



IDENTIFYING THE ISSUES FACED BY THE WHILE BORROWING HOME LOANS FROM BANK: A CUSTOMERS PERSPECTIVE

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ABSTRACT

House is a fundamental human right. It's true that everyone, whether they live in the country or the city, needs a safe and secure place to call home for their safety and comfort. During the economic boom that ended in the late 1800s, home loans were commonplace in the United States. Since most people can't afford to pay cash for a home, mortgage lenders started offering loans to cover the gap between the sales price and the buyer's down payment. In order to bring in new consumers, banks will provide mortgages at reduced interest rates. The customer's decision, as well as their motives, difficulties, and level of mortgage loan knowledge, are all considered in this study. The primary objective of this study is to learn how home loan borrowers and consumers in India feel about the services provided by Indian banks.

Keywords: Home Loan, Housing, Finance, Knowledge, Mortgage

I. INTRODUCTION

One of the most fundamental needs for humans is a house or home. Having a safe place to live that also serves as an investment has always been essential to the development of human civilization. Shelter is the most essential human need after sustenance and clothes. A safe and secure place to live is essential to every person's growth and well-being. A large portion of a country's GDP comes from the property market since it is often considered a barometer of the country's overall level of living and economic health. In most nations, especially in third-world

countries, to be able to call one's own home a "proper house" is a symbol of social prestige and an indicator of social rank. It also gives a person a sense of warmth, security, and emotional and mental fulfillment.

One must secure a mortgage in order to purchase a home. Most people have used savings and loans from family and friends to build or buy their own homes, rather than relying on financial institutions. Clients who want to build, remodel, develop, or buy a house with equity access to money can do it with the help of institutional housing financing or a formal home loan.

A mortgage is a long-term financial commitment that affects the world at large. Many banks and other financial organizations provide house loans at competitive interest rates. We all need a safe and secure place to live. However, inadequate housing is a major issue in developing countries today. A healthy housing market is important for the economy, and not just because it helps people find a place to live. The construction industry is a major source of new employment opportunities. Studies have shown that the building of a single home results in the creation of at least three employments in the sectors of construction, real estate, and finance, as well as in the sectors of manufacturing and services.

A mortgage loan is an important long-term commitment. There has been a dramatic surge in the need for mortgage loans during the past decade. The reasons for this expansion are obvious: a shift in perspective brought on by globalization and integration with Western economies—where mortgages are king—income tax breaks in Union Budgets, and a significant increase in the income-generating potential of Indian youth. As a result, the current state of house loans is promising and likely to continue expanding. Numerous banks and housing finance organizations provide low-interest mortgage loans. There is a great deal of variety in the home loan programs provided by commercial and government institutions. The majority of home loan applicants choose public sector banks because they perceive them to be safer and because their interest rates are often lower. On the other hand, private sector banks are popping up every day in our nation, and the services and amenities they offer are shifting the preferences of the younger generation. The consumer should be completely familiar with all Home Loan-related terms before applying for a Home Loan.

II. REVIEW OF LITERATURE

Jenifer, V. et al., (2022) Aside from the fact that real estate prices are always on the rise, home loans are essential since they are such a great long-term financial investment. The study analyzed and contrasted the service quality offered by SBI and ICICI. The major goal of this study is to collect data on the socioeconomic characteristics of Coimbatore residents who have obtained a home loan from the State Bank of India or the Industrial Credit and Investment Corporation of India. Descriptive research methodologies were used to analyze the 125 ICICI and 125 SBI samples, including percentage analysis, chi-square testing, descriptive statistics, and factor

analysis. From the looks of the interest rates, it's evident that ICICI offers better service, but in order to keep customers pleased in the long term, both banks will need to implement new technology to speed up the loan approval process.

Lakshmi, & P K, Manoj (2020) It is widely believed that RRBs can significantly help with rural development by improving the quality of life and increasing job prospects for rural communities. Housing is a fundamental need, and there is evidence to suggest that investing in the sector might boost national economic growth through wide forward and reverse connections. Because of this, the topic of house financing is crucial. As of August 2015, "Affordable Housing for All by 2022" has been one of India's top national priorities. Rural Development Banks (RRBs) play a significant role in accomplishing this national objective, especially the rural housing aim within it, while being overshadowed by Commercial Banks (CBs) and Housing Finance Companies (HFCs). The "Digital India" agenda of the Government of India, together with the rapid growth of ICT and the advent of ICT-enabled platforms like E-CRM, have all made ICT adoption by the RRBs a must. The Reserve Bank of India has extended the norms for Priority Sector Lending (PSL) to RRBs and SFBs in an effort to level the playing field between RRBs and SFBs and CBs. This research looks at the home loan exposure of RRBs, namely the Kerala Gramin Bank (KGB), and makes suggestions for how the country might better satisfy its housing demand.

Mukund Sharma & Bharath Bhushan (2017) Starting in the 2016 fiscal year, ICRA projects a 20-22% increase in house financing. As a result, competition between public and private sector banks should increase, which is wonderful news for everyone in the market for a home loan. Both public and private banks, in an effort to attract new customers, are creating advertising campaigns. The purpose of this research is to compare and contrast the home loan offerings from the State Bank of India (SBI) and the Industrial Credit and Investment Corporation of India (ICICI), two of the largest financial institutions in India.

Bansal, Shalu (2012), Home loans often last between 15 and 20 years, so it's crucial to choose a lender who has your back and is honest with you about the entire process, from the application to the terms and conditions to the safety of your title deed. Numerous banks and other financial institutions provide home loans at low interest rates. Over the course of the last decade, the government of India has implemented many loan schemes for both rural and urban inhabitants in an effort to boost the housing market. In 1988, a precursor to the current National Housing Policy (NHP) was formed. The National Housing Bank (NHB) was established in 1988 as India's premier housing finance institution and a wholly-owned subsidiary of the Reserve Bank of India (RBI). The major purpose of the bank is to promote the development of other financial institutions like home finance companies and scheduled commercial banks by providing them with refinancing choices. Additionally, the working class has access to mortgage tax credits. The purpose of this research was to evaluate customer satisfaction with home loan products from HDFC Bank and ICICI Bank. Fifty customers were polled using a standardized survey of

banking customers. Analyses have made use of statistical tools such as frequency distributions, means, t-tests, and chi-square tests.

III. RESEARCH METHODOLOGY

Primary data for this study came from a survey given to people who had just taken out a mortgage. SPSS is used to do the analysis on the data. 250 people made up the study's sample size. This sample was selected using an approach that was both easy and quick to implement. This research focuses on gathering information about a certain population. Percentages and the Friedman test were utilized as analytical techniques. The findings stem from this.

IV. ANALYSIS OF THE RESULTS

Table 1: Problems and preference related to home loan borrowers

Factor		Percent
Rate of interest	8.40% - 8.90%	62.0
	8.90% - 9.40%	24.0
	9.40% - 9.90%	9.0
	9.90% - 10.50%	5.0
Type of bank	Nationalized bank	43.0
	Private bank	48.0
	Other financial institutions	9.0
Recommendation of bank	Yes	78.0
	No	22.0
Approach home loan through	Direct approach	63.0
	Builder	9.0
	Agents	13.0
	Loan personal in bank	15.0
Reasons to avail loan	Investment	32.0
	Desire for home	52.0
	Income tax relief	8.0
	To receive rent income	8.0
Duration by bank to sanction	0 – 1 months	28.0
	0 – 2 months	36.0
	0 – 3 months	17.0
	More than 3 months	19.0
Source of knowledge about	Television advertisement	21.0

bank	Friends	43.0
	Relatives	21.0
	Bank call	14.0
Rate of interest preferred	Fixed rate of interest	72.0
	Fluctuating rate of interest	28.0
Problems faced	Lack of knowledge	30.0
	Procedural delays	34.0
	Non-cooperation	7.0
	Desired loan amount not being sanctioned	20.0
	Credit score issue	9.0

Interest rates between 8.40% and 8.90% are most popular among respondents (62%). The range of 9.90% to 10.50% was the least sought after. The majority of those who have taken out a mortgage loan did so through a private bank, while just a minority did so through any other type of financial organization. Of those polled, 78% said they would suggest their bank of choice, while 22% said they wouldn't. The television was the source of information for 21% of respondents, followed by friends (43%), family (21%), and bank calls (14%). The majority of respondents (72%) would choose a fixed interest rate over a variable one. Thirty percent of respondents had a problem with a lack of understanding regarding home loans, while 34 percent have a problem with procedural delays, 7 percent with non-cooperation, 20 percent with not having their desired loan sanctioned, and 9 percent with their credit score.

Table 2: Rank Table

Type of Home Loan	Mean Rank
Home improvement loan	3.02
Home extension loan	3.08
Loan to professional	3.30
Home equity loan	3.65
Loan against rent receivables	4.00
Loan to professional for non-residential premises	3.95

Table 3: Friedman Test

Chi-Square	26.230
Asymp. Sig.	.000

In the table above, home improvement loans are ranked lowest overall and highest in relevance. The average ranking for home extension loans is 3.08. The average position of professional loan is 3.30, making it the third most important factor. Next in line is the equity loan, which, on average, is 3.65 times as important. The second most important factor is the non-resident loan, which is assigned an average rating of 3.95. The lowest weighted average rank goes to "loan against rent receivable," which gets a rank of 4.00.

V. CONCLUSION

In India, the residential real estate sector is fueled by house loans. Many Indians would have to resort to renting if they couldn't afford to buy a home. This service makes it possible to become a proud homeowner without initially needing a large sum of money. A consumer is compelled to purchase a service regardless of how satisfied they are with it. Despite its flaws, the survey was an attempt to gauge consumers' impressions of home loans.

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