

CUSTOMER PERCEPTION TOWARDS HOUSING LOANS -A STUDY WITH REFERENCE TO PUBLIC AND CO- OPERATIVE SECTOR BANKS IN KOLLAM**Dr. P. George Thomas***Associate Professor of Commerce, St.John's College, Anchal, Kollam (Dt).Kerala.***ABSTRACT**

Housing is also an investment activity and provides impetus to economic growth. Housing comprises not merely household facilities but a number of services, facilities and utilities which link the individual and his family to community and community to the region in which man grows and progress. In consideration of the strategic significance of the housing sector in the emerging Indian economy and the government's major policy thrust to encourage banks' housing finance portfolio, the banks, especially, public and co-operative sector, can do a lot in bridging the gap of demand and supply of funds to home aspirants.

Key Words: *Housing, Public Sector, Co-Operative Sector, Housing Finance, Loan, Customer Bank.*

INTRODUCTION

The Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights have recognized the right to housing as a human right. The UN also declared the year 1987 as International Year for Shelter for the Homeless and Poor. Since then, there has been a growing concern to address various forms of housing deprivation particularly in developing countries. Without good housing, people cannot realize their full potential and carry on the life they want to lead. House plays an important role in shaping the destiny of people. The rapid growth of population, increasing urbanization, break up of joint families; low income level and low rate of addition to the housing stock and inadequate maintenance have created the shortage of dwelling units not only in urban areas but also in rural areas in India. The Government of India and Reserve Bank of India have been constantly providing an enabling environment for the helping and development of the housing finance sector. Reserve Bank of India also supports the housing sector through its subsidiary National Housing Bank.

Housing Finance as a financial service is relatively of recent origin in India. Housing Finance connotes finance (or loans) for meeting various needs relating to housing, namely purchase of a flat or a house, acquisition of a plot or construction of a house, extension of a house, repairs, renovation and up gradation of a house or flat, taking over housing loans from other banks or HFC's. Housing Finance is long-term finance with repayment spread over 15-20 years.

REVIEW OF STUDIES

Srinivasan (2000), has concluded that simplification of the documentation process, careful and friendly approach systems and procedures, good customer service and non-insistence in collateral securities are the most important variable in the marketing of housing loan schemes by banks. Rajesh Kumar (2003), that banks should review the housing loan portfolio at periodical intervals for capturing new markets and to avoid risk in the housing loan schemes. Chant (1997), suggests that formal finance institutions are rarely willing to assist with the purchase of land, especially where the tenure, is insecure, to provide assistance with improvements to the rental housing stock or to support nonconventional household arrangements such as sharing of multiple family compounds. Buckley and Others (1996), pointed out that the declining effectiveness of housing finance institutions coupled with economic and fiscal crises, have made governments more aware of the need to promote savings, reduce subsidies and mobilize domestic resources and motivate the involvement of private financial institutions. Dutta and Basak (2008) suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

STATEMENT OF THE PROBLEM

Now banks compete with one another in organizing loan melas with the ultimate aim of disbursal of loans. The home loan segment has received much impetus and it balances stupendous growth. Considering the investment cost, today the dwelling of houses is a herculean task to common man. Depending financial institutions to get finance requires too many formalities and unnecessary conditions. So, the present study is an attempt to evaluate the housing finance provided by public sector and private sector banks in Anchal area, Kollam District.

OBJECTIVES

The aim of the study is to closely observe the different process being undertaken during the housing loans schemes provided by different banks. The major objectives of the study are: -

1. To assess the general perception of the customers regarding housing loan facility provided Public Sector and Co-operative Sector Banks in Kerala;
2. To study the satisfaction level of customers about home loans in Public Sector and Co-operative Sector Banks in Kerala.

METHODOLOGY

This study has been conducted to analyze 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. The universe of the study consists of main institutions providing home loans. For this, a Public Sector Bank and a Co-operative Sector Bank in Anchal have been selected for the purpose of present study. The data were collected primarily through a structured questionnaire. The present study conducted for a period of 3 months from November 2013 to January 2014. The required samples, 81 loan borrowers, were collected based on convenience from the details supplied by the Banks in Anchal. The comparative analysis of the opinion of customers of both the institutions relating to various aspects of housing finance such as cost borne in availing the loan, amount of loan provided, difficulties faced in availing the loan was also made. For analysis of data, percentages, averages, ratios have been used.

DATA ANALYSIS

The purpose of a housing finance system is to provide the funds which homebuyers need to purchase their homes. In many countries, largely as a result of government action, very complicated housing finance systems have been developed. However, the essential feature of any system, that is, the ability to channel the funds of investors to those purchasing their homes, must remain. Housing has been termed as the “engine of growth for the economy”. It has a direct impact on employment and income generation.

As regards the customer perception towards housing loans with special reference to public sector and co-operative sector banks, the study analyses the following:-

Summary Statistics of Respondents under Observation

Sl.No.	Items	Result
1	Sample respondents	More than half male members
2	As regards occupation	More than one-third in private sector
3	Number of family members	63% has less than four members
4	As regards age group	Majority lies in between 31 and 50
5	Adjacent institution for help	Banks
6	Annual income	Less than One lakh for 81% respondents
7	Educational level	Nearly three-fourth are above school level
8	Customer bank	Public sector for sixty per cent respondents
9	Preference to customer banks	Better services to more than half
10	As regards services	Sixty per cent is satisfied

11	Interest option	Nearly seventy percent availed at fixed rate
12	As regards procedures	Simple to Sixty percent respondents
13	Knowledge about other institutions	Only forty per cent has complete information.
14	Reception from banks	Majority felt a cordial reception

FINDINGS

Following are the Major Findings from the Study

1. More than half of the sample respondents are male members, as they are the income earners of the family.
2. Nearly one-third of the respondents are working in private sector, less than one-fifth each in government and semi-government sector and the remaining in unorganized sector.
3. Out of the sample population, one-third only working on permanent nature and the remaining in temporary and casual nature.
4. In the case of family members, nearly two-third of the respondents has below four members in their family. One-fifth has 4 to 5 family members and the remaining has more than 5 family members. The need and provision for housing is important in this case.
5. The relation between age and housing is less than one-fifth of the house loaners are below the age group of thirty, nearly half of the loan takers are the age group of in between thirty to fifty and less than one-fourth belongs to the age group of above fifty.
6. More than half of the respondents nearest financial institution is banks, the proximity to post offices to nearly one-third respondents and 12% of the sample respondents adjacent institution is other banking.
7. It is interesting to note that more than eighty per cent of the sample population has an annual average income of less than one lakh, 14% has an annual income in between 1 to 2 lakhs and only five per cent has income more than 2 lakhs. It shows that there is no wide disparity in the income of the house loaners.
8. The respondents under observation possess qualifications above SSLC round to be above seventy per cent, one-fifth possesses less than SSLC and the remaining has professional qualifications.
9. Nearly sixty per cent of the sample respondents' customer bank is public sector banks and the rest depends on co-operative banks in house loan requirements.
10. The result shows that more than fifty per cent of the sample population prefer their customer bank mainly on better services offered, one-third prefer their customer bank on the basis of convenience, six per cent of the loaners are cost conscious, less processing cost, in preferring their customer bank and nearly ten per cent prefer their bank where house loan formalities are less.
11. In order to explore the perception of the customers regarding their home loan providing bank, sixty per cent are satisfied with the service given, sixty seven per cent gets only reasonable services and only three per cent are dissatisfied with the service of their customer bank.
12. It is found that more than half of the respondents were availed a loan amount of less than Five lakh rupees, nearly 40% availed loan amount in between five to ten lakhs and only five per cent availed a loan amount of ten lakhs or more.
13. The results of the study shows that less than half of the sample population availed house loans for a period less than 5 years, the same proportion has availed loans for a period in between five to ten years and only five per cent chosen the loan for above ten years. While the repayment mode ranges between monthly to yearly and nearly ninety per cent opted monthly mode and less than six per cent opted quarterly and monthly mode.
14. It is no doubt that as regards security, all the respondents pledged their property as security and in seventy to thirty proportions, respondents opted fixed and floating rate interest scheme for the house loan.
15. To the respondents, the procedure to get the loan is simple in sixty one percent cases and for the remaining the system is very complex. Nearly fifty per cent of the sample population disclosed that the sanctioning time of the loan is as expected and the rest of the respondents shared diverse attitude of long and normal duration respectively.

16. In the case of information regarding other financial institutions, only forty per cent of them have complete information about house loans and twenty eight per cent has no information regarding other financial institutions home loan schemes. But, thirty two per cent has clear information regarding the interest rates of other financial institutions.
17. Sixty two per cent of the sample respondents felt a cordial reception when approaching for the loan and thirty eight per cent said they received a warm approach from the customer bank. There is no irritating and disappointing approach from the bankers' side, they expressed.

CONCLUSION

Home is the most important human need, next only to food, clothing and shelter. Home is an important facet of economic development; it is a basic need of a human being. It is a place where everyone can relax after returning home from day's tiring work. It is a place where everyone can give time to his or her family and spend beautiful moments with family members. It is a fundamental demand for living and one of the keys to peace and happiness. Every creature yearns for a home. The first and the best training ground for human beings' development of their varied facilities is home. It constitutes a very significant part of the social and physical environment where the individuals grow and mature as good citizens. It also plays an important role in creating employment, maintaining health, social stability and preserving decent human life.

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