

CHAPTER - V
CUSTOMER'S SATISFACTION FROM TERM & CONDITION OF LOAN

ANALYSIS OF LENDING OPERATIONS OF LICHFL and PNBHLL

Introduction :

Housing finance institutions are intended to provide finance for purchase, construction, renovation or repairs of house property. Loans are advanced to the needy on the mortgage of the property for which loans are sought. Besides, for the benefit of public, there is a practice among the institutions to advance further loan by creating second mortgage on the property already mortgaged to another institution.

Institutions differ in terms and conditions under which loans are given. The differing terms and conditions for providing housing loan lead borrowers to prefer one institution to another. Likewise, the financial base of an institution also influences the extent of its coverage of borrowers as well as its capacity to devise terms of loans taking into account the different categories of borrowers such as lower income, middle income and higher income groups. field of housing finance has become highly competitive the players in this field offer a whole portfolio of schemes and plans to suit any taste and income level. During 2001-02 there were at least sixteen major lenders who disbursed more than Rs. 100 Crores each at rates ranging from 9% to 12%. The response of the majority of the HFIs contacted revealed the stiff competition prevailing in the housing finance sector and that each of them was trying to gain a good chunk of the market both by offering lower interest rates as well as other attractive incentives like waiver of processing charges and prepayment charges.

The HFIs were analysed with regard to:

1. Lending Patterns of the HFIs
2. Terms and conditions under which they provide Housing Loans.
3. Different stages of getting a Housing Loan.

Tenure / Terms of Loan:

As per the norms of the organization, with regard to employees, the term of the loan should not exceed their retirement date. For repayment of loan by individuals and other beneficiaries, the minimum term or period is five (5) years and maximum period is twenty (20) years.

Stages of Loan Processing:

Depending upon the need of the customer, he chooses a particular scheme in LICHL and the loan sanction process at LICHL takes place in the following manner. There are 3 different stages in loan process and out of which the stage 1 is as follows:

Stage 1- Loan Offer:

- Application: Application form must be duly filled legibly with photograph affixed on it by the applicant/co-borrower.
- Income certificate: Applicant need to furnish income details like Salary Certificate from employer or 3 years income tax returns certified by Chartered Accountant.
- Guarantor particulars: Guarantor details like proof of income of guarantor, residential address proof of guarantor and guarantor's employment / professional details.
- Property Certificate: Approved property plan by Municipal Corporation, Town Planning, Panchayat body, other Government board and copy of parent documents.
- PAN / Identity card of applicant: In case if the borrower is income tax payer, he need to furnish his PAN card copy and proof of residence as well as proof of his office/ business address along with photo identity.
- Copy of bank passbook: Borrower need to submit his running bank account statement for the last two years.
- Vendor/Engineer letter: Borrower needs to furnish builder's letter, sale/construction agreement for Flats, and estimate for construction for houses from Engineer's office.

- Title documents: Borrower need to furnish copies of title deeds for last 12 years duly attested like Encumbrance Certificate and Link Document.
- Report from LICHFL: After scrutinizing the above documents, if LICHFL is satisfied with the above details, LICHFL's officer will inspect the property and value the property with its Panel Engineer and prepares the report.

Additional requirements for NRIs:

- Employer's certificate: NRI customer need to submit copy of Employment Contract duly attested by the Embassy / Notary Public.
- Income Details: NRI customer need to submit his income details like 6 fortnights Income Certificate from his employer, his Bank Account Statement both domestic as well as at Foreign Country.
- Passport and Visa duly attested: NRI borrower need to furnish his Passport & Visa copy documents duly attested by Indian Embassy or from Attorney.
- General Power of Attorney: NRI borrower need to furnish General Power of Attorney (GPA) from a person in India who shall sign on behalf of NRI borrower.
- NRI Annexure / Letter from bankers: NRI borrower also needs to furnish NRI Annexure in LICHFL's format and letter from Bankers in favor of LICHFL.
- Continuous Discharge Certificate: In case of persons working in Merchant Navy, they need to furnish Continuous Discharge Certificate from their employer.
- Other documents: Apart from the above documents, NRI borrower needs to submit other documents like 1, 3,6,7,8 and 9 which were mentioned in stage.¹

After the submission of the above documents, Credit Officer will examine the application and appraise it. If he finds that the applicant is fit to obtain loan, he will forward the application to the Panel Valuer to examine the property. If Panel Valuer.

The objective of this chapter is to understand the role of two premier organization LICHFL and PNB housing ltd in the area of providing housing finance under different schemes affected by them.

As already pointed out both LICHFL and housing finance engaged themselves in the area of housing finance. Though these are many housing finance companies in operation to provide the housing finance to the clients in need of housing. The role of these two organization are commendable and significant in the Indore district.

LICHFL had started its activity in 1989 whereas PNB housing ltd has been in the field since 1992. The primary objective behind this chapter is to evaluate the performance of both the organization according to term and condition of both organization Most important term and condition of LICHFL Analysis and Interpretation according to the questionnaire for customers:

Primary Data :

The section will show perception and understanding of customer regarding lic housing finance corporation and PNB housing finance ltd primary data, collected from 200 customer of LICHFL and 200 customer of PNBHFL by questionnaires. The details are given below :

Details of Respondents :

Socio-Economic Factor	Frequency
Age	
30-35	48
35-40	48
40-45	134
Above 45	170
Marital Status	
Single	100
Married	300
Qualification	
Up to 12 th	--
Graduation	100
Post Graduation	150
Higher Education (BE, MBA, MCA, CA, CS)	150

Occupation	
Salary	320
Profession	80
Rent	--
agricultural	--
Income Level (Annual)	
Up to 2 lakhs	--
2 laths - 4 lakhs	110
4 lakhs - 6 lakhs	50
Above 6 lakhs	240

Housing problem :

Housing is a basic need of human being . every human being as well as animal is in need of shelter. The important need is not fulfill in India rather we can say the whole world It is also observe that in advanced countries also many people do not own their houses. In Indore is also facing housing problem. Which is show in Table 5.1.

Table 5.1

As per your opinion housing problem is really a big issue in Indore district

Response	LICHFL		PNBHFL		TOTAL	
	Respond	%	Respond	%	Respond	%
Yes	140	70%	114	57%	254	63.5%
No	60	30%	86	43%	146	36.5%
Total	200	100	200	100	400	100

Source : Questionnaire - 1

A question was asked to the respondents of both LICHFL and PNBHFL Housing Finance Limited for housing problem in Indore out of 200 respondent of LICHFI 140 respondent 70% have said that there is housing problem and 60 respondent 30% said there is not housing problem in Indore district.

Out of 200 respondent of PNBHFL 114 respondent 57% have said that there is housing problem and 86 respondent 43% have said there is not housing problem in Indore District.

Total out of 254 respondents 63.5% have said that there is housing problem and 146 respondents 36.5% said there is not housing problem in Indore. It means people are facing housing problem and it is big issue.

Reasons of housing problems :

In Indore facing this problem is basically because of development of trade, employment, medical facilities latest technology etc. due to reasons population increase per year Indore is also called mini Mumbai. Because of this advance facilities found in district housing problem is created. Which is shows in Table 5.2

Table 5.2
If (yes) what is / are reasons for this problem

Response	LICHFL		PNBHFL		Total	
	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
People comes from other places	30	21%	--	--	30	12%
Development of trade and industries	10	7%	--	--	10	4%
Education hub	10	7%	29	25%	39	15%
Lack of capital for housing	20	14%	--	--	20	8%
Investment purpose	--	--	--	--	--	-
All of these	70	51%	85	75%	155	61%
Total	140	100	114	100	254	100%

Source: Questionnaire - 2

Out of 140 respondents of LICHFL 21% have said the main reasons of housing problem is peoples comes from other places 7% said development of trade and industries 7% lack of capital for housing and 51% said housing problem is for all of these reasons.

In case of PNBHFL out of 114 respondents 25% have said the main reasons of housing problem is education hub and 75% said housing problem is for all of these reasons.

In case total respondents out of 254, 12% have said the of main reasons problem is peoples comes from other places 4% said development of housing trade and industries 15% said education hub 8% said lack of capital for housing 30 responds purpose and 61% said housing is for all of these reasons. Maximum said 15% education hub and than 55 respondent 61% said lack of capital for housing.

Table 5.3
Organization which are Providing Solution for these problem

Response	Respondent	%
LICHFL	200	100
PNBHFL	200	100

Source: Questionnaire - 3

A question was asked to the respondents of both LICHFL and PNBHFL for providing housing problem solution.

The observation of table 5.3 200 respondent taken loan from LICHFL and also 200 respondent taken loan from PNBHFL which 100% in both cases.

Awareness about Organization:

To any public institution, ‘creation of awareness’ about its existence and purpose, among the clients with whom it is supposed to transact the business constitutes its primary goal. Without proper awareness of its functions and objectives among the borrowers, the task of a financial institution becomes rather difficult.

Therefore, with a view to ascertain how the borrowers came to know that LICHFL and PNBHFL could cater to their basic need, i.e., shelter requirements, a question was asked, to the respondents and their responses are provided in table 5.4

Table 5.4
Which sources for collecting information of LICHFL

Response	LICHFL		PNBHFL		TOTAL	
	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
News Papers/magazine	60	30	30	15	90	22.5
Friends and Relations	40	20	30	15	70	17.5
Employee	30	15	10	05	40	10
DSA	40	20	85	42.5	125	31.25
All of these	30	15	57	28.5	87	21.75
Total	200	100	200	100	400	100

Source: Questionnaire - 4

Out of 200 respondents of LICHFL 30% have said awareness about organization from news paper/magazine 20% from friend and relation 15% gather information from employee 20% DSA (direct selling agent) and 15% said all of these.

In case of PNBHFL out of 200 respondents 15% have said awareness about organization from news paper / magazine 15% from friend and relation 5% gather information from employees 42.5% DSA (direct selling agent) and 28.5% said all of these

In case of both out of 400 respondents 22.5% have said awareness about organization from news paper/magazine 17.5% from friend and relation 10% gather information from employees 31.25% DSA (direct selling agent) and 21.75% said all of these.

Purpose of Loan:

The organizations in study are meant for providing housing finance to those who need it. These organizations provide loans for variety of purposes in housing, such as purchase of a house/flat, construction of new house/flat, extension of existing houses/flat and improvement and repairs of existing houses. Shows in Table 5.5.

Table 5.5
What is the purpose of for taking Loan

Response	LICHFL		PNBHFL	
	No. of Respondents	%	No. of Respondents	%
Purchase new house	110	55	143	71.5
New construction	40	20	29	14.5
Extension	10	5	-	-
Repair and renovation/ extension	10	5	-	-
Plot purchase	30	15	28	14
Total	200	100	200	100

Source: Questionnaire - 5

A question was asked to the respondents of both LICHFL and PNBHFL as to the purpose for which the loan was taken. The total respondents of LICHFL 55% were approaching for loan for the purchase the house/flat. For and 20% have said that the purpose of loan is to new construction. And 15% were approaching for loan for plot purchase. For the purpose of extension and repairs / improvement of houses about 5% and 5% of them have approached LICHFL.

In the case of, PNBHFL 14.5% of the totals have approached the organization for getting loan for the purpose of new construction, 71.5% of them for purchase of house / flat whereas for extension and improvement it is 21.33% and 12% respectively And 15% were approaching for loan for plot purchase.

It can be said that majority of the respondents of both the organization are availing loan for the purpose of purchase and construction of new house / flat which is 55% & 71.5%.

Table 5.6
Scheme which you taken to LICHFL

Response	Customer	% of Customer
Ghah Prakash	190	95
Grah Shobha	10	5
Total	200	100

Source : Questionnaire - 6

A question was asked to the respondents of LICHFL for scheme they have taken for housing loan. The observation of table 5.6 200 respondent taken loan from LICHFL 95% have taken Ghah Prakash and 10 respondent 5% have taken Grah Shobha .

Table 5.7
Scheme which you taken to PNBHFL

Response	Customer	% of Customer
Apna Ghar Yojna	200	100
Grah Sudhar Yojna	-	-
Total	200	100

Source : Questionnaire - 7

A question was asked to the respondents of PNBHFL for scheme they have taken for housing loan.

The observation of table 5.7 out of 200 respondent taken loan from PNBHFL and whole 200 respondent 100% have taken Apna Ghar Yojna.

Tenure of loan :

As per the norms of the organization, with regard to employees, the term of the loan should not exceed their retirement date. For repayment of loan by individuals and other beneficiaries, the minimum term or period is five (5) years and maximum period is more than twenty (20) years. Which shows in table 5.8.

Table 5.8**What is the total tenure of your loan**

Response	LICHFL		PNBHFL	
	No. of Respondents	%	No. of Respondents	%
1-5	-	-	-	-
5-10	10	5	57	28.5
10-15	80	40	29	14.5
15-20	100	50	114	57
More than 20	10	5	-	-
Total	200	100	200	100

Source: Questionnaire - 8

The total 200 respondents of LICHFL 10 respondents, 5% have told that a term of 5-10 years tenure of loan and 80 respondent 40% told 10-15 years, 100 respondents 50% told 15-20 years and 10 respondents 5% told more than 20 years , no response about 1- 5 years tenure of loan.

The total 200 respondents of PNBHFL 57 respondents, 28.5% have told that a term of 5-10 years tenure of loan and 29 respondent 14.5% told 10-15 years, 114 respondents 57% told 15-20 years and no respondents more than 20 years and, no response about 1- 5 years tenure of loan.

The data shows in table 5.8 that the respondents of both LICHFL and pnbhfl have favored a term of 15 years or above 15 year term. Of loan which is 40% and 50% in case of LICHFL and 14.4% and 57% in case of PNBHFL

Table 5.9
What is the amount of loan applied

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
120,000 to 300000	20	10	29	14.5
300000 to 500000	40	20	57	28.5
500000 and above	120	60	114	57
Total	200	100	200	100

Source: Questionnaire - 9

A question was asked to the respondents of both LICHFL and PNBHFL as to the Amount of loan applied . Table 5.9 shows the total respondents of LICHFL 20 respondent 10% said amount of loan applied between 120,000 to 300000 , 40 respondent 20% said amount of loan applied between 300000 to 500000, 120 respondent 60% said amount of loan applied between 500000 and above.

in case of the total respondents of PNBHFL 29 respondent 14.5% said amount of loan applied between 120,000 to 300000, 57 respondent 28.5% said amount of loan applied between 300000 to 500000, 114 respondent 57% said amount of loan applied between 500000 and above.

By and large it can be said that majority of the respondents of LICHFL from both of the organization are availing the amount of loan applied which is 120 respondent 60% and 114 respondent 57% of PNBHFL.

Table 5.10

How many members are their in family of loan holder

Response	LICHFL		pnbhfl	
	No. of Respondents	%	No. of Respondents	%
2 member	30	15	--	--
3 member	30	15	30	15
4 member	100	50	140	70
Above 4	40	20	30	15
Total	200	100	200	100

Source : Questionnaire - 10

Out of the total 200 respondents of LICHFL 30 respondents 15% told that 2 earning members are their in family of loan holder 30 respondents 15% told 3 earning member are their in family of loan holder 100 respondents 50% told 4 members are their in family of loan holder and 40 respondent 20% told above 4 member are their in family of loan holder.

The respondent of PNBHFL were also gathered. it is clear from table that out of 200 respondent 30 respondent 15% told 2 member are their in family of loan holder 140 respondent 70% told 3 member are their in family of loan holder 30 respondent 15% told 4 member are their in family of loan holder 30 respondent 15% above 4 member are their family.

The above data shows in table 5.10 that 100 which is 50% 4 member in case of LICHFL and 140 respondent which is 70% 3 member in case of PNBHFL.

Table 5.11
How many earning member in family

Response	LICHFL		PNBHFL	
	No. of Respondents	%	No. of Respondents	%
One	100	50	112	56
Two	70	35	60	30
Three	30	15	-	-
Above three	-	-	28	14
Total	200	100	200	100

Source : Questionnaire - 11

Out of the total 200 respondents of LICHFL 100 respondents 50% told that 1 earning members are their in family of loan holder 70 respondents 35% told 2 earning member are their in family of loan holder 30 respondents 15% told 3 earning members are their in family of loan holder and no response about above three respondent ..

The respondent of PNBHFL were also gathered. it is clear from table that out of 200 respondent 112 respondent 56% told 1 earning member are their in family of loan holder 60 respondent 30% told 2 earning member are the in family of loan holder no response about 3 earning member are their in family of loan holder 28 respondent 14% told above 3 earning member are their family of loan holder.

the above data shows in table 5.11 of 100 respondent which is 50% 1 earning member in case of LICHFL and 112 respondent which is 56% 1 earning member in case of PNBHFL.

Table 5.12

What is the degree of counseling service provide by organization

Response	LICHFL		PNBHFL	
High	110	55%	100	50
Medium	80	40%	50	25
Low	10	5%	50	25
Total	200	100	200	100

Source : Questionnaire - 12

The total 200 respondent of LICHFL 110 respondent 55% told the degree of counselling service is high providing by organization 80 respondents 40% told the degree of counselling service is medium providing by organization 10 respondents 5% told the low degree of counselling services.

Out of the total 200 respondent of PNBHFL 100 respondent 50% told the degree of counselling service is high providing by organization 50 respondents 25% told the degree of counselling service is medium providing by organization no response about low degree of counselling in organization. 50 respondents 25% told the low degree of counselling services.

The above data shows in the degree of counselling services providing both organization. But comparatively both organization LICHFL respondent higher than PNBHFL which is 110 respondents 55% told higher degree counselling services providing by organization.

Table 5.13
What is the loan processing fees

Response	LICHFL		PNBHFL	
High	30	15%	90	45
Medium	90	45%	110	55
Low	80	40%	-	-
Total	200	100	200	100

Source : Questionnaire - 13

Out of total 200 respondents of LICHFL 30 respondents 15% of total the loan processing fees is high 90 respondents 45% told medium loan processing fees 80 respondents 40% told low loan processing fees.

The respondents of PNBHFL were also gathered it is clear from table out of the total 200 respondents 90 respondents 45% told high loan processing fees 110 respondents 55% told medium processing fees and no response about low loan processing fees.

The above data shows in table 5.13 loan processing fees providing both organization. But comparatively both organization LICHFL respondent higher than PNBHFL which is only 30 respondents 15% told high processing fees while 90 respondents 45% in case of PNBHFL.

Table 5.14

In your opinion the processing fees charged by organization

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Reliable	170	85	160	80
Unreliable	30	15	40	20
Total	200	100	200	100

Source : Questionnaire - 14

Out of 200 respondents of LICHFL 170 respondents 85% told processing fees charges by organization is reliable and 30 respondent 15% told unreliable

The respondents of PNBHFL were also gathered it is clear from table that out of total 200 respondents 160 respondents 80% told about reliable processing fees and 40 respondents 20% told unreliable.

The above data in table 5.14 shows about loan processing fees of both organization are reliable which are 85% and 80%.

