

Comparative study of Public and Private Banks in Housing Loan Sector

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ABSTRACT: In this study I will compare the public and private sector banks in housing loan I have taken six banks, three from public sector and three from private sector i.e SBI, PNB, CANARA BANK AND HDFC, AXIS BANK, ICICI BANK. The sample size of my study is 300. In both the sector all the respondents are interested in floating rate of interest not fixed rate of interest because they believe in flexibility and the criteria considered by the respondent in selecting the home loan are flexible repayment period because the procedure of these banks is very simple as compare to public sector bank. The respondents know about the rate of interest, in public sector the rate of interest is lower as compare to private sector but now a days the taste and the preference of the customer is changed because they want to use easiest method for availing the home loan. In my research all the respondent want easy availability whether it is from public or private sector.

Keywords: SBI, PNB, CANARA Bank, HDFC Bank, AXIS Bank AND ICICI Bank

Research methodology

Research methodology deals with a systematic and scientific methods that can be adopted to solve research problems. Methodology is a crucial step in any research because it directly influences the whole research and its findings. The present study will be carried out to assess the customer satisfaction and to compare the housing loan scheme in public and private sector bank.

On the basis of customer perception I have selected these banks. There are various public banks in India like state bank of India, nationalized banks and regional banks but I will take only three banks i.e.

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

CANARA BANK

There are many private banks in India but I will take only three banks i.e.

HDFC BANK

ICICI BANK

AXIS BANK

Research Design

The research design is exploratory and descriptive to determine the customer satisfaction towards Housing Loan scheme offered by public sector and private banks.

Source of data:

Primary data-

Primary data are collected through the responses of the customers through questionnaires which will specially prepare for this study. The questionnaire

contained questions regarding the general and socio-economic characteristics of the respondents such as age, religion, educational qualification, etc. and also about their reason for taking house loan. I will conduct the pilot study by selecting fifty respondents each banks including Public Bank: SBI, PNB and CANARA BANK etc and Private Bank: HDFC BANK, ICICI BANK and AXIS BANK etc.

On the basis of their responses, some questions will be modified and the modified questionnaire will be finally canvassed among the 300 selected respondents. A sample size of 300 respondents will take for detailed study because it is not possible to cover the whole universe consisting of all the customers. Among these 300 respondents 50 respondents from each bank.

Secondary data

The secondary data has been collected from statistical bulletin published by various organizations, i.e. books, journals, article and websites, periodicals, newspapers, annual reports of the respective nationalized banks, annual report of Reserve Bank of India (RBI), RBI Bulletin, trend and progress of banking (Annual Publication of RBI), STATE BANK OF INDIA(SBI), PUNJAB NATIONAL BANK(PNB), CANARA BANK, HOUSING DEVELOPMENT AND FINANCE CORPORATION(HDFC), AXIS BANK AND Indian credit investment corporation of India(ICICI) etc. (bulletin, annual report) and publications and reports published by respective nationalized banks annually.

Sampling

A. Sample Size - There are many housing finance institutions in India. As it is difficult to cover the beneficiaries of all

the housing finance institutions. But I selected only six housing loan institutions from public and private sector like State Bank of India(SBI), Canara Bank, Punjab national bank(PNB) , housing development and finance corporation (HDFC), Indian credit investment corporation of India(ICICI) and Axis Bank are selected for the proposed study. As many as 300 questionnaires were distributed among 300 beneficiaries of Public and Private sector to obtain information in Ambala district.

B. Sampling techniques

Sampling refers to the process of selecting the portion of population to represent the entire population. Convenience sampling entails the use of the most conveniently available people or objects for the use as subjects in present study. The data collected will be analyzed in one way and two way tables and through Statistical techniques such as percentages, averages and growth rates.

C- Research Area:-

Ambala district (I am resident of Barara)

The mode of primary data collected on the basis of questionnaire, survey and personal interview etc.

HYPOTHESIS

H0. There is no difference on customer satisfaction between public sector and private sector bank.

H1. There is no difference on socio-economic categories of customer on customer

DATA ANALYSIS

Response of different bank’s customers by availing loan services

Variables	Opts	Public Bank	Private bank
Type Of Interest Rate	Fix	38	43
	Floating	112	107
Selection criteria	Lower rate of interest	33	39
	Easy availability	24	14
	Flexible repayment period	38	53
	Quality of services	17	19
	All of above	38	25
	None	88	88
Bank You Preferred	Public bank	49	44
	Private bank	101	106

satisfaction of public and private sector banks on housing loan.

H2: There is no relationship amongst customer satisfaction towards the bankers and

availing of the loan.

STATEMENT OF PROBLEM

The researcher has examined the literature and noticed the gap in terms of customer satisfaction towards the housing loan by schedule banks. Accordingly, the problem to be studied the customer satisfaction towards the housing loan schemes of the bank and also make a comparative study of private and public sectors bank delivery and disbursement of loan leading to customer satisfaction.

Objective of the study

The study mainly aims at studying the housing activities in Ambala and loan by Public and Private sector Banks in Ambala. In addition to measuring the service quality being provided by Public and Private sector Banks.

The study specifically aims at :

1. To find out the benefits and limitation of housing loan scheme in public and private sector banks.
2. To study the concept of Housing Loan in today’s scenario.
3. To evaluate and compare the housing loan scheme in public and private sector banks.
4. To study the customers` satisfaction levels in public and private banks regarding housing loan.

Variables	Opts	Public Bank	Private bank
Which Bank Provide Home Loan At Lower Rate Of Interest	Public bank	109	92
	Private bank	41	58
Easy Availability	Agree	80	70
	Disagree	70	80
Easily Provide Home Loan	Public bank	67	64
	Private bank	83	86
Flexible Repayment Period	Agree	79	79
	Disagree	71	71
Bank Provide Flexible Repayment Period	Public bank	73	63
	Private bank	77	87
	No	36	65
Prepayment Penalty Need To Be Taken In To Consideration	Yes	107	93
	No	43	57
Good Documentation Procedure	SBI	53	0
	PNB	53	0
	Canara	31	0
	HDFC	13	71
	Axis Bank	0	46
	ICICI	0	33
Charges Lower Processing Fees	Public bank	102	98
	Private bank	48	52
Reputation Of Banking Institution	Agree	81	61
	Disagree	69	89

FINDINGS

In both the sector all the respondents are interested in floating rate of interest not fixed rate of interest because they believe in flexibility.

The criteria considered by the respondent in selecting the home loan are flexible repayment period.

Most of the respondent wants to take the home loan from private banks because the procedure of private banks is very simple as compare to public sector bank.

The respondents know about the rate of interest , in public sector the rate of interest is lower as compare to private sector but now a days the taste and the preference of the customer is changed because they want to use easiest method for availing the home loan.

In my research all the respondent want easy availability whether it is from public or private sector.

According to my research the procedure of private bank is very easy to provide the home loan.

When the respondent take the home loan then they consider the flexible repayment period. Because it plays an important role in taking home loan.

In public sector bank, 73 respondent said bank provide flexible repayment period in out of 150 but in private sector bank, 87 respondent.

Prepayment penalty is taken into consideration while selecting home loan, in this study 107 respondent considered in public sector bank but in private banks only 93 respondent considered it.

In public sector 81 respondents considered reputation of the banking institution but in private sector 61 respondent.

According to my research the documentation procedure of SBI and PNB are good in public sector but in private sector the documentation procedure of HDFC bank is good.

In this research 102 respondent said, public banks charge lower processing fee but in private sector only 52 respondents said.

SUGGESTIONS:

The public sector banks should made easiest procedure for availing the home loan so that maximum no. of customer could avail the loan.

According to the taste and preference of the customer, the public banks should adopt the innovative schemes. So that the banks can attract the maximum number of customer.

Conclusion:

After doing my research, I want to conclude that people prefers private banks more than public banks for housing loan because the procedure of these banks is very simple as compare to public

sector bank. It is true that the taste and preference of younger population is changing so they prefer more private banks as compare to public banks because of innovative schemes and facilities provided by the private banks. The respondents know about the rate of interest and the processing fee is lower in public banks but the services of public banks are not up to the mark. According to the present generation, the private banks put their full efforts for promoting these schemes so that maximum customer could aware about it but the public banks don't like that so i can say the impression of banks also play a very important for the present generation at last i can say that the private bank enjoys leading position in housing loan sector.