

## **CHAPTER - VI**

### **CUSTOMER SATISFACTION OF DOCUMENTATIONS AND INTEREST OF LOAN**

#### **Introduction :**

The objective of this chapter is to understand the role customer satisfaction of documentation and interest rate of two premier organization LICHL and PNB housing ltd in the area of providing housing finance Applying for the Loan The loan can be applied for at any time after the borrower has decided to acquire a house, even if the construction of the house has not commenced. Home loans can be applied for either individually or jointly. Proposed owners of the property in respect of which the loan is being sought will have to be co-applicants. However the co-applicants need not be co-owners. HFIs usually accept the combination of Husband-wife, Father-Son, Mother-Son etc. Other combinations are also accepted, but subject to certain conditions.

#### **Different stages in the Granting of the Loan :**

Once the application for the loan has been submitted to the HFI, it considers the application, makes enquiries as it deems necessary and conveys its decision to the borrower. He can take disbursement of the loan after the property has been technically appraised, all legal documentation has been completed and after he has invested his own contributions (margin) in full. The loan will be disbursed in full or in suitable installments taking into account the requirement of funds and progress of construction, as assessed by the HFI and not necessarily according to the builder's agreement.

#### **Rate of Interest :**

The rate of interest charged by the HFIs depends mainly on two factors: the loan amount and the loan term. Higher the loan amount higher will be the interest rate and vice-versa. The same applies to the loan term as well. Usually the HFIs have a pre-fixed pattern for deciding the interest rate on the basis of the loan amount and term.

Interest is the cost of funds to the beneficiary charged by the organization. It also plays an important role in expanding the housing finance. The demand for loans is very much affected by the interest rate structure.

**Interest Rate Structure:**

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The interest rate charged by the Housing Finance Organizations should be within the affordable limits of the borrowers.

The Rate of Interest (ROI) schemes of LICHFL is of 2 types:

Scheme 1: Floating Interest Rate.

Scheme 2: Fixed Floating Interest Rate (fixed for 3 years).

Fixed Floating Interest Rate (fixed for 5 years).

**Floating and Fixed Home Loan Interest Rates of LICHFL**  
**Up to 40 Lakhs From 40 Lakhs to 1 Crore**

<b>Up to 40 Lakhs</b>	<b>From 40 Lakhs to Crore</b>
Scheme I : 10.40%	Scheme I : 10.40%
Scheme II : 10.70% (Fixed for 3 yrs) 11.15% ( Fixed for 5 yrs)	Scheme II : 11.20% (Fixed for 3 yrs) 11.40% (Fixed for 5 yrs)

Source: Interest Rates Circular Report of LICHFL 2012

**Documents to be submitted Generally, the Borrower is required to furnish the following documents along with the completed application form:**

- Proof of residence (In the case of banks, this applies only to new or non-bank customers, and could be either a PAN identity card, voter identification card or passport)

- Sale Deed1 Agreement of Sale - Bank account Statement or passbook, for the last six months. Employees or people in service also need to provide :
- This is the background image for an unknown creator of an OCR page with image plus hidden text. 195. Salary certificate and other information, if any, about the Borrower's repayment capacity Employer's certificate in Form 16 of the Income Tax Rules, or a copy of the Income Tax Returns for the last 2 years For self-employed and other Income Tax assesses:
- Income Tax returns for the last 3 years Receipts of advance tax paid, if any. Any other information about the Borrower's repayment capacity In addition to the above mandatory documents, Borrowers are also required to furnish one or more of the following documents wherever applicable;
- Letter of allotment from the housing board or society Copy of the approved plan Permission for construction Copy of the relevant order in the case of. conversion of agricultural land.

**Table 6.1**

**Is the documentary procedure of taking loan is easier in organization**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Yes	190	95	180	90
No	10	5	20	10
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 15**

Out of the total 200 respondents of LICHFL 190 respondents 95% told that documentary procedure of taking loan is easier in organization only 10 respondents 5% told that documentary procedure of taking loan is easier in organization

The study further reveals that out of 200 respondents of PNBHFL. 180 respondent 90% of them have said the documentary procedure of taking loan is easier in organization and only 20 respondent 10% respondents revealed that they have not said the documentary procedure of taking loan is easier in organization. The data shows in table 6.1, the respondents from both LICHFL and PNBHFL have said the documentary procedure of taking loan easier in organization but comparatively of LICHFL respondent higher satisfy is the documentary procedure of taking loan which is 95% in case of LICHFL while 90% in case of PNBHFL.

**Security for Loan :**

The security offered for the loan from the LICHFL and PNBHFL will be either personal or property or both. The personal security must be the salary certificate of the beneficiary and the salary slip of the guarantor. The property must be mortgaged by depositing the title deed with the organization until the repayment is completed shows in Table 6.2.

**Table 6.2**  
**Which type of Security offered for the loan**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Personal	30	15	30	15
Property	150	75	120	60
Personal property and thirty party	20	10	20	10
LIC policy and other	-	-	30	15
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 16**

From the table 6.2 it is clear that out of 200 respondents of LICHFL 30 respondent 15% of them have said personal type of Security offered for the loan in organization and 150 respondent 75% of respondents revealed that they have property base security offered for the loan 20 respondent 10% revaluated personal property and thirty party and no response about LIC policy and other.

In case of PNBHFL it is clear that out of 200 respondents of PNBHFL 30 respondent 15% of them have said personal type of Security offered for the loan in organization and 120 respondent 60% of respondents revealed that they have property base security offered for the loan 20 respondent 10% revaluated personal property and thirty party and 30 respondents 15% from LIC policy.

The data shows in table 6.2, that majority of respondents property of security offered for loan 150 respondents 75% in case of LICHFL while 120 respondents 60% in case of PNBHFL.

**Table 6.3**

**What is the nature of loan taken by you**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
First time	130	65	180	90
More than 1 time	70	35	20	10
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 17**

From the above table 6.3 it is clear that out of 200 respondents of LICHFL 130 respondent 65% of them have said that the nature of loan taken by respondent first time in other ways 70 respondent which is 35% said that more than 1 time

In case of PNBHFL it is clear that out of 200 respondents of PNBHFL 180 respondent 90% of them have said that the nature of loan taken by respondent first time in other ways 20 respondent which is 10% said that more than 1 time.

The data shows in table 6.3 the 70 respondent 35%of LICHFL said that they have taken loan more than one time which is higher than PNBHFL.

**Table 6.4**

**Are you take over the loan from any other organization by LICHFL & PNBHFL**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Yes	50	25	30	15
No	150	75	170	85
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 18**

Out of 200 respondent of LICHFL 50 respondent said that they have take over loan from any other organization to LICHFL .and 30 respondent said that they have take over loan from any other organization to PNBHFL. Majority of both organization LICHFL is higher which is 25%

**Reasons of take over loan :**

There are different reasons for taking housing loans from PNBHFL and LICHFL by the beneficiaries. The main reason for availing loan from both organization is the easy accessibility. Shows in Table 6.5

**Table 6.5**

**If yes what is the reason for take over the loan**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Low rate of interest	10	20	-	-
No loan limit	-	-	-	-
Simple procedure	-	-	-	-
Good reputation	-	-	-	-
Loan period of loan	-	-	-	-
All of these	40	80	30	100
<b>Total</b>	<b>50</b>	<b>100</b>	<b>30</b>	<b>100</b>

**Sources : Questionnaire - 20**

From table 6.5 Out t of 50 respondents of LICHFL they have take over loan from any other organization to LICHFL 10 respondents 20% told low rate of interest and 40 respondents 80% told all of these reasons like low interest rate, no loan limit, simple procedure ,good reputation ,loan period, of loan

It is clear that 30 respondent 100% of PNBHFL have said they are take over loan because of all of these reasons'

The data shows in Table 6.5 majority of respondents of LICHFL they have take over loan from any other organization to LICHFL which is 50 respondents because of all these reasons like low rate of interest no loan limit simple procedure good reputation loan period etc.

**Table 6.6**

**Did you pay any extra charge for take over the loan**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Yes	10	20	10	33.3333
No	40	80	20	66.777
<b>Total</b>	<b>50</b>	<b>100</b>	<b>30</b>	<b>100</b>

**Sources : Questionnaire – 21**

Out Of the total 50 respondents of LICHFL 10 respondents, 20% have told there was pay any extra charge for take over the loan and 40 respondent 80% said they have not pay any extra charge for take over the loan.

In case of PNBHFL 10 respondent 33.33% have told there was pay any extra charge for take over the loan and 20 respondent 66.77% told the Y have pay any extra charge for take over the loan.

The data shows in table 6.6 both organization have not charge any extra charge for take over the loan 80% of LICHFL and 66.6%of PNBHFL respondents have not pay any extra charge for take over the loan.

**Table 6.7**  
**What is time taken in between application and sanction procedure**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Below 20 days	120	60%	87	43.5%
20 to 40 days	80	40%	113	56.5%
40 to 60 days	-	-	-	-
60 days above	-	-	-	-
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 22**

From the table 6.7 out of 200 respondents of LICHFL 120 respondent 60% of them have said that below 20 days,80 respondent 40% said time taken in between 20 to 40 days ,and no respondent said time taken 40 to 60 days and 60days above in between application and sanction procedure it is clear that out of 200 respondents of LICHFL 120 respondent 60% of them have said that below 20.

From the table 6.7 in case of PNBHFL it is clear that out of 200 respondents of PNBHFL 87 respondent 43.5% of them have said that below 20 days 113, respondent 56.5% said time taken in between 20 to 40 days ,and no respondent said time taken 40 to 60 days and 60days above in between application and sanction procedure.

The data shows in table 6.7 the respondents from both LICHFL and PNBHFL time taken in between application and sanction procedure comparatively both organization LICHFL respondent more which is 120 respondent 60% and only 87 respondent which is 43.5% in case of PNBHFL



**Table 6.8**

**What is the time taken in between sanction and disbursement procedure**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Below 10 days	110	55	150	75%
10 to 15 days	90	45	50	25%
15 days above	-	-	-	-
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 23**

From the table 6.8 in case of LICHFL 110 respondent 55% said below 10 days 90 respondent 45% said time taken in between 10 to 15 days ,and no respondent said time taken 15 days above for sanction and disbursement.

From the table 6.8 in case of PNBHFL 150 respondent 75% said below 10 days 50 respondent 25% said time taken in between 10 to 15 days ,and no respondent said time taken 15 days above for sanction and disbursement.

The data shows in table 6.8 the respondents from both LICHFL and PNBHFL time taken in between application and sanction procedure comparatively both organization PNBHFL respondent more which is 150 respondent 75% and only 110 respondent which is 55%in case PNBHFL.

**Interest Rate :**

Interest rate on the loan taken by the beneficiaries from LICHFL and PNBHFL falls in two categories i.e. one is the fixed rate and the other floating rate. The floating rates may change from change from time to time

**Table 6.9**

**Which type of interest rate charged by organization on your loan**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Fixed	110	55	--	
Floating	90	45	200	100
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 24**

In case of LICHFL out of 200 respondents 110, 55% have availed loans at fixed rates while only 90 respondent 45% have opted the floating rate of interest. With the floating option most. HFIs allow the borrowers to decide whether they want a reduction in the EM1 or loan tenure when the interest rates go down, while they will be asked to pay the extra interest when the rates go up. In case of PNBHFL out of 200 respondents 100% have availed loans at floating rates.

The data shows in table 6.9 the respondents from both LICHFL and PNBHFL fixed and floating type of interest rate charged by LICHFL and PNBHFL on your loan procedure comparatively both organization LICHFL respondent more which is 110 respondent 55% to charge fixed rare of interest and no respondent of PNBHFL. And total respondent of PNBHFL charge floating rate of interest.

**Table 6.10**

**What is the perception about interest rate**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
higher	20	10	55	27.5%
medium	110	55	145	72.5%
lower	70	35	-	-
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 25**

From the table 6.10 in case of LICHFL 20 respondent 10% said higher interest rate 110 respondent 55% said medium interest rate and 70 respondent 35% said lower interest rate ,

From the table 6.10 in case of PNBHFL 55 respondent 27.5% said higher interest rate 145 respondent 72.5% said medium interest rate and no respondent said about lower interest rate.

The data shows in table 6.10 the respondents from both LICHFL and PNBHFL perception about interest rate comparatively both organization LICHFL respondent more which is 110 respondent 55% said medium and 70 respondent which is 35% said lower interest rate and in other ways PNBHFL no responses about lower interest.

**Table 6.11**  
**Is the amount of loan disbursement given in**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Lump sum	70	35	87	43
Partly amount	130	65	113	57
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 26**

From the table 6.11 in case of LICHFL 70 respondent 35% said the amount of loan disbursement given in lump sum and 130 respondent 65% said the amount of loan disbursement given in partly amount

From the table 6.11 in case of PNBHFL 87 respondent 43% said the amount of loan disbursement given in lump sum and 113 respondent 57% said the amount of loan disbursement given in partly amount.

The data shows in table 6.11 the respondents from both LICHFL and PNBHFL is the amount of loan disbursement given in lump sum or partly amount comparatively both organization LICHFL respondent more which is 130 respondent 65% said partly amount and 113 respondent which is 57% said partly amount in case of PNBHFL.

**Table 6.12**  
**Is disbursement given partly than**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
One part	50	25	-	-
Two parts	30	15	100	50
More than two parts	120	60	100	50
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 27**

Table 6.12 shows in case of LICHFL 50 respondent 25% said disbursement given partly than one part 30 respondent 15% said disbursement given partly than more than two parts, 120 respondent 60% said disbursement given partly than more than two parts.

Table 6.12 shows in case of PNBHFL no respondent said disbursement given partly than one part 100 respondent 50% said disbursement given partly than two parts disbursement given partly than two parts, 100 respondent 50% said parts given partly disbursement than more than two.

The data shows in table 6.12 the respondents from both LICHFL and PNBHFL 120 respondent 60% of LICHFL said disbursement given partly than more than two parts. 100 respondent 50% said disbursement given partly than more than two parts majority of LICHFL is disbursement given partly.

**Table 6.13**  
**Is the payment given to**

Response	LICHFL		PNBHFL	
	Respondent	%	Respondent	%
Loan holder	160	80	100	50
Builder	40	20	50	25
both	-	-	50	25
<b>Total</b>	<b>200</b>	<b>100</b>	<b>200</b>	<b>100</b>

**Sources : Questionnaire - 28**

Table 6.13 shows in case of LICHFL 160 respondent 80% said payment given to loan holder 40 respondent 20% said payment given to builder and no responses about both.

In case of PNBHFL 100 respondent 50% said payment given to loan holder 50 respondent 25% said payment given to builder and 50 respondent 25% said payment given to both,

The above data show in Table 6.13 LICHFL respondent 160 is 80% payment given to loan holder and 100 respondent 50% payment given to loan holder in case of PNBHFL.

