

CHAPTER - I

INTRODUCTION

Housing is the basic human need, next only to food, clothing and shelter. It constitutes significant part of the social and physical environment. Housing creates conditions conducive to achieve crucial goals pertaining to education, health, sanitation and above all the living standards of the people. It is an important facet of economic development and also plays an important role in creating employment, maintaining health, social stability and preserving decent human life. Recognizing the critical importance of human settlement in developing countries, the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, have recognized directly, emerge as the right to housing as a human right. The UN also declared the year 1987 as International Year for Shelter for the Homeless and Poor. Since then, there has, been a growing concern to address various forms of housing deprivation particularly in developing countries, where with the growing population pressure, meeting the housing needs of all families is a real challenge.

Housing has been an important agenda in India. The demand for housing has increased rapidly with increasing population. Therefore, governmental and non-governmental agencies are providing housing finance to meet housing demands of society. In India, the flow of credit into housing sector comes from formal and informal sector. The formal housing finance market comprises of various segments i.e., Central and State Government budgetary allocation, Housing Finance Companies, Scheduled Commercial Banks, Cooperative Sector etc. These institutions offer variant products relating to direct finance, refinance, micro-finance etc., to the borrowers. The informal sector means that informal sources that generally includes cash savings by household's, loans and gifts from relatives, moneylenders, shopkeepers, landlords, etc. This sourcing can be attributed to the inadequacies of the existing formal financial system and fulfil financial needs of especially low class income groups.

The other numerous efforts have also been made at the national level and international level to meet this issue. At the national level, housing sector has been developed by establishing various financial institutions in public sector as well as

private sector. National Housing Bank (NHB), an apex level institution wholly owned by the Reserve Bank of India, was set up in 1988 to promote, issue directions, provides finance and other support to housing finance institutions. Housing shortage is one of the crucial problems faced by India. It has been a matter of great concern for both Central and State Governments. The development of adequate housing system has been the priority for the Government in policy formation and implementation.

1.1 GROWTH OF POPULATION IN INDIA

The table given below highlights the growth of population during the last six decades:

Table 1.1
Population and its Growth in India

Decade	Population	Growth	Growth Percentage
1941-51	36,10,88,090	-	-
1951-61	43,92,34,771	7,81,46,681	21.6
1961-71	54,81,59,652	10,89,24,881	24.8
1971-81	68,51,84,692	13,70,25,040	25.0
1981-91	84,63,02,688	16,11,17,996	23.0
1991-01	1,01,24,00,000	16,60,97,312	19.6
2001-11	1,21,00,00,000	19,76,00,000	19.5

Source: Population Policy for India: Perspectives, Issues and Challenges, P.K. Chaubey, Kanishka Publishers, New Delhi, 2012

Table 1.1 highlights that decennial growth rates of population for fifties, sixties, seventies, eighties, and nineties of the twentieth century in India were 21.6 per cent, 24.8 per cent, 25.0 per cent, 23.0 per cent, and 19.6 per cent respectively. The population increased from 1,01,24,00,000 in 2001 to 1,21,00,00,000 in 2011 with the growth rate of 19.5 per cent. A rapid rise in population and increased rural-urban migration resulted in increased demand of dwelling units for residential purposes in recent years.

1.2 HOUSING SCENARIO IN INDIA

In India, houses are used for residential as well as for other purposes. The Census of India enumerated the country's housing stock under various uses, namely, exclusive-residence, shop-cum-residence, workshop/factory-cum-residence and residence in combination with other uses. The Census of India, in its decadal census operation, collects the data on number of houses and households; quality of houses in

terms of good, liveable and dilapidated in the country along with information about availability of basic amenities like safe drinking water, electricity and toilet facilities. It exhibited that housing shortage was not a challenging issue in India till the first-half of the century. The deficit trend started only after 1951; and is continuing with upward and downward swings.

Table 1.2 (a) exhibits the data demonstrating the housing shortage in India on the basis of one house for every household. The table reveals that housing shortage in rural areas is found 5.40 million units in 1981. However, it is found 1.67 million units in 2011. The urban areas witnesses housing shortage of 1.30 million units in 1981 and 0.38 million units in 2011.

Table 1.2 (a)
Housing Shortage in India on the basis of one House for every Household
(in million units)

Year	No. of Households			No. of Residential Dwellings			Housing Shortage		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
1981	94.10	29.30	123.40	88.70	28.00	116.70	5.40	1.30	6.70
1991	112.50	40.70	153.20	108.70	39.30	148.00	3.80	1.40	5.20
2001*	138.27	53.69	191.96	135.05	52.01	187.06	3.22	1.68	4.90
2011**	167.83	78.86	246.69	166.16	78.48	244.64	1.67	0.38	2.05

Source: Prominent Facts on Housing, 1997, NBO Publication, New Delhi

* Compiled from Table H4, Tables on Houses, Household Amenities and Assets, Census of India, 2001

** Compiled from Table H-1, Tables on Houses, Household Amenities and Assets, Census of India, 2011

The overall housing shortage has reduced over the period, but as per the data pertaining to the year 2011, housing shortage of 2.05 million units still exists in India. The housing shortage is found more in rural areas as compared to urban areas. The table carries the data showing housing shortage in India on the basis of usable housing stock.

Table 1.2 (b) depicts that housing shortage has reduced from 16.30 million units to 14.13 million units in rural area and from 5.60 million units to 5.08 million units in urban areas during the period of study. The overall housing shortage has come down from 21.90 million units to 19.21 million units during the same period, but the problem is more alarming in rural area as compared to urban areas.

Table 1.2 (b)
Housing Shortage in India on the basis of Usable Housing Stock
(in million units)

Year	No. of Households			No. of Usable Housing			Housing Shortage		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
1981	94.10	29.30	123.40	77.80	23.70	101.50	16.30	5.60	21.90
1991	112.50	40.70	153.20	97.80	36.00	133.80	14.70	4.70	19.40
2001*	138.27	53.69	191.96	123.65	49.27	172.92	14.62	4.42	19.04
2011**	167.83	78.86	246.69	153.70	73.78	227.48	14.13	5.08	19.21

Source: Prominent Facts on Housing, 1997, NBO Publication, New Delhi

*Compiled from Table H, Tables on Houses, Household Amenities and Assets, Census of India, 2001

**Compiled from Table H-1, Tables on Houses, Household Amenities and Assets, Census of India, 2011

In India, a gap exists between supply and demand for housing. There has been a tremendous growth in the demand for housing in India with increasing population and consequent migration of people from rural to urban areas. Hence, there is a need to increase supply of housing by constructing additional housing units and improving the existing repairable housing stock.

Both Central and State Government have been formulating and implementing policies to tackle the problem of housing shortage and to provide shelter to all, especially to the weaker sections of the society. National and State Governments initiated the housing schemes such as Integrated Low Cost Sanitation Scheme, Jawaharlal Nehru National Urban Renewal Mission (JNNURM) aimed at integrated development of urban infrastructure and services, Affordable Housing in Partnership, Interest Subsidy Scheme for Housing the Urban Poor, and Rajiv Awas Yojana (RAY) aimed at ushering in a 'Slum-free India'. These schemes aimed at realising the dreams of houseless poor families in the rural and urban areas.

The main initiative undertaken by the Government of India in recent years, including those in the 11th Five Year Plan are to provide the urban poor affordable shelter and decent living and working conditions; to make adequate provision of land for the poor in the master plan itself; to address various vulnerabilities including residential, occupational and social vulnerabilities associated with urban poverty; and to provide basic services to migrant workers and their families and other vulnerable sections of the society including women and children.

1.3 REGULATORY FRAMEWORK OF HOUSING FINANCE COMPANIES IN INDIA

National Housing Bank (NHB) is an apex institution established in July 1988 under an Act of Parliament (NHB Act 1987) and is wholly owned by the Reserve Bank of India. It is an-officer oriented and professionally managed institution with its headquarter in Delhi and offices in Mumbai, Chennai, Bangalore, Hyderabad, Kolkata, Lucknow and Ahmedabad. It plays promotional and developmental functions, regulatory functions and financial functions in the housing sector in India to develop a healthy and self-sufficient housing finance system.

The main objectives of NHB are as follows:

- To promote a sound, healthy, viable and cost effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system.
- To promote a network of dedicated housing finance institutions to adequately serve various regions and different income groups.
- To augment resources for the sector and channelise them for housing.
- To make housing credit more affordable.
- To regulate the activities of housing finance companies based on regulatory and supervisory authority derived under the Act.
- To encourage augmentation of supply of buildable land and also building materials for housing and to upgrade the housing stock in the country.
- To encourage public agencies to emerge as facilitators and suppliers of serviced land, for housing.

National Housing Bank may transact all or any of the kinds of business, namely promoting, establishing, supporting or aiding in the promotion, establishment and support of housing finance institutions; making of loans and advances or rendering any other form of financial assistance for housing activities to housing finance institutions, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; subscribing to or purchasing stocks, shares, bonds, debentures and securities of every other description; guaranteeing the financial obligations of housing finance institutions

and underwriting the issue of stocks, shares, bonds, debentures and securities of every other description of housing finance institutions; drawing, accepting, discounting or rediscounting, buying or selling and dealing in bills of exchange, promissory notes, bonds, debentures, hundies, coupons and other instruments; promoting, forming, conducting or associating in the promotion, formation or conduct of companies, mortgage banks, subsidiaries, societies, trusts or such other association of persons as it may deem fit for carrying out all or any of its functions under this Act.

National Housing Bank may also transact all or any of the kinds of business, namely undertaking research and surveys on construction techniques and other studies relating to or connected with shelter, housing and human settlement; formulating one or more schemes for the purpose of mobilisation of resources and extension of credit for housing; formulating one or more schemes for the economically weaker sections of society which may be subsidised by the Central Government or any State Government or any other source; organising training programmes, seminars and symposia on matters relating to housing; providing guidelines to the housing finance institutions to ensure their growth on sound lines; acting as agent of the Central Government, the State Government or the Reserve Bank or of any authority as may be authorised by the Reserve Bank; any other kind of business which is authorised by the Central Government on the recommendation of the Reserve Bank; and doing of all such matters and things as may be incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act.

The significant developments made by NHB over the years, have been furnished in Table 1.3 (a).

Table 1.3 (a)

Key Milestones of NHB over the Years

1988-89	<ol style="list-style-type: none"> 1. Refinance schemes for housing loans 2. Schemes for Land Development and Shelter Projects 3. Scheme for Equity Participation in Housing Finance Companies (HFCs)/Building Materials Companies
1989-90	<ol style="list-style-type: none"> 1. Housing Finance Companies (NHB) Directions, 1989 2. Raised Loan of US\$25m (first tranche) under USAID Govt. Housing Guaranty Program
1990-91	Notified as a Public Financial Institution
1991-92	<ol style="list-style-type: none"> 1. Received a Loan Assistance of Yen 2,970 billion from OECF 2. Scheme for Financing Housing Infrastructure

1992-93	Refinance Schemes for Slum Redevelopment Projects
1994-95	1. Launched the issue of Unsecured Bonds 2. Guidelines for Prudential Norms for HFCs
1997-98	1. Golden Jubilee Rural Housing Finance Scheme (GJRHFS) 2. Issued Tax Free Bonds to finance GJRHFS 3. Contracted Long-term Borrowings from the Asian Development Bank
1999-00	Agreement for Cooperation with Canada Mortgage and Housing Corporation for introducing Mortgage Insurance and New Products in the country
2000-01	1. First Residential Mortgage Backed Securitization Issue in the country 2. Guidelines for entry of HFCs into insurance business 3. Refinance Scheme for reconstruction of dwelling units in the earthquake affected areas in Gujarat
2001-02	Credit Enhancement of Bonds floated by HFCs
2002-03	Liberalized Refinance Scheme for Housing Loans
2004-05	1. First time provided Corporate Guarantee for RMBS 2. New Window of lending to micro finance institutions
2005-06	Fraud Management Cell set up to disseminate information on frauds committed in housing loans
2006-07	1. NHB RESIDEX launched (first official residential housing price index) 2. New products developed for unserved and underserved segments of society 3. Reverse Mortgage Loan for senior citizens 4. Equity Participation in New Rural Housing Finance Companies 5. First Regional Representative Office (RRO) opened at Hyderabad
2007-08	1. Rural Housing Fund created with \$ 1,200 crore allocation 2. Rural Housing Microfinance launched 3. NHB-UNESCAP Study on pro-poor housing finance with 7 Asian Countries initiated 4. MOC with UNHABITAT signed for water and sanitation projects. 5. Home Loan Counselling: Diploma programme put in place (IIBF) 6. Three Regional Representative Offices (RROs) opened at Chennai, Bengaluru and Kolkata
2008-09	1. Ten new cities added to the NHB RESIDEX 2. RML Counselling Programme launched and counselling centres opened in four cities 3. Housing Information Portal (HIP) launched 4. Launch of NHB SUNIDHI and NHB SUVRIDHI, two term deposit schemes 5. Sixth Regional Representative Office gets operational at Ahmedabad
2009-10	1. HFCs and Banks financed 3,87,792 units under the GJRHFS Scheme 2. Formation of Asia Pacific Union for Housing Finance (APUHF) with other institutions/countries in the Asia Pacific region with NHB hosting the website and the secretariat for the Union 3. The first APUHF Conference held on theme of "Affordable Housing and Housing Finance" 4. RESIDEX periodicity changed from half-yearly to quarterly

2010-11	<ol style="list-style-type: none"> 1. NHB disbursements crossed the \$ 12,000 crore mark, an all time high 2. Entry basr raised for HFCs with minimum net owned funds (NOF) being increased from \$ 2 crore to \$ 10 crore 3. Collaboration with KfW, Germany for promotion of Energy Efficient Housing 4. SKOCH Financial Inclusion Award 2011 for the Bank's intervention in rural housing 5. ADFIAP Award for Development and Finance-led Poverty Alleviation for the year 2011 6. Two more Regional Representative Offices (RROs) were opened at Patna and Bhopal taking the count of total RROs to eight
2011-12	<ol style="list-style-type: none"> 1. Disbursed subsidy claims of ₹ 308.43 lakh under the scheme of Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) 2. Special Refinance for urban low income housing 3. Refinance Scheme for installation of solar water heating and solar lighting equipments in homes
2012-13	<ol style="list-style-type: none"> 1. Rajiv Rinn Yojana 2. In association with Genworth, Asian Development Bank and International Finance Corporation have set up India's maiden Mortgage Guarantee Company: India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC)
2013-14	<ol style="list-style-type: none"> 1. Two new RML Counselling Centres opened at Nagpur and Bhubaneswar 2. Agreement of NHB and Department for International Development of UK for promoting affordable housing in eight Low Income States (LIS) 3. Partnership with World Bank to initiate a programme to encourage the flow of funds to the urban poor for their housing requirements 4. Memorandum of Understanding (MoU) to establish Synergy between NHB Energy Efficient Homes and IGBC Green Homes.
2014-15	<ol style="list-style-type: none"> 1. Refinance Scheme for Women 2. Implementation of Grievance Registration & Information Database System (GRIDS)
2015-16	<ol style="list-style-type: none"> 1. Launching of Online Reporting and Management Information System 2. Memorandum of Understanding (MOU) with 145 Primary Lending Institutions (PLIs)
2016-17	<ol style="list-style-type: none"> 1. Disbursement of ₹ 172 crore under Special Urban Housing Refinance Scheme for Low Income Households (NHB-World Bank ULIH Project) 2. Participation in Republic Day Parade portraying the efforts to enable affordable housing to households with basic services 3. Production of corporate film highlighting the journey of NHB from inception to its functions 4. NHB website integration with two social media sites viz. Twitter and LinkedIn
2017-18	<ol style="list-style-type: none"> 1. Disbursed interest subsidy of ₹ 2,695 crore to 1,16,852 households under PMAY-CLSS for EWS/LIG, and ₹ 841 crore to 40,062 households under PMAY-CLSS for MIG. 2. NHB's in-house magazine 'Aawas Bharti' received the first prize from

	the Delhi Town Official Language Implementation Committee (TOLIC) for the year.
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Source: Various Annual Reports of National Housing Bank

The regulatory aspects of housing finance companies in the light of various directions and guidelines issued by National Housing Bank are discussed as under:

1.3.1 Registration

HFC has a main objective of carrying on the business of providing housing finance. Housing finance company is required to have a certificate of registration from NHB for commencing and carrying on the business and also required to have minimum net owned fund of ₹ 1000 lakh (w.e.f. 01.04.2014). However, this certificate can be cancelled, if company ceases to carry on housing finance business, fails to fulfil the conditions or fails to comply with directions relating to its registration.

1.3.2 Directions

The regulatory provisions are stated in National Housing Bank Act 1987. Besides this, National Housing Bank (NHB) issues directions regarding variant matters for housing finance companies from time to time. It issued directions for HFCs in 2001; and modified same in 2010; and further revised in 2013 and 2014.

NHB directs HFCs to obtain proper introduction of depositors before opening their accounts and accepting their deposits. These companies should keep registers for recording the particulars, namely, name and address of depositors, date and amount of each deposit, accrued interest, repayment period (twelve months or more, however not later than eighty-four months from the date of acceptance or renewal of such deposits) and other particulars relating to the deposit. In case, HFCs intends to close its branch/office, then it should strictly publish such intention in any daily newspaper in national level and in one vernacular daily newspaper available for use in the relevant place before ninety days of such proposed closure.

Income of HFCs is recognised as per accounting principles, i.e., income from interest/discount is taken into account when the income is actually realised, income from dividend on shares of corporate bodies and units of mutual funds is realised only on cash basis. Every HFC has to make provision according to the type of assets which has to be distinctly stated under different heads of accounts, and individually for each type of assets, i.e., provision for sub-standard, bad and doubtful, and loss assets; and provisions for depreciation in investments.

HFC is required to maintain a minimum capital ratio together with Tier-I and Tier-II capital not less than twelve per cent of its aggregate risk weighted assets and risk adjusted value of off balance-sheet items. HFC cannot make investment in land or buildings except for its own use, an amount over and about twenty per cent of its capital fund provided such investment exceeding ten per cent of its owned fund shall be made solely in residential units. It cannot lend an amount exceeding fifteen per cent of its owned fund to any single borrower and an amount exceeding twenty-five per cent of its owned fund to any single group of borrowers. It cannot invest an amount exceeding fifteen per cent of its owned fund in the shares of any company, and also cannot invest exceeding twenty-five per cent of its owned funds in the shares of a single group of companies.

In addition to the report made by the auditor under Section 227 of the Companies Act, 1956 on the account of HFCs, the auditor shall also make a report to board of directions about the company on the specified matters, namely, obtaining a certificate of registration from NHB, compliance with liquidity requirements of NHB, provisions of directions, minimum capital to risk weighted asset ratio, and statement whether housing finance company is accepting/holding public deposits or not. The auditor shall also state the reasons for unfavourable or qualified statement in the auditor report.

1.3.3 Guidelines

‘Know Your Customer’ (KYC) guidelines for HFCs came into effect from October 1, 2004 for customers. The new and existing customers were required to ensure compliance of these guidelines before December 31, 2004. Furthermore, these guidelines were revised in the years 2005, 2006, 2007, 2009 and 2010. The modified guidelines on ‘Know Your Customer and Anti-money Laundering Measures’ were issued on October 11, 2010 which ensured policy framework to HFCs to understand their customers as well as their financial dealings, aimed to manage their risks prudently.

HFCs should develop KYC policies by incorporating the crucial elements, i.e., customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. HFCs should frame a customer acceptance policy laying down guidelines on the aspects of customer relationship in the HFCs including no account opening in anonymous or fictitious name(s), no opening of an account or

closing of an existing account where HFC is unable to apply appropriate customer due diligence measures; clearly defining the parameters of risk perception in terms of the location of customer, mode of payments, volume of turnover, social and financial status, etc. to enable categorization of customers into low, medium and high risk. The customer identification policy should clearly spell out the identification procedure to be carried out at different stages, i.e. while establishing a relationship, carrying out a financial transaction or when the HFC has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Monitoring of transactions is a vital element of effective KYC procedures. HFCs can effectively control and reduce their risk only if they have an understanding of the activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. HFCs should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

NHB has framed the guidelines on September 5, 2006 with respect to fair practices code for HFCs and modified these guidelines as on October 11, 2010 for promoting fair practices, increasing transparency and competition, and promoting cordial relationship between customers and housing finance companies. HFCs should provide clear information on interest rates, fees and charges and other terms and conditions by displaying in the notice board in their branch offices, through telephone, website, designated staff or help desk. HFCs should furnish a copy of the loan agreement and all enclosures quoted in the loan agreement to every borrower at the time of sanction/disbursement of loans. HFCs should communicate in writing the reason(s) for rejection of the loan application of the customer. The board of directors of HFCs should lay down effective grievance redressal mechanism regarding receiving, registering and disposing of complaints and grievances.

1.3.4 Returns

Every housing finance company shall submit an annual return to the National Housing Bank furnishing the information specified in Schedule I to these Directions with reference to its position as on 31st March every year and a half yearly return furnishing the information specified in Schedule II to these Directions with reference to its position as on 30th September and 31st March every year.

The housing finance companies having an asset size of ₹ 100 crores and more, shall submit to the National Housing Bank a quarterly return furnishing the information specified in Schedule III with reference to its position as at the end of every calendar quarter. Every housing finance company within one month from the commencement of business, shall deliver to the National Housing Bank, a written statement containing a list of the names and official designations of its principal officers; the complete postal address, telephone number(s) and fax number(s) of the registered/corporate office; the names and office address of the auditors of the company; the names and the residential addresses of the directors of the housing finance company, etc.

1.3.5 Grievance Registration and Information Database System (GRIDS)

NHB's Grievance Redressal Mechanism is to provide a simple, speedy and cost effective mechanism to the aggrieved parties of NHB/customers of HFC. This is not a substitute to the existing judicial or quasi-judicial forums available to the aggrieved person to get the grievance adjudicated or redressed. The complainant, therefore, is at liberty to approach the available forum at any stage, i.e. even before resorting to the above mechanism, during the pendency of the complaint or when the complainant is not satisfied with the outcome. Grievance Registration & Information Database System (GRIDS) facilitates online registration and tracking of complaint for the complainant. This system bring transparency in Grievance Redressal Mechanism, and is designed for online updating of responses by NHB/HFCs. Complainant can make use of this system by providing the required information like name, contact details, application/deposit/account number etc. for registration and subsequent status tracking.

1.3.6 Inspection

The National Housing Bank may at any time or on being directed to do by the Reserve Bank can cause an inspection to be made by one or more of its officers of any institution to which NHB has made any loan or advance or granted any other financial assistance, and its books, accounts and other documents. It shall be the duty of every officer, employee or other person or persons in charge of the whole or part of the affairs of the institution to produce all such books, accounts and other documents in his custody or power. The National Housing Bank may, for the purpose of the efficient discharge of its functions under this Act, collect from the Central and State Governments, local authorities, the Reserve Bank, any bank or such financial or other institutions as the Reserve Bank may specify in this behalf, credit information or other

information. The National Housing Bank may provide advisory services to the Central and State Governments, local authorities and other agencies connected with housing, in respect of formulation of overall policies aimed at promoting the growth of housing and housing finance institutions; and legislation relating to matters having a bearing on shelter, housing and human settlement.

CONCLUSION

Housing has been recognised as one of the basic human needs of mankind after food and clothing. It plays an integral part in economic development of India. But housing shortage has been of greater dimension in India. It was found 2.05 million units in 2011 on the basis of one house for every household, but actual shortage accounted for 19.21 million units during the same period on the basis of usable housing stock. The problem of housing shortage has been found more alarming in rural area as compared to urban areas. The problem can be attributed to the reasons such as population explosion, urbanisation, trend of nuclear families, lack of purchasing power, inflexible finance system, inadequate financial assistance from financial institutions, regulatory issues, etc. The government and non-government agencies are constantly making variant efforts by implementing policies and schemes to bridge the gap between the increased demand and the limited supply of housing.

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CHAPTER - II

REVIEW OF LITERATURE

Review of selected literature is an important part of every research work. In this section, it is proposed to review the studies made in the past. An attempt has been made in this chapter to review the literature to generate an insight into the area of regulatory framework of NHB; financial performance of housing finance companies; customers' perception and satisfaction towards these housing finance institutions; factors influencing the customers to borrow housing finance; challenges, issues and problems faced by the home loan borrowers in availing the home loan; role of housing finance institutions in growth of economy. Some of the selected studies undertaken for review are discussed below:

REVIEW OF LITERATURE

Basu and Mehta (1993) revealed the evolution of housing finance system in India during the period of study. They highlighted the contribution of formal sector and discussed the role of institutional sources like Life Insurance Corporation, General Insurance Corporation, Provident Funds, Commercial banks, Cooperative sector, National Housing Bank and housing finance companies. They estimated that formal sector contributed 2611 crore during 1990-91, out of which housing finance companies contributed maximum amount of funds. They suggested formal sector to play the role of public housing programme supported by a well-defined role and to facilitate resource mobilization instruments.

Kumar (2000) assessed the financial performance of primary housing co-operatives in Kerala and evaluated their effectiveness in granting housing loans to members. He studied and analyzed the perception of member beneficiaries and managerial personnel with regard to the various aspects of housing loan. He also examined the problems confronted by primary housing co-operatives in Kerala. He further suggested implementation of professionalism in management and reduction in the proportion of share linking.

Sivaraman (2000) assessed the role played by the selected institutional agencies like HUDCO, HDFCL, Co-operatives, LIC Housing Finance based on mobilization and

deployment of resources. He also highlighted the role played by housing finance institutions. He revealed that the people preferred informal sources than formal sector for financing their housing needs. He concluded that housing sector could be given a status of industry which might result in securing more credit facilities from the banking institutions for construction of house and for production of housing inputs

Krishnamurthy (2001) discussed the extent of assistance given by housing finance institutions by taking into account the terms and conditions, cost of assistance, strategies and the policies followed for lending by housing finance institutions like HUDCO, HDFCL, Can Fin Homes and the Housing Co-operatives. He had also analyzed the opinion of the borrowers regarding the functioning of housing finance institutions. He found that housing finance institutions functioned with a low equity base, financed only 70% of the cost of the project, higher equated monthly instalments of HDFCL and Can Fin Homes as compared to other housing finance institutions. He suggested prepayment system without penalty and monthly rest basis of interest calculation to give more benefits to borrowers.

Kumar (2001) studied the structure of informal housing finance institutions by analysing primary data of 300 dwelling units living in cities of Patiala and Ludhiana in Punjab. He also estimated the cost of land in relation to the total cost of dwelling units which were constructed during 1980 to 1999 and further analysed the terms and conditions prevailing in the markets of the housing sector.

Mittar, Miglani and Kumar (2001) highlighted that rapid growth of population and increased urbanization created housing shortages in urban, semi-urban and rural areas. They studied the role of commercial banks in financing the housing sector in India specifically in Punjab during the period of 1980-81 to 1996-97. They found that banks favoured urban residents to a large extent than rural residents while providing finance. They also studied the role of commercial banks in disbursement of finance in urban and rural areas of Punjab and per unit housing finance disbursement in Punjab was also studied during the period of 1995-1999. They suggested banks to pay greater attention to the housing finance requirements of the rural and scheduled castes/scheduled tribes.

Vidyavathi (2001) evaluated the magnitude of housing problem in the state of Karnataka and examined the role of housing finance companies in meeting the housing finance needs. She studied the perception of customers of HDFC Ltd., LICHF Ltd.,

GICHF Ltd., Can Fin Homes Ltd., SBIHF Ltd., and Dewan Housing Finance Ltd. She highlighted that the medium and small sized HFIs had experienced high growth rate during the initial years, but increased competition reversed their growth in loan sanction and disbursements. She concluded that the borrowers of variant home loan providers had more or less the same perception about the housing finance companies and their home loan products. She suggested that institutions should meet the expectations of customers to survive in competition.

Kohli (2002) studied the performance of the companies in housing finance sector during the year 1997 to 2001. He reviewed the origin as well as growth of housing finance institutions and also evaluated the financial performance, operational performance and organisational aspects of the housing finance companies selected under study. He suggested various measures to improve efficiency of the housing finance agencies in terms of financial and operational.

Brar (2004) studied the operational and financial performance of HDFC, LIC and PNB. She registered that HDFC ranked first among all the institutions regarding loan sanctioned, disbursements and the loan outstanding. However, PNB ranked last for both loans sanctioned and disbursed. She also made numerous suggestions in the housing sector.

Gopalan (2004) traced the role played by NHB. She revealed the evolution of the housing finance sector. She also pinpointed the sources from where housing finance institutions arranged their funds. She further analysed the problems faced by them in fund management. She suggested valuable measures to solve the problem of fraud faced by borrowers in the housing sector.

Manoj (2004) studied the growth and development of housing finance system in India. He also emphasized the importance of housing to the economy and prospects of housing finance industry. He examined the risk factors and issues involved in aggressive lending to housing due to cut-throat competition, and the peculiar features of the existing regulatory and legal system. He concluded that measures should be taken to promote active mortgage backed securitization market in India which would further strengthen the housing finance system.

Chand and Rajpal (2006) studied the perception of home loans borrowers of HDFC, LICHF and Can Fin Homes by analysing total sample of 200 respondents from five districts in Haryana. They suggested increase in proportion of equated monthly

instalment, introduction of variable rate of interest and bringing transparency in all transactions by making loan account available on the internet.

Ravindra et al. (2008) assessed the perception of the customers regarding home loan provided by LIC Housing Finance and HDFC as well as the housing loan facilities provided by both the institutions. They concluded that HDFC respondents were more highly satisfied than that of LICHFL. They suggested various measures to these institutions to improve their service quality.

Gupta and Kohli (2009) studied the financial, operational and organisational efficiency of the selected housing finance companies by analysing primary and secondary data from 1997 to 2001. They highlighted the variant measures initiated by private organisations to increase its efficiency. However, the measures such as implementation of new techniques of management, methods for the development and satisfaction of the employees, and proper management information system were not found same in public sector organisations.

Devasia (2010) studied the performance of institutional set-up of housing finance consisting of HFCs, scheduled commercial banks and co-operative institutions under NHB. He analysed the perception of 360 customers of HDFC and 270 customers of LICHFL from 6 districts of Kerala. He suggested various measures to lending institutions such as simplified procedure, less formality in granting a loan, differential rate of interest for LIGs, MIGs and HIGs based on their repayment capacity etc.

Guruswamy (2012) highlighted that introduction of new economic policy in 1991 brought significant changes in economic activities. He made a comparative analysis of financial performance of selected housing finance companies, and concluded that LICHFL stood as an excellent housing finance company followed by HDFC. He opined that these two organisations had almost the same efficiency; and they were the real competitors in the field.

Ravneet Kaur (2013) conducted a study to analyse the customer satisfaction level with regard to the services provided by HDFC and GICHFL. She revealed that the highest loan was sanctioned by HDFC and the customers of HDFC were also found to be satisfied with its services. Majority of customers of GIC HF were of the opinion that the institution charged very high rate of interest. The author suggested various remedial measures to the selected housing finance institutions regarding housing finance services.

Vanaja and Sindhuja (2013) discussed the consumer perception process, three P's driving customer perception and also analysed the perception of 150 customers of HDFC. They suggested the company to improve its services by using tele-calling, SMS and e-mails to inform customers about entries made in their loan accounts; retaining and attracting customers using competitive interest rate, easy repayment system, progressive funding and pre-payment penalty etc.

Srinivas (2014) studied the financial highlights of NHB for the last 25 years from 1988-89 to 2012-13 and found sound financial performance of NHB which provided maximum refinance disbursement to scheduled commercial banks, followed by housing finance companies from its inception. He concluded with core theme of NHB as promoting housing finance institutions both at the local and regional levels, providing financial and other support to such institutions for matters connected with service motive rather than profit motive.

Kumar (2015) discussed the role of NHB in supporting, financial and promoting specialized lending agencies. He also revealed the growth in the role of financial agencies over the years and various schemes undertaken by Central and State Government for improving level of housing in India. He suggested the government to enhance fund allocation to the housing finance sector, open more branches of housing finance institutions for quick disbursement of funds, more concentration on low income groups, etc.

Manoj (2016) studied the estimated housing shortage in India during XII Plan period of 2012-17. He highlighted that the housing sector had attracted many players including HFCs and commercial banks. He discussed that HFCs suffered more limitations than commercial banks such as high cost of funds, high non-performing assets, asset-liability mismatches, etc. He suggested the strategies to HFCs for improving their financial performance such as access to long term financing sources, use of higher-end technological platforms etc.

2.1 INFERENCES DRAWN FROM REVIEW OF LITERATURE

The empirical studies, as reviewed above, have studied the present housing scenario and depicted housing shortage in the country. The literature traces the role of Government and NHB in housing sector of the country. It also reviews the financial performance and marketing practices of housing finance institutions. However, the studies undertaken in the past do not cover all the aspects of regulatory framework,

financial performance, marketing mix and perception of customers about marketing of services of HDFC in detail. The present study is the outcome of gap left by the studies undertaken earlier.

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CHAPTER-III

RESEARCH METHODOLOGY

Research Methodology discusses the methodology adopted for conducting the present research in systematic manner. It discusses the need of the study, objectives of the study, sample size, sampling design and procedure for data collection. It also discusses the formulas of ratios used for data analysis, and the limitations faced by the researcher in executing the research work.

3.1 NEED FOR THE STUDY

The housing shortage has been a major problem faced by the country. The numerous efforts are made by central government, state government and specialised agencies like Housing Finance Companies (HFCs), Scheduled Commercial Banks (SCB), Cooperative Banks, Regional Rural Banks (RRBs), Agriculture and Rural Development Banks and State Level Apex Cooperative Housing Finance Societies in this regard. Yet, it requires an urgent and permanent solution to cater to the financial demands in housing sector. The study focuses on regulatory framework guiding and directing housing finance companies, financial performance and marketing mix of the selected housing finance company (HDFC Ltd.), a pioneer institution in the private sector playing considerable role in the housing sector.

3.2 OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To assess the magnitude of housing shortage in India.
2. To study the regulatory role of National Housing Bank in housing sector.
3. To examine the role of financial performance of HDFC Ltd. to judge its competence in housing sector in India.
4. To study the elements of marketing mix of the selected housing finance company.
5. To study the perception of the customers regarding services provided by the selected housing finance company.

6. To suggest ways to solve housing finance problems by improving the financial performance and marketing practices of the selected housing finance company.

3.3 SAMPLE AND SAMPLING DESIGN

The present research attempts to study the elements of marketing mix, financial performance and perception of 400 customers of HDFC Limited in Punjab. To examine the opinion of customers about marketing practices of the selected company, the researcher visited respective branch offices of the selected company with pre-tested questionnaire and got the information from existing customers. Moreover, the questionnaire was also supplied to the branch managers of the selected company to distribute them to their existing customers.

3.4 DATA COLLECTION

For studying the marketing practices of the selected company, two sets of data have been collected. One set of data has been collected from the secondary sources such as Statistical Abstract of India, Census of India, various Economic Surveys, various Report on Trend and Progress of Housing in India, various Annual Reports of National Housing Bank and HDFC, websites relating to Indian housing sector, related books and journals, etc. The secondary data covers a period of 18 years, i.e., 2000 onwards.

The second set of data has been collected from customers of the selected housing finance company by administering a questionnaire to them. The questionnaire was pre-tested on 80 customers of the company. The final questionnaire was reframed with some modifications according to the feedback of customers.

3.5 QUANTITATIVE TECHNIQUES USED FOR THE STUDY

The primary and secondary data collected from various sources has been tabulated and analysed using various statistical techniques including ratio analysis and percentage. The data so collected has been compiled and analysed using Microsoft Excel. The various ratios used to study the financial performance of selected company are described as hereunder:

1. Housing Loan Outstanding to Individuals

This ratio calculates the percentage share of loan outstanding to individuals. It has been measured as under:

$$\frac{\text{Housing Loan Outstanding to Individuals}}{\text{Total Loan Outstanding}} \times 100$$

2. Housing Loan Outstanding to Corporate Bodies

This ratio determines the percentage share of loan outstanding to corporate bodies. The formula has been used for the study:

$$\frac{\text{Housing Loan Outstanding to Corporate Bodies}}{\text{Total Loan Outstanding}} \times 100$$

3. Housing Loan Outstanding to Others

This ratio determines the percentage share of loan outstanding to others. It has been worked out as under:

$$\frac{\text{Housing Loan Outstanding to Others}}{\text{Total Loan Outstanding}} \times 100$$

4. Interest on Housing Loan to Total Income

This ratio measures the proportion of income earned from interest on housing loan and total income. The same has been worked out with the help of following formula:

$$\frac{\text{Interest on Housing Loan}}{\text{Total Income}} \times 100$$

5. Interest on Housing Loan to Total Interest Income

This ratio determines the proportion of interest on housing loan earned and total interest income. It has been worked out as under:

$$\frac{\text{Interest on Housing Loan}}{\text{Total Interest Income}} \times 100$$

6. Total Interest Income to Total Income

This ratio shows the proportion of total interest income earned to total income. For this, the following formula has been worked out:

$$\frac{\text{Total Interest Income}}{\text{Total Income}} \times 100$$

7. Return on Assets

This ratio calculates the relationship of net profit with the total assets. The following formula has been used:

$$\frac{\text{Net Profit}}{\text{Total Assets}} \times 100$$

8. Debt Equity Ratio

This ratio determines the relationship between outsiders' funds (long-term funds and short-term funds) and shareholders' funds. The following formula is used:

3.6 CHAPTER SCHEME

The chapter scheme of the study is described as follows:

Chapter One is introductory in nature. It presents the scenario of housing shortage in India, initiatives taken by the government to overcome the shortage and regulatory framework of NHB in India.

Chapter Two reviews the relevant studies to find the gap in research area. It also reveals an understanding about the various aspects and issues related to the current study.

Chapter Three deals with the research methodology used for the present study. It highlights the need for the study, objectives of the study, sample and sample design, data collection, quantitative techniques used for the study, chapter scheme, and limitations of the study.

Chapter Four studies the financial performance of the selected housing finance company.

Chapter Five studies the elements of marketing mix of the selected housing finance company.

Chapter Six analyzes the perception of customers regarding marketing of housing finance services.

Chapter Seven highlights the major findings and suggestions that emerge from the study.

3.7 LIMITATIONS OF THE STUDY

Every research work is subject to certain limitations. This study is also no exception in this regard. Some of the main limitations of the current study are detailed as under:

1. The annual reports of selected company provide the secondary data only at the All-India level. The state-wise business performance could not be ascertained because the data at the state level is not available in annual reports.

2. The accuracy of the financial performance of the selected company could not be ascertained because of the limitations inherent in the secondary data. The financial statements on the basis of which the ratios are established are historical in nature.
3. The non-probability sampling method for primary survey is used because the complete list of customers was not disclosed by the company officials. The shortcomings inherent in this method may creep into the selected sample of the study; and it is difficult to implement the results of this study on whole universe in the state.

CHAPTER - IV

FINANCIAL PERFORMANCE OF HDFC LIMITED

In this chapter, the financial performance of HDFC has been analysed using financial statements of the company. The financial analysis has been made using ratio analysis. The ratio analysis helps to summarise large quantities of financial data and to make qualitative judgement about the financial performance of a company. The financial statements are the statements which present the important financial information relating to a business. Profit and loss account, and balance sheet are the two main financial statements. Profit and loss account reflects the profit or loss earned by a business during an accounting year. Balance sheet reflects the position of the assets, liabilities and capital of the business at the end of the accounting year. The financial statements depict data in absolute figures.

A ratio is simple arithmetical expression of the relationship between variables for the purpose of comparison. It is an expression of the quantitative relationship between two numbers. According to Hunt, William and Donaldson, ratios are simply a means of highlighting in arithmetical terms the relationship between figures drawn from the financial statements. Ratio analysis is a process whereby the financial statements are analysed and interpreted through ratios. It is a process of establishing meaningful relationships between two figures or set of figures of a financial statement. The financial ratios are true test of the profitability, efficiency and financial soundness of the companies. The ratio analysis simplifies the comprehension of financial statements. The analysis provides data for comparison of the performance of different companies. It helps in deciding efficiency of the company and likely performance in the future.

In this section, an attempt has been made to study the financial performance of HDFC pertaining to the period 1999-00 to 2016-17. The data has been collected from various annual reports of the company. Further, it has been tabulated and appraised through the study of various performance ratios. The ratios calculated to analyse financial performance are discussed below:

1. Year-wise Housing Loan Outstanding

2. Year-wise Housing Loan Outstanding to Individuals
3. Year-wise Housing Loan Outstanding to Corporate Bodies
4. Year-wise Housing Loan Outstanding to Others
5. Interest on Housing Loan to Total Income
6. Interest on Housing Loan to Total Interest Income
7. Total Interest Income to Total Income
8. Return on Assets
9. Debt Equity Ratio

4.1 Year-wise Housing Loan Outstanding

HDFC Ltd. mainly sanctions and disburses loan for the purpose of providing housing finance to fulfil the housing dreams of their customers as the core objective of the company is to fulfil their housing needs of all segments of the society. The company provides housing finance for construction, purchase, extension, renovation, improvement, etc. to their customers. The data showing year-wise housing loan outstanding is demonstrated in Table 4.1.

Table 4.1
Year-wise Housing Loan Outstanding
(₹ in crore)

Year	Housing Loan Outstanding
1999-00	10063
2000-01	13225
2001-02	17169
2002-03	21750
2003-04	27974
2004-05	36012
2005-06	44990
2006-07	56512
2007-08	73328
2008-09	85198
2009-10	97967
2010-11	117127
2011-12	140875
2012-13	170046
2013-14	197100
2014-15	202161
2015-16	259224
2016-17	296471

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The tabulated data shows that the total loan outstanding of the selected company increased from ₹ 10063 crore to ₹ 296471 crore over the period of eighteen years ranging from 1999-2000 to 2016-17. The last two years of study recorded increasing trend in the outstanding loan amount which exhibited healthy operational performance of the company. The year 2016-17 constituted highest amount of outstanding loan of ₹ 296471 provided by company to customers. It was followed by year 2015-16 which was found to be ₹ 259224.

4.2 Year-wise Housing Loan Outstanding to Individuals

The table 4.2 demonstrates year-wise housing loan outstanding to individuals.

Table 4.2
Year-wise Housing Loan Outstanding to Individuals
(in percentage)

Year	Individuals
1999-00	71.94
2000-01	72.48
2001-02	73.19
2002-03	71.08
2003-04	68.49
2004-05	67.36
2005-06	67.26
2006-07	66.11
2007-08	65.97
2008-09	64.43
2009-10	62.58
2010-11	62.88
2011-12	63.02
2012-13	65.47
2013-14	67.62
2014-15	72.55
2015-16	69.43
2016-17	68.95

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

It is depicted that HDFC focussed on their individual customers and provided them maximum loan outstanding ranging from 62.58 per cent to 73.19 per cent. However, the percentage varied with decreasing trend from 69.43 to 69.43 per cent during the year 2015-16 and 2016-17.

4.3 Year-wise Housing Loan Outstanding to Corporate Bodies

The table 4.3 exhibits year-wise housing loan outstanding to corporate bodies.

Table 4.3
Year-wise Housing Loan Outstanding to Corporate Bodies
(in percentage)

Year	Corporate Bodies
1999-00	26.96
2000-01	26.89
2001-02	26.21
2002-03	28.10
2003-04	30.35
2004-05	31.00
2005-06	31.06
2006-07	31.60
2007-08	31.50
2008-09	33.35
2009-10	35.85
2010-11	35.98
2011-12	35.63
2012-13	33.49
2013-14	31.27
2014-15	26.10
2015-16	29.02
2016-17	29.48

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The company also gave attention to the financial needs of corporate bodies and provided them with loan outstanding ranging from 26.10 per cent to 35.98 per cent. The increasing trend in percentage is recorded ranging 29.02 to 29.48 during last two years.

4.4 Year-wise Housing Loan Outstanding to Others

The table 4.4 shows year-wise housing loan outstanding to other customers.

Table 4.4
Year-wise Housing Loan Outstanding to Others
(in percentage)

Year	Others
1999-00	1.10
2000-01	0.63
2001-02	0.60
2002-03	0.83
2003-04	1.17
2004-05	1.64
2005-06	1.67
2006-07	2.29
2007-08	2.52
2008-09	2.22
2009-10	1.58
2010-11	1.14
2011-12	1.35
2012-13	1.04
2013-14	1.11
2014-15	1.35
2015-16	1.55
2016-17	1.57

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The company provided other customers with loan outstanding ranging from 0.60 per cent to 2.52 per cent respectively. The percentage witnessed increasing trend since 2011-12 and last two years constituted highest percentage.

4.5 Interest on Housing Loan to Total Income

Table 4.5 summarises the relationship between interest earned on housing loan to total income. The higher ratio reflects that company has concentrated on its main business of providing loans and highest proportion of its income comes from interest on these loans.

Table 4.5
Interest on Housing Loan to Total Income

Year	Interest on Housing Loan to Total Income
1999-00	65.91
2000-01	68.26
2001-02	73.40
2002-03	75.54
2003-04	78.13
2004-05	78.58
2005-06	80.90
2006-07	82.72
2007-08	88.05
2008-09	90.14
2009-10	87.84
2010-11	87.46
2011-12	87.87
2012-13	89.80
2013-14	90.38
2014-15	89.96
2015-16	86.57
2016-17	88.66

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The interest on housing loan to total income ratio ranged from 65.91 per cent to 90.38 per cent which reflected that a company had earned greater proportion of its total income through interest during its business of providing housing loans over the period

of study. The interest income constituted major source of income of the company. However, the ratio analysed downward trend in 2009 for two years and from 2014-15 onwards, yet the ratio was found to be higher as compared to other years.

4.6 Interest on Housing Loan to Total Interest Income

Table 4.6 exhibits the relationship between interest on housing loan to total interest income. The higher ratio records more income earned from interest on housing loan disbursed to borrowers by the company.

Table 4.6
Interest on Housing Loan to Total Interest Income

Year	Interest on Housing Loan to Total Interest Income
1999-00	76.16
2000-01	77.28
2001-02	80.79
2002-03	82.72
2003-04	85.25
2004-05	86.31
2005-06	86.05
2006-07	91.27
2007-08	92.71
2008-09	94.71
2009-10	95.49
2010-11	95.24
2011-12	95.01
2012-13	95.83
2013-14	96.38
2014-15	96.52
2015-16	91.60
2016-17	91.56

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The ratio ranged from 76.16 per cent to 96.52 per cent over the period of study. It registered an increasing trend after witnessing minor downward fluctuations in the years 2005-06, 2010-11, 2011-12, 2015-16 and 2016-17.

4.7 Return on Assets

This table carries the data depicting return on assets. The ratio return on assets establishes the relationship of net profit with the total assets of the company. The higher ratio implies that the assets have been properly utilised to generate income.

Table 4.7
Return on Assets

Year	Return on Assets
1999-00	2.66
2000-01	2.65
2001-02	2.70
2002-03	2.63
2003-04	2.66
2004-05	2.56
2005-06	2.46
2006-07	2.50
2007-08	3.00
2008-09	2.35
2009-10	2.53
2010-11	2.54
2011-12	2.46
2012-13	2.48
2013-14	2.41
2014-15	2.36
2015-16	2.45
2016-17	2.21

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The ratio of the company was witnessed ranging from 2.35 per cent to 3.00 per cent. It highlighted the efficiency of the management in managing its assets efficiently to earn profits over the period of study.

4.8 Debt Equity Ratio

The table 4.8 depicts debt equity ratio which judges the long term financial position and soundness of the long term financial policies of the company.

Table 4.8

Debt Equity Ratio

Year	Debt Equity Ratio
1999-00	6.70
2000-01	6.53
2001-02	6.94
2002-03	7.64
2003-04	8.45
2004-05	9.44
2005-06	10.46
2006-07	10.30
2007-08	5.79
2008-09	6.38
2009-10	6.35
2010-11	6.66
2011-12	7.32
2012-13	6.40
2013-14	6.58
2014-15	6.74
2015-16	6.14
2016-17	6.01

Note: The percentages as calculated above in the table are based on the data taken from various Annual Reports of the company under study.

The debt equity ratio measures the extent to which debt financing has been used. The higher ratio reveals more dependence on outsiders' funds. The ratio ranging from

5.79 per cent to 10.46 per cent signifies dependence of the company on outsiders' funds. The ratio was witnessed highest in 2005-06 which is not fair for the long term financial position but ratio showed declining trend in the latter years of the study.

CONCLUSION

HDFC excelled in the private sector with the remarkable financial performance by figuring out noticeable business operations and registered conclusive financial growth. The total loan outstanding of the company has increased over the period of eighteen years of study. The interest on housing loan to total income ratio reflected that a company had earned greater proportion of its total income through interest during its business of providing housing loans. The ratio records more income earned from interest on housing loan disbursed to borrowers by the company. The company has efficiently managed its assets which resulted in increased profits.

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CHAPTER - V
MARKETING MIX OF HDFC LIMITED

5.1 MARKETING OF SERVICES

Services are activities, benefits, or satisfactions which are offered for sale, or provided in connection with the sale of goods (American Marketing Association, 2008). Services are the economic activities offered for sale yielding benefits to organisation and satisfaction to customers or buyers. Services have some salient features such as intangibility, heterogeneity, inseparability and perish ability, which necessitate a new vision, a distinct approach and a world class professional excellence.

In globalisation and liberalisation era, services are increasingly used by people in all aspects of life in corporate sector and household sector. Service sector has been found contributing substantially to the development process. The marketing is a managerial process by which the products are matched with market and through which the consumers are enabled to enjoy product. The service marketing provides channels through which services are made available to the prospects, make potential buyers aware of the types and nature of services offered and participate in the determination of prices that would be acceptable to the potential buyers and yield profits to the organisation.

5.2 MARKETING MIX OF SERVICES

The marketing mix of services is a basic concept in marketing and is defined as elements which organisations control and use to satisfy and communicate with existing and potential customers. Traditionally, marketing mix consists of four basic variables, namely, product, price, promotion and place. The peculiar nature of services led many researchers to incorporate three additional P's to service marketing mix, namely, people, process and physical evidence. Marketing mix of services describes a combination of the seven inputs that constitute the core of marketing financial services system, popularly known as 7 P's.

5.2.1 Products in Services

The services have four dimensions comprising of basic or core services which includes products or services offered by the housing finance institutions such as loan

products. The second dimension comprises of expected services which include minimum requirement of the customer expected from organisation and third dimension is augmented services which include benefits offered by the service provider more than the expectations of the customer. The augmented services are additional attraction which is with the motto of establishing an edge over the competitive firms. The last dimension is potential services including all potential features that may be added to increase the utility of the service to the buyer and it also helps organisation to discover new ways of attracting and holding customers/users.

The basic or core products of housing finance institutions are services which include home purchase loan for purchase of house/flat, home construction loan, home extension loan, home improvement loan, repair of house or flat, residential plot loan, short-term bridging loan, etc. The expected services include expectations of customers regarding prompt services with simplified process system and automated technology. The augmented services includes home insurance policy to customers and potential services include waiving of fee, easy repayment of loan, etc.

5.2.2 Pricing in Services

Pricing is managerial task that involves establishing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results (K.C.Kite). The pricing comprises of prices, discounts, commissions and margins. It plays a significant role in the formulation of marketing mix.

The price of products or services of housing finance institutions includes mainly interest rate, pre-disbursement charges such as processing fees, fees on account of external opinion, legal charges, registration charges, etc.; and post-disbursement charges such as cheque bounce charges, delayed payment charges, pre-payment charges, etc. It should correspond with the satisfaction of customers and organisational goals.

5.2.3 Place in Services

The most important element is distribution of services through channels or organised network (agencies/institutions) which include all the activities required to facilitate the exchange process of products/services. The channel of distribution directs flow of goods and services to the consumers through intermediaries.

The housing financial institutions have been delivering products/services through distribution strategy relating to place, namely, extending their reach through various means like branch offices, undertaking strategic alliances, distribution tie-ups and collaborations with other institutions, providing services to customers at their doorsteps through direct selling agents, leading online portals, etc.

5.2.4 Promotion of Services

Promotion of services plays vital role in stimulating the demand of product/services by informing and persuading the customers to use products/services, stimulating the demand of product/services through various forms of communication such as sales promotion including offers, discounts and many other means of promotion; advertising methods influencing the customers' perception to buy a particular product or service; and after sales service generating interest of customers in the product or service.

The housing finance companies also use advertising, sales promotion through property fairs, thematic exhibitions; and personal selling portraying about their benefits of products/services and differentiating its products/services offerings from its competitors.

5.2.5 People in Services

The employees of the organisation represent the organisation to the customers. It involves interaction between service providers and customers. Human resource management formulate and implement strategies in order to motivate employees to promote products/services and to ensure the highest standards of customer care.

The housing finance companies recruit skilled and qualified employees, and develop their skills with training programmes and performance appraisal system.

5.2.6 Process in Services

The process means the way in which services are delivered to customers. The simple and transparent process is designed to deliver services in a speedy and cost effective manner.

The housing finance companies are delivering its services using automated technology and trained staff.

5.2.7 Physical Evidence in Services

Physical evidence is important in facilitating the enhanced marketing and delivery services. It refers to the environment in which the services are delivered. Some

of the vital elements of physical environment are location and layout, comfortable and proper seating arrangement, drinking facilities and other facilities, employee appearance including distinctive uniforms, style of greeting up of employees, etc.

The housing finance companies have recognised the physical evidence as it plays a strategic role to convince customers and to build image in the society.

5.3 MARKETING MIX OF HOUSING DEVELOPMENT FINANCE CORPORATION (HDFC)

The Housing Development Finance Corporation (HDFC) was incorporated on October 17, 1977 under the founder chairmanship of Mr. H.T. Parekh and was promoted by the Industrial Credit and Investment Corporation of India Limited, the Industrial Finance Corporation and His Royal Highness Aga Khan. It has authorised share capital of the company is ₹ 325 crore and its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE). The company is registered with NHB and has its corporate office in Mumbai.

It is a premier housing finance institution in India with impeccable record of transparency, trust, professionalism and integrity. The core objective of HDFC is to meet residential housing stock need in the country by providing housing finance at affordable rate in a systematic manner with flexible repayment system. The company has fulfilled the dreams of 5.8 million customers. The government's support of affordable housing has added momentum in company's dreams of home ownership to all sections of the society. The pioneering housing finance efforts have led to several innovations in products, processes and services. The company has reached varied geographies through new offices with variant innovative products.

5.3.1 Product

The products of HDFC comprises of housing loans; non-housing loans including loan against property, top-up loans, non-residential premises loans to cater to the needs of customers in India and abroad. The home loans products include:

Home Loans

- For new homes
- For resale homes
- For construction
- Balance transfer

Home Improvement Loans
 Home Extension Loans
 Top Up Loans
 Plot Loans
 Rural Housing Finance.

1. Home Loan Essentials

(a) Eligibility

Loan is provided to the salaried applicant (permanent service in any of the government organisations or reputed companies/institutions), self-employed professionals (professional qualification and practice such as doctors, engineers, chartered accountants), and self-employed individuals/businessmen (any individual filing income tax returns).

Table 5.3 (a) provides details about home loan eligibility of HDFC.

Table 5.3 (a)
Home Loan Eligibility

Requirement	Salaried individuals, Self-employed professionals and Self-employed individuals/ businessmen
Age	Above 24 years at the time of commencement of the loan, up to 60 years at the time of maturity of the loan

Source: Information downloaded from www.hdfc.com on 21-07-2018

(b) Documents

The list of self-attested documents needs to be submitted by the applicant along with application form for loan approval is given below.

Documents to be submitted by salaried individuals

- Salary slips issued over the past three months.
- Bank statements of the past six months including statements of salary account.
- Latest income tax return form.
- Employment letter, in case the period of service in the current job is less than a year.

Documents to be submitted by self-employed entrepreneurs and self-employed professionals

- Income tax returns along with computation of income of the last three assessment years.

- Balance sheets and income statements (with annexure and schedules) certified by auditors.
- Current account statements of the entity and savings account statements of the individual of the past six months.
- Details of ongoing loans of both the individual and the business entity, including the outstanding amount, installments and security.
- List of directors and shareholders with individual shareholding as certified by a chartered accountant or company secretary.
- Copy of shop and establishment license, VAT registration or any other mandatory license.
- Copy of partnership deed, memorandum of association and articles of association (if applicable).
- Copies of education qualification and professional practice certificates.

Apart from these documents, all home loan applicants whether salaried or self-employed need to submit KYC (Know Your Customer) documents comprising of identity and address proof, along with property related documents.

(c) Security

The applicant provides security for the loan which would be security interest on the property being financed and/or any other collateral security as may be required by HDFC.

2. Product Profile of Home Loan

Table 5.3 (b) provides brief details about home loan products of HDFC.

Table 5.3 (b)
Product Profile of Home Loan

Purpose of Home Loan	Maximum Amount	Maximum Term
Home Loans -For new homes -For resale homes -For construction -Balance Transfer	75 per cent of property cost for loan above ₹ 75 lakh 80 per cent of property cost for loan ₹ 30.01 lakh to ₹ 75 lakh 90 per cent of property cost for loan up to and including ₹ 30.01 lakh	30 years

Home Improvement Loans	<p>100 per cent of the improvement estimate (subject to loan/total exposure not exceeding 75 per cent of the market value of the property as assessed by HDFC) for loan above ₹ 75 lakh</p> <p>100 per cent of the improvement estimate (subject to loan/total exposure not exceeding 80 per cent of the market value of the property as assessed by HDFC) for loan ₹30.01 lakh to ₹ 75 lakh</p> <p>100 per cent of the improvement estimate (subject to loan/total exposure not exceeding 90 per cent of the market value of the property as assessed by HDFC) for loan up to and including ₹ 30 lakh</p>	15 years
Home Extension Loans	<p>75 per cent of the construction estimate for loan above ₹ 75 lakh</p> <p>80 per cent of the construction estimate for loan ₹30.01 lakh to ₹ 75 lakh</p> <p>90 per cent of the construction estimate for loan up to and including ₹ 30 lakh</p>	20 years
Plot Loans	<p>75 per cent of the construction estimate for loan above ₹ 75 lakh</p> <p>80 per cent of the construction estimate for loan ₹30.01 lakh to ₹ 75 lakh</p> <p>90 per cent of the construction estimate for loan up to and including ₹ 30 lakh</p>	15 years
Rural Housing Finance	<p>75 per cent of the construction estimate for loan above ₹ 75 lakh</p> <p>80 per cent of the construction estimate for loan ₹30.01 lakh to ₹ 75 lakh</p> <p>90 per cent of the construction estimate for loan up to and including ₹ 30 lakh</p>	20 years
Top Up Loans	<p>80 per cent for cumulative exposure up to ₹75 lakh of the market value of the mortgaged property property as assessed by HDFC</p> <p>80 per cent for cumulative exposure up to ₹75 lakh of the market value of the mortgaged property property as assessed by HDFC</p>	15 years

Source: Information downloaded from www.hdfc.com on 21-07-2018

Repayment of loan can be made through various modes of repayment such as electronic clearing system by issuing standing instructions to the bank to pay instalments, opting direct deduction of monthly instalments by employer or issuing post-dated cheques from salary account.

5.3.2 Price

The rate of interest and other service charges comprise 'price'. The price is charged on the loan amount. Home loan is available on adjustable rate (linked to retail prime lending rate of HDFC), fixed rate (prevailing fixed rate of interest) and combination rate which provides the option of converting fixed rate to adjustable rate. Price/interest rate on a home loan is proposed and decided by the company after taking into account NHB guidelines, HDFC Ltd. guidelines, demand/supply position, etc. Company fixes the fee and other service charges according to market conditions. The discount on interest rate is given to the female customers. The table shows the rate of interest charged by the company on home loan products.

Table 5.3 (c)

Rate of Interest on Home Loan Products

Home Loans - For new homes - For resale homes - For construction - Balance transfer Home Improvement Loans Home Extension Loans	<p>Adjustable Rate Loan</p> <p>9.05 per cent per annum to 9.55 per cent per annum for loan amount of ₹ 75.01 lakh and above</p> <p>9 per cent per annum to 9.50 per cent per annum for loan amount of ₹ 30.01 lakh and 75 lakh</p> <p>8.85 per cent per annum to 9.35 per cent per annum for loan amount of up to ₹ 30 lakh</p> <p>2 Year Fixed Rate Variant</p> <p>9.55 per cent per annum to 10.05 per cent per annum for loan amount of ₹ 75.01 lakh and above</p> <p>9.50 per cent per annum to 10 per cent per annum for loan amount of ₹ 30.01 lakh and 75 lakh</p> <p>9.35 per cent per annum to 9.85 per cent</p>
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	per annum for loan amount of up to ₹ 30 lakh
Rural Housing Finance	<p>Adjustable Rate Loan</p> <p>9.05 per cent per annum to 9.70 per cent per annum for loan amount of ₹ 75.01 lakh and above</p> <p>9 per cent per annum to 9.65 per cent per annum for loan amount of ₹ 30.01 lakh and 75 lakh</p> <p>8.85 per cent per annum to 9.50 per cent per annum for loan amount of up to ₹ 30 lakh</p> <p>2 Year Fixed Rate Variant</p> <p>9.55 per cent per annum to 10.20 per cent per annum for loan amount of ₹ 75.01 lakh and above</p> <p>9.50 per cent per annum to 10.15 per cent per annum for loan amount of ₹ 30.01 lakh and 75 lakh</p> <p>9.30 per cent per annum to 10 per cent per annum for loan amount of up to ₹ 30 lakh</p>
Top Up Loans	<p>9 per cent per annum to 9.50 per cent per annum for loan amount of ₹ 30.01 lakh and 50 lakh</p> <p>8.85 per cent per annum to 9.35 per cent per annum for loan amount of up to ₹ 30 lakh</p>

Source: Information downloaded from www.hdfc.com on 21-04-2016

The table given below gives details about the fee and other charges for the loans advanced by HDFC.

Table 5.3 (d)
Fee and Other Charges

Processing Fee	Up to 0.50 per cent of the loan amount or ₹ 3,000, whichever is higher plus applicable taxes
Fees on account of external opinion	Fees on account of external opinion from advocates/technical valuers, as the case may be, is payable on an actual basis as applicable to a given case.
Property Insurance	The customer pays the premium amounts directly to the insurance provider, promptly and regularly so as to keep the policy / policies alive at all times during the pendency of the loan.
Charges on account of delayed payments	A maximum of 24 per cent per annum on the defaulted sum

Statutory/Regulatory Charges	All applicable charges on account of Stamp Duty/Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) or such other statutory / regulatory bodies and applicable taxes shall be borne and paid (or refunded as the case may be) solely by the customer.
Check Dishonour Charges	₹ 200
List of Documents	Up to ₹ 500
Photo Copy of Documents	Up to ₹ 500
PDC Swap	Up to ₹ 200
Disbursement Cheque Cancellation Charge Post Disbursement	Up to ₹ 200
Re-Appraisal of Loan after 6 Months from Sanction	Up to ₹ 2,000 plus applicable taxes
Increase / Decrease in Loan Term	Up to ₹ 500 plus applicable taxes

Source: Information downloaded from www.hdfc.com on 21-07-2018

5.3.3 Place

HDFC delivers its products and services to the customers through 474 outlets including 148 offices of HDFC's wholly owned distribution company, HDFC Sales

Private Limited (HSPL), HDFC Bank, third party direct selling associates (DSAs), and distribution tie-ups with financial institutions such as IndusInd Bank, RBL Bank etc. The new technology upgraded branches with vision to win the confidence of customers. It has strengthened its presence through outreach programmes and overseas offices in London, Singapore and Dubai in order to tap market abroad. The website of the company, www.hdfc.com, proves of be effective marketing tool and provides information about products and services, provides online option of applying home loan on-line, and solves the queries and complaints of customers. Strategic tie-ups and leading online portals can give it a sustainable edge in and across India.

5.3.4 Promotion

The marketing strategy of HDFC such as organising property fairs, participating in exhibitions and property fairs like ‘Budget Home Show’ at Ghaziabad and Kalyan, ‘Emerging Nasik’ at Nasik in 2009 proved to be a successful strategy to promote its products and services. It has initiated advertising campaign ‘Asset Plus and Empowerment’ to create general awareness about home loans. It has launched a campaign during the year 2010 ‘HDFC because every family needs a home’. It hosted ‘Bengaluru Homes Fair’ in Bengaluru and participated in India Property Show in Singapore in 2012. It organised ‘HDFC India Home Fair’ in London and two-day property fair ‘India Homes Fair’ in Muscat in 2013 with motive to provide financial platform to thousands of NRIs. It also made its presence in advertising campaign - ‘Apni Jagah Banao’ (make your own space) in 2014. It also uses various innovative online services such as instant e-approval, online access for customers, home buyer’s guide, home affordability calculator, grievance redressal link, etc. It establishes its brand through newspapers, namely, The Economic Times, The Times of India, The Hindu, The Tribune and The Financial Express; and TV Channels like CNBC, BBC World, Aaj Tak, NDTV, etc.; installed hoardings at important places and brochures reveal the credibility of the company to potential and existing customers.

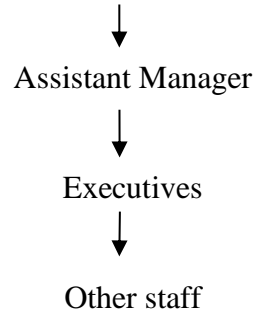
5.3.5 People

HDFC has a three-tier system in its organisational set-up. The company is operating through corporate office at the top level, regional offices at the middle level, and branches at the lower level. The chairman and board of directors have extended their unstinted support to build a sustainable organisation. The main function of staff in regional offices is to supervise and motivate the staff of branch offices. The branch

offices deliver them products/services to customers to fulfil their primary needs at competitive interest rates and affordable equated monthly instalments.

Organisational Structure at the Branch Level of HDFC

Manager (sales, operation, administration, accounts, recovery)



The concerned managers and assistant managers at the branch office level undertake various activities like operations, account, follow-up, recovery and administration of loan. The supportive staff members carry day-to-day affairs at the branch office. The training programmes, conferences and seminars are organised at HDFC training centre located at Lonavla, India. Other in-house programmes like executive development programme, managerial skills programme, etc are also conducted every year to upgrade knowledge of employees in different operational areas. Apart from fixed salary and perquisites, the employees are paid performance-linked incentives. The employees have also proved to be real assets of the company.

5.3.6 Process

The procedure for sanctioning of loan in HDFC is divided into three different stages from filling the application form to the applicant to sanctioning of loan which is as follows:

The application form can be downloaded online or collected from branch office of the company. It must be duly filled legibly and submitted along with affixed photograph, processing fee cheque and required documents of applicant/co-borrower and guarantor. The legal verification is conducted by legal officer of the company and the clearance may takes a week or more subject to the completion of documents in all respects. The panel value engineer conducts technical evaluation and certifies the progress report by inspecting the site along with the officials of technical department. The credit officer collects the documents like memorandum of deposit of title deeds, deed of guarantee, promissory note, affidavit signed by the borrower, post-dated cheques, etc. Generally, the sanctioned amount is disbursed in full or in instalments,

normally three instalments depending upon the progress of construction. The repayment of loan is made through post-dated cheques, cash payment every month at company's office and electronic clearing system.

5.3.7 Physical Evidence

The company pays full attention to the location and layout of their branch units as it influences the customers' perception of the service. The offices are equipped with proper arrangements of air conditioned system, proper seating arrangement, drinking water facilities and toilets to facilitate effective performance of services. The young staff members are interactive in suggesting customers about innovative home loan schemes. The upgraded website of the company with web-based loan application and management system, brochures, signboards and punch line 'With HDFC Home Loans, Create Your Own Space' presents important elements of the service product to hook to new customers and to retain the existing customers.

CONCLUSION

HDFC is a pioneer institution in the private sector in the matter of granting home loan products at attractive rate of interest. It has strong distribution network upgraded with modern technology and simplified transparent process of home loans. The marketing strategy of HDFC plays vital role to achieve the goals. The company follows a simple appraisal system for their employees and also gives appropriate attention to physical surroundings for the purpose of delivering its services effectively and creating aesthetic impression of the company.

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CHAPTER - VI

**CUSTOMERS' PERCEPTION ABOUT SERVICES OF
HDFC LIMITED**

In this chapter, an attempt has been made to examine the perception of customers about services provided by selected housing finance company in the private sector. The chapter highlights the socio-economic characteristics of the customers which may have a direct or indirect bearing on their perception. It also reflects the perception of respondents related to various important parameters, viz. amount of housing loan, tenure of loan, purpose of availing loan, and level of respondents' satisfaction over rate of interest charged. It further analysis the opinion of the respondents regarding payment of EMI, advertisements by housing finance company, quality of website of the company, role played by employees during loan process and agreement on various physical environment aspects of the housing finance company.

6.1 SOCIO-ECONOMIC CHARACTERISTICS

The data depicting demographic profile of 400 customers of the selected housing finance company is shown in Table 6.1. It comprises of the basic attributes such as their age, gender, education, occupation and family income.

6.1.1 Age-wise Distribution

Table 6.1 (a) shows the age-wise distribution of the respondents. The respondents have been divided into four age groups, viz. 'below 25 years', '25 - 35 years', '35 - 45 years' and 'above 45 years'.

Table 6.1 (a)
Age-wise Distribution of Respondents

Age Group	N	%
Below 25 years	22	5.50
25 - 35 years	89	22.25
35 - 45 years	201	50.25
Above 45 years	88	22.00

The data in the table exhibits that majority of the respondents, i.e., 50.25 per cent were in the age group of 35 - 45 years, followed by 22.25 per cent of respondents who were in the age group of 25 - 35 years. The least number of the respondents, i.e., 5.50 per cent respectively were in the age group of below 25 years.

6.1.2 Gender-wise Distribution

Table 6.1 (b) shows gender-wise classification of respondents who have been divided into two groups, viz. 'male' and 'female'.

Table 6.1 (b)
Gender-wise Classification of Respondents

Gender	N	%
Male	122	30.50
Female	278	69.50

Majority of the respondents, i.e., 69.50 per cent were females, while the remaining proportion 30.50 per cent of the respondents was females respectively.

6.1.3 Education-wise Distribution

Table 6.1 (c) shows the data highlighting education-wise distribution of the respondents. The respondents were divided into five educational categories i.e., matric, undergraduate, graduate, postgraduate and professionals.

Table 6.1 (c)
Education-wise Distribution of Respondents

Educational Categories	N	%
Matric	0	0
Undergraduate	27	6.75
Graduate	115	28.75
Postgraduate	134	33.50
Professionals	124	31.00

It is evident that the highest proportion of respondents, i.e., 33.50 per cent was postgraduates, followed by 28.75 per cent of respondents who were graduates. None of the respondents was matric, while 6.75 per cent of the respondents were undergraduates.

6.1.4 Occupation-wise Distribution

Table 6.1 (d) shows occupation-wise distribution of the respondents. The respondents were divided into four categories, viz. businessmen, servicemen, professionals and others

Table 6.1 (d)
Occupation-wise Distribution of Respondents

Occupational Categories	N	%
Businessmen	107	26.75
Servicemen	138	34.50
Professionals	116	29.00
Others	39	9.75

The highest proportion of respondents, i.e., 34.50 per cent were servicemen, 29.00 per cent of the respondents were professionals followed by 26.75 per cent were businessmen. The others category comprised of 9.75 per cent which included retired employees, agriculturists, housewives, etc.

6.1.5 Income-wise Distribution

Table 6.1 (e) carries the data showing income-wise distribution of the respondents having net annual family income, viz. below ₹5,00,000; ₹5,00,000-₹10,00,000 and above ₹10,00,000.

Table 6.1 (e)
Income-wise Distribution of Respondents

Income Group (₹/Annum)	N	%
Below ₹ 5,00,000	88	22.00
₹ 5,00,000 - ₹ 10,00,000	197	49.25
Above ₹ 10,00,000	115	28.75

It can be seen that majority of the respondents, i.e., 49.25 per cent were having net annual income of between ₹ 5,00,000 and ₹ 10,00,000. A meagre proportion of 22.00 per cent of the respondents were having net annual income of above ₹ 5,00,000.

6.2 AMOUNT OF HOUSING LOAN TAKEN

Table 6.2 provides the data showing loan amount wise distribution of the respondents of the selected housing finance company. The respondents were divided

into three categories according to the amount of housing loan taken by them, i.e., ₹ 20 lakh - ₹ 30 lakh, ₹ 30 lakh - ₹ 40 lakh and more than ₹ 40 lakh.

Table 6.2

Distribution of Respondents according to the Amount of Housing Loan Taken

Amount of Loan (₹)	N	%
20 lakh - 30 lakh	193	48.25
30 lakh - 40 lakh	180	45.00
More than 40 lakh	27	6.75

It is evident that majority of the respondents, i.e., 48.25 per cent of respondents had availed loan ranging from ₹ 20 lakh to ₹ 30 lakh. As many as 45.00 per cent of respondents had availed loan ranging from ₹ 30 lakh to ₹ 40 lakh. However, least proportion of respondents, i.e., 6.75 per cent had taken a loan of more than ₹ 40 lakh.

6.3 TENURE OF LOAN

Table 6.3 provides the data showing the distribution of respondents according to the tenure of housing loan taken by them from the housing finance company.

Table 6.3

Distribution of Respondents according to the Tenure of Housing Loan Taken

Tenure of Loan	N	%
Less than 10 years	56	14.00
10 - 20 years	128	32.00
20 - 30 years	193	48.25
More than 30 years	23	5.75

Majority of the respondents, i.e., 48.25 per cent took loan for a period of 20 to 30 years followed by 32 per cent of respondents who took loan for a period of 10 to 20 years. However, a meagre proportion of respondents, i.e., 5.75 per cent took loan for a period of more than 30 years.

6.4 PURPOSE OF AVAILING HOUSING LOAN

Table 6.4 describes the various purposes of availing housing loan. The purpose may include purchasing a residential plot for house construction, construction of house, renovation/extension, purchasing a constructed house, transferring outstanding balance

of the loan availed from any other bank/financial institution, and getting finance for the interim period between the sale of old house and purchase of new house.

Table 6.4

Purpose of Availing Housing Loan by the Respondents

Purpose of Availing Loan	N	%
To purchase a residential plot for construction	50	12.50
To construct a house	110	27.50
To renovate/extend a constructed house	85	21.25
To purchase a constructed house	67	16.75
To transfer the outstanding balance of loan availed from any other bank/financial institution	43	10.75
To get finance for the interim period between the sale of old house and purchase of a new one	45	11.75

It is seen that a large majority of the respondents, i.e., 27.50 per cent had availed loan for the purpose to construct a house followed by 21.25 per cent of the borrowers who availed loan for the purpose to renovate/extend constructed house. 16.75 per cent respondents availed loan to purchase a constructed house. Out of total number of borrowers, a low proportion of respondents, i.e., 10.75 per cent availed to transfer the outstanding balance of loan availed from any other bank/financial institution, and 11.75 per cent availed loan availed housing loan for the interim period between the sale of old house and purchase of a new one.

6.5 SATISFACTION OF RESPONDENTS OVER RATE OF INTEREST CHARGED BY COMPANY

The respondents were asked to record their satisfaction level over the rate of interest charged by the housing finance company in terms of ‘highly reasonable’, ‘reasonable’, ‘neutral’, ‘unreasonable’ and ‘highly unreasonable’ and the results are presented in table.

Table 6.5
Satisfaction of Respondents over Rate of Interest
Charged by Company

Level of Satisfaction	N	%
Highly Reasonable	0	0
Reasonable	90	22.50
Neutral	289	72.25
Unreasonable	21	5.25
Highly Unreasonable	0	0

Table 6.5 highlights that majority of the respondents, i.e., 72.25 per cent availing loan from the housing finance company under study were found to be neither reasonable nor unreasonable over the rate of interest charged by the company. As many as 22.50 per cent availing housing loan from the company were found reasonable, while 5.25 per cent of the respondents found the charged interest rate to be unreasonable. However, none of the respondents were found interest rate to be highly reasonable or highly unreasonable.

6.6 OPINION OF RESPONDENTS REGARDING PAYMENT OF EMI

An attempt was made to examine the reasonability of EMI charged by housing finance company from their customers. The response of the respondent customers was collected and analysed in terms of ‘highly reasonable, reasonable, neutral, unreasonable and highly unreasonable’. The response data is presented in Table 6.6 for an analysis.

Table 6.6
Opinion of Respondents regarding Payment of EMI

Scale	N	%
Highly Reasonable	16	4
Reasonable	284	71
Neutral	89	22.25
Unreasonable	11	2.75
Highly Unreasonable’	0	0

The table displays the data highlighting that 71 per cent of the respondents felt that EMI was reasonable. However, 22.25 per cent of respondents remained neutral in this regard. Further, 2.75 per cent of respondents believed that EMI was unreasonable.

However, none of the respondents considered it as highly unreasonable and 4 per cent of the respondents considered it as highly reasonable.

6.7 OPINION OF RESPONDENTS REGARDING BEST SOURCES OF ADVERTISEMENTS BY COMPANY

The housing finance company use a variety of marketing strategies to promote their product and services. Advertisements play dominant role in the marketing activities of the products/services. An attempt has been made to examine the best source of advertisements with the help of opinion of the respondents. The respondents were asked whether they have heard/seen the advertisements of the company. Their responses have been highlighted in Table 6.7 (a). Table shows that the majority of the respondents i.e., 87.25 per cent have heard/seen the advertisement of the company.

Table 6.7 (a)
Respondents who have heard/seen the advertisements of the housing finance institutions

Advertisement Heard/Seen	N	%
Yes	349	87.25
No	51	12.75

The remaining proportion of respondents i.e., 12.75 per cent has neither heard nor seen the advertisement of the company.

Table 6.7 (b)
Source of Hearing/Seeing the advertisements of Company

Source	N	%
Television	387	96.75
Newspaper/Magazine	299	74.75
Radio	23	5.75
Internet	391	97.75
Hoarding	178	44.50

According to table, the major source of advertisement was registered to be internet as reported by 97.75 per cent respondents, followed by television and newspaper/magazine as reported by 96.75 and 74.75 per cent respectively. The least common source of advertisement was found to be radio which was reported by 5.75 per cent respondents.

6.8 OPINION OF RESPONDENTS ABOUT THE QUALITY OF WEBSITE OF THE COMPANY

The quality of the websites of the company under study has been judged on the basis of response collected from the respondents. The relevant data is exhibited in Table 6.8 for an analysis.

Table 6.8
Opinion of Respondents about the Availability of information on Website of the Company

Opinion	N	%
Always	300	75.00
Often	68	17.00
Sometimes	0	0
Rarely	0	0
Never	32	8

A glance at the table provides that as per the response of majority of 75 per cent of the respondents always found available information on the website of the company. However, 17 per cent respondents respectively considered that the information needed them were often available. A meagre proportion of 8 per cent of the respondents never found information on the website.

6.9 OPINION OF RESPONDENTS REGARDING SATISFIED ROLE OF STAFF EMPLOYEES

An attempt was made to register the satisfied role of the employees during the loan process and the results so obtained have been presented in Table 6.9.

Table 6.9
Opinion of Respondents regarding Satisfied Role of Staff Employees

Scale	N	%
Yes	388	97.00
No	22	3.00

The table reveals that the highest proportion of the respondents, i.e., 97.00 per cent opined that the role of employees during the loan process was satisfied, followed by 3.00 per cent respondents found that their role to be indifferent.

6.10 OPINION OF RESPONDENTS ON VARIOUS PHYSICAL ENVIRONMENT ASPECTS

The response of the respondents was recorded on terms from ‘highly satisfactory’ to ‘highly dissatisfactory’. The results so obtained are demonstrated in Table 6.10.

Table 6.10

Opinion of Respondents on Various Physical Environment Aspects

Scale	N	%
Highly Satisfactory	292	73.00
Satisfactory	84	21.00
Neither Satisfactory nor Dissatisfactory	24	6.00
Dissatisfactory	0	0
Highly Dissatisfactory	0	0

The majority of 73 per cent of the respondents found physical environment aspect to be highly satisfactory followed by 21 per cent of the respondents who found physical environment aspect to be satisfactory. A meagre proportion of 6 per cent of the respondents found physical environment aspect to be neither satisfactory nor dissatisfactory. However, none of the respondents found physical environment aspect to be dissatisfactory and highly dissatisfactory.

CONCLUSION

HDFC Ltd. Provides variant schemes of housing finance to the borrowers for purchasing a residential plot for house construction, construction of house, renovation/extension, purchasing a constructed house, transferring outstanding balance of the loan availed from any other bank/financial institution, and getting finance for the interim period between the sale of old house and purchase of new house. The company provides these innovative products at reasonable rate of interest with easy repayments. The company also influences the perception of the respondents through its websites, promotional activities, vital role of the employees during the loan process and best physical environment aspects.

CHAPTER-VII

SUMMARY AND SUGGESTIONS

Housing is a vital sector of the economy. It is also one of the most important life components giving shelter and safety. It constitutes significant part of the social and physical environment. Every segment of the society whether living in rural areas or in urban areas needs a house to protect and promote his well-being. Housing creates conditions conducive to achieve crucial goals pertaining to education, health, sanitation and above all the living standards of the people. It is a pre-requisite for human development and welfare. It is an important facet of economic development and also plays an important role in creating employment, maintaining health, social stability and preserving decent human life.

Recognizing the critical importance of human settlement in developing countries, the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, have recognized directly, emerge as the right to housing as a human right. The UN also declared the year 1987 as International Year for Shelter for the Homeless and Poor. Since then, there has, been a growing concern to address various forms of housing deprivation particularly in developing countries, where with the growing population pressure, meeting the housing needs of all families is a real challenge.

Housing has been an important agenda in India. The demand for housing has increased rapidly with increasing population. Therefore, governmental and non-governmental agencies are providing housing finance to meet housing demands of society. In India, the flow of credit into housing sector comes from formal and informal sector. The formal housing finance market comprises of various institutions which offer variant products relating to direct finance, refinance, micro-finance etc., to the borrowers. The informal sector fills the gap of inadequacies of the existing formal financial system and also fulfils financial needs of especially low class income groups. The other numerous efforts have also been made at the national level and international level to meet this issue. At the national level, housing sector has been developed by establishing various financial institutions in public sector as well as private sector. National Housing Bank (NHB), an apex level institution wholly owned by the Reserve

Bank of India, was set up in 1988 to promote, issue directions, provides finance and other support to housing finance institutions. Housing shortage is one of the crucial problems faced by India. It has been a matter of great concern for Government of India.

7.1 RESEARCH METHODOLOGY

Research Methodology discusses the methodology adopted for conducting the present research in systematic manner.

7.1.1 Objectives of the Study

The main objectives of the study are:

1. To assess the magnitude of housing shortage in India.
2. To study the regulatory role of National Housing Bank in housing sector.
3. To examine the role of financial performance of HDFC Ltd. To judge its competence in housing sector in India.
4. To study the elements of marketing mix of the selected housing finance company.
5. To study the perception of the customers regarding services provided by the selected housing finance company.
6. To suggest ways to solve housing finance problems by improving the financial performance and marketing practices of the selected housing finance company.

7.1.2 Sample And Sampling Design

The present research attempts to study the elements of marketing mix, financial performance and perception of 400 customers of HDFC Limited in Punjab. To examine the opinion of customers about marketing practices of the selected company, the researcher visited respective branch offices of the selected company with pre-tested questionnaire and got the information from existing customers. Moreover, the questionnaire was also supplied to the branch managers of the selected company to distribute them to their existing customers.

7.1.3 Data Collection

For studying the marketing practices of the selected company, two sets of data have been collected. One set of data has been collected from the

secondary sources such as Statistical Abstract of India, Census of India, various Economic Surveys, various Report on Trend and Progress of Housing in India, various Annual Reports of National Housing Bank and HDFC, websites relating to Indian housing sector, related books and journals, etc. The secondary data covers a period of 18 years, i.e., 2000 onwards.

The second set of data has been collected from customers of the selected housing finance company by administering a questionnaire to them. The questionnaire was pre-tested on 80 customers of the company. The final questionnaire was reframed with some modifications according to the feedback of customers.

7.1.4 Quantitative Techniques used for the Study

The primary and secondary data collected from various sources has been tabulated and analysed using various statistical techniques including ratio analysis and percentage. The data so collected has been compiled and analysed using Microsoft Excel.

7.2 FINDINGS

The major findings emerging out of the study are summarised as below:

- The housing shortage in India on the basis of one house for every household is found more in rural areas as compared to urban areas. It was found 5.40 million units in 1981 and 1.67 million units in 2011 in rural areas. It was witnessed 1.30 million units in 1981 and 0.38 million units in 2011 in urban areas. The overall housing shortage has reduced over the period, but 2.05 million units still exists in India as in 2011.
- The housing shortage in India on the basis of useable housing stock has reduced from 16.30 million units to 14.13 million units in rural area and from 5.60 million units to 5.08 million units in urban areas during the period of study. The overall housing shortage has come down from 21.90 million units to 19.21 million units during the same period. However, the problem is more alarming in rural area as compared to urban areas.
- National and State Governments has initiated the housing schemes such as Integrated Low Cost Sanitation Scheme, Jawaharlal Nehru National Urban

Renewal Mission, Affordable Housing in Partnership, Interest Subsidy Scheme for Housing the Urban Poor, Rajiv Awas Yojana and various other initiatives including those in the 11th Five Year Plan. These schemes aimed at realising the dreams of houseless poor families in the rural and urban areas.

- National Housing Bank, a wholly owned by the Reserve Bank of India, is an apex institution established in July 1988 under an Act of Parliament (NHB Act 1987). It plays promotional and developmental functions, regulatory functions and financial functions in the housing sector in India to develop a healthy and self-sufficient housing finance system.
- NHB directs housing finance companies to have a certificate of registration for commencing and carrying on business of housing finance and they should also minimum net owned fund of ₹ 1000 lakh (w.e.f. 01.04.2014). This certificate can also be cancelled, if company ceases to carry on housing finance business, fails to fulfil the conditions or fails to comply with directions relating to its registration.
- Income of HFCs is recognised as per accounting principles, i.e., income from interest/discount is taken into account when the income is actually realised, income from dividend on shares of corporate bodies and units of mutual funds is realised only on cash basis. Every HFC is required to make provision according to the type of assets which has to be distinctly stated under different heads of accounts, and individually for each type of assets. HFC is also required to maintain a minimum capital ratio together with Tier-I and Tier-II capital.
- NHB guidelines on ‘Know Your Customer and Anti-money Laundering Measures’ ensures policy framework to HFCs to understand their and their financial dealings. The guidelines on fair practices code for HFCs ensured promoting fair practices, increasing transparency and competition, and promoting cordial relationship between customers and housing finance companies.
- NHB’s Grievance Redressal Mechanism is to provide a simple, speedy and cost effective mechanism to the aggrieved parties of NHB/customers of HFC. Grievance Registration & Information Database System (GRIDS) facilitates online registration and tracking of complaint for the complainant.

- The total loan outstanding of the selected company increased from ₹ 10063 crore to ₹ 296471 crore ranging from 1999-2000 to 2016-17. HDFC provided individual customers with maximum loan outstanding ranging from 62.58 per cent to 73.19 per cent. The company provided corporate bodies with loan outstanding ranging from 26.10 per cent to 35.98 per cent. It provided housing loan outstanding to other customers ranging from 0.60 per cent to 2.52 per cent respectively.
- The interest on housing loan to total income ratio ranged from 65.91 per cent to 90.38 per cent reflected that a company had earned greater proportion of its total income through interest during its business of providing housing loans over the period of study. However, the ratio witnessed downward trend in 2009 for two years and from 2014-15 onwards, yet the ratio was found to be higher as compared to other years.
- The return on assets of the company highlighted the efficiency of the management in managing its assets efficiently to earn profits over the period of study and was witnessed ranging from 2.35 per cent to 3.00 per cent. The debt equity ratio ranging from 5.79 per cent to 10.46 per cent signified dependence of the company on outsiders' funds.
- The products of HDFC comprises of housing loans; non-housing loans including loan against property, top-up loans, non-residential premises loans to cater to the needs of customers in India and abroad. The home loan products include home loans for construction or purchase of constructed home, home improvement loans, home extension loans, top up loans, plot loans and rural housing finance.
- Home loan is available on adjustable rate (linked to retail prime lending rate of HDFC), fixed rate (prevailing fixed rate of interest) and combination rate which provides the option of converting fixed rate to adjustable rate. The company also charges nominal fee and other charges from borrowers. Repayment of loan can be made through various modes of repayment such as electronic clearing system by issuing standing instructions to the bank to pay instalments, opting direct deduction of monthly instalments by employer or issuing post-dated cheques from salary account.
- HDFC delivers its products and services to the customers through website and 474 outlets including 148 offices of HDFC's wholly owned distribution

company, HDFC Sales Private Limited (HSPL), HDFC Bank, third party direct selling associates (DSAs), and distribution tie-ups with financial institutions such as IndusInd Bank, RBL Bank etc. It has also strengthened its presence through outreach programmes and overseas offices.

- The marketing strategy of HDFC includes organising property fairs, participating in exhibitions and property fairs. It establishes its brand through newspapers, namely, The Economic Times, The Times of India, The Hindu, The Tribune and The Financial Express; and TV Channels like CNBC, BBC World, Aaj Tak, NDTV, etc.; installed hoardings at important places and brochures reveal the credibility of the company to potential and existing customers.
- HDFC has a three-tier system in its organisational set-up. The company is operating through corporate office at the top level, regional offices at the middle level, and branches at the lower level. The training programmes, conferences and seminars are organised to upgrade knowledge of employees in different operational areas. The employees are paid fixed salary and perquisites along with performance-linked incentives.
- The companies adopted simplified and transparent process of a home loan to ensure transparency to face tough competition and to attract the customers. The technology-based websites of the company provided tools to borrowers like apply online, check important terms and conditions, documents checklists, EMI calculators, etc. The repayment of loan is made through post-dated cheques, cash payment every month at company's office and electronic clearing system.
- The company pays full attention to the location and layout of their branch units. The offices are equipped with proper arrangements of air conditioned system, proper seating arrangement, drinking water facilities and toilets to facilitate effective performance of services. The young staff members are interactive in suggesting customers about innovative home loan schemes.
- The majority of the respondents, i.e., 50.25 per cent were in the age group of 35 - 45 years, followed by 22.25 per cent of respondents who were in the age group of 25 - 35 years. The least number of the respondents, i.e., 5.50 per cent respectively were in the age group of below 25 years. Among them, 69.50 per cent of respondents were females, while the remaining proportion 30.50 per cent of the respondents was females respectively.

- The majority of the respondents, i.e., 48.25 per cent of respondents had availed loan ranging from ₹ 20 lakh to ₹ 30 lakh. As many as 45.00 per cent of respondents had availed loan ranging from ₹ 30 lakh to ₹ 40 lakh. However, least proportion of respondents, i.e., 6.75 per cent had taken a loan of more than ₹ 40 lakh. Among them, majority of the respondents, i.e., 48.25 per cent took loan for a period of 20 to 30 years followed by 32 per cent of respondents who took loan for a period of 10 to 20 years. However, a meagre proportion of respondents, i.e., 5.75 per cent took loan for a period of more than 30 years.
- A large majority of the respondents, i.e., 27.50 per cent had availed loan for the purpose to construct a house followed by 21.25 per cent of the borrowers who availed loan for the purpose to renovate/extend constructed house. 16.75 per cent respondents availed loan to purchase a constructed house. Out of total number of borrowers, a low proportion of respondents, i.e., 10.75 per cent availed to transfer the outstanding balance of loan availed from any other bank/financial institution, and 11.75 per cent availed loan availed housing loan for the interim period between the sale of old house and purchase of a new one.
- The majority of the respondents, i.e., 72.25 per cent availing loan from the housing finance company under study were found to be neither reasonable nor unreasonable over the rate of interest charged by the company. As many as 22.50 per cent availing housing loan from the company found charged interest to be reasonable, while 5.25 per cent of the respondents found it to be unreasonable. However, none of the respondents were found interest rate to be highly reasonable or highly unreasonable.
- As many as 71 per cent of the respondents felt EMI to be reasonable. However, 22.25 per cent of respondents remained neutral in this regard. Further, 2.75 per cent of respondents believed that EMI was unreasonable. However, none of the respondents considered it as highly unreasonable and 4 per cent of the respondents considered it as highly reasonable.
- The highest proportion of the respondents, i.e., 97.00 per cent opined that the role of employees during the loan process was satisfied, followed by 3.00 per cent respondents found that their role to be indifferent.

The majority of 73 per cent of the respondents found physical environment aspect to be highly satisfactory followed by 21 per cent of the

respondents found physical environment aspect to be satisfactory. A meagre proportion of 6 per cent of the respondents found physical environment aspect to be neither satisfactory nor dissatisfactory. However, none of the respondents found physical environment aspect to be dissatisfactory and highly dissatisfactory.

7.3 SUGGESTIONS

The following suggestions can be made on the basis of findings of the current study:

- The Central and State Government of India should solve the current housing shortage by chalking out housing projects financed by housing finance companies, commercial banks and other financial institutions in public and private sector. It also needs to accelerate the efforts to augment public private partnership housing programmes to solve the current housing needs of millions of people.
- National Housing Bank should make more efforts to expand housing market by devising innovative instruments providing accessibility to funds along with other innovative peripheral services like property insurance and loan insurance. The funds should be mobilised at affordable interest rates accompanied by flexible repayment terms and conditions.
- HDFC should provide clear information to its customers through printed and online media regarding products/services, methodology of calculation of interest, penalties, repayments, and other terms and conditions. The company should enhance skills, morale and productivity of their employees through training programmes and incentives including financial and non-financial. The company should also pay special attention to all the variables of the physical environment to enhance efficiency of delivering its services effectively.
- HDFC should control and monitor its expenses by using higher-end-technological platform and should generate more income through enhanced customer services to improve the profitability. It should also efficiently use their assets efficiently without increasing cost of assets, and should also capably use their funds to improve the return on net worth.

7.4 CONCLUSION

Housing is the most important human need, next to food, clothing and shelter. It is also an important facet of economic development. However, housing shortage has been witnessed due to rapid rise in population. The numerous efforts are being initiated by Central and State Government, National Housing Bank (NHB), Housing Finance Companies, Scheduled Commercial Banks, Scheduled Cooperative Banks, Regional Rural Banks, and various other financial institutions in public sector as well as private sector to meet this issue of housing shortage.

HDFC, a pioneer institution in the private sector, provides variant housing finance to the borrowers at competitive interest rate with easy repayments facilities. The company delivers products/services to its customers through strong distribution network upgraded with modern technology, online portals and simplified process. The effective marketing strategies, qualified human talent and appropriate physical surroundings helps company to deliver its services efficiently. It has also actualised the remarkable financial performance by figuring out noticeable business operations and recorded conclusive growth in housing sector.

While concluding, it can be said that the housing shortage problem can be eliminated through joint efforts of the Government, National Housing Bank, Housing Finance Companies and other Banks. HDFC, a leading private housing finance institution has pursued a customer centred policy and has been contributing significantly to tackle the problem of housing shortage in India

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APPENDIX-I

QUESTIONNAIRE

An In-depth Analysis of Housing Finance Services of HDFC Limited: A Step to Eliminate Housing Finance Problem

Note: The respondents are requested to give their response to the following questions freely, but without any biasness towards the housing finance companies under study as the data so obtained will form the basis of this research work. The response data will be used only for the purpose of this study and kept confidential.

Name:	Gender:	Male <input type="checkbox"/>	Female <input type="checkbox"/>
Age:	Below 25 years <input type="checkbox"/>	25 - 35 years <input type="checkbox"/>	
	35 - 45 years <input type="checkbox"/>	Above 45 years <input type="checkbox"/>	
Education:	Matric <input type="checkbox"/>	Undergraduate <input type="checkbox"/>	Graduate <input type="checkbox"/>
	Professionals <input type="checkbox"/>	Post-graduate <input type="checkbox"/>	
Occupation:	Businessman <input type="checkbox"/>	Serviceman <input type="checkbox"/>	Professional <input type="checkbox"/>
			Any other (specify) <input type="checkbox"/>
Family Income (₹/Annum):	₹ 5,00,000 <input type="checkbox"/>	₹ 5,00,000-10,00,000 <input type="checkbox"/>	
		Above ₹ 10,00,000 <input type="checkbox"/>	

Q1. Name the institution from where you have availed the housing finance?

HDFC Limited

Q2. What is the amount of housing loan availed by you?

(a) ₹20 lakh - ₹30 lakh

(b) ₹30 lakh - ₹40 lakh

(c) More than ₹40 lakh

Q3. What was the tenure of your housing loan?

Less than 10 years 10-20 years
20 - 30 years More than 30 years

Q4. What was your purpose of availing a housing loan? (Please tick)

- (a) To purchase a residential plot for construction
- (b) To construct a house
- (c) To renovate/extend a constructed house
- (d) To purchase a constructed house
- (e) To transfer the outstanding balance of loan availed from any other bank/financial institution
- (f) To get finance for the interim period between the sale of old house and purchase of a new one
- (g) Any other purpose (please specify)

Q5. How do you rate the interest rate charged levied by company?

Highly Reasonable Reasonable Neutral Unreasonable
Highly Unreasonable

Q6. How would you rate EMI of the housing finance company?

Highly Reasonable Reasonable Neutral Unreasonable
Highly Unreasonable

Q7. Have you heard/seen the advertisements of the company? Yes No

If yes, what were the sources of hearing /seeing the advertisements of the company?

Television Newspaper/Magazine Radio
Internet Hoarding

Q8. Do you find the information that you want on the website of the company?

Always Often Sometimes Rarely
Never

Q9. Are you satisfied with the role played by staff employed in the branch offices of company during the loan process?

Yes No

Q10. How would you rate the physical environment of your housing finance company on a 5-point scale?

Highly Satisfactory Satisfactory Neither Satisfactory, nor Dissatisfactory
Dissatisfactory Highly Dissatisfactory

Q11. What suggestions would you like to give to your housing finance company?

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