

# AN ANALYSIS OF IMPACT ON DISBURSEMENT FACTOR WITH REGARD TO BORROWERS' PREFERENCE ON HOUSING LOAN FROM PUBLIC AND PRIVATE SECTOR.

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## INTRODUCTION

Housing sector is one of the priority sectors in India. As we all know that it is the basic necessity need for a home necessitates the requirement of proper source of fund for the same. Housing finance provided by various institutions provide for meeting the housing requirements. Housing finance is mainly offered by various housing finance institutions in both public and private sector. Proper timing in which sanctioned finance is disbursed is extremely important as common man are depending heavily on same. So, this study deals with the key aspect of housing finance which have a major influence on selection of housing finance from public and private sector by customers which is disbursement factor.

## OBJECTIVE

- 1) To Analyse whether proportion of amount of loan disbursed is influenced by the selection of sector whether public or private from housing loan is taken
- 2) To Analyse whether number of instalments for loan disbursement is influenced by the selection of sector whether public or private from housing loan is taken

## METHODOLOGY

The primary data are used to analyse the objectives set for the study. The primary data are collected from the borrowers of selected housing finance institutions in public and private sector in Kerala with a pre-structured Questionnaire. The major players selected from public sector are SBI, Canara Bank, LICHL, GICHL and major players selected from private sector are Federal Bank, ICICI Bank, HDFC Ltd, DHFL.

A sample of 440 respondents are selected ,220 from public sector and 220 from private sector using Multistage sampling technique. At the second stage ,55 respondents from each institution in both public and private sector are selected by non-probability sampling, representing

18 from Trivandrum, 19 from Ernakulam and 18 from Kozhikode for each institution. 500 questionnaires are distributed for data collection.

The data collected through questionnaire were presented using table and charts . The Analysis were carried out using Chi square test .

## HYPOTHESIS

H<sub>1</sub>: The Proportion of amount of home loan disbursed is independent of sector.

H<sub>2</sub>: The number of instalments for loan disbursement is independent of sector.

## ANALYSIS AND INTEPRETATION

**DISBURSEMENT:**The disbursement means the process of releasing the sanctioned loan amount by housing financial institutions to borrowers.

## PROPORTION OF LOAN AMOUNT DISBURSED

The proportion of loan amount disbursed means the percentage of entire amount of loan released to the borrower initially.

**Table No .1 Proportion of Loan Amount Disbursed**

Percentage of loan amount disbursed out of sanctioned		Sector			Pearson Chi-Square					
		Public	Private	Total	Value	df	P Value			
Below 50	Count	0	2	2	20.179	3	<0.001			
	% within sector	0.00%	0.90%	0.50%						
50-60	Count	2	2	4						
	% within sector	0.90%	0.90%	0.90%						
60-70	Count	22	14	36						
	% within sector	10.00%	6.40%	8.20%						
70-80	Count	62	92	154						
	% within sector	28.20%	41.80%	35.00%						
80-90	Count	40	56	96						
	% within sector	18.20%	25.50%	21.80%						
90-100	Count	94	54	148						
	% within sector	42.70%	24.50%	33.60%						
<b>TOTAL</b>	<b>Count</b>	<b>220</b>	<b>220</b>	<b>440</b>						

										sig
	<b>% within sector</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.0%</b>						

Source: Primary Data

With respect to proportion of loan amount disbursed initially, Table No.4.1 shows that majority of the respondents (35%) got 70 to 80% of the loan amount, followed by 33.60% of the respondents got 90 to 100% and only 0.90% of the respondents got less than 50% of the loan amount initially. In the case of public sector HFIs, majority (42.70%) of the respondents are of the opinion that in the first stage 90 to 100% of the sanctioned loan amount is disbursed, followed by 70 to 80% disbursed initially for 28.20% of the respondents, 80 to 90% disbursed for 18.20% of the respondents, 60 to 70% disbursed for 10% of the respondents, only 50 to 60% disbursed for 0.90% of the respondents and below 50% has not disbursed for anyone. In private sector HFIs, that majority (41.80%) of the respondents are of the opinion that in the first stage 70 to 80% of the sanctioned loan amount is disbursed initially, followed by 90 to 100% disbursed for 24.50%, 80 to 90% disbursed for 25.50%, 60 to 70% disbursed for 6.40% and only 50 to 60% and less than 50% disbursed initially for .90% and .50% of the respondents respectively.

To test whether the dependency holds in the population or not, following hypothesis is formulated.

H<sub>1</sub>: The Proportion of amount of home loan disbursed is independent of sector.

The chi square test conducted clearly shows that the statistical value of P 0.001 is less than 0.05. So null hypothesis H<sub>0</sub> is rejected and found that the proportion of amount disbursed out of

sanctioned is dependent of sector.

## NUMBER OF INSTALMENTS OF LOAN DISBURSEMENT

The number of instalments of loan disbursements means procedure adopted by housing finance institution for releasing the entire loan amount to borrowers.

**Table No. 2 Number of Instalments of Loan Disbursement**

No of instalments amount of loan disbursement	Sector			Total	Pearson Chi-Square			
	Public	Private			Value	df	P Value	
1	Count	104	58	162	20.515	2	<0.001	sig
	% within sector	47.30%	26.40%	36.80%				
2	Count	0	2	2				
	% within sector	0.00%	0.90%	0.50%				
3	Count	73	88	161				
	% within sector	33.20%	40.00%	36.60%				
4	Count	43	72	115				
	% within sector	19.50%	32.70%	26.10%				
Total	Count	220	220	440				
	% Within Sector	100.00%	100.00%	100.00%				

Source: Primary data

Table No.2 shows that majority of the respondents (36.8%) got their loan disbursed in one instalment, followed by 36.6% of respondents got their loan amount in three instalments and only .50% of the respondents got their loan disbursed in 2 instalments. In public sector HFIs, majority (47.30%) of the respondents got their housing finance disbursed in one instalment, 33.20% of the

respondents got their loan amount in three instalments, 19.50% of the respondents got their loan amount in four instalments and none got their loan amount disbursed in two instalments. In private sector HFIs, majority (40%) of the respondents got their housing finance disbursed in three instalments, 32.70% of the respondents got their loan amount in 4 instalments, 26.40% of the respondents got their loan amount in one instalment and .90% of the respondents got their loan amount disbursed in two instalments.

To test whether the dependency holds in the population or not, the following hypothesis is formulated.

$H_{0K}$ : The number of instalments for loan disbursement is independent of sector.

The chi square test conducted clearly shows that the statistical value of P 0.001 is less than 0.05. So, the null hypothesis  $H_{0K}$  is rejected and found that the number of instalments for disbursement of loan amount is dependent of sector.

## FINDINGS AND CONCLUSIONS

The Chi square test indicates that the proportion of amount disbursed out of sanctioned changes with respect to selection of HFIs from each sector (P Value 0.001 <0.005). The analysis also shows that, in public sector HFIs, large number (42.70%) of the respondents are of the opinion that, in the first stage 90 to 100% of the sanctioned loan amount is disbursed, followed by 70 to 80% for 28.20% of the respondents. whereas in private sector HFIs, most (41.80%) of the respondents are of the opinion that in the first stage 70 to 80% of the sanctioned loan amount is disbursed and 90 to 100% for 24.50% of the respondents. So, it is inferred that the public sector HFIs disburses higher proportion of loan amount than private sector HFIs.

The chi square test shows that the number of instalments for loan disbursement changes with respect to selection of HFIs from each sector (P Value 0.001 <0.005). The study of number of instalments for loan disbursement reveals that in public sector HFIs, most (47.30%) of the respondents have got their housing finance disbursed in one instalment, 33.20% of the respondents got in 3 instalments and none got in two instalments. In private sector HFIs, majority (40%) of the respondents have got their housing finance disbursed in 3 instalments, 32.7% of the respondents got in 4 instalments and .90% of the respondents got in two instalments. So, the study clearly

depicts that the number of instalments for loan disbursement is relatively less in public sector HFIs compared to private sector HFIs.

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