CHAPTER – VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter presents summary of thesis in a lucid and concise manner. It also presents the findings of the research with conclusion and suitable suggestions based on findings. This chapter has also elaborated scope for further research.

FINDINGS PERTAINING TO SECONDARY DATA

The LIC Housing Finance Limited sanctioned highest number of individual home loans in the year 2012-13 and made the highest total growth rate of 50% in sanctioning individual home loan in the year 2009-10 over 2008-2009. On the whole, the number of individual housing loan sanctioned by LICHFL was increased with an inconsistent growth rate.

LIC HFL has sanctioned the highest loan amount against individual home loan in the year 2013-14 and a lowest amount has been sanctioned in the year 2008-09. As regards to the percentage of total growth over previous year, LIC HFL recorded a maximum percentage of total growth rate of 72.87% in the year 2009-10 over 2008-09. Overall, the amount of loan sanctioned against individual home loan was increased from 2008-09 to 2013-14 with an unpredictable percentage of total growth rate.

The highest number of disbursements was made against home loan during the year 2010-11 with the highest percentage in total growth rate of 64.99% over 2009-10 which indicates that the large number of individuals is benefited by LIC HFL during that particular year and made less number of disbursement in 2013-14. During the year 2012-13 over 2011-12 as during this period the total growth rate was declined by -16.60% over 2010-11. On
the whole, the number of disbursement towards individual home loan and total growth rate over previous years was found to have a wavering trend from 2008 to 2014.

The amount disbursed against home loans to the borrower record a towering amount in the year 2013-14 and a very lesser amount of loan have been disbursed during 2008-09. There is a gradual increase in disbursement of amount have been noticed from 2009-10 to 2013-14. As regard to the percentage total growth rate over previous year, it was found high with 69.33% in the year 2009-10 over 2008-09. In general, yearly there is an increase in total amount of disbursement with uneven percentage of growth rate.

The year 2010-11 record a highest total growth rate of 37.89% over 2009-10 reveals that the major portion of loan amount has been collected from loan borrowers against home loan Even though the total loan amount received by LIC HFL in the year 2013-14 was high, it exhibits a lesser total growth of 17.70% against home loan from the borrowers over 2012-13. To conclude, annually, the amount received from home loan borrowers against their loan amount has been increased with the diminishing percentage of growth rate over its previous year.

The highest percentage of total growth rate was recorded during 2009-10 with 37.58% over 2008-09 and a very less growth rate is found in the year 2013-14 with 17.39% over 2012-13. With regard to outstanding amount, the huge amount was due in the year 2013-14. On the whole, the outstanding amount was increased every year shows a good indication that the borrowers are getting more home loan every year with a continuous diminish in the growth rate.
The highest sum of interest income received against individual housing loan during 2013-14. It can be noticed that the interest income has been raised progressively every year from 2008 to 2014 which be a sign of increasing the home loan borrowers each year. With respect to the percentage total growth rate, it is evident that 2010-11 record a highest growth rate with 48.32%. After 2010-11, the growth rate of interest income has begun to decline and a lower percent of growth rate was noticed in the year 19.47% in the year 2009-10. On the whole, the total amount received against interest has increased with a diminishing growth rate.

The highest number of customers has availed and benefitted out of the services provided by LIC HFL has been found in the year 2013-14. The percentage of growth rate has been found high in the year 2012-13 with 16.99% over 2011-12. On the whole, undoubtedly, every year the number of customers are increased and benefitted at a greater extent with unpredictable growth rate.

LIC HFL has set aside the highest amount towards provision for housing loan in the year 2013-14 and the least amount of provision has been made during 2009-10. With regard to the growth rate, it shows a highest percentage of 123.13% in the year 2010-11. A lesser percentage of growth rates were found in the year 2013-14 with 1.77%. Overall, the provision for housing loan has creased and the erratic movement in the growth rate.

The irrecoverable housing loan and growth rate over previous year both seems to be very high in the year 2012-13 indicates huge number of non-payer of loan have been found during that particular period. A very small amount of irrecoverable has been found in the year 2013-14 with (negative) -99.99% growth rate over 2012-13 indicates that almost all the home loan borrowers have repaid the loan installments. To conclude, LIC HFL has seen a welcome sign of prospects by its highest negative growth rate up to 2011-12.
and experiences a huge non-payer in 2012-13 and gets a hold of its growth in the year 2013-14.

FINDINGS PERTAINING TO PRIMARY DATA

- The study concluded that maximum of male customers in the age between 36 to 45 years having PG qualified borrow loans from LIC housing finance

- The customers borrowing LIC loans are salaried class earning a monthly income between Rs.30001 to Rs.40000 and the customers deal with LIC housing finance for a period less than 5 years.

- It is inferred that maximum of the customers have borrowed loans between 5 to 8 lakhs, with a repayment period less than 5 years, having a capacity to pay their EMI for Rs.15001 to Rs. 20000, paid their processing fees above Rs.3000

- It is analyzed that most of the customers have not availed timely disbursement of loan amount nor the desired loan amount and have not repaid the loan amount on fluctuating interest rate.

- Maximum of the customers do not possess agreement over default interest charges on repayment and have not taken any steps for pre-closing their loan in LIC housing finance

- The factor influencing the customers for LIC housing finance are easy asset, Innovative procedures, quick process, Interest rate, loan disbursement, Easy repayment. Transparency, loan type and processing fee and lump sum sanction.
• The customer possess a moderate opinion in LIC sanctioning loans for the property purchased, its innovative procedure, quick process, interest rate charged and the time taken in disbursement of loans.

• The customers have moderate opinion LIC housing finance concerned to repayment loan process, transparency, updated information, processing fee payments, time taken in sanction of lump-sum loan amount.

• 52.5% of meticulous customers strongly agree that LIC housing loan sanction them lump sum amount at a reasonable rate of interest, quick loan disbursement process and towards purchasing their assets easily.

• 20.8% of saturated customers strongly agreed that they are influenced by LIC housing finance due to the best services rendered and facilities rendered towards availing the housing loans.

• 26.7% of mechanical customers moderately agreed towards the services and sanction of loans made by LIC for the benefit of the customers.

• The customers of LIC housing finance have the same opinion towards timely disbursement of loan amount, availing desired loan amount, paying the repayment of fluctuating interest rate, agreement over default interest changes and pre-closing of loan amount.

• The customers in the age group 36 to 45 years moderately agreed towards easy repayment, lump-sum loan sanction compared to customers with age group 25 years to 35 years.
- The relationship between the housing loan details with respect to the number of years dealing with LIC and the loan amount borrowed from LIC have similar opinion from the customers of LIC housing finance.

- The customers pay different processing fee proportionate to their loan amount. This does not distinguish them in expressing the opinion about factors of housing finance. The customers repaying within 5 to 10 years moderately agreed towards LIC loan quick process and charging of reasonable interest rate.

- The amount of EMI paid for the housing loan does not distinguish the customers to express their opinion about nine factors of housing loan. The customers who paying the EMI possess the same opinion about different factors of housing loan. All the customers face more problems at the time of availing housing loans from LIC due to default interest, demanding numerous documents.

- 15.29% of detached customer experience problems towards default interest, Discrimination between salaried and other group customers, exorbitant insurance deductions at the time of availing housing loan.

- 51.76% of optimistic customers face more problems concerned to default interest, delay in loan sanction, demanding numerous documents, discrimination between salaried and other groups of customers, exorbitant insurance deduction and moderate problems at the time of pre-closing the loans.

- 32.95% of improvement seekers incur moderate problems concerned to delay in loan sanction, demanding numerous documents at the time of availing LIC housing loans and they accept to face only a minimum problem concerned to default interest, Discrimination between salaried
and other group customers, exorbitant insurance deductions and Pre
closure charges.

- The problems experienced by the customers at the time of availing the
loan from LIC housing finance is associated with the age, educational
qualification, occupation and monthly income earned by the customers.

- The analysis revealed that the problems experienced by the customers
at the time of availing loan from LIC housing finance is also associated
with number of years dealing with LIC, loan amount borrowed,
processing fee paid, period of repayment of loan, amount of EMI paid.
The customers agreed to avail all the benefits provided for the LIC
housing finance moderately.

- 40.59% highly benefited customers strongly agreed that they have
received more benefits such as sanctioning of huge loan amount, loan
top-up and take over and paying minimum initial payments.

- 35.09% benefit seeker customers moderately agreed for receiving
benefits from LIC housing finance such as flexible repayable benefits
and payment of minimum initial payments.

- 24.32% moderately benefited customers have agreed for receiving only
moderate benefits sanctioned by the LIC housing finance such as
sanctioning of huge loan amount, direct and indirect tax benefits loan
top ups.

- The benefits received by the customers from LIC housing finance is
associated with the age, educational qualification, monthly income,
number of years dealing, amount borrowed and period of repayment,
• The LIC housing finance at the time of sanctioning loans discriminate the customers between salaried and other group of customer, demand more documents and deduct exorbitant insurance failing which they delay in loan sanctions.

• Any default in payments by the customers of LIC housing finance are charge with default interest and pre closure charges at the time of sanctioning huge loan amount.

• In spite of more problems experienced by the customers during the time of availing the loans yet they receive the benefits of loan top up and take over in-spite of experiencing more charges and higher interest rate on the loans sanctioned

• The customers are motivated towards the benefits of insurance coverage for their loan and minimum initial payment at the time of availing housing loans.

• There is an influence between the customers of LIC housing loan and the benefits received at the time of availing sanctioned loans such as sanctioning of huge loan amount, direct and indirect tax benefits, loan top-up and take over, flexible repayment benefits, insurance coverage for loans and minimum initial payments.

SUGGESTIONS

1. The LIC housing finance should make prompt loan sanctions at the earliest to its customers.

2. Loan procedures need to be simplified in order to avoid the wastage of time of the customers.
3. The company must sanction the loan in the minimum possible time to satisfy the customers and this should be adopted as a marketing tool to compete with other financial institutions.

4. There is no scheme in LIC housing finance, which specifically caters to the housing needs of women. Therefore, to bring gender-wise equality in home ownership and to encourage women in availing

5. The LIC shall guide the borrowers in the preparation of the estimated cost plans to get quick sanction of housing loans from the LIC.

6. LIC Housing Finance should reduce time to process the documentation and should try to sanction the loan within 15 to 20 days time from the date of application of loan.

7. The LIC Housing Finance Institutions should minimize the processing and administrating charges to improve the customer relationship.

8. Inordinate delays in sanctioning of loans shall be avoided. Even in the case of non-salaried income customers, the cumbersome procedures which are prevailing shall be simplified while sanctioning the loans.

9. The loan amount shall be estimated based on the latest prices of the inputs to make it more adequate for the purpose of sanctioning loan.

10. Procedures for verification and documentation should be made simple. Specifically, the number of documents to be submitted for house loan shall be minimized.
11. While recovering the loan amount from the beneficiaries, LIC should avail the facility of deducting the dues from the salary at source to save time and expenditures of the borrowers.

12. Insurance cost should not be deducted in one lump sum. It should be better be added to the monthly installments.

13. Pre-settlement of housing loans before the due date, should be allowed with nominal charges. Further, the borrower should be encouraged to repay the housing loans ahead of their repayment schedule.

14. Competition shall be created among the branches to excel in recovery and best performing branches may be rewarded monetarily even at individual employee level, also, performance linked incentives system shall be implemented to motivate employees to step-up monitoring and recovery.

15. System for awarding of trophy/ merit certificates shall be introduced for better recovery performance among the staffs of LIC housing finance.

16. Government should provide guarantee on customer’s credit, especially in the case of low income groups.

CONCLUSION

Based on the study, the following conclusions are drawn

Majority of the respondents have expressed their satisfaction regarding the performance of the company but customers from all the occupational categories are less satisfied with regard to processing time of loan and the loan procedure.
The major problem faced by the customers is rules and regulations followed by surety and collateral security. Other problems such as insufficient loan amount, delay in processing and preparation of documents are experienced by lesser number of borrowers.

Most of the borrowers opined that instead of deducting in one go (lump sum). Insurance cost can be collected in installments. Simultaneously, it would be reasonable if the company reduce certain percentage month wise. Majority of the sample borrowers opined that the cost of the plot needs to be considered by LIC for financing.

Customer are associated with housing finance companies for many services that they require on regular basis and people tend to prefer finance companies which provide better facilities in a convenient manner.

On the basis of collected data, it is being concluded that customers of LIC Housing Finance are satisfied but not highly satisfied due to high rate of interest charged on the loan amount and more complicated term and conditions. So there is a need to reduce the rate of interest charged by LIC housing while lending home loan and making the term and conditions easy and understandable for customers.

The customers of LIC housing finance feel the burden of repayment, soft repayment should be encouraged. Soft repayment is a facility provided by the house financing agency to extend the period of repayment with reduced equated monthly installments.

Customers of LIC housing finance having no regular or steady income may become defaulters of the repayment of loan as equated monthly installments. No stringent action should be taken but to give them sufficient time by extending the repayment period.
The LIC should issue a certificate detailing the annual payments made, for income tax exemption purposes, every year without waiting for the borrowers to ask for it. Along with it, annual statement of balance due can also be sent.

In order to keep the time gap between the expected and the perceived service at a minimum it is important that the promises made in the course of propagating the services should be realistic. They should be translated into effective action.

The majority of the customers are not satisfied with the activities and services. Quick processing of application and sanctioning of loans will attract many to undertake house construction activities by availing loans from LICHFL. Board of Management should have a “Regulatory Authority” in each region to co-ordinate and check the functions and the loan procedure delays.

In short the customers are not fully satisfied with the services of LICHFL. Therefore the LICHFL authorities should take necessary steps to make the customers fully satisfied and can become a market leader and retain also the market leader status in housing finance in India in the years to come.

SCOPE FOR FUTURE RESEARCH

The LIC Housing finance Limited is very popular among the customers these days. The trust level that customer have towards LIC housing finance is very high in comparison to other housing finance companies which is mainly due to its marketing network. They have more number of marketing personnel than the regular office staff. Therefore still better service quality is required to be improved in turn for the profitability of the company to increase. The future growth of the companies depends upon its qualitative service to the customers. At this juncture, the LIC housing finance should
evaluate their services and identify their distinction from others. Changing
customer needs and uncertain economic conditions in are exerting pressure on
housing finance companies which is required to majorly focus by the LIC
housing finance companies.

The researcher studied mainly problems faced by customers of
LICHFL and also benefits are being enjoyed by them. There is a scope for
comparative study that may be undertaken between LICHFL and other
housing finance companies in India. Secondly, research may be taken up
regarding marketing strategies of LICHFL