

CUSTOMER'S PERCEPTION TOWARDS HOUSING LOANS- A STUDY WITH REFERENCE TO PUBLIC AND PRIVATE SECTOR BANKS IN KOZHIKODE

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Abstract: Owing a house is the prestigious aim and dream of every one in his or her life. Ownership of a house provides not only shelter to the individuals but it ensures the identity, self-esteem, privacy and improves the scope for participation in the society. It also enhances family life and facilitates social and cultural life of the individual. But at present constructing a house is not an easy job. It requires a huge amount of money, With limited monthly income, a person cannot complete his "dream house." He needs external assistance in the form of housing finance. Considering the importance of housing sector, central and state governments are implementing various housing schemes. Moreover various housing finance institutions and banks are extending their services to meet the growing demand for housing.

This paper is an attempt to evaluate the perceptions of customers on housing finance provided by public and private sector banks in Kozhikode. Kozhikode is a district of Kerala state, situated in the southwest coast of India. The study evaluated opinions of customers on the basis of education, occupation, purpose of availing housing finance, mode of repayment, interest rate schemes etc.. It also analysed the housing loan disbursement of private and public sector banks in Kozhikode. Customer satisfaction level also was analysed in this study

Keywords: Housing, Housing Finance, Loans, commercial banks

Introduction: Housing is not only one of the three basic needs of a human beings but also an indicator of nations progress in terms of human development. World over housing is considered as a means of long term wealth accumulation and financial security. Home ownership is a basic requirement and the primary sources of wealth for the middle and lower income groups. In India the task of facilitating affordable and adequate shelter to all is yet to be accomplished despite all round economic growth, well established planning process and increased access to institutional finance through expansion of credit delivery channels.

Like any other sectors, housing is also affected by both demand and supply constraints. On the demand side, together with income levels of the people, overall cyclical condition of the economy and affordability of 'housing' play an important role in determining the affective demand in the market. Availability of land and finance at reasonable price, organized infrastructure, appropriate and efficient legal and regulatory framework are also some of the important constraints that affect the viability of the business of model for the construction agencies in turn affecting the affordability adversely.

Nowadays the issue of housing is quite complicated and important to the survival and development of human, and housing finance institutions plays a fundamental and critical role in resolution of housing issues. The growing demand for housing finance has contributed for rapid growth of banks' lending to housing sector. Housing finance has now emerged as an important segment of the credit portfolio of banks

2. Review Of Studies:

Thingalaya.N.Ket.al(2009), Their article critically reviewed the growth of housing finance in India with a case study of the experiences of three banks - Syndicate Bank, Corporation Bank and Karnataka Bank. Their study observed that the private sector banks have become very aggressive in the housing loan segment; The rapid growth of housing finance is concentrated mainly in metropolitan and urban areas etc. Nikhil Ranjan Agarwal (2014), his the others in Indian scenario study found that majority of the respondents was satisfied from their banks or housing finance companies. The rates of interest charged by the public banks were comparatively lesser than the others in Indian scenario. Sajith.M(2014). His study concluded that the housing finance sector is considered as an emerging sector with high augmentation. The analysis shows that the customers of housing finance agency have different expectations and perceptions about the housing finance agency, their loan product, employees' behavior etc. All the agencies were failed to meet the customer expectations as there is a gap existing in all dimensions of service quality. George Thomas P (2014). His study analyzed the perception of the home loan borrowers regarding the services provided by housing finance institutions, particularly, Nationalized Banks and Co-operative Banks working in Kerala.

3. Statement Of The Problem: Indian housing finance market is the second largest employment generator next to agriculture. As it is a labour intensive sector, any change in housing finance sector has a direct impact on income and employment

status in the country. It is clear that, housing which is a basic need may not be financed completely from the personal savings of an individual. So there arises the need to finance a house. Nowadays there are more and more agencies coming forward to financing this sector. Commercial banks are considered most important among them. So, the present study is an attempt to evaluate the housing finance provided by public sector and private sector banks in Kozhikode District.

4. Objectives: The main objectives of the present study are

- 1) To know about housing loan disbursement of public and private sector banks in Kozhikode.
- 2) To analyse the perception of beneficiaries with respect to various housing loan facilities provided by public and private sector banks .
- 3) To study the satisfaction level of customers about home loans

5. Methodology: The data are to be collected from primary and secondary sources. This study has been conducted to analyze the perception of the home loan borrowers regarding the services

Provided by private and public sector banks in Kozhikode. The universe of the study consists of main institutions providing home loans in Kozhikode district. For this, two Public Sector Banks and two private sector Banks in Perambra have been selected for the purpose of present study. The data were collected primarily through a structured questionnaire. The required samples, 50 loan borrowers, were collected based on convenience from

the details supplied by the Banks. Secondary data collected from various years' bank reports.

6. Kinds of housing finance: Home Purchase Loans: This is the basic home loan for the purchase of a new home

Home Improvement Loans: These loans are given for implementing repair works and renovations in a home that has already been purchased by you

Home Construction Loans: This loan is available for the construction of a new home.

Home Extension Loans: This is given for expanding or extending an existing home. For example addition of an extra room

Land Purchase Loans: This loan is available for purchase of land for home construction

Balance Transfer Loans: Balance transfer loans help you to pay off an existing home loan and avail the option of a loan with a lower rate of interest.

7. Housing Loan Disbursement of Public and Private Sector Banks in Kozhikode: Ever since human civilization evolved, human settlement became a primary concern along with food and clothing. Housing, in fact, laid the foundation for human settlement and civilization. At present owning a house has lifetime ambition, that everyone wants to realise it. Nowadays constructing a house is not a easy task with the limited monthly income of the individual. To overcome this problem various housing finance institutions are offering housing loans. This section discusses the housing loan disbursement of selected public and private sector banks in Kozhikode districts during the period 2013 to March 2016 exhibited in the following tables.

Table 7.1 Total Amount of Housing Loan Disbursement -Kozhikode (in lakhs)

Year	SBI		Canara Bank	
	Amount	% to Total CB's Achvmnt	Amount	% to Total CB's Achvmnt
2013	31497.65	19.74%	7305.60	4.58
2014	34996.73	25.56%	8536.93	6.24%
2015	331449	11.04%	403622	13.42
2016	102750.70	2.28%	615609.80	13.70

(Source: state Level Banker's Committee, Kerala.)

Table 7.1 Total Amount of Housing Loan Disbursement -Kozhikode (in lakhs)

Year	Federal Bank		South Indian Bank	
	Amount	% to Total CB's Achvmnt	Amount	% to Total CB's Achvmnt
2013	8843.20	5.54%	3729.31	2.34%
2014	811546	5.92	3280.20	2.34
2015	223417	7.42	145441	4.83
2016	244483	5.44	19486.00	.43

(Source: state Level Banker's Committee, Kerala.)

The above Table 4.1 presents the amount of housing loan disbursed by the selected banks in Kozhikode and the percentage share to total commercial banks achievements in the district.

Data Analysis

Table 1 : Personal Profile of Respondents**(a) Respondent's age:**

Age Group	No. Of Respondents	Percentage of the Respondents
Below 30 years	6	12%
30 to 50	41	82%
50 and above years	3	6%
Total	50	100

(b) Education

	No. of respondents	Percent
Below graduate	7	14%
Graduate	29	58%
Post- Graduate	14	28%
Total	50	100

(c) Customers occupation

Occupation	No. Of Respondents	Percentage of the Respondents
Salaried class	24	48%
Business class	8	16%
Professional	16	32%
Others	0	-
Total		100

Table:2 Respondents' availed the finance facility

Bank	No. Of Respondents	Percentage of the Respondents
Public Sector Banks	43	86%
Private Sector Banks	7	14%
Total	50	100

Table 3 Purpose of availing Housing Finance

Reasons	No. of Respondents	Percentage of the Respondents
Purchase a site	3	6%
House purchase	3	6%
Construct a house	39	78%
To repair & renovation	5	10%
Not responded	-	-
Total	50	100

Table: 4 Mode of Repayment as Preferred

Sl. No	Mode of repayment	No. Of Respondents	Percentage of respondents
	Monthly installments directly paid by you	50	100
	Installments directly deducted from salary by your employer.	None	-
	Advance cheques deposited by you	None	-
Total			100

Table 5: Interest rate options

Preference	No. Of Respondents	Percentage of respondents
Fixed interest rate	9	18%
Floated interest rate	35	70
No idea	6	12
Total	50	100

Table 6: Awareness about various schemes of bank

Response	No. Of Respondents	Percentage of respondents
Yes	36	72
No	14	28
Total	50	100

Table 7 Customers overall satisfaction or dissatisfaction

Satisfaction Scale	No. Of Respondents	Percentage of The Respondents
Highly satisfied	2	4%
Satisfied	31	62
Dissatisfied	16	32
Total	50	100

Findings :

Following are the Major Findings from the Study

- 1) Majority of the respondents are male members as they are income earners of the family.
- 2) As for as educational background of respondents majority are graduate, 28% of the respondent are post graduate, and 14% are below graduate
- 3) The result of the study shows that commercial banks concentrate on salaried class people who has regular income. salaried class consist of 48% of the study and business class 32%
- 4) Data reveals that 86% of the respondent are depending public sector banks for home loans 14% of the respondents preferred private sector banks.
- 5) Majority of the respondents used bank finance for constructing house.
- 6) respondents preferred to borrow for 10 to 15 years and paid monthly installments directly. It is found that majority of the respondents were availed a loan amount of less than 15 lakhs.
- 7) Floating interest rate option are preferring most of the respondents. some respondents at the initial time preferred fixed interest rate but they gradually moved to floating rate.
- 8) To the respondents, the procedure to get the loan is simple in 58 percent cases and for the remaining the system is very complex.
- 9) In order to explore the perception of the customers regarding their home loan providing bank, sixty two percent are satisfied with the service given by the bank . 32 percents are dissatisfied. with the service of their customer bank.
- 10) It is interested to note that 28 percents of the customers donot have proper knowledge about various housing schemes of the concerned bank. 72 percents have knowledge about the homeloan schemes of the bank.

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