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THE STUDY OF HOME LOAN SCHEMES OFFERED BY SBI

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ABSTRACT

House is a profitable and useful in the future and furnished propulsion to economic development. But the today scenario buying the home is a challenge chore. Because it is a major expenditure. A middle class family cannot afford this expenditure. To resolve this activity. Government provides housing finance loan facility for every person at lower interest rate housing finance sector encourage tax rebates. Housing finance means to take a home on loan basis in which we pay monthly installment with favourable interest rates. These banks offer Home loans to the prospective buyers to purchase either fresh or old house. Further loans are also provided for home upgrading or repair, extension of houses etc

INTRODUCTION

A home loan is a type of loan provided by banks or financial institutions to help individuals or families purchase a house or any other real estate property. In this type of loan, the lender provides a specific amount of money to the borrower, which the borrower repays with interest over an agreed period of time. Home loans usually have lower interest rates compared to other types of loans because the property being purchased serves as collateral for the loan.

STATEMENT OF THE PROBLEM

A Study on Home Loan Schemes offered by SBI" is to investigate and analyze the various home loan schemes offered by the State Bank of India (SBI) and to understand the factors that influence customers to opt for these schemes. The study aims to identify the benefits, drawbacks, and eligibility criteria associated with each scheme and to compare them with those offered by other banks in the market. The project seeks to address questions such as what are the interest rates, repayment options, and loan amounts offered by SBI's home loan schemes, what are the documentation requirements, what are the factors that influence customers to choose SBI's home loan schemes over those offered by other banks, and what are the challenges faced by customers while availing of these schemes.

OBJECTIVES OF THE STUDY

- ✓ To know about the socio economic profile of the respondents availing home loan in SBI.
- ✓ To know about the type of home loan availed by the respondents.
- ✓ To study on the satisfaction level of the respondents in utilizing the home loan.
- To study on the customer opinion about services and the problems faced by them.

SCOPE OF THE STUDY

The study aims to analyse the policies adopted by the banks in providing home loans. The study will help the banks to identify the preferences, expectations and satisfaction level of their home loan borrowers. Further the study will reveal the functional defects in the functioning of banks with regard to the home loan portfolio and the problem faced by their customers so as to take a positive step forward for modification and restructuring of their lending procedures.

RESEARCH METHODOLOGY

Research is an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison and experiment. In short, the search of knowledge through objective and systematic method of finding solution to a problem is research.

AREA OF THE STUDY

The area of the study is Coimbatore city only.

PERIOD OF THE STUDY

The study is confined to the period of 3 months from Jan to March 2023.

SOURCE OF DATA COLLECTION

The data bases of the study consist of primary and secondary data that helped the researcher in systematic frame work of the study.

Primary data

The primary data was collected through questionnaire .It was prepared and administered by taking a sample of 250 respondents, which contains different categories of respondents like male & female etc.

Secondary data

The secondary data were collected from books, journals and magazines. Periodical information from different websites was also used for the study.

STATISTICAL TOOLS AND TECHNIQUES:

The collected data were analyzed by using appropriate statistical tools and techniques.

The following tools were used for the study.

- ✓ PERCENTAGE ANALYSIS
- ✓ CHI-SQUARE ANALYSIS
- ✓ RANK CORRELATION

LIMITAIONS OF THE STUDY

- ✓ The study is applicable to Coimbatore city only and not to any other area.
- ✓ Due to limited period the study was analysed for three months only.
- ✓ The questionnaire was distributed only to the home loan borrowers and others are not takenfor the study.
- ✓ The data was collected from only 250 respondents from SBI bank and other bank customerswere not taken for the study.

REVIEW OF LITERATURE

Kulkarni (2019) in his study “Development Responsibility and Profitability of Banks” stated that while considering banks costs and profits, social benefits arising out of it cannot be ignored. He suggested that while meeting social responsibility banks should try to make developmental business as successful as possible.

Godse (2019) in his essay “Looking a Fresh at Banking Productivity” observes that productivity aspect is only at the Conceptualization stage in banking industry. He suggested improvement in productivity and procedures, costing of operations and capital expenditure etc.

Fanning (2018) in his study “The Demand For Home Mortgage Debt” while examining bank productivity of British banks observed that although the productivity of the UK clearing banks is improving, they are still heavily over manned as compared with similar banks else where.

Ojha (2018) in his paper "Modern International Caparison Of Productivity And Profitability Of Pubic Sector Banks Of India" making Comparison on the basis of per employee indicators and taking examples of state bank group and Punjab National bank noted that Indian banks are the lowest in all accounts. However such international comparison will not be fair for numbers of reasons.

Dr. Rangarajan C (2017) in his study “ A Simple Error Correction Model Of House Price” said that the financial system of India built a vast network of financial institutions and markets over times and the sector is dominated by banking sector which accounts for about two-third of the assets of organized financial sector.

DATA ANALYSIS AND INTERPRETATION

The data collected from the samples have systematically applied and presented in the tables under various heading in the following pages. They were also arranged in such a way that, a detailed analysis can be made so as to present suitable interpretations for the same. The statistical tools namely percentage analysis, chi-square, descriptive statistics, annova and rank correlation were used.

PERCENTAGE ANALYSIS:*Table - 4.1 Age of the respondents*

Age	No.of.respondents	Percentage
Below 30 years	75	60.0
30-40 years	30	24.0
40-50 years	15	12.0
Above 50 years	5	4.0
Total	125	100.0

CHI SQUARE ANALYSIS*Age Vs Level of satisfaction in SBI*

H0: There is no significance relation between age and level of satisfaction

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Period taken to sanction loan from the date	37.107	9	.000
Rate of interest	8.302	12	.761
Extension in repayment of loan	30.136	12	.003
Initiaveness	39.638	6	.000
Speed of processing and sanction of loan	39.659	12	.000
Overall satisfaction in services	8.826	12	.718
Period taken to sanction loan from the date	11.114	12	.519

INTERPRETATION:

Its observed from the above table that shows about the relationship between age and other variables were the significance level is at 0.000 for period taken to sanction loan from the date for extension in repayment of loan and 0.000 for speed of processing and sanction of loan and these factors can be taken for the decision making process of the company as the significance level is less than 0.05. There is no significance between age and the factors rate of interest at 0.761, overall satisfaction in services at 0.718, and Period taken to sanction loan from the date at 0.519 which is greater than 0.05.

RANK CORRELATION OF SBI

H0: There is no significance between the rank given and the factors influenced to prefer the bank.H1:

There is a significance between the rank given and the factors influenced to prefer the bank.

Factors	X	y	R1	R2	D	D ²
Lesser interest rate	36	34	2	1	1	1
Free loan counseling	15	15	7	6	1	1
Lesser processing	5	18	8	5	3	8
Lengthy repayment period	31	30	4	2	2	2
Quick processing	37	28	1	3	-2	4
Near to residence	32	13	3	8	-5	25
Lesser formalities	19	14	5	7	-2	4
Customer service	16	27	6	4	2	4
N	8					49

$6\sum D^2$	294
$n(n^2-1)$	568
R	0.51
1-R	0.48

In the above table,

X is the respondents who ranked number 1 for the factors Y is the respondents who ranked number 2 for the factors R1 is the ranking for X
R2 is the ranking for Y

D is the difference between the rank 1 and rank 2

INTERPRETATION

From Its observed from the above table that its inferred that the significance level at 0.48 which is lesser than .5 where there is a significant relation between the rank given and the factors influenced to prefer the bank.

FINDINGS, SUGGESTIONS & CONCLUSIONS

- ✓ Maximum of the respondents are from the age group of below 30 years in SBI
- ✓ Most of the respondents are male in SBI
- ✓ Maximum of the respondents are married in SBI
- ✓ Most of the respondents are post graduates in SBI.
- ✓ Maximum of the respondents are employed in SBI
- ✓ Most of the respondents are from nuclear family in SBI
- ✓ Maximum of the respondents are having 3-5 members in the family in SBI
- ✓ Most of the respondents are having two earning members in SBI

SUGGESTIONS

Based on the given information, the State Bank of India (SBI) has a significant number of respondents below 30 years of age, who are mostly male, married, post-graduates, employed, from nuclear families, having 3-5 members in the family, with two earning members, earning between Rs. 25,000-40,000 per month, and living in urban areas.

The majority of respondents prefer fixed rates and have high satisfaction levels with the period taken to sanction loans, processing and administration fees, and the rate of interest.

However, respondents have neutral satisfaction levels with customer service, extension in repayment of loans, follow-up, and overall satisfaction in services. The top-up loan, courtesy, helping tendency, and promptness in attending enquiries are highly satisfactory. Respondents also reported no problems with their home loans in SBI.

There is a significant relationship between age and the period taken to sanction loans, but there is no significant relationship between age and rate of interest or overall satisfaction in services. Hence, age cannot be considered for decision-making processes related to rate of interest and overall satisfaction in services, but it can be considered for the period taken to sanction loans and initiative.

CONCLUSION

Based on the given information, it can be concluded that the majority of the respondents in SBI are below the age of 30, male, married, postgraduates, employed, from nuclear families with 3-5 members and two earning members, earning between Rs. 25,000-40,000, from urban areas, and mostly availing house improvement loans with three loans from SBI. The respondents generally earn between Rs. 10,00,000-20,00,000 and repay the loan in 10-20 years, with a preference for fixed-rate loans. The respondents are highly satisfied with the period taken to sanction the loan from the date, processing and administration fee charged, and rate of interest. However, there is a neutral response towards customer service, extension in repayment of the loan, and speed of processing and sanction of the loan.

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