

Customer Preference of Housing Loans in LIC with Special Reference to Coimbatore City

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Abstract: Home is a shelter to person where he rests and feels comfortable. This study is an attempt to investigate the customers preference of housing loans in LIC with special reference to Coimbatore city. The objective of the study is to identify the factors preferred to choose the bank for housing loan. Both primary and secondary data were used in this study. Primary data was collected through the well structured questionnaire with the help of Google form and secondary data was collected through journals, article etc. The sample size of the study is 100 respondents. The respondents of this study are customer's of LIC HFL from Coimbatore city only. The data was analyzed using percentage analysis and chi-square test. The study concludes that most preferred schemes in LIC housing loan are LIC HFL Griha Variishtha and LIC HFL Pradhan Mantri Awas Yojana. The study further indicates that the customers choose LIC HFL due to low rate of interest and it's Equated Monthly Income (EMI) is also less.

Keywords: Housing Loans, Customer Preference, Interest Rate

I. INTRODUCTION

Home loan is a necessity to all human beings and owning a house is a dream for everyone. A housing loan is taken from a bank or financial company in order to purchase/ construct a new house or reconstruct an existing ones. Over the past few years, many new banks and housing finance companies have opened up and are providing attractive and low lending rates. Without knowing the requirements it is difficult to understand the process of a home loan. Keeping this fact in mind, bank of mortgage services in India considered these facts and came up with attractive mortgage interest rates so that the middle class families can take a home loans from the banks.

OBJECTIVES OF THE STUDY

To identify the factors preferred to choose the bank for housing loans.

RESEARCH METHODOLOGY

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. It encompasses the way in which you intend to carry out the research.

RESEARCH DESIGN: Descriptive research design

SOURCES OF DATA:

Primary Data: The primary data was collected based on the structured questionnaire with the help of google form.
Secondary Data: The secondary data for the study have been collected from books, magazines, journals, articles and various websites.

SAMPLING TECHNIQUE: Simple random sampling.

SAMPLING SIZE: 100 respondents

AREA OF STUDY: Coimbatore city.

TOOLS USED FOR THE STUDY

The SPSS Package is used for the study
Percentage Analysis
Chi-Square Test

II. REVIEW OF LITERATURE

Saikumari. V (2021)¹, “ A comparative study of public and private sector banks in India- Customer satisfaction” This study is based on the customer satisfaction of service quality in the banks and analyzing the perception of customer’s determinants of service quality. This study has been conducted in Chennai city. A sample of 100 customers has been selected using convenient sampling method. The statistical tools used for analysis are correlation, chi square test and Reliability test. This study concludes that private sector banks are most preferred by the customers.

Dr. Deepak Dhariyal, Mukesh Sharma (2019)², “Analyzing impact of brand image on customer preference: A comparative study of public and private sector banks in Kumauni region of Uttarakhand” This study aims to find the impact of brand image on customer preference of selecting a bank as well as to identify the most convenient and influencing factors which convinced customers to get associated with their banks as a customer. The sample of 20 is collected from various banks of Uttarakhand by using the convenient sampling method. Data collected through the questionnaire. The tools used in this are correlation, T test. Result shows that there is a difference between the influencing factors of public and private sector banks along with a relation between brand name and their preferences.

III. ANALYSIS AND INTERPRETATION

TABLE 1 : PERCENTAGE ANALYSIS

PARTICULARS	CATEGORY	FREQUENCY	PERCENTAGE
Gender	Female	62	62%
	Male	38	38%
	TOTAL	100	100%
Age	21-30 years	24	24%
	31-40 years	49	49%
	41-50 years	17	17%
	Above 50 years	10	10%
	TOTAL	100	100%
Occupation	Government employees	21	21%
	Private employees	55	55%

	Entrepreneurs	19	19%
	Others	5	5%
	TOTAL	100	100%
Monthly income	Below Rs.25000	24	24%
	Rs.25000-50000	52	52%
	Rs.50000-100000	23	23%
	Above Rs.100000	1	1%
	TOTAL	100	100%
Reason for selecting LIC HFL	Low rate of interest	69	69%
	Low EMIs	12	12%
	Specially for government employees	5	5%
	Specially for defense people	12	12%
	Complete transparency	2	2%
	TOTAL	100	100%
Purpose of choosing housing loan	Purchase of home	11	11%
	Construction	69	69%
	Renovation	4	4%
	Land purchase	6	6%

	Home extension loan	10	10%
	TOTAL	100	100%
Obstacles faced while obtaining home loan	Distance to bank	22	22%
	Lack of knowledge about bank	21	21%
	Long procedure	57	57%
	TOTAL	100	100%

Source: Primary Data

CHI-SQUARE

TABLE 2: COMPARISON BETWEEN GENDER AND FACTORS PREFERRED TO CHOOSE THE BANK FOR TAKING HOUSING LOAN

H₀: There is no significant relationship between Gender and factors preferred to choose the bank for taking housing loan.

H₁: There is a significant relationship between Gender and factors preferred to choose the bank for taking housing loan.

FACTORS	CALCULATED VALUE	D.F	P.VALUE
Procedure	2.548 ^a	4	0.636
Rate of interest	6.953 ^a	4	0.138
Repayment period	3.211 ^a	4	0.523
Document & processing fees	2.754 ^a	4	0.600
Loan processing period	5.267 ^a	4	0.261
Amount sanctioned	6.758 ^a	4	0.149
EMI option	2.833 ^a	4	0.586
Services provided by bank	6.758 ^a	4	0.149

Source: Computed

TABLE 3: COMPARISON BETWEEN AGE AND FACTORS PREFERRED TO CHOOSE THE BANK FOR TAKING HOUSING LOAN

H₀: There is no significant relationship between age and factors preferred to choose the bank for taking housing loan.

H₁: There is a significant relationship between age and factors preferred to choose the bank for taking housing loan.

FACTORS	CALCULATED VALUE	D.F	P.VALUE
Procedure	32.402 ^a	12	0.001
Rate of interest	48.384 ^a	12	0.001
Repayment period	17.292 ^a	12	0.139
Document & processing fees	11.907 ^a	12	0.453
Loan processing period	16.978 ^a	12	0.150
Amount sanctioned	12.799 ^a	12	0.384
EMI option	10.711 ^a	12	0.554
Services provided by bank	12.946 ^a	12	0.373

Source: Computed

IV. FINDINGS AND CONCLUSION

FINDINGS FROM PERCENTAGE ANALYSIS

- Majority (62%) of the respondents are male.
- Majority (49%) of the respondents are between the age group of 31 – 40 years.
- Majority (55%) of the respondents have taken home loan are private employees.
- Majority (52%) of the respondents are earning income between Rs.25000 – 50000.
- Majority (69%) of the respondents selected LIC HFL for low rate of interest.
- Majority (69%) of the respondents have preferred home loan for construction purpose.
- Majority (57%) of the respondents faced long procedure in documentation as obstacles while taking housing loan.
- 41% of the respondents are aware of the LIC housing loan through newspaper.

FINDINGS FROM CHI-SQUARE TEST

- There is no significant relationship between gender and factors preferred to choose the bank for taking housing loan.
- There is no significant relationship between age and factors preferred to choose the bank except procedure and rate of interest option.

V. CONCLUSION

Home is a dream that everyone wants to have. Everyone has a dream home that we want to construct, buy and they put lot of effort to get a perfect one. To make it possible LIC HFL offers various schemes for everyone to have their dream home. The study concludes that the respondents prefer LIC housing loans more due to its low rate of interest. The customers face long procedures in documentation as a obstacle while taking home loan in LIC. Since LIC has low rate of interest and it's Equated Monthly Installment (EMI) is also less. The customers choose LIC Housing Finance as the best option.

REFERENCES

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