CHALLENGES OF COMMERCIAL BANKS TO PROVIDE HOUSING FINANCE

(A Comparison between Commercial banks in Andhra Pradesh)

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ABSTRACT: A basic necessity like food, clothing and house to live in is needed for everybody. A house isn't just a place to secure the people from climate yet in addition a workshop where human endeavours are set up for future. The requirement for housing in our country has been developing at an incredible grown in previous years. The issue of shortage of housing develops at disturbing extents in India with the fast pace of increment in populace, urbanization, nuclear family structure increasing cash flows and income salary and so forth and so on. The RBI is also had been taking various types of programmes for grown the commercial banks. But in our country to provide the housing finance to the peoples all public and private sector banks are facing different types of problems from them. In this article the investigator focussed on what are the problems facing by the commercial banks from the customers. Here primary data and secondary data used for analysis and some statistical tools used to know the accuracy in the problems.

Key words: House, Urbanization, Housing Shortage, Reserve Bank, Commercial Banks, Urbanization,

INTRODUCTIN:

Housing finance is gaining importance in the finance sector of the India. It is growing rapidly since last two decades due to government support and increasing per capita income of the public. Past privatisation of banking sector and more competitive products has made housing finance much more affordable to the middle class segment of the society but still certain limitations which is not allowing this sector to grow as much as it developed in western countries.

REVIEW OF LITERATURE

➢ SIivaji.k (2018), authors focussed on the threats and difficulties of Housing Finance Corporations in our country and financial position of the banks. The authors given some suggestions also.

➢ Sravani T (2020), In this article the investigator concentrated on various customers problems to get housing finance from the commercial banks.

RESEARCH METHODOLOGY

Primary Data: Primary data gathered through the structured questionnaire and distributed it among employee's, Proper information is gathered to do the study. 30 employees from public and private sector banks gave their valuable suggestions and participated in the survey. The questionnaire consist the different problems faced by banks and customers by giving hosing loans. The outcome of the analysis is employees are facing various problems at time of provide housing loans and availing housing finance. On the basis of their responses, some questions are modified and the modified questionnaire is finally canvassed among the 136 employees are selected for the study.

Secondary Data : There was extensive use of secondary information in the form of books, articles published in magazines, journals, newspaper, reports of Banks, websites, circulars, pamphlets of the banks, clippings etc.

Selection of the banks
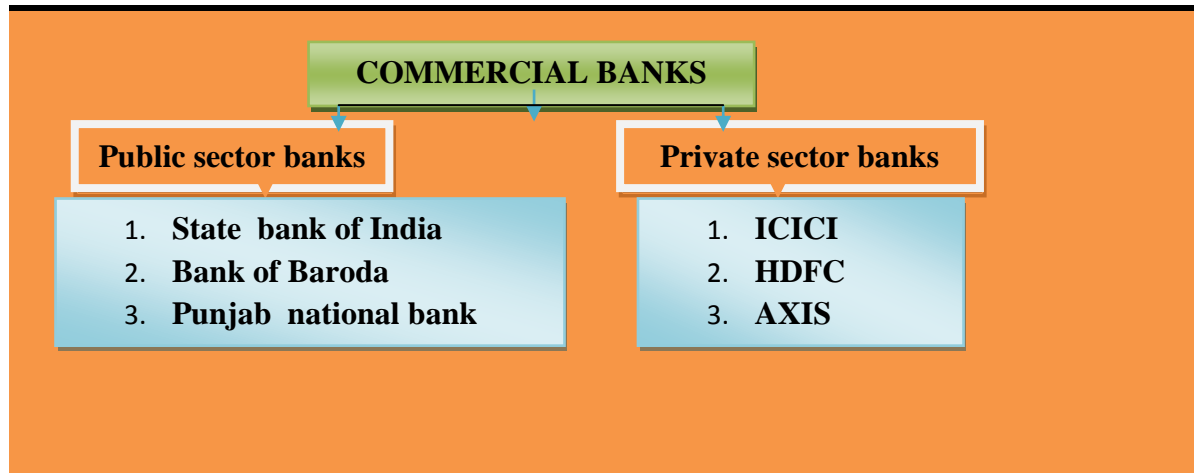
For the research the researcher required approval from banks for conducting the survey. The letters were sent to various banks seeking approval few banks gave approval to conduct survey with the employees through questionnaire. The criteria of selection the banks is given below.

     No. of branches in Guntur district.

1. The customer base and net worth of select banks in study area.

2. Ranks given by the concerned authorities like RBI.,

COMMERCIAL BANKS

Public sector banks
1. State bank of India
2. Bank of Baroda
3. Punjab national bank

Private sector banks
1. ICICI
2. HDFC
3. AXIS

OBJECTIVES:

1. To study the growth and development of housing finance system in India
2. To study the various problems of commercial banks in housing finance sector.
3. To offer constructive suggestions to help development of a more effective housing system in India.

SCOPE OF THE STUDY

The research focuses on the challenges faced by selected banks in housing finance. A comparison among public and private sector banks in Andhra Pradesh, Guntur district by taking State Bank of India, Bank of Baroda, Panjab National Bank and ICICI, HDFC, and AXIS.

SAMPLE SIZE

Banks	Number of Sample Employees			
Public Sector banks	**Managers**	**Asst, Managers**	**Field officers**	**Total**
State Bank of India	9	13	18	40
Bank of Baroda	6	9	12	27
Punjab National Bank	4	7	10	21
Total	**19**	**29**	**40**	**88**
Private Sector Banks				
ICICI	4	6	10	20
HDFC	4	5	8	17
AXIS	3	3	5	11
	11	**14**	**23**	**48**
Total				**136**

Sampling Technique: The Investigator as chosen stratified random sampling for employees because the investigator visited few branches of the selected public and private sector banks in the guntur district. The sample of employees consists of Managers, Assistant manager and Field officers. To ensure the authenticity of the sample to match with the population employees with five years or more experience are considered for constructive opinions and proper study.

Analysis of data:

To draw meaning full conclusions ""Statistical Package for Social Sciences" (SPSS)" is used to build constructive two way tables, graphs and charts. The analysis helped to compare and know the obstacles faced by employees in housing finance. The analysis is done by using three banks from public sector and three from private sector.At last the differences between different variables were tested by using the Average, Variance, T- test, Anova, and Co-relation. These tools may be explained briefly.

DATA ANALYSIS

1. Which of the following documents do you insist for the submission?

S. NO	Insisting documents	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		Bank of Baroda		PNB		ICICI		HDFC		AXIS	
		N=136	%	N=40	%	N=27	%	N=21	%	N=20	%	N=17	%	N=11	%
A	Salary Certificate	44	32.4	13	32.5	9	33.3	7	33.3	5	25.0	6	35.3	4	36.4
B	Land Documents	55	40.4	14	35	10	37.0	10	47.6	9	45.0	7	41.2	5	45.5
C	Adangal	23	16.9	6	15	6	22.2	3	14.3	4	20.0	3	17.6	1	9.1
D	Others	14	10.3	7	17.5	2	7.4	1	4.8	2	10.0	1	5.9	1	9.1
	Total	136	100	40	100	27	100	21	100	20	100	17	100	11	100

Source: Primary Data

Interpretation: From the above table 1. It shows that 40.4% of respondent's assessment is banks firmly demanding the land record for authorize home advance,. On account of public area relies upon normal 61.81% of respondents assessment is banks emphatically assembling land archives and just 38.19% of private area bank respondents concurred.. Scarcely any clients from the both public and private area banks employees gave the adangal and different reports.

Graph 1. Insisting documents
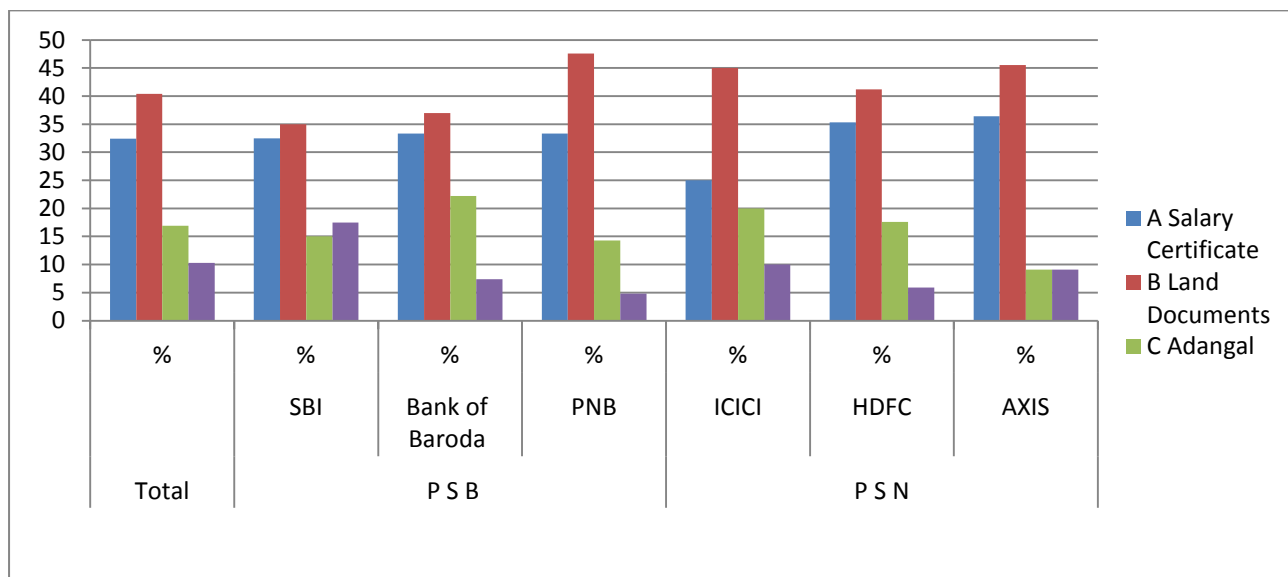
Statistical Data:

Anova: Two-Factor Without Replication				
SUMMARY	*Count*	*Sum*	*Average*	*Variance*
A) Salary Certificate	6	44	7.4	10.7
A) Land Documents	6	55	9.2	9.4
C) Adangal	6	23	3.7	3.8
D) Others	6	14	2.4	5.5
SBI	4	40	10.0	16.7
BANK OF BARODA	4	27	6.8	12.9
PNB	4	21	5.3	16.3
ICICI	4	20	5.0	8.7
HDFC	4	17	4.3	7.6
AXIS	4	11	2.8	4.25
PUBLIC SECTOR BANKS	4	88	22.0	128.7
PRIVATE SECTOR BANKS	4	48	12.0	56.7

ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Rows	177	3	59	40.2	2.07E-07	3.2
Columns	124.4	5	24.8	16.9	1.06E-05	2.9

Error	22	15	1.4			
Total	323.3333	23				

ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Rows	531	3	18	21.3	0.01	9.2
Columns	200	1	200	24	0.01	10.1
Error	25	3	8.4			
Total	756	7				

Inference: There is a huge contrast in amounts of workers of different banks as far as their reaction to the class of the inquiry. There is a huge distinction in amounts of representatives of public versus private area banks as far as their reaction to the class of the inquiry. The majority of the representatives demanded the clients about Land Documents. H1 is dismissed w.r.t the workers of public versus private areas. There is a huge distinction in amounts of respondent representatives as far as their having a place with different banks. The majority of the respondent representatives are with SBI.There is a significant difference in quantities of respondent employees in terms of their belonging to public vs. private sector banks. Most of the respondent employees are with public sector banks.

Correlation:

	PUBLIC SECTOR BANKS	*PRIVATE SECTOR BANKS*
PUBLIC SECTOR BANKS	1	
PRIVATE SECTOR BANKS	0.98	1

Almost perfect correlation is observed between public vs. Private sector banks in terms of the views of the respondent employees.

2. Which of the following documents did the customers failed to submit?

S. NO	Documents failed to submit	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		Bank of Baroda		PNB		ICICI		HDFC		AXIS	
		N= 136	%	N= 40	%	N= 27	%	N= 21	%	N= 20	%	N= 17	%	N= 11	%
A	Salary Certificate	18	13.2	4	10	8	29.6	3	14.3	1	5.0	1	5.9	1	9.1
B	Land Documents	28	20.6	12	30	6	22.2	5	23.8	2	10.0	2	11.8	1	9.1
C	Adangal	23	16.9	2	5	2	7.4	3	14.3	6	30.0	6	35.3	4	36.4
D	Others	67	49.3	22	55	11	40.7	10	47.6	11	55.0	8	47.1	5	45.5
	Total	136	100	40	100	27	100	21	100	20	100	17	100	11	100

Source: Primary Data

Interpretation: The above table II portrayed the data identifying with the clients are neglected to submit archives to get the home credits. As per this data it is seen that from the all out respondents 49.3% of employees said that clients neglected to present different testaments, it is trailed by the 20.6% of employees told clients neglected to present the land reports and 16.9% of respondents communicated clients neglected to submit adangal authentication and just 13.2% of employees assessment is clients neglected to present the compensation endorsement too. Here it is seen that among the public area counts on normal 49.5% of respondent's viewpoint is clients neglected to present different reports and just 17.86% of private respondents likewise concurred that.

Graph 2. Documents of customers are failed to submit
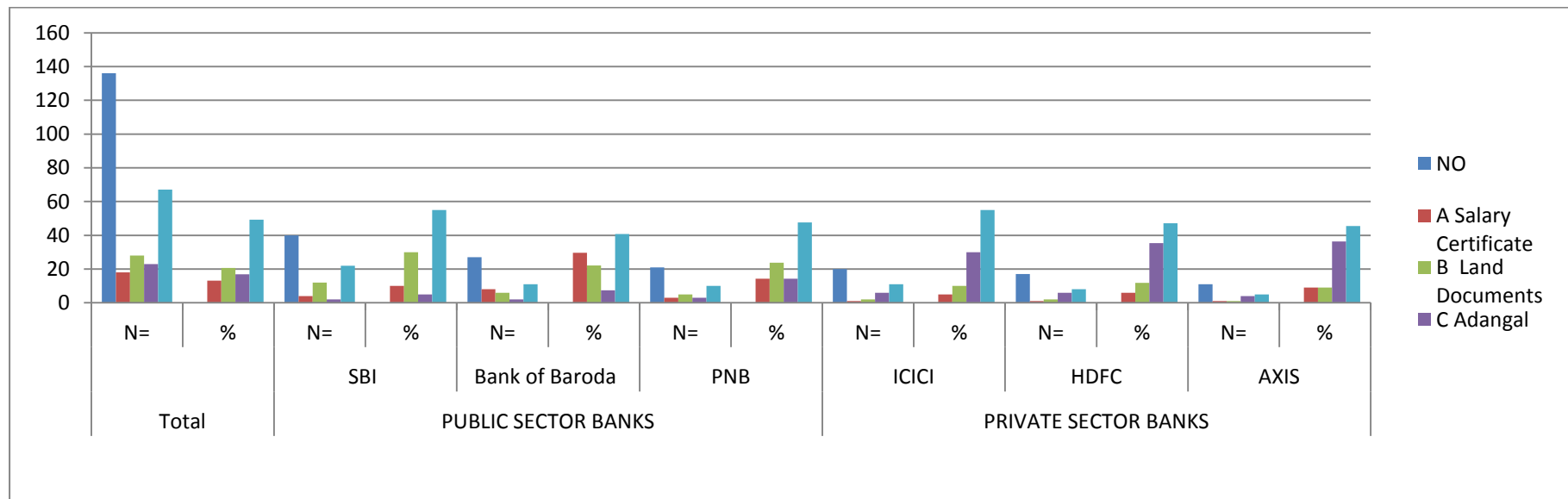
3. What are the Problems faced by the banks at the time of receiving documents?

	PUBLIC SECTOR BANKS																																								
	SBI												BANK OF BARODA												PNB											
Problems	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%
1	16	40.0	13	32.5	7	17.5	2	5	1	2.5	1	3	9	33.3	7	25.9	6	22.2	3	11.1	1	3.7	1	3.7	8	38.1	6	28.6	3	14.3	2	9.5	1	4.8	1	4.8
2	5	12.5	7	17.5	11	27.5	7	17.5	6	15	4	10	4	14.8	3	11.1	2	7.4	6	22.2	8	29.6	4	14.8	3	14.3	5	23.8	4	19.0	3	14.3	4	19.0	2	9.5

3410

	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%
3	4	10.0	3	7.5	3	7.5	8	20	10	25	12	30	3	11.1	6	22.2	4	14.8	3	11.1	5	18.5	6	22.2	1	4.8	1	4.8	2	9.5	5	23.8	5	23.8	7	33.3
4	2	5.0	4	10	5	12.5	6	15	9	22.5	14	35	2	7.41	4	14.8	7	25.9	5	18.5	5	18.5	4	14.8	2	9.5	2	9.5	6	28.6	5	23.8	3	14.3	3	14.3
5	12	30.0	10	25	9	22.5	5	12.5	3	7.5	1	3	7	25.9	6	22.2	5	18.5	3	11.1	3	11.1	3	11.1	6	28.6	5	23.8	4	19.0	3	14.3	1	4.8	2	9.5
6	1	2.5	3	7.5	5	12.5	12	30	11	27.5	8	20	2	7.41	1	3.7	3	11.1	7	25.9	5	18.5	9	33.3	1	4.8	2	9.5	2	9.5	3	14.3	7	33.3	6	28.6
	40	100	40	100	40	100	40	100	40	100	40	100	27	100	27	100	27	100	27	100	27	100	27	100	21	100	21	100	21	100	21	100	21	100	21	100

PRIVATE SECTOR BANKS

Problems	ICICI												HDFC												AXIS												
	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%	R1	%	R2	%	R3	%	R4	%	R5	%	R6	%
1	2	10.0	4	20	5	25	3	15	2	10	4	20	1	5.9	1	5.9	1	5.9	3	17.6	5	29.4	6	35.3	1	9.1	3	27.3	2	18.2	2	18.2	2	18.2	1	9.1
2	6	30.0	4	20	5	25	3	15	1	5	1	5	4	23.5	5	29.4	4	23.5	2	11.8	1	5.9	1	5.9	2	18.2	2	18.2	3	27.3	2	18.2	1	9.1	1	9.1
3	2	10.0	4	20	3	15	2	10	5	25	4	20	1	5.9	3	17.6	3	17.6	4	23.5	3	17.6	3	17.6	1	9.1	2	18.2	1	9.1	2	18.2	2	18.2	3	27.3
4	1	5.0	2	10	2	10	6	30	6	30	3	15	3	17.6	2	11.8	2	11.8	3	17.6	4	23.5	3	17.6	1	9.1	1	9.1	1	9.1	3	27.3	1	9.1	4	36.4
5	8	40.0	4	20	4	20	2	10	1	5	1	5	6	35.	4	23.	4	23.	1	5.9	1	5.9	1	5.9	5	45.	2	18.	1	9.1	1	9.1	1	9.1	1	9.1

		0										3		5		5										5		2								
6	1	5.0	2	10	1	5	4	20	5	25	7	35	2	11.8	2	11.8	3	17.6	4	23.5	4	23.5	2	11.8	1	9.1	1	9.1	3	27.3	1	9.1	4	36.4	1	9.1
		20	100	20	100	20	100	20	100	20	100	20	0	17	100	17	100	17	100	17	100	18	106	16	94	11	100	11	100	11	100	11	100	11	100	11	100

1. 30 years link documents 2. Right off family members 3. Property tax receipts 4. Encumbrance certificate 5. Family generation certificate 6. Plan document proceedings.

Interpretation: The above data is relating to the problems faced by the banks at the time of receiving documents is shown in the table III. Based on this information the respondents all asked to give the ranks for the aspects mentioning in the questioner .Majority of the respondents are have given1st and 2nd rank was given to the 30 years link documents, 3rd rank given to the right of family members and emcombersment certificate , 4th rank was given to the plan documents 5th and 6th ranks given by the respondents to the plan documents proceedings and property tax whereas it was observed some significant differences among both banking sectors majority of the private respondents given top rank(1st) to the family generation certificate, 2nd and 3rd rank was given to the right of family members certificate,30 years link documents, property tax and 4th and 5th ranks given to the emcombersment certificate and last rank given to the 30 years link documents, plan documents and emcombersment certificate.

Statistical data:

Anova: Two-Factor Without Replication					
SUMMARY	*Count*	*Sum*	*Average*		*Variance*
1. 30 years link documents	6	71	11.8		101.8
2. Right off family members	6	50	8.3		7.5
3. Property tax receipts	6	31	5.1		6.9
4. Encumbrance certificate	6	26	4.3		2.7
5. Family generation certificate	6	75	12.5		25.9
6. Plan document proceedings.	6	19	3.1		0.5
SBI	6	80	13.3		100.7
Bank of Baroda	6	54	9		22.8
PNB	6	42	7		23.2
ICICI	6	40	6.7		13.5
HDFC	6	34	5.7		9.8
AXIS	6	22	3.7		3.5

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	472.3	5	94.5	5.9	0.91	2.602987
Columns	331.6	5	66.2	4.6	0.19	2.602987
Error	395.2	25	15.9			
Total	1198.9	35				

The difference between the views of the respondents w.r.t problem is significant. The dominating problem is "Family generation certificate"The difference between the views of the respondents' w.r.t bank is significant. More response is from SBI and Bank of Baroda s.

correlation

	PUB	*PRI*
PUB	1	
PRI	0.425686	1

**Inference**: The correlation between public and private sector banks is low.

4. Which of the following factors do you consider for sanction of home loans?

S. NO	Factors considered	Total		PUBLIC SECTOR BANKS						PRIVATE SECTOR BANKS					
				SBI		Bank of Baroda		PNB		ICICI		HDFC		AXIS	
		N= 136	%	N= 40	%	N= 27	%	N= 21	%	N= 20	%	N= 17	%	N= 11	%
A	Character	8	5.9	2	5	1	3.7	2	9.5	1	5.0	1	5.9	1	9.1
B	Capacity	34	25.0	4	10	3	11.1	2	9.5	11	55.0	8	47.1	6	54.5
C	Previous Performance	27	19.9	10	25	8	29.6	4	19.0	3	15.0	1	5.9	1	9.1
D	Value of Assets	67	49.3	24	60	15	55.6	13	61.9	5	25.0	7	41.2	3	27.3
	Total	136	100	40	100	27	100	21	100	20	100	17	100	11	100

Source: Primary Data

Interpretation: The above table IV shows the information relating to the factors considered by the bank for sanctioning home loan. According to this information from the total respondents 49.3% of employees considered value of assets and it is followed by 25.0% employees considered capacity of borrower and only 5.9% of respondents told that they are considered character. It is found in the case of public sector banks on average 77.36% of respondents considered value of the assets and in the case of private sector banks only 22.39% of respondents agreed the opinion of public. Based on the above analysis among the public sector banks particularly in PNB 61.9% of respondents said that banks considered value of assets and a different comment is observed in private sector banks 55.0% of ICICI bank considered the capacity of the borrowers. So the researcher observed that majority of the public sector banks considered the value of asset and majority of the private sector banks considered that capacity of the borrower to sanctioning home loan.

Graph 4. Factors considered for sanctioning home loan
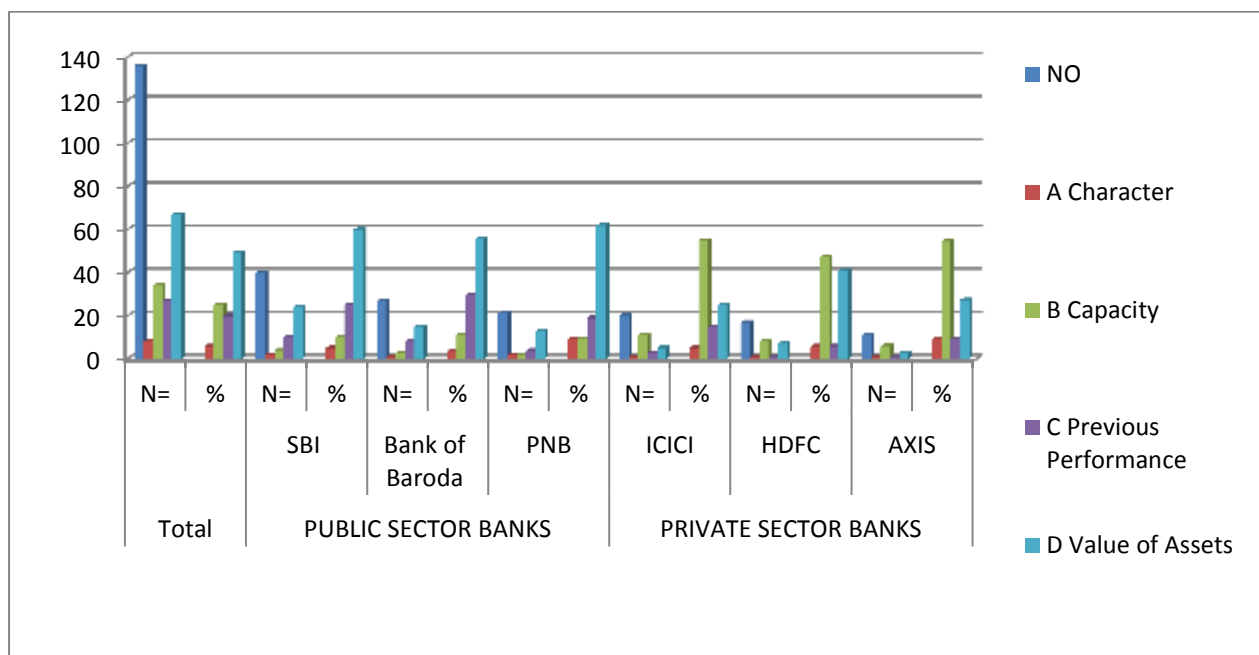
Statistical Data:

Anova: Two-Factor Without Replication				
SUMMARY	*Count*	*Sum*	*Average*	*Variance*
A) Character	6	8	1.333333	0.266667
A) Capacity	6	34	5.666667	11.46667
C) Previous Performance	6	27	4.5	13.9
D) Value of Assets	6	67	11.16667	60.96667
SBI	4	40	10	98.66667
BANK OF BARODA	4	27	6.75	38.91667
PNB	4	21	5.25	27.58333
ICICI	4	20	5	18.66667
HDFC	4	17	4.25	14.25
AXIS	4	11	2.75	5.583333
PUBLIC SECTOR BANKS	4	88	22	452.6667
PRIVATE SECTOR BANKS	4	48	12	102.6667

ANOVA					
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Rows	302.3333	3	100.7778	4.897408	0.014389	3.287382
Columns	124.3333	5	24.86667	1.208423	0.352215	2.901295
Error	308.6667	15	20.57778			
Total	735.3333	23				

ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Rows	907	3	302.3333	1.194993	0.44352	9.276628
Columns	200	1	200	0.790514	0.439441	10.12796
Error	759	3	253			
Total	1866	7				

Inference: There is a critical contrast in amounts of representatives of different banks as far as their reaction to the class of the inquiry. Most affecting variable is "Worth of Assets" while endorsing home advance. There is no critical distinction in amounts of workers of public versus private area banks as far as their reaction to the classification of the question.H1 is acknowledged w.r.t the representatives of public versus private sectors.There is no critical distinction in amounts of respondent workers as far as their having a place with different banks.

There is a significant difference in quantities of respondent employees in terms of their belonging to public vs. private sector banks.

Correlation:

	PUBLIC SECTOR BANKS	*PRIVATE SECTOR BANKS*
PUBLIC SECTOR BANKS	1	
PRIVATE SECTOR BANKS	0.114421	1

Low correlation is observed between public vs. Private sector banks in terms of the views of the respondent employees.

FINDINGS:

1. It was found that both public and private sector banks have many similarities regarding the type of documents they demand to sanction a loan. From the details given by the employees of the private and public sector banks, it is observed that they demand land documents and salary certificate for loan sanction. It is concluded that generally to sanction the home loan, banks insist taking surety signature or required documents for their safety.

2. It is very interesting to see a different opinion was found in the both banking sector. Most of the public sector banks criteria is to consider the value of property but most of the private sector banks criteria is to consider the customer's salary or income to sanction home loan. It is concluded that every banks follows their own criteria for sanction home loan.

SUGGESTIONS

1. Government must put the cap on interest rate on housing finance for banks and NBFC's to encourage housing finance.

2. New products for housing finance loans considering the varied needs of the customers need to be considered. Government should take necessary steps to avoid delay in obtaining loan sanction for construction from local authority.

CONCLUSION

The study entitled Challenges of Commercial Banks to Provide Housing Loans (A comparison among public and private sector banks in A.P.) is a good attempt to know the problems of bank to sanction housing loans to their.

SCOPE FOR FURTHER RESEARCH

The current analysis covered in Andhra Pradesh only. As India is a vast and heterogeneous country. It would be appropriate to test the measures in other parts of India for improving the reliability and validity of the scale undertaken in the study. Moreover, only few aspects of problems faced by the applicants have been studied, research could be done considering many other problems as well.

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3. Dr. Minakshi Duggal (2017)[95] The Indian housing fund industry is overwhelmed with various players, both of all shapes and sizes. The regions secured by these establishments go from government associations, banks, and helpful social orders to specific Housing Finance Institutions (HFIs). The present paper endeavours to gauge the level of rivalry of chose housing account organizations in India with the assistance of Herfindahl-Hirschman Index, prominently known as HH list.