CHAPTER 3

RESEARCH METHODOLOGY
CHAPTER 3
RESEARCH METHODOLOGY

3.1 Introduction
3.2 Research Problem
3.3 Objectives of the Study
3.4 Hypotheses of the Study
3.5 Methods of Research
3.6 Significance of the Study
3.7 Collection of Data
3.8 Sampling Design
3.9 Statistical Tools
3.10 Chapter Scheme
3.11 Limitations of the Study
3.1 Introduction

In the present fast track business environment marked by cutthroat competition, many organizations rely on business research to gain a competitive advantage and greater market share. Business Research is the pursuit of truth with the help of study, observation, comparison and experiment. The search is done for knowledge through objective and systematic method of finding solution to a problem, to discover answers to questions through the application of scientific procedures, to find out the truth which is hidden and which has not been discovered as yet, to gain familiarity with a phenomenon and to portray accurately the characteristics of a particular individual, situation or a group.

3.1.1 Objectives or Necessity of Research

1. Defining and redefining problems.
2. The fountain of knowledge for the sake of knowledge is an important source of providing guidelines for solving different business, governmental and social problems.
3. An art of formal training which enables one to understand the new developments in one’s field in a better way.
4. Search for knowledge, scientific and systematic search for pertinent information on a specific topic, an art of scientific investigation.
5. Careful investigation or inquiry especially through search for new facts in any branch of knowledge.
6. Systematized effort to gain new knowledge.
7. A movement from the known to the unknown.
8. An original contribution to the existing stock of knowledge making for its advancement.

3.2 Research Problem

Growing economy demands for commercial, retail and housing development, age distribution of the population keeps decreasing leading to increasing numbers in the productive work force people. This also ultimately leads to demand for housing development. Primary driver for real estate sector is rapid urbanization and development of residential and commercial properties in semi urban and rural areas.
Real estate prices have moved sharply due to sudden increase in demand. Hence mass people cannot dare to purchase a flat in town or city. Their dream can only be realized if housing finance is available to these mass people. Banks which finance to housing customers, see towards their safety of amount they lend, hence dream of common people do not realize easily. Loans at cheaper interest rates are only dream for them.

No wonder the housing finance industry has grown at an amazing pace in the last few years, even though there are hurdles ahead for the common people who have no regular income. There are also other problems in getting housing loans. Banks that finance have their own problems. Looking to all these problems, the researcher has decided to go into and explore field of housing finance and give some suggestions to banks, policy makers, administrators and home seekers as well. Hence the topic of problem of the research study is:-

“HOUSING LOANS - A COMPARATIVE STUDY OF SELECTED PRIVATE FINANCIAL INSTITUTIONS IN GUJARAT”.

Selection of Field Study Zone

The necessary data for the all type of housing finance in all districts of the Gujarat are going to be considered. These areas are divided in three categories.

1. Economically developed districts.
2. Economically developing districts.
3. Economically less developed districts.

Ahmedabad, Surat, Anand, Vadodara etc. are considered as economically developed districts. Bharuch, Rajkot, Junaghadh, Bhavnagar, etc. are considered as economically developing districts. Dang, Narmada, Panchmahals, Godhra, etc. are considered as economically less developed districts.

Other criteria that is to be considered is private institutions those who are providing home loans e.g. ICICI Bank, HDFC Bank, Axis Bank, IDBI Bank, Gruh Finance and other small institutions.
3.3 Objectives of the Study

For the research of the study certain objectives are considered which are as below:

1. To present theoretical and fundamental frame work of Home Loans.
2. To undertake a macro and micro study of selected housing finance institutions.
3. To examine the process of sanctions and disbursements of the selected financial institutions engaged in housing finance to the retail borrowers.
4. To study the effects of economic reforms of housing finance sector.
5. To study the performance appraisal of selected housing finance institutions.
6. To examine sanctions and disbursements problems and to suggest remedial measures to make the system efficient.

3.4 Hypotheses of the Study

1. $H_{01}$ = There is no significant difference in home loan position in selected private institutions in India during the study period.
2. $H_{02}$ = There is no significant difference in home loan position in selected banks of Junagadh area during the study period.
3. $H_{03}$ = There is no significant difference in home loan position in selected banks of Bhavnagar area during the study period.
4. $H_{04}$ = There is no significant difference in home loan position in selected banks of Godhra area during the study period.
5. $H_{05}$ = There is no significant difference in home loan position in selected banks of Vadodara area during the study period.
6. $H_{06}$ = There is no significant difference in home loan position in selected banks of Surat area during the study period.
7. $H_{07}$ = There is no significant difference in home loan position of HDFC bank in selected zone during the study period.
8. $H_{08}$ = There is no significant difference in home loan position of Axis bank in selected zone during the study period.
9. $H_{09}$ = There is no significant difference in home loan position of ICICI bank in selected zone during the study period.
10. $H_{10}$ = There is no significant difference in home loan position of IDBI bank in selected zone during the study period.
3.5 Methods of Research

3.5.1 Application of Descriptive Research

For descriptive research the researcher seeks to measure items such as, frequency of shopping, preferences of people etc. method of research utilized are, Survey methods of all kinds, Comparative methods and Co-relational methods.

3.5.2 Analytical Research

The researcher has to use facts of information already available. The researcher has to analyze facts to make a critical evaluation of the material.

3.5.3 Applied Research

Its main purpose is to find a solution for an immediate problem facing a society or an industrial/business organization and to discover a solution for some pressing practical problems. For example, Research studied concerning human behavior carried on with a view to make generalizations about human behavior, Research aimed at certain conclusions facing a concrete social or business problem.

3.5.4 Fundamental Research

It concerned with generalization and with the formulation of a theory. For example, Research concerning some natural phenomenon, Research relating to pure mathematics.

3.5.5 Quantitative Research

Based on the measurement of quantity or amount, it is applicable to phenomena that can be expressed in terms of quantity. It concerned with qualitative phenomenon and phenomena relating to or involving quality or kind. For example, when we are interested in investigating the reasons for human behavior, we think why people think or do certain things?

3.5.6 Attitude or Opinion Research

It is a qualitative research designed to find out how people feel or what they think about a particular subject or institution.
3.5.7 Qualitative Research

It has importance in the behavioral sciences. Its aim is to discover the underlying motives of human behavior. It analyzes the various factors which motivate people to behave in a particular manner or which make people like or dislike a particular thing.

3.5.8 Motivation Research

It is a type of qualitative research aims at discovering the underlying motives and desires, using in depth interviews. It concerned with the determination of motivations underlying the consumer (market) behavior. Techniques of research are word association tests, sentence completion tests, and story completion tests.

3.5.9 Conceptual Research

It is related to some abstract ideas or theory. It is mainly used by philosophers and thinkers to develop new concepts or to reinterpret existing ones.

3.5.10 Empirical Research

It relies on experience or observation alone. It is a data-based research, coming up with conclusions which are capable of being verified by observation or experiment. It is necessary to get at facts first-hand, at their source, and actively to go about doing certain things to stimulate the production of desired information. The researcher must first provide himself with a working hypothesis or guess as to the probable results. He then works to get enough facts (data) to prove or disprove his hypothesis. He then sets up experimental designs which he thinks will manipulate the persons or the materials concerned so as to bring forth the desired information.

3.5.11 Descriptive Research or Ex Post Facto Research

It is an attempt by the researcher to discover causes even when they cannot control the variables. Its main purpose is description of the state of affairs as it exists at present. The researcher has no control over the variables. He can only report what has happened or what is happening.

3.5.12 Categorical Research

Research is confined to a single time-period.
3.5.13 Longitudinal Research

Carried on over several time-periods.

3.5.14 Field-setting or Laboratory or Simulation research

Depending upon the environment in which it is to be carried out.

3.5.15 Clinical or Diagnostic Research

It follows case-study methods or in-depth approaches to reach the basic causal relations. Studies go deep into the causes of things or events that interest us, using very small samples and very deep probing data gathering devices.

3.5.16 Exploratory Research

Its main objective is the development of hypotheses rather than their testing.

3.5.17 Formalized Research

Studies are those with substantial structure and with specific hypotheses to be tested.

3.5.18 Historical Research

It utilizes historical sources like documents, Remains etc. Research has to study events or ideas of the past, including the philosophy of person and groups at any remote point of time.

3.5.19 Target Oriented Research

In this research researcher is free to pick up a problem, redesign the enquiry as he proceeds and prepares to conceptualize accordingly.

3.5.20 Decision Oriented Research

For the need of a decision maker, the researcher is not free to embark upon research according to his own inclination. For example, Operation Research
3.5.21 Operation Research

Scientific method of providing executive departments with a quantitative basis for decisions regarding operations under their control. It refers to the application of mathematical, logical and analytical techniques to the solution of business problems of cost minimization or of profit maximization or optimization problems.

3.5.22 Market Research

It is the investigation of the structure and development of a market for the purpose of Formulating efficient policies for purchasing, production and sales. The kind of research is descriptive, which will depend on survey of housing financing private banks in selected districts. Hence, it is a survey method research.

3.6 Significance of the Study

This study will help to the customers or home loan seekers to minimize the problems regarding procedure and sanction of the home loan, and it will be also helpful to the customers that they are getting the guideline regarding the best possible option for the home loan and to select the best financial institution for the home loan.

This study will help to the society in observing the development of the home loan sector in the country. This study will indicate the real picture of the development of the home loan sector and contribution of the home loan sector into the Indian economy. Role of government financial institutions and private financial institutions in this sector is very easy measure by this study. Private housing business has the knack and dynamism to overcome the problem of housing shortage. Public housing sector needs to encourage private developers through schemes and regulatory provisions.

This study will indicate that home loan sector has to require steady and sustainable development. Certain problems are there in implementing the policies for home loan sector that should be improved.

2.7 Collection of Data

Both the primary as well as secondary data are used for analysis in the study.
3.7.1 Primary Data

The primary data regarding aspect of the home loan by clients of different districts of the Gujarat from different type of private financial institutions are collected. Collection of the view of the sample customers regarding home loan from the different financial institutions is done. Data collected through questionnaire among the home loan customers are also recorded.

3.7.2 Secondary Data


3.8 Sampling Design

For the primary data collection, the procedure of selection of sample districts, private financial institutions and home loan customers was made in following manner.

3.8.1 Selection of Sample Districts

According to the study of home loan five districts are selected randomly which are as follows:

1. Economically Developed Districts : Surat and Vadodara
2. Economically Developing Districts : Bhavnagar and Junagadh
3. Economically Less Developed Districts : Godhra

These five districts are selected for the purpose of depth study of home loan.

3.8.2 Selection of Private Financial Institutions

For the depth study of home loan in Gujarat and for the comparative study following four institutions are selected:

1. ICICI Bank
2. HDFC Bank
3. AXIS Bank
4. IDBI Bank
3.8.3 Selection of the Respondents

Overview of sample is as under:

24 respondents were selected from each district. Reviews of four private banks are under study. Hence, six respondents from each selected private bank out of that one is bank itself, another two are self employed persons those all ready took the home loan from the bank and three are salaried persons those who already took the home loan from the bank. By this way, 120 respondents were selected and out of them 20 are from bank itself and another 100 are home loan customers.

3.9 Statistical Tools

Data of collected through primary and secondary sources put in tabular form and average and percentages were calculated. To test the hypotheses framed in this studies, data were fed in to the computer mainly MS Excel 2007 and SPSS package (15 evaluation version) and appropriate test conducted. Following are the main statistical tools used in this study.

1. Mean
2. Median
3. Mode
4. Percentage
5. ANOVA

By using all the above parameters the data were analyses and found the conclusions.

3.10 Chapter Scheme

The study has been divided into six chapters. A brief outline of each chapter is as follows:

Chapter – 1: Housing Finance: An Overview

This chapter includes the introduction, history of housing in India, housing finance scenario in India, challenges of housing finance, housing situation, types of housing loans.

Chapter – 2: Review of Literature

Published research works, articles, thesis and book etc…
Chapter – 3: Research Methodology

This chapter includes the scope of study, types of data, sampling size, sampling method, tools using for research methodology.

Chapter – 4: Procedure and Strategies of Selected Private Housing Finance Institutions in Gujarat

This chapter covers procedure and strategies of sanctions and disbursements of private financial institutions providing housing finance. This chapter also deals with indepth study of all selected private housing financial institutions on the basis of primary and secondary data.

Chapter – 5: Comparative Study of Performance Appraisal of Selected Private Housing Finance Institutions in Gujarat

This chapter deals with indepth study of performance appraisal of the selected private housing finance institutions in Gujarat.

Chapter –6: Findings and Suggestions

The major findings of this study have been presented in this chapter. The certain remedial measure are also recommended for the better implementation of the policy of the of the housing finance sector.

3.11 Limitations of the Study

This study also includes some limitations which have been discussed as follows:

1. The sample size of 100 customers and 4 banks might prove a limitation because of difficulty in generalization of results.
2. This research study was taken in a limited five districts of Gujarat only and findings may vary if the area of study is increased or changed.
3. The random sampling method is followed in selecting the respondents. So that results of the study may be biased.
4. Customer preferences and opinions are supposed to change from time to time.