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PREFACE

The most important asset for a person is generally a residential house. Ownership of residential property provides psychological satisfaction. Because of this residential house they can save their rent plus capital appreciation. The installment on loan taken for buying or constructing a residential house is tax deducted within a certain limit.

Therefore, here banks play a very important role to lend money to these people. Banks generate money from a person who has it and lend it to those who require it. Various banks & financial organizations offer housing loans.

These banks provide loans on the basis of salary certificate in case of an employee or asked income tax returns of past last 3 years in case of a businessman. Tenure for repayment of loan is different; it may be 5, 10, 15 or 20 years. The monthly installment is depending upon this duration and income of the family. In recent years under new banking policy commercial banks give freedom to change the rate of interest, so healthy competition among the banks can be attained. But the interest rates are regulated and controlled by RBI. These banks introduced various schemes to attract the customer like loan exhibitions, reduce processing fees etc. and help the customer to build their dream house.

Generally, housing loans fall into two main categories.

1. Straight loans for purpose of home or for extension or repair against mortgage of house property.
2. Loans linked to savings made by customer.

Banks provide home loans with fixed interest rate, floating interest rate and reducing balance method. The selection of interest rate is wholly depending upon customer. The banks that provide the facility of home loans are from public, private and co-operative sector banks.

In Sangli city there are 16 banks in public sector, 8 banks in private sector & 22 banks in co-operative sector in corporation area. Each sector bank

provides home loans at different criteria. SO to study these home loan policies of different sectors banks researcher purposively select single bank in each sector. They are

1. SBI From public sector
2. HDFC from private sector
3. Sangli Urban Co-operative bank from Co-operative Sector

After collecting information and making survey of these banks in sangli city, the entire dissertation divided into six chapters. Each chapter has its own identification and characteristics. The first chapter entitled introduction and research methodology. This chapter deals with introduction and recent trends of home loans in India, structure of banks, and profiles of selected banks. The researcher determine s deliberately these objectives, scope and hypothesis etc. Finally the research methodology and chapter scheme is involved briefly. Second chapter relates to the procedure of home loan. It covers introduction, present scenario of three selected banks, advantages and disadvantages of home loans, three selected banks home loan procedure and various parameters on which bank avail home loan facility to applicant. The third chapter includes the causes of variation in interest rates. It also includes meaning of base rate, repo rate & reserve repo rate, trends in rates & ratios, existing interest rates of housing loan of three selected banks and methods of interest rates adopted by selected banks.

The fourth chapter explains sanctioning procedure and scrutiny process of applicant file by appropriate authority & final decision about approval of home loan of three banks. After sanctioning the steps involve in disbursement of home loan, nature of EMI. At last repayment procedure of loan and NPA percentages prevail in bank of three selected banks. In the fifth chapter researcher are states various problems faced by selected banks like changing RBI's policies, problem of NPA, Expenses on advertisement etc. At the end the last chapter is conclude along with conclusions & suggestions.

While writing this dissertation for M. Phil degree researcher has tried to collect latest information available from annual reports of the SBI, HDFC & sangli UCB banks, personal discussion with home loan department's authority and other related banks employees, newspapers and journals. Researcher

indebted to all directly and indirectly who gave suggestions and guidance to complete this dissertation.

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