

CHAPTER – I

Introduction & Research Methodology

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CHAPTER – I

Introduction & Research Methodology

1.1 INTRODUCTION

1.1.1 Introduction:

A person should be meet three basic needs to be able to survive. These three needs are food, clothing & shelter. Today, we see that most families give the importance to providing good education to their kids & also give importance of owning a house is on top of their priority list. Having your own home can actually increase your standard of living & it will be added to your assets. Another the advantage of owning your own home is that you can be able to avoid those landlords who constantly raise their rental fees. One of the top reasons of smart people who like to purchase a property is because of the tax benefits. There is tax rebate to house loan installments. Buying a home is very possible even for those who are on a tight budget. This is due to the fact that banks and other financial organizations have provide loans to these peoples and also lowered their interest rates and restructured their mortgage plans.

Shelter is a basic human need, which has become a major challenge in a country, which is fast urbanizing. Maharashtra is one of the most urbanized states in the country. Whereas nationally 27% of the population was in the urban areas, & in Maharashtra the figure was 42% (Census 2001). Housing in urban areas assumes much greater significance, as it relates not only to basic shelter needs but also provides a facility to the citizens to access services and be part of the development process.

Growth of manufacturing industry & service sector activities are increasing around urban area. So more people from rural area are attracted towards the urban area for employment. Because of that there is more pressure on urban area or cities, to provide shelter to this incoming population. So there is increase the demand for home which leads to increase the rates of land& construction. It is difficult for layman to purchase home in single cash payment. Though the government provides various facilities, still there is very difficult task to build a house for middle and lower income class peoples. So they move towards banks or financial institute which helps them & gives them better services and maximum loan amount. The tenure of loan is very long & they must manage their loan installment with their limited budget. Due to increase the number of loan taker, there increases the healthy competition among the banks. Banks also get strong business from this loan disbursement. So they provide different schemes to attract the customers.

1.1.2 Recent Trend of Home Loans In India

The year 2009 was a good one for home loan borrowers. Banks brings low interest rate offer and especially for home loan packages. And property prices also stable so; the demand for home loans was steady. With the economy prepared for strong growth and confidence returning to the capital market, most bankers expect the demand for home loans to grow in 2010. Bankers expect disbursements to be around 25 per cent higher next year.

The first half of 2009 the housing loan segment was decreased due to reasons of the overall economic slowdown, high property prices and high interest rates.

As on August 2009, growth in home loans was 5.4 % & August 2008 it was 12.4%. (In absolute terms, the growth in housing loans was Rs 14,668 crore in August 2009, against Rs 29,872 crore in August 2008.)

Home loan growth in the second-half of 2008-09 was decreased **down** by a combination of factors such as the economic slowdown, high interest rates, high property prices and a lack of confidence among buyers, who were not sure of their jobs and, therefore, their incomes.

Year 2009 was a good for borrowers, because Banks offered tremendous interest rates schemes. Some banks offer home loans at rates as low as 8 per cent. Some banks offered lock-in the interest rates for periods of up to five years & dual-rate scheme which is firstly introduced by SBI.

This type of flexible interest rates scheme provided by banks & stable property prices maintains good demand for home loan.

The trend of affordable housing which began in 2009 will continue in 2010. Developers will continue to launch innovative schemes and affordable middle-income housing projects.

The top 10 banks' home loan portfolio grew at 13.8 % for 2009-10, even as overall bank lending to housing grew only 8 per cent. State Bank of India saw a 32 per cent growth in its home loan portfolio for 2009-10 and became the top mortgage lender among banks.

The top ten banks collect 65% of the total outstanding housing loans of scheduled commercial banks in 2009-10.

Table No.1.1

Growth Rates of Home Loans of Top Ten Banks

Top ten banks grow faster			
Rs. In crore			
	2008-09	2009-10	Growth%
State bank of India	54063	71193	32
ICICI bank	57000	47400	-17
Axis Bank	10400	14700	41
Punjab National Bank	9307	10612	14
Bank of Baroda	8263	10313	25
Canara Bank	7896	10116	28
HDFC Bank	5000	8700	74
Union Bank	6621	8115	22
Bank of India	7269	7788	7
Central Bank of India	4422	5318	20
Top10 loans outstanding	170000	194000	14
Total home loan credit growth			8

Ref. Business Line - Business Daily from THE HINDU group of publications

Sunday, Jun 06, 2010

ICICI Bank from being the largest mortgage lending bank fell to second place in the last year. The bank's home loan book shrank 17 per cent over the year. Other private banks such as HDFC Bank and Axis Bank observe expansion in their home loan portfolios, which were up by 74 per cent and 41 per cent respectively.

SBI contributed 78 % of the incremental home lending in 2009-10. Because of SBI's attractive loan policies (brings) a good number of borrowers and consistent ahead in home loans. So its market share improving from 17 % in March 2008 to 24 % by March 2010.

The Reserve Bank of India's recently (increase) the home loan limit for cooperative (banks to Rs)30 lakh from Rs 5 lakh & it helps to give a boost to cooperative banking sector in the state. This is expected to be of great help to the rural middle class people. The RBI has decided that the maximum quantum of housing loan that can be granted to an individual borrower by a state/central cooperative bank would now be Rs. 20 lakh. However, in case of a cooperative bank having a net worth of Rs100 crore and above, the limit will be Rs30 lakh. For repairs, additions, alterations etc to existing houses, the maximum amount of loan per individual borrower stands revised to Rs1 lakh, which was Rs 50,000 till now.

1.1.3 Rationale of Study :

Every bank have different bank policies e.g. rate of interest, processing fees, maximum loan limit, different loan period, lease or mortgage procedure, recovery of loan procedure, etc. People are unknown about all these points therefore there is need to study that which bank gives loan with minimum terms & conditions, where customers are availed benefits a huge amount of loan. It requires to studying the facilities or schemes provided by these different types of banks. So here, I have decided to undertake a comparative study of the loan sanctioning procedure of the bank. //

The study also covers the difficulties in providing & getting home loan by bank. So I have taken this study to compare the procedure of sanctioning home loan, variation in interest rate & study the problems & obstacles to sanctioning the house loan. There are various types of banks in Sangli-Miraj-Kupwad Corporation Area. The Researcher has selected three banks in three sectors viz (1) Public Sector (2) Private Sector (3) Co-operative Sector.

Following three banks selected purposively.

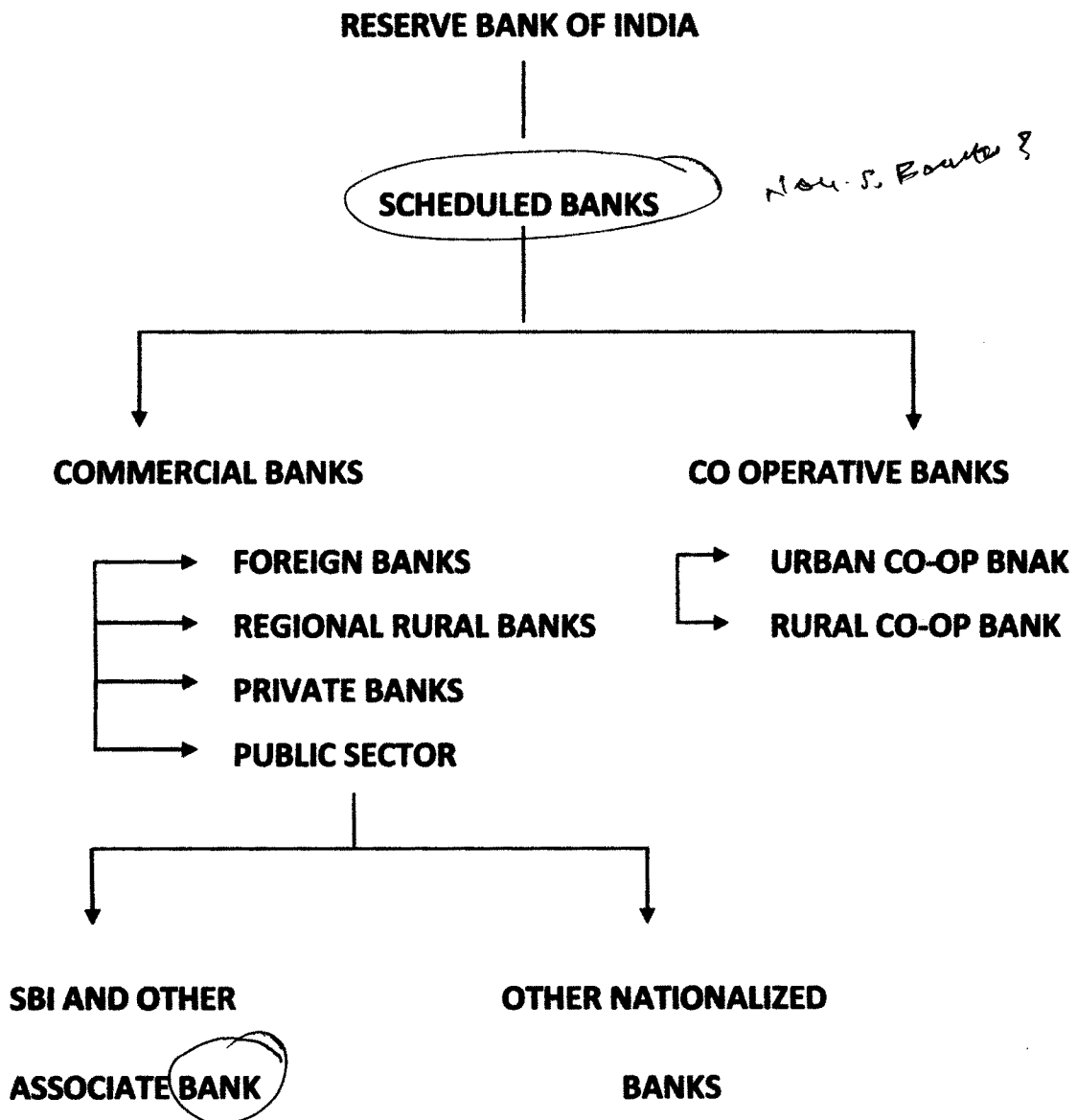
- I) SBI from Public Sector
- II) HDFC from Private Sector
- III) Sangli Urban Co-Op. Ltd. from Co-operative Sector.

1.1.4 Structure of Banks :

Today we all are familiar with banks. Bank is become a important part in our life. A man probably use a bank for many of the transactions, such as paying household bills, drawing cash, and perhaps having his salary paid directly into his account. So every person is attached with bank.

Banks perform basic two functions acceptance of deposits from customers and lending the money by the way of loan or overdraft to customers.

STRUCTURE OF INDIAN BANKING SECTOR



1) Public Sector Banks:

These are banks where majority share is held by the Government of India or Reserve Bank of India. Examples of public sector banks are: State Bank of India, Corporation Bank, Bank of Baroda and Dena Bank are 24 nationalized banks ?

2) Private Sector Banks:

In case of private sector banks majority of share capital of the bank is held by private individuals. These banks are registered as companies with limited liability. For example: HDFC Bank, ICICI Bank, Axis Bank. etc.

3) Co-operative Sector

People who comes together voluntarily to serve their common interest and often form a co-operative society under the Co-operative Societies Act. When co-operative societies engage itself in banking business it is called a Co-operative Bank. For example: Sangli Urban Co-op. Bank, Rajarambapu Co-op. Bank, Vasantdada Shetkari Co-op. Bank. Etc.

1.1.5 Profiles Of Selected Bank

1.1.5.1 State Bank of India:

The SBI Banking group is big one in Indian economy. It has old history. Bank of Bengal was established in 1809, Bank of Bombay established in 1840 and the bank of Madras was established in 1843. These three provincials banks were came together and Imperial Bank of India came into existence in

the year
1921. Up to 1955 this bank was played of crucial role in financial transaction of Indian economy. In 1st July 1955, State Bank of India came into existence by the merger of Imperial bank of India along with other state owned and state associated banks. The main intention of the bank is to provide better services & development of the rural areas of the country.

It is the largest bank in India and the largest public sector bank in India by market capitalization. The bank is entering into many new businesses with planned tie ups – Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc. – each one of these initiatives having a huge potential for growth. Today, the Bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country.

Mobile Banking Services launched on 31.03.2009, have been extended to all branches during ^{the} **FY 2010**. There are more than 2, 18,000 registered users on date. Out of 1,049 branches opened during the financial year 2009-10, 354 branches were opened in metro and urban areas with a view to increase our reach and be more accessible to customers. As at the end of March 2010, the Bank had 12,496 branches and 21,485 Group ATMs. A host of Mobile Banking services, such as funds transfers, enquiries, cheque book requests, bill payments, Mobile Top-up, recharging of DTH services, Demat account enquiry are currently being offered under mobile banking.

State Bank has rolled out several unique products like Self Help Group (SHG) Credit Card, SHG Sahayog Niwas and SHG Gold Card, a new scheme for financing NGOs/ MFIs for on-leading to SHGs, a Micro Insurance product -

Grameen-Shakti has been rolled out which has covered one million lives by March 2010. Bank has been rated as the Best Public Sector Bank for Rural Reach by Dun and Bradstreet and has been awarded the Best Microfinance Award for the year 2009 by the Asian Banker for financial institutions across the Asia Pacific, Gulf and Central Asia regions.

This Bank was No.1 in retail lending in FY 2009 and continues to be No.1 in FY 2010, driven by robust growth in Home, Auto and Education loans, Agricultural advances.

Home loans grew by 31.68% Year of Year from a level of Rs.54,063 crores in March 2009 to Rs.71,193crores in March 2010. Almost 95% of customers (in rural, semi urban and urban areas) are first time home buyers. SBI Home Loans is India's No.1 Home Loan brand. It has maintained its position as India's "Most Preferred Home Loan" brand in CNBC-Awaaz consumer awards continuously for four years since 2006. SBI Home Loans has been rated as "The Best Home Loan" in India by the panel of eminent jury in NDTV-Outlook Money awards continuously since 2008.

The bank also has a network of 18,500 branches in India as on 31 March 2010 and about 21,485 ATMs in India and the bank is also looking at opportunities to grow in size in India as well as internationally. It presently has 82 foreign offices in 32 countries across the globe presence with 142 branches.

It ^{also} offers advanced facilities like core banking, ATM, Debit Card, Credit Card, Internet Banking, and Mobile Banking, Share Trading as wide range of banking services to customers.

The Operating Profit of the Bank for 2009-10 stood at Rs. 18,320.91 crores as compared to Rs. 17,915.23 crores in 2008-09 registering a growth of 2.26%. The Bank has posted a Net Profit of Rs. 9,166.05 crores for 2009-10 as compared to Rs. 9,121.23 crores in 2008-09 registering a moderate growth of 0.49%. While Net Interest Income recorded a growth of 13.41% and Other Income increased by 17.95%, Operating Expenses increased by 29.84% attributable to higher staff cost and other expenses.

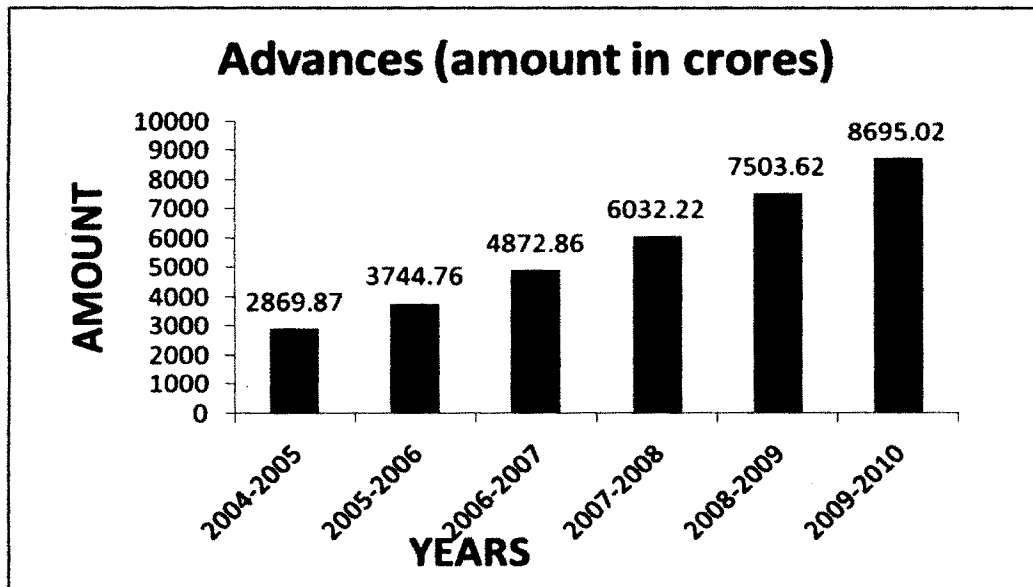
Among the awards, this Bank was adjudged (announce/declared) Bank of The Year 2009, India by The Banker Magazine for the second year in succession; Awarded "Best Bank - Large", and "Most Socially Responsible Bank" from Business World Best Bank Awards 2009; Bagged the BEST BANK 2009 Award by Business India; Adjudged the Most Trusted Brand 2009 - Economic Times, Brand Equity; Bagged the awards for "Most Preferred Bank", "Most Preferred Credit Card" and "Most Preferred Home Loan Brand" from CNBC AWAAZ Consumer Awards; Awarded Visionaries of Financial Inclusion - Year 2009 by Financial Information Network & Operations Ltd. (FINO); Awarded Technology Bank of the Year in recognition of outstanding achievements in banking technology – IBA. Banking Technology Awards 2009 and selected as the winner of Golden Peacock National Training Award for the year 2009 by the Golden Peacock Awards Jury.

The Bank was also awarded the "Best Home Loan Provider" as well as "The Best Bank" – by Outlook Money Awards, 2008.

Table No. 1.2
SBI Advances for home loan

Years	Advances (amount in crores)	Increase in %
2004-2005	2869.87	-
2005-2006	3744.76	30.48
2006-2007	4872.86	30.12
2007-2008	6032.22	23.79
2008-2009	7503.62	24.39
2009-2010	8695.02	15.87

Source : Annual Reports of SBI from F.Y.2004-2005 to 2009-2010.



The above table shows advances given from 2005 to 2010, indicating that first two year advances increase in same percentages. But in year 2008 and 2009 it increase at diminishing rate i.e.23.79% & 24.39% respectively. And for 2010 the growth rate of advances diminishing at large percentage i.e.15.87%.

1.1.5.2 HDFC Bank Ltd :

'The Housing Development Finance Corporation Limited' (HDFC) was amongst the first bank which receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

The objective is to build the preferred provider of banking services for retail and wholesale customer segments, and to achieve healthy growth in profitability. The bank is committed to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance.

HDFC Bank's business philosophy is based on four main principles

- 1 Operational Excellence
- 2 Customer Focus
- 3 Product Leadership
- 4 People.

HDFC Bank is headquartered in Mumbai. The Bank has a network of 1,725 branches spread in 780 cities across India. All branches are linked on an online real-time basis & offer speedy funds transfer facilities to its customers. Customers in over 500 locations are also serviced through Phone Banking. The Bank's expansion plans take into account the need to have a presence in all major industrial and commercial centers where its corporate customers are

located as well as the need to build a strong retail customer base for both deposits and loan products. The Bank also has 4,393 networked ATMs across these cities. Moreover, HDFC Bank's ATM network can be accessed by all domestic and international Visa/MasterCard, Visa Electron/Maestro, Plus/Cirrus and American Express Credit/Charge cardholders.

The bank's loan approvals during the FY 2010 were Rs. 60,611 **crors** as compared to FY 2009 Rs. 49,166 **crors**, representing a growth of 23%. Loan disbursement during the FY 2010 was Rs. 50,413 **crors** as against Rs. 39,650 **crors** in the FY 2009, representing a growth of 27%.

HDFC banks resource mobilization was as under during the year, HDFC availed loans amounting to USD 175 million under the Short-Term Foreign Currency Borrowings by Housing Finance Companies. During FY 2010 the Corporation raised loans amounting to Rs.25,037 crores from commercial banks, of which Rs.9,319 crores were under priority sector category of commercial banks. The Corporation further raised Rs.2,357 crores from banking sector as **FCNR** loans.

HDFC is India's premier housing finance company has good track record in India as well as in international markets. This Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages.

With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

The Bank has some Key Subsidiary and Associate Companies – HDFC Bank Ltd, HDFC Standard Life Insurance Company Ltd, HDFC Assets

Management Company Ltd, HDFC ERGO General Insurance Company Ltd,
HDFC Property Funds, GRUH Finance Ltd, HDFC Sales Private Ltd,

HDFC honored with awards

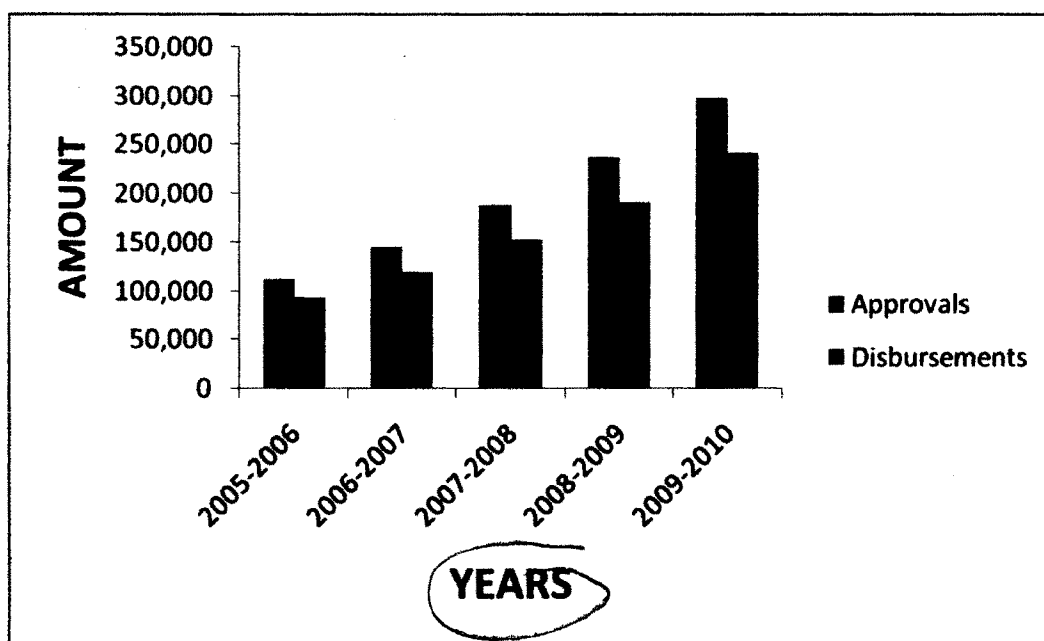
- 1) NDTV Business Leadership Awards 2010 - **Best Private Sector Bank.**
- 2) Dun & Bradstreet Banking awards 2010 – **Overall Best Bank**
- 3) ACI Excellence Awards 2010 - **Best Private Sector Banks in SME Finance.**
- 4) Asian Banker Excellence Awards 2010 – **Best Retail Banks in India.**

Table No.1.3

Approval & Disbursement of Home Loans During 2005 to 2010

(amount in crores)				
Financial Year	Approvals	Approval increase in %	Disbursements	Disbursement Increase in %
2005-2006	112,432	-	93,103	-
2006-2007	145,764	29.64	119,281	28.11
2007-2008	188,284	29.17	152,156	27.56
2008-2009	237,450	26.11	191,806	26.05
2009-2010	298,061	25.52	242,219	26.28

Source: Annual Reports of HDFC of F.Y.2005-2006 to 2009-2010.



The above table shows growth rate of approval and disbursement of home loans from year 2005 to 2010. This trend indicates that approval and disbursement increasing at diminishing rate. Approval increasing rate is from 29.64% to 25.52%. And disbursing rate is from 28.11% to 26.28%.

1.1.5.3 Sangli Urban Co-operative Bank Ltd.

i. Introduction :

People come together voluntarily to serve their common interest often form a co-operative societies. The co-operation is a collective effort with the spirit of doing the some work together, in the spirit of give & take and with a view to achieve some common objectives. Here peoples are voluntarily associated together with the basic principle of equality. The first "Co-operative Credit Society Act" was passing in 1904 to relieve the agriculturists

from the clutches of money lenders. But this act was provided only for registration of Agricultural Co-op Credit societies. But the other classes like artisan, balutedars, weavers etc were also in need of credit so "Co-operative Society Act 1912" was enacted.

The co-operative sector in India has played an important role in economic development of the country. It has certainly made significant contribution in sector like farming, manufacturing, sugar, dairies, processing Co-operatives, spinning/ textile, fisheries, distribution of fertilizers, consumer co-operative, housing, banking, co-operative marketing etc.

When a co-operative society engages itself in banking business it is called a Co-operative Bank. The society has to obtain a license from the Reserve Bank of India before starting banking business. Any co-operative bank as a society is to function under the overall supervision of the Registrar, Co-operative Societies of the State. As regards banking business, the society must follow the guidelines set and issued by the Reserve Bank of India.

There are various types of co-operative banks like Land Development Bank, State Co-op Bank, Central Co-op Bank, District Central Co-op Bank, Employee's Co-op Credit Societies, Urban Co-op Bank etc.

Urban Co-operative banks are one of the important constituents of banking system. Democratic management, local feel & familiarity, compactness in area of operation & mutual knowledge of members these special characteristics strengthen the system. In Maharashtra there is highest number of urban co-op banks as well as highest amount of advances & lowest percentages of bad debts. Maharashtra state is highly benefitted out of the services of these banks.

ii. Brief History of Sangli Urban Co-operative Bank Ltd

Sangli Urban Co-operative Bank Ltd, Sangli was established at Sangli in the year 1935. The main source of spirit behind the establishment of Sangli Urban Co-op. Bank is Shri. Annasaheb Godbole. He took very much effort in establishment of this bank. (After them Shri. Bapuroa Bhauroa Pujari is the chairman of the bank & still they are working as). In very few days the root of this bank, spread all over in Sangli city. The first general meeting of Sangli Urban Co-op. bank was held in the year 1937. According to the rule & regulation of Bombay Co-operative Society Act 1927, Sec 7 the banking activity started with various important aims & objectives.

iii. Objectives of Bank-

To receive money on current, saving, fixed recurring deposits to receive for safe custody, securities, ornaments & other valuable. To buy & sale securities to the government of Maharashtra or government of India or other securities.

To finance the entrepreneurs, artist, small traders, to act an agent for Govt. of Maharashtra, the purpose of distribution of industrial & other loan granted to small, medium & cottage industries, retailers. To act as agent the RBI or any other banks, to acquire loan & household properties in satisfaction of claim & hold properties for the purpose of building etc. for office & godown purpose.

iv. Location, expansion & business Of The bank-

Sangli Urban Co-op. bank is located in the heart of the city particularly known as 'Khan-Bhag', Sangli. In Sangli there are various banks state Bank of India, Bank of India, Bank of Maharashtra, Bank of Baroda, Panjab National Bank, Canara Bank, Indian bank, Central bank, HDFC Bank, ICICI bank, Cosmos Co-op banks, Saraswat Co-op Bk, Ratnakar Bank Ltd. However The Sangli Urban Co-operative Bank is facing competition of other bank.

Bank covered Sangli, Kolhapur, Solapur, Beed, Parbhani, Jalana, Latur Districts according to bylaws of the bank to provide services to the members efficiently & effectively. Bank opened 35 branches & No of employees are 656 up to march 2010.

Bank opened 10 branches in SagnliMiraj-Kupwad-Corporation Area. These are Harbat Road, Goanbhag, (DakshinShivahi Nagar), Mali Colony, Vishrambag, Timber Area, Madhavnagar, Gandhi ChowkMiraj, Khan bhag, AoudyogikVasahat, Market Yard.

The bank earned profit for every financial year but not by exploiting to the borrowers. Banks earned sufficient profit only to perform banking functions efficiently. 'No profit no loss' the principle of co-operative. The bank gives more stress in providing better facilities to the customer.

v. Loans & Advances

Bank granted loans & advances to middle class people, small traders, self-employed person, farmers, hawkers, retailers etc. as per the need of the

person. Bank granted short term, medium term & long term loans & advances. The bank introduced various types of loan schemes such as vehicle loan, business loan, industrial loan, housing loan, home appliances loan, agriculture loan, computer loan, education loan, utsav loan, cupal loan, gold mortgage loan, loan to salary earners etc. As per the amendment of Banking Regulation Act 1st march 1966 for co-operative societies, the bank started to give housing loan.

The bank can offer loan maximum for the 15 years & minimum for 3 years. Bank offer loan limit is maximum 2 crore & minimum loan limit is 5,000. Maximum loan offer limit is decided on the exposure limit of balance sheet. Bank also offers joint bank loan facility.

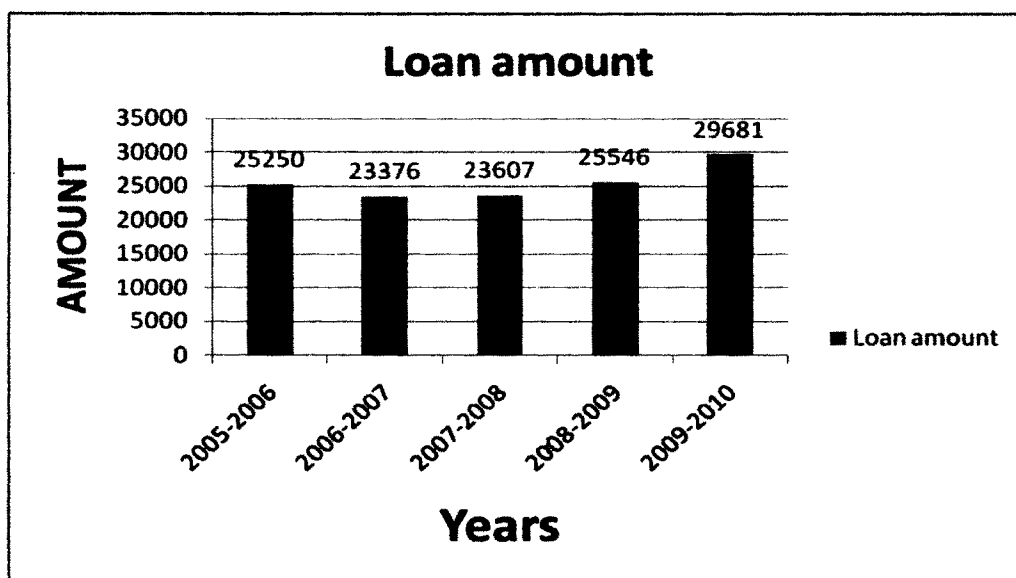
In the year 2009-2010 the number of borrowers is 24,972. The banks offer loan during the FY 2010 were Rs. 29,681 lakhs as compared to FY 2009 Rs. 25,546lakhs, representing a growth of 16%. In the year 2009-2010 no of depositors are 2,82,364 & amount of deposit for the FY 2010 is 42,999 lakhs as compare to FY 2009 is 37,220, representing a growth of 15%.

Today Bank gives the various services to their customers like - ATM machines, PAN card service, core-banking services, provide the service of insurance sector by making agreement with New India Assurance Co. & with LIC.

Table No: 1.4
Advances for Home Loan

(amount in lakhs)		
Year	Loan amount	Changes in load amt in %
2005-2006	25250	
2006-2007	23376	-7.42
2007-2008	23607	0.98
2008-2009	25546	8.21
2009-2010	29681	16.18

Source : Annual Reports of Sangli UCB from F.Y.2005-2006 to 2009-2010.



From above table, we find that from financial year 2006 – 2007 loan amount percent is decreased by 7.42, and then it slightly increased in next year. Then it increase by 8.21% & 16.18% for financial year 2009 & financial year 2010 resp.

1.2 RESEARCH METHODOLOGY

1.2.1 STATEMENT OF THE PROBLEM:

Every bank have different bank policies e.g. rate of interest, processing fees, maximum loan limit, different loan period, lease or mortgage procedure, recovery of loan procedure etc. People are unknown about all these points therefore there is need to study that which bank gives loan with minimum terms & conditions, where customers are availed benefits a huge amount of loan. So here, researcher has decided to undertake a comparative study of disbursement of housing loan of private, public & Co-operative banks in Sangli-Miraj-Kupwad Corporation area. The researcher has undertaken the study of procedure of sanctioning & disbursing of home loan, variation in interest rate, analysis of proposals appraisal & also covers the difficulties in providing home loan by bank.

1.2.2 IMPORTANCE, SCOPE AND AREA OF THE STUDY

With the help of this study bank can find exact requirement of customer on offering home loan. In addition, customer understands the rules & regulations of banks in the different sector.

Researcher is considering the geographical area of Sangli particularly the Sangli-Miraj-Kupwad Corporation. Researcher has considered the period of 5 years i.e. 2003 -2008.

1.2.3 OBJECTIVES OF STUDY.

1. To study the nature and significance of home loan.
2. To satisfy the procedure of sectioning housing loan
3. To examine the causes of variation of rate of interest.
4. To analysis the proposals appraisals by bank.
5. To study obstacles and problems in the procedure of home loan.

1.2.4 HYPOTHESIS OF STUDY

- 1 All banks are applied different policies while disbursing housing loans to customers.
- 2 Cooperative sector banks are negligence in distribution of housing loan.

1.2.5 Methodology (Research Design)

In this research study there are various types of banks in Sangli-Miraj-Kupwad corporation area. The researcher is concentrated on banks which are existed in public, private and cooperative sector as the information collected from the authentic sources. There are 16 banks in public sector, 8 banks in private sector and 22 banks in cooperative sector in corporation area. However the researcher has selects purposefully, single banks in each sector. They are

1. SBI from government sector

2. HDFC from private sector
3. Sangli Urban bank cooperative bank from co-operative sector.

In order to collect scientific reliable and appropriate data and information from selected banks the researcher is chosen survey method. Under this method, the researcher has taken exhaustive survey of 3 selected banks. In the research methodology, this study coming under the category of explorative type of research.

1.2.6 Source Of Data

a. Primary Data

The primary data has collected by interview and observation from banks with help of schedule. The researcher has taken the interview in detail of loan and advance section as well as recovery section authority directly.

b. Secondary Data

The secondary data has collected from respective banks records i.e annual reports, books, articles in newspapers and web sites etc.

1.2.7 CHAPTERS SCHEMES

I. Introduction And Research Methodology

The first chapter entitled introduction and research methodology. This chapter deals with introduction and recent trends of home loans, structure of banks, profiles of selected banks. The researcher determines deliberately objectives, scope hypothesis, etc. research methodology and chapter scheme briefly.

II. Procedure Of Home Loan

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.

III. Variation Of Rate Of Interest

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.

IV. Sanctioning, Disbursement & Repayment

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.

V. Lacks Of Problems Faced By Selected banks

In the fifth chapter deals the various problems faced by selected banks like changing RBI's policies, problem of NPA, Expenses on advertisement etc.

VI. Conclusions and suggestions.

At the end the last chapter arrived at conclusions & suggestions briefly.