HOUSING LOAN SCHEMES IN STATE BANK OF INDIA: A CASE STUDY OF SINDHANOOR BRANCH OF KARNATAKA

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ABSTRACT

Human beings are living in dynamic world with full of uncertainty and complexities in life and is not as simple as used to be maintain the standard of life requires ‘money’ for three basic important things. Food, clothing and shelter are the three basic necessities of life and shelter is not only a matter of necessity but also a symbol of status and prosperity. Buying a property for dwelling not only offers comfort of living in one’s own house but also provides a
sense of security, realizing a dream of owning a house has become quite an easy task today with the boom in the housing finance industry.

The research work has been carried out in State Bank of India of Sindhanoor Branch, Raichur District, Karnataka. The work is originally concerned to Internship Project Report (IPR) to be carried out for the award of Post-Graduate degree in Commerce during 2012-13. The data for the study is collected from 60 respondents through structured questionnaires. The research has got remarkable findings and the discussions have been drawn with regard to the same.

Key words: Bank, Home Loan, Interest, Schemes, Customer.

INTRODUCTION

A few decades ago, finding a bank as institution to finance housing loan was not so easy but a few years back banks and financial institutions have come forward to offer variety of home loans. Now, these institutions compete among themselves to attract more and more prospective applicants for housing loan schemes. They not only competed among themselves in offering housing loans at economy rates but also offered value added services.

In the quest for attracting more and more number of customers for housing loans, most of the banks have sanctioned loans without taking applicants capacity to repay the loan amount. This enabled the initiation of legal process under securitization regulation and few private banks are embarked on creating awareness among the prospective customers to avoid the legal complications.
The huge potentiality of the market, most of the housing finance companies have aggressive in marketing their home loan products and are adopting innovative marketing approaches to reach the customer expectation levels. With the competition in industry increased manifold (various forms) and the rules of the game have changed considerably. Every possible approach is being put to use to gain an upper hand where the players are trying to capture the market with home loans meals and aggressive marketing strategies.

NEED OF THE STUDY

In earlier days, buying a home was not a easy task as there were hardly requires lump sum of money. However with the efflux of time, the rising real estate property prices and burgeoning housing finance institution made the phenomenon of the home loans quickly and the dream of buying a home easily and apart from this many of the players are entering into the market with bundle of home loan schemes according to customer’s necessities.

Home loans are handy tool for a common man to own a roof over his/ her head but also help to save money in the long run. With sky rocking real estate prices, People are increasingly opting for housing loans to acquire their dream home and the housing finance companies are literally falling over each other to here the prospective home seekers.

SCOPE OF THE STUDY

The fact is that the finance is the ‘life blood of every economic activity’. It is the largest source of mobilization of the resources makes it crucial that the funds are used effectively. This study course the effectiveness of the housing loan system and the process of
lending/borrowing loan and also safeguarding the interest of both the parties i.e. customer as well as banker.

OBJECTIVE OF THE STUDY

- To know the procedure for disbursement of housing loan.
- To know the margin of home loans in SBI.
- To study the various schemes and types of home loans.
- To find out the rate of interest prevailing.
- To study the repayment procedure at SBI.

METHODOLOGY OF THE STUDY

The value and the picture of any research are lies on the collection of data and information. For this research work, both the primary as well as secondary data have been used. Primary data is collected by interacting with bankers and randomly selected SBI house loan customers through a set of questionnaires. At the end, the inferences have been drawn based on this data source. The Secondary data is used for elaborating the research study, the importance is given for secondary sources of data collection. The secondary data has been collected from the annual publications of the bank, professional magazines and journals, periodical and daily news papers, past research reports and internet.

LIMITATIONS OF THE STUDY

- The study is confined only to SBI at Sindhanoor Branch only.
- Wherever the difficulties arise, the data has been obtained from reports and early studies.
• Due to time constraint, an in-depth study has not been carried out in related dimensions.
• The study is being done an interval of sampling sizes instead of all customers. The influences of the sample survey are treated as the operation of all the house lonees.
• On account of time, many of the respondents hesitating to response freely.

REVIEW OF LITERATURE

The Banking Industry was regulated by the Indian Banking Regulations Act, 1949, it defines a banking industry as “any industry which transits banking business in India” and a Banking Company “accepting deposits for the purpose of lending money to the public, repayable on demand or other means and withdrawal by cheque or demand draft”. Banking is the form inexistence even in ancient times. The writings of Manu (the maker of old Hindu Law) and Kautilya (the Minister of Chandragupta Maurya) laid the foundation to Indian Banking System. However, the importance of banking industry is grown after the industrial revolution with the increases in the size of population and business enterprises. Still, there were certain sections of society who were beyond the formal banking system. However, they were willing to save the portion of their surplus money, if they were assured of the repayment of their money with a little interest thereon. So naturally, this enhances the need of existence of financial institutions which could collect the surplus funds from public and make them to the productive purpose.

Banking Industry in India is originated in the 18th century back. The pioneer bank in India is the State Bank of India, a Government-owned bank that traces its origins back to June 1806 and that is the largest commercial bank in the country. the entire banking industry is governed by the Reserve Bank of India, which in 1935 formally took over these responsibilities from the then Imperial Bank of India, relegating to commercial banking
functions. After independence, the Reserve Bank was nationalized and given entire powers to look after the formal banking in India time-to-time. In 1969, the Government of India has set forward to nationalize the 14 largest commercial banks and another 6 commercial banks in 1980 to extend the banking services to rural areas.

Currently, India has 96 Scheduled Commercial Banks (SCBs), 27 Public Sector Banks, 31 private banks and 38 foreign banks. They have a combined network of over 53,000 branches and 17,000 ATMs. According to the report of Investment Information and Credit Rating Agency of India (ICRA) Limited, a rating agency, ‘the public sector banks hold over 75% of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively’.

**STRUCTURE OF BANKING SYSTEMS IN INDIA**

In the first half of the 19th century, the East India Company established three banks; the Bank of Bengal (1809) the Bank of Bombay (1846) and the Bank of Madras (1843). These are also known as Presidency Banks were independent units and functional well. On 27th January, 1921 these Presidency Banks were amalgamated and structure a new bank termed the Imperial Bank of India. The Reserve Bank, the Central Bank, was established in 1935 by passing a special Act in the Parliament i.e., RBI Act, 1934. In the wake of the ‘Swedish’ movement, most of the banks taken births in the nation like Punjab National Bank Ltd, Canara Bank Ltd, Indian Bank Ltd.

**INDIAN BANKING INDUSTRY IN 2011**

Most of the national banks are shown progressive achievements from last decade through their financial services and has evident from several parameters, including annual credit
growth, profitability, and trend in gross Non-Performing Assets (NPAs). While the annual rate of credit growth clocked 23% during the last five years, profitability (average Return on Net Worth) was maintained at around 15% during the same period, and gross NPAs fell from 3.3% as on March 31, 2006 to 2.3% as on March 31, 2011. Good internal capital generation, reasonably active capital markets, and governmental support ensured good capitalization with overall capital adequacy touching 14% as on March 31, 2011. At the same time, high levels of public deposit ensured most banks had a comfortable liquidity. While banks have benefited from an overall good economic growth over the last decade, implementation of SARFAESI, setting up of credit information bureaus, internal improvements such as upgradation of technology infrastructure, tightening of the appraisal and monitoring processes, and strengthening of the risk management platform have also contributed to the improvement. Significantly, the improvement in performance has been achieved despite several hurdles such as temporary slowdown in economic activity (in the second half of 2008-09), a tightening liquidity situation, increases in wages following revision, and frequent changes in regulations by the Reserve Bank of India (RBI). Currently, Indian banks face several challenges, such as increase in interest rates on deposits, possible deregulation of interest rates on savings, a tighter monetary policy, a large Government deficit, increased stress in some sectors such as State utilities, airlines, and microfinance, restructured loan accounts, unamortized pension/gratuity liabilities, increasing infrastructure loans, and implementation of Basel III.

PROFILE OF THE SBI, SINDHANOOR BRANCH

The study has been undertaken in State Bank of India (SBI) at Sindhanoor Branch of Raichur Region and well known place for Sale of Tractors in Asia and for Paddy production. Sindhanoor is the fastest developing city in the Hyderabad-Karnataka belt. Simultaneously, the city needs to provide housing or roof for living and other economic activities. Hence,
this work has been taken on the basis of this requirement. The study deals only with housing loan schemes provided by the SBI. The branch has disbursed a variety of loan facilities to its potential and prospective customers and the rate of approach also increasing year to year. The brined profile of the sample units has presented in below.

The SBI Sindhanoor Branch was established on 24th October of 1994 with an intension to enhance the banking facilities to this region with comfortable rates. Now, the branch successfully completed its life from two decades with remarkable achievements and has gained good name and fame in the minds of customers. Now this branch is going for introducing new and innovative lending facilities to its prospective customers.

Currently, the branch has distributed Rs. 20 crores of housing loans and in the current financial year it has distributed Rs. 2 crores at a comfortable rate of interest and folio charges. The branch has intension to increase its lending breadth with different schemes. The branch has also distributed other types of loans and lending schemes other than housing loan facilities.

VISION

“Premier Indian financial services group with global prospective world class standard of efficiency and professionalism and institutional values. Retains positions in the country as a pioneer in development banking maximizes shareholder value through high sustained earning per share an institution with a culture of mutual home and commitment, a satisfying by exciting work environment and Continuous learning opportunities”.
MISSION STATEMENT

“To retain the bank’s position as the premier Indian financial service group with world class standards and significant Global Business committee to excellence in customer, shareholders, and employees satisfaction and to play a leading sold in the expanding and diversifying services sector, while continuing emphasis on its development Banking Role”.

Values:

- Excellence
- Orientation
- Belonging
- Commitment

Integrity

CUSTOMER

Transparency

- Fairness
- Risk-taking
- Team Reply
- Learning

OBJECTIVES OF SBI

1. To honest to credit needs of the rural areas.
2. To extend financial help for the establishment of ware housing and marketing societies in different parts of the country.
3. To grant financial facilities to small scale industries in the country.
4. To extend banking facility in the country especially in rural and semi urban areas and there by encourage rural savings and mobilize there by those rural savings for the economic development.
5. To provide remittance facilities to the commercial banks and corporative banks.

DEFINITION OF LOAN

According to Section 5 (b) of Banking (Regulations) Act, 1949 the term ‘Banking’ is defined as “accepting for the purpose of lending or investment, deposits of money from the public, repayable on demand or otherwise and withdrawals by cheque, drafts order or otherwise”. **Loan:** A loan is a kind of advance made with or without security. The bank makes a lump sum payment to the borrower or credit his deposit account with the money advanced. It is given for fixed period at an agreed rate of interest. Repayment may be installments or expiry of the period. **Housing Loan:** Housing loans are provided for individuals, corporate, firms, associations, societies against the security at very competitive rates of interests. Home/housing loan is a loan taken by a borrower from the bank offered by the bank against the property/security intended to be bought on the part by the borrower giving the banker a conditional ownership over the property. The purpose of loan could be varying from construction or purchase of a house, revocation, repairs, up gradation or extension to purchase of a plot for construction at a later stage and the tenure of the loan ranging from minimum one year to 25 years. It is considered loans against mortgage of residential or commercial properties at selected centers.

Since last one decade the prices of properties have been multifold not only in the big cities but also in the small and medium cities too. Now, it has been touching the villages and remote areas too so. In this inflation era, purchasing own dream house is not easier than the sweet dream. However, the leading banking houses and financial institutions are made easier for a layman to fulfill his/her dreams through offering kinds of loan schemes at affordable interest rates and on the other hand they also getting margin of income by fulfilling social requirements with less time consumption.
HISTORY OF HOUSING LOANS

From many years, the only way in which to obtain money to purchase a home was to apply from a conventional home loan. This type of loan was obtained through bank, credit union or other private, non-government affiliated financial institution. In 1938, the Federal National Mortgage Association, better known as “Fannie Mae” was created and established as a Federal by then-president Franklin Roosevelt as part of his New Deal. It made it possible, even during a time when most people were out of work and had little, if any, income to still be able to afford a home. In 1970, the Federal home loan mortgage Corporation, known as “Freddie Mac” was created to lessen the “monopolization” of home lending that it was felt that “Freddie Mac” enjoyed. Both Fannie Mae and Freddie Mac were at one time consideration” government” auspices, but now are consider private establishment.

TYPES OF HOUSING LOANS

A person seeking investments for house or property opts for home loans for a variety of purposes ranging from construction to renovation. The housing finance companies (HFCs) now offer individuals with various alternatives to choose while buying a home loan. The availability of home loans offered is as varies as their requirement.

- Home Purchase Loans
- Home Construction Loans
- Home Improvement Loans
- Home Extension Loans
Housing loan is long term finance with repayments spread over 15-20 years. Most of the people prefer loan at fixed interest rate. The concept of variable interest rate is slowly picking up with the expectation of further southward movement of interest rate. Market is becoming very competitive after the entry of banks in financial institutions in retail lending. The spreads are declining due to competition and unless long term funds at reasonable interest rates are made available, it would be very difficult to maintain bottom-line.

**SBI PRODUCTS VARIANTS**

State Bank of India offers various Housing Loan Schemes/ Products to its customers. The following are the major Housing Loan Products are:

1. **SBI Maxgain**: This loan is granted as an overdraft added with flexibility to SB or Current Account. This product minimizes interest cost by parking surplus funds, especially in the wake of low yields from other investment avenues. Therefore this scheme is called as innovative and customer – friendly product to earn optimal yield. The minimum loan amount is Rs.5 lakhs.
2. **SBI Realty**: This is a unique product to purchase a plot of land for house construction. Customers are also eligible to avail another housing loan for construction of house on the plot financed with the benefit of running both plot purchase loan and house construction loan concurrently. The loan is available for a maximum of Rs.10 crores with a comfortable repayment period up to 15 years and the house construction should be commence within two years from the date of availment.

3. **SBI Home Plus**: This scheme is launched for granting personal loans to customers against the security of house property. This loan can be used for any purpose viz. extension/repair house, purchase of car/consumer durables for new house, personal expenses, etc. There will be no need to obtain documentary evidence for the end-use of funds. However, a declaration from the customer in application would be obtained. The satisfactory repayment period of at least one year, who maintain SB or Current account with the bank.

4. **Grama Niwas**: This home scheme covers all farming and poorest of poor rural and semi urban areas for the purpose of purchase or construction of house, repairs and renovation, purchase of plot, etc.

5. **Sahyog Niwas**: This scheme has been instituted to finance the SHGs, with a good track of payment of record for two years, for on lending to members for housing, covering for the purpose of purchase or construction of house exclusively including housing needs, renovation or repair of an existing house or shed, purchase of plot of land, extension of existing house or shed.

6. **SBI Surakshit Home Loan**: This home loan is sanctioned with life cover as per standards. Life insurance premium can also be added to the project cost.
7. **SBI Green Home Loan**: SBI has adopted green banking policy with an object to fight against the adverse climate change. At present SBI the only bank in the country supporting the cause of Green Buildings they offering 0.25% concession in interest rate and waiver of processing fees to customers who go for Green Project.

8. **SBI Tribal Plus**: This home scheme covers all hilly and Tribal areas for the purpose of purchase or construction of house (mortgage of land), purchase of existing house (which is not more than 10 years old), repairs and renovation (existing house). The loan amount is sanctioned against Third Party Guarantee (TPG). The maximum loan amount is Rs.10 lakhs with a maximum loan period of 15 years.

9. **SBI Reverse Mortgage Loan (RML)**: This scheme enables house-owning senior citizen having inadequate income to meet their basic and financial needs. This loan is sanctioned for renovation or repair to house extension of work space etc. there is no compulsion for the borrower to repay Reverse Mortgage Loan during his life time or till his stay in the house and he has the option to repay the loan at any time during the loan tenure without pre-payment penalties.

10. **SBI Yuva Home Loan**: This scheme has been introduced to salaried employees aged between 21 – 35 years with a minimum net monthly income of Rs.50000. The maximum the permissible loan amount covers 20% higher the income for a period of 300 months. The repayment system of this scheme is the first 36 months only the interest applied will be recovered and 37th month onwards 204 EMIs.

11. **NRI Home Loan Scheme**: This scheme covers individuals over 18 years of age with a study source of income who are NRIs (holding a valid Indian passport), POIs (holding a valid foreign passport), minimum employment tenure in India/Abroad (not less than two
years). The loan amount is determined on the basis of income, age, property, qualification, occupation etc. the minimum loan amount is Rs.3 lakhs and the maximum is permissible on ground works.

12. **SBI Earnest Money Deposit (EMD) Scheme:** These schemes is designed for financing against earnest money for allotment of house or plot, individuals having 21 and above years of age and with a study source of income are eligible to avail loans under this scheme. This scheme has been specially designed for sale of plots or houses by Government agencies like Karnataka Housing Development Board, Urban Development Authorities and the like. Wherein the applicants have to submit 10% – 20% of cost of house or plot as EMD and allotments are made by draw of plots.

**DECISION-MAKING CORNER**

- Home Loan Comparator
- Home Loan Interest rates
- EMI Calculator
- Home Loan Eligibility Calculator
- Advanced Home Loan Eligibility Calculator
- Floating or Fixed Interest rates Calculator
- Loan Amortization Calculator
- Interest on Rate of Return Calculator
- Impact of Charged Rates Calculator
- Other Cost
- Document required
BENEFITS FROM SBI HOUSING LOANS

- If the interest rate rises the borrower will be safe for the set period.
- Regular repayment.
- No medical checkup.
- Comprehensive insurance plan for individual, home and its contents.
- Single premium long-term insurance plan.
- Multiple applicants can be covered under the same loan.
- Simple application form.

DIFFICULTY IN HOUSING LOANS

- You may pay more if interest rate drops in that period.
- Most lending institutions penalize you for making additional repayments.

TYPES OF INTEREST RATE

**Floating Interest Rate:** A floating rate home loan is one where the interest rate on the loan may change during the loan period. In other words, the rate may go up or down in the future after you have taken the loan. Typically the floating rate is based on a certain benchmark rate is used by the lender. As the benchmark rate changes, the floating rate on your home loan also changes.
Fixed Interest Rate: A fixed rate home loan is one where the interest rate on the loan does not change during the loan period. Note however that certain lenders are advertising fixed rate home loans with a ‘force majeure’ clause wherein they may change the interest rate during the loan period. Any fixed rate loans have to be carefully analyzed by you for such clauses to determine the risks of clause being invoked by the lender and the rates going up even for fixed rate home loans.

Should Borrower opt for a Floating Interest Rate or a Fixed Interest Rate Home Loan? It is a personal choice based on your financial situation and an evaluation of the interest rates trends in the future. Floating home rates are tied to some benchmark interest rate by the lender and the rates may fluctuate (in either direction) depending on that benchmark. Fixed rate home loans provide you with the ability to plan for a fixed amount of loan payment every month for the entire loan period. If you anticipate future earnings increases and can withstand rate fluctuations, then floating rate loans may be considered for you. Apart from interest rate, housing finance companies and banks could also charge processing fee or administration fee towards the cost of paperwork and legal documents. Repayment penalty is a penalty levy by banks for pre-closure of the loan. Most banks collect same as administrative charges. Typically related to the loan application process and is charged when a loan is processed. Note that processing fees maybe refundable and maybe charged even if the loan itself is not approved. Please check with the lender before filing a loan application. Prepayment fees come into picture in case one wants to prepay his home loan from various sources. It may be from his personal savings or if he is planning to switch the loan to a different lender. Few of the banks offer no prepayment is done from own resources. But in case the person is shifting the loan to a different lender then most of the banks ask to pay a fee.
Equated Monthly Installments (EMI): It represents the amount of money borrower has to pay each month in order to repay his loan. EMI remains the same throughout the loan period with an assumption of the interest rate remains the same and there are no prepayments of the loan. The EMI is applied towards paying off the principal (or loan amount) as well the interest on the loan. EMI is computed based on the loan amount, the interest rate and the loan period. The EMI calculator helps to calculate the EMI for monthly payment of loan. This EMI is payable to the lender every month towards the repayment of home loan. EMI calculation will be depending up on the interest rate which the bank charges for loan, the tenure of the loan and the loan amount. This Calculator will enable to plan better by giving a clear picture of EMI payments in advance.

How is the EMI Paid? The EMI is to be paid every month through Post-Dated Cheques (PDCs) or Electronic Clearing System (ECS). If you are opting for PDCs, then you will have to provide 36 PDCs upfront. The PDCs are to be dated on the 1st of every month. However, if the borrower receives salary a few days later, bank provides the flexibility of dating the cheque for the 10th of the month. In case the borrower has an SBI Savings account then the borrower can also go for the facility of Auto Debit.

When does the Repayment Starts? EMI payments start from the month following the month in which the full disbursement has been made.

How to choose Home Loan Lender? Buying a home is dream for everyone but most of them are not able to achieve the dream due to many reasons. The escalating real estate prices have made buying a property a dream only. It may happen that the thinking for quite some time to buy a property but the bank balance is not allowing to do so far. The foremost thing to be kept in mind is that one should never finalize a lender on the basis of interest
rates. Most of the borrowers choose home loan lender on the basis of interest rates, cheapest is the best. But actually, there are various other things that should be kept in mind when decided to take a home loan.

New Customer: In case, the potential borrower has plan to buy dream home for very long and unable to do that because of the rising prices of necessary commodities. Then, the borrower can take a loan that will help him to buy his dream home at a comfortable. All are do is to save enough money to make the down payment of home i.e., 20% of the home value. The remaining 80% of the home can be taken as a loan from a bank depending upon how much loan are eligible and the bank will decide how much loan to lend which depend upon income and various other parameters.

Existing Customer: In case the borrower had already bought a property and are paying a very high interest rate, then one should consider shifting from existing home loan lender to a new lender. This will decrease the monthly EMI you are paying towards loan and will save money. One should consider shifting from the old BPLR system where the interest rate changes according to BPLR to the new base rate system. The base rate system is more transparent than the BPLR system.

Margin: Lenders usually give a loan only for up to a certain percentage (example 80%) of the home/plot value. The remainder of the home/plot value (example 20%) has to be paid by the buyer at the time of purchase and this is called Margin Amount. Margin is also referred to as down payment. The Margin Amount required should be a factor in choosing a particular loan to show the lender ability to payment of Margin Amount towards the home purchased at the time of the loan approval. The rest of the home purchase value will come in the form of the loan.
Repayment Tenure: Repayment tenure is the tenure for the number of year for which the loan gets sanctioned. Bank offer a wide range of options for the tenure of the loan. Borrower can take a home loan for up to 20 years provided not reach the age of 65 years or retire within that period.

DATA ANALYSIS AND INTERPRETATION

The researcher has put an attempt on analysis of data collected from the selected respondents through questionnaire and the interpretation has been made on the analysis part to find both positive and negatives issues to make suitable suggestion on the present study.

**TABLE-1: NUMBER OF RESPONDENTS ON THE BASIS OF GENDER**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>42</td>
<td>70</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Field Survey

Table 1 reveals that 70% of the respondents belong to male category and rests of 30% are female category. The table also states that male respondents play a vital role in getting Housing loans schemes. The housing loans are borrowed by male persons than the female. The reason is the usually the male employees will go for housing loans even though both husband and wife are employees.
Table 2 states that the number of respondent who have taken housing loan are in the age group of 30-40 and 40-50 their percentage is 71, rest belong to below 30 age group and above 50 age group. It also makes very clearly that, experienced & responsible respondents of age group of 30-40, 40-50 play major role.

**Table-3:** NUMBER OF RESPONDENTS ON THE BASIS OF QUALIFICATIONS

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Primary</td>
<td>06</td>
<td>10</td>
</tr>
<tr>
<td>High School</td>
<td>08</td>
<td>13</td>
</tr>
<tr>
<td>Graduates</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey*

Table-3 shows 70% of the borrowers are belongs to graduate holders followed by 17% of illiterates, 13% from high school education and 10% from primary school drop-outs. This
has clarified that the demand for housing loan came from graduates who are in employment need to construct new shelter due to urbanization. The focus on the approach for loan came from graduates and illiterates for construction and renovation respectively. The other form of respondents do not approach for getting housing loan in SBI due to their mind set.

**TABLE-4: NUMBER OF RESPONDENTS ON THE BASIS OF OCCUPATION**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Govt. Employees</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Private Employees</td>
<td>06</td>
<td>10</td>
</tr>
<tr>
<td>Self-Employment</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey*

Table-4 reveals that 38% of respondents are belongs to Government employees followed by 22% respondents occupation is agriculture and the same percentage of respondents are self-employed. It states that private employees do not approach the bank for housing loan and the Government employees are always prefers this bank for housing loan due to tax relief. Similarly, both self-employees and agriculture farmers are also shown same type of perception on raising housing loan from this bank.
Table-5 states focus on the income level of respondents; the table states that the highest income level of the respondents is Rs 15000 to Rs 20000 (50%) followed by (13%) respondents income is below Rs 10000, Rs 10000 to Rs 20000 and Rs 20000 to 25000. It displays that Rs 15000 to Rs 20000 are showed significant interest i.e., 50% than other income categories. The bank has achieved its lending housing loan schemes comfortably at this income groups. This is being the interest rate and other benefits.

Table-6: Influencing Medias for SBI Housing Loans

<table>
<thead>
<tr>
<th>Medium</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers</td>
<td>08</td>
<td>13</td>
</tr>
<tr>
<td>Magazines</td>
<td>02</td>
<td>04</td>
</tr>
<tr>
<td>Television</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Hand Bills</td>
<td>22</td>
<td>37</td>
</tr>
<tr>
<td>Others</td>
<td>08</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey
Table-6 states that through hand bills mode of promotional method plays dominant role in influencing on its potential and existing customers and has followed by television media. It discloses that the people are getting more attractive through hand bills and television media. Therefore, bank should prefer this means and make some alteration to show much attraction than existing convey message.

**TABLE-7: RESPONDENTS PURPOSE TO BORROW HOUSING LOAN**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>Renovation</td>
<td>07</td>
<td>12</td>
</tr>
<tr>
<td>Construction</td>
<td>37</td>
<td>62</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey*

Table-7 reveals that majority of the respondents are on the basis construction (i.e. 62%) purchase a house (i.e.26%) and remaining on the basis of house followed. From this we can conclude that most of the respondents have taken loan for construction purpose.

**TABLE-8: TYPES OF INTEREST RATES PREFERRED BY THE RESPONDENTS**

<table>
<thead>
<tr>
<th>Interest Rate System</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Rate</td>
<td>43</td>
<td>72</td>
</tr>
<tr>
<td>Floating Rate</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey*
Fixed interest system is constant one by this the banker can earn stable interest. “Most of the respondents (72%) prefer fixed interest rate” and floating interest rate is fluctuating so remaining respondents having floating rate of interest. Hence a limited number of respondents have opted Floating rate.

**TABLE-9: NUMBER OF RESPONDENTS ON THE BASIS OF PREFERENCE**

<table>
<thead>
<tr>
<th>Preference</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Interest</td>
<td>24</td>
<td>40</td>
</tr>
<tr>
<td>Max Loan Amount</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Tax Benefits</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Processing Fee</td>
<td>08</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey*

**TABLE-10: RESPONDENTS AWARENESS TOWARDS HOUSING LOAN NORMS**

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>42</td>
<td>70</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey*

Knowing and collecting the housing loan norms is very important. The norms may related to hypothecate of house to the bank, Responsibility of guarantor/ security, rate of interest
prevails, collateral security etc. As per table 10 it is confirmed that, 70% of respondents are well aware about the bank norms, 30% of respondents are unaware about bank norms what is important is creation of awareness about all these norms is very important.

**TABLE-11: RESPONDENTS LEVEL OF SATISFACTION TOWARDS LOAN PROCESSING**

<table>
<thead>
<tr>
<th>Comment</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>43</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey*

Table-11 States that, 72% of respondents are well highly satisfied with the loan processing procedure and 28% respondents they don’t know how the loan processing work is going in banks.

**TABLE-12: RESPONDENTS GRADE OF HOME LOAN OF THE BANK**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>09</td>
<td>15</td>
</tr>
<tr>
<td>Good</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>Average</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Poor</td>
<td>06</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field Survey*

From the table we can illustrate that majority of respondents (i.e. 47%) have given the good grade and least respondents (i.e.28%) have given average and six respondents have given poor grade about services provided by the bank.
It can be concluded that the services provided by the State Bank of India (SBI) is better than other banks

RESULTS AND DISCUSSION

SUMMARY OF FINDINGS

- The bank has mindset to lend housing loan schemes to male customers (i.e. 70%) than the female customers. It depicts that the banker always validate about the re-payment of loan and regular payment of interest and other charges.
- The Bank has lent housing loans to customers who are in the age group of 30-40 and 40-50 and they are major in number (i.e.71%) in availing the housing loan schemes.
- The major numbers of borrowers are the graduates in availing the housing loan schemes offered by the bank.
- The major number of respondents who have availed housing loan from the bank are Govt. employees followed by the Agriculturists and self employed persons.
- The numbers of respondents, who have availed housing loans from the sample unit, are fall under the income category of 15,000-20,000 (i.e.50%).
- The information regarding the loan schemes offered by the sample unit came to know by the majority of respondents through advertisement provided in the hand bills (i.e.37%) followed by the television media.
- Majority of the respondents who have availed housing loans provided by the Sample unit for the purpose of construction of new houses (i.e.62%).
- The majority of the respondents who have availed housing loans from the sample unit prefer the fixed interest rate system.
- Most of the respondents (i.e.33%) prefer to borrow loan in State Bank of India, because of their low interest rates and their goods and services to the customers.
The major numbers of respondents (i.e. 70%) who have availed the housing loan schemes from the sample unit are aware about the terms and conditions of bank in sanctioning the loans.

Majority of the respondents who have taken housing loans from the sample unit, are satisfied with the processing fee collected at the time of sanctioning the loan.

Most of Respondents who have availed loan from sample unit, responded that the Loan schemes and services offered by the SBI is good.

DISCUSSION

The bank is mainly concentrating on the government employees for housing loans. It may be due to easy of recovery the loans from government employees but, however the shelter is needed not only for government employees. Even for other categories also, therefore, bank should concentrate other than government employees for housing loan purpose.

The Promotional methods plays dominant role in marketing of any goods and services. In this case, the bank had adopted distributing hand bills mode, in mark depending upon only on this method in dangerous, therefore it should go for TV, Media and Print Media for advertising their products.

Bank has targeted only the cases demands for construction of new houses but, the housing loan should also include renovation and repairs of existing housing and purchasing of used houses etc. so, that it is easy for them for expansion and diversion of housing loan.

One of the views of the custom is the availability of bank loan at cheapest rate compared to other banks. Thus, the bank has maintained the same rate of interest for long time.
• As per RBI guidelines it is mandatory to disclose all the matter with related to loans. No bank should hide anything from the customers. Customer has the right to know the T and C of the bank.
• About the processing fee, bank should have maintain of transparency in collecting fees in the name and processing fee or whatever may be the fee called by other names.

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