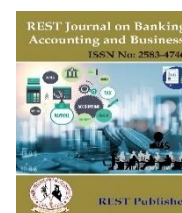




REST Journal on Banking, Accounting and Business
Vol: 3(2), June 2024
REST Publisher; ISSN: 2583-4746
Website: <https://restpublisher.com/journals/jbab/>
DOI: <https://doi.org/10.46632/jbab/3/2/8>



A Study on Home Loans with Reference to ICICI

Reddy Meghana, U. Kanaka Rao

Aristotle PG College, Hyderabad, Telangana, India.

Corresponding Author Email: rmeghanamegha3@gmail.com

Abstract: *In the era of growing importance of financial status, there is an increased importance for various financial institutions which provide such loans. The main objective of the study of the loans and advances is to understand the lending policies and the various schemes of financial assistance provided by the bank. The bankworks comparatively different from other financial institutions and banks as it works according to the rules and regulations and the guidelines by the RBI. In this background the topic of personal lending schemes of **ICICI BANK LTD** is chosen as the subject matter of this project. The findings of the project may be considered by **ICICI BANK LTD** while formulating the policies for increasing the volume of personal lending schemes. The study is also required to analyze the views of the borrowers and to analyze the satisfaction level of customers. It helps to know in detail the Loans and Advances provided by the bank, right from its inception stage, growth and future prospects.*

Keywords: Financial Status, Financial assistance, Loans, Personal lending schemes.

1. INTRODUCTION

Home is an integral part of a human being, who since his childhood, dreams of having a living space of his own. Once in a lifetime investment requires loan to do it and that is how the home loan comes into scheme of things. Buying a home is dream for everyone. Due to the rising price of properties, it has almost become impossible for an average earning person to buy a home through lump sum payment. Therefore, the concept of home loan has come into existence. There are plethora of housing finance institutions and banks both in public and private sector which offer home loans. Choosing one institution and one offer for home loan amidst the thousands available options have become a very complex task in our country. Apart from this, there are intricate business jargons and technicalities that make this job more tough and difficult. Through this study, I propose to identify the critical factors impacting the growth and distinguishing the growth pattern in home loan portfolio particularly in public sector banks in India. Home is a necessity to all human beings and owning a home is a dream for everyone. Earlier only a few people had the privilege to have an own home but now with the availability of home loans provided by banks many people's dreams has come true. These are loans which are provided either to buy an already built ready to occupy a home or a flat or to construct a home.

2. REVIEW OF LITERATURE

Varghese R (2020) The thesis entitled "Home Development and Finance in India; An Evaluation of Selected Home Finance Organizations", carried out by Varghese, Department of Commerce, University of Jodhpur in 2020, was aimed at analyzing the home developments in India and performance of banks towards home loans. Mr. Varghese selected 6 Banks for the study and analyzed the lending and repayments. The study helped to arrive at useful solutions to the major problems of home and home finances institutions. He collected data for the study from the published accounting reports of banking companies. The information collected by him was analyzed through ratio, trend technique of financial analysis. The process of analyzing the financial statements involved the compilation, comparison and study of financial data. He reported that home development in India should be improved and also the banks. Must make additional lending for home developments.

Objectives of study

- To know about the Customers perceptions towards home loans of **ICICI BANK LTD**.
- To find out the sources of borrowings and mobilization of loans.
- To know the terms and conditions laid down by the banks for sanction of loans.
- To know the ideas of customers about home loan products and services.

- To study about the loan policy, credit evaluation and supervision of loans and advances at ICICI BANK LTD.
- To study in detail about the types of home loans offered by ICICI BANK LTD in the context of purpose, eligibility, interest, etc.
- To study the satisfaction level of customers with home loans.
- To study the problems faced by customers in obtaining home loans.

Limitations of the study:

- The study was conducted with the available data and the analysis made on it.
- The study is limited to the home loans schemes under ICICI BANK LTD.
- Due to the limited period of study, it may not be detailed.
- Lack of expertise being a trainee in analyzing the data.
- Getting valid data was a problem due to the sensitivity of the data provided.
- The project on loans and advances is more like a theoretical project.
- Time was one of the constraints during the study. The period of study is 5 yrs.
- Some of the data vital to the study could not be accessed due to the confidentiality policies of the bank.
- The study is limited to one branch of ICICI BANK LTD.

3. DATA ANALYSIS

The analysis is based on the responses given by customers through questionnaires.

TABLE 1. AGE GROUP OF SURVEYED

Age group	No. of Respondents
18 - 25 years	57
26 - 35 years	67
36 - 49 years	46
50 - 60 years	24
More than 60 years	6

Analysis: - From the chart above we find that 57% of the respondents fall in the age group of 18 – 25 years, 67% fall in the age group of 26 – 35 years and 46% fall in the age group of 36– 49 years. Therefore, most of the respondents are relatively young (below 26 years of age). and 24% respondent’s age are 50-60 years, and 6% respondent’s age are 60 to above years.

TABLE 2. Gender Classification of Surveyed

Sr. No.	Category	No. of Respondents	Percentage
1	Married	140	70%
2	Unmarried	60	30%
	Total	200	100%

Interpretation:

From the table and graph above it can be seen that

- 70% of respondents are married.
- 30% respondents are unmarried.

TABLE 3. Educational qualification of respondent’s

Sr. No.	Category	No. of Respondents	Percentage
1	Undergraduate	50	25%
2	Graduate	80	40%
3	Postgraduate	70	35%
	Total	200	100%

Interpretation:

From the table and graph above it can be seen that

- 25% of respondents are undergraduate.
- 40% respondents are Graduate.
- 35% respondents are Post graduate.

TABLE 4. Number Of years Are You in India?

Sr. No.	Category	No. of Respondents	Percentage
1	Less than five years	78	39%
2	More than five years	122	61%
	Total	200	100%

Interpretation:

From the table and graph above it can be seen that

- 39% respondents are in India is less than five years.
- 61% respondents are in India is more than five years.

TABLE 5. Customer profile of surveyed respondents

Customer profile	No. of respondents
Student	7
Housewife	5
Working Professional	91
Business	49
Government service employee	24
Self Employed	24
	200

Interpretation:

From the table and graph above it can be seen that 91% of the respondents are working professionals, 49% are into business and 24% are self- employed, 24% of the respondents are government service employee and 7% of the respondents are student and 5% of the respondents are housewife.

TABLE 6. Annual household income

Sr. No.	Category	No. of Respondents	Percentage
1	Less than 2 lacs	98	49%
2	Between 2 to 5 lacs	62	31%
3	Between 5to 8lacs	30	15%
4	More than 8 lacs	10	5%
	Total	200	100%

Interpretation:

From the table and graph above it can be seen that

- 49% respondent's annual household income is less than 2 lacs.
- 31% of respondents' annual household income is between 2 to 5 lacs.
- 15% of respondents' annual household income is between 5 to 8 lacs.
- 5% respondent's annual household income is more than 8 lacs.

TABLE 7. Do you know about ICICI housing development finance corporation LTD?

Category	No. of Respondents
Yes	164
No	36
Total	200

Interpretation: -From the table and graph above it can be seen that

- 91% respondents are known about ICICI LTD
- 9% respondents are not known about ICICI LTD

TABLE 8. Reasons for getting the home financed.

Sr.No.	Number of Reasons	Percentage
a.	Non-availability of funds	36
b.	Reluctancy to pay cash in one go	35
c.	Tax benefit	24
d.	Any other	5

Interpretation:-

To interpret the response of the questions, the figures shows that most of the customers find the problem in availability of funds i.e. 36% and very a smaller number of customers found problem in paying cash in one go is 35%, customers get housing loan for taxbenefits is 24%. This was the expected response because a large number of people find a problem of availability of funds which works as an obstacle in owning a dream home. In today's life, people hardly earn both means and ends of life and they don't have much of money to buy a home or a land to construct house because of cost of property.

TABLE 9. From where you have got your home financed

Name of Banks / company	Percentage of customers
ICICI LTD	55
Punjab National Bank	15
Standard Chartered Bank	07
ICICI BANK	20
Any other	03

To understand the response more effective and closely, it has been showed diagrammatically as follows: -

Interpretation: -

The analysis showed that a large number of customers prefer ICICI LTD as compared to others. The data shows that 7% of customers took loan from Standard Chartered Bank, 20% of customers from ICICI BANK, 15% Customers took loan from Punjab National Bank, 55% of customers took loan from ICICI LTD and a 3% of customers fall under the category of 'Any other' which included State Bank of India, Canara Bank, Punjab and Sind Bank, etc. The data shows that most people prefer ICICI LTD compared to public sector banks and other private banks. This is because of the extra services provided by ICICI LTD. However, there is less difference in figures of ICICI Bank and Punjab National Bank. But there is considerable difference in figures of the two private sector banks i.e. ICICI bank and Standard Chartered Bank. As ICICI is the market leader in the home loans sector. This maybe the reason for such difference in Standard Chartered Bank's percentage and ICICI Bank's percentage. Another reason for specialized services in home loans, more amounts of loans, and efficient query handling.

TABLE 10. Sources of information about Home Loans Scheme

Sources of information	Percentage of customers
Newspapers	49
Magazines	16
Banners/Hoardings/Pamphlets	11
Word of mouth	20
Any other source	04

Interpretation: -

The data shows that around 20% of customers got information from source of 'Word of Mouth' which includes information from friends, relatives, colleagues etc. 49% of customers got information from newspapers, only 16% of customers from magazines and 4% of customers got information about home loans schemes under 'Any other source' and 11% through Banners/ Hoardings/Pamphlets.

TABLE 11. Opinion about the services of ICICI LTD

Services of ICICI LTD	Percentage of customers agreeing				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a. Professionally managed	86%	10%	4%	-	-
b. Reliable & transparent	67%	33%	-	-	-
c. Socially responsible	75%	10%	15%	-	-
d. Customer care	20%	68%	8%	4%	-
e. Query handling	20%	76%	4%	-	-

Interpretation: -

Customers from ICICI LTD are quite satisfied from their services like query handling and customers social responsibility of banks towards customers and professionally managed services. They don't give so good response to reliability and transparency services of banks. So, customer's satisfaction level toward ICICI LTD services is lightly satisfaction.

TABLE 12. Opinion of customers about home loan schemes **ICICI LTD**

Services of ICICI LTD	Percentage of customers agreeing				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a. Amount of loan	60%	35%	5%	-	-
b. Legal formalities	42%	45%	13%	-	-
c. Interest rates	32%	56%	12%	-	-
d. Repayment options	26%	64%	10%	-	-
e. Security demanded	20%	32%	48%	-	-
f. Installments	55%	40%	5%	-	-
g. Services	45%	30%	18%	6%	1%
h. Processing for sanction of loan	55%	24%	18%	3%	-

Interpretation: -

The analysis shows that the customers of ICICI LTD gave 60% of amount of loan and legal proceedings, 56% to interest rates, 45% to proceedings and services, 55% to installments. So, customer of ICICI LTD didn't give response regarding the services of the bank / company except to the amount of loan and legal formalities.

TABLE 13. Data gives preference of respondents of home loans companies and banks.

Company's Name	No of Respondents	(%)
ICICI LTD	156	78
STANDARD CHARTERED	4	2
BANK		
ICICI BANK	20	10
PNB	14	7
SBI	6	3
Total	200	100

Interpretation: -

From the table and graph above it can be seen that 78% of the people contacted prefer ICICI LTD to any other and therefore it is ranked no.1 by that percent of respondents.

Problems faced by customers in availing home loans:

There is everything in the world has good or bad points. No doubt banking industry/ company has made many efforts to enhance the customer satisfaction, but customer still faced some problems. These are high lightened as below:

- The customer does not have proper knowledge about different home loan products, so they face problem in making a good deal.
- There are procedural delays, which harass the customer's lot. This will crush the curtsy of customers to avail the home loan.
- The attitude of bank employees sometimes non cooperative and it creates a hurdle in building trust and Confidence among customers about banks.
- The banks do not take into account the paying capacity of customers. So some customers are not able to get amount of loan needed by them.

So above discussed are the problems which faced by customers while availing home loans.

Findings:

1. ICICI LTD having good brand image in the minds of customers.
2. Majority of the people got loans from ICICI LTD only.
3. Some of the customers are not aware of the products of ICICI home loans.
4. Some of the customer's felt that the interest rates are somewhat high.
5. Some of the customer not having good faith on private banks.

6. Most of the people are directly go to ICICI to apply a home loan.
7. Some of the customer of ICICI already benefited through ICICI home loan products and services.
8. Customer awareness is medium about ICICI products.
9. ICICI LTD providing good services to their customers.

Recommendations and suggestions:

- To increase their customers, the ICICI LTD should provide specialized services in this sector. These services can be such as proper guidance to the customer regarding the processing of loans, especially for the customers who are illiterate.
- To satisfy their customers and for good dealings in future, the ICICI LTD should make prompt disbursement of loan amount to the customers so that they can buy or construct their dream home as early as possible.
- The ICICI LTD should use easy procedure, or say, less lengthy procedure for the sanctioning of loan to the customer. There should be a smaller number of legal formalities,
- in case this exists, then, these should be completed in less time. This will be helpful in attracting more customers.
- Although the interest rates on specific norms, yet customers seek less interest rate which can lower their cost of house. So, banks should try to lower their interest rates. Needless to say, that the bank, which is having lower interest rates, have the maximum clients for loans.
- ICICI LTD provide loan according to the repaying capacity of the customer and his/her eligibility. Due to which, some customers are not able to get amount of loan needed by them. So, the ICICI LTD should soften their norms regarding the loan amount.
- Create awareness: The Company has to take care of awareness creation about the products and services among the customers.
- Charges: The Company has to reduce the mortality and administration charges.
- The company has to reduce their interest rates on home loan products and services.
- The company has to identify the potential customers.
- Company should consider the present competition and should act according to the customer needs.

4. CONCLUSION

- In my study we came to know that many peoples are interested to take a home loan from ICICI LTD to construct their homes.
- Home loans have long period when compared to other personal loans and other loans. So peoples are confused to take a home loan.
- Even though the interest rates are high peoples are willing to take a loan from ICICI LTD due to some reasons.
- The interest rates also somewhat high when compared to other banks.
- The loan sanction process is low when compared to other banks.
- For disbursement process is also it will take low time when compared to other banks

REFERENCES

- [1]. Customer Service Quality in the Greek Cypriot banking industry Managing Service Quality Arasli, As quoted by the Indian Central Bank enquiry committee(2031).
- [2]. H., Smadi, S.M., and Katircioglu, S T (2005) "National banking and Economic Development", Vora & Co. Publications Pvt. Ltd. Bombay Gangadhar (2097).
- [3]. Service Management and Marketing: A Customer Relationship Management Approach, (2nd Edition). West Sussex: John Wiley & Sons, Ltd. Gronroos, C. (2000).
- [4]. Banking Theory And Practice : Dr. P.K Srivastava
- [5]. Banking And Financial Systems: G.Satyanarayana
- [6]. Annual Reports Of Axis Bank
- [7]. Arindam Bandyopadhyaya and Asish Saha, Distinctive demand and risk characteristic of residential housing loan market in India, Journal of Economic Studies, vol. 38 no. 6
- [8]. Kiran Sandhu, Formal housing finance outreach and the urban poor in India, International Journal of Housing Markets and Analysis, vol. 6 no. 3
- [9]. Pavan Namdeo, Ghumare, Krupesh ,A. Chauhan and Sanjay Kumar M. Yadav, Housing attributes affecting buyers in India, Analysis of perceptions in the context of EWS/LIG consumers view, International Journal of Housing Markets and Analysis

- [10]. T.S. Anand Kumar, V. PraseedaSanu, Operational guidelines for sustainable housing micro-finance in India, International Journal of Housing Markets and Analysis, vol. 1 no. 4
- [11]. Tanu Aggarwal and Priya Solomon, A study on the mediating effect of residential loans in India, Journal of Property Investment & Finance, vol. 37 no. 5
- [12]. Neeta Maheshwari, Rajeev Biyani, Current Challenges for Home Loans in India, Indian journal of finance vol 5
- [13]. D. Srinivasa Kumar, Housing Finance Snags Faced by Indian Home Loan Mortgagors, Indian journal of finance vol 11
- [14]. Patnaik B.C.M, Home Loan Portfolio, International Journal of Current Advanced Research Vol 6,
- [15]. Archana Fulwari, Jayant Kumar, An Empirical Analysis of the Demand for Home Loans in Urban India, journal of economics and research vol 5
- [16]. Souvik Ghosh, Housing Finance in India and Appraisal Process of Home Loans with Specific Reference to Indian Overseas Bank, International Journal of Science and Research.