CHAPTER – VIII
SUMMARY OF FINDINGS, SUGGESTION AND CONCLUSION

8.1 INTRODUCTION

There is a tremendous boom in housing and housing finance. It has become possible even for a lower middle class salaried person to own a house which was once considered as a dream. Housing loan segment grows approximately at the rate of 30 per cent per annum, and it is the fastest growing retail lending business. there are specialised housing finance companies. Apart from them, commercial banks and co-operative institutions are also in the fray. Government also extends loan to its employees. The rate of interest charged by these sources is not uniform. Further, the charges levied by the agencies and the nature of services rendered by them also differ. Even a small variation in the rate of interest may lead to a substantial difference in the total repayment. In this context, the present study is undertaken to ascertain, the loan seeking behaviour of the borrowers ; determinants of awareness of the borrowers, factors influencing the level of satisfaction of borrowers. The study is based on primary data and an interview schedule has been employed to collect the data. The sample of the study consists of 409 housing finance borrowers residing in Tiruchirappalli District of Tamil Nadu.

8.2. ANALYSIS OF DATA

In order to examine the association that exists between borrower attributes and (i) Loan seeking behaviour of the borrowers, (ii) Borrower awareness and (iii) Borrower satisfaction, chi-square test has been used. Borrower satisfaction has been measured by constructing 'Satisfaction index' for each of the borrowers. Borrower awareness has been measured by

constructing an 'Awareness Index' for each of the borrowers. Analysis of variance (ANOVA) has been employed to find out (i) whether the mean satisfaction index of the borrowers, classified on the basis of attributes, differ significantly. (ii) whether the mean awareness index of the borrowers, classified on the basis their attributes, differ significantly. The levels of confidence are at five per cent and one per cent. Chi-square test is used to test the association that exists between borrower attributes and (i) borrowers awareness and (ii) borrowers satisfaction. Simple correlation has been employed to find out the nature of relationship between selected borrower attributes and borrower awareness. To find out the extent of variations in awareness explained by each of the attributes included for correlation analysis, co-efficient of determination has been calculated. The combined influence of borrower attributes on awareness has been analysed through multiple regression. Step-wise regression analysis is employed ascertain the dominant variables that influence awareness of borrowers.

8.3 SUMMARY OF FINDINGS

The various findings of the study are

8.3.1. Profile of Sample Borrowers

The profile of sample borrowers is given under three headings viz. i) Social profile ii) Economic profile and iii) House property particulars.

(i) Social Profile of Borrowers

(a) Age

A majority of the borrowers i.e. 275 (67.23%) belong to the age group of 33-46 years.

(b) Sex

A majority of the borrowers 332 (81.17%) are male members. The female members account for 77 (18.83%) only.

(c) Educational qualification

A majority of the borrowers i.e. 176 (43.03%) are post graduates/Professionals. 131 (32.03%) Graduates account for 32.03 per cent.

(d) Marital Status

A majority of the borrowers i.e. 371 (92.16%) are married ; while the remaining 32 (7.8%) are unmarried.

(e) Earning members in the family

There is only one earning member in each of the 250 families of the (61.12%) borrowers. The number of earning member are more than one in 159 (38.58%) families.

(f) Non-earning members in the family

In most of the borrowers' families i.e, 207 (50.61%) – there are only two non earning members.

(g) Total number of members in the family

The number of four members in the family account for 214 (52.32 per cent).

(h) Occupation

Most of the borrowers – numbering 240 (58.68%) – belong to salaried class.

(ii) Economic Profile of Sample Borrowers

(a) Gross monthly income

The monthly income of a majority of the borrowers i.e., 216 (52.81%) is upto Rs.20,000 only and the percentage of borrowers whose monthly income exceeds Rs.30,000 is 10.03.

(b) Other sources of income

Only 121 (29.58%) borrowers have stated that they have other sources of income. A majority, i.e., 288 (70.42%) have no other source of income.

(c) Amount of income from other sources

Out of 121 borrowers who have other source of income, 81 (66.94%) of them have a monthly income up to Rs.5,000 only.

(d) Employment of spouse

Spouses of 294 (71.88%) borrowers are not in employment.

(e) Occupation of spouse

Out of 115 borrowers whose spouses are employed, a majority, i.e. 85 (73.91%) of them belong to the salaried class.

(f) Income of spouse

A majority of the spouses of borrowers accounting for 86.08 per cent (9/115) have monthly income up to Rs.5000.

(g) Average monthly family expenditure

The average monthly family expenditure of 232 (56.72%) borrowers ranges from Rs.5,001 – 10,000.

(h) Income tax Status of the borrower

A majority of the borrowers i.e. 229 (55.99%) are income tax assesses.

(iii) House Property Details

(a) Location of property

A majority of the borrowers ie. 205 (52.57%) borrowers have constructed houses in rural areas.

(b) Period of construction

Two hundred and forty four borrowers forming a majority have constructed houses between 2001 and 2005.

(c) Plinth area of construction

Plinth area of house of most of the borrowers i.e. 357 (87.29%) ranges between 751 and 1500 square feet.

(d) Mode of occupation of house property

Two hundred and ninety three (71.64%) borrowers who form the majority group have constructed houses for self-occupation.

(e) Annual House Tax

The annual property tax of a majority of the borrowers i.e., 206 (50.37%) is less than Rs.1000.

8.3.2. Loan Seeking Behaviour of Borrowers

Loan seeking behaviour of borrowers is summarized in two parts. The first part consists of financial profile of borrowers while the second part deals with their attributes and selected variables.

8.3.2.1 Financial Profile of the Borrowers

(a) Source of Housing finance

A majority of the borrowers i.e. 228 (55.75%) utilised housing finance from banks.

(b) Knowledge of source of housing finance

A majority of the respondents i.e. 257 (62.84%) have obtained knowledge about source of housing finance through friends / relatives / earlier beneficiaries.

(c) Cost of construction

The cost of construction of a majority of the borrowers i.e. 254 (62.10%) ranges between rupees three and five lakhs.

(d) Eligibility Ceiling

Most of the borrowers, i.e. 255 (62.35%) have eligibility to borrow up to rupees four lakhs.

(e) Loan availed of by borrowers

Out of 409, 222 (54.28%) borrowers availed of loan ranging from Rs.2,00,001 to Rs.4,00,000.

(f) Construction cost – funding by lending agency

Fifty to seventy per cent of the construction cost has been met by the lending agencies for a majority of the borrowers who constitute 46.21 per cent.

(g) Source used to meet difference between construction cost and loan

Two hundred and fifty (56.23%) borrowers made use of their 'own source' to meet the difference between construction cost and loan amount. The

remaining 179 (43.77%) borrowers made use of private loan to meet the difference.

(h) Monthly repayment

Most of the borrowers i.e. 220 (53.79%) repay from Rs.2001 to Rs.4000 per month towards housing loan.

(i) Savings before construction

Two hundred and twenty nine (55.99%) borrowers has no savings before commencement of construction. The remaining 180 (44.01%) borrowers had savings prior to commencement of construction.

(j) Mode of savings

Out of 180 borrowers who started savings before construction 68 (37.78%) of them saved through bank or post office deposits.

(k) Amount saved before constructions

Seventy three (48.78%) borrowers saved up to rupees fifty thousand, while another 73 (48.78%) borrowers save between rupees fifty thousand to one lakh before the commencement of construction.

(l) Number of installments

A majority of the i.e. 222 (54.28%) have received loan in there installments.

(m) Eligible repayment period

The eligible repayment period of a majority of the borrowers i.e. 249 (60.85%) is 11-15 years.

(n) Repayment period

Most of the borrowers i.e. 198 (48.41%) have opted a repayment period up to ten years.

(o) Comparison of lending agencies

Most of the borrowers i.e. 236 (57.70%) have not made comparison of lending agencies while availing housing loan.

(p) Mode of charging interest

A majority of borrowers i.e. 193 (47.19%) have opted fixed rate of charging interest. Only 143 (34.96%) borrowers opted floating rate.

(q) Intention of availing housing loan

Most of the (54.77%) borrowers have availed housing loan with an intention to reduce their income tax liability.

(r) Home loan insurance

Only 167 (40.83%) borrowers have insured their home loan accounts.

(s) Time Taken for sanctioning the loan

The time taken for sanctioning the loan is one to two months for a majority of the borrowers i.e. 173 (42.30%).

(t) Recommendation to others

A majority of the (76.77%) borrowers have expressed that they will recommend their lending agency to others.

(u) Fresh Loan

A majority of the borrowers (73.11%) have stated that they will approach the same lending agency for fresh loans.

(v) Change of housing loan

Only forty one (10.02%) borrowers have transferred their home loan account from one agency to another.

(w) Source of transfer of housing loan

Sixteen (39.02%) borrowers transferred housing loan from housing finance companies to banks and 20 (48.78%) borrowers have transferred their loan account from one bank to another.

8.3.2.2. Borrower Attributes and Source of Finance Selected

In order to identify the relationship between borrower attributes and source of finance selected, borrowers have been classified into four major groups viz. those who borrowed from housing finance companies, banks, Government and co-operative institutions. Thirteen borrower attributes have been compared with the source of finance. Of the selected 13 variables, six are found to be not significantly associated with the source of finance selected. They are (i) Age (ii) Sex (iii) Number of earning members in the family (iv) income of spouse (v) average monthly family expenditure and (vi) place of residence. The seven variables that are found to be significantly associated with the source of finance selected are,

(a) Education

Post graduates prefer banks. Borrowers whose educational qualification is up to XII/PUC/Diploma prefer either Government loan or Loan from co-operative institutions.

(b) Marital status

Married borrowers prefer housing finance companies. The other sources are preferred by unmarried borrowers.

(c) Occupation

Professionals prefer housing finance companies. Agriculturists prefer banks while business people prefer co-operative institutions.

(d) Gross monthly income

Borrowers of high income group prefer bank finance and housing ifnance companies. Low income group prefer Government loan or co-operative institutions.

(f) Spouse employment

Borrowers whose spouses are employed prefer housing finance companies while other sources of finance are popular amongst the borrowers whose spouses are not employed.

(g) Area of construction

Borrowers who constructed big houses prefer housing finance companies. Borrowers who have constructed small houses prefer loan from Government or co-operative institutions.

8.3.2.3. Borrower Attributes and Cost of Construction

To identify the relationship between borrower attributes and cost of construction, the borrowers have been classified into three groups. viz., borrowers whose cost of construction is up to Rs.3,00,000, above Rs.3,00,000 but below Rs.5,00,000 and above Rs.5,00,000. Thirteen borrower attributes have been compared with the cost of construction. The following six variables

are not found to be associated with the cost of construction. They are (i) Age (ii) Sex (iii) Marital Status (iv) Occupation (v) Employment of spouse and (vi) Spouse income. The remaining seven variables are found to be significantly associated with the cost of construction. They are :

(a) Education

Highly educated borrowers prefer to construct houses costing above Rs.5,00,000. Less educated borrowers prefer to construct houses upto Rs.3,00,000 only.

(b) Number of earning members

Borrowers in whose family there are more earning members are afford to construct houses costing above Rs.5,00,000.

(c) Gross monthly income

Borrowers with more gross monthly income prefer to construct big houses.

(d) Average monthly family expenses

Where the average monthly family expenses is more, the cost of construction of the house is low.

(e) Income tax Status of the borrower

Income tax assessees have opted for constructed of big houses.

(f) Place of the house

The cost of construction in rural areas is low while it is high in urban areas.

(g) Mode of Occupation

The cost of houses constructed for self occupation is low while that of houses for self occupation and letting out purpose is high.

8.3.2.4 Borrower Attributes and Amount of Loan Availed

For the purpose of identifying the relationship between borrower attributes and amount of loan availed, 13 variables were considered and it is found that the following seven variables are associated.

(a) Education

Highly educated borrowers prefer larger amount of loan.

(b) Number of earning members in the family

Borrowers with more earning members in their family prefer larger amount of loan.

(c) Average monthly family expenses

Borrowers whose average monthly family expenses are more, the amount of loan availed is large.

(d) Income tax Status of the borrowers

Income tax assessees availed large amount of loan while non assessees obtained less amount of loan.

(e) Place of residence

Borrowers who have constructed their houses in rural areas prefer less amount of loan. Borrowers who have constructed their houses in urban areas prefer large amount of loan.

(f) Area of the house constructed

Where the plinth area of the house constructed is more the amount of loan availed is large.

(g) Mode of occupation of house

Borrowers who have constructed the houses for self occupation availed less amount of loan. Borrowers who have partly self occupied their houses while letting a part of it for rent have availed large amount of loan.

83.2.5 Borrower Attributes and Monthly Repayment

To find out the relationship between borrower attributes and monthly repayment of housing loan, 13 variables were compared with monthly repayment. Of them it was found that nine variables are associated with monthly repayment.

(a) Age

Monthly repayment amount is more at higher levels of age.

(b) Education

At higher educational level monthly repayment is more.

(c) Gross monthly income

Monthly repayment amount goes up as gross monthly income increases.

(d) Spouse employment

Larger monthly repayment amount is opted by the borrowers whose spouses are employed.

(e) Average monthly family expenses

In case of large average monthly family expenses, the repayment towards housing loan is more.

(f) Income tax Status of the borrower

Income tax assessees opt for high monthly repayment, while non assessees opt for low monthly repayment.

(g) Place of residence

Borrowers who have constructed their houses in rural area opt for small repayment amount.

(h) Area of house constructed

Borrowers who have constructed small house opt for short repayment amount.

(i) Mode of occupation of house

Borrowers who have constructed houses for self occupation opt for small repayment amount, while the borrowers who have constructed houses for both self occupation and let out purposes opt for large repayment amount.

8.3.2.6 Borrower Attributes and Repayment Period Opted

To find out the relationship between selected borrower attributes and repayment period opted, 13 variables were compared with repayment period. Of them it was found that six variables are associated with repayment period.

(a) Age

Borrowers who are young prefer longer repayment period while aged borrowers prefer shorter repayment period.

(b) Education

Less educated borrowers opt for longer repayment period. Graduates prefer repayment period up to 10 years.

(c) Number of earning members

Borrowers with only one earning member in their family prefer repayment period of above 15 years.

(d) Occupation

Salaried employees prefer longer repayment period. Business people prefer repayment period of 10 years.

(e) Average monthly family expenses

Borrowers with an average monthly family expenses of Rs.5,001 – Rs.10,000 prefer a repayment period of up to 10 years.

(f) Mode of occupation of house

Borrowers who have partly let out their house prefer a repayment period of 10 years.

8.4 DETERMINANTS OF AWARENESS OF BORROWERS

The socio-economic, loan seeking behaviour of borrowers cause differences in the level of awareness among different groups of borrowers.

8.4.1 Association between Borrower Attributes and Awareness

Ten borrower attributes have been selected to test whether the awareness differ based on attributes and whether there really exists any association between each of the attributes and awareness. Analysis of variance (ANOVA),

Chi-square test, simple correlation test, multiple regression as well as step-wise regression analysis have been applied to examine the association.

(i) Age and awareness

The average awareness index is high with the borrowers whose age is above 46 years. It is low with the borrowers whose age ranges from 33 to 46 years. ANOVA result indicates that there is no significant difference in the mean awareness index of the different groups of borrowers. There is a highly significant association between age and awareness.

(ii) Education and awareness

The mean awareness index is high with highly educated borrowers while it is low with less educated borrowers. ANOVA result reveals that there exists a highly significant difference in the mean awareness index of borrowers classified on educational levels. Chi-square result indicates that there exists significant association between education and level of awareness.

(iii) Number of earning members in the family and awareness

The average awareness index is high with the borrowers in whose families there are two or more earning members. ANOVA result reveals that there exists a significant difference in the mean awareness index of borrowers grouped according to the number of earning members in the family. It is found that their exists a highly significant association between number of earning members in the family and their awareness.

(iv) Occupation and awareness

The average awareness index is high with professionals. It is low with business men. The mean awareness index of the borrowers based on occupation

differ significantly. There exists a highly significant association between occupation and awareness.

(v) Gross monthly income and awareness

The average awareness index is high with those borrowers whose income level is high. It is low with low income group. The mean awareness index of borrowers belonging to different income groups vary significantly. Chi-square result indicates a highly significant association between gross monthly income and awareness.

(vi) Average monthly family expenses and awareness

The average awareness index is high with the borrowers whose average monthly family expenditure is high. the mean awareness index of the borrowers classified on the bases of average monthly family expenses differ significantly. Chi-square result indicates that there is a highly significant association between average monthly family expenses and awareness.

(vii) Plinth area construction and awareness

The average awareness index of the borrowers is high where the plinth area of construction is more. The average awareness index is high with the borrowers whose area of house is above 1500 sq. ft. ANOVA result shows that there exists significant difference in the mean awareness index of borrowers based on plinth area of construction. It is found that there is a significant association between plinth area of house and awareness.

(viii) Cost of construction and awareness

The mean awareness index of the borrowers is high with the borrowers whose cost of construction is large. The mean awareness index of the borrowers classified on the basis of their cost of construction differ

significantly. It is found that there exists a highly significant association between cost of construction and level of awareness.

(ix) Amount of loan availed and awareness

The mean awareness index of the borrowers is high with those who availed small amount of housing loan. The mean awareness index of the borrowers classified on the basis of amount of loan availed do not vary significantly. Results of chi-square test indicates that there exists a highly significant association between amount of loan availed and awareness.

(x) Repayment period opted and awareness

The average mean awareness index is high with the borrowers who opted longer repayment period. The mean awareness index of the orrowers classified on the basis of their repayment period differs significantly. It is found that there exists a highly significant association between repayment period opted and level of awareness.

8.5 FACTORS ASSOCIATED WITH BORROWER AWARENESS – CORRELATION ANALYSIS

To examine the nature and strength of relationship between the selected 10 borrowers' attributes and awareness, correlation analysis has been carried out. It reveals that all the correlation co- efficients are highly significant. Further the nature of relationship and the extent to which each of the correlated variables accounts for the variation in borrower awareness are brought out in the following paragraphs.

(i) Age and awareness

Age and awareness are positively correlated. As the age increases awareness also increases. The coefficient of determination (r^2) shows that age accounts for 4.84% of variations in the level of borrowers' awareness.

(ii) Education and awareness

Education and awareness are positively correlated indicating that as the level of education increases, the level of awareness also increases. The coefficient of determination (r^2) shows that educational qualification accounts for 6.85% of variation in the level of borrowers' awareness.

(iii) Number of earning members in the family and awareness

There exists a positive correlation between number of earning members in the family and awareness. Larger the number of earning members, greater is the awareness. The coefficient of determination (r^2) shows that the number of earning members in the family accounts for 2.86% of variation in the level of borrowers' awareness.

(iv) Occupation and awareness

Occupation and awareness are positively correlated. The coefficient of determination (r^2) shows that occupation accounts for 2.51% of variation int he level of borrowers' awareness.

(v) Gross monthly income and awareness

Gross monthly income and awareness are positively correlated indicating that as the gross monthly income increases, the level of awareness also increases. the coefficient of determination (r^2) shows that the gross monthly income account for 3.10 percent of the variations in the level of borrowers' awareness.

(vi) Average monthly family expenditure and awareness

Average monthly family expenditure and level of awareness are positively correlated. The coefficient of determination (r^2) shows that average monthly family expenditure accounts for 8.89% of the variation in the level of borrowers' awareness.

(vii) Plinth area of construction and awareness

As the plinth area of construction increases awareness also increases. These two variables are positively correlated. The coefficient of determination (r2) shows that plinth area of construction accounts for 1.65% variation in the level of borrowers' awareness.

(viii) Cost of construction and awareness

Cost of construction and level of awareness are positively correlated indicating that as the cost of construction increases awareness also increases. The coefficient of determination (r^2) shows that the cost of construction accounts for 2.27% of variation in the level of borrowers' awareness.

(ix) Amount of loan availed and awareness

The amount of loan availed is positively correlated with the level of awareness indicating that as the amount of loan availed increases awareness also increases. The coefficient of determination (r^2) shows that amount of loan availed accounts for 4.96% variation of in the level of awareness of borrowers.

(x) Repayment period opted and awareness

There is a positive correlation between repayment period opted and level of awareness. As the repayment period opted increases awareness also increases. The coefficient of determination (r^2) shows that repayment period opted accounts for 3.71% of variation in the level of borrowers' awareness.

8.6 DETERMINANTS OF BORROWERS' AWARENESS – REGRESSION ANALYSIS

In order to find out the combined influence of the selected ten attributes on borrowers' awareness, multiple regression as well as step-wise regression analysis have been carried. Of ten variables taken for consideration under multiple regression analysis, it is found that only six variables are significantly related with borrower awareness. The relationship that exists between such significantly related variables and awareness are ;

(i) Age and awareness

Age highly influences awareness. The regression coefficient indicates that for a unit of increase in the age, there shall be an increase of 3.7578 units in awareness.

(ii) Education and awareness

Educational qualification highly influences awareness. The regression coefficient indicates that for a unit of increase in the level of education, there shall be an increase of 2.7352 units in awareness.

(iii) Number of earning members in the family

Number of earning members in the family influences awareness. The regression coefficient indicates that for a unit of increase in the number of earning members in the family, there shall be an increase in awareness of 1.9566 units.

(iv) Gross monthly income and awareness

Gross monthly income influences awareness. The regression coefficient indicates that for a unit of increase in gross monthly income, there shall be an increase of 0.0013 units in awareness.

(v) Plinth area of construction and awareness

Plinth area of construction influences awareness. The regression coefficient indicates that for a unit of increase in plinth area of construction, there shall be an increase of 5.7979 units in awareness.

(vi) Amount of loan availed and awareness

Amount of loan availed influences awareness. The regression coefficient indicates that for a unit of increase in the amount of loan availed, there shall be an increase of 2.7555 units in awareness.

8.7 FACTORS PROMINENTLY ASSOCIATED WITH AWARENESS

To find out the prominent factors that account for the variations in awareness of housing finance borrowers, step-wise regression has been carried out. Eight prominent variables that influence awareness have been identified and they are (i) Age (ii) Education (iii) Number of earning members in the family (iv) Gross monthly income (v) Plinth area of construction (vi) Amount of loan availed (vii) Occupation and (viii) Cost of construction. All these variables together account for 46.60 percent of variation in the borrowers' awareness.

8.8 FACTORS INFLUENCING SATISFACTION OF BORROWERS

Satisfaction differ amongst different groups of borrowers. The socio-economic, loan seeking behaviour of borrowers cause such differences. The various factors influencing the satisfaction of borrowers are given below.

8.8.1 BORROWER ATTRIBUTES AND SATISFACTION

Fifteen borrower attributes have been selected in order to test whether the satisfaction differs based on attributes and whether there really exists any association between each of the attributes and satisfaction. Analysis of variance

(ANOVA) and chi-square test have been employed to examine the association. The results of ANOVA and chi-square tests are given below.

(i) Age and satisfaction

The average satisfaction index of the borrowers who are above 46 years is more than borrowers of other age groups. ANOVA result reveals that there exists a significant difference in the mean satisfaction index of borrowers belonging to different age group. The chi-square tests reveals that there is significant association between age and satisfaction.

(ii) Sex and Satisfaction

The average satisfaction index of male borrowers is more than the female borrowers. ANOVA result reveals that there exists a significant difference in the mean satisfaction index of borrowers belonging to different sex. However there is no association between sex and satisfaction.

(iii) Education and satisfaction

The average satisfaction index of those borrowers who are less educated is higher than other groups. ANOVA result shows that there exists a significant difference in the mean satisfaction index of borrowers of different levels of education. It is found that there exists a highly significant association between level of education and satisfaction.

(iv) Occupation and satisfaction

The average satisfaction index is high with those borrowers who are businessmen and it is low in case of professionals. The mean satisfaction index of borrowers engaged in different types of occupation do not differ significantly. Chi-square result indicates that there is no association between occupation and satisfaction.

(v) Gross monthly income and satisfaction

The average satisfaction index is high with the borrowers whose gross monthly income is up to Rs.10,000. The mean satisfaction index of the borrowers classified by different levels of income do not vary significantly. Chi-square test indicates that there is no association between gross monthly income and satisfaction.

(vi) Number of earning members in the family and satisfaction

The average satisfaction index of the borrowers in whose family there is only one earning member is high compared to other group of borrowers. The mean satisfaction index of borrowers with different number of earning members in their family do not vary significantly. Chi-square test indicates that there is no association between number of earning members in the family and satisfaction of borrowers.

(vii) Average monthly family expenditure and satisfaction

The average satisfaction index of the borrowers whose average monthly family expenditure is up to Rs.5,000 is high compared to others. ANOVA test reveals that, there is no significant difference in the mean satisfaction index of borrowers with different expenditure groups. Chi-square results indicates that there exists no association between average monthly family expenditure and satisfaction of borrowers.

(viii) Place of residence and satisfaction

The average satisfaction index is high with those borrowers who have constructed their houses in urban area. There exists a significant difference in the mean satisfaction index of borrowers classified on the basis of place of residence. The chi-square result indicate that there is no association between place of residence and satisfaction.

(ix) Period of construction and satisfaction

The average satisfaction index of the borrowers whose period of construction is between 2001 and 2005 is higher than those borrowers whose period of construction is between 2006 and 2010. The mean satisfaction index of different groups of borrowers who have constructed houses in different periods do not differ significantly. Chi-square test reveals that there is no significant association between period of construction and satisfaction.

(x) Plinth area of construction and satisfaction

The average satisfaction index of the borrowers whose plinth area of construction is less than those borrowers whose area of construction is large. The mean satisfaction index of the borrowers of different groups classified on the basis of plinth area of construction do not vary significantly. Chi-square result indicates that there exists a highly significant association between plinth area of construction and satisfaction of borrowers.

(xi) Source of housing finance and satisfaction

The average satisfaction index of the borrowers who availed housing loan from the government is high. The borrowers who availed housing loan from co-operative institutions have the average satisfaction index low. ANOVA result, discloses that there exists a significant difference in the mean satisfaction index of borrowers who availed housing loan from different sources. Chi-square result indicates that there exists a significant association between source of housing finance utilised and satisfaction.

(xii) Cost of construction and satisfaction

The average satisfaction index is low with the borrowers whose cost of construction is low. It is high with the borrowers whose cost of construction is

medium. It is found that there is no association between cost of construction and level of satisfaction.

(xiii) Monthly repayment and satisfaction

The average satisfaction index is high with the borrowers whose monthly repayment is large. It is low with the borrowers whose monthly repayment ranges from Rs.4,001 to Rs.8,000. The mean awareness index of the borrowers based on amount of repayment do not vary significant. Chi-square result indicates that there is no association between monthly repayment and satisfaction.

(xiv) Repayment period opted and satisfaction

The average satisfaction index is low to the borrowers who opted a medium repayment period. Borrowers who opted longer repayment period have high mean satisfaction index. The mean satisfaction index of the borrowers with different repayment period vary significantly. It is found that there is no association between repayment period opted and satisfaction.

(xv) Awareness and satisfaction

The average satisfaction index is high with the borrowers whose level of awareness is medium. It is low with the borrowers whose level of awareness is low. The mean satisfaction index of the borrowers based on different levels of awareness do not vary significantly. It is found that there is no association between awareness and satisfaction.

8.9. SUGGESTIONS

Based on the findings of the study and the views expressed by the borrowers the following suggestions are made for minimizing the borrowers problem and for the betterment of housing finance industry.

(i) Suggestions to the Government

1. Government should take effective measures to control the price of house building materials.

2. Private sector and quasi government employers may be provided with sufficient funds to build houses to their employees which in turn will be given to employees on "hire purchase basis".

3. Separate tax concessions may be given to the borrowers. That is clubbing of principal repayment up to Rs.1,50,000 under section 80 C of income tax act be amended. The entire amount of principal repayment may be allowed as deduction along with interest payment.

4. At present the annual value of only one self occupied house is taken as nil under Income tax Act. This may be extended to one more house to encourage more house construction.

5. Government should encourage the formation of more housing co-operative societies to accelerate house construction.

(ii) Suggestions to Lending Institutions

1. Deduction from monthly salary by the employer shall be made mandatory for loans obtained by the salaried employees so that default in repayment may be minimized.

2. Maximum loan eligibility may be raised to 90% to 100% of the estimated cost of construction.

3. Interest rates on housing loan may be reduced. In this regard interest rates may be fixed on the basis of financial position of the borrowers.

Concessional interest rates may be offered to non-assessees under the Income tax Act.

4. Transfer of home loan account from one agency to another should be made easy.

5. Pre-closure charges should be either waived or be reduced further.

6. Procedures for sanctioning housing loan should further be simplified to avoid delay in sanctioning the loan.

7. The borrowers expect that the officials of housing finance companies and banks should be courteous towards the borrowers.

(iii) Suggestions to the borrowers

1. The prospective borrowers should keep all documents ready before submitting the application form so as to get the loan early.

2. The prospective borrowers should compare and make an analysis of terms and condition of different sources of finance before deciding a particular source of finance.

3. The borrowers should make prompt repayment.

4. Borrowers should insure their house property.

5. Borrowers are advised to take home loan insurance.

8.10. CONCLUSION

The results of the study have brought out the borrower attributes that determine borrower satisfaction and awareness. Research scholars can make use of this study to probe the potential areas of research such as (i) examination of borrower awareness and satisfaction by extending the geographical area, inter-regional disparities in awareness and satisfaction of borrowers of housing finance is another area of study. (ii) problems encountered by the borrowers and how awareness facilitate to solve such problems. (iii) role of housing finance companies in promoting housing in rural area, (iv) financial performance analysis of housing finance companies. (v) comparative study on housing finance by banks and housing finance companies, are the other interesting fields of study. Today there is a boom in housing finance market. To keep and sustain the boom the government should take some measures so that the slogan "Roof for roof less" and "Home for home less" can be made as a reality.