

# A Study on Consumer Perceptive on Home Loans Provided by Private Banks

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**Abstract:** A home loan is a long term commitment which is decisive. The demand for home loans has increased manifold in the last decade. The home loan scheme offered by both private and public sector banks are competitive. On the other hand the private sector banks are coming daily in our country and the preference of the younger population is changing because of services & facilities provided by them. The demand for home loans has increased massively. Through this paper the basic of housing loan is addressed. The various issues relating to of drivers in demand to housing, evolution and types of home loan are discussed. There are number of housing finance companies and banks offering cheap home loans at less interest rates. The study takes into account of customers, reasons and problems.

**Keywords:** Demand, Home loans, private sector banks

## 1. Introduction

A person always keeps the first primary need as to own a house. Housing is additionally accepted as a key sector of the national economy that measures the quality of living and economic condition of the country. Housing is necessary for human development and welfare. To attract customers banks provide home loans at affordable rates. The more information the customer has about a product or service, the more comfortable they are while buying the product. There are a number of banks and housing finance companies offering affordable home loans at a less interest rate. The home loan schemes offered by both public and private sector banks are comparative.

### Scope of the Research

The study will help to increase awareness regarding home loans. It helps to provide information about The company's interest rate and procedures.

In present scenario the housing finance business has become liberalized and competitive. In finding the behavior of customers to Provides an opportunity in housing finance to maximize its customers

### Objectives

- To identify problems faced by banks in attracting more customers to use home loan products.
- To examine the valuation of collateral security followed by banks while lending loans.
- To study and learn the various systems and procedures used.

## 2. Review of Literature

R. R. Krishna and V. S. Krishna Mouthy stress in their article entitled "Trend and policy Issues of Housing finance in India", that simplified procedures and speedy sanction of housing loans will give a boost to the construction of houses.

De Paul Singh (2001) in his study entitled "Consumer Behavior and Bank Retail products an Analysis".

Dr. Rangarajan C. (2001) said that the financial system of India built a vast network of financial institutions and markets over time and the sector is dominated by the banking sector which accounts for about two-third of the assets of the organized financial sector.

Le Cour Michael (2006) examined the home purchase mortgage product references of LMI households. The objective of the study was to analyze the factors that determined their choice of mortgage products.

Senthilvelan and Karthikeyan (2007) RBI has expressed that the development towards general keeping money ought to have a speedier dependability and proficiency of the budgetary framework.

## 3. Research Methodology

The research method used here is Primary data It is a well known fact that the most important step is to Identify the problem. Choose for investigation because a problem will identify is half solved.

This paper examines the difference on rates and consumer perspective of home loan interest rate provided by private and public sector banks.

After framing the research statement, the research Statement becomes descriptive as it is described the various factors and needs of customer for Availing the home loan.

4. Data Analysis and Interpretation

Table 1: Reason for Getting Loan

Category	No of respondents	Percentage of Response
Tax benefit	11	10.9
Non availability of funds	39	38.6
Reluctant to pay cash in one go	44	43.6
Recovery over long term	7	6.9
Total	101	100%

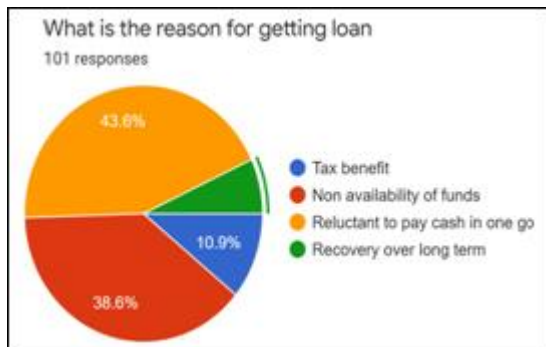


Figure 1

Interpretation

From the above table it is interpreted that: Tax Benefit are from the Category of 10.9%  
 Non availability of funds are from the category of 38.6%  
 Reluctant to pay cash in one go are from the category of 43.6%  
 Recovery over long term are from the category of above 6.9%

Inference

Here the Majority Respondents are from the Category of Reluctant to pay cash in one go 43.6%.

Table 2: What kind of mortgage do you have

Items	Respondents	Percentage of Respondents
Investment property	26	25.7
Own home	65	64.4
Both	10	9.9
Total	101	100

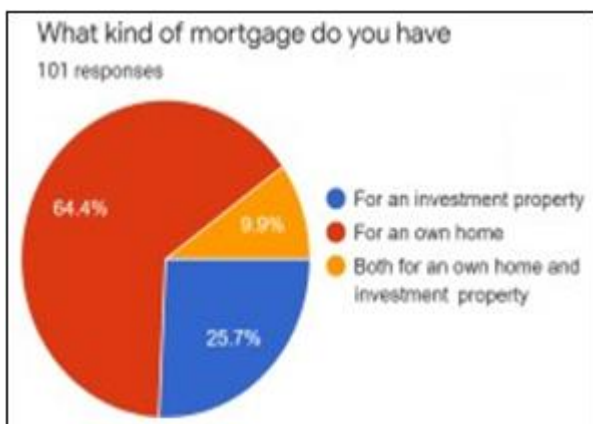


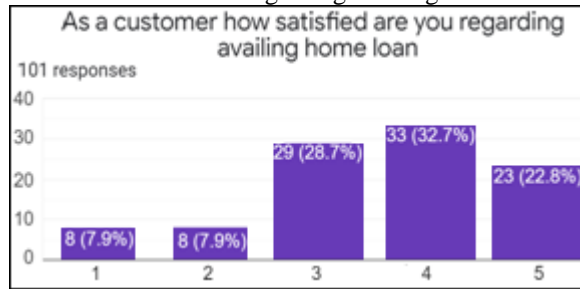
Figure 2

Interpretation

From the above table it is interpreted that 64.4% are from the category of For an own home and 25.7% are from the category of For an investment property

9.9% are from the category of both.

Table 3: Satisfaction regarding availing of Home loan



Here the Majority Respondents are from the Category of rating 4 (32.7%).

Table 4: Changes you see in the interest rate since the time

Category	No of respondents	Percentage of Respondents
The rate of interest increased	23	22.8
The rate of interest decreased	42	41.6
The rate of interest was constant	36	35.6
Total	101	100

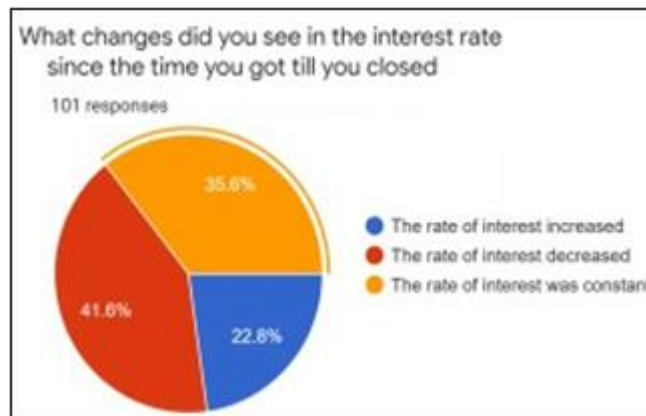


Figure 3

Interpretation

From the above table it is interpreted that 22.8% are from the category of the rate of interest increased  
 41.6% are from the category of the rate of interest decreased  
 35.6% are from the category of the rate of interest was constant

Inference

Here the Majority Respondents are from the Category of The rate of interest decreased 41.6%.

Chi-Square Test

- Null hypothesis (H0): There is no significant association between barriers in Online Banking.
- Alternative hypothesis (H1): There is a significant association between the barriers in online banking.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.982 <sup>a</sup>	3	.019
Likelihood Ratio	10.092	3	.018
N of Valid Cases	101		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 2.50.

Since, p value 0.019 is greater than 0.05. So, the null hypothesis is rejected and the alternative is accepted.

ANOVA					
Source of Variation	SS	df	MS	F	P-value
Between Groups	1366.651 667	2	683.325833 3	2.221 73421 8	0.164357 7924
Within Groups	2768.077 5	9	307.564166 7		
Total	4134.729 167	11			

5. Conclusion

The present study tells the issues of housing in India. Through this paper the drivers of home loan, evolution and types of home loan will definitely help the readers for better understanding the concepts of housing loan and accordingly the prospective customers can approach the banks as per their need. Most of the time, because of a lack of knowledge of housing loan products the customers could not take the benefit of the same. It was found that private sector banks are very attractive among the customers these days. The satisfaction level that customers have with these banks is very high in comparison to public sector banks. Customers are associated with banks for many services that they require on a regular basis and people tend to prefer banks which provide better facilities and convenient banks. The overall analysis it can be said that the satisfaction level in relation to the services provided by private sector banks is very high as compared to public sector banks. Different banks offer the same product but their services differentiate and the bank has gone in this direction. The consumer can choose these schemes which they feel are good for them and have the capacity to repay it on that specified time period.

Private sector banks are very fast and lots of time they make things easy for borrowers and also bends some rules for home loans but on the other hand public sector banks rules are very strict and stringent. The documents needed for home loans by private sector banks are also less as compared to public sector banks.

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