

“Customer Perception towards Home Loan in Kalaburagi Region of Karnataka”

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ABSTRACT: *The main purpose of this paper is to understand the perception of Home loans borrowers or customers to identify the level their satisfaction with reference to the banks operated in India. The study is descriptive or exploratory in nature and the snowball sampling technique or method is applied in this study. The study has been conducted in North Karnataka region among both male and female and the age group ranges Between 30 - 75. The results show that the overall survey for finding the customer perception towards home loans in Kalaburagi region shows that the customers have a good response towards.*

Keywords: *Home loan, customer perception, Kalaburagi region.*

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I. INTRODUCTION

A home loan is an enduring commitment for entire mass on this earth. There several banks and financial institutions through which one can easily avail of a home loan at a reasonable rate of interest. Housing is a basic human need. Yet lack of adequate housing is one of the biggest challenges facing emerging markets today. A vibrant housing sector – in addition to helping to provide shelter – is vital for economic growth. Housing is a strong job creator. Studies show that for every home built, at least three jobs are created both directly through construction, real estate, and finance and indirectly through manufacturing and services.

II. LITERATURE REVIEW

Chaubey M. (2009) in “**Housing Finance in India – Problems and Prospectus**” states that according to his study, it was exposed that the customers of home loans selected to take loan due to low-interest-rate firstly, easy installment schemes secondly, simple procedure thirdly and so on. About 92% of the Home Loan customers selected for a floating rate of interest whereas about 60% of the total home loan customers opted for more than 15 years and about 70% accepted that the approval and distribution of loan are generally behind as per its time schedule. It was also suggested that the details of the loan accounts of the customers must be available online for more transparency in dealing and EMIs should be available not only monthly but also quarterly and half-yearly.

N. Chithra, Mrs. M.Selina Muthurani. (2015) this study attempts to find out the customer perception towards home loans of HDFC bank in Chennai and the problem faced by the customers while availing home loans in HDFC Bank. And customers satisfaction level of about home loans HDFC bank. This bank India’s second-biggest private sectors lender by assets. The bank has got goodwill and this can be used for promoting its services. If new promotional activity and services introduced, it helps very much to the organization to increase the business.

Utkarsh Gupta , Dr. Richa Sinha (2015) in “**A comparative study on factors Affecting Consumer’s Buying Behavior towards Home Loans (with Special Reference To State Bank Of India And Life Insurance Corporation, Allahabad)**” this the paper has a practical implication both for the academicians and for the readers in term of their concern with the aspect issue regarding factors influencing the buyer behavior home loan. The paper is original in nature and the highlights of the paper can be used for further research purpose and provide a knowledge base to the readers.

Dr. N. Chithra and Mrs. Mselina Muthrani. (2015) in “**Customer perception Towards home Loans in HDFC Bank- CHENNAI**” this study attempts to find out the customer perception towards home loans of HDFC bank in Chennai and the problem faced by the customers while availing loans in HDFC bank.

III. RESEARCH DESIGN

Statement of Problem

“This study has been carried to know the perception of Home loans borrowers to identify the level of satisfaction of customers with reference to bank-wise. Normally customer is facing a lot of problems in the

process of obtaining home loans. However, some banks are friendlier than others, therefore, it is felt to conduct a study about customer's perception to know the customer's opinion in regards to their satisfaction. Some banks will charge a high processing fee and consume more and more time in the approval of house loan as a result of its customer become choosy to choose the bank from where the loan can be obtained.

Objectives of the study

- i) The main objective of this study is to know the customers' perception of Home loans.
- ii) To study the satisfaction level of customers about Home loans.
- iii) To study the problem faced by customers in obtaining Home loans.

Research Methodology

Type of research

This project is based on both descriptive and Explorative study where the survey has been conducted to know the customer satisfaction towards the Home loan.

Sources of data

To fulfill the information, need of the study. The data is collected from primary as well as secondary sources.

i) Primary source:

In a survey approach, the researcher has selected a questionnaire method for taking a customer view because it is feasible from the point of view of my study. I conducted 30 samples of the survey to judge the satisfaction level of customers who took home loans.

ii) Secondary sources:

The secondary data was collected based on the website of the company, Journals, Magazines, etc.

Study population

The study has been conducted in North Karnataka region among both male and female and the age group ranges between 30 - 75.

Sampling method

Snowball method was used in the survey conducted.

Sample size

The large sample gives a reliable result than a small sample. However, it is not feasible to target the entire population or a substantial portion to achieve a reliable result. Hence, for my project, my sample size was 30. The sample size consists of professional, self-employed, salaried and others.

Statistical tools for analysis

Data has been presented with the help of a table, bar graph, line graph, etc.

Limitations of the study

- i) Ignorance and Trust issue among the customers was a major limitation of the study
- ii) The study is limited to the North Karnataka region.

IV. DATA ANALYSIS AND INTERPRETATION

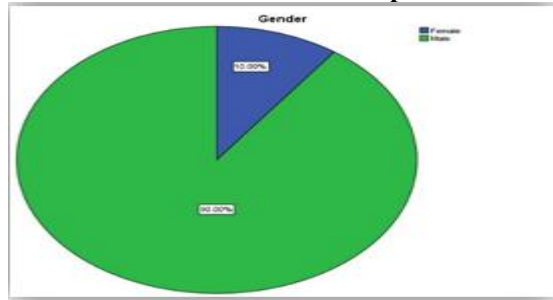
The analysis is based on the respondents given by customers through a questionnaire

Gender Classification of Surveyed Respondents

Table 1.1 Gender of the Respondent

Gender	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Female	3	10.0	10.0	10.0
Male	27	90.0	90.0	100.0
Total	30	100.0	100.0	

Chart 1.1 Gender of the Respondents



From the above table and graph, 90% of respondents are male and only 10% of respondents are female. For women borrowers through various state governments provide concessions in stamp duty and also the interest on such home loans is relatively lower, by at 0.05% but also women borrowers are less because for availing this concession, a woman needs to be the first applicant on the documents and should be the sole or joint-owner of the house or she should be an independent earner. So, these are certain factors which can hinder the demand for a woman to take home loans.

The Age group of Surveyed Respondents

Table 1.2 Age of Respondents

Age0	Frequency	Percentage	Valid Percentage	Cumulative Percentage
30-40	6	20.0	20.0	20.0
40-50	8	26.7	26.7	46.7
50-60	13	43.3	43.3	90.0
60-70	1	3.3	3.3	93.3
70-80	2	6.7	6.7	100.0
Total	30	100.0	100.0	

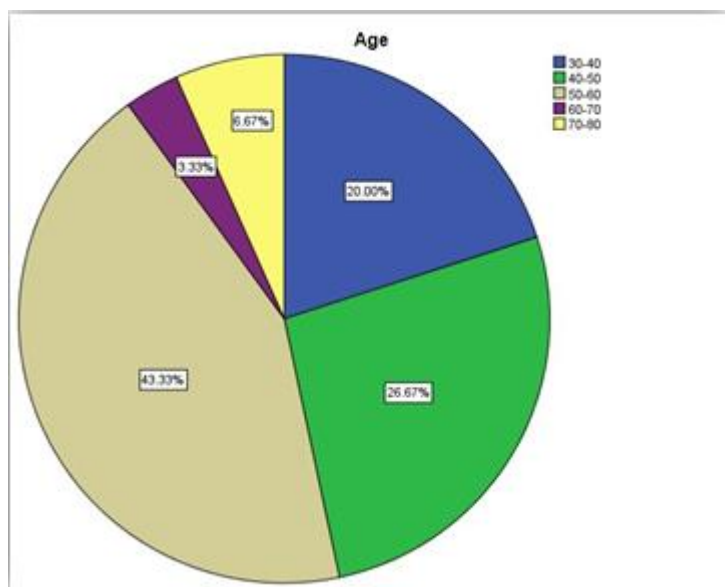


Chart 1.2 Age of Respondents

The data portrayed in above Table and Chart show that 43.37% of the respondent's fall in the age group of 50-60 years, 26.67 % fall in the age group of 40-50 years, 20 % fall in the group of 30-40 years, 6.7 % fall in the group of 70-80 years and 3.3% fall under 70-80 years.

The respondent is high among Senior citizen.

Customer Profile of Surveyed Respondents

Table 1.3 Occupation of the Respondents

Occupation	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Professional	9	30.0	30.0	30.0
self-employed	5	16.7	16.7	46.7
Salaried	10	33.3	33.3	80.0
Others	6	20.0	20.0	100.0
Total	30	100.0	100.0	

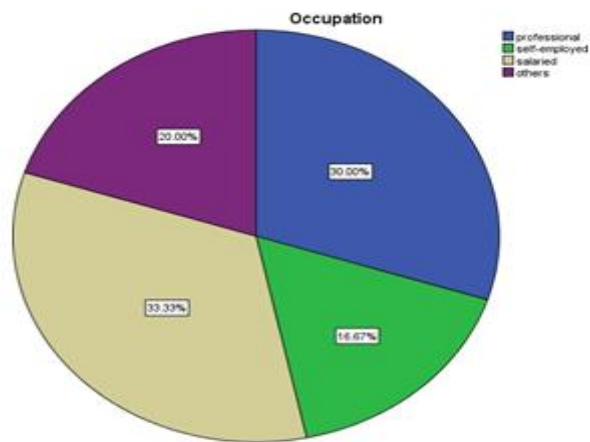


Chart 1.3 Occupations of Respondents

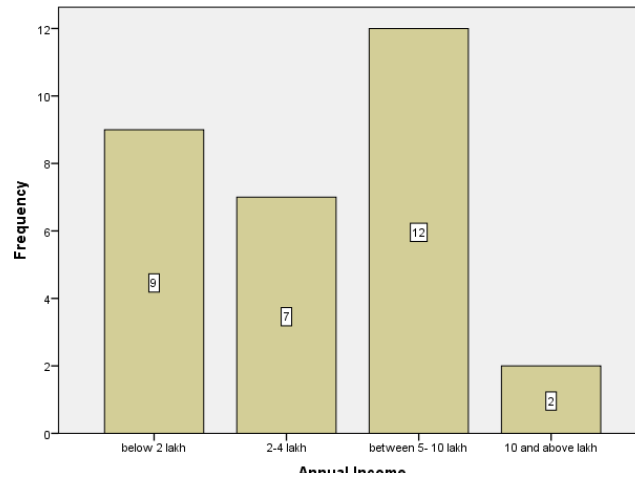
From the table and graph above it can be concluded that 33.3% are salaried person, 30% are professional, 16.7% are self-employed and 20% are others. The major of the respondents are from salaried people as salaried employees are the least risk category of borrowers, and are preferred customers for most lenders, as the repayment of monthly installments can be set directly against the salary account.

Annual Income of surveyed respondents

Table 1.4 Annual Income of Respondents

Annual Income	Frequency	Percentage	Valid Percentage	Cumulative Percentage
below 2 lakhs	9	30.0	30.0	30.0
2-4 lakh	7	23.3	23.3	53.3
between 5- 10 lakh	12	40.0	40.0	93.3
10 and above lakh	2	6.7	6.7	100.0
Total	30	100.0	100.0	

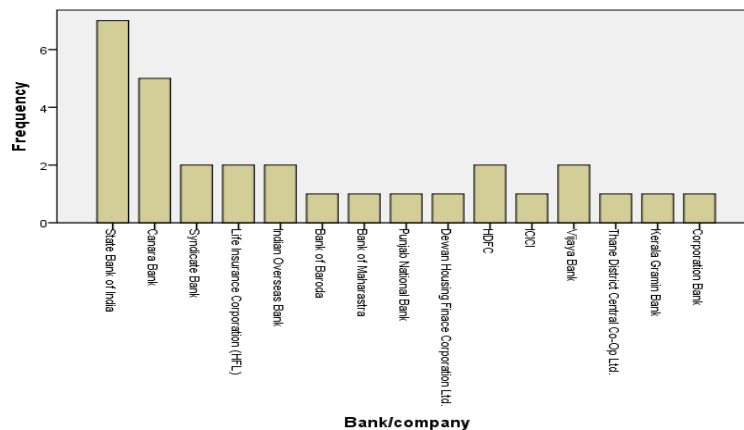
“Customer Perception Towards Home Loan In Kalaburagi Region of Karnataka”



As shown in table 1.4, 12% respondent’s annual income is between 5-10 lakh, 9% respondent’s annual income is below 2 lakhs, 7% respondent’s annual income is between 2-4 lakh, 2% respondent’s annual income is between 10 and above lakh.

From which the Bank/Company loan has borrowed?

The analysis showed that many customers prefer the State Bank of India as compared to others. Because it provides home loan to their customers at a low-interest rate starting from 8.5 %. Moreover, they have a special interest rate for their women customers.



The biggest advantage of taking up a home loan from SBI is that there is no prepayment penalty which means that you can close the home loan account whenever you want.

Table 1.5 Amount of Home Loan

Amount loan	Frequency	%	Valid %	Cumulative %
less than 10 lakhs	16	53.3	53.3	53.3
10 - 20 lakh	10	33.3	33.3	86.7
20-30 lakh	4	13.3	13.3	100.0
Total	30	100.0	100.0	

From the above table, it can be concluded that the highest borrowed money falls under less than 10 lakhs, i.e. 53.3% and less borrowed between 20-30 lakhs, i.e. only 13.3%.

Table 1.6 Rate of Interest on Home loan

Rate of interest Per annum	Frequency	%	Valid %	Cumulative %
6.5 %	1	3.3	3.3	3.3
7.75 %	1	3.3	3.3	6.7
8 %	2	6.7	6.7	13.3
8.40 %	1	3.3	3.3	16.7
8.42%	1	3.3	3.3	20.0

8.5 %	4	13.3	13.3	80.0
8.75 %	3	10.0	10.0	66.7
9 %	7	23.3	23.3	23.3
9.10 %	1	3.3	3.3	100.0
9.25 %	1	3.3	3.3	86.7
9.5 %	4	13.3	13.3	36.7
10.50 %	2	6.7	6.7	43.3
12.50%	1	3.3	3.3	93.03
Total	30	100.0	100.0	

Interest rate levels are a factor of the supply and demand of credit: an increase in the demand for money or credit will raise interest rates, while a decrease in the demand for credit will decrease them. From the analysis, we can say that many of the respondents borrowed money at 9% P.A of the interest rate.

Table 1.7 Mode of security given for Home loan

Collateral/Security	Amount of loan			Total
	less than 10 lakhs	10 - 20 lakh	20-30 lakh	
Land and Machinery	0	2	0	2
Land	6	5	3	14
No collateral / Security	0	1	1	2
Guarantor/Signor	1	0	0	1
others (Original property documents)	6	2	0	8
Others (Salary slip + cheques of another bank)	2	0	0	2
others (on basis of Govt. job)	1	0	0	1
Total	16	10	4	30

The data presented in Table 1.8 reveals that Banks or housing finance companies ask for collateral security also. From the analysis, we can say that most of the respondents have kept land as security against the loan and the Mortgage of the property that is the title deed.

Table1.8Profession v/s Reasons for takingLoan

Occupation	Reason for getting it Financed				Total
	Non- availability of Fund	Non- availability of Fund and Tax Benefit	Tax benefit		
Professional	5	1	2	1	9
self-employed	4	0	1	0	5
Salaried	6	2	2	0	10
Others	5	0	0	1	6
Total	20	3	5	2	30

To interpret the response of the questions, the figures show that most of the customers find the problem in availability of funds i.e., 20%, for both professional and salaried, customers get housing loan for tax benefits that are 5% which is high in salaried people. This was the expected response because many people find a problem of availability of funds which works as an obstacle in owning a dream home. Based on the study, it is concluded that most people lack money in fulfilling their dreams and few of them were reluctant to pay cash in one go and wanted to pay their home loans slowly in installments.

Table 1.9 Sources of Information about Home Loan

“Customer Perception Towards Home Loan In Kalaburagi Region of Karnataka”

Source of Information	Frequency	%	Valid %	Cumulative %
Newspaper	4	13.3	13.3	13.3
Hoarding/banners	1	3.3	3.3	16.7
Word of mouth	24	80.0	80.0	96.7
hoardings/banners and word of mouth	1	3.3	3.3	100.0
Total	30	100.0	100.0	

The data shows that around 80% of customers got information from the source of “Word of mouth” which includes information from friends, relatives, colleagues, etc. 13.3% of customers got information from newspaper and only 3.3% of customers got information about the home loans schemes through hoarding and banners.

Table 1.10 Occupation vs Encountered problems

Occupation	Encountered any problem					Total
	Lack of Knowledge	Procedural delays	Non-Co- operation	No	Any others	
Professional	1	1	0	7	0	9
self-employed	0	2	1	1	1	5
Salaried	1	2	1	5	1	10
Others	0	2	0	4	0	6
Total	2	7	2	17	2	30

As shown in table 1.11 The customer does not have proper knowledge about different home loan products, so they face a problem in making a good deal. Major of the problems suffered by the customer is procedural delays, which harasses the customer's slot, this will crush the customers to avail the home loan. The attitude of bank employees sometimes non-cooperative and it creates a hurdle in building trust and confidence among customers about banks.

Table 1.11 While taking the loan, which things attract you the most?

Things attracted the customer	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Interest rates	12	40.0	40.0	40.0
Service provided	1	3.3	3.3	43.3
Interest rates and service provided	2	6.7	6.7	50.0
payback period	3	10.0	10.0	60.0
Interest rates and payback period	2	6.7	6.7	66.7
Schemes	4	13.3	13.3	80.0
Others	6	20.0	20.0	100.0
Total	30	100.0	100.0	

From the analysis, it showed that Interest rates got a lot of attention because getting the best deal on interest rates can save your money. And, the payback period which is very useful to the customer so they can make a repayment by selecting a longer tenure period, the tenure period may be up to 20 – 30 years.

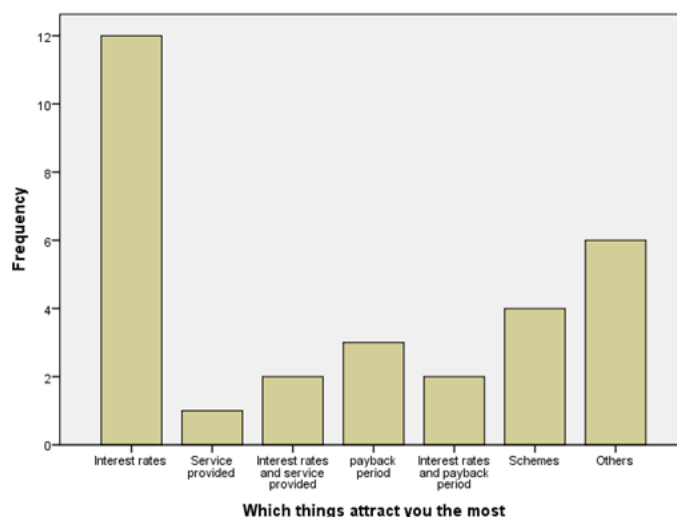


Table 1.12 Amount of loan v/s Satisfaction with the services

Amount of Loan	Satisfied with the services				Total
	Satisfied	Highly satisfied	Neutral	Dissatisfied	
less than 10 lakhs	10	3	1	2	16
10 - 20 lakh	8	2	0	0	10
20-30 lakh	4	0	0	0	4
Total	22	5	1	2	30

From the above table, it can be concluded that satisfying level is high in less than 10lakhs and it goes on decreasing with increasing level of amount of loan that is 20-30 lakh. lesser the amount higher the satisfaction with services andvice-versa.

Table1.13 Amount of loan versus Rating sanctioning procedure ofloan

Amount of loan	Rate the sanctioning procedure of loan					Total
	Satisfied	Highly satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
less than 10 lakhs	10	0	3	1	2	16
10 - 20 lakh	7	0	2	1	0	10
20-30 lakh	2	1	1	0	0	4
Total	19	1	6	2	2	30

From the above data, we can say that respondents satisfied level in sanctioning the procedure of loan is high in less than 10 lakhs amount borrowed and satisfaction level goes on decreasing with the increasing level of amount of loan.

Suggestions	Frequency	%	Valid %	Cumulative %
Reduce service charges and avoid interest rates on insurance	1	3.3	7.1	7.1
Some security reason they are not entertaining to the customer	1	3.3	7.1	14.3
Reduce the procedure delays	2	6.7	14.3	28.6
Reduce interest rate	7	23.3	50.0	78.6
Working progress should be improved/changed	1	3.3	7.1	85.7
The procedure should be simplified, and the rate of interest should be low for Woman	1	3.3	7.1	92.9
To claim Insurance money from bank's amount not from customer's account	1	3.3	7.1	100.0
Total	14	46.7	100.0	

Table 1.4 Suggestions for improvement in Home loans scheme

From the survey it has shown most of the customer willing that the bank should reduce interest rates that are 23.3% of customer has suggested, 6.7% of suggestion to reduce procedural delays and 3.3% of the suggestions are to reduce service charges, lower interest rates to a woman.

V. FINDINGS AND SUGGESTIONS

Findings

1. Some of the customers felt that the interest rates are some-what high.
2. The analysis reveals that most of the respondents are male, the reason for the low proportion of female is due to the lack of awareness among them.
3. Some of the customers have no the good faith in private banks like Standard Chart banks, ICICI bank, etc.
4. The income of customers plays a significant role while deciding home loan from banks.

Suggestions

1. Low-interest rates to women home loan borrowers.
2. Most of the banks are concentrating more on salaried people. Because the repayment capacity of the salaried people is calculated very easily and there is very less credit risk than any other advances. The bank should also concentrate on other borrower such as professionals, labor class, etc.
3. Most of the customers willing that the bank should not charge any processing, administrative, loan transfer, and prepayment penalty. If there is such a fee, it should be reduced to some extent.
4. Before deducting or charging any monetary charges bank must consult with the customer
5. Borrowers are suggested to reduce the tenure period which leads to an increase in EMI but decrease in interest rate and total payment so, one can reduce the burden of final payment by shortening the tenure.

VI. CONCLUSION

The home loan is driving force behind the Indian residential real estate market. Without a home loan, a large portion of the Indian population would be forced to live in rental houses. Because of this facility, one can be a proud homeowner without having to have enormous amounts of ready cash. From the above analysis part, it can be concluded that customers have a good respond towards SBI. It's in 1 position having a large number of customers and providing good services to them. The bank has a wide customer base, so the bank should concentrate on this to retain these customers.

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