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Under the Faculty of Commerce

By

SWARUPA SHIVAJI DABHAT

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Under the Guidance of

‘ASST. PROF. DR. KISHOR CHAUHAN’

JNAN VIKAS MANDAL’S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

ACADEMIC YEAR 2023-24

March 2024

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CERTIFICATE

This is to certify that **MS. SWARUPA SHIVAJI DABHAT** has worked and duly completed his Project work for the degree os Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of Management control and his project is entitled, **"A Study on consumer preference towards taking home loans from private banks"** Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN

Date of submission:

March 2024

DECLARATION BY LEARNER

I the undersigned **Miss SWARUPA SHIVAJI DABHAT** here by, declare that the work embodied in this project work titled "**A Study on consumer preference towards taking home loans from private banks with reference to Navi Mumbai City"**, forms my own contribution to the research work carried out underthe guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research workand has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearlyindicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Ms Swarupa Shivaji Dabhat

Certified by
ASST. PROF. DR. KISHOR CHAUHAN

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1) INTRODUCTION

1) BANKS:

MEANING AND DEFINITION:

A bank is a type of financial entity that lends money while both taking deposits from the general public and generating demand deposits. The bank may engage in lending activities directly or indirectly through the capital markets. Because banks are crucial to the financial stability and economic health of a nation, they are subject to intense regulation in most jurisdictions. The majority of nations have institutionalised the fractional reserve banking system, in which banks keep liquid assets that are only partially equivalent to their current liabilities. Banks are typically subject to minimum capital requirements based on an international set of capital rules, the Basel Accords, in addition to additional restrictions meant to ensure liquidity.

In many ways, banking in the modern sense developed as a continuation of the ideas and notions of credit and lending that had their origins in the ancient world during the fourteenth century in the rich cities of Renaissance Italy. In the banking industry's past, over many centuries, a number of banking dynasties have played a significant role, including the Medicis, the Fuggers, the Welsers, the Berenbergs, and the Rothschilds. Banca Monte Dei Paschi di Siena, which was formed in 1472, is the oldest retail bank still in operation. Berenberg Bank is the oldest merchant bank still in operation (founded in 1590).

From nation to nation, banks are defined differently. For more details, visit the pages for the relevant countries. According to English common law, a banker is someone who conducts current accounts for their clients, pays checks drawn on them, and also collects checks on behalf of those clients.

According to the Banking Act (Singapore), Section 2, Interpretation, "banking business" refers to the activities of receiving funds on current or deposit accounts, paying and collecting checks drawn on or deposited by customers, making advances to customers, and any other activities that the Authority may specify for the purposes of this Act. Obtaining funds from the general public on current, deposit, savings, or other accounts reimbursable immediately, within or with a period of call or notice of less than that period, is referred to as a "banking business".

HISTORY:

As merchants offered loans using grain as security in a barter system during the prehistoric eras of Assyria and Babylonia, the idea of banking may have first emerged. Ancient Greek and Roman lenders introduced two significant innovations: accepting deposits and exchanging money. Evidence of money lending is also found in the archaeology of this time period from Iran, ancient China, and India. The origins of banking can be found in early Renaissance and mediaeval Italy, in wealthy northern and central cities like Florence, Lucca, Siena, and Genoa. In Florence in the fourteenth century, the Bardi and Peruzzi dynasties controlled the banking industry and opened offices across most of Europe. Giovanni di Bicci de' Medici founded the Medici Bank, one of the most renowned financial institutions in Italy, in 1397. In Genoa, Italy, the Republic of Genoa established the first state-owned bank known as Banco di San Giorgio (Bank of St. George) in 1407.

Throughout the 17th and 18th centuries, fractional reserve banking and the creation of banknotes were introduced. Merchants began keeping their gold in the private vaults of London's goldsmiths, who charged a fee for their services. The goldsmiths provided receipts as payment for each precious metal deposit, indicating the amount and purity of the metal they held as a bailee; these receipts could not be transferred, and only the original depositor was permitted to retrieve the deposited goods.

Promissory notes—which later became banknotes—were produced for money deposited as a loan to the goldsmith as the goldsmiths gradually started lending money out on behalf of the depositor. When money is deposited into a bank, it ceases to be the money of the principal entirely (see Parker v. Marchant, 1 Phillips 360) and becomes the money of the banker, who is obligated to return an equivalent by paying a similitude. As such, by the 19th century, we find that in ordinary cases of deposits of money with banking corporations or bankers, the transaction amounts to a mere loan when is asked for it.

On deposits, the goldsmith gave interest. This was an early example of fractional reserve banking because the promissory notes were repayable on demand while the advances (loans) to the goldsmith's clients were repayable over a longer time frame. Goldsmiths were able to issue loans with little fear of default because to the development of promissory notes into an assignable instrument that could be used as a safe and practical method of payment. So, by inventing new money based on credit, the London goldsmiths became the forerunners of banking.

In 1695, the Bank of England introduced the concept of perpetual issuance of banknotes. The first overdraft facility was established in 1728 by the Royal Bank of Scotland. To enable numerous banks to clear transactions at the start of the 19th century, Lubbock's Bank set up a bankers' clearing house in London. The Rothschilds established large-scale international finance by funding the British government's purchase of Suez Canal shares in 1875.

The word "bank" was borrowed into Middle English from Middle French "banque," from "table" in Old Italian "banco," and from "seat, counter" in Old High German "bank." During the Renaissance, Florentine bankers who typically conducted business atop desks covered in green tablecloths utilised benches as temporary workstations or exchange counters.

HOW ARE BANKS REGULATED:

At the very least, a bank is a place where you keep your money until you need it to make a withdrawal or pay your expenses. It may also be the location where you obtain a mortgage to purchase a home or a loan to buy a vehicle. If you own a small company, you might go there to obtain financing for growth or improvement.

You should compare the different fees and charges associated with your accounts and any loans you may require before selecting a bank. Finding the best option for managing your finances, building credit, making payments, requesting loans, receiving money, and saving money for requirements like retirement will require some investigation, comparison shopping and homebuying.

After the 2008 worldwide financial crisis, U.S. banks fell under intense scrutiny. As a consequence, the regulatory environment for banks was significantly tightened. U.S. banks may be subject to state, federal, or both levels of regulation, depending on their organisational systems. Each state's department of banking or department of financial organisations oversees the regulation of state banks. This organisation is usually in charge of things like allowed practises, the maximum interest rate a bank can charge, and auditing and inspecting banks.

The Office of the Comptroller of the Currency oversees national institutions (OCC). OCC rules mainly deal with the capitalization rates, asset quality, and liquidity of banks. As mentioned above, the FDIC also controls institutions that have FDIC insurance.

Dodd-Frank Act Following the financial crisis, the Wall Street Reform and Consumer Protection Act was enacted in 2010, with the goal of lowering risks in the American financial system. Large banks are now subject to recurring tests to determine whether they have enough capital to continue functioning in uncertain economic times. The term "stress test" refers to this yearly evaluation.

FUNCTIONS OF A BANK:

1. Acceptance of deposits from the public.
2. Provide demand withdrawal facility.
3. Lending facility.
4. Transfer of funds.
5. Issue of drafts.
6. Provide customers with locker facilities.
7. Dealing with foreign exchange.
8. Accepting deposits.
9. Granting loans and advances.
10. Periodic collections
11. Periodic payments.
12. Collection of cheques.
13. Portfolio management.
14. Other utility functions.
15. Dealing in foreign exchanges.

TYPES OF BANKS:

There are various types of banks in India. However, the two main types of banks in India are Public Banks and Private Banks. India currently has 22 private sector banks, 4 local private banks, and 27 public sector banks.

PUBLIC BANKS:

Banks in the public sector are well known for having a bigger client base and a more structured management system. Employees are also less likely to be concerned with reaching goals and giving their best effort on a team, and the work atmosphere is less competitive than at private banks.

Providing employees with the right training is usually given more importance because it helps them stay current with their knowledge and abilities, which ultimately improves performance. For some people, the most important factor in establishing a long-term career may be the fact that job security is considerably better in public sector banks than in private sector banks.

Employment:

There is an increasing demand for banking specialists as the government works to expand the breadth and reach of publicly-owned banks to the most remote areas of the nation. However, because of the increased benefits and job security offered, a much larger number of people apply for a relatively small number of positions, increasing competition. For instance, 80,000 jobs in government banks received 40 lakh applications in 2013. Even with all of the alleged benefits of a job in public banking, passing the exam could be difficult.

TOP 5 PUBLIC BANKS IN INDIA:

1. STATE BANK OF INDIA
2. PUNJAB NATIONAL BANK
3. BANK OF BARODA
4. BANK OF INDIA
5. CENTRAL BANK OF INDIA

PRIVATE BANKS:

Private banks are institutions that are either owned by an individual or a general partner with limited partners. Not all private banks are corporations. In any such event, creditors may have recourse to both the "entirety of the assets of the Bank" and the "entirety of the assets of the Sole Proprietor or General Partners." The majority of the bank's share capital is held by private people who are registered as limited liability corporations.

Private banks were recognized in the 1990s after the LPG policy came into existence. Axis Bank and IndusInd Bank are two of the oldest and most well-known private banks in India, having opened its doors in 1993 or 1994 after receiving permission from the government to do so. Private banks have a lengthy history in Switzerland, at least going back to the 1685 French King Louis XIV edict that revoked the Edict of Nantes. Since 1672, private banks have operated in the UK, where they have a lengthy history.

HOW PRIVATE BANKING WORKS:

Common financial services like cash and savings accounts are part of private banking, but with a more individualised approach: Each client has a "relationship manager" or "private banker" designated to them to take care of everything. Everything is handled by the private banker, from complex duties like setting up a jumbo mortgage to the routine like paying bills. Private banking, on the other hand, addresses a client's complete financial situation and goes beyond CDs and safe deposit boxes. Advice on financial planning and investment strategy, portfolio management, specialised financing choices, retirement planning, and wealth transfer are examples of specialised services. Despite the fact that a person may be able to perform some private banking with $50,000 or less in investable assets, most financial institutions set a benchmark of six figures worth of assets, and some exclusive entities have even an higher asset.

ADVANTAGES:

Private banking provides customers with a range of benefits, privileges, and individualised service, which has grown in value in an automated, digitalized financial environment. Private bank customers and the banks themselves can both benefit from this, though. Private banking's main advantage is privacy. Services offered and customer interactions are usually kept private. Private banks frequently offer HNWIs customised, proprietary solutions that are kept secret to stop rivals from luring a prominent client with a comparable offering.

TOP 5 PRIVATE BANKS IN INDIA:

1. HDFC BANK
2. ICICI BANK
3. AXIS BANK
4. KOTAK MAHINDRA BANK
5. YES BANK

2) LOANS:

MEANING AND DEFINITION:

A loan is a type of debt that a person or other entity incurs. It is essentially a financial instrument, like a mortgage loan, credit card debt, home loan, etc., in which one party borrows money from another party.

It's possible that we don't always have the money needed to carry out certain tasks or make certain purchases. People, businesses, and institutions choose to borrow money from lenders in certain circumstances. The procedure is known as lending or accepting a loan when a lender extends funds to a person or business with a specific guarantee or based on faith that the borrower would repay the borrowed funds with particular extra perks, such as an interest rate.

A loan is a type of debt that a person or other entity incurs. The lender advances the borrower a certain amount of money, typically on behalf of a business, financial institution, or government. The borrower accepts a specific set of terms in return, which may include any financial costs, interest, a repayment schedule, and other requirements.

The lender may occasionally need collateral to protect the loan and guarantee repayment. Bonds and certificates of deposit can also be used as collateral for loans (CDs). Another option is to borrow money from a 401(k) plan.

A loan consists of three parts: principle, which is the amount borrowed, interest rate, and tenure, which is the length of time the loan is available. The majority of us prefer to take out loans from banks or reputable non-banking financing companies (NBFCs), as they are obligated to follow government regulations and are reliable. One of the main financial services that any bank or NBFC (Non-Banking Financial Company) provides is lending.

In a loan, a certain quantity of money is given to another person in exchange for the value or main amount being repaid at a later date. In many circumstances, the lender increases the principal value by adding interest or finance charges, which the borrower must pay in addition to the principal sum.

Loans may be made for a predetermined, one-time sum or as an open-ended line of credit with a cap up to a certain amount. In addition to secured and unsecured loans, there are also commercial and personal lending options.

KEY TAKEAWAYS:

- A loan is when money is lent to another person with the understanding that it would be repaid, along with interest.
- Before agreeing to provide a borrower a loan, lenders will take into account the borrower's income, credit score, and degree of debt.
- A loan may be unsecured, like a credit card, or it may be secured by property, like a mortgage.
- While term loans are fixed-rate, fixed-payment loans, revolving loans or lines can be used, repaid, and used again.
- Risky borrowers may be subject to higher interest rates from lenders.

THE LOAN PROCESS:

Here is the loan application procedure. One applies for a loan from a bank, company, government, or other organisation when they need money. The borrower could be asked for specific information, such as the loan's purpose, their financial background, their Social Security Number (SSN), and other things. A person's debt-to-income (DTI) ratio is taken into consideration by the lender when determining whether a loan can be repaid.

The lender decides whether to accept or reject the application based on the applicant's creditworthiness. If the loan application is rejected, the lender must state why. If the application is accepted, a contract outlining the terms of the arrangement is signed by both sides. The proceeds of the loan are advanced by the lender, and the borrower is then required to repay the full amount, along with any additional fees like interest.

Before any money or property is exchanged or dispersed, the parties agree on the loan's terms. In the loan paperwork, the lender specifies any collateral requirements. The majority of loans also have clauses governing the maximum interest rate as well as other covenants like the period of time until repayment is necessary.

WHY ARE LOANS USED?

- Major purchases, investments, renovations, debt reduction, and company endeavours are just a few uses for loans.

- Loans aid in the expansion of already existing businesses.
- The expansion of an economy's total money supply and the fostering of competition are both made possible by loans to new enterprises.
- A major source of income for many banks, as well as certain shops who use credit facilities and credit cards, is the interest and fees from loans.

COMPONENTS OF A LOAN:

The quantity of a loan and how quickly the borrower can repay it depend on a number of key factors:

Principal: This represents the initial sum that is being borrowed.

Loan Term: The time frame within which the borrower must pay back the loan.

Interest Rate: The rate of growth in the amount owing, typically represented as an annual percentage rate (APR).

Loan Payments: The sum of money required to be paid each week or month in order to fulfil the loan's conditions. An amortisation table can be used to calculate this based on the principal, loan period, and interest rate.

Lenders might also throw on extra charges like origination fees, service costs, or late payment fees. They can also need collateral, such real estate or a car, for bigger loans. These assets could be confiscated to cover the remaining debt if the borrower defaults on the loan.

IMPORTANT FACTORS LOOKED FOR LOAN APPROVAL:

1) Credit Score

The lender will use your credit score when considering whether to move forward with your application or reject it at the preliminary stage. When it comes to unsecured loans, this is especially true.

Since a credit score is a representation of a borrower's credit history, the lender examines the borrower's repayment history to determine whether or not the borrower can make payments on time or will default. The lender's decision to approve the loan is based on the results of the necessary analysis.

2) Income and Work Experience

Your monthly or yearly income as well as your employment history are very important factors in loan acceptance. The lender may or may not become confident that you will be able to repay the loan based on your income and income stability demonstrated by a consistent and steady work history.

Even if you are self-employed, the lender will assume that your firm has been operating smoothly for a while and that its turnover is acceptable.

3) Debt-to-Income Ratio

A solid salary is vital, but so is your debt-to-income ratio. A new loan will not be given to you if your monthly income is Rs. 1 lakh and your debt repayment obligations already total more than Rs. 75,000. This is because you will require the remaining funds for household costs.

In order to give lenders the impression that you have enough money available each month to make the repayments as well as meet household expenses, you must have a low debt-to-income ratio regardless of your salary.

4) Collateral

The lender may determine the interest rate that will be charged on your loan based on the collateral you submit and its current market value. Giving the lender collateral will increase the deal's security, which could lead to greater trust and a lower interest rate. Unsecured loans are notorious for having exorbitant interest rates.

5) Down Payment

The lender will have more faith in you because of the money you have saved and the successful implementation of your down payment savings plan. The required loan amount decreases as the down payment increases.

FEATURES AND BENEFITS OF LOAN:

- Numerous loan types are categorised according to a number of different criteria.
- Depending on your needs and qualifications, you can select the type of loan you want to accept.
- Based on a number of variables, including your ability to repay the loan, your income, and other considerations, the lender will have the last say in the loan amount they desire to provide you.
- Every loan will have an interest rate and a repayment period.
- Each loan may be subject to a variety of fees and charges from the bank.
- Many lenders provide quick loans that can be disbursed in a matter of minutes or hours.
- The lender sets the interest rate in accordance with recommendations from the Reserve Bank of India.
- The need for security is decided by the lender.
- In some circumstances, a third-party assurance can be utilised in place of security.
- Over the course of the predetermined loan period, the loan repayments must be made in equivalent monthly instalments.
- The choice of full or partial prepayment may or may not be available.
- Prepayment fees may be assessed by some loan types and lenders.

ELIGIBILITY REQUIRED FOR A LOAN:

Depending on the type of loan you're looking for, there are different requirements to meet in order to qualify. In general, you can determine your eligibility by using the straightforward criteria listed below:

- a good credit rating.
- constant flow of revenue.
- Between the ages of 23 and 60 at the time of entrance A few assets, including FDs, investments, real estate, etc.
- positive interactions with your bank.
- a history of timely debt repayment.

DOCUMENTS REQUIRED FOR APPLYING FOR A LOAN:

1) SALARIED APPLICANTS

- Application with a picture
- Proof of identity and address
- Bank account statement over the past six months
- Newest pay stub
- Form 16

2) SELF EMPLOYED APPLICANTS

- Application with a photograph
- Proof of identity and address
- Bank account statement over the past six months
- Business credentials Business profile
- three years' worth of personal and business income tax returns
- the last three years' worth of balance sheets and profit/loss statements

HOW TO APPLY FOR A LOAN?

It's less complicated than you would think to apply for a bank loan. However, given that you will need to repay the loan amount later, you should be mindful of your financial status before applying for one.

Understanding your needs is the first step. If you decide this is the best course of action for you, you can either go to the bank and speak with the loan manager in person or skip all that and apply online.

Steps to apply for a loan:

Step 1: Based on your research, select the lender you want to borrow from and confirm your eligibility.

Step 2: To apply for a loan, go to a bank branch or their official website.

Step 3: Submit or upload any required supporting documentation.

Step 4: The bank will review your application and contact you to let you know where they stand in the allotted period.

TYPES OF LOANS:

1) Secured Credit

For these loans, the borrower must put up collateral to secure the loaned funds. The bank reserves the right to use the pledged collateral to reclaim the outstanding balance in the event that the borrower is unable to make loan payments. When compared to unsecured loans, the interest rate for these loans is significantly lower.

2) Unsecured Credit

Unsecured loans are those whose distribution is not contingent on any form of collateral. In order to decide whether or not to provide the loan, the bank considers the borrower's credit score, past interactions with them, and other variables. Since there is no mechanism to reclaim the loan amount in the event of a borrower fail, the interest rate on these loans may be higher.

3) Student Loan

Education loans are a type of funding that helps the borrower further their education. An undergraduate degree, a postgraduate degree, or any other diploma or certification programme from a reputable institution or university may count as the course. To obtain the finance, you must have the admission pass issued by the organisation. The funding is offered for both domestic and foreign courses.

4) Individual Loan

Anytime you have a liquidity problem, you can apply for a personal loan. A personal loan may be taken out for a variety of reasons, such as to pay off an old debt, fund a trip, cover a down payment on a home or automobile, cover an unexpected medical expense, or buy expensive furniture or technology. The availability of personal loans is determined by the applicant's credit score and history with the lender.

5) Automobile Loan

Vehicle loans are used to finance the purchase of two- and four-wheelers. The four-wheeled vehicle can also be either new or used. The lender will choose the loan amount based on the vehicle's on-road price. Given that loans rarely offer 100% financing, you might need to be prepared with a down payment in order to purchase the automobile. Until full payment is received, the lender will own the car.

6) Gold Loan

When the borrower commits physical gold, whether it be jewellery or gold bars/coins, many bankers and lenders offer cash. The lender weighs the gold and determines the amount offered using a number of purity checks and other factors. Any use of the funds is permitted. In order for the loan to be paid off by the end of the term and the borrower to regain custody of the gold, it must be repaid in monthly instalments. The lender reserves the right to seize the gold to recoup its losses if the borrower doesn't make the repayments on time.

7) Loan Secured Against Assets

Similar to pledging gold, people and companies borrow money by pledging real estate, insurance policies, FD certificates, mutual funds, shares, bonds, and other assets. The lender will present a loan with available margin based on the value of the pledged assets.

To obtain ownership of the pledged assets at the conclusion of the term, the borrower must make timely repayments. If this is not done, the lender may sell the assets to recoup the money that has been defaulted.

8) Housing Loan

Home loans are used to borrow money to buy a home or apartment, build a home, renovate or repair an existing home, or buy a parcel of land on which to build a home or apartments. In this scenario, the property will be kept by the lender, and ownership will be returned to the proper owner once all payments have been made.

3) HOME LOANS:

A home loan is a secured loan that is acquired for the purpose of buying a property by pledging the asset as security. Home loans provide high-value financing with reasonable interest rates and lengthy terms. EMIs are used to pay them back. The borrower receives title to the property back after repayment. A bank or other financial institution lends money for the purchase of a primary residence or an investment property.

A mortgage loan, also known as a simple mortgage or a hypothec loan in civil law jurisdictions, is a loan used by real estate buyers to raise money to purchase real estate or by existing property owners to borrow money for any purpose while placing a lien on the real estate being mortgaged. Through the mortgage origination process, the borrower's property serves as the loan's "secured" party. In the event that the borrower defaults on the loan or otherwise violates its conditions, this implies that a legal process is put in place that enables the lender to take possession of and sell the secured property to pay off the loan.

The term "mortgage" comes from a Law French term that was used in Britain during the Middle Ages and meant "death pledge." It describes a pledge that expires when either the debt is paid off or the property is seized through foreclosure. The phrase "a borrower giving consideration in the form of a collateral for a benefit (loan)" can also be used to describe a mortgage.

Borrowers of mortgages may be either individuals or businesses mortgaging residential or commercial property (for example, their own business premises, residential property let to tenants, or an investment portfolio). Depending on the country, the lender will often be a financial institution like a bank, credit union, or building society. Loan agreements can be made directly or indirectly through intermediaries. Mortgage loan characteristics can vary greatly, including the amount borrowed, the loan's maturity date, the interest rate, and the manner of repayment. Other creditors of the borrower are subordinate to the lender's rights regarding the secured property, therefore if the borrower files for bankruptcy or becomes insolvent, the other creditors will only be if the mortgage lender is paid in full first, their debts will be paid back from the proceeds of the sale of the secured property.

It is typical for property purchases to be financed by a mortgage loan in many jurisdictions. Few people have enough savings or available cash to pay for a property outright. Strong domestic mortgage markets have grown in nations where home ownership is most in demand. Mortgages can be financed in two ways: through the banking industry (i.e., with short-term deposits), or through the capital markets using a technique known as "securitization," which turns mortgage pools into fungible bonds that can be sold to investors in small denominations.

The interest rate on a mortgage or loan for a home will either be fixed or floating, and is repaid each month along with the loan's principal.

BASIC CONCEPTS AND LEGAL REGULATIONS OF MORTGAGE LOAN:

An owner (often of a fee simple interest in real estate) offers his or her interest (right to the property) as security or collateral for a loan, which is known as a mortgage in Anglo-American property law. As a result, a mortgage is an encumbrance (restriction) on the right to the property, just like an easement would be. However, because most mortgages are conditions for receiving fresh loan funds, the term "mortgage" has come to refer to any loan that is secured by real property of this kind. Mortgages have an interest rate, much like other loans, and are planned to amortise over a predetermined time period, usually 30 years. All types of real estate may be secured by a mortgage and bear an interest, which is typically the case rate that is meant to represent the risk to the lender.

In many nations, mortgage lending is the main method utilised to fund private ownership of residential and commercial property (see commercial mortgages). Even while language and exact forms vary from nation to nation, the fundamental elements frequently resemble one another:

1) Property:

the actual house that is being funded. The precise ownership structure will vary from nation to nation and may impose restrictions on the kinds of loans that can be made.

2) Mortgage:

The lender's security interest in the property, which may come with limitations on how it can be used or sold. Restrictions may include the need to obtain mortgage insurance and home insurance as well as the obligation to settle any outstanding debt prior to selling the property.

3) Borrower:

The individual borrowing who either already has or is acquiring an ownership stake in the property is known as the borrower.

4) Lender:

Any lender, but typically a bank or another financial organisation, is a lender. (Lenders may also be investors who possess a stake in the mortgage through a mortgage-backed instrument in some nations, primarily the United States. The initial lender in such a scenario is referred to as the mortgage originator, who later packages and sells the loan to investors. After then, a loan servicer collects the borrower's payments.

5) Principal:

The initial amount of the loan, which may or may not contain additional fees; the principal will decrease when any principal is repaid.

6) Interest:

Interest is a fee paid for using the lender's funds.

7)Foreclosure or repossession:

Without this component, a mortgage loan is arguably no different from any other sort of loan; the prospect that the lender may have to foreclose, repossess, or take the property under certain conditions is crucial to a mortgage loan.

8) Completion:

the mortgage deed's formal completion, marking the beginning of the mortgage.

9)Redemption:

Final repayment of the amount owed; may take the form of a lump sum redemption or a "natural redemption" at the conclusion of the agreed-upon term, usually when the borrower decides to sell the property. A closed mortgage account is "redeemed" when it is closed.

Although many markets share a variety of additional unique traits, the aforementioned ones are the most crucial. Many facets of mortgage lending are typically governed by governments, either directly (via legal requirements, for instance) or indirectly (by regulation of the players or the financial markets, such as the banking industry), and frequently through state intervention (direct lending by the government, direct lending by state-owned banks, or sponsorship of various entities). Other factors that characterize a particular mortgage market could be regional, historical, or influenced by particular features of the judicial or financial systems.

Mortgage loans are typically structured as long-term loans, with periodic payments that are computed using time value of money formulas and resemble an annuity. Depending on local circumstances, the most basic structure might call for a fixed monthly payment over a period of ten to thirty years. The principal portion of the loan, or the initial loan, would be gradually paid off during this time frame through amortisation. In reality, numerous variations are both feasible and typical both internationally and inside each nation.

To generate interest income, lenders provide money against property, but they typically borrow the money themselves (for example, by taking deposits or issuing bonds). Therefore, the cost of borrowing is influenced by the rate at which the lenders borrow money. In many nations, lenders may also sell the mortgage loan to third parties who are eager to receive the borrower's ongoing payments in cash, frequently in the form of a security (by means of a securitization).

Mortgage lending will also consider the (perceived) riskiness of the mortgage loan, that is, the probability that the funds will be repaid (typically considered a function of the borrower's creditworthiness); that if they are not repaid, the lender will be able to foreclose on the real estate assets; and the financial, interest rate risk, and time delays that may be involved in some situations.

HISTORY:

In England, mortgages and loans were first used when people lacked the funds to buy land all at once. No banks or other third parties would be involved; loans would be provided to buyers straight from the vendor. In contrast to today, buyers could not move onto the property until the full price was paid.

It is said that the first loans in India were made in 200 BC, during the reign of the Mauryan Empire. But it was viewed as sinful to lend money at higher interest rates. But when "adesha" was introduced in the second century, everything changed. It functioned as a type of promissory note for inter person loans.

THE HOME LOAN SCENARIO:

People used to save money and buy things in the past. To raise funds for building houses, people used to draw on their Provident Fund savings and retirement benefits. In 1978, HDFC pioneered the home loan trend. Due to the lack of a recovery mechanism, banks were hesitant to finance home loans. Banks had no other option than to bring a civil lawsuit in a court of law. The lawsuit costs exceeded the loan's actual amount.

You might be surprised to learn that up until 1994, the interest rates on home loans were in the range of 11–14%.

The typical homeowner loan borrower was 42 years old, and the typical loan amount was 39,000. (Source HDFC).

As the economy has expanded, Banks first entered the home loan industry in 1991. In 1999, ICICI Ltd., which eventually merged with ICICI Bank, entered the home loan business. The floating rate idea was first introduced by ICICI Bank in 2000. When variable rates for home loans were on the market from about 2003 to 2004, the rates began to decline. The floating rate idea was first introduced by ICICI Bank in 2000. When floating interest rates for home loans were between 7% and 7.25% in 2003–2004, the rates began to decline. The fixed rates were between 7.5 and 8%. The teaser rate idea was first presented by State Bank of India, who made a significant market entry. Due to the significant percentage of CASA (Current Account Savings Account) deposits, they could afford to do so. This benefit was not available to other banks. To draw customers, they turned to strategies including maintaining high Loan to Value (LTV) ratios.

The LTV ratio was lower than 50% in the early years of home loans. The LTV ratios increased to almost 120% as a result of the increased competitiveness. The Reserve Bank of India (RBI) subsequently set a cap on it at 80%. In the event if the loan is for less than 30 lakhs, banks are free to go up to 90%.

The RBI allowed banks the discretion to set their interest rates on home loans in accordance with the cost of capital when the economy was opened up. It quickly turned into a battle amongst banks over who could offer their clients the best interest rates. Banks made a lot of Home Loan offers in an effort to draw customers.

Even now, the industry frequently uses the floating rate system. Some banks provide fixed rates, but only for a limited time before switching to the floating rate idea.

THE GROWTH OF THE HOME LOAN SECTOR:

Customers started applying for home loans as soon as banks felt confident offering them. As a result, the average age of Home Loan borrowers started to decline. The average age in today's society is about 32. Customers have realised that getting a home loan is preferable to using their funds to purchase a home. By granting income tax breaks to those who take out home loans, the Indian government has served as a driving force behind the expansion of the home loan market.

These benefits are one of the main reasons individuals choose house loans nowadays. Additionally, banks have introduced a number of new products, including loans for plot purchases, loans for home remodelling and improvement, and so forth. now, at home constitute a significant portion of the bank's loan portfolio. The loan portfolio of the bank is largely made up of loans

According to the State Bank of India's economic research report "Eco wrap," the market for home loans in India, which is currently valued at about 24 lakh crore, is anticipated to double over the course of the next five years, with the mortgage to GDP ratio rising proportionately from the current 11%. According to the report, this will follow the general trend towards the nation's goal of having a $5 trillion GDP by that time. The proportion of "Housing Loans" in "Bank Credit" increased from 13.1% in March 2020 to 14.4% in June 2022. An estimated 50% of personal and retail loans are for housing. Following the pandemic, the total house loan portfolio increased by 10% in FY22.

HOW THEY FARED

	PAT (₹cr)	Growth YoY (%)	NII (₹cr)	Growth YoY (%)	NIM (%)	Growth YoY (bps)
HDFC Bank	10,066	20	21,021	19	4.10	0
ICICI Bank	7,558	37	14,787	26	4.31	31
Axis Bank	5,330	70	10,360	31	3.96	57
Kotak Mahindra Bank	2,581	27	5,099	27	5.17	77
IndusInd Bank	1,787	57	4,302	18	4.24	17
RBL Bank	202	552	1,064	16	4.50	49
Federal Bank	704	53	1,762	19	3.30	10
IDBI Bank	828	46	2,738	48	4.37	135
YES Bank	153	-32	1,991	32	2.60	40
IDFC First Bank	556	266	3,002	32	5.98	15

PAT: Profit After Tax; NII: Net Interest Income; NIM: Net Interest Margin
Source: Capitaline; Compiled by BS Research Bureau

INTEREST RATES OF HOME LOANS: Lowest rate of home loan start from 6.80% per annum. Following are the rates of home loans from the top banks of India:

BANKS	INTEREST RATES
Kotak Mahindra	8.65%
Citibank	6.80%
Union Bank	8.60%
Bank of Baroda	8.60%
Central Bank of India	Contact the bank
Bank of India	8.65%
State Bank of India	8.75%
HDFC Bank	8.60%
LIC Housing Finance	8.90%
Axis Bank	8.60%
Canara Bank	8.55%
Punjab and Sind Bank	8.60%
IDFC Bank	8.75%
Bank of Maharashtra	8.35%
Indian Overseas Bank	9.30%
Punjab National Bank	8.55%
UCO Bank	8.75%
IDBI Bank	8.75%
HSBC Bank	8.35%
Karur Vysya Bank	8.95%
Saraswat Bank Home Loan	8.60%
Jammu and Kashmir Bank	8.00%
South Indian Bank	Repo rate + 3.35%
PNB Housing Bank	8.75%
Federal Bank	9.90%
Standard Chartered Bank	8.40%
Aavas Financiers	Contact the bank
Karnataka bank	8.67%
Sundaram Home Finance	Contact the bank
Dhanlaxmi Bank	Contact the bank
Tata Capital	8.95%
Tamilnad Mercantile Bank	8.75%
Bandhan Bank	8.65%
Yes Bank	8.95%
Hudco Home Loans	8.35%
Indiabulls	8.95%
Aditya Birla	8.50%
GIC Housing Finance	8.10%
Reliance Home Finance	Contact the bank
Shriram Housing	9.50%

ELIGIBLITY FOR HOME LOAN:

Determination of your overall eligibility, which will largely depend on your ability to repay the loan, before you begin the application process. Your ability to repay a loan is determined by your monthly disposable income, which is determined by factors like your total monthly income/surplus less your monthly costs, as well as other considerations like your spouse's income, assets, liabilities, and financial stability.

Your ability to make timely loan payments must be confirmed by the bank. The amount of the loan you are eligible for will depend on your monthly discretionary income. A bank typically believes that 50% of your monthly surplus or disposable income is accessible for repayment. The loan amount will also be based on the tenure and interest rate. Additionally, the banks typically set an upper age limit for applicants for home loans, which may affect one's eligibility.

MAXIMUM LOAN AMOUNT THAT CAN NE BORROWED:

The majority of lenders demand that you put down 10–20% of the house's purchasing price. Some lenders also refer to it as "one's own contribution." The lender finances the remaining amount, or between 80 and 90 percent of the property value. The total sum financed also includes fees for registration, transfer, and stamp duty.

There is no requirement to borrow the higher eligible amount determined by the lender. One can borrow much less money. To keep interest costs to a minimum, one should attempt to arrange the largest possible down payment and the smallest possible mortgage.

TYPES OF HOME LOANS IN INDIA:

1) Home Loan:

The most popular kind of home loan used to buy a house is this one. Housing loans are available from a variety of housing financing firms, public banks, and private banks. You can borrow money to buy the home of your choice and repay the loan over time in monthly instalments.

Financing options range from 80% to 90% of the house's market value. The residence will be kept by the lender until the loan is fully repaid.

2)Home Construction Loan:

If you already own a piece of land and need money to build a house on it, this form of mortgage is what you need.

3)Home Extension Loan: Let's say you already own a home and would like to add a room or a floor to it to accommodate your expanding family. Loans for home extensions might be used to finance this.

4)Home Improvement Loan:

If there is a problem with the existing system, a home improvement loan can be used to finance renovations or repairs including painting the inside or outside of the house, improving the plumbing, upgrading the electrical system, waterproofing the ceiling, and more.

5)Home Loan Balance Transfer:

You can transfer the remaining balance of the house loan to a new lender who offers a lower interest rate and better service if the present interest rate on the loan is too high for you or you are dissatisfied with the service provided by your current lender. You can even investigate the potential for a top-up loan on your current one after the transfer.

6)Composite Home Loan:

This kind of mortgage offers funding for both the building of the house itself and the land on which it will be built, all in the same loan.

ADVANTAGES OF TAKING A HOME LOAN:

1) Tax Benefit:

The ability to deduct interest and principal payments from your income tax is the main advantage of having a mortgage. You are permitted to deduct up to Rs. 1.5 lakh for principle repayments under Section 80C, Rs. 2 lakh for interest repayments under Section 24B, Rs. 2 lakh for interest repayment under Special Circumstances under Sections 80EE and 80EEA, and Rs. 1.5 lakh for stamp duty expenditures under Section 80C.

2) Decreased interest rate:

In comparison to other loan options, the interest rate on a home loan is significantly cheaper. If you run into financial trouble, you might be able to extend your current house loan at a cheaper interest rate than a personal loan to get by.

3) Due diligence of payments:

When you buy a house through a bank, the bank will thoroughly investigate the property from a legal standpoint and determine whether all the paperwork presented are legitimate. You will be less likely to be scammed as a result of the bank's diligence assessment. You and your home are safe if the bank authorises the property.

4) Long term of repayment:

Home loans have a longer repayment period than any other type of loan, up to 25 to 30 years. This is because borrowing a sizable loan amount is required to buy a house.

5) No early termination fee:

When you take up a floating-rate mortgage, you can pay off the loan early anytime you have a lump sum available without incurring any prepayment penalties. This will enable you to pay off your mortgage much before the agreed-upon loan term.

6) Facility for balance transfers:

For a variety of factors, including the interest rate, fees, level of customer service, and others, you can switch your house loan from one lender to another.

7) Makes home buying accessible to all:

A typical middle-class paid person can now more easily afford to buy a home thanks to the home loan. Based on the applicant's credit score and ability to repay the loan, Indian lenders decide whether to approve or reject a house loan application.

Lenders will rapidly approve your application if you have a steady source of income and the ability to make the agreed-upon EMIs. The home loans also have a long term, often between 15 and 20 years, so the EMI is lower and more manageable. So, you can experience the thrill of homeownership by obtaining a loan.

8) A cost effective way of availing credit:

The fact that a home loan has a lower interest rate than other types of borrowing, such as a personal loan or a gold loan, is one of its main advantages. This is so that the lender can use the property you want to buy as collateral for the loan amount.

Although they might vary from lender to lender and are typically between 8% and 12%, home loan interest rates are the lowest of all the loans. Make sure the lender you choose is providing the loan at the best interest rate; even a small difference in the interest rate over the long term could result in savings of thousands of Rupees.

9) Capital Growth:

The price of real estate properties in India has steadily increased over the past few decades. According to many analysts, the capital growth of real estate assets has been far more than the interest you pay on your mortgage. The capital appreciation will be greater than the interest you pay, for instance, if you took out a loan for 10 lakh rupees at a 10% interest rate and the property's value rose even by 20% by the end of the loan period. You can cover your costs and even make money when you sell the property thanks to capital growth.

10) Increases the loan eligibility:

Your CIBIL (Credit Information Bureau (India) Limited) score will naturally rise as your home loan is in effect, as you diligently settle the balance or if you have already repaid the loan in full, and the lenders will view you as a dependable and safe borrower. You will increase your loan eligibility as a result. You can take advantage of this and obtain a loan with a lower interest rate.

DISADVANTAGES OF TAKING A HOME LOAN:

1) It is a big commitment:

You are committing yourself heavily for a considerable amount of time once the lender approves your home loan application. A typical home loan has a term of between 10 and 30 years. This implies that you would be in debt for a sizable portion of your life. You would need to be ready to manage your spending and concentrate on the payback once the loan is in place.

2) Home loans may carry risk:

The normal house loan term is between 10 and 30 years, which is a considerable amount of time. Many unexpected events may happen during this time. Some of these situations might make it challenging for you to pay back the loan.

Events like divorce, a severe sickness, losing your work, and accidents can cause severe financial hardship and impair your ability to manage the loan's burden, which could ultimately lead to the loss of the property. If you don't pay back the loan, the lender has the right to seize the home and sell it to recoup the money they granted you for the mortgage.

3) Loss of investment opportunity:

One of the most neglected drawbacks of home loans is this. When you ask for a loan, regardless of how much you borrow, for how long, or for how little time, you forfeit the chance to invest the same amount in a financial instrument that could provide profitable returns. If you could utilise the money to invest in mutual funds or a fixed deposit instead of paying the EMIs, you would earn important returns over time.

4) Loss of tax benefit on the HRA component:

Employers include HRA, or home rent allowance, in employees' salaries. The HRA enables the staff to deduct housing rent from their taxable income. The following criteria must be satisfied in order for you to claim the HRA tax benefit:

You must rent a home in the city where you work while also owning a home in a separate city. You are renting a home while the construction on your home is being done, either from scratch or as part of a renovation. As a result, if you live in your own home, you are unable to claim the HRA exemption and the full amount would be regarded as taxable income.

5) Property Appreciation:

Price appreciation refers to a growth in a property's worth over time. A property's price appreciation depends on a number of variables, including supply and demand, interest rates, location, and potential future development. The property could not produce the projected returns due to real estate market volatility.

PROCESS/STEPS OF APPLYING FOR A HOME LOAN:

Thanks to the different channels that are now available with the development of technology, obtaining a home loan has become simpler than it was previously. To apply for a home loan, one can either go directly to the bank branch, ask about the available possibilities, or do so online.

The bank requests the necessary documentation from you when you apply. It starts processing your application, evaluating your CIBIL score, the asset's value, determining your eligibility based on your income and debts, and more. The banks determine whether to approve or refuse the loan after examining and verifying all the papers.

Steps of applying for a home loan are as follows:

1) Fill the loan application form and attach the documents:

An application form is the first step in the home loan application process. A few basic pieces of information about the applicant are needed for this loan application. This typically includes:

Information about the candidate personally (Name, Phone number, etc.)

the applicant's residence address

The applicant's monthly or yearly income

The applicant's educational background

The applicant's employment information

Information about the property to which the loan is applied

The property's estimated cost

The current method of financing the house

The next step is to complete the formal application and then attach all of the legitimate documentation that the bank requires. Typically, this comprises the

income evidence identification (or ID) evidence

evidence of age

Proof of address

employment information

Proof of education (school, diploma, or degree certificates)

Banking records

Information about the property to which the loan is applied (if finalized)

2) Pay the processing fee:

After completing the formal application and document submission process, the applicant must pay the bank the processing fee. This sum is gathered to keep the applicant's loan account active. Every year, it entails sending some private documents (such as IT credentials, post-dated checks, etc.).

A bank's processing charge typically: varies from 0.25 and 50 percent of the loan amount requested. The processing fee will be Rs. 3,750 (at 0.25%) and Rs. 7,500 (at 0.50%), respectively, if the applicant has filed for a house loan of Rs. 15 lakhs. The bank then pays a commission to the representative managing the applicant's home loan; this commission is partially deducted from the processing fee paid by the applicant.

3) Discussion with the bank:

The applicant must wait until the bank or the relevant financial organisation has reviewed the paperwork after completing the application and documentation process. It often takes 1-2 days, or even less if the documentation is submitted correctly.

Before the loan is approved, however, the bank may occasionally request that the applicant attend the bank for a face-to-face meeting. This is done to learn more about the applicant and to determine whether or not he or she will be able to repay the loan plus interest.

4) Valuation of documents:

Remember that millions of people apply for house loans every day, therefore for the paperwork to be approved as quickly as possible by the bank, the applicant must be completely sincere throughout the entire process.

The bank disapproves of any fraudulent behaviour or false documentation. It is illegal and may result in worse problems. The bank authority reviews the application form and supporting documents after they are turned in and the processing fee is paid.

A bank looks at the following information regarding an applicant:

dwelling address (previous and current)

the location of employment

Employer credentials Phone number for the office

telephone number for the home.

5) The Sanction/approval process:

One of the most important phases of a home loan transaction is the approval or sanction phase. This could either be successful or unsuccessful. Everything boils down to the bank. The likelihood of approval decreases if any of the applicant's supporting documents are not acceptable. But if everything goes according to plan, the loan will be sanctioned or accepted right away.

To grant a home loan, a bank often thoroughly examines the following documents from the applicant:

Information on education, age, and work history.

the financial transactions involving the applicant.

income on a monthly and annual basis.

the person's current employer and the kind of employment they seek.

The bank determines and communicates the maximum loan amount the applicant may get based on the facts stated above. Finally, a letter of official sanction completes this process. It may be unconditional or may contain a few conditions that the applicant must meet before the money is disbursed.

6) Processing the offer letter:

A certified offer letter is then sent by the bank as soon as the loan is sanctioned or approved and includes the information below:

The sum of the loan that has been approved.

the interest rate applied to the entire loan.

whether or not the interest rate is adjustable.

Details of the loan's duration.

how loans are paid back.

Home loan terms, regulations, and requirements.

An acceptance copy

After accepting the offer letter, the applicant must sign a duplicate copy of the letter for the bank's records. This used to be accompanied by a specific administrative cost in the past. Nevertheless, it is no longer used.

7) Processing the property papers followed by a legal check:

The bank then focuses on the house property the applicant plans to buy after the offer letter has been formally accepted by the applicant. Even though it hasn't been decided, the applicant can ask for a period of time to make their choice.After choosing the property, the applicant must:

Send the bank all of the original property documents. They keep it till the debt is paid back. Additionally, this acts as collateral for the applicant's requested house loan.

The following information is often contained in the original property papers:

what the seller's name is.

evidence of the seller's identity and address

The address of the building.

the property's address.

8) Processing a technical check and the site extension:

Every bank exercises extreme caution when approving loans and financing residential real estate. As a result, a technical check or double check is performed. A property expert is sent by the bank to inspect the applicant's intended purchase of real estate.

This person could either be a bank employee, a civil engineer, or a representative of a firm of architects.

9) The final loan deal:

The final registration of the contract comes when the bank completes the technical and site evaluation and the lawyer completes all the documentation. The loan agreements are finalised, drafted, and stamped in addition to being signed by the bank's attorney.

10) Signing the loan agreement:

The applicant must sign the loan agreement once all of the paperwork is in order. For the first 36 months or for the period that both parties have agreed upon, he or she must submit the post-dated checks. The original property documents must then be delivered to the bank. Some banks will even record the applicant delivering these documents to the bank on camera. This serves as verification, security, and safety for the bank. The MOE (Memorandum of Execution) step carries a stamp duty that depends on the state where the applicant applies. The applicant is obligated to pay this tax.

11) The loan disbursal:

The applicant signs the paperwork, and once everything is in order legally, a check for the loan amount is issued. A few important documents that will serve as the applicant's personal contribution to the house property must first be submitted to the bank. If the application is attempting to obtain additional funding from a third party, supporting documentation must also be provided. The bank doesn't disclose the loan's partial disbursement until then. The buyer, development/society authority, or builder are always listed as the payees on the check. However, there may also be a few unique instances. Let's say the application paid more than necessary from his or her own account, in which case the bank would hand the applicant the check.

2) RESEARCH METHODOLOGY

Objectives:

- To study the awareness about home loans in regards to private banks in India.
- To understand consumer preference towards taking home loans.
- To investigate the service offered by private sector banks throughout the application process for a mortgage.
- To determine whether the income levels impact a person's decision for a mortgage.
- To study the issues consumers have while taking a home loan.

Hypothesis:

To go ahead with this research, I have provided a tentative solution to the defined researchproblem. The main objective of the research project is to test and study the preference of consumers towards home loans in regards with private banks. This will be done with the help of 21 questions that cover fundamental financial concepts of home loans. We will proceed with the following assumption and the hypothesis will be framed as follows:

H0: Consumers prefer private banks over public banks.

H1: Consumers do not prefer private banks over public banks.

Considering the limited number of questions included, the null hypothesis will be accepted because most consumers or respondents i.e. 78.7% of the respondents prefer taking a home loan from private banks. H0 will be accepted and H1 will be deemed rejected.

H0: Annual income does play an important role in taking a home loan.

H1: Annual income does not play an important role in taking a home loan.

Considering the limited number of questions included, the null hypothesis will be accepted because most consumers or respondents agree that the annual income should be taken into consideration before applying for a home loan. H0 will deemed accepted and H1 will be rejected.

Significance of my research

A home equity loan, also known as a home equity loan, is a loan issued by a financial institution to help individuals or families purchase a home. The importance of a mortgage loan is that it allows people to buy a home that they otherwise could not afford. Here are some of the main benefits and importance of home loans: Home Ownership: Home loans enable people to become home owners, which is an important milestone in their lives. Home ownership offers many benefits such as stability, security and pride of ownership. Investment: A home is often one of the most important investments a person makes in their life. By taking out a mortgage, individuals can invest in real estate and build equity over time. Tax credits: In many countries, mortgage borrowers can claim tax credits on their mortgage interest. This can significantly reduce their tax liability and increase their savings. Flexibility: There are many types of mortgages, including fixed and adjustable mortgages, which offer the borrower the flexibility to choose a loan that fits their financial situation and goals.

Low interest rates: Home equity loans typically have lower interest rates than other types of loans, such as personal loans or credit cards, making them affordable for many borrowers. Overall, mortgages play a vital role in helping people realize their dream of owning a home and building wealth through ownership. Home loans are significant because they allow individuals to purchase their dream home without having to pay the full amount upfront. Instead, they can borrow a significant portion of the cost from a lender and repay it over time with interest. Home loans from private banks can offer several advantages over loans from traditional lenders such as state-owned banks. Here are some of the main reasons why private bank home loans are important: Faster processing: Private banks have a more streamlined process for loan applications and payments, allowing borrowers to get their money faster than traditional lenders. This is especially important when you are buying a property that is in high demand, as getting approved for a quick loan can help secure the property. Customized loan products: Private banks offer a wide range of loan products that can be customized according to the specific needs of the borrower. This includes options such as interest-only loans, low-interest loans and flexible repayment options. Competitive Interest Rates: Private banks often offer competitive interest rates on home loans that can save the borrower a significant amount of money over the life of the loan. Digital Processing: Private banks have adopted digital technology to facilitate and streamline the processing and processing of loan applications. It allows borrowers to apply for loans and manage their accounts online, reducing the need for physical bank visits. Relationship-based lending: Private banks place a strong emphasis on building customer relationships by providing personal service and assistance throughout the lending process. In general, private bank home loans are important because they offer borrowers faster loan processing, customized loan products, competitive interest rates and personalized service. This can make it easier for individuals to purchase their dream home and achieve their financial goals. Home loans from private banks can have a significant impact on both individuals and the wider economy. Here are some of the main advantages of a private bank home loan: better access to credit: Private banks often have more flexible loan terms than public banks, making it easier for people with unique financial situations to get a home loan. This improved access to credit can help more people realize their dream of owning a home. Increased competition: The presence of private banks in the mortgage market can increase competition and lead to better interest rates, service fees and loan products for consumers. This could lower overall costs for borrowers and encourage more people to take out mortgages. Boost the housing market: Housing loans from private banks can be used to stimulate the growth of the housing market by providing finance for house purchases and supporting construction projects. This can lead to job creation and economic growth. Financial Stability: Owning a home is an important step in achieving financial stability for many people. Home loans from private banks can help people achieve this goal by providing affordable financing and allowing them to build equity in their home over time. Risks and Challenges: Home loans from private banks can have many advantages, but borrowing from private banks also comes with risks and challenges. These include higher interest rates, fees and stricter loan terms. In general, private bank mortgage lending can have a significant impact on individuals and the broader economy by providing credit, increasing competition, stimulating the housing market, and contributing to the stability of the financial system. However, it is important that borrowers carefully consider their options and understand the risks before taking a home loan from a private bank.

In conclusion, home loans offered by private banks can be a viable option for those looking to purchase or refinance a home. Private banks may offer competitive interest rates, flexible repayment terms, and a range of loan options to meet individual needs. However, it is important to carefully evaluate the terms and conditions of any home loan offer, including interest rates, fees, and eligibility requirements, before making a decision. It is also important to consider factors such as the stability of the bank, customer service, and overall reputation before choosing a lender. With careful research and consideration, homebuyers can find a private bank that meets their financial needs and goals.

Scope of my research

My study is confined to the study of home loans in relation to private banks in India. It is limited to the customers preference towards home loans in regards to private banks in India. You can use a home loan as a financing option to get the house of your dreams. For the purpose of purchasing, remodelling, repairing, or building a home, you can apply online for a housing loan. A home loan is by nature secured, meaning the loan amount is authorised against a collateral, in this case the subject property.

The agreed-upon time period, also referred to as the "tenor," is used to sanction the loan amount at a predetermined interest rate. Through a house loan EMI, which is due each month, the borrower pays back the loan plus interest. Until the whole amount of the mortgage loan, including interest, has been repaid, the lender retains ownership of the property.

Based on eligibility, salaried individuals with a minimum of three years of work experience are eligible for home loans of Rs. 5 crores or more, and self-employed individuals with a minimum of five years of company continuity are eligible for funding of Rs. 5 crores. Based on your income, loan term, and existing liabilities, use the home loan eligibility calculator to estimate the maximum loan amount.

According to RBI regulations, no lender is allowed to provide 100% house finance. A down payment of between 10% and 20% of the property's buying price is required. Typically, you can finance your property with a housing loan up to 80%.

There are broadly eight steps to the loan application process:

1. Fill up the home loan Application Form
2. Pay the Processing Fee
3. Bank Discussion
4. Document Verification
5. Approval Process
6. Sanction Letter
7. Property Verification
8. Loan Disbursal

There are various research projects that have been done on this topic that talk about the comprehension of banking ratings and customer satisfaction that consumers have offered for the Housing Finance Firm and to identify the variables that affect how happy customers are with the home loans the company offers. Finding the factors influencing customer happiness with house loans and examining them was the aim of previous research projects.

My study is based on a comparative analysis between various private banks in respect to home loans. It covers consumer preference and whether income affects their choices while applying for a home loan. This study talks about which private banks are offering better loans, more benefits and perks. It talks about who offers better rate of interest on loans. This study also covers whether private banks are the most preferred by consumers for home loans or is there another alternative that they would rather choose.

Limitations of my research

My research faced several limitations due to cost and time constraints the research was targeted towards a small defined population of various consumers working and not working of the general population in Mumbai, having a sample size of 258, thus, no inferences and predictions from the chosen sample could have been projected towards a much larger consumer body that included the surrounding areas as well. Geographic constraints on its audience who live in Mumbai. That being my geographical boundary while talking historically my target audience have an age restriction i.e. below to above 60 years therefore the population acquiring home loans at a later age in life would not be effectively considered in the research. Another obvious limitation was that not everyone could give their individual honest opinion because of various reasons thus, decreasing the accurateness of the research conducted. My analysis and final conclusions would be based on my target audience whom I would be questioning through a survey form thereforelacking the physical interface for clarification of certain aspects of the questions asked.

The unintentional respondents' errors, on the other hand, could be reflected by the misunderstanding of certain questions or specific meaning of various financial terms, loss of attention, boredom, interruptionsand distractions. The intentional respondents' errors included: misrepresentation of certain information, and non-response or refusal to answer certain questions. The financial home loan test used for analysis and assessment of data is based on a limited number of basic questions thereby limiting the scope of assessing higher level, Many factors can affect mortgage outcomes, such as interest rates, loan terms, borrower characteristics and macroeconomic conditions. It can be difficult to separate the effect of mortgages from these other factors, making causal inferences difficult. Bias: Researchers may have biases or conflicts of interest that may affect the results of their research. For example, a researcher associated with a certain lender may be more likely to report positive results on mortgages from that lender. Maturities: Home loans are long-term commitments and researching the entire life of the loan can be difficult. This can make it difficult to fully understand the impact of mortgages over time. In general, while mortgage research can provide valuable information, it is important to be aware of these limitations and view the results in context.

Data findings of my research/sample design

The population that I found relevant for my research project is the general population on the whole in Mumbai, specifically due to the fact that the region has a fairly large population that can be easily identified for taking home loans. In order to draw the units for the sample I used a simple ranking method, percentage method and more specifically a convenience sampling. For cost saving considerations I made the survey self-administered and undisguised. I clearly disclosed the purpose of the study at the beginning of the questionnaire in order to assure respondents' anonymity and achieve greater truthfulness and objectivity. The survey had three parts i.e., general/subjective, the literacy test in regards to home loans and preferential curriculum inference. It has been planned to distribute the questionnaire to more than 100 individuals and for the purpose of analysis tools like correlation, trend analysis, chats (bar, pie) will be used. Based on the results the most significant conclusions that were achieved are as follows:

- Most of the general population eligible for home loans prefer opting or prefer taking a home loan or mortgage loan from a private bank. To be more specific the consumers at large i.e., 78.7% of the respondents out of the 258 respondents prefer private banks.
- According to the hypothesis and data collection, it can be stated that home loans by most consumers are taken on the basis of their annual income or income in general. It can be proven by the secondary data collection. Majority of respondents and consumers believe in only opting for a home loan based on their income as that plays an important factor in the decision making for a home loan.

3) REVIEW OF LITERATURE

RASHMI CHAUDHARY & YASMIN JANJHUA (2011) - Despite having a high degree of job satisfaction, HCL employees. However, they simultaneously released their perspective on the areas that needed development. Managers should prioritise the intrinsic aspects of the job, such as making it hard and exciting and providing employees with a clear description of what they must do, in order to increase employee satisfaction. Although paying employees poorly is unlikely to keep great achievers in the company or attract high-caliber workers, managers should be aware that high pay is probably not enough to foster a fulfilling work environment. Although fostering employee satisfaction is not always a sure-fire way to ensure good organisational performance, evidence strongly suggests that whatever managers may, the more you can do to change employee attitudes, the more effective your organisation will be.

KEDAREWSER PANDA & ARYA KUMAR (2022) - The service sector has always had trouble keeping customers. Banks that are involved in this sector must satisfy both investors and borrowers. This study focuses on the elements that, out of the three main antecedents, service quality, customer perception, and corporate goodwill, can enhance customer happiness. 329 people participated in the study via a standardised questionnaire, which was validated using Cronbach's Alpha. Pearson's correlation and a linear regression model were used to determine the association between the variables. The outcome shows that all the factors have a positive correlation with one another, but that the association between customer satisfaction and service quality is particularly strong.

MRS. S DHARCHANA, M LOBHA MITHIRAI & P NIRANJANA (2019) - Regarding home loans, there are numerous remarks and ideas. Even if they are unaware of the service, the clients are happy with it. The clients have a favourable opinion of the business. The study illustrates how customers perceive getting a mortgage, the issues they encounter, and the knowledge they have of mortgages. No matter how satisfied they are, a customer must accept a service to satisfy their want to acquire. Despite these limitations, the study was a modest attempt to understand customers' attitudes towards home loans.

DR. REDDY M. SIVAKOTI & DR. CHERUKURI JAYASANKARAPRASAD (2019) - This essay aims to comprehend the methods of customer relationship management used by Indian private sector banks. How banks are thriving in the current environment of intense competition by implementing CRM strategies to keep their current clientele and draw in new ones. The researcher discovered that factors like interpersonal communication, accessibility, convenience, and customer experience are the significant factors of effective CRM practises. The author made an effort to test the impact of concerned independent variables over the intention to obtain housing finance in the private banks after conducting a review of the literature to better understand the current CRM trends of private banks.

HANUDIN AMIN, ABDUL-RAHIM ABDUL-RAHMAN & DZULJASTRI ABDUL-RAZAK (2013) - This study
aims to examine the influences of subjective norm, relative advantage, compatibility, simplicity, and perceived behavioural control on the adoption of Islamic house finance. Additionally, it looks at how attitude is impacted by subjective norm, relative advantage, simplicity, and compatibility. There are additional analyses of attitude as a mediating element.

A. RAVIKUMAR & DR. K. KALIDOSS (2015) - The second-largest private sector lender in India by assets is HDFC Bank Ltd. During the fiscal year ending in March 2016, the bank anticipates loan growth to outpace that of the banking industry. According to the survey, HDFC Bank offers a variety of home loans to meet the needs of its customers. The bank has a solid reputation, which it can leverage to market its products. An organization's ability to grow its business will be greatly aided by the introduction of fresh promotional activities and services.

MAHABIR SINGH NARWAL, SUSHMA RANI & RADHIKA (2013) - By assets, HDFC Bank Ltd. is India's
second-largest private sector lender. The bank expects loan growth for the fiscal year that ends in March 2016 to exceed that of the banking sector. The poll indicates that to satisfy the needs of its clients, HDFC Bank provides a range of home loans. The bank has a positive reputation that it may use to promote its products. Introducing new promotional activities and services will significantly help an organization's potential to expand its business.

YANGON UNIVERSITY OF ECONOMICS (2019) - The goal of this study is to ascertain how customers perceive house loans from Yoma Bank, particularly those for the affordable housing project in Thanlyin Star City. The independent factors in this study are income level, interest rate, housing costs, and tax advantages. Additionally, the dependent variable has been studied in the study (demand of housing loan). Additionally, a professionally crafted questionnaire for the dependent variable and independent factors was sent to the respondents.

MRS. VIDYADHARI SHETTY & DR. SUJATHA K.S. (2022) – this study sheds light on how The folks lost all of their money in the 1980s when the financing companies failed. Commercial banks and other nonbanking financial organisations have finally entered this market. that currently have up to 28% of the market's demand under their control. The RBI regulates and controls interest rates, which were further controlled once banks were nationalised in 1969.

DR. ANSHU, DR. SHIV JAGGARWAL & KAPIL AHUJA (2021) - It is clear that the liquidity situation for housing finance companies is precarious. Due to the nation's unequal income distribution, a significant section of the middle-income group continues to have questions about their ability to repay their debts, and the country's legal system for recovering debts from defaulting borrowers is not very effective. Banks provide short-term loans to businesses, and both short-term and long-term borrowing boost profitability.

MANOJ P. K. (2004) - Despite the numerous issues and limitations that the Indian home finance sector faces, considering the vast untapped. Housing loan market, supportive government policies, a favourable macroeconomic climate, and a banking system with reasonable resilience all contribute to the industry's promising growth prospects. In the near future, the current growth rate of around 30% CAGR, or even higher rates of 40% CAGR, appears to be sustainable, and the issue of "overexposure" to housing (as in the case of the South Asian catastrophe) is improbable in our economy, at least for the ensuing few years. The active Mortgage-Backed Securitization (MBS) market in India can be strengthened and made more competitive with the right policies.

HABITAT INTERNATIONAL (1997) - India's housing finance sector is evolving and growing, especially in the private sector, as a result of economic liberalisation and financial reform legislation. The National Housing Bank, which works to encourage home finance companies servicing the little man, regulates and supervises the housing finance market. The factors that prevent home finance down-marketing efforts in the private sector from being as successful as may be anticipated are underlined. This case study demonstrates that the neo-liberal housing finance down-marketing potential is very constrained. Additionally, it provides us lessons that could help other emerging nations' housing financing markets evolve.

KYUNG-HWAN KIM (2016) - In the discussions on human settlement development policy during the Habitat II preparation process and during the Conference itself, financing issues gained significant attention. With reference to changes in the economic environment, such as globalisation, financial liberalisation, and decentralisation, as well as advancements made over the past two decades using examples of good practise, this paper provides an overview of the current knowledge and policy experience in housing finance and urban infrastructure financing. Despite helpful innovations like microcredit and public-private partnerships, the financial dilemma is still as great as it was in the past. It involves how to harness the immense money created by continuous urbanisation to enhance housing and basic services for people from all socioeconomic backgrounds and how to convert the desire to do so. residents' contributions go towards effective, transparent, and responsive service delivery. Along with financial innovation, excellent governance and political commitment are also necessary for the answer.

DR. P. SARAVANAN (2007) - Rapid population expansion has led to an unfavourable land-to-person ratio that reflects high density in some areas. The aggregate amount of migration from rural to urban areas is steadily increasing as a result of disproportionate urbanisation. This put enormous pressure on the cities' infrastructure and used up a lot of the available land.

LOIC CHIQUIER AND MICHAEL LEA (2009) - The use of one or more of these systems depends on both the government policies and the market development stage of a nation. Typically, housing financing starts off as a retail endeavour. If the banking system is unable to provide enough mortgage credit to meet demand or if capital market sources offer more affordable finance, wholesale funds mobilisation may occur.

JYOTI GUPTA & SUMAN JAIN (2012) - The banking industry has greatly benefited the global economy. Banking activity, which appears to be as easy as taking deposits from savers and then lending the same money to borrowers, promotes the flow of money to investments and productive uses. This then enables the economy to expand. Without the banking industry, our savings would lay dormant in our homes, entrepreneurs would be unable to raise the funds, and regular individuals who had been dreaming of buying a new car or home would not be able to do so.

In a nutshell, the cooperative banks have a responsibility to serve as a friend, mentor, and advisor to the entire cooperative organisation. The report is based on a number of Delhi's successful cooperative banks (India). Here, a study of the bank's operation and the lending policies it uses for its clients is started. The client has obtained various loans from the banks. Additionally, they recommended that the bank upgrade to the newest banking technologies, such as ATMs, the internet and online banking, credit cards, etc., in order to compete with private sector banks.

DR. ARTI GAUR (2009) - In India, the market for mortgage loans has been booming. Numerous participants have entered the market as a result of the industry's recent growth surge and the likelihood that demand will remain strong. The outcome was fierce competition, which benefited the borrower. Companies that finance homes have launched a number of innovative products to cater to a wide range of consumers' needs. One such programme, the step-up loan, which increases the EMIs as the borrower's income rises, has proven to be very popular with people who are just beginning their careers. Only personnel with a high level of expertise and experience can handle the pressure of administering Compared to the employees of SBI, ICICI Bank has superior staff members in terms of behaviour. ICICI Bank offers significantly better services than SBI. Competitive rates and sincere commitment are the primary drivers of satisfaction. Hidden fees are to blame for the complaints.

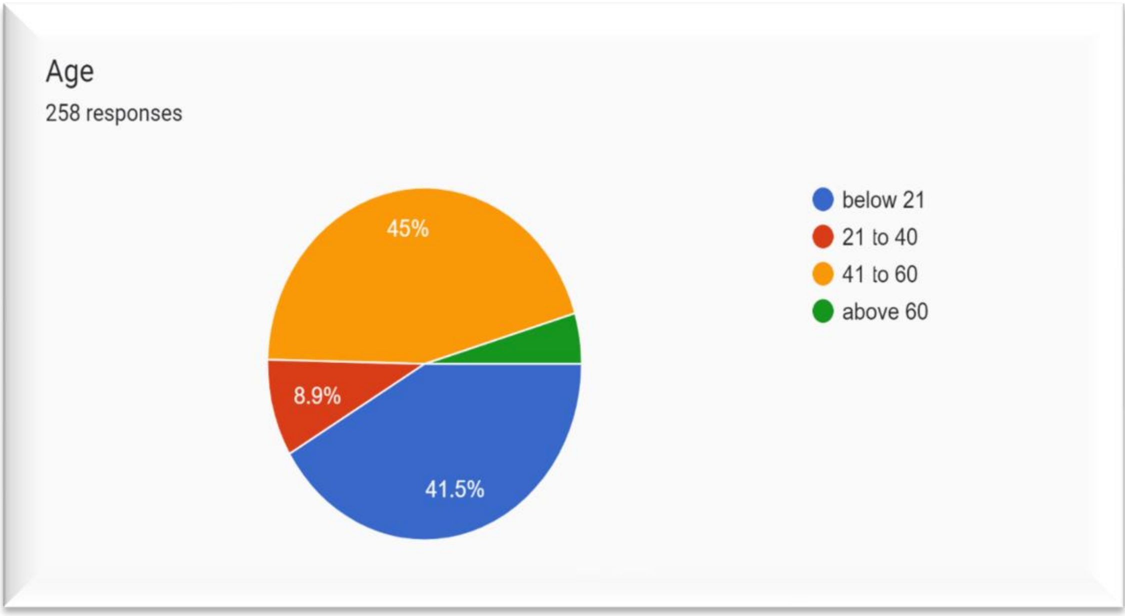
4) Data analysis and Interpretation

In this research to prove certain points and to get specific conclusions that supports my hypothesis and provides me with an answer that my research has been proved beneficiary first hand data was collected. The primary data collection instrument for my study was a survey form. The main function of the questionnaire was to translate the defined research objective, namely to identify the level of preference of the general population when it comes to taking home loans and probe their attitudes, opinions and decisions regarding pertinent financial matters. In designing the survey, I took into consideration the fact that most respondents had busy schedules and most probably would not be willing to spend an extended amount of time to finish a lengthy survey. Accordingly, in line with previous research, specifically, my questionnaire, although not as comprehensive, included mortgage loan questions on general knowledge, savings and borrowings, and investments, etc.

Primary data

Information that is directly available from the respondent without third party interference or editing is considered most appropriate for direct analysis as gives us direct views and counterviews. Therefore, an attempt was made to acquire at least 25 responses and finally the collection ceased at 30 responses. Primary data not only provides unfiltered information but also helps in understanding direct views of the people, their way of thinking and interpreting things, their knowledge regarding the topic under consideration. The survey consisted of three parts i.e., the general/subjective questions which consisted of 5 questions, the preference in regards to home loan questions consisting of 11 questions and the preferential curriculum inference questions which consisted of 5 questions. These make up a total of 21 questions.

AGE:

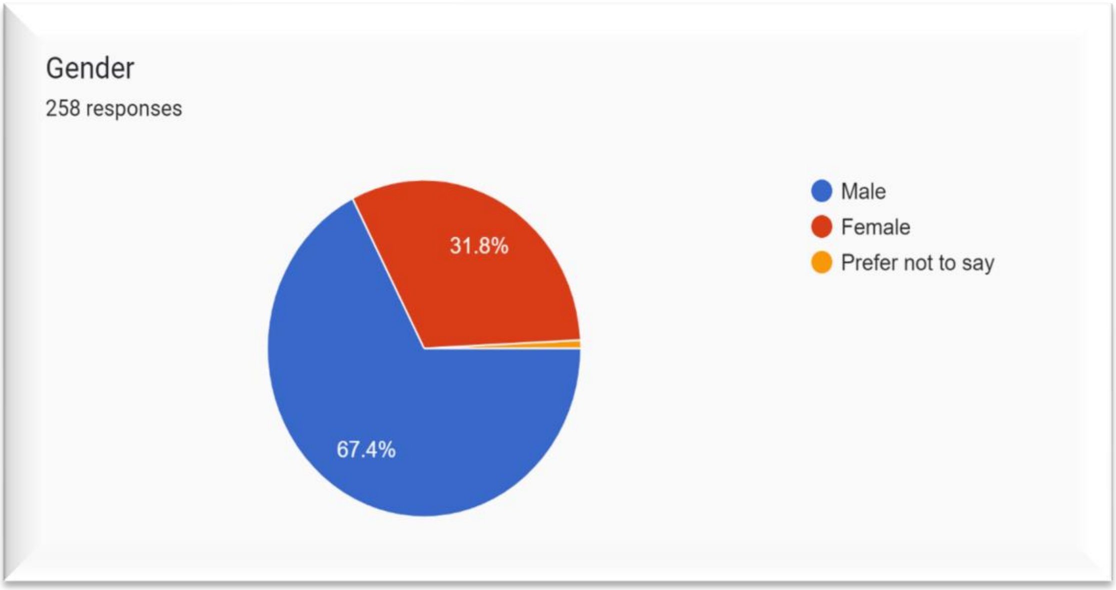


AGE	NUMBER OF RESPONDENTS
Below 21	107
21 to 40	23
41 to 60	116
Above 60	12
TOTAL	258

Observed value:

It can be inferred from the above pie chart that out of 158 respondents who have attempted the survey, about 41.5% of the respondents are below the age of 21. 8.9% of the respondents are between the ages of 21 – 40. 45% of the respondents are between the ages of 41 – 60. Therefore, it can be indicated that the survey is largely is dominated by the general population ranging between the age groups of 41 - 60 years. 4.7% of the respondents are above the age of 60.

GENDER:

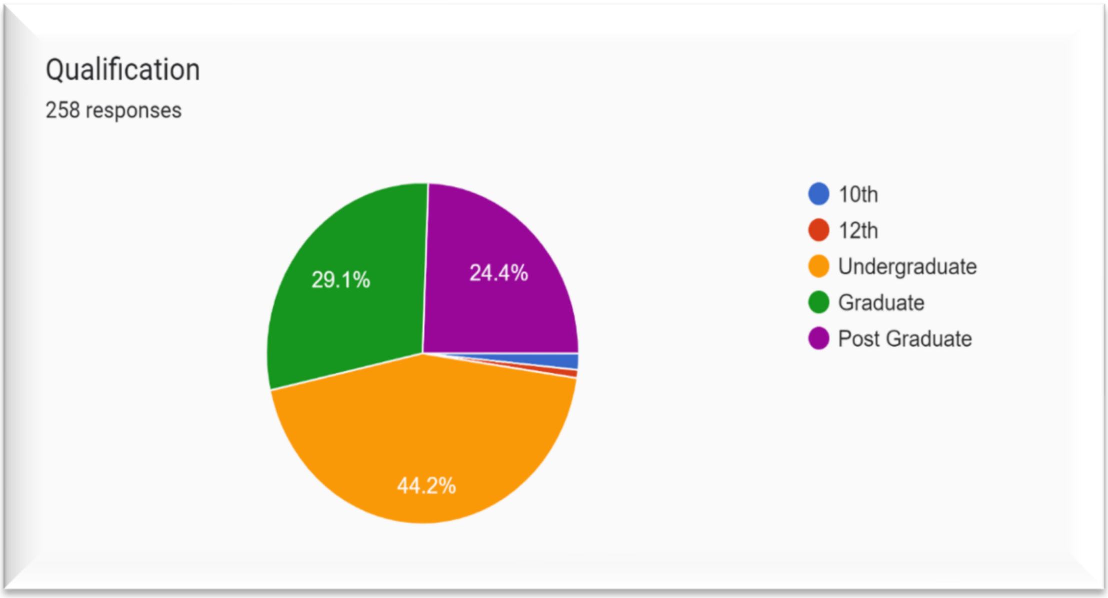


Gender	No of respondents
Male	174
Female	82
Prefer not to say	2
Total	258

Observed value:

It can be inferred from the above pie diagram that out of a total of 258 respondents who have attempted the survey, about 67.4% are male respondents and 31.8% are female respondents and 0.8% prefer not to reveal their gender. Therefore, it can be indicated that the survey responses and the analysis thereof is largely male dominated. This is mainly due to the fact that the sampling method chosen was simple ranking and percentage method and therefore the respondents were mainly those who were known close acquaintances and thereby asked to participate in the survey.

Qualification

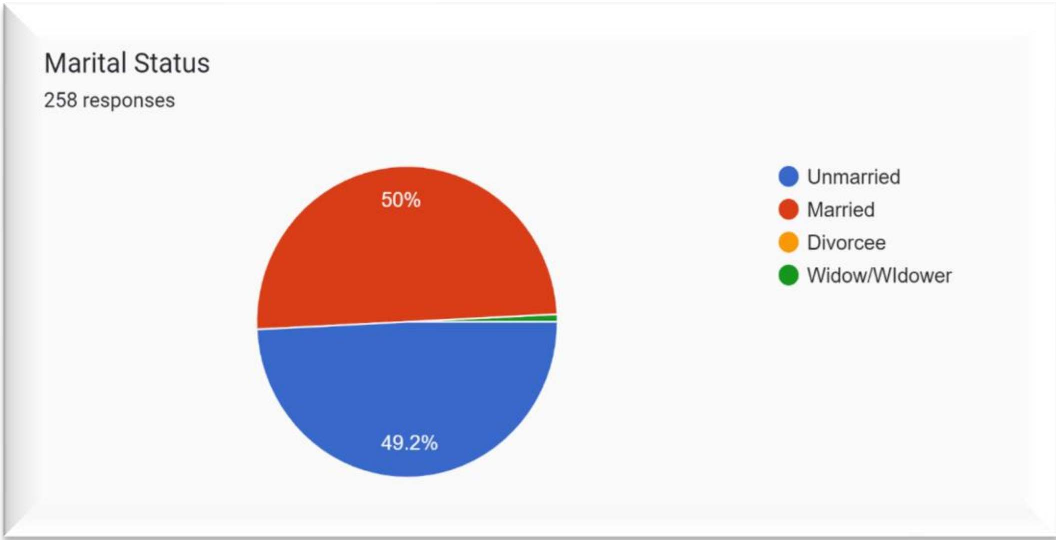


Qualification	No of respondents
SSC	4
HSC	2
Undergraduate	114
Graduate	75
Post Graduate	63
Total	258

Observed value:

1. The above pie chart represents the various qualifications of the respondents in the survey.
2. 1.6% of the respondents are in SSC.
3. 0.8% of the respondents are in HSC.
4. 44.2% of the respondents are undergraduates.
5. 29.1% of the respondents are graduates.
6. 24.4% of the respondents are post graduates.

MARITAL STATUS:

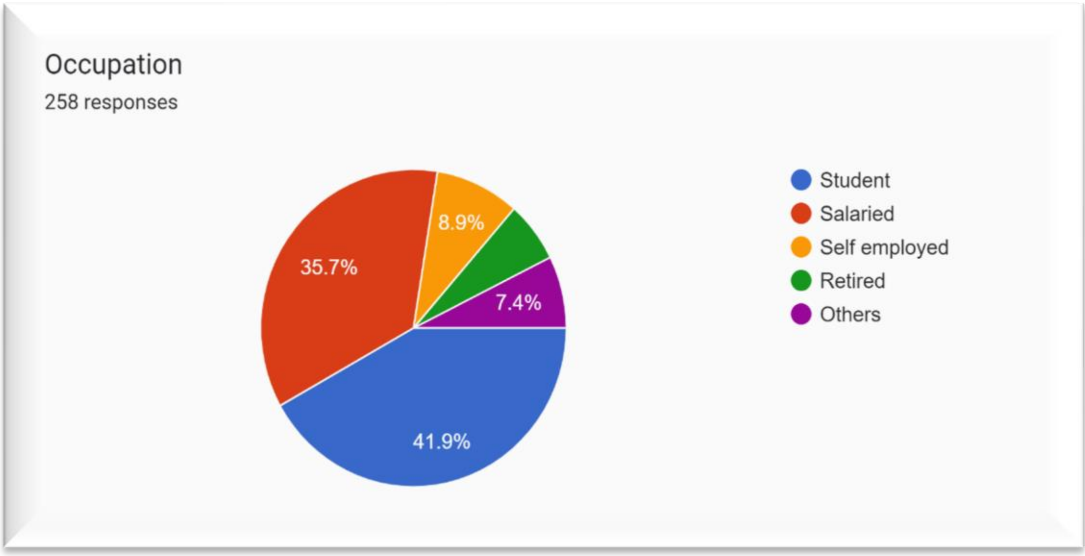


Marital Status	No of respondents
Unmarried	127
Married	129
Divorcee	0
Widow/Widower	2
Total	258

Observed value:

1. The above pie chart represents the marital status of the respondents.
2. 0.8% of the respondents are either widow or widowers.
3. 49.2% of the respondents are unmarried.
4. 50% of the respondents are married.

OCCUPATION:

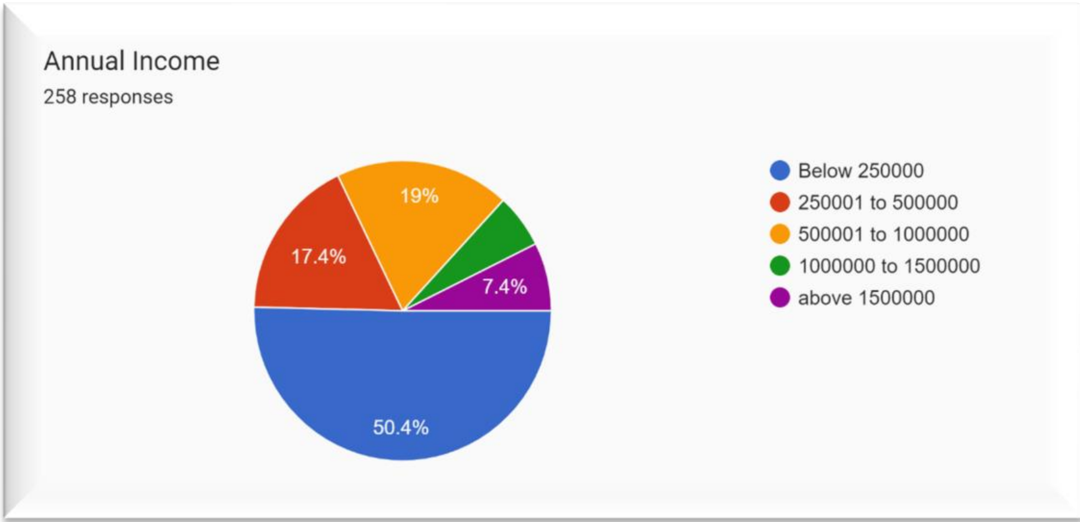


Occupation	No of respondent
Student	118
Salaried	92
Self employed	23
Retired	16
Others	19
Total	258

Observed value:

1. According to the survey conducted, 6.2% of the respondents are retired.
2. 7.4% of the respondents fall under the category of others.
3. 8.9% of the respondents are self-employed.
4. 35.7% of the respondents are salaried.
5. 41.9% of the respondents are students.

ANNUAL INCOME:

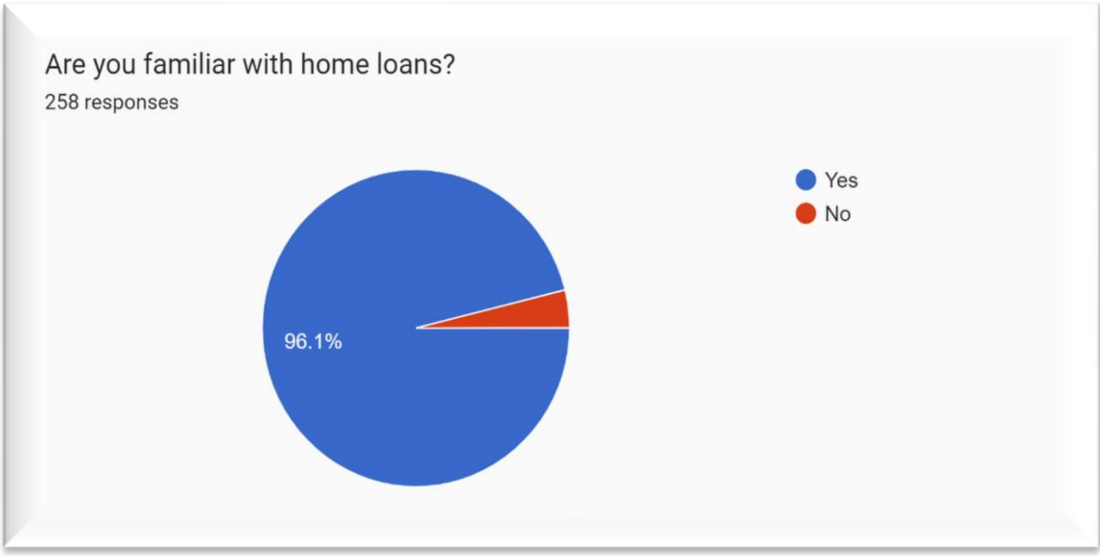


Annual Income	No of respondents
Below 250000	130
250001 to 500000	45
500001 to 1000000	49
1000001 to 1500000	15
Above 1500000	19
Total	258

Observed value:

1) According the survey conducted, 5.8% of the respondents have an annual income between Rs. 10,00,000 to 15,00,000.
2) 7.4% of the respondents have an annual income of above Rs. 15,00,000.
3) 17.4% of the respondents have an annual income between Rs. 2,50,001 to 5,00,000.
4) 19% of the respondents have an annual income between Rs. 5,00,001 to 10,00,000.
5) 50.4% of the respondents have an annual income of less than Rs. 2,50,000.

Are you familiar with home loans?

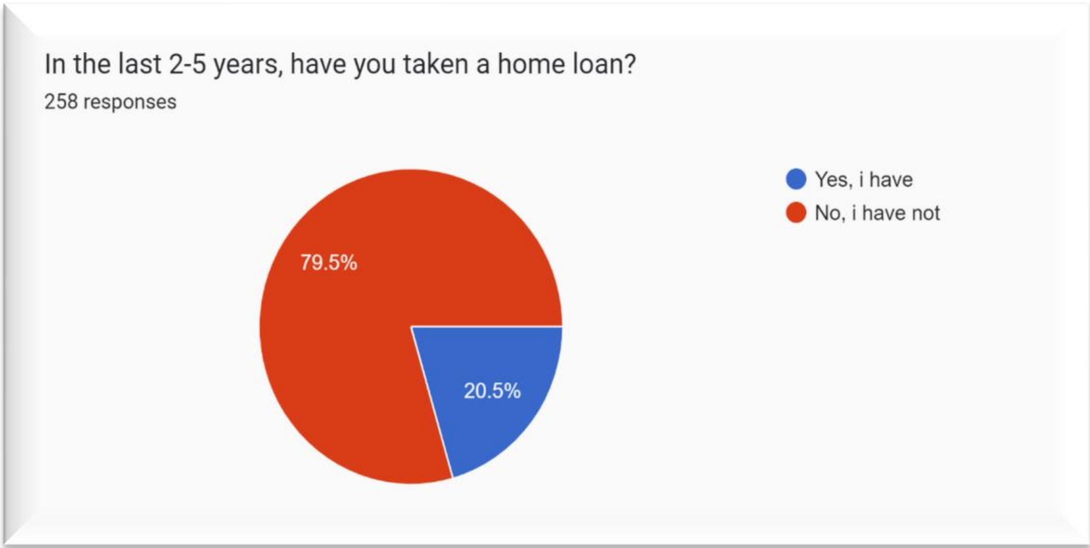


Awareness of home loans	No of respondents
Yes	248
No	10
Total	258

Observed value:

1) The above diagram, represents whether or not the consumers and respondents are familiar with or aware of home loans.
2) The survey conducted shows that, 3.9% of the respondents are not aware or familiar with home loans.
3) The remaining 96.1% of the respondents are well versed and familiar of home loans.

In the last 2 – 5 years, have you taken a home loan?

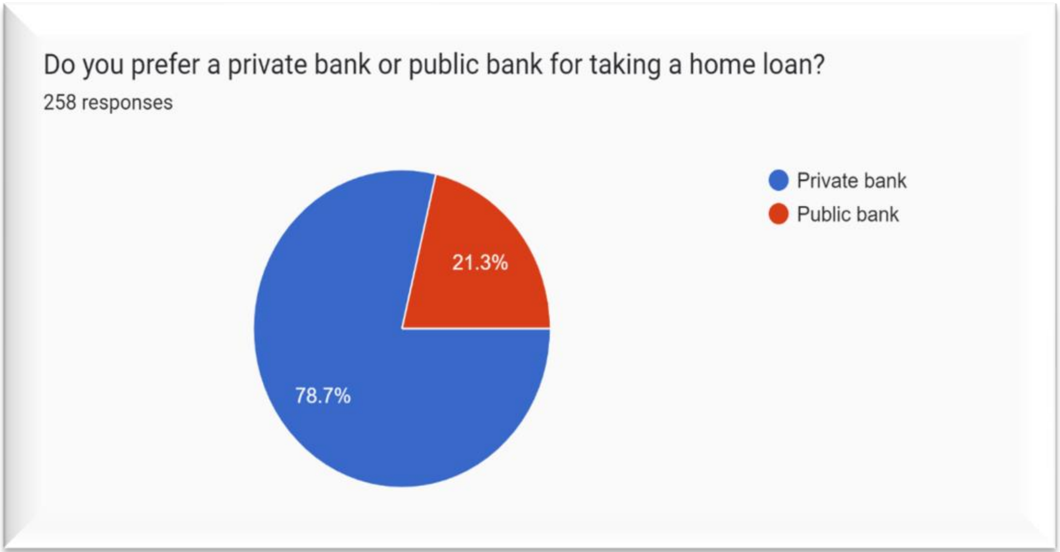


Have you a taken home loan?	No of respondents
Yes	53
No	205
Total	258

Observed value:

1) The above pie chart informs us about whether or not the consumers have taken a home loan in the last 2 – 5 years.
2) According to the survey conducted 20.5% of the respondents have obtained a home loan.
3) 79.5% of the respondents are not obtained a home loan.

Do you prefer a private bank or public bank for taking a home loan?

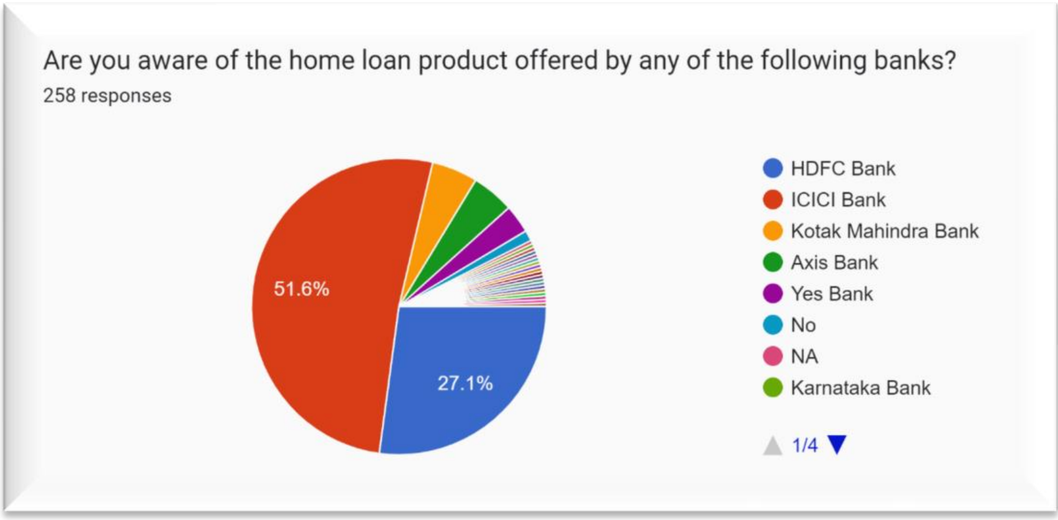


Preference	No of Respondents
Private Bank	203
Public Bank	55
Total	258

<u>Observed value:</u>

1) According to the survey conducted, 21.3% of the respondents or consumers prefer taking a home loan from a public bank.
2) 78.7% of the respondents prefer taking a home loan from private banks.

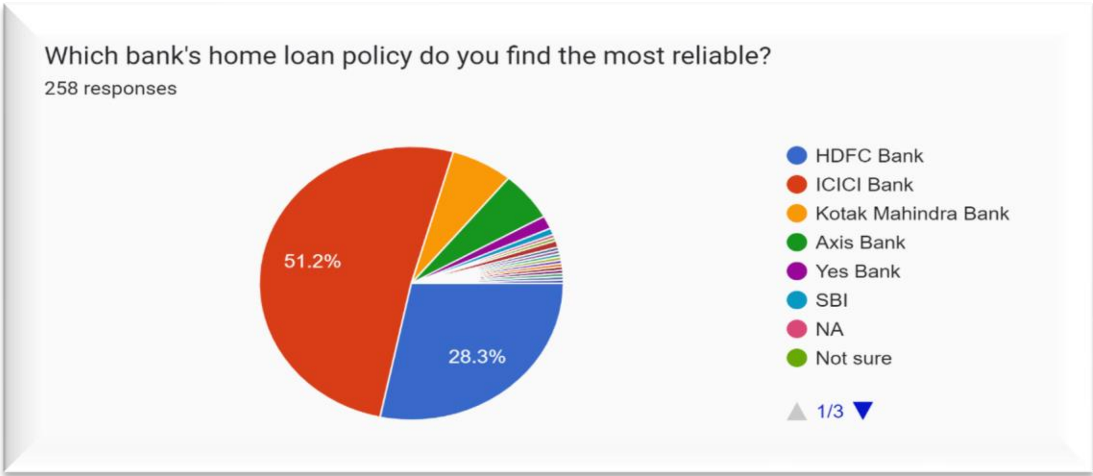
Are you aware of the home loan product offered by the following banks?



<u>Observed value:</u>

1) The above pie chart indicates if the respondents of the survey are aware of the home loan product offered by various banks.
2) 0.4% of the respondents/consumers are well versed of the home loan product offered by various other banks such as Union Bank, SBI Bank, PNB, Indian Bank, Saraswat Bank, Bank of Baroda, IDBI bank, Canara Bank, etc.
3) 1.2% of the respondents are not aware of the home loan product offered by any of the following banks.
4) 3.1% of the respondents are aware of the home loan product offered by Yes Bank.
5) 4.7% of the respondents are aware of the home loan product offered by Axis Bank.
6) 5% of the respondents are extremely thorough with the home loan product offered by Kotak Mahindra Bank.
7) 27.1% of the consumers are aware of the home loan product offered by HDFC Bank.
8) 51.6% of the respondents are aware of the home loan product offered by ICICI Bank.

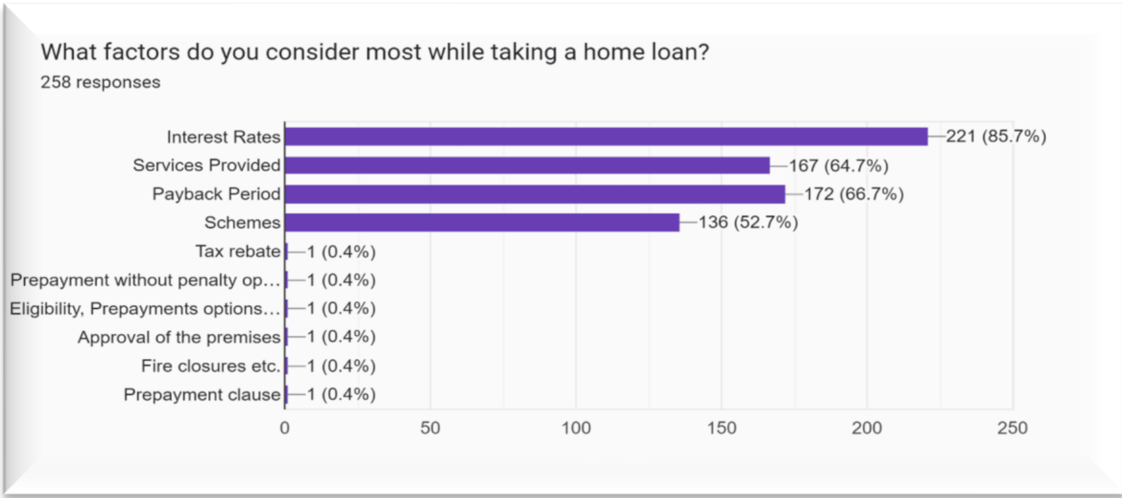
Which bank's home loan policy do you find the most reliable?



Observed value:

1) The above diagram provides information on which bank loan do consumers find the most reliable.
2) 0.8% of the respondents find SBI Bank to have the most reliable home loan policy.
3) 1.6% of the respondents find Yes Bank's home loan policy to be the most reliable.
4) According to the survey conducted, 2% of the respondents find other banks such as Saraswat Bank, Bank of Baroda, etc home loan policies to be the most reliable.
5) According to the survey conducted, 2.4% of the respondents are not sure or not familiar with home loans and thus have no idea about which bank's home loan policy is the most reliable.
6) 5.8% of the respondents find Axis Bank's home loan policy to be the most reliable.
7) 6.6% of the consumers find Kotak Mahindra Bank to have the best home loan policy.
8) 28.3% of the respondents find HDFC Bank to have the best home loan policy.
9) 51.2% of the respondents find ICICI Bank to have the most reliable home loan policy.

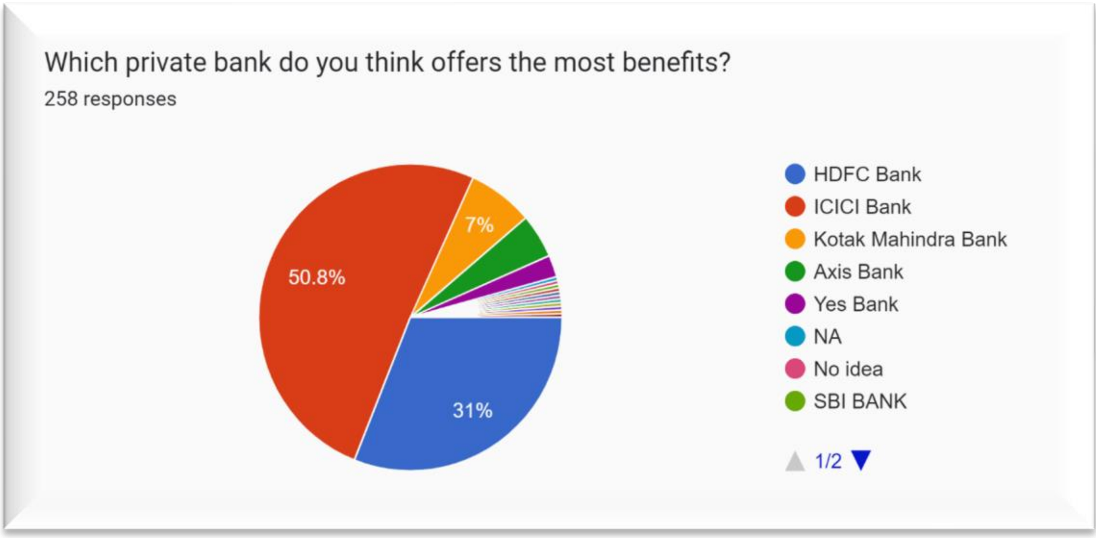
What factors do you consider the most while taking a home loan?



<u>Observed value:</u>

1) The above bar diagram lists various factors of why consumers consider taking a home loan.
2) According to the survey conducted and date collected from it, 0.4% of the respondents consider other factors like tax rebate while taking a home loan.
3) 0.4% of the respondents consider prepayment without penalty option while taking a home loan.
4) 0.4% of the respondents consider eligibility, prepayment options, restricting opportunities, terms and conditions, etc while taking a home loan.
5) 0.4% of the respondents consider approval of the premises while taking a home loan.
6) 0.4% of the respondents consider fire closures while taking a home loan.
7) 1.2% of the respondents consider prepayment clause while taking a home loan.
8) 52.7% of the consider taking a home loan on the factor of various schemes provided by the bank.
9) 64.7% of the respondents consider services provided as a factor while taking a home loan.
10) 66.7% of the respondents consider payback period as a factor while taking a home loan.
11) 85.7% of the respondents consider interest rates as a factor while taking home loans.

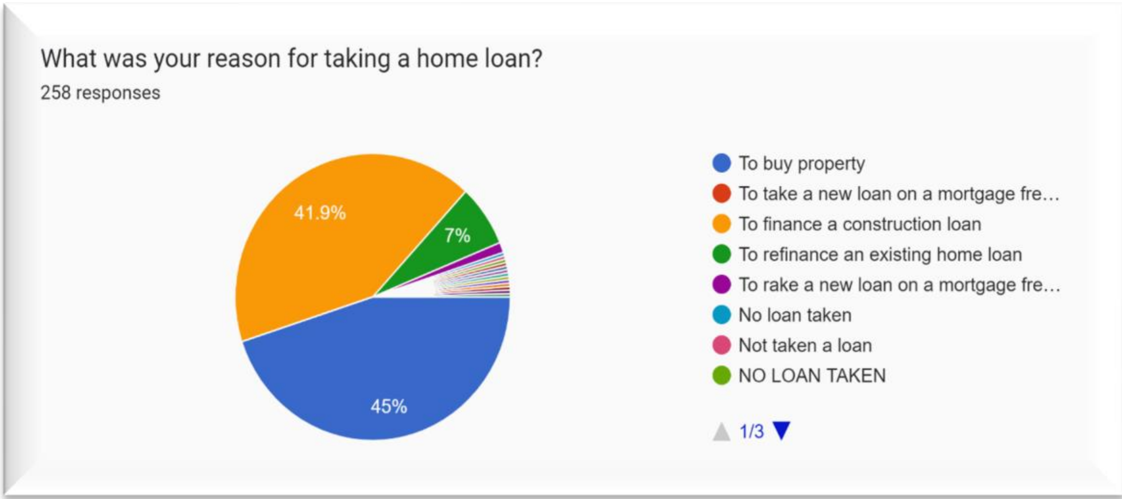
Which private bank do you think offers the most benefits?



Observed value:

1) The above pie chart shows which private offers the most benefits.
2) According to the survey conducted, 1.6% of the consumers believe that other banks such as Saraswat Bank, Bank of Baroda, etc, provide the most benefits.
3) 2.3% of the respondents believe that Yes Bank provides the most benefits.
4) 2.8% of the respondents are not sure about which bank provides the most benefits.
5) 4.7% of the respondents believe that Axis Bank provides the most benefits.
6) 7% of the respondents believe that Kotak Mahindra Bank offers the most benefits.
7) 31% consumers believe that HDFC Bank offers the most benefits.
8) 50.8% of the respondents believe that ICICI Bank offers the most benefits a bank can offer.

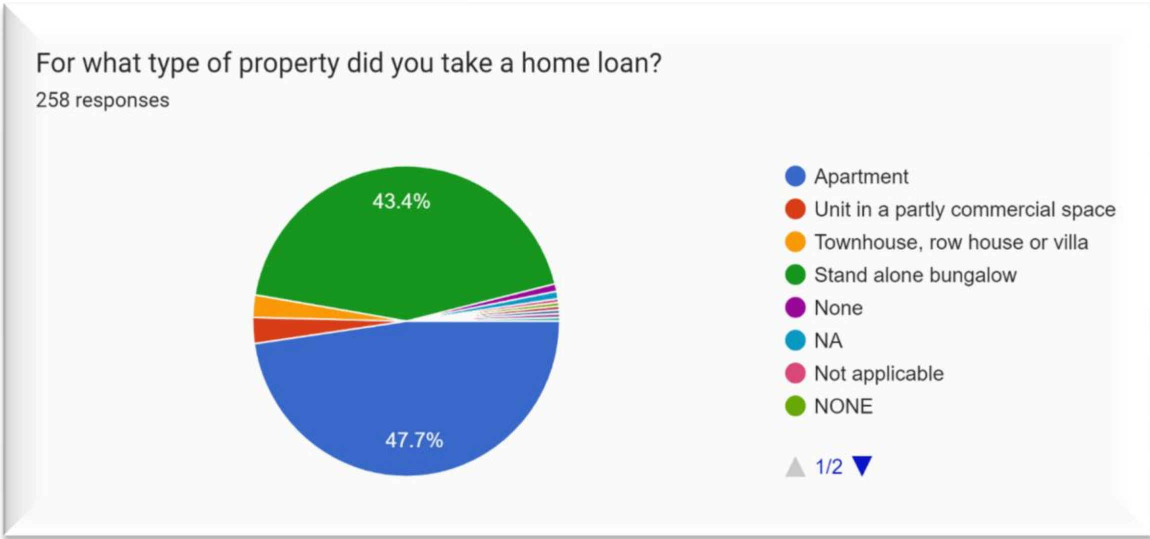
What was your reason for taking a home loan?



Observed value:

1) The above diagram gives us an idea about the various reasons why consumers took a home loan.
2) According to the survey, 0.4% of the respondents have taken a home loan for necessity of funds.
3) 0.4% of the respondents have taken a home loan to stay with their family.
4) 1.2% of the respondents have taken a home loan to take a new loan on a mortgage free property.
5) 4% of the respondents in the survey have not taken a home loan.
6) 7% of the respondents in the survey have taken a home loan to refinance an already existing home loan.
7) 41.9% of the respondents in the survey have taken a home loan to finance a construction loan.
8) 45% of the respondents in the survey have taken a home loan to buy property.

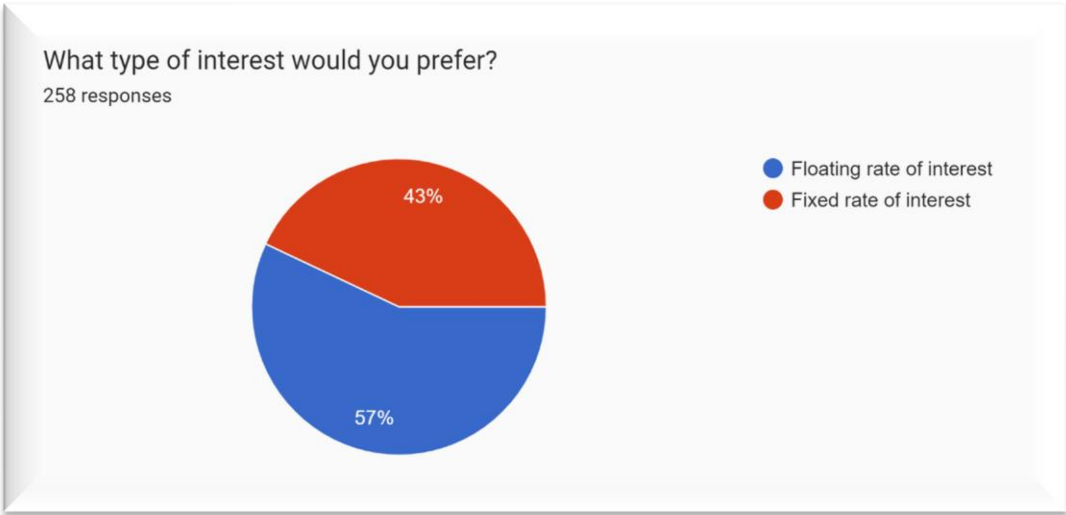
For what type of property did you take a home loan?



<u>Observed value:</u>

1) The above diagram tells us about for what type of a property did the consumers take a home loan.
2) 0.8% of the consumers took a loan to buy a home or a flat.
3) 2.3% of the respondents in the survey, purchased a townhouse, row house or a villa with the home loan taken.
4) 2.4% of the respondents in the survey, did not buy property or take a home loan.
5) 2.7% of the respondents in the survey, bought a unit in a partly commercial space with the loan taken.
6) 43.4% of the respondents in the survey, purchased a stand-alone bungalow with the home loan taken.
7) 47.7% of the respondents in the survey, purchased an apartment with the home loan taken by them.

What type of interest would you prefer?

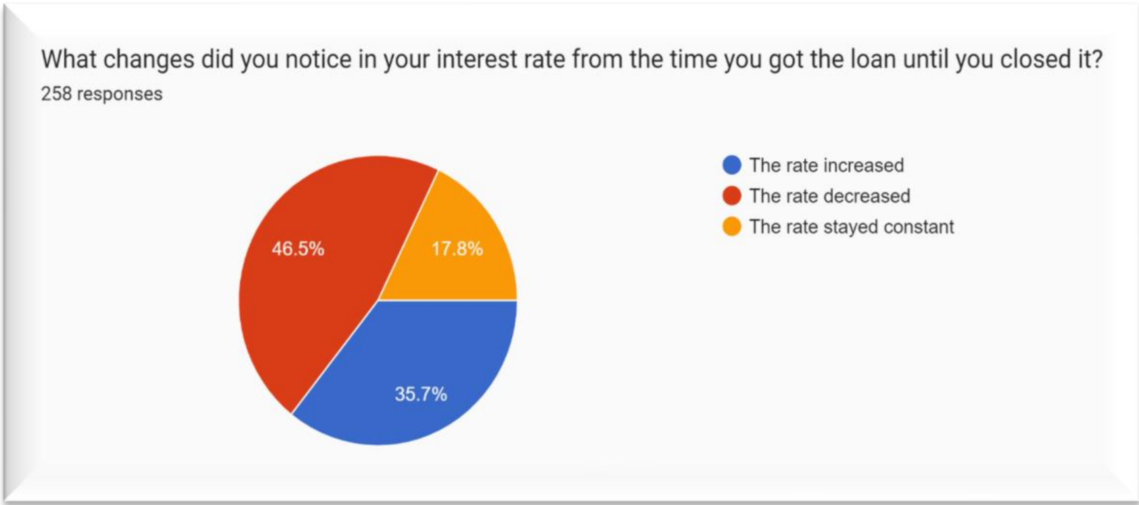


Type of Interest	No of Respondents
Floating	147
Fixed	111
Total	258

Observed value:

1) The above pie chart gives us an idea about the type of interest preferred by various consumers.
2) According to the survey conducted, 43% of the respondents in the survey, prefer fixed rate of interest.
3) 57% of the respondents in the survey, prefer floating rate of interest.

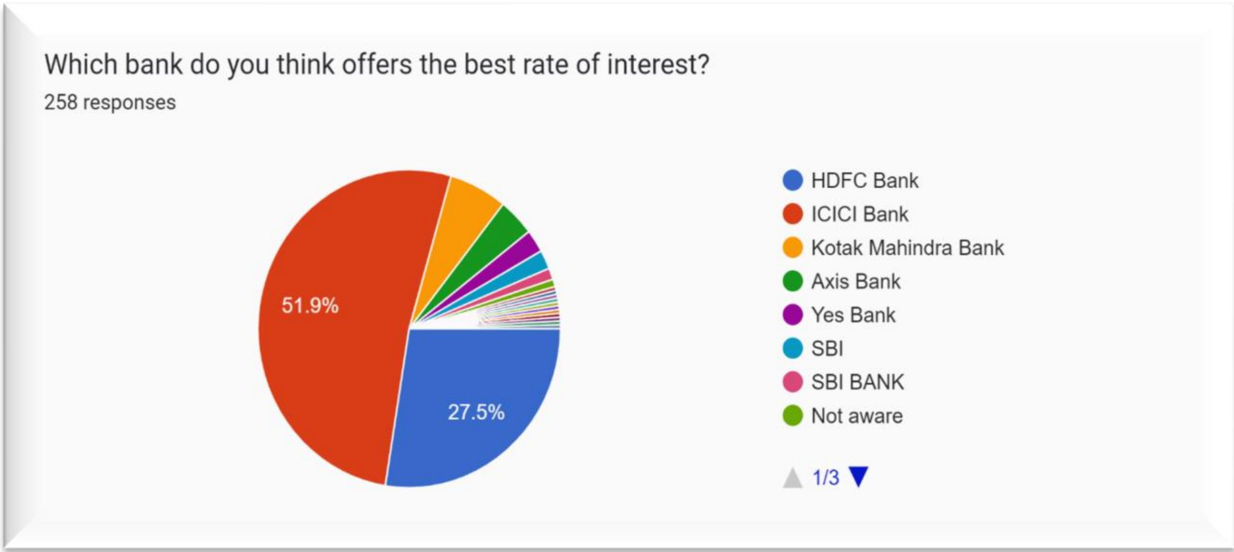
What changes did you notice in your interest rate, from the time you got the loan until you closed it?



<u>Observed value:</u>

1) The above diagram gives us an overview of the changes in the interest rates that the consumers experienced.
2) 17.8% of the consumers in the survey, noticed that the rate of interest stayed constant from the time they got the loan till when they closed it.
3) 35.7% of the consumers in the survey, noticed that the rate of interest increased from the time they took a home loan until they closed it.
4) 46.5% of the consumers in the survey, noticed that the rate of interest decreased from the time they took a home loan until they closed it.

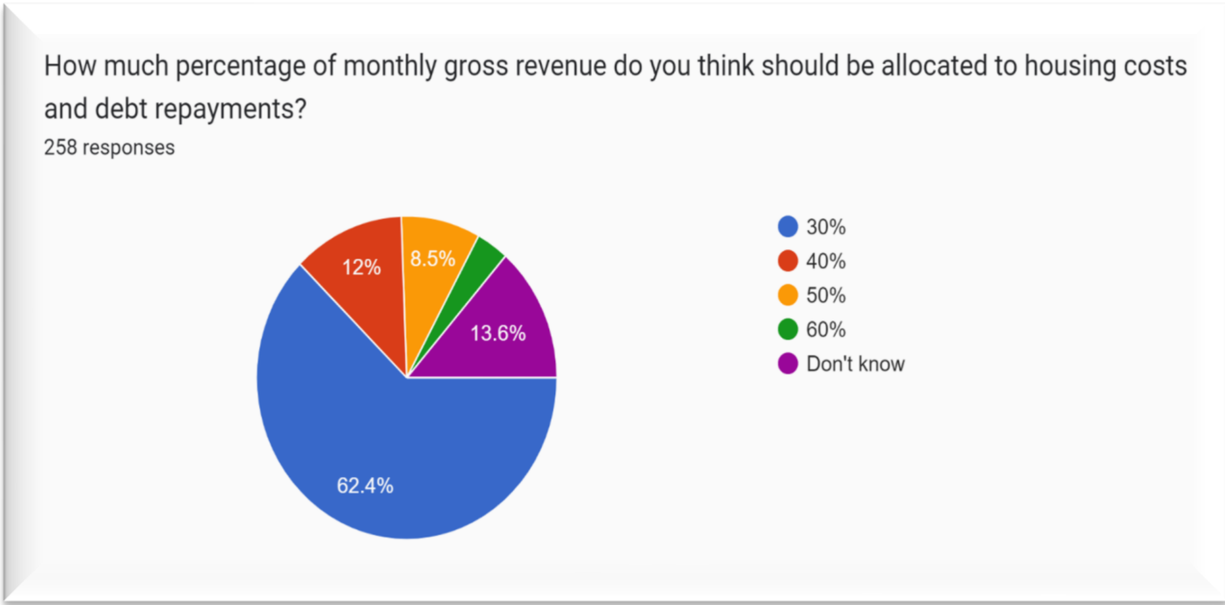
Which bank do you think offers the best rate of interest?



Observed value:

1) According to the survey conducted, 1.6% of the consumers believe that other banks such as State Bank of India, Bank of Baroda, Union Bank, PNB, etc offer the best rates of interest.
2) 2.3% of the consumers believe that Yes Bank offers the best rate of interest.
3) 3.1% of the consumers believe that SBI Bank offers the best rate of interest.
4) 3.2% of the consumers have no idea or are not aware of which bank offers the best rate of interest.
5) 3.9% of the consumers believe that Axis Bank offers the best rate of interest.
6) 6.2% of the consumers believe that Kotak Mahindra Bank offer the best rate of interest.
7) 27.5% of the consumers believe that HDFC Bank offers the best rate of interest.
8) 51.9% of the consumers believe that ICICI Bank offers the best rate of interest.

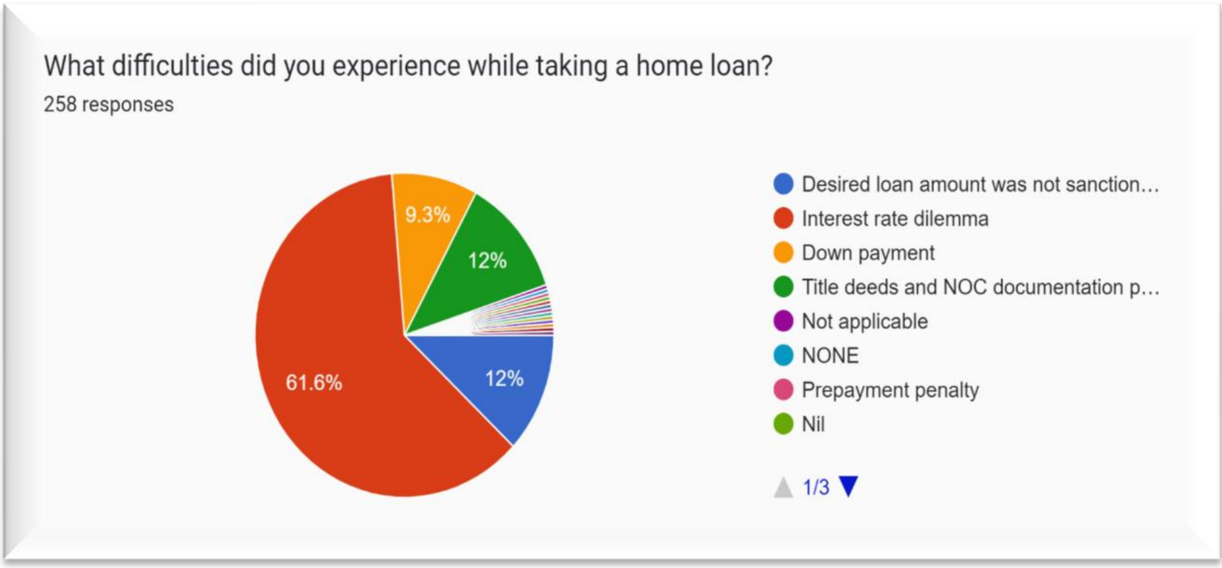
How much percentage of monthly gross revenue do you think should be allocated to housing costs and debt repayment?



Observed value:

1) The above pie chart gives us a gist into how much money of their monthly gross revenue should be allocated towards house costs and debt repayments.
2) According to the survey conducted, 3.5% of the consumers believe that 60% of their monthly gross revenue should be allocated towards it.
3) 8.5% of consumers believe that 50% of their gross monthly revenue should be allocated towards it.
4) 12% of consumers believe that 40% of their gross monthly revenue should ne allocated towards it.
5) 13.6% of the consumers are not aware or have no idea about how much revenue should be allocated for this cause.
6) 62.4% of the consumers believe that 30% of their gross monthly revenue should be allocated towards housing costs and debt repayments.

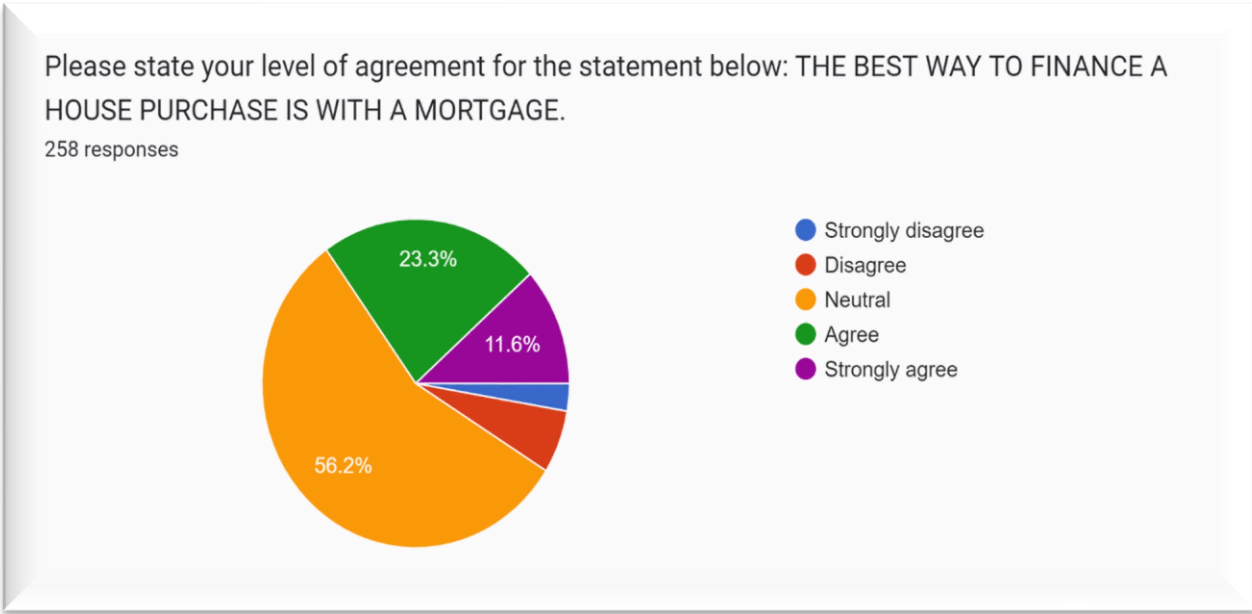
What difficulties did you experience while taking a home loan?



<u>Observed value:</u>

1) The above diagram gives us an insight about the problems or difficulties faced by various consumers while taking a home loan.
2) According to the survey conducted and data collected, 0.4% of the respondents mentioned how ICICI Bank caused them trouble and forced them to purchase insurance covering the loan.
3) 0.4% of the respondents faced a problem of clearance from the HO/RO.
4) 0.4% of the respondents faced an issue of prepayment penalty.
5) 0.4% of the respondents faced a difficulty of all of the above problems.
6) 3.2% of the respondents did not face an issue as they have not opted for a home loan.
7) 9.3% of consumers faced a problem of down payment while taking a home loan.
8) 12% of the consumers faced an issue with regards to Title deeds and NOC documentation.
9) 12% of the consumers faced a difficulty with not being granted the desired amount for a home loan.
10) 61.6% of the respondents faced an issue with the interest rates while taking a home loan.

Please state your level of agreement for the statement below: THE BEST WAY TO FINANCE A HOUSE PURCHASE IS WITH A MORTGAGE.



Observed value:

1) The above pie chart gives us an input/analysis on whether consumers believe that the best way to finance a home is through a home loan.
2) According to the survey conducted, 2.7% of the respondents are founds to strongly disagree with the above statement made.
3) 6.2% of the respondents are found to disagree with the statement made above.
4) 11.6% of the respondents are found to strongly agree with the statement that the best way to finance a house is through a home loan.
5) 23.3% of the respondents are found to agree with the statement that the best way to finance a house is through a home loan.
6) 56.2% of the respondents are found to be neutral with the statement that the best way to finance a house is through a home loan.

<u>Secondary data</u>

Home buying is a very big and usually once in a life-time decision that involves a huge sum of money. So, whenever you are planning to buy your home, it is always good to apply for a home loan.

In today's world, a lot of young people dream of owning a house but find it difficult to turn their dream into reality as their personal resources don't allow them to do so. Buying a home seems to be one of the challenging tasks as a large amount of fund is required. Here Home loans play a vital role in driving you through the path of accomplishing your goal.

First of all, analyse your income and expenditures and then come to a loan figure, whose EMI you can afford to pay per month. You can also negotiate on interest rate and other terms of lending bank, if you are its old customer & hold a decent credit score.

For getting a home loan you are required to apply for home loan with chosen lender. The lender will go through your home loan application and decide upon your home loan eligibility based on various factors including your income, age, credit score, financial background, property location, nature of employment, etc. and let you know the loan amount, interest rate and loan tenure that you are entitled to. If the lender is satisfied then only you can get the desired loan amount.

Private Sector Banks are the banks where greater parts of share or equity are not held by the government but by private shareholders. City Union Bank is the oldest bank formed in 1901. IDFC Bank and Bandhan Banks are newly formed banks established in 2015. The largest Private Sector Bank is HDFC Bank as per Market Cap. Currently, 21 Private Sector Banks are operating in India.

In the past few decades, various banks, housing finance companies and other financial institutions across the country have started offering easy housing loan facility on easy terms and at attractive interest rates to the prospective home buyers.

Leading private banks in India as of April 2022, by asset *(in trillion Indian rupees)*

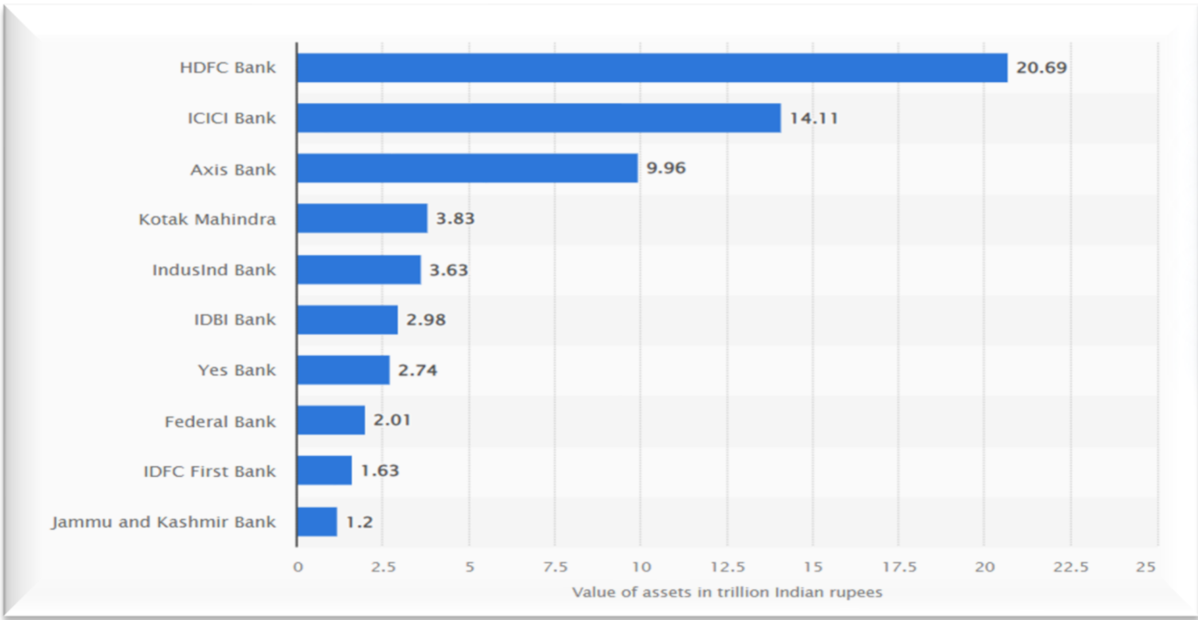
As of April 2022, HDFC Bank was the leading Indian private bank with total assets over 20 trillion Indian rupees. Within the banking sector, HDFC bank comes second <u>after the public State Bank of India</u> which is worth nearly 45 trillion Indian rupees in terms of assets during the same time period. Other leading private banks in India were ICICI Bank and Axis Bank.

Banking in India

The oldest banks in India have their origin in the early 19th century under colonial rule. Among them was the Bank of Calcutta founded in 1806 which later became the State Bank of India. By 1969, most banks in India had been nationalized. Private banks were licensed again only after the market liberalization of the early 1990s. From then on, the banking sector diversified rapidly, having 136 banks excluding small cooperative banks as of October 2020.

HDFC – the private banks market leader

Customers were largely satisfied with private banks in India. Among more than 20 private banks, HDFC Bank led the sector in terms of assets and net profit. Founded in 1994 in Mumbai, Maharashtra, it is a subsidiary of Housing Development Finance Corporation Limited (HDFC). The HDFC group offers a wide range of financial services and owns the general insurance company HDFC ERGO as well.



In just 5 years, private banks have narrowed public sector's huge lead in loans & deposits. The tables seem to be turning in India's banking sector, as private banks are closing the huge lead held by those in the public sector.

Public banks controlled over 70 per cent of the market till a few years ago, but according to the latest data released by the Reserve Bank of India, their market share in loans has dipped to 59.8 per cent in 2020 from 74.28 per cent in 2015, while private banks' share has surged to 36.04 per cent from 21.26 per cent in the same period. Deposits also tell a similar story — private banks' market share has gone up to 30.35 per cent this year from 19.44 per cent in 2015, while public banks' share saw a decline to 64.75 per cent from 76.26 per cent.

Why the gap has narrowed

The gap between public and private sector banks has narrowed sharply in the last five years, both in terms of loans and deposits. In this period, several new licences have been granted to private players — two new universal banks have started operation (Bandhan Bank and IDFC First Bank) while 10 small finance banks have also rolled out their services.

The RBI, meanwhile, has attributed the fall in the public sector banks' market share to the ballooning of bad loans in the last five years.

"The PSBs have been consistently losing market share to the private banks, a process which has markedly hastened over the past five years. The primary reason for this has been the beleaguered balance sheets of PSBs on account of the non-performing asset (NPA) overhang of post-global financial crisis years," stated a report prepared by a working group of the RBI, which was set up to review ownership guidelines and corporate structure for Indian private sector banks.

The dip in public sector banks' market share is also reflective of risk-aversion. As more and more loans turned bad, these lenders became extremely cautious towards fresh lending — also because of fear of investigative agencies littering their premises even after retirement.

The bad state of public sector banks is also reflected on operational efficiency parameters. The staff expense-to-total income ratio for public sector banks zoomed between 2015 and 2020, while for new private sector banks, the ratio remained stable.

As a result, the market value of private banks was much higher than their public sector counterparts. Most of the big private banks enjoy a Price (P)/Book Value (BV) of more than 1, which indicates their attractiveness for fresh market raising.

As a result, public sector banks have been overly dependent on the government for fresh capital infusion. A massive Rs 3,18,997 crore of capital was infused by the government in the last five years in state-run lenders. Private banks were able to raise Rs 1.15 lakh crore of capital from the markets, as compared to Rs 70,823 crore by public sector banks. The public sector banks needed higher capital due to sharp increase in bad loans. Banks need to set aside capital — known as provision — for non-performing assets.

The report observed that the increasing share of private banks has provided the system with a requisite robustness.

"The recent merger of PSBs, as part of the government's plan to have a few large banks, has given size to some of the PSBs. While private banks have had their share of problems, some of them have grown significantly," the report said, adding that going forward, there may be space for both public as well as private banks, existing and new, to make space for themselves.

Despite some of the public sector banks being merged to gain size, there is only one Indian bank in the global list for top 100 banks, as on 31 December 2019 — State Bank of India, with assets of Rs 39.5 lakh crore.

The next biggest Indian bank is HDFC Bank, with an asset book of Rs 15.3 lakh crore. In comparison, the 100th entry in the worldwide list is Spain's Banco de Sabadell, with assets of around Rs 18 lakh crore.

Private banks are better money managers, state-owned lenders grow faster

They witnessed higher gains from parking funds with RBI and income from investments; as rates rise, space for both would shrink

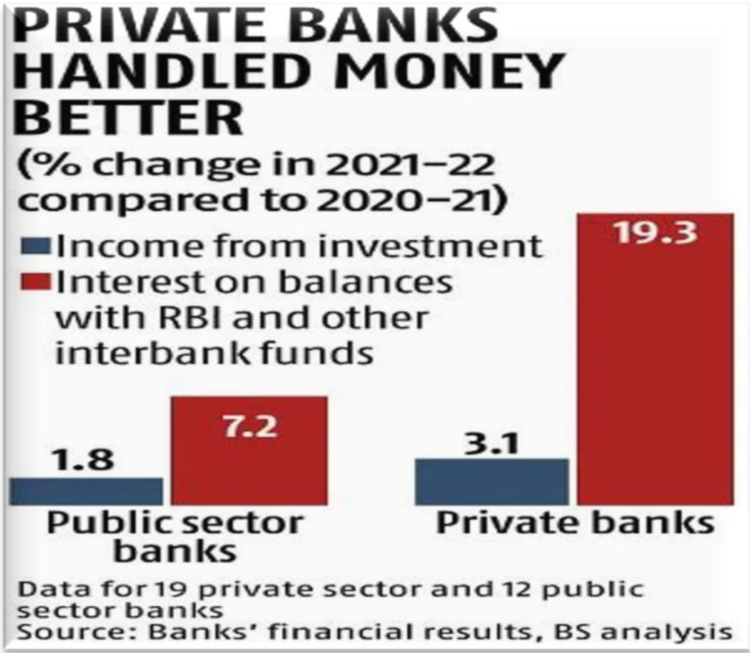
Analysts believe 2021-22 was the best fiscal year for banking in the country. Both public sector and private banks witnessed profits rise and an improvement in net interest margins. Public sector banks saw higher growth than private sector banks, albeit on a lower base, and gross non-performing assets declined across all banks.

Like the Chinese saying "a crisis is an opportunity riding a dangerous wind", banks made sure that even though credit growth remained muted during the pandemic, they could come out stronger.

A Business Standard analysis found that even though public sector banks' profits grew faster than their private sector counterparts, they were still slow to adapt to market conditions.

In the case of banks, interest earned from advances and bills accounts for a significant share of a bank's earnings; analysis shows that for the 12 public sector banks, interest income from advances and bills declined 1.4 per cent in 2021-22. On the other hand, total interest income increased 0.4 per cent compared to 2020-21.

The rise in total interest income, despite income from their core business declining, was due to increased revenue earned from balances with the Reserve Bank of India (RBI).



Those who dream of buying their own home know that buying a home is not an easy task. Besides the cost of the house, there are tons of other costs they have to pay before they can own the house. In such a scenario, a quick home loan might seem like a boon. However, you should know that you must be eligible for a home loan that includes various factors such as location, age, salary, credit score, qualifications, employment status, etc.

Your income or salary is one of the most important factors in determining whether you qualify for a home loan. Although it also depends on different banks, all banks and financial institutions want applicants to earn a certain amount of income before lending them money. The higher your income, the better your mortgage will be. Why is salary so important and how does it affect your mortgage eligibility? Let's find out together.

What is the minimum salary requirement for a home loan?

Loan specialists require each home loan borrower to have a minimum salary to be eligible for a loan. In case your salary is lower than that limit, they may reject the loan or ask you to have a co-borrower to bear the loan obligation. Typically, you must have a monthly salary of Rs 20,000 in case you reside in Mumbai, Pune, Chennai, Bangalore and Delhi. You are moreover eligible for a home loan if you have a monthly salary of Rs 15,000 on the off chance that you live in any other city. However, the minimum salary for home loans can vary based on lenders.

How does your salary affect your housing loan eligibility?

Lenders determine your eligibility for a home loan with several eligibility criteria. Salary is one of the most important factors. Based on your salary and income, lenders determine your ability to repay and your creditworthiness. If you have a low salary, this can directly indicate that you may not be able to repay the loan and default the EMIs. Likewise, if your salary exceeds the required limit, the lender will find you to be a less risky borrower and can offer you an affordable interest rate. Lenders may accept your loan application considering a low salary, as long as other eligibility criteria are met, but will offer you a lower loan amount and a higher interest rate.

Your job profile is moreover crucial in determining your eligibility for a home loan. In case you work in a small-scale organization, in case you are self-employed or in case you have got

a start-up, there may be question in getting a consistent salary. This can be why loan specialists frequently offer higher interest rates to these applicants. On the other hand, if

you're employed by a reputable public sector, multinational or private sector company, you are more likely to get a consistent and timely source of income each month and enjoy favourable conditions higher enough. As a result, your work profile and employer can also decide your home loan approval and interest rate.

Your salary is one crucial home loan eligibility criterion that can make or break your dream of buying a home. Therefore, apply for a home loan only after checking your eligibility. You can use an online home loan eligibility calculator to get instant results.

HOME LOAN ELIGIBILITY

Salary	EMI Per Salary	Actual EMI	Loan Eligibility		
			10 Yr	20 Yr	30Yr
30,000	16,500	7500	5.9 lakh	8.25 Lakh	9.2 lakh
40,000	22,000	13000	10.2 lakh	14.4 lakh	16.2 lakh
50,000	27,500	18500	14.6 lakh	20.5 lakh	23 lakh
60,000	36,000	27000	21.3 lakh	30 lakh	33.5 lakh
70,000	42,000	33000	26.1 lakh	36.7 lakh	41 lakh

Monthly Salary (Rs)	Tenure (Years)	Interest (%)	EMIs (Rs)	Eligible Loan Amount (Rs)
25,000	15	8.4	10,000	10,21,569
35,000	15	8.4	15,750	16,08,971
45,000	15	8.4	20,250	20,68,971
50,000	15	8.4	22,500	22,98,530
55,000	15	8.4	27,500	28,09,314
65,000	15	8.4	32,500	33,20,098
75,000	15	8.4	37,500	38,30,883
85,000	15	8.4	42,500	43,41,667
1,00,000	15	8.4	50,000	51,07,844

How Much Home Loan Can I Get on My Salary?

Typically, salaried people are eligible to get home loans approximately up to 60 times their monthly net income. So, if your monthly net salary is Rs 40,000, you can get a home loan up to around Rs 24 lakhs. Similarly, if you earn ₹35,000 per month, you can get around ₹21 lakhs. An accurate way of arriving at eligibility is to use a home loan eligibility calculator that takes into account many factors other than net monthly income. For quick reference, we've listed popular monthly net income slabs and eligibility to receive the corresponding amounts. These values were calculated using the Home First Home Loan Eligibility Calculator assuming the following conditions:

Rate of Interest: 10% per annum

Tenure: 20 years

Existing EMIs: None

Number of Household Members: 3

Note: If there is more than 1 earning member in a household, the net monthly income of all earning members can be combined to arrive at a higher home loan eligibility amount.

Net Monthly Income (₹)	Loan Amount (₹)
₹ 20,000	₹ 10,36,246
₹ 25,000	₹ 13,73,026
₹ 30,000	₹ 17,09,806
₹ 35,000	₹ 20,46,586
₹ 40,000	₹ 23,83,366
₹ 50,000	₹ 30,56,926

Other Factors Impacting Home Loan Eligibility:

There are several other factors that impact the home loan eligibility apart from the net monthly income. They are as follows:

1. **Age:** Home loans are available to applicants between the ages of 21 and 55, but in general, financial institutions prefer to sanction home loans against the younger population. The reason for this is that younger applicants have a longer working life and therefore a higher chance of repaying a home loan. In the 50s, people could get a lower mortgage amount and in less time.

2. **Employer and Work Experience:** People who work in a reputable institution are more likely to get a home loan because they are considered safer. This ensures timely payment of EMIs. Likewise, if you work in a reputable organization, you may qualify for a higher amount than someone working with a less reputable organization if all other factors are taken into account. is equal. Likewise, your work experience says a lot about your stability and acts as a positive indicator in your job application.

3. **Credit Score:** One of the key factors in determining your eligibility is your repayment history, which also counts towards your credit score. Even if you earn a very good salary, a bad credit score can have a negative impact on your chances of getting a home loan. In general, financial institutions prefer credit scores above 650. A credit score above 750 can also help you negotiate lower interest rates on home loans.

4. **Existing Obligations (also known as Fixed Obligation to Income Ratio or FOIR):** Financial institutions qualify for a person's home loan amount only after considering their current obligations to EMI and the remaining liabilities of other loans they may have been entitled to. benefit from loans like auto loans, consumer durables loans, personal loans, credit cards, etc. . This is done to ensure that home loan users are not burdened with debts and can comfortably make regular EMI payments. FOIR is the percentage of the sum of all existing monthly obligations to his net monthly income. Generally, it must be less than 50% to qualify.

5. **LTV (Loan to Value):** Even if you qualify for a higher home loan in terms of monthly net income, financial institutions only finance up to 75% to 90% of the total cost of the property. This is done to ensure that they have enough buffer to liquidate the underlying asset and recover their funds in the event of default.

6. **Property's Legal & Technical Approval:** When it comes to home loans, the health of the underlying asset is of the utmost importance. Financial institutions have two main evaluation criteria for the property that the applicant is about to purchase. The first is to look at the legal title chain to establish clear ownership and title, and the second is to determine the market value of the property. Both of these valuations are usually performed by an attorney and by an independent appraiser appointed by the financial institution.

Hypothesis testing

H1: People do not prefer private banks over public banks.

H0: People prefer private banks over public banks.

As stated earlier the null hypothesis will be accepted, as a greater number of respondents have voted that majority of consumers or respondents prefer private banks over public banks. About 78.7% from the total 100% respondents voted that they prefer taking a home loan from a private bank than from a public bank. The total responses received were 258.

Preference	Responses received	% of responses
Private Bank	203	78.7%
Public Bank	55	21.3%

As it can be seen in the above analysis, majority of the respondents have voted for a private bank over a public bank i.e., 78.7% of the consumers or respondents stated that they would prefer taking a home loan from private banks and not from public banks. However, 21.3% of the respondents out of the 100% stated that they would choose a public bank to take a home loan from rather than a private bank. Majority of consumers, however, prefer a private bank for home loans over a public bank.

Therefore, null hypothesis (H0) is proved and accepted and the alternative hypothesis (H1) is deemed to be rejected.

H0: Annual income does play an important role in taking a home loan.

H1: Annual income does not play an important role in taking a home loan.

Considering the limited number of questions included, the null hypothesis will be accepted because most consumers or respondents agree that the annual income should be taken into consideration before applying for a home loan. H1 will deemed accepted and H0 will be rejected.

Income Slab(Monthly Bases)	EMI amount(in Percentage of Income)
Upto 25,000/-	40%
Upto 50,000/-	45%
Upto 1,00,000/-	50%
Above 1,00,000/-	55%

Based on the second hypothesis, after relevant data findings.. the conclusion drawn proves that most people/consumers opt for a home loan based on their annual income or their income in general. Consumers do, however, indulge in getting a home loan but the main factor considered while opting for one by most consumers is annual income

Therefore, null hypothesis (H0) is proved and accepted and the alternative hypothesis (H1) is deemed to be rejected.

5) Conclusion, Findings & Suggestions

The research critically examined the customer preference on home loans with regards to private banks and how the level of financial knowledge influences respondents' opinions and decisions on personal finance matters. It also analysed the relationship between the preference of home loans and the respondents' demographic data, characteristics such as: gender, knowledge of home loans, age, benefits , preferences to work, factors to be considered, etc. In addition, the research attempted to make inferences based on the data that was collected about the economic implications of the respondents' preferences regarding home loans, specifically the external consequences and their attitudes and behaviour as well. An attempt was also made to check the impact of home loans that place on the general population in the city of Mumbai.

Findings:

The results suggested that the general population in Mumbai area has a relatively high level of personal financial knowledge about taking or opting for home loans since the average score on a relatively simple question asked about home loan awareness was 91.6% while about 0.8% of the respondents had a score of less than the average score expected. In line with the previous studies' findings one of the weakest areas where respondents score the lowest are with which kinds of banks do they prefer and whether they've opted for an home loan or not. The survey was primarily dominated by male respondents as there were about 67.4% male respondents as against 31.8% who were female respondents. They survey reached out to individuals in the age group of below 21 to above 60 years and majority of the respondents i.e. 45% were of the age between 41-60. Majority of the respondents i.e. 44.2% are undergraduates.

The research also sheds light on the fact that even though Mumbai is a fast moving city and home loans are very common here, only 20.5% of respondents or consumers have taken a home loan in the last 3-5 years. The research also sheds light on the preference of consumers made for opting for loans from different private banks. ICICI bank comes out on the number one position over all when it comes to various aspects of home loans. Consumers prefer opting for loans from their bank.

The research also talks about the various factors that consumers consider while taking a home loan and majority of the population said they consider taking a home loan because of the good interest rates and also for the services provided.

The research shows also continues to show that ICICI bank offers the most benefits and second to that is HDFC bank coming in at second position.

Conclusion and Suggestions:

In conclusion it can be said that the general population are financially literate enough to make relatively good decisions in regards to home loans. A lot of the respondents prefer private banks over public banks. 78.7% of the respondents prefer private banks over public banks. Only 21.3% of the respondents prefer public banks. The research talks about various reasons why people take home loans, Which banks do they assume or believe in offer the most benefits. More than 50.8% of the respondents believe that ICICI Bank offers the most benefits out of all the other private and public banks suggested. ICICI bank is the most reliable as suggested by most respondents. Not only do they believe that ICICI bank is the best in regards with their home loan policy they also believe that they offer better policies and are most reliable. They also believe that they offer the most benefits more than any other bank. People also prefer HDFC bank for their interests and offers. Many respondents that is 47.7% of the respondents or consumers have opted for a home loan to buy an apartment or a stand alone bungalow. The research had a survey conducted on whether consumers prefer floating rate or fixed rate of interest to which respondents answered by saying they mostly preferred floating rates of interest. 57% of the respondents out of the 100% opted for floating rate of interest. The research also talks about how many respondents found various changes in the level in their interest rates while taking a home loan. Majority of the respondents that is 46.5% of the respondents mention how the rate of interest decreased while they were paying off their home loan. 35.7% of the respondents stated how the rate of interest increased while they were paying off their home loans. 17.8% of the participants and respondents proceeded to mention how their interest rates stayed constant during the time of paying off their home loans.

Overall, the results reinforce the importance of respondents carefully monitoring changes in lending standards and interest rates, etc, as well as the importance of borrowers exercising prudence when taking on mortgage loan or a home loan.

In conclusion, home loans provided by private banks can be a convenient and accessible option for those looking to purchase a home. Private banks offer a wide range of loan products with varying terms and interest rates, allowing borrowers to choose a loan that best fits their financial needs. Additionally, private banks may offer more flexible lending criteria than traditional banks, making it easier for some borrowers to qualify for a loan. However, it is important to carefully consider the terms and conditions of any loan before agreeing to it, as well as to ensure that you have a solid understanding of your ability to repay the loan. Overall, private bank home loans can be a viable option for those in need of financing for a home purchase, but borrowers should always do their due diligence and weigh all options before making a decision.

Some suggestions for taking home loans from private banks:

Shop around: It is important to compare different home loan offers from various private banks to find the best interest rates, repayment terms, and overall value.

Check your credit score: Your credit score plays a critical role in determining your eligibility for a home loan and the interest rate you are offered. So, it's a good idea to check your credit score before applying for a loan and take steps to improve it if necessary.

Understand the loan terms: Carefully review the loan terms and conditions, including interest rates, repayment period, prepayment charges, foreclosure charges, and other fees and charges.

Consider the down payment: Generally, private banks require borrowers to make a down payment when taking a home loan. So, you need to consider the down payment requirements and plan your finances accordingly.

Seek professional advice: Consider seeking the advice of a financial advisor or a mortgage broker who can help you navigate the home loan process and choose the best option for your financial situation.

Maintain a good relationship with the bank: Once you have taken a home loan, make sure to maintain a good relationship with the bank by paying your EMIs on time, communicating any issues or concerns, and seeking their assistance if necessary.

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Appendix:

Questionnaire:

* Required

1. Gender *
   - Male
   - Female
   - Prefer not to say
2. Age *
   - Below 21
   - 21 to 40
   - 41 to 60
   - Above 60
3. Status *
   - Single
   - Married
   - Divorcee
   - Widow/ Widower
4. Qualification *
   - SSC
   - HSC
   - Under graduate
   - Graduate
   - Post graduate
5. Occupation *
   - Student
   - Salaried
   - Self employed
   - Retired
   - Other

6. Annual Income *
   - Below 250000
   - 250001 to 500000
   - 500001 to 1000000
   - 1000001 to 1500000
   - Above 1500000
7. Are you aware of home loans? *
   - Yes
   - No
   - Maybe
8. In the past 3-5 years, did you have a mortgage loan? *
   - Yes
   - No
9. Would you prefer taking a loan from a private bank or a public bank? *
   - Private Bank
   - Public Bank
10. Are you aware of the home loan product by any of the following banks *
    - HDFC Bank
    - ICICI Bank
    - Axis Bank
    - Kotak Bank
    - YES Bank
11. Which bank's home loan policy do you find most reliable *
    - HDFC Bank
    - ICICI Bank
    - Axis Bank
    - Kotak Bank
    - YES Bank
12. What attracts you the most while taking a home loan? *
    - Interest rates
    - Services provided
    - Payback period
    - Schemes
    - Other

13. Which private bank do you think offers the most benefits? *

- HDFC Bank
- ICICI Bank
- Axis Bank
- Kotak Bank
- YES Bank

14. What was the reason for taking a loan? *

- to buy property
- to take a new loan on a mortgage free property
- to finance a construction loan
- to refinance an existing mortgage loan
- other (please specify)

15. For what type of property did you get a loan? *

- apartment
- unit in a partly commercial space
- townhouse, row house or villa
- standalone bungalow
- other (please specify)

16. What type of interest would you prefer? *

- Floating
- Fixed

17. What changes did you notice in your interest rate, since the time you got the loan until you closed it? *

- Rate increase
- Rate decrease
- Stayed constant

18. Which bank do you think offers the best rate of interest? *

- HDFC Bank
- ICICI Bank
- Axis Bank
- Kotak Bank
- Yes Bank
- Other

19. How much percentage of monthly gross revenue should be allocated to housing costs and debt repayment? *
    - 34%
    - 43%
    - 51%
    - 62%
    - Don't know
20. What difficulties did you experience while taking a home loan? *
    - Desired loan amount not sanctioned
    - Interest rate dilemma
    - Down payment
    - Title deeds and NOC documentation problems
    - Other
21. Please state your level of agreement for the statement: THE BEST WAY TO FINANCE A HOUSE PURCHASE IS WITH A MORTGAGE *
    - Strongly disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly agree