



A STUDY ON HOUSING FINANCE AGENCY'S WITH SUBJECTED TO BANKING POLICIES IN HYDERABAD

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ABSTRACT

Housing is one of the basic dream where every person of India have. Adequate housing is important for human survival with dignity. Dream House or shelter is the basic requirement of human being. This is agreed by the civilized society. Housing is an enigma to the developing countries; it is simultaneously the typical problem to offer the explanation for social housing schemes. Though shelter was enshrined as a basic right in the constitution, housing did not get the attention it reserved. In the light of bank reforms and government encouraging banking sectors to recognize housing finance sector and its significance in lending. After 1990s all public sector banks were stressed with NPA problem. The housing shortage is increasing day by day as a proportion to the huge increase in population. Today, there are more than 350 lodging money organizations enrolled with the enlistment center of organizations of these 29 have been endorsed by NHB for budgetary help. Lodging account segment is most astounding developing fragment of the retail financing segment with a huge amount of tax reductions and sharp cut in of cost of owing lodging, to purchase a house is less demanding. The offices of open area lodging account organizations, Private segment lodging organizations and banks are rivals in lodging money showcase. Each native of the nation longs for having his own home. It is the bounden obligation of the legislature to give house to the houseless. Considering the foremost significance of lodging, government no uncertainty considered.

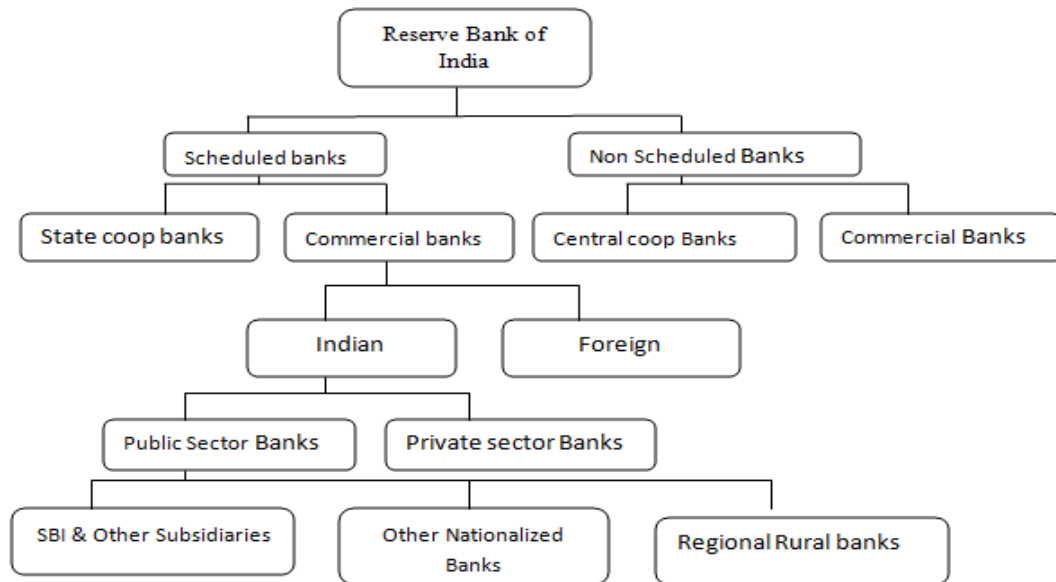
KEYWORDS: *Housing financing agencies, private and public sector, and housing finance of India.*

INTRODUCTION

India has commence so many housing reform that has taken many forms and manifestations characterized by the decrease in social allocation, cutbacks in public funding and promotion of a real estate culture in close partnership between the state and private actors. Home loans, also called as mortgages, make use of the borrower's home for collateral. This home can be a single-family home up to a four-unit property, as well as a condominium or cooperative unit. Lenders fund home loans, but both the lenders themselves and brokers who act on behalf of the lenders originate, or process, them. Home loans came into widespread use in the United States in the boom years of the late 1800s. Since the average person usually cannot afford to pay cash for something as pricey as a home, lenders began offering loans for the dissimilarity Study of Home Finance in India with subjected to

private and public sector between the purchase price of a home and the cash down payment supplied by the buyer.

Banks usually offer either of the following loan options, Floating Rate Home Loans and Fixed Rate Home Loans. Tax advantage on the loan, Resident Indians are qualified for certain tax profit on both principal and interest components of loan installments under the Income Tax Act, 1961. Section 80C and Section 24B grant income tax rebates to people who have taken home loans.



Research Objectives:

- To study about Home financing agency's in Hyderabad
- To learn the loan disbursement procedure with subjected to different organization.
- To examine the Trends in Home Finance in Hyderabad
- To give some significant recommendations to improve the quick way of loan disbursement.
- To learn the significance of Home finance in Hyderabad.
- To examine the various institutions providing home finance in Hyderabad.
- To explain the marketing strategies practicing by the housing financial institutions.
- To compare marketing strategies of public and private sector banks in housing finance.
- To suggest measures to make housing finance more efficient of both public and private sector banks.



Various Housing finance agencies in Hyderabad:

Banking Sector

Indian Banking framework has experienced significant changes amid the period. It has changed the working of the banks as well as affected exceptionally on the proficiency, adequacy and the efficiency of the Indian banks. The push of the changes was on expanding operational proficiency, reinforcing supervision over banks, making aggressive conditions and creating mechanical and institutional foundation. These measures prompted the Improvement in the budgetary wellbeing, soundness and effectiveness of the keeping money framework.

List of Public Sector Banks in Hyderabad:

Central Bank: 1. Reserve Bank of India (RBI)

Public Sector Banks (Nationalized banks): State Bank of India (SBI), State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra, State Bank of Travancore, Bank of India, Canara Bank, Central Bank of India, Corporation bank, Indian Bank, Indian overseas bank, Syndicate Bank, UCO Bank. Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of Maharashtra, Dena Bank, Oriental Bank of Commerce, Punjab & Sind Bank, Union Bank of India, United Bank of India, Vijaya Bank, IDBI Bank.

List of the new private sector banks in Hyderabad:

Axis Bank, HDFC Bank, DCB Bank, ICICI Bank, IndusInd Bank, IDFC Bank, City Union Bank, DCB Bank, Federal Bank, Karur Vysya Bank, Lakshmi Vilas Bank, South Indian Bank, YES Bank, Bandhan Bank.

Meaning of Home Loan

Home advances, likewise called as home loans, utilize the borrower's home for insurance. It can be a solitary family house up to a four-unit property, and additionally a townhouse or helpful unit. Money Lenders support home credits, yet both the banks themselves and dealers who follow up for the benefit of the loan specialists begin, or process, them.

History of Home Loan

Home credits came into far reaching use in the United States in the blast a long time of the late 1800s. Since the normal individual more often than not can't stand to pay money for something as costly as a home, banks started offering credits for the distinction between the price tag of a home and the money up front installment provided by the purchaser. These credits were intrigue just

advances of in the vicinity of 5 and 10 years that were expected in full toward the complete of the advance term. Property holders would re-fund the advance toward the complete of each term or set aside enough money to pay off the advance meanwhile. The Great Depression and its subsequent fore-terminations requested a move to the cutting edge amortized contract, which arranges installments into both central and intrigue parcels. These 15-to 30-year advances pay off the home by the completing of the advance term.

Significance

Without the help of home loans, most indians could not afford to purchase a home. The housing sector and related industries is a large share of the Hyderabad. Gross domestic product (GDP). According to the National Association of Home Builders, the housing industry as a whole contributes about 17 % -18 % of the nation's GDP. In fact, housing was largely dependable for the strong economic state of the Hyderabad all over the early to 2015 and disguised a basically weak economy.

Function

The most common purpose of a home loan is to offer the funds a buyer needs to purchase a home. Home equity loans allow a home-owner to borrow against the difference between the home's value and the current loan balance, or equity. Investor loans allow buyers to purchase homes as rental properties or to fix up and sell at a profit.

Home Loans Types

The two most broadly utilized home advances sorts are settled rate credits and flexible rate advances. A settled rate advance keeps a similar financing cost for the life of the credit, which implies that the primary and intrigue bits of the regularly scheduled installment remain the same. Flexible rate contracts begin with a lower loan cost for the initial couple of years and after that change in accordance with showcase rates after the underlying time frame is finished. Tops are set on how much the rate can alter at any given time, and additionally on how much the rate can increment over the term of credit. This implies the main and intrigue segments of the regularly scheduled installment change over and again through the span of credit. There are different sorts of home advances customized to address our issues. Here is a rundown of few:

Home Purchase Loans: This is the essential home loan for the buying of a new home.

Home Improvement Loans: These loans are given for implementing the repair works and renovations in a home that has already been purchased.

Home Construction Loan: This loan is existing for the construction of a new home.

Home Extension Loan: This is given for expanding or extending an existing home. For eg: addition of an extra room etc.

Home Conversion Loan: : This is accessible for the individuals who have financed the present home with a home advance and wish to purchase and move to another home for which some additional assets are required. The current advance is exchanged through the home transformation advance, to the new home including the additional sum required, disposing of the need of pre-installment of the past credit.

Land Purchase Loans: This loan is existing for purchase of land for either construction or investment purposes.

Bridge Loans: Bridge loans are designed for people who wish to sell the existing home and purchase another one. The bridge loans help finance the new home, until a buyer is found for the home.

Effects

Because home loans are a large share of the financial situation of the majority of people, taking the time to determine the right type of loan and to investigate terms is necessary for any home buyer or owner. Government law elevates the customer's capacity to look for the best advance by expecting banks to give imminent borrowers Good Faith Estimates and Truth. In Lending (TIL) proclamations that unveil and organize the conditions and expenses related with a credit.

Home loan Process

With the expanding rivalry in the market for commitment of Home Loans, the generally repetitive procedure of benefiting credits has gone a gigantic change in the current years. Be that as it may, there is still some procedure engaged with the obtainment of Home advance. It is sensible for borrower to first take a gander at the diverse stages required for acquiring a Home Loan. Here is well ordered methodology of acquiring home advance.

Step 1: Application form

The first step involved in applying for home loan is the procurement of application form from the HFC of applicant's choice. The Performa of application of every HFC (Housing Finance Companies) is dissimilar from the other but about 80percent information is necessary to be furnished is the same. Along with the application form necessary documents such as address proof, age proof, proof of income, bank balance etc. are also to be attached with the application form before it is

submitted to the HFC. Along with all these documents HFCs also ask for processing fee of the home loan that varies 0.25% to 0.50% of the total loan amount.

Step 2: Personal Discussion

After successfully filling the application form and submitting it to the authority the next step is face to face with bank or HFC where you have applied for the home loan. The bank first evaluates the papers which we submitted and summons the applicant for the personal discussion regarding the home loan applied.

Step 3: Bank's Field examination

The next step is the field examination done by the HFC or banks. They send representatives to the existing residence of the applicants or their offices for the validation of the papers submitted. This is the essential part for the banks to establish the trust with the applicants.

Step 4: Credit review by the bank and loan sanction

This is the break stage of the process. The bank or HFC will establish repayment capacity based on applicant's income, age, qualifications, experience, employer, nature of business etc. to access credential. The bank can reject loan application if any difference is found at this stage. But if everything goes according to the conditions negotiated by the parties then the bank or HFC sanction the loan that may be unconditional or with some conditions levied.

Step 5: Offer Letter

After the sanction of the Home Loan, the candidate gets offer letter from the bank or HFC with the subsequent details.

Loan amount, Rate of Interest, fixed or variable ROI, Tenure of the loan, Mode of Repayment general terms and conditions of the loan, Special conditions etc. If the terms and conditions are agreed the candidate has to sign the duplicate copy of the offer letter and that is to be submitted to the Bank or HFC.

Step 6: Submission of legal documents & legal check

The bank or the HFC now asks for the legal documents of the property involved for applying home loan. All the legal documents of the property involved have to be submitted. The bank does all the legal checks on the property. The documents remain with the bank until the refund of the Home loan.

Step 7: Technical / Valuation check

The Banks or HFC then go about the technical valuation of the property. The experts of the bank visit the site to be purchased and value it as per the existing rules and regulations. The valuation of the property is the most significant aspect that the bank considers before financing any property.

Step 8: Property documents Registration

After the legal and technical valuation of the property the draft documents has to be cleared by the lawyer, stamping and registration of the documents is needed.

Step 9: Agreements signing and submitting post-dated cheques

Now it is time of the final agreement signing of the home loan. After the agreement signing a bunch of Post dated cheques are to be submitted.

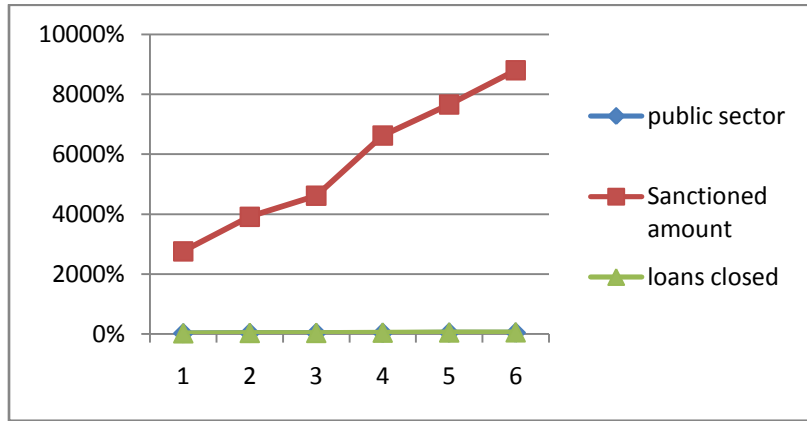
Step 10: Disbursement

It is time for the final payment of the Home Loan. After the bank or HFC ensures financing the property is invoiced agreed upon. The procedure of payment differs from full to part payment. In the case of under construction property the procedure is part payment and in the case of ready possession properties disbursement is full and final payment.

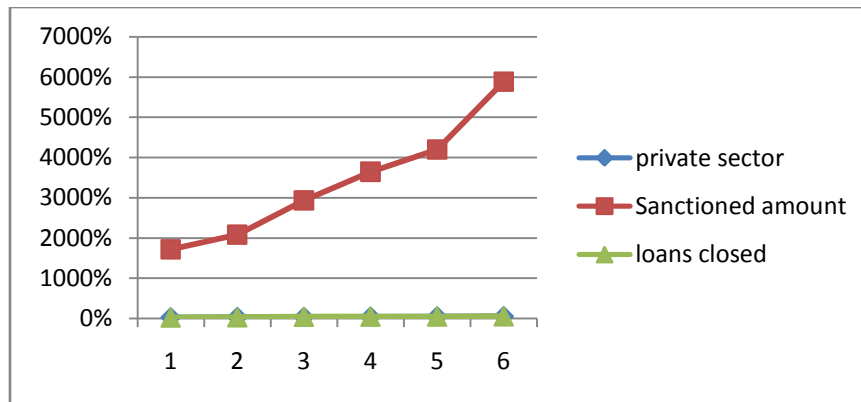
Data

Percentage of loans approved by Housing Finance industries of Public and Private Sector Banks in India and percentage of loans closed in the respective year (Amount in Crore)

Year	public sector	Sanctioned amount	loans closed
2012	22%	27.64	28%
2013	28%	39.17	39.50%
2014	32%	46.16	40%
2015	35%	66.23	50%
2016	42%	76.6	55.50%
2017	45%	88.01	60.50%



Year	private sector	Sanctioned amount	loans closed
2012	25%	17.17	25.50%
2013	32%	20.84	30.80%
2014	35%	29.32	45.50%
2015	42%	36.43	48%
2016	49%	41.95	50%
2017	53%	58.81	55.50%



This paper performs critical study of Home Finance in India with special reference to public and private sector. Public sectors is one of the leaders in the Indian housing finance market with almost 67% market share as on March 2015. Serving more than 48 lakhs Indian customers as on March 2016, Public sectors also offers customized solutions that fit to the need of the customer. From the above analysis it is clear noted that public sector provides more loan with less interest of rate hence Indians wish to prefer the public sector for loans. Public sectors are nothing but government



organizations. Private sector also plays a major role in the providing loans to the needy people but the survey says most of the corporate employees prefer to opt private sector opting a loan. Loans sanctioned and loans recovered are more expanded in public sector than the private sector. This is because the belief that the public have in the government sectors.

CONCLUSION

Housing shortage is an universal phenomenon. It is more acute in developing countries. The housing scenario has become more critical in India in recent years. Every resident of the state dreams of having his or her own house. It is the bounden responsibility of the government to provide house to the houseless residents of hyderabad. Considering the paramount significance of housing, government no doubt considered. Somewhere in 1980's Housing is a priority sector. Further government has liberalized policy which paved the way for promoting housing in a big way this is done by extending liberal finance at a reducing rate of interest without much rigid process as was observed earlier. The present rate of interest though lower still it is exhausted when compare rate of interest charged by other countries. The house finance will cost concerned only when the rate of interest is kept at 3 above inflation. Therefore it is high time for both government and housing finance companies to gear up reducing the interest rate. If the housing finance is cost effective this helps millions of people to cherish the dream of having the house. The successful housing finance lending companies share a strong focus and a heavy commitment towards marketing. The modern marketing seeks to attract real borrower by promising superior value and to keep current customers by delivering satisfaction. The sound marketing is critical to the success of all organization, whether large or small, profit or non-profit, and domestic or global. The people mostly think of marketing as only selling or advertising.

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