

CHAPTER - I

INTRODUCTION OF STUDY

1.1 INTRODUCTION :

Housing is a basic need of human being. Every human being as well as animal is in need of shelter. This important need is not fulfilled in India rather we can say the whole world. It is also observed that in advanced countries also many people do not own their own houses. In India many big cities and metro cities are also facing this problem. This housing problem is basically because of development of trade, employment, medical facilities, latest technology etc. due to reason population increase per year in big and metro cities. Because of this advance facilities found in metros, housing problem is created. As said that shelter is the basic need of human being but due to shortage of money it is not possible for human being to solve the problem of housing and because of problem human being is exploited through staying in rental house and his dream of own house is not possible. Major income is being paid away as rent and still he has to compromise with many unfavorable circumstances.

PERFORMANCE APPRAISAL OF HOUSING FINANCE COMPANIES :

To a modern man no other problem is an intriguing and mind boggling as the housing problem. The capital cost of house is very high multitude of the average income of salaries persons and of people belonging to the middle-income group. Till 1970, for an individual the only source of money for housing building was one's own savings. For a lucky few who were in the organized sectors like government or industry there was housing-building advance as an additional source. As per the report of the Banking Commission of 1972, it was estimated that even if a worker in India saved 10 percent of his income it would take 49 years to finance the construction of his house with his own savings. In most of the cases, before completing such a long period of service, the worker would be pensioned off. This shows that the cost of housing is so high that for an ordinary individual it is next to impossible to have a house exclusively from his lifetime earnings.

In the first 25 years of post independence, India has concentrated on agricultural development. Only after the individual revolution and the continuous shifting of rural population to the urban areas, the need for development of housing sector has been emphasized. It is always a dream to own a house, however, a majority of the population does not have the required financial assistance to own a house. Eyeing this as an opportunity, many firms have opted for extending housing loans not only to boost their bottom lines but also to reduce the prevailing demand and genuine demand and supply gap. The genuine demand arising out of the individual need for housing, together with the present boom in the housing sector, it is all set to provide a platform for the housing finance companies to carve out a piece of fortune. What remained as a very low-profile sector in India is suddenly witnessing activity that is promising a bright future. Out of India's new housing units, 25 percent are financed through the organized housing financing institutions. With the gap between the required number of housing and the actual, government identified housing sector as a core and it is only with the timely intervention of the government that housing finance has become a major industry in India.. With the establishment of National Housing Bank, the Government has provided the much-needed boost to this sector. 32 Housing finance companies are registered with the National Housing Bank. This number is going to increase in the near future with the industry growth, throughout the second part of the last decade, this sector has witnessed a growth of over 30 percent and promises to grow the same rate in the next couple of years. Recognizing the growing need of housing finance in India, the government has emphasized on housing and housing finance in its tenth five year plan. This is the first time that India has emphasized on housing sector following reports that there is a shortfall of more than 20 million units.

Even the Asian Development Bank has embarked on a twofold strategy for Indian's housing sector. One is focusing on providing funds to financial intermediaries, who in turn, lend to individual borrowers at the household level. The second objective is combining slum upgrading and micro credit schemes for lower income group in its state level specific integrated urban development projects. These latest

developments in the housing sector has made housing finance one of the growth drivers for the Indian economy in the last decade what earlier remained as an isolated segment has now transformed itself into a core sector Housing Finance in India is getting recognition as a specialized finance products, thanks to the efforts of Housing finance companies and the subsidiary outfits of bank specializing in this area.

Housing finance industry did not have much formal introduction because traditionally, as far as the builders are concerned, financing of construction is largely done through advances from customers. Therefore, the issue of housing finance applied to customers which in turn will affect the demand for housing. In early eighties salaries individuals who wanted to buy flats did not have many institutions to approach for finance. Raising finance for acquiring a house was a painful process, as the house hunt itself. Only a few institutions in the market were there to help individuals to acquire finance, and that too at exorbitant rate of interest. The few housing finance institutions in the market were HDFC and a few back, and small number of Non-banking companies. Moreover their reach was largely restricted to the major cities and they were known to a select few. The rates of interest ranged between 9% to 15% and it was basically a seller's market but now if see the present situation of the housing market there is a change in the recent years specially last two decades. The development of Housing Finance System in India in the form of an institutionalized and formal housing finance super structure is relatively of a recent origin.

In present picture, Housing Finance System in the country represents a few players like Government and its Housing agencies, General Financial Institutions, Insurance Sector, Banks and specialized Housing Finance Companies, Cooperative Housing Societies and employers in Public and Private sector extending housing finance and staff quarter facilities to their employees. In addition there is a large informal sector, which meets over two-third of the housing finance in the country. This segment represents mainly self-help resources for housing financing (personal saving, sale of assets, loan from friends and relatives, etc) and rudimentary undeveloped and loose conglomerates formed by similarly placed persons. Such informal arrangements help

individuals (mostly low-income casual workers in informal sector) to obtain short-term, small amount loans for various purposes including housing without elaborate requirements of the formal sector. However there is very little integration of the informal segment with the formal institutionalized system. The financial system designed to mobilize financial household savings is heavily loaded in favour of the public financial institutions, which have overriding exclusive position privileges too access public deposits. The specialized HFI's play a very marginal role in terms of deposit mobilization at present on account of various discriminations faced by them vis-a-vis the competing institution in the form of TDS, tenor of deposit, etc. and also due to their limited geographical spread. In addition to the specialized housing finance institution, the cooperative housing finance societies, which are, as conduits for the allocated credit, are significant in the Housing Finance System of the country.

According to the last census conducted in India in 1991, the country had a population of 846.3 million out of which 217.6 million lived in cities and towns. The total number of households was estimated at 153.2 million for the same year. As against this figure, the housing stock in the country was of the order of 148 million - 39.3 million units in urban areas (26.6%) and 108.7 million in rural areas (73.4%). During the period 1971-1991, while the number of households increased by 58%, the number of housing units went up by about 59%. Although India has been facing the problem of housing shortage for a long time, the increase in housing stock in recent decades has been more than that in the number of households.

On March 31 it has been released the **Provisional Census of India 2011**. The population is now pegged at 1210.2 million people, with an increase of more than 181 million in the last 10 years.

Indore: The city's population grew by more than 0.4 million (4 lac) in the last decade and has now crossed the 1.9 million mark, according to the new Census report released.

LIC Housing Finance Limited was incorporated in 1989 and an important zone of Life Insurance Corporation of India. As one of the leading players and an earlier entrant in the market for housing loans, LIC Housing Finance Limited boasts of an extensive distribution network. LIC offers home loans for construction/purchase of house/flat and also for renovation of existing flat/house. While LIC Griha Prakash and different others are for purchase, construction of properties and extension of residential units, LIC Griha Sudhar Loan facilitates repairs/renovation of properties.

LIC Housing Finance provides various types of loans, such as:

- Purchase, construction, repair and renovation of new, existing houses.
- Finance for existing property for business/personal needs.
- Loans to professionals for purchase / construction of Clinics / Nursing Homes / Diagnostic Centers / Office Space.
- Loans to Corporate Bodies and Companies under different schemes for purchase / construction of office premises.
- Loans to Property Builders and Developers for residential and commercial projects.
- Valid job contract or works permit.

History of LICHF :

LIC Housing Finance (LICHF) was incorporated on June 1989. It is the largest housing finance company in India. The core business of the company is to provide long term finance for various housing needs.

It provides finance to individuals as well as to corporate for purchase, construction, repair, renovations of new, existing flats and houses. It also offers finance for purchase / construction of Clinics / Nursing Homes / Diagnostic Centers / Office Space and also for purchase of equipments. The company GDR was launched in 2004 and is listed on the Luxembourg Stock Exchange.

LICHF has a network of 13 back offices, 181 marketing units, 773 direct sales agents (DSA), 3400 home loan agents (HLAs) and 615 customer relationship associates (CRAs) across India.

The Company has set up a Representative Office in Dubai and Kuwait to cater to the Non-Resident Indians in the GLCC countries covering Bahrain, Dubai, Kuwait, Qatar and Saudi Arabia. Today the Company has a proud group of over 10,00,000 prudent house owners who have enjoyed the Company's financial assistance.

Products :

Home Loans- It provides a range of services serving various needs of individuals, NRIs and pensioners related to housing.

Corporate Loans- The company offers financial assistance to corporate for purchasing, constructing, renovating and repair of housing property.

Project loans to Builders / Developers- It provides loans to builders or developers for construction of housing projects for commercialization.

Products of Life Insurance Housing Finance Corporation :

- LIC Griha Prakash and Griha Laxmi loans are for purchase and construction of properties and the maximum loan offered can go upto Rs. 1 Core. In both the cases, the home loan finances up to 85% maximum of the cost of the property, which is inclusive of agreement value, stamp duty and registration charges.
- LIC Griha Sudhar Loan facilities repairs / renovation of properties. The maximum loan amount can be upto Rs. 10 lakhs and the loan to property cost won't exceed 85% of cost of repairs or 25% of market value of property, whichever is lower.
- LIC Griha Prakash loans are meant for extension of residential units and the loan amounts range from Rs. 25,000 to Rs. 1,00,00,000. The company finances upto 85% of the total cost of the property including stamp duty and registration charges. The maximum repayment period can be upto 20 years or retirement age or 70 years of age, whichever is earliest.
- The minimum loan amount of LIC Griha Shobha is Rs. 5,00,000. The maximum loan term for a non-professional applicant is 10 years, while it is 15 years for a professional. The product offers the facility of Equated Monthly Installments (EMI) to its applicant.

History of PNB Housing Finance Limited:

PNB Housing Finance Ltd. is a wholly owned subsidiary of Punjab National Bank. This company is mainly providing housing finance to individuals as well as corporate bodies. They have also entered in to investment in shares and securities. PNB Housing Financing Ltd. established in the year 1988. Its subsidiary of the 2nd largest PNB bank in India, over the last 24 years of its existence. PHBHFL has become a name to be reckoned with amongst the seasoned housing loan companies in the home finance industry. Transparency, integrity and consistency are strength of this company. In Dec. 2009 Punjab National Bank divested 26% of its stake in favour of testimony enterprise Pvt. Ltd. A specialized retail financial service company. PNB Housing is a primarily engage in granting house loans.

PNB Housing offer loan for purchase/construction of houses and commercial properties, loans for repairs/renovations/upgradations of the immovable residential properties. The company also offers non-housing loans to builders and body corporate houses and loans against mortgage of existing residential properties to individuals for their personal requirements such as for education/marriage of children, family functions, foreign travels, Medical expenses, furnishing the houses buying a computer or other consumer durables etc. Some of the loans scheme includes 'APNA GHAR YOJNA', 'GRIH SUDHAR YOJNA', 'LOAN AGAINST PROPERTY', 'COMMERCIAL PROPERTY' etc. Besides this PNB housing also provided fixed deposits facilities and home loan insurance in association with TATA AIG Life Insurance Co. Ltd.

PNB housing finance ltd. provides a wide array home loans to address varied customer needs, the bank provides loans to individuals against mortgage of their existing residential immovable property situated in urban/semi-urban/metro centers.

1.2 REVIEW OF RELATED LITERATURE :

A survey on the selected topic show that there is a wide scope available for the study on this topic. Previously work done separately on LIC Housing Finance Limited and critical study on various housing policies. Similarly PNB housing Finance Limited works on accounting statement of ratio analysis.

But customer 's satisfaction in LIC Housing Finance Limited & PNB Housing Finance Limited. (A study of selected consumer of Indore district) topic has not yet been touched and dealt by any research scholar.

Review of literature is the important aspects of any research study because it gives exact picture about the research conducted in particular area, need of future research during the study, there is no ample literature available on housing finance in form of books. So that I have gone through various Serious Journal Articles, ad Books, Newspapers, doctoral thesis, research papers are reviewed critically in this chapter to make out a case in favour of this thesis. After going through the literature on housing finance I came into conclusion that there are some loopholes in financial, operational and organizational aspects that is required deep study. After identify the gap in the literature in the context of present thesis subject in India, the development of an appropriate approach with the desired focus is taken up in this chapter in the first part.

- To clear the picture regarding the research in the housing areas, I have gone through some of the thesis related to housing finance various aspects one was related to topic 'Business Strategies of Housing Finance Companies for Raising Funds - A look into the Existing and Emerging Sources of Funds' by Dr. Sunder Ram. G faculty of Narsee Monjee Institute of Management, Bombay, submitted to the University of Mumbai for Award of Ph.D. in the year of 2000. In this thesis he has analyzed the 32 housing finance companies regarding their fund raising pattern with the various tools.
- Article published in the Financial Express dated 05-11-2001 by Atmadip Ray on the title 'Buy a Home : Shopping for housing finance turns cheap.' In this article Atmadip stress on the slashing on interest rates and it affects on overall housing market. He pointed out the reduction of interest rates by almost all the major housing finance institution like HDFC, LICHF, ICICI Home, PNBHF and it comes between 10.50 percent to 13.00 per cent across various maturities. In this article also pointed government relaxation in the income tax under section 88.

- Article titled 'Tenth Plan Approach on Urban Development, Urban Housing and Urban Poverty published in the 'SHELTER', a publication of HUDCO dated April 2, 2002, Vol. 5 No. 2. In this article he has pointed out the problem of urban housing and its impact on the economy and its possible solution through the housing finance institution.
- In the another article given in the Magazine, published by the Dewan Housing Finance Corporation in the Jan-June-2001, Vol. 1, No. 1, stress on the organisation effectiveness through the human resource techniques like the Emotional intelligence at work and leadership and team building concept, Self Awareness, Self Regulation, Motivation, Empathy, Social Skill.
- Article titled 'An analysis of Housing Loans - A case study, published by the HUDCO Publication dated April, 2002 written by Dr. K. Vidyavathi & Prof. R.G. Desai. In this article he has done extensive field work and collected data on source of finance for acquiring the house across the different occupational groups from among the sample households, source of fund for acquiring house across the different age group and income group in Bangalore city.
- Article published in 'The Investor' dated Oct. 2002. This article has given the current picture about the housing finance industry as a whole about the quick changes about their scheme, interest rates, processing fees, administrative fees, commitment changes, EMI, insurance, etc. In this article comparison charts of leading housing companies were shown on the basis of above mentioned operational aspects. This article have given the exact picture of housing finance industry in India.

1.3 OBJECTIVES :

The specific objectives of the study are as follows :

- To present the situation of increase housing problem of Indore district.
- To study the various housing loan scheme of Life Insurance Housing Finance Corporation and PNB Limited.
- To compare study of Housing Loan Schemes of both companies.
- To evaluate the working process of both companies.
- To comparison of customer satisfaction of both companies.

1.4 RATIONALE :

Indore is known as mini Bombay and is centre of all business activities. Indore is known as trade and industrial capital of M.P. since industries are developing at faster rate there is centralization of industries in Indore. Due to this population has increase and many infrastructure activities like medical, transport, technology etc. have also increase and many infrastructure activities like medical, transport, technology etc. have also increased and due to this there is major problem of housing in Indore. To provide new finance LIC Housing Finance Limited was established in year 1989 & PNB Housing Finance Limited in the year 1988. Here in the study at one hand we have the evaluation of life insurance housing finance corporation contribution and other ways common lay man can receive information about various housing schemes of both organization and its functions. Here in the mind of researcher there is some curiosity, regarding contribution of both organization to solve housing problem in Indore and therefore selection of the subject for Ph.D. study.

1.5 HYPOTHESIS :

Definition :

Rummel and Balline say, "A hypothesis is a statement capable of being tested and thereby verified or rejected."

Formulating Hypothesis :

A hypothesis is a conjectural statement of the relation between two or more variables. Hypothesis are always in declarative sentence form and they relate either generally or specifically variables to variables. It is a proposition, condition or principle which is assured perhaps, without a belief, in order to draw out its logical consequences and by this method to test its agreement with facts which are known and may be determined. There are two criteria for good hypothesis statements : (1) hypothesis are statements about the relation between the variables. (2) Hypothesis carry clear implications for testing the stated relations. A statement that lacks either or both these characteristics is no hypothesis in the scientific sense of the word. The function of hypothesis is to direct over research for the order among facts.

In order to make the problem explicit and in order to focus attention to its solution it is necessary too begin with certain known theories. Hempel has likened a scientific theory to a network in which the terms or concepts are represented by knots and definitions and hypotheses by threads connecting the knots. Research actually depends upon a continuous stimulation of facts by theory and of theory by facts. Facts initiate theory and lead to the rejection and reformulation of existing theory and they redefine and clarify the theory. Theory thus gives meaning to facts and puts them into order. Theory is also built upon facts and various facts put in a theory may be logically analysed and interpreted. Theory can give direction to the search for new facts. Thus based upon old facts with the help of theoretical knowledge new facts are discovered. In the process, certain deductions, are formulated which are called hypotheses. Hypothesis state what we are looking for and after we derive certain conclusions new hypotheses are formed. In order to built a hypothesis one should have knowledge of facts and theory but in order to get knowledge we should build a hypothesis. From the theory, propositions are deducted and these deduced propositions are hypothesis. A hypothesis may thus be defined as a proposition or principle or a condition which can be visualized being based upon facts. Its role is to suggest explanations for certain facts, to guide in the investigation of others and to look forward to test its validity. It may prove to be correct or incorrect. In any case it requires an empirical test. It is a kind of proposition.

Hypothesis may be developed from various sources. A hypothesis may be based simply on a chance, it may rest on the findings of another study or studies and the expectations that a similar relationship between two or more variables will hold in the present study; or it may stem from a body of theory that by process of logical deduction leads to the predication that if certain conditions are present, results will follows. A null hypothesis is a way to the testing of obtained data against chance expectation. The null hypothesis is the chance expectation. The standard error is a means of testing the null hypothesis. Indeed it expresses the null hypothesis since it is a measure of expected chance fluctuations around a mean zero. The null hypothesis and the statistical tests that will give us the answers to these questions. Regardless of the sources of the hypothesis, it performs two important functions : (1)

it serves as a guide to the kind of data that must be collected in order to answer the research question in a manner that an answer of some kind is forthcoming. It is in this sense that every theory permits the formulation of additional hypothesis. After the hypothesis is tested and found correct or incorrect, the theory is revised or reformulated which is the purpose of research. (2) the way in which they can be organized most efficiently in the analysis. It goes without saying that formulation and verification of hypothesis is a goal of scientific enquiry. Yet, there is no short cut to this goal. In many areas of social relation or social research significant hypothesis do not exist. Much exploratory research therefore, must be done before hypothesis can be formulated. Such exploratory work is an inevitable step in scientific progress.

A problem cannot be solved if it cannot be reduced to hypothesis as a problem is a question not directly testable. Therefore, hypothesis are important and indispensable tools of scientific research. The reasons for this belief are -

- (i) They are working instruments and can be deduced from theory or from other hypothesis.
- (ii) They can be tested and shown to be problems true or false.
- (iii) They are powerful tools for the advancement of knowledge because they enable man to get outside himself.

The problems and hypotheses direct investigation. It help to deduce specific empirical manifestations implied by them. It advances scientific knowledge by helping the investigator to confirm or disconfirm theory and hypothesis incorporate the theory or part of it, in testable or near-testable form. There are few errors in the nature of problems and hypothesis (1) scientific problems are not moral and ethical questions (2) value statements that indicate cultural or personal judgments or preferences should be avoided (3) Another common defect of problem statements often occurs in doctoral theses : Listing the methodological points or problems as sub-problems. These have two characteristics that make them easy to detect (i) they are not substantive problems that they sparing from the basic problem. (ii) they clearly relate to techniques or methods of sampling, evaluating, measuring or analysing.

Kinds of Hypothesis :

Hypothesis may be of various kinds. It may be the form of describing something in a given instance, that a particular object, situation or event has certain characteristics. It may be in the form of counting the frequencies or of association among the variables. It may be in the form of casual relationship that a particular characteristic or occurrence is one the causes determining the other. On the basis of the level of abstraction, three broad kinds of hypothesis may be distinguished. First, they are most exact and least abstract as they state the existence or presence of empirical uniformities. Often it is said that such hypothesis do not require testing at all and they merely add up the facts. But this is wrong. Even empirical researches describing certain facts need testing of hypothesis and testing may give a completely different picture. Secondly, there are hypotheses which are more complex and they aim at testing the existence of logically derived relationship between empirical uniformities. They are in the form of generalization and therefore, are a little abstract also but empirical relationships are important in their content. Thirdly, there are hypothesis which are most abstract. They are concerned with the relation of analytic variables. They lead to the formulation of a relationship between changes in one property and changes in another. For example, on the basis of data collection we may show that human fertility might show statistical regularity (i) by wealth (ii) by region and (iv) by the size of community. We may make hypotheses just in a simple manner on the basis of statistical regularity. In the second type we may combine all the four things together, that is low income group and rural Muslims in the eastern districts have a high fertility rate, and similarly high income group and urban Muslims in the western districts have a low fertility rate. In the third category of building hypothesis more abstraction is brought in. Only one of the causes may be studied such as relationship between wealth and fertility at one time and all other variables may be controlled. It is clear that it is a very abstract way to handle the problem, because there are no people whose fertility is not effected by all variables. And yet, we are interested in studying the cause and effect relationship of one factor at one time and this level of hypothesizing is not only more abstract, it is most sophisticated and opens up opportunities for new research.

Sources of Hypothesis :

Hypothesis may be developed from various sources. They may be based on a chance-intuition or expectation or expectation. They may stem from a body of theory that if certain conditions are present, certain results would follow; and that it should be tested. And mostly, they are developed partly by a chance and partly on theory.

Factors Influencing Hypothesis :

Variety of factors influence the building-up of hypothesis. The general culture of the society furnishes many of its basic hypothesis. Secondly, they originate in the science itself. Theory given direction to research by stating what is known. Thirdly, analogies are often a source of useful hypothesis. In social behaviour the hypothesis that resulted in the development of human personality were an application of established theory in the field of plants and animal modes of life. And finally, they are also the consequence of personal experience.

The way in which an individual reacts, a consumer reacts and a producer reacts, above all market trends react to a changing condition is also a factor in the statement of hypothesis.

Usable Hypothesis :

Based on the above description we may summarise that there are certain characteristics of usable hypothesis. First, they must be conceptually clear. Secondly, they should have empirical background and should avoid moral preachings. Thirdly, hypothesis must be specific and predictions indicated should be spelled out. Fourthly, the possibility of actually testing the hypotheses can be approved. Fifthly, they should be related to a body of theory and they should possess theoretical relevance. Theory and methods are not opposed to each other. The formation of questions depends upon the fact that the researcher should determine such hypothesis which are to the methods applied in analytical procedure and finally in drawing conclusions.

Whenever research starts research work many concepts and queries comes in the mind of a researcher:

- Due to increase population there is housing problem.
- Life Insurance Housing Finance Corporation is a public Corporation people are attracted because of its simple procedure and interest rate.
- Life Insurance housing finance corporation is at the top of providing housing loans.
- Life insurance housing Finance Corporation Limited is providing better Customer services to their customer.

1.6 RESEARCH METHODOLOGY :

Once the researcher has decided the 'Research Design', the next job is of data collection. For data to be useful, our observations need to be organized so that can get some patterns and come to logical conclusions. Statistical investigation requires systematic collection of data, so that all relevant groups are represented in the data. Depending upon the sources utilized, whether the data has come from actual observations or from records that are kept for normal purposes. Statistical data can be classified into two categories. Primary and Secondary.

Primary Data:

Primary data is one which is collected by the investigator himself for the purpose of specific inquiry or study. Such data is original in character and is generated by surveys conducted by individuals or research institutions.

Secondary Data:

When an investigator uses the data which has already been collected by others such data is called secondary data. This data is primary data for the agency that collects it and becomes secondary data for someone else who uses this data for his own purposes. The secondary data can be obtained from journals, reports, government publications. Publication of professional and research organizations and so on. For example, if a researcher desires to analyze the weather conditions of different regions, he can get the required information or data from the records of meteorology department.

The study was descriptive in nature and both primary and secondary data are used for the study.

(a) Primary Data :

- A sample of 200 respondents of Indore District selected belonging to different age groups socio-economic class, income and qualification.
- A Questionnaire was used for data collection. The questionnaire consisted of terms and conditions of loan, interest and documentation of loan, loan recovery and all points which are related to customer's satisfaction.
- Some statically tools average, chi square are used for testing of hypothesis.

(b) Secondary Data :

Secondary data will be collected through officer and employees of LIC Housing Finance Limited and PNB Housing Finance Limited references of various books. Surfing on internet and other sources giving information on will also be done to substantial the study.

1.7 SCOPE OF THE STUDY :

The scope of the proposed study is restricted to Indore district divisions of both LICHFL and PNBHFL. Indore divisions of these organizations extend the facilities of housing finance to its clients belonging to Indore region in the State of Madhya Pradesh.

LIC HOUSING FINANCE LIMITED (LICHFL):

LIC Housing Finance Limited (LICHFL) as a subsidiary of Life Insurance Corporation (LIC) was incorporated on June 19th 1989, to accelerate the development of housing. LICHFL is the second largest Housing Finance Company in India. 'To each one a home of his own' is the main objective of LICHFL. It renders liberal financial assistance to policy holders and others for purchase / construction of residential houses/flats.

The following are the other objectives of LICHFL:

- (i) To provide loans to public sector / private sector employees to construct residential accommodation for their employees.
- (ii) To mobilize insurance linked long term savings from the public to deploy such funds in long-term finance in the housing sector.
- (iii) To facilitate approval of builders in advance and offer them construction finance to enhance customer servicing with a real estate market information.

PNB HOUSING FINANCE LIMITED (PNBHFL):

PNB Housing Finance Ltd. is a wholly owned subsidiary of Punjab National Bank. This company is mainly providing housing finance to individuals as well as corporate bodies. They have also entered in to investment in shares and securities. PNB Housing Financing Ltd. established in the year 1988. Its subsidiary of the 2nd largest PNB bank in India, over the last 24 years of its existence. PHBHFL has become a name to be reckoned with amongst the seasoned housing loan companies in the home finance industry. PNB Housing offer loan for purchase/construction of houses and commercial properties, loans for repairs/renovations / upgradations of the immovable residential properties.

1.8 LIMITATIONS OF STUDY :

In India various types of companies or agencies are engaged in housing finance sector. These companies are from the organized or unorganized sector, private or public sector, registered with National Housing Bank (NHB) for refinancing or non-registered with NHB. There are a large number of housing finance agencies in country these are -

1. Life Insurance Corporation Housing Finance (LICHF).
2. Housing & Urban Development Corporation.
3. Housing Development Finance Corporation.
4. CAN Housing Finance Limited.
5. PNB Housing Finance Limited.
6. GIC Housing Finance Limited.
7. Dewan Housing Finance Limited.

8. Birla Housing Finance Limited.
9. Tata Housing Finance Limited.
10. Union Home Limited.
11. Goodwill Housing Limited.
12. Livewell Housing Finance Limited.
13. Peerless Abasan Housing Finance Limited.
14. Indian Bank Housing Finance Limited.
15. GLFL Housing Finance Limited.
16. Ganesh Housing Finance Limited.
17. Vysya Bank Home Finance Limited
18. Coral Housing Finance Limited.
19. SBI Housing Finance Limited.
20. State Bank of India.
21. Canara Bank.
22. State Bank of Patiala
23. Central Bank.
24. Oriental Bank.
25. Union Bank of India.
26. Indusland Bank Limited.
27. Industrial Credit & Investment Corporation of India.
28. Bank of Punjab.
29. Indian Bank.
30. Hong Kong & Singhai Bank.
31. UTI Bank.
32. Standard Chartered Grindlay.

The main focus of the study would be on the almost few selected housing finance agencies in Indore District :

1. **Life Insurance Corporation Housing Finance (LICHF).**
2. **PNB Housing Finance Limited (PNBHFL)**

