FACTORS INFLUENCING THE PUBLIC TO AVAIL HOME LOAN WITH REFERENCE TO STATE BANK OF INDIA OF THENI DISTRICT

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Abstract
This paper reveals that out of fourteen variables, the five factors were extracted namely "Customer Education", "Customer-friendly", "Continuous Guidance", "Quick Processing", "Pride & Satisfaction". All the attributes are formed under each factor had high associations. High value of Kaiser-Meyer-Olikin Measure of Sampling Adequacy (0.738) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis was considered to be appropriate in this model. Cronbach's Alpha is more than 0.65 in all factors.

Keywords: State Bank of India, Home Loan, Factor Analysis.

Introduction
The State Bank of India is the country's oldest bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits. It is a major player in the Indian housing finance market with 17 percent of the market share, same a HDFCs hare as on March 2010.The SBI Home loan schemes are specifically designed to meet the varied requirement of the customer .SBI Home Finance registered a net profit 24.63 crore in the year ended March 31, 2009. SBI has been awarded as the Most Preferred Home loan provider. HDFCs Home Loan India have been serving the people for around three decades and providing various housing loan according to their varied needs at attractive & reasonable interest rates. They granted loans & advances to middle class people, small traders, self employed person, farmers, hawkers, retailers etc. as per the need of the person. It is the two hundred year old public sector Bank. It is the bank having very wide product mix, such as project finance, Home loan, Auto loans, Car loans, Education loans, Loan to small Medium Enterprises, Government business, Rural and Agribusiness, corporate Business etc.SBI is moving ahead with cutting-edge technology and innovative new banking models, to expand its rural banking base, looking at the vast untapped potential in the hinterland and propose to cover 100,000 villages in the next two years.

Statement of Problem
Housing finance is the most vital function of a financial institution which is permitted to do so by the RBI and NHB with the help of both central and state Government. This institution offers a wide variety of housing loans depending on the needs of the customer. Among various institutions the SBI plays an important role in providing housing finance not only to urban people but also to the needy People living in semi urban and rural ares. Theni district, basically an agriculture oriented and rural basted district gets financial assistance to develop many infrastructure facilities including housing. As one of the leading housing loan provider, the SBI through its various schemes and with a vast net work of branches attempts to satisfy the housing demand in this area. The researcher, being a native of Theni district is interested to understand the role of SBI in promoting "own house" culture in this area. He is also interested in exploring the factors influencing the borrowers in availing home loan.

Objective
The objective of this paper is to study the factor influencing the borrowers to get home loan from State Bank of India in Theni District.

Methodology
The study is based on both primary data which were collected with the help of a well-constructed interview schedule. In Theni district, State Bank of India has branches in much number of places serving all nook and corner of the district. For the purpose of sampling only six major branches were chosen based on the period of existence Branches located at Theni, Bodinaykanur, Andipatty, Peryakulam, Uthamapalayam and Cumbum. Since total number of house loan borrowers is varying from year to year a sample size of 50 borrowers is fixed from each such branch. Thus, a total of 300 respondents from part present study.

Tools
There may be number of reasons for reasons for a potential customer to borrow housing loan from SBI Bank. These reasons may vary from person to person also. These reason may individually or collectively influence those potential customer is taking borrowing decision .In order to identify which reasons influenced the sample respondents the most during decision making process "Factor Analysis " was used. Analysis was made by groping individual reasons under the broad factor name. Mathematically, factor analysis is somewhat similar to multiple regression analysis.   Each variable is expressed as a linear

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combination of underlying factors. The amount of variance, variable shared with all other variables is described in terms of a small number of common factors plus a unique factors each variable. These factors are not over observed .If the variable are standardized, the factor model may be represented as:

$$X_i = A_{ij} F1 + A_{i2}F2F2 + A_{im}F_m + A_{im}F_m + V_iU_i$$

Where,

$X_i = i^{th}$ Standardized variable

A_{ij} =Standardized multiple regression coefficient of variable I on unique

Factor

F = Common factor

V_i = Standardized regression coefficient of variable I on unique

I = Factor i.

U = The unique factor for variable i

m =Number of common factors

The unique factors are uncorrelated with each other and with the common factors. The common factors themselves can be expressed as liner combination of the observed variables.

$$F_i = W_{i1} + X_i + W_{i2}X_2 + W_{i3}x_3 + ... + W_{ik} + X_k$$

Where

F_i = Estimate of I factor

W_i= Weight of factor coefficient

$_K$=Number of variables

It is possible to select weights or factor score coefficient, so that the first factor explains the largest portion of the total variance. Then a second set of weight can be selected. So that the second factor accounts for most of the residual variance subject being uncorrelated with the first factors. This same people could be applied for selecting additional weights of the additional factors. Thus, the factor can be estimated, so that their factor scores, unlike the value of original variables are not correlated. Furthermore, the first factor accounts for highest variance in the data, the second factor, the second highs and soon.

Results and Discussion
There are fourteen variables extracted into five factors. The rotated component matrix is presented in Table 1.

Table 1 Rotated Component Matrix

S.No	Variables	Factor	Factor	Factor	Factor	Factor
1	Pre housing service of HFI Created Confidence in my house construction	-.785	-.070	-.208	317	-.117
2	Changing over from one scheme to anther is permitted	.735	-.147	-.031	.235	.203
3	Pre loan Service of HFI made me understand my responsibilities Thoroughly.	.664	-.290	.051	.190	.011
4	Computation of interest always done on annual balance.	-596	.466	.004	.216	.250
5	Fore of loan is not Peralsed	-.024	.876	.121	.167	-0.09
6	Cooperative attitude of the staff	.252	.681	-109	-207	.122
7	Simple procedures and availability of Customized Service	.111	-.540	.205	.210	.105
8	I feel that I have made the Sanction of loan	.081	-.118	.809	.075	-.293
9	The Counseling given during the process of loan Sanction helped me to plan my Construction activity.	-.028	-219	-768	.006	-264
10	Close personal attention	.036	-.189	.679	.073	.092
11	Less time consuming process	-177	-.036	.097	.897	-.086
12	Done under Pleasing environment	-.392	.086	-.047	-062	-.086
13	Loan recovery formality is not stringer	.193	.135	-207	-.062	-814
14	I feel comfortable in approaching bank people before and after the sanction of loan	.396	.231	-166	-112	.674

Extraction Method: Principal Component Analysis,
Rotation Method: Varimax with Kaiser

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Factor-I,The variables responsible for 'Customer Education' are presented in Table 2.
Table 2 Customer Education

S.NO	Variable	Factor Loading	Communality (H2)	Cronbach's Alpha
1	Pre housing service of HFI Created Confidence in my house construction	-0.785	0.778	
2	Changing over from one scheme to anther is permitted	0.735	0.659	
3	Pre loan Service of HFI made me understand my responsibilities Thoroughly	0.664	0.564	0.781
4	Computation of interest always done on annual balance	-0.596	0.682	

Among the factors responsible for Preference of Home loan from SBI branch, like Pre housing service of HFI Created Confidence in my house construction, Changing over from one scheme to anther is permitted, Pre loan Service of HFI made me understand my responsibilities Thoroughly, Computation of interest always done on annual balance .Constituted Factor-I , which characterized under "Customer Education "It is to be concluded that the above factor impact on promoting the reasons to Home loan from SBI branch by the respondents.

Factor-II,The variables responsible for 'Customer - Friendly' are presented in Table 3.
Table 3 Customers -Friendly

S.NO	Variable	Factor Loading	Communality (H2)	Cronbach's Alpha
1	Free Closure of loan is not Penalised	0.876	0.811	
2	Cooperative attitude of the staff	0.681	0.598	0.711
3	Simple procedures and availability of Customised Service.	-0.540	0.401	

Among the factors responsible for Preferring Home loan from SBI branch, like Free Closure of loan is not penalised, Cooperative attitude of the staff, simple procedures and availabilities of Customised Service Constituted Factor-II, which are characterized under 'Customer -Friendly'. It is to be concluded that the above factor has an impact on promoting the reason for Preferring Home loan from SBI branch by the respondents.

Factor-III,The variables responsible for 'Continuous guidance' are presented in Table 4.
Table 4 Continuous guidance

S.NO	Variable	Factor Loading	Communality (H2)	Cronbach's Alpha
1	I feel that I have made the Sanction of loan.	0.809	0.766	
2	The Counseling given during the process of loan Sanction helped me to plan my Construction activity.	-0.768	0.709	0.685
3	Close personal attention	0.679	0.512	

Among the factors responsible for Preferring Home loan from SBI branch, like I feel that I have made the Sanction of loan, The Counselling given during the process of loan Sanction helped to plan my Construction activity, Close personal attention constituted Factor-III, which are characterized under 'Continuous Guidance' It is to be concluded that assembling has an impact on promoting the reasons for Preferring Home loan from SBI branch by the respondents.

Factor-IV,The variables responsible for 'Swift Processing' are presented in Table 5
Table 5 Swift Processing

S.NO	Variable	Factor Loading	Communality (H2)	Cronbach's Alpha
1	Less time consuming process	0.897	0.855	0.703
2	Done under Pleasing environment	-0.642	0.583	

Among the factors responsible for Preferring Home loan from SBI branch, like less time consuming process, done under Pleasing environment. Constituted Factor-IV, which are characterized 'Swift Processing' .It is to be concluded that the above factor has an impact on promoting the reasons for Preferring Home loan from SBI branch the respondents.

Factor-V,The variables responsible for 'Pride and Satisfaction' are presented in Table 6.
Table 6 Pride Satisfaction

S.NO	Variable	Factor Loading	Communality (H2)	Cronbach's Alpha
1	Loan recovery formatting is not stringer	-0.814	0.765	
2	I feel comfortable in approaching people Before and after the sanction of loan	0.674	0.705	0.653

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Among the factors responsible for Preferring Home loan from SBI branch, like Loan recovery formality is not stringent, I feel comfortable in approaching bank people before and after the sanction of loan. Constituted Factor-V, which are characterized under 'Pride and Satisfaction'. It is to be concluded that the above factor has an impact on promoting the reasons for Preferring Home loan from SBI branch the respondents.

Table 7 Factors Motivating to avail home loan from SBI

S.No	Factors	Eigen value	Percentage of variance	Cumulative of variance
1	Customers Education	2.483	17.733	17.73
2	Customer-friendly	2.279	16.281	34.01
3	Continuous guidance	1.822	13.446	47.46
4	Quick processing	1.438	10.270	57.73
5	Pride & Satisfaction	1.305	9.325	60.05

Source: Primary data

*Kaiser-Meyer-Olkin measure of Sampling Adequacy: 0.738

 *Bartlett's Test of Sphericity Chi-Square: 1000.472

   Degrees of freedom:91

   Significance: 0.00

It is observed from Table 7 that the five factors such as "Customers Education", Customer-friendly, Continuous guidance, Swift processing, Pride and Satisfaction were extracted out of fourteen attributes. These factors account for about 60.05 per recent of the variance in the data. Eigen value for factors 'Customer Education' is 2.483, which indicates that this factor contains very high influential traits than other factors. The first factor 'Customer Education' provides the maximum insights on derision mating process and influenced the most for Preferring Home loan of SBI branch. It is very important factor, because most the respondents feel that factor Customers Education which includes Pre housing services, liberal option to change over from one scheme to another and comfortable Pre loan services, is most influential factor among all.

The Second important factor called "Customer-friendly" accounts for 13.446. It explains that SBI home loan was chosen by the factors need based customer factors namely. The third and fourth Continuous guidance, Swift processing, account for and 1.438 per cent and10.270 per cent variance with Eigen value of 1.822 and 13.446 respectively.

The fifth factors Pride and Satisfaction' accounts for 9.325 per cent variance with Eignvalue of 1.305 respectively. These factors are also important in motivating the customers towards SBI home loans.

High value of Kaiser-Meyer-Olikin Measure of Sampling Adequacy (0.738) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis was considered to be appropriate in this model.

Conclusion

The five factor namely "Customer Education", "Customer-friendly", "Continnons guidance", "Quick processing", "Pride & Satisfaction" fourteen attributes with the help of factor analysis technique. Each factor had more than over variable. Each variable was expressed as a linear combination of the underlying factors. The amount of variance, a variable shares with all other variables included in the analysis was referred to as communality. All the attributed that are formed under each factor had high associations.

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