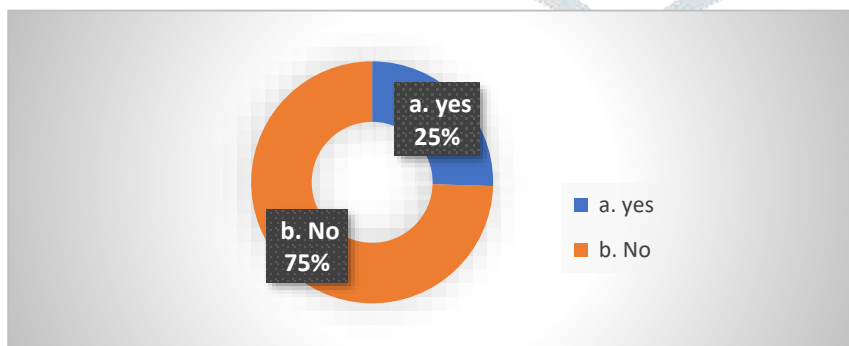


Figure 14

Figure 14 represent that out of 51 respondent 25% want to switch their bank and 75% do not want to switch their bank.

If yes, then in under which sector bank with reason

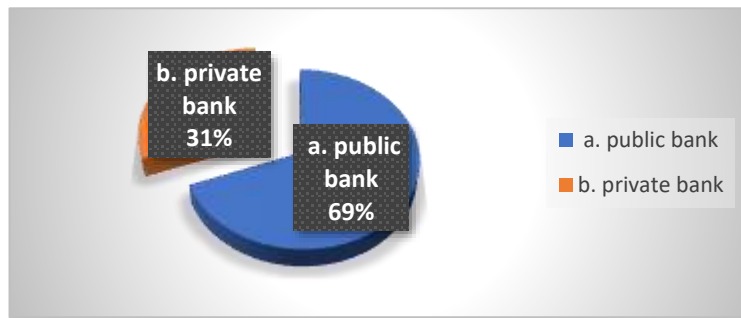


Figure 15

Figure 15 Represent that 13 respondent want to switch their bank in which 69% respondent want to switch in public bank where as 31% want to switch in private bank.

## Conclusion

Since the last several years, there has been an increase in demand for home loans. Many people are taking advantage of the public and commercial banks' home lending programmes. According to study age, occupation and other factors have a substantial impact on how consumers perception towards home loan. The study seeks to determine how consumers feel about home loans among private and public sector banks in Bilaspur and what issues they encounter while applying for home loans. According to study, age group of 35-50 mainly opted for home loan. People also take home loan form private bank as well because of service provided by banks but most of people like to take loan form public sector due to low interest rates and different schemes provided by bank.

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