

An Analytical Study of Home Loan Facility & Procedure of HFGC bank with Reference to Nagpur City

Shradha Rahul Ragari and Dr. Vikram Dongre

Jhulelal Institute of Technology, Nagpur, India

Abstract: Home is an integral part of an individual, who since his/ her birth and childhood, dreams to have living space of his / her own. Once in a lifetime investment requires loan to accomplish it and that is how the home loan comes into scheme of things. Buying a home is dream for everyone. Owing to the rising price of properties, it has almost become impossible for an average earning person to buy a home on a lump sum payment Therefore; the concept of home loan has come in existence. There is plethora of housing finance companies and equal number of banks that offer home loans. The task of selecting one company and one offer for home loan amidst the thousands available options have become a very complex task owing to the burgeoning housing finance market in the country. Apart from this, there are intricate business jargons and technicalities that make this task more difficult. In this study, I propose to give the basic information of home loan technicalities, so that when a person applies for the home loan, he/she can understand the basics and help themselves remain away from the duping elements in the market.

Keywords: EMI, Lend, interest rate, Home Loan, No-credit home loan

I. INTRODUCTION

Home is an integral part of an individual, who since his/ her birth and childhood, dreams to have living space of his / her own. Once in a lifetime investment requires loan to accomplish it and that is how the home loan comes into scheme of things. Buying a home is dream for everyone. Owing to the rising price of properties, it has almost become impossible for an average earning person to buy a home on a lump sum payment Therefore; the concept of home loan has come in existence. There are plethora of housing finance companies and equal number of banks that offer home loans. The task of selecting one company and one offer for home loan amidst the thousands available options have become a very complex task owing to the burgeoning housing finance market in the country. Apart from this, there are intricate business jargons and technicalities that make this task more difficult. In this study, I propose to give the basic information of home loan technicalities, so that when a person applies for the home loan, he/ she can understand the basics and help themselves remain away from the duping elements in the market.

1.1 Problem Statement

The reasons for a home loan rejection generally remain the same across all banks expect for one thing that every bank has its own internal policies in giving out loans the worthy borrowers. HDFC home loan rejection could have happened due to the following reasons.

- Low credit score
- Unstable employment
- Insufficient income
- Working in a listed private company
- Not falling in to the age limit
- Living in an address which is present in the defaulter list

II. LITERATURE REVIEW

Chaubey M. (2009) in "Housing Finance in India – Problems and Prospectus" states that according to his study, it was revealed that the customers of home loans selected to take loan due to low interest rate firstly, easy installment schemes secondly, simple procedure thirdly and so on. About 92% of the Home Loan customers opted for floating rate of interest whereas about 60% of the total home loan customers opted for more than 15 years and about 70% accepted the approval and disbursement of loan is generally delayed as per its time schedule. It was also suggested that the details of the loan account so the customers must be available online for more transparency in dealing and EMIs should be available not only monthly but also quarterly and half yearly.

Mr. Deepak S Parekh:- serves as executive chairman and chief executive officer of the board of housing development finance corp. ltd., (HFGC). He joined HDFC Limited in a senior management position in 1978. He was inducted as a whole-time director of HDFC limited in 1985 and was appointed as its executive chairman in 1993. He is the chief executive officer of HDFC limited. Mr. Parekh is a fellow of the institute of chartered accountants.

Mr. Renu S. Karnad:- The executive director of the corporation. She has been employed the corporation since 1978 and was appointed as the executive director of the corporation in 2000. She is responsible for overseeing all aspects of lending operations of HDFC. New Delhi.

2.1 OBJECTIVES OF PAPER

- To Study the problems faced by Customer in Obtaining the Home Loans.
- To Evaluate Home Loan Schemes of Housing Finance Company.
- To Study the Satisfaction Level of Customer regarding Home Loans Process by Housing Finance Company.

2.2 SIGNIFICANCE OF RESEARCH

HYPOTHESIS:-

There is significant increase in Loans and advances trend of HDFC Bank

III. RESEARCH METHODS

Research refers to search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. It is a way to systematically solve the research problem. In it we study the various steps that are generally adopted by researcher. in studying his research problem along with the logic behind it. The data for this project is primary as well as secondary.

Data Collection: The data will collect from following two sources..

Primary Data: Primary data refers to the information that is to meet the specific requirement of the investigation at hand. Data collected by the researcher is known as primary data. The data collected by means of observation, questionnaires and through personal interviews with officials and customers in Nagpur and Wardha city.

Secondary Data: Secondary data means that data which is already suitable and has already been collected and analyzed by someone else. Secondary data may either be published data or unpublished data generally secondary data is in the form of publications. In this research internet is the main source of the secondary data.

DATA COLLECTION

The primary data is collected through questionnaire attached at annexure.

Sample Design: □ □

Research universe: Nagpur City.

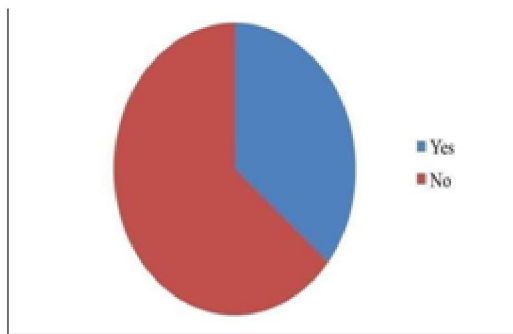
Sample Technique: Random Sampling Technique.

Sample size: 100 Respondents

IV. ANALYSIS AND INTERPRETATION

Have you faced any problem regarding the procedure of loan

Response	NO.OFRESPONENT	PERCENTAGE
Yes	35	35
NO	65	65
Total	100	100%

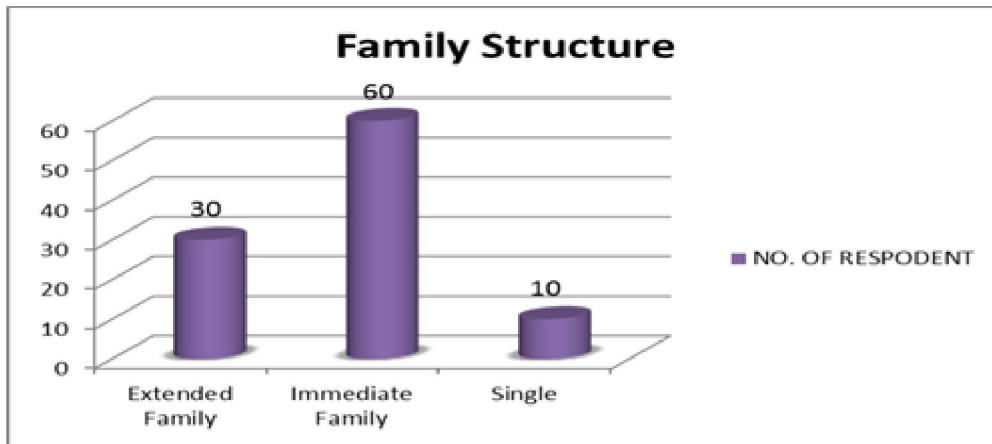


Interpretation:

From the graph it is clear that the majority of respondent's faced by problem regarding the procedure of loan and percentage of this respondent is 65%.

Repayment capacity from total income?

Repayment Capacity	NO.OFRESPONENT	PERCENTAGE
Monthly	37	37%
Quarterly	18	18%
Half yearly	30	30%
Yearly	15	15%
Total	100	100%

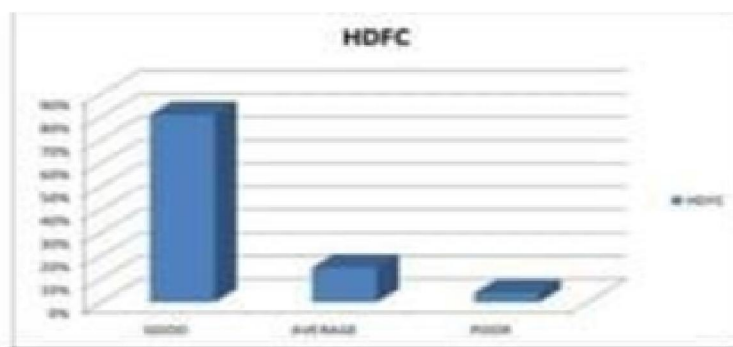


Interpretation:

From the graph it is clear that the majority of respondent prefer monthly repayment of home loan and percentage of this respondent is 37%.

How evaluate home loan schemes of housing finance company

No.	Rating	HDFC
1	GOOD	81%
2	AVERAGE	15%
3	POOR	4%



Interpretation:

In the above graph x axis is the rating and y axis is percentage as this graph explain us the relationship status of bank with customer. In which good is 81% average is 15% and poor is 4%.

V. CONCLUSION

- Thus, from information collected we find the HDFC BANK doing systematic credit analysis of customer before provide home loan.
- Mostly applying for home loan of HDFCBANK by lucrative jobholder customer, so HDFC BANK looking for the financial normal person for getting home loan.
- At the time of applying home loan customer face the problem of difficulty lengthy procedure of bank.

VI. FINDINGS

- Maximum number of respondents comes from immediate family those apply to the home.
- Respondent mostly prefer monthly basis repayment of home loan.
- Respondent who are not apply for home loan because of difficult and lengthy procedure of bank.
- 65% Respondent have family member who contribute to the household income and 35% Respondent don't have any contribution.

VII. FUTURE RESEARCH

The housing finance market is expected to expand at a compound annual growth rate (CAGR) of 20.58% during the FY 2022 – FY 2027 period. Increasing urbanization and affordable mortgage rates are the two key factors propelling the growth of the market. In 2021, the affordable housing segment made up 90% of the market in terms of volume and about 60% based on value. Millennial and young borrowers (below 36 years), with high disposable incomes and an increased need for urban accommodation, are potential consumers for home loans. They account for 27% of borrowers.

VIII. RECOMMENDATION & SUGGESTION

- Bank should decrease paper work regarding sanction of home loan.
- Loan sanction period should be decrease to suit applicant requirement.
- Bank should give proper advertisement of different scheme of home loan.
- Bank should promote product (Home Loan).It should setup stalls in different parts of cities for few days.

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