Summary of Findings, Suggestions and Conclusion
FINDINGS, SUGGESTIONS AND CONCLUSION

Based on the primary data collected through questionnaire among the borrowers, analysis is carried out in three stages. In the first stage demographic variables like age sex etc are analyzed A comparative study is done with regard to LICHF and bank respondents. The results of the study are summarized below.

1. 55% of the respondents of LICHF are in 30-40 age groups whereas 61% of the bank respondents are in 40-50 age groups. This is mainly attributed to Insistence of taking a policy by LIC HF which is felt easy in 30-40 age groups whereas it is absent in the case of banks.

2. 90% of the male respondents prefer LIC HF where as in the case of banks there is no basic difference based on the gender. Both male & female are equally attracted towards availing a bank loan.

3. There is no significant variation among the married respondents in their preference in availing of the loan between the institutions. It is 95% in LIC HF whereas it is 98% in banks.

4. Based on educational level analysis, it is clear that nearly equal percentage of respondents have availed of loan from LIF HF in (X-XII) group 26% and U.G group (28%) whereas in banks 61% of the respondents are postgraduates. It is clear that bank customers are more educated and they are able to evaluate the associated benefits in terms of lower interest rate and cash out flow from their pay pockets.

5. Occupation wise analysis reveals that the employed category is the major segment in taking a loan from both the institutions in LIC HF 54%. Whereas in banks it is 95%. In business category 32% in
6. LIC HF and 4% in banks. Agriculturists form 8% in LIC HF where as it is Nil in the case of banks. As the banks have already suffered the NPA problem in lending to priority sector, they refrain from lending to this segment.

7. Higher income group people generally prefer banks due to their higher loan eligibility. People earning above Rs. 2,00,000 constitute 35%. Between Rs. 1,00,000-2,00,000 constitute 34% in banks. It is nil in the first case and 20% in the second case in LIC HFL. People earning below Rs 25,000 constitute 41% of the loan taken from LIC HF as the institution grants loan based on the policy taken irrespective of their earning capacity.

8. 74% of the bank respondents are living in their own houses which signifies that the loan is availed of only for income tax purpose whereas it is distributed over different categories in the case of respondents of LIC HF.

9. 60% of the borrowers of the bank are urbanites, whereas it is only 41% in the case of LIC HF. 36% of people living in rural area have availed housing loan from LIC HF whereas it is only 10% in the case of banks. This shows that the bank borrowers are concentrated only in urban area. If the banks approach the rural area people, the volume of loan disbursed can be increased.

In the second stage the loan details are analysed.

1. 69% of loan is taken for construction purpose in LIC HF whereas 70% of loan is taken for purchasing the house in the case of banks. Easy accessibility of bank loan, pre-approved projects / schemes
2. Festival offer are the main attraction for approaching the bankers. As the formalities are more, people do not prefer to LIC.

3. Both in LIC HF and banks majority of the borrowers are availing loan only for own Occupation. It is 77% in LIC HF and 88% in banks.

4. The source of getting the information is mainly through agents 42% in the case of LIC HF. Next comes Friends & relatives 38% whereas there are no agents in banks (except in private sector banks). Loan melas organized by the banks are the major source of getting information (50%) News papers and friends & relatives contributing 20% each and 10% is through DSA model (Direct setting associates).

5. Awareness of the various schemes offered by LIC HF is more, (65%) whereas it is 50% only in the case of banks. This points out that there is an urgent need to market the schemes properly by banks.

6. In the case of banks, 80% of the disbursement is done only in installments as they are based on the stage of completion of the construction. As the rate of interest for home loans is lower compared to other loans there is a possibility of diversion of funds for the purpose other than the one for which it is borrowed.

7. In Banks 80% of the respondents feel that the loan amount is sufficient, whereas it is only 61% in LIC HF.

8. In banks 70% of the respondents feel that it is easy to get the loan. This is mainly attributed to the fierce competition prevailing in the market between private, public and foreign banks.
9. There is no time lag in getting the loan sanctioned opines 75% of bank respondents whereas it is only 65% of the respondents in LIC HF.

10. Satisfaction level is more in LIC HF (i.e.) 95% whereas it is only 85% in bank. Banks being new entrant to the market, are yet to stabilize the standard. Further, they are having other business to concentrate.

11. Only in the case of banks, there are two different rates Fixed & floating which gives an option to choose for the borrowers.

**Comparison of Loan amount in LIC HF and Banks revealed the following information**

1. People in the age group of 41-40 have the highest loan amount of Rs. 69,151,79. This segment is highly settled in life and seek to satisfy the demand for housing by raising a loan.

2. There is a significant difference in the loan amount taken between the various age groups of the respondents.

3. Post graduate respondents have availed of maximum loan amount of Rs 6, 44,000 followed by professionals with Rs. 5,96,052.6. There is a significant difference in the loan amount taken based on their educational qualification.

4. Respondents in the employed category got the highest amount of loan at Rs. 5, 90,878 followed by businessmen at Rs 5, 76,666.7. There is a significant difference in the loan amount borrowed based on their nature of employment. The employed category are honest and sincere with a lesser default rate and it is easy to verify the creditworthiness of the borrower is the main reason for taping this
5. Nevertheless, demand for loan comes from both employed and business category.

6. People in the higher earning capacity have got the highest loan amount as they have got higher loan eligibility. There is a significant difference between the respondents of the two institutions based on their income levels.

7. Male member has taken the higher loan amount at Rs. 5,71,914.3 as they have a general tendency to borrow more. But there is no significant difference in the average loan amount taken between male and female respondents.

8. LIC HF has given a higher loan amount of Rs. 6.4 lacks whereas it is only Rs. 4.7 lacs in banks. This is because of the fact that loan from LIC HF is doubly secured (i.e.) both house property and LIC policy are offered as a security for the loan amount taken. So there is a significant difference in the loan amount taken by borrowers between the two institutions.

The results of chi-square analysis of cross tabulation between the institution and gender revealed that male members generally prefer to take a loan from LIC HF while female members prefer to avail of a loan from a bank. Regarding the age and institution, there is a significant association between the age and the loan amount availed of. People in the age group of up to 40 are more in taking loan from LIC whereas more people above 50 have taken more loan from bank. This is because of the fact that banks are not discouraging the borrower in the age group of 50+.

Regarding the educational qualification and loan availed of educated people are forming a greater proportion to get a loan from banks
as they are better employed with stable earnings. In the case of LIC HF, people up to XII have availed of maximum loan as it is ready to finance this category if they are ready to take the policy, professionals share is 57.1% in bank financing whereas people in business gets a major share of 71.7% in LIC HF.

➢ Falling rate of interest is a greater challenge for banks. Reduction in the rate of interest is due to competition; banks have to resort to such tactics to capture a higher share of the market. As a result, lending rates of banks are approaching their cost of funds. When the net NPAs rise in the future, banks will feel the pinch. But banks are still in an advantageous position when compared to HFCs in terms of cost of funds, as they accept low cost funds like retail deposits, savings accounts, and float funds and these funds account for 30.35% of the total deposits.

➢ Rising mismatch in the assets and liabilities of the banks. They are accepting deposits for the short term and lending for longer terms, around 15-20 years. To overcome this problem, banks can go in for securitization, innovation in housing loan products and accepting long term deposits.

➢ Rising NPA level. RBI has recently increased the risk weight for housing loans to 75% from 50%. The reasons for the higher NPAs level in housing sector are

(i) Changing job market. Loss of jobs could be the major reason for this.
(ii) NPAs could rise more rapidly in case of 100% financing.

(iii) Rising cases of frauds where same property is financed two or three times through different banks. To mitigate this problem banks can extensively make use of CIBIL.

- Fixed rate lending to housing sector might shrink the margin for the banks. They have to go in more for floating rate and a combination of fixed and floating rate loan.

- Salaried class of customers is the most sought after category in housing sector as they have stable income, resulting in lower credit risk. As this source for growth in housing portfolio is vanishing, it is challenge for banks to look at other sources.

- Though there is a great demand from other sections of the society like labourers and self employed professionals, banks are hesitating to tap this source due to higher credit risk.
SUGGESTIONS

The Research work would have been completed effectively and fully had the authorities in the head quarters of the bank allow the branch officers to divulge the information required.

There is an urgent need on the part of the bankers to make use of CIBIL in order to avoid the loans turning to bad loans.

Marketing should be made effectively by suitably training their staff members.

Sincere efforts should be made by all the staff members to provide quality service to the customers which will improve the customer loyalty and bring in more volume of business and profit. Each staff member working in the branch much realize his potential and is a marketing man in selling the banks products and services.

Advertisement can only bring the customer to the door step of the bank branch. But it is only through quality service he can be retained in the present day fierce competitive world. The above suggestions are given based on the analysis of primary data.
1. From the analysis of the home loan borrowed it is seen that the persons in high-income bracket have the tendency to borrow higher amounts and are willing to repay the loan depending upon their balance of service remaining.

2. The banker should concentrate in the rural area also and it is seen from the Housing Atlas of India that above 50% of the houses are yet to be constructed.

3. The banker should lend the housing loan to the unorganized sector labourers also depending upon the age, earning capacity, collateral securities etc. Now the banker is interested to lend to salaried Government employees / Quasi Government only.

4. The time lag in sanction of the loan should be minimized to the lowest possible since the dissatisfied customer will leave the bank and approach another banker.

5. The Income Tax concessions are given for repayment of principal from 1987 onwards. The same should be extended in the future years also since housing activity has forward and backward linkages. As a result of extension of the concessions the borrowers will tend to borrow more money.

6. The Government should encourage the speedy disposal of house site approval by Municipal Corporation etc. This will mitigate the suffering from many people and will automatically improve the housing loan portfolio of banks due to the fact that the housing loan is available only for approved layout / building plan.

7. The Bank Officers should be trained to attract and retail customers. The existing customers will have to be encouraged to avail housing loans and other retail loans. This will improve the volume of growth.
8. The latest electronic gadgets should be utilized to run the business which will pave the way for the speedy clearance of crowd in banks.

9. The application format should be standardized by all the bankers.

10. The registration department should dispose land registration document early to the people.

11. The existing customer should be encouraged and this will help in bringing new customers to the branches.

12. The repayment of loan period should be extended to thirty years or sixty five years of the borrower.