Evaluation of Housing Finance (A Special Research with Public and Private Sector Banks in A.P.)

P.Venkaiah Babu, K.Sivaji, A.Ravi Kiran, CH.Suresh

ABSTRACT- House is the essential needs of individual to stay and live in a safe from the nature and counterfeit atmospire around the globe. Indeed, even individual from the early period, begins his life just from the haven and at first needs of the housing had stay and it turn into a refined way of life of the cutting edge lives. In India, giving housing offices turn into a challengeable undertaking to the administration and its strategies set down on requiring the housing requires meets of the general population. Because of development of salary age and urbanization, Housing segment turn into a blasting industry in the nation. Consequently Banks and money related foundations were built up a different division of lodging account to give fund offices to buy, redesign, development of houses. In this respects, this paper features the idea of lodging fund and its effect in the money related arrangement of the nation, real lodging account supplier, issues and outline of housing account in India.

Key words: Financial System, Housing Finance, Mortgages, EMI, Repayment period, ALM.

I. INTRODUCTION

A. INDIAN REAL ESTATE – AN OVERVIEW: The real estate area in India has made considerable progress by getting to be noticeably one of the quickest developing markets on the globe. It isn't just effectively pulling in real estate developers, yet remote financial specialists also. The development of the industry is ascribed for the most part to a vast populace base, rising income level, and fast urbanization. The area contains four sub-segments housing, retail, hospitality, and business. While housing contribution to five-six percent of the nation's (GDP), the staying three sub-areas are additionally developing at a fast pace, meeting the expanding infrastructural needs.

B. HOUSING IN INDIA: According to CSO appraise right around 5% of GDP is contributed by the housing area in next couple of years. It is relied upon to ascend to 6%, 16% of Indian workforce is occupied with the development segment, more finished the development part has likewise been in charge of the advancement of more than 250 auxiliary businesses, for example, bond, steel, paints, blocks, and so on.

C. HOUSING FINANCE IN INDIA: The Housing finance sector in India has no uncertainty, experienced exceptional change in its structure from its formulation stage. Indian Housing Finance has far moved from the phase of being an exclusively government undertaking gave benefit amid the 1970's to an extremely focused segment with more than 45 housing fund elements giving housing advances worth ` 7,81,000 million to home purchasers crosswise over India

II. REVIEW OF LITERATURE

1. **Charan Singh1, Lalit Kumar, H.A.C. Prasad, (2017)** In this article the writers focused on Housing Market in India. This paper records the trademark and business works on winning regarding determinants of house costs, part of loaning establishments and their arrangements, drivers of credit stream, credit sources, financing cost administrations, controllers and housing lists in the Indian housing area.

2. **Ashwani bhalla, P.S. Gill kumar (2017)** the development in housing and housing money exercises lately mirrors the light condition of housing fund advertise int the nation. The financing foundations have come to see great incentive in subsidizing this part of the economy. The reasonableness of housing advances unmistakably seems to have enhanced with quickly developing number of borrowers.

3. **Dr. Minakshi Duggal (2017)** The Indian housing fund industry is overwhelmed with various players, both of all shapes and sizes. The regions secured by these establishments go from government associations, banks, and helpful social orders to specific Housing Finance Institutions (HFIs). The present paper endeavours to gauge the level of rivalry of chose housing account organizations in India with the assistance of Herfindahl-Hirschman Index, prominently known as HH list.

III. RESEARCH METHODOLOGY

A. RESEARCH GAP: From the above review of literature, it is observed that many of the studies in the

Dr. P.VENKAIAH BABU MBA, PGDBFM, Ph.D, Associate Professor, Department of MBA, Eswar college of Engineering, Kesanupalli, (E-Mail: dr.venkaiahbabup@gmail.com), Mobile No: 9666768018,8074261920.

Dr.K.SIVAJI M.Com,M.B.A, M.Phil,P.h.D. Asst Professor, Acharya Nagarjuna University Ongole P.G. campus, Ongole, (E-Mail: sivaji.kalva@gmail.com), Mobile No: 7989496484.

A.RAVI KIRAN, MBA,APSET,(PhD), Assistant Professor, Department of MBA, KBN college, Vijayawada, (E-Mail: kiran.ravi638@gmail.com), Mobile No:9989304236.

CH.SURESH, MBA,APSET,NET, (Ph.D), Research Scholar, Department of Commerce and Business Administration, Acharya Nagarjuna University, (E-mail: nani5566@gmail.com), Mobile No:9848852968.

banking sector in India and abroad are related to various aspects like branch expansion, deposit mobilization, priority sector lending, customer service, technology and profitability. However, there are very few studies relating to the housing finance, attitudes of customers and problems faced by the banks in providing housing loans in local area, national and international wide. The present study makes an attempt to bridge the above gap

B. *STATEMENT OF THE PROBLEM:* From the review of literature and research gap, the statement of the present problem is drawn. The statement of the problem is various problems facing by the customers to getting housing finance and several problems facing by the banks to providing home loans. The title is "Evaluation of housing finance (A special reference with public and private sector banks in A.P)". The present problem is identified the studies relating to housing finance is less in number and there is a need for a study of this type today has the demand for housing finance has been steadily increasing in India.

C. OBJECTIVES OF THE STUDY

The detailed objectives of the study are as follows:

1. To know the growth of real estate industry and policy frame work incentives related to housing finance by government of India and other regulatory bodies like RBI, NHB etc., along with shortage of housing in India.
2. To evaluate the role of public and private sector banks in providing house loans to beneficiaries.
3. To analyze the various influencing factors on customer's decision in the selection of housing finance schemes of commercial Banks.To elicit the views of customers on various housing finance schemes that are provided by the commercial banks in the study area.
4. To analyze the various problems faced by commercial Banks in selection, sanction and repayment of housing finance in the study area.
5. To offer findings, conclusions and suggestions of the study.

D. HYPOTHESIS

H_0- There are no significant differences in the views of respondent customers towards various aspects like Problems faced at the time of documents and types of problems, submitting documents etc., for housing finance of selected banks.

E. *SCOPE OF THE STUDY:* Basically, the present study is to evaluate the "Evaluation of housing finance (A special reference with public and private sector banks in A.P)".Thus the study intends to focus on two categories of commercial banks in the Guntur district (A.P) such as Public Sector Banks (State Bank of India, Andhra Bank, Panjab National Bank), Private Sector Banks (ICICI, HDFC, and AXIS). This study covers customers and employees in relation with housing finance schemes. It is to show that the study finally can offer suitable and relevant suggestions and strategies to the banks, which are worthy of consideration to the public and private banks to provide housing finance to the customers and reducing the problems of banks at the time of providing loans.

F. METHODOLOGY OF THE STUDY

Selection of the banks: The Investigator wrote a letter to the authorities of all banks (Public and Private sector banks) for seeking permission to collect the relevant information from the banks with lot of correspondence and efforts, the authorities of the following banks have accepted to permit the investigator to collect information. The public sector sample banks are SBI, ANDHRA BANK, PNB, 3 private sector banks are ICIC, HDFC, AXIS these banks are selected on the following criteria.

1. No of branches in Guntur district. 2. Popularity and market capitalization of select banks in study area.3. Ranks given by the concerned authorities like RBI.,

Sampling Technique: The researcher selected convenience sampling method for the customers because the customers are large in number and scattered,. The sample of customers is business peoples, agricultural workers, government employees and others. The sample is drawn on the basis of experience of the customers in the selected branches five years is considered as appropriate for the selection of the sample.

Sample Size: The total sample of the study is 385. In public sector bank custormers are 206 and private sector banks are 179. In this SBI- 92,Andhra Bank -61, PNB- 53 and private sector banks customers are ICICI-82,HDFC-52 and AXIS-45.

Sources of Data: The study required both primary and secondary data.

Primary Data: Primary data are collected through the responses of the customers and employees through structured questionnaires which were prepared for this study. The questionnaire contained questions regarding the problems faced by the customers at the time of getting the loans from the banks and problems facing by the banks at the time of giving the loans, the researcher conducted **pilot study** with a sample of 52 customers in both public and private sector banks in Guntur district, AP. The result of the pilot study is majority of the customers are facing problems in getting housing loans and the employees are also facing some problems at time of provide housing finance. On the basis of their responses, some questions are modified and the modified questionnaire is finally canvassed among the 385 customers and 136 employees are selected.

Secondary Data: There was extensive use of secondary information in the form of books, articles published in magazines, journals, newspaper, reports of Banks, websites, circulars, pamphlets of the banks, clippings etc.

Analysis of data: The collected data were scrutinized and analysed. The analysed data was analysed with the using of software "Statistical Package for Social Sciences" (SPSS) and meaningful conclusion were arrived by constructing simple and two-way tables, graphs and charts. The table were constructed for analysing the information of the sample. Two-Way table were constructed for the comparative analysis and to know the problems facing by the customers and employees between three public and three private sector banks.

G. *SIGNIFICANCE OF THE STUDY* **:** The study is of current relevance as it seeks to analyze appraisal of housing finance schemes of commercial banks in the Guntur district, Andhra Pradesh. The study aims problems facing by the customers and banks at the time of getting home loans which would be a great help to all concern such as scholars, policy makers, bankers, customers and public etc., as the banking industry as a whole is in transition and undergoing several changes due to liberalization, privatization and globalization.

H. LIMITATIONS OF THE STUDY:

1. This research study was taken in a limited area only (i.e Guntur district only) and findings may vary from place to place.
2. The study was limited to three public sector banks and three private sector banks.
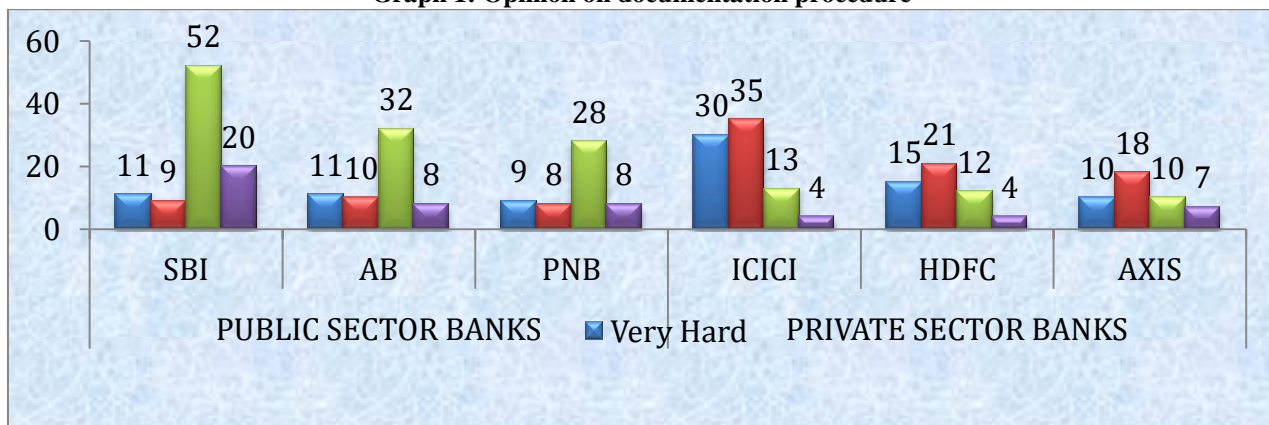
IV. DATA ANALYSIS OF CUSTOMERS

Table 1 : Opinion on documentation procedure

S. NO	Documentation Precedure	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		AB		PNB		ICICI		HDFC		AXIS	
		N=385	%	N=92	%	N=61	%	N=53	%	N=82	%	N=52	%	N=45	%
A	Very Hard	86	22	11	12	11	18	9	17	30	36	15	28	10	22
B	Difficulty	101	26	9	9	10	16	8	15	35	42	21	40	18	40
C	Moderate	147	38	52	56	32	52	28	52	13	15	12	23	10	22
D	Simple	51	13	20	21	8	13	8	15	4	4	4	7	7	15
	Total	385	100	92	100	61	100	53	100	82	100	52	100	45	100

Interpretation: The above table shows the information relating to the documentation process of both public and private banks. Based on this information from the total customers 38.2% of customers expressed their opinion is moderate and 26.2% of customers expressed that the documentation procedure is very difficult and a few customers said that the documentation process is very simple. It is observed in the case of public sector banks on average 76.19% of customers opinion on the documentation process is moderate but only 23.21% of private sector banks customers agreed with the opinion of public sector banks. Among the public sector banks 56.5% of SBI customers opinion is the documentation procedure is moderate whereas in the case of private sector banks 42.7% of ICICI bank customers expressed that it is difficulty.

Graph 1: Opinion on documentation procedure

Statistical Data: Anova: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
Very Hard	6	86	14.33333	63.06667
Difficulty	6	101	16.83333	106.9667
Moderate	6	147	24.5	264.7
Simple	6	51	8.5	35.1
SBI	4	92	23	396.6667
AndhraBank	4	61	15.25	126.25
PNB	4	53	13.25	96.91667

ICICI	4	82	20.5	209.6667
HDFC	4	52	13	50
AXIS	4	45	11.25	22.25
PUBLIC SECTOR BANKS	4	206	51.5	1640.333
PRIVATE SECTOR BANKS	4	179	44.75	646.9167

Inference: There is no significant difference among the quantity of customers of various banks in terms of the documentation process here is no significant difference among the quantity of customers of public vs. private sector banks in terms of the documentation process. H_0 is accepted w.r.t customers of public vs. private sector banks. There is no significant difference among the quantity of customers of different category in terms of the name of the bank they associated with. There is no significant difference among the quantity of customers of different category in terms of the type(public vs. private) of the bank they associated with. The opinions on documentation process reflecting all the categories of responses with no significant difference.

Table 2: Problems opinion on submitting the documents

S. NO	Problems	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		AB		PNB		ICICI		HDFC		AXIS	
		N=385	%	N=92	%	N=61	%	N=53	%	N=82	%	N=52	%	N=45	%
A	Yes	212	55.1	34	37.0	22	36.1	20	37.7	60	73.2	41	78.8	35	77.8
B	No	173	44.9	58	63.0	39	63.9	33	62.3	22	26.8	11	21.2	10	22.2
	Total	385	100	92	100	61	100	53	100	82	100	52	100	45	100

Interpretation: The above table depicted that the information relating to the opinion of customers on problems facing by them to submit the documents. Based on this table 55.1% customers opinion is they faced problems for documents submission and 44.9% customers expressed they didn't faced any problems to submit documents. Here in the case of public sector banks on average 35.84% of customers told that they faced various problems at the time of submitting documents and 64.16% of private sector bank customers expressed they are also faced Among the public sector banks in the case of PNB 37.7% of customers faced the problems whereas in the private sector banks in the case of HDFC 78.89% of customers also faced the same problems. Here the researcher found that majority of the private sector bank customers said that they faced the different problem to submit the documents than the public sector banks.

Statistical Data: There is no significant difference between public and private sector banks.
Statistical Data: Anova: Two-Factor Without Replication

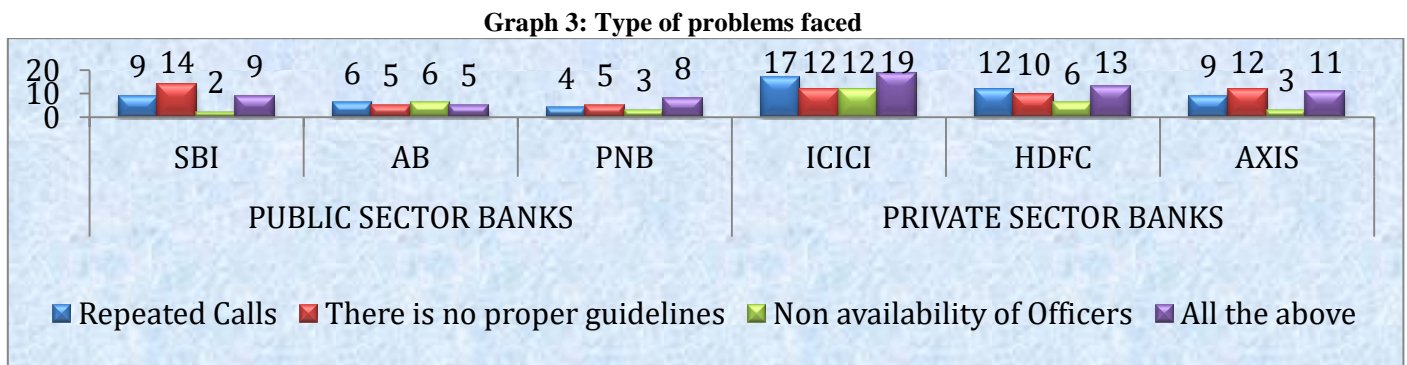| SUMMARY	Count	Sum	Average	Variance
Yes	6	212	35.33333	211.0667
No	6	173	28.83333	338.1667
SBI	2	92	46	288
AndhraBank	2	61	30.5	144.5
PNB	2	53	26.5	84.5
ICICI	2	82	41	722
HDFC	2	52	26	450
AXIS	2	45	22.5	312.5
PUBLIC SECTOR BANKS	2	206	103	1458
PRIVATE SECTOR BANKS	2	179	89.5	4324.5

Inference: There is no significant difference among the quantity of customers of various banks in terms of Problems opinion on submitting the documents There is no significant difference among the quantity of customers of public vs. private sector banks in terms of the problems opinion on submitting the documents H0 is accepted w.r.t customers of public vs. Private sector banks.

Table 3: Type of problems faced

Type of Problems	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
			SBI		AB		PNB		ICICI		HDFC		AXIS	
	N=212	%	N=34	%	N=22	%	N=20	%	N=60	%	N=41	%	N=35	%

A	Repeated Calls	57	26.9	9	26.5	6	27.3	4	20.0	17	28.3	12	29.3	9	25.7
B	No guidelines	58	27.4	14	41.2	5	22.7	5	25.0	12	20.0	10	24.4	12	34.3
C	Officers unavailable	32	15.1	2	5.9	6	27.3	3	15.0	12	20.0	6	14.6	3	8.6
D	All the above	65	30.7	9	26.5	5	22.7	8	40.0	19	31.7	13	31.7	11	31.4
	Total	**212**	**100**	**34**	**100**	**22**	**100**	**20**	**100**	**60**	**100**	**41**	**100**	**35**	**100**

Interpretation: The above table consist the information relating to the type of problems faced by the customers at the time of submitting documents. Based on this information 30.7% of customers faced all types of problems and it is followed by 27.4% of customers faced the problem is no proper guidelines in the bank and 26.9% of customers faced problem with repeated calls and few customers told that non availability of the officers in the bank is a problem. In the case of public sector banks on average 33.84% of customers faced the first three types of problems which are mentioned in the table whereas 66.16% of private sector customers are also accepted with the public sector bank customers' opinion. A similar observation is found in the case of remaining two problems.

Graph 3: Type of problems faced

Statistical Data: There is no significant difference between public and private sector banks. Anova: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
Yes	6	212	35.33333	211.0667
No	6	173	28.83333	338.1667
SBI	2	92	46	288
AndhraBank	2	61	30.5	144.5
PNB	2	53	26.5	84.5
ICICI	2	82	41	722
HDFC	2	52	26	450
AXIS	2	45	22.5	312.5
PUBLIC SECTOR BANKS	2	206	103	1458
PRIVATE SECTOR BANKS	2	179	89.5	4324.5

Inference:

There is no significant difference among the quantity of customers of various banks in terms of Problems opinion on submitting the documents. There is no significant difference among the quantity of customers of public vs. private sector banks in terms of the Problems opinion on submitting the documents. H_0 is accepted w.r.t customers of public vs. private sector banks. There is no significant difference among the quantity of customers of different category in terms of the name of the bank they associated with. There is no significant difference among the quantity of customers of different category in terms of the type(public vs. private) of the bank they associated with. Positive and negative responses are parted equally.
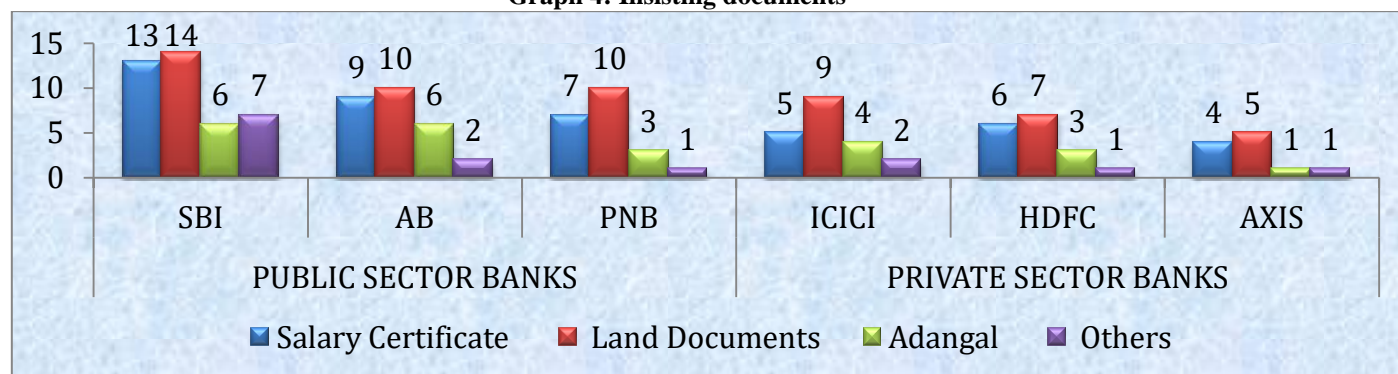
Table 4: Insisting documents

S. NO	Insisting documents	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		Andhra Bank		PNB		ICICI		HDFC		AXIS	
		N=136	%	N=40	%	N=27	%	N=21	%	N=20	%	N=17	%	N=11	%

A	Salary Certificate	44	32.4	13	32.5	9	33.3	7	33.3	5	25.0	6	35.3	4	36.4
B	Land Documents	55	40.4	14	35	10	37.0	10	47.6	9	45.0	7	41.2	5	45.5
C	Adangal	23	16.9	6	15	6	22.2	3	14.3	4	20.0	3	17.6	1	9.1
D	Others	14	10.3	7	17.5	2	7.4	1	4.8	2	10.0	1	5.9	1	9.1
	Total	**136**	**100**	**40**	**100**	**27**	**100**	**21**	**100**	**20**	**100**	**17**	**100**	**11**	**100**

Interpretation: The above data relating to the insisting documents for home loan by the banks is shown in the table V.IV. According to this analysis 40.4% of respondents opinion is banks strongly insisting the land document for sanction home loan, it is followed by 32.4% of respondents expressed banks insisting salary certificate also, 16.3% of respondents told adangal certificate is also need and only some respondents said that banks are insisting other certificates also. In the case of public sector banks on average 61.81% of respondents opinion is banks strongly gathering land documents and only 38.19% of private sector bank respondents agreed. Among the public sector banks 47.6% PNB respondents insisting the land documents for loan sanctioning and it is in the case of private sector banks 45.5% of Axis bank respondents agreed that. Few customers from the both public and private sector banks customers provided the adangal and other documents.

Graph 4: Insisting documents

Anova: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
A) Salary Certificate	6	44	7.333333	10.66667
A) Land Documents	6	55	9.166667	9.366667
C) Adangal	6	23	3.833333	3.766667
D) Others	6	14	2.333333	5.466667
SBI	4	40	10	16.66667
ANDHRA BANK	4	27	6.75	12.91667
PNB	4	21	5.25	16.25
ICICI	4	20	5	8.666667
HDFC	4	17	4.25	7.583333
AXIS	4	11	2.75	4.25
PUBLIC SECTOR BANKS	4	88	22	128.6667
PRIVATE SECTOR BANKS	4	48	12	56.66667

Inference: There is a significant difference in quantities of employees of various banks in terms of their response to the category of the question. There is a significant difference in quantities of employees of public vs. private sector banks in terms of their response to the category of the question. Most of the employees insisted the customers about Land Documents. H_1 is rejected w.r.t the employees of public vs. private sectors. There is a significant difference in quantities of respondent employees in terms of their belonging to various banks. Most of the respondent employees are with SBI.

Table 5: Documents of customers are failed to submit Statistical Data:

S. NO	Documents failed to submit	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		Andhra Bank		PNB		ICICI		HDFC		AXIS	
		N=136	%	N=40	%	N=27	%	N=21	%	N=20	%	N=17	%	N=11	%

A	Salary Certificate	18	13.2	4	10	8	29.6	3	14.3	1	5.0	1	5.9	1	9.1
B	Land Documents	28	20.6	12	30	6	22.2	5	23.8	2	10.0	2	11.8	1	9.1
C	Adangal	23	16.9	2	5	2	7.4	3	14.3	6	30.0	6	35.3	4	36.4
D	Others	67	49.3	22	55	11	40.7	10	47.6	11	55.0	8	47.1	5	45.5
	Total	136	100	40	100	27	100	21	100	20	100	17	100	11	100

Interpretation: The above table depicted the information relating to the customers are failed to submit documents to get the home loans. According to this information it is observed that from the total respondents 49.3% of respondents said that customers failed to submit the other certificates, it is followed by the 20.6% of respondents told customers failed to submit the land documents and 16.9% of respondents expressed customers failed to submit adangal certificate and only 13.2% of respondents opinion is customers failed to submit the salary certificate also. Here it is observed that among the public sector banks on average 49.5% of respondent's opinion is customers failed to submit the other documents and only 17.86% of private respondents also agreed that. **Statistical Data:** Anova: Two-Factor Without Replication

SUMMARY	Count	Sum	Average	Variance
A) Salary Certificate	6	18	3	7.6
A) Land Documents	6	28	4.666667	16.66667
C) Adangal	6	23	3.833333	3.366667
D) Others	6	67	11.16667	33.36667
SBI	4	40	10	82.66667
ANDHRA BANK	4	27	6.75	14.25
PNB	4	21	5.25	10.91667
ICICI	4	20	5	20.66667
HDFC	4	17	4.25	10.91667
AXIS	4	11	2.75	4.25
PUBLIC SECTOR BANKS	4	88	22	238.6667
PRIVATE SECTOR BANKS	4	48	12	96.66667

Inference: There is a significant difference in quantities of employees of various banks in terms of their response to the category of the question. Most of the employees are responded about lack of Land Documents. There is no significant difference in quantities of employees of public vs. private sector banks in terms of their response to the category of the question. H_1 is accepted w.r.t the employees of public vs. private sectors.

V. FINDINGS

1. It was noticed that documentation procedure is moderate in majority of public sector banks than that of private sector banks expressed by the respondents. Here low negative correlation observed with the view of customers through the correlation test. It is concluded that the customers thinks that the documentation procedure is varied.

2. It is interesting to find perfect negative correlation regarding problems faced by the customers. It was reported that majority of the public sector respondents faced few problems with the banks at the time of their document submission whereas private sector respondents too faced many problems. So it is concluded that getting home loan from any bank it is very difficult with the documentation process and different certificates.

3. It can be found that among the both banking sectors majority of the public employees opinion is that customers gave top rank to problems with B-Forms, followed by gramakamathalu at rank 2, rank 5 to builders responsibility and under finance and rank 6 is given to legal rejection and under finance but majority of private employees told customers gave rank 1 to time pressures and problems with B- Forms, it is followed by legal rejection at rank 2 and rank 6 was given to under finance.

VI. SUGGESTIONS

1. The customers should correlate their repayment capacity with the amount of loan before making any decision related to borrowing. This will help them avoid huge penalty for delay and default in payment.

2. A house is a shelter rather than a symbol of vanity. The beneficiaries are advised to realize the folly of extravagant spending in house construction and invest the surplus in some productive purpose. Low cost housing schemes should be popularized.

3. Customers should be informed of IT enabled services offered by HFIs. Use of such services shall save time and cost of both lenders and borrowers.

4. The bank employees should try to maintain the same relationship with the borrowers before and after availing of loan.

VII. CONCLUSION

The study entitled "Evaluation of housing finance (A special reference with public and private sector banks in A.P)" is a genuine attempt to analyze problems faced by the customers to get home loans and problems of bank to sanction housing loans to their customers who are borrowed funds for fulfilling their dream to own a house. In this study the researcher have compared the performance of three leading public sector banks (SBI, AB, PNB) and three private sector banks (ICICI, HDFC, AXIS).

REFERENCES

1. Aldrich Brian, C and Sandhu Ravinder. S. Housing the Urban Poor: Policy and Practice in Development Countries. New
2. Delhi: Vistaar Publications, 1995.
3. Avadhani, V.A. Marketing of Financial Services. Mumbai: Himalaya Publishing House, 1999.
4. Charan Singh1 , Lalit Kumar , H.A.C. Prasad, (2017) Housing Market in India, Iss: 1, pp.26 – 48, http://dx.doi.org/10.1108/IJHMA-11-2014-0048, Emerald Group Publishing Limited 2017.
5. Avtar Singh Sahota. "Schemes on Rural Housing". Kurukshetra, 53, No. 12 (2005). Borge Brende."The Commission on Sustainable Development Focusing on Urban Slums". UN- Habitat, 9, No. 3 (2003). [5] Census Commissioner, Census of India 2001. New Delhi: Government of India, 2001. Government of Kerala, Economic.