

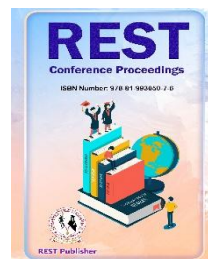


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# A Study of Impact on Investment Objective of Home Loan Buyers in Amravati City

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**Abstract:** This study explores the impact of home loans on the personal and financial objectives of borrowers in Amravati City, Maharashtra. It aims to understand how factors such as interest rates, loan tenure, monthly EMIs, and bank policies influence borrowers' ability to meet long-term goals such as savings, investments, education, and lifestyle aspirations. The research is based on a structured survey conducted among home loan buyers across various income groups and institutions (both public and private). The study finds that while home loans facilitate property ownership, they also introduce financial pressure that affects discretionary spending and long-term financial planning. A significant portion of respondents reported a shift in their financial priorities post-loan approval. The findings of this study are expected to assist financial institutions, policy makers, and future borrowers in understanding the broader implications of home loan commitments and making informed decisions aligned with their personal and financial goals.

**Key Words:** Interest Rate, Home Loans, Financial Institutions, Fixed and Floating Interest

## 1. INTRODUCTION

Owning a home is a fundamental aspiration for most individuals, symbolizing stability, comfort, and personal achievement. In India, especially among middle-class families, a home is not only a place of residence but also a significant long-term investment. However, due to escalating property prices and limited liquidity, purchasing a home has become increasingly challenging. As a result, home loans have emerged as a crucial financial tool, enabling individuals to turn their dreams into reality. Financial institutions, both public and private, now offer a variety of housing loan options at competitive interest rates, making them more accessible to a broader section of the population. In recent years, the real estate sector in India has witnessed considerable growth, and cities like Amravati—located in Maharashtra's Vidarbha region—have experienced a surge in demand for residential properties. This growth is supported by government housing schemes, improved financial literacy, and the proactive role of banks and housing finance companies. Amravati's diverse demographic, including salaried employees, small business owners, and professionals, presents an ideal example to study the impact of home loans on financial planning and investment behavior. While home loans enable homeownership, they also impose long-term financial commitments that can affect an individual's investment objectives, spending habits, savings, and overall quality of life. Monthly EMIs, loan tenures, interest rates, and repayment conditions directly influence financial stability. This study aims to examine how taking a home loan affects the investment objectives of borrowers in Amravati City, exploring factors such as customer satisfaction, financial sacrifices, and future purchase intentions. It also provides comparative insights into the loan procedures and service quality of major lenders such as SBI and HDFC. By focusing on a Tier-2 city, the research seeks to contribute to a more inclusive understanding of borrower behavior in India's evolving housing finance landscape.

### Objectives:

- To examine the primary reasons behind the decision to buy a home in Amravati.
- To analyse the role of home loans in facilitating investment in residential properties.

- To evaluate the financial goals and long-term aspirations of home loan buyers.
- To assess the influence of demographic factors (age, income, occupation) on investment decisions.
- To identify the challenges and barriers faced by home loan buyers in achieving their investment objectives.

**Scope of the Study:** The study focuses solely on Amravati City, Maharashtra. Home loan buyers, both from public and private sector banks and housing finance companies.

Assessing how home loans affect buyers' financial planning, lifestyle, and long-term objectives. Studying factors like interest rates, loan tenure, EMI burden, prepayment behaviour, etc. Identifying satisfaction levels and challenges faced during and after the loan process. The study may cover loan activities and impacts experienced over the past 5–10 years.

**Limitations of The Study:** The study may be limited to a relatively small number of respondents due to time and resource constraints. Responses could be influenced by personal biases and individual experiences, which may affect the objectivity. Findings may not be generalizable to other cities or regions. Limited access to internal data from banks or financial institutions. Changes in economic policies or interest rates during the study period may skew perception

### **Hypotheses:**

**H<sub>0</sub> (Null Hypothesis):** There is no significant impact of home loans on the financial objectives of buyers in Amravati City.

**H<sub>1</sub> (Alternative Hypothesis):** There is a significant impact of home loans on the financial objectives of buyers in Amravati City.

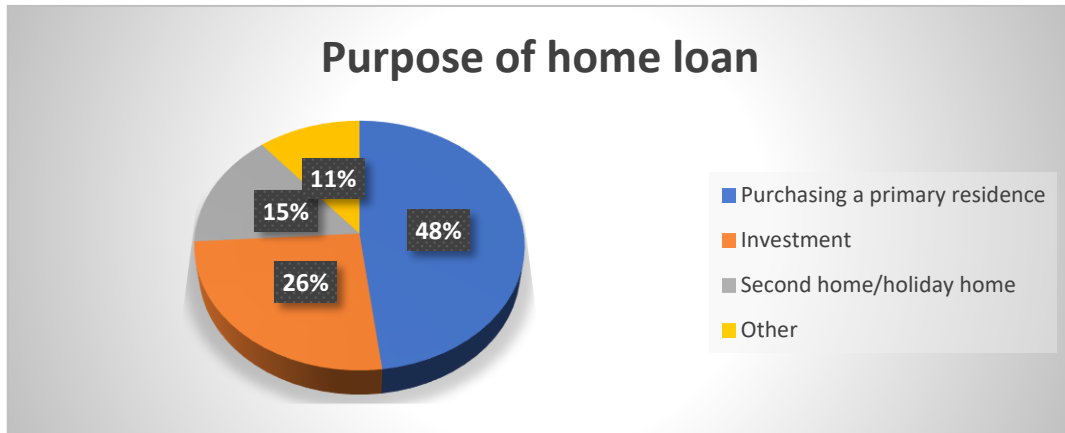
## **2. METHODOLOGY**

The questionnaire is divided into three parts a level, factor influencing investment decision and satisfaction level. Deductive approach of reasoning is used to find out the most influencing factors affecting the decision of individual investors. In this study, the researcher exploring the Behaviour factors influencing the decision making of investors. The study starts with the reviewing the Behaviour finance theories in general and in stock market in particular to get the theoretical and conceptual context as well as empirical findings of previous researcher from which the research model and hypotheses are proposed. In market research, sampling means getting opinion from a few People, chose a specific group, in a order to find out about the whole group. Therefore, market researchers make Random sampling from which, through careful design and analysis, can draw information about their chosen. The sampling technique will be a Simple Random sampling technique. Sampling size is a count of individual samples or observation in any statistical setting, such as scientific experiment or a public opinion survey. Too small yield unreliable result while an overly large sample demands a good deal of time and resources Sample size in this research will be 100 respondents. This is sufficient for study, and which is represent different age group of People.

## **3. REVIEW OF LITERATURE**

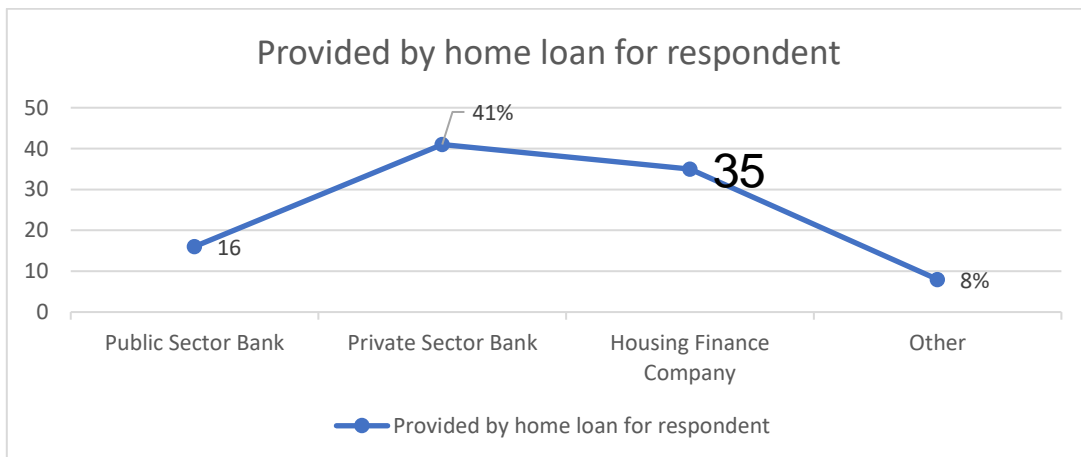
Several studies have explored the relationship between home loan borrowing and investment behavior among individuals, especially in semi-urban and urban settings. Rao and Deshmukh (2018) conducted a study on home loan customers in Maharashtra and found that while home ownership remained a primary goal, most buyers also considered the property an appreciating asset and a long-term investment. However, EMI obligations often constrained their ability to diversify into other financial instruments. Kumar (2019) explored the psychological aspects of investment decisions among home loan borrowers and revealed that the security and tax benefits associated with home loans often lead individuals to delay or reduce investments in risk-based assets like equities. Patil and Kharat (2020) studied the impact of home loans on household savings in Tier-II cities and observed that fixed EMI schedules led to better financial discipline but reduced the liquidity available for alternate investment avenues. They emphasized the need for financial literacy to balance debt and investment goals. Sharma and Bansal (2021) focused on the investment behavior of salaried individuals with home loans and found that despite growing awareness of financial planning, most borrowers showed a conservative approach, favoring fixed deposits and traditional savings schemes over market-linked options.

#### 4. DATA ANALYSIS AND INTERPRETATION



**FIGURE 1.** Purpose of taking home loan of the respondent

All home loans 48% are taken for purchasing a primary residence, which is the most common purpose. Investment properties account for about a quarter 26% of home loans, while second homes or holiday homes represent 15%. The remaining 11% of loans fall under other purposes not specifically categorized.



**FIGURE 2.** Bank/financial institution provided home loan

Private sector banks are the most popular source of home loans, accounting for 41% of all respondents. Housing finance companies are a close second, providing loans to about a third 35% of respondents. Public sector banks serve a smaller segment, with only 16% of respondents obtaining loans from them. Alternative lending sources Other represent just 8% of the market.

**Findings:** It was found that more than two-thirds of respondents, 68% plan to use home loans for investment purposes in the future. Most of the respondents, i.e. 35% of respondents belonged to 26-35 years old age group. Most of the respondents were male and most of the respondents were married.

**Suggestions:** Establish Investment Advisory Services Offer specialized real estate investment advisory services focusing on the Amravati market to address the needs of the see real estate as a good investment option. Target Undecided Owners Design marketing and educational campaigns for the 35% of "maybe" respondents regarding property sales, highlighting both retention benefits and optimal selling strategies. Develop Higher-Yield Investment Strategies Create guidance for investors seeking yields above 8%, which only 13% of respondents currently expect to achieve. Facilitate Investment Networking Establish

forums or platforms where home loan investors can share experiences and strategies specific to the Amravati market.

## 5. CONCLUSION

The study of the impact of investment objectives of home loan buyers in Amravati city has provided valuable insights into the real estate dynamics and investment behaviour of home buyers. Increased Affordability and Accessibility Home loans have significantly increased the affordability of property for buyers in Amravati, allowing them to access real estate that would otherwise be out of reach. This has opened opportunities for both personal homeowners and investors. Investment Trends Homebuyers in Amravati are increasingly using home loans to either purchase properties for personal use or as an investment for rental income and long-term capital appreciation. The demand for properties offering good rental yields and future price growth is particularly high.

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