Comparative Study of Housing Loan of HDFC and ICICI Bank

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Abstract: Introduction: *Purchasing the home of your dreams is not an easy task. Especially when you plan to buy a home on loan. Home loans means that you buy a house on installments. In simpler terms when you want to own a home and cannot afford to pay the amount in lump sum, you can pay it in monthly installments with an interest rate. There are number of companies offer cheap loans at a low interest rate You can avail loan against existing house for renovation or expansion etc. The demand for home loans will not sag much. The reason is a substantial rise in the income-generating capability of Indian youth. So this particular section will keep the housing loan demand high and increased lending rates can only shelve their plans for some time.*

Research objectives: The demand for home loans will not sag much. The reason is a substantial rise in the income-generating capability of Indian youth. So this particular section will keep the housing loan demand high and increased lending rates can only shelve their plans for some time.

The prime objectives of the study are
To undertake the ***comparative analysis of privatize banks (HDFC bank and ICICI bank***) in housing loan sector.
To study ***consumer preference*** for the above two mentioned ***housing finance players.***
To analyze the ***satisfaction level of privatize banks (HDFC Bank and ICICI Bank) Home Loan Customers.***
To know the strengths of the HDFC & ICICI brand and also those which can be daily to strength the brand image.

Research Methodology: To know the strengths of the RELIANCE ads/promotion and also those which can be daily to strength the brand image.

Research Design: A research design is the specification of methods and procedures for acquiring the information needed. It is the overall operational pattern or framework of the project that stipulates what information is to be collected from which source by what procedures. Research design denotes the description of the research design. The aim was to collect relevant information, which fulfill our requirement and can be analyzed at a later stage of study without any problem. This was to be done in minimum expenditures and least efforts and in a set period of time. For my research I select '**DESCRIPTIVE RESEARCH DESIGN'** to know the **Comparative Study Of The Home Loan Scheme Offered By ICICI Bank And HDFC Bank and Assessing The level of Consumer Satisfaction in Patiala City.** This helped us in having enough provision for protection against bias and maximizes reliability.
Descriptive study, as its name implies, is designed to describe something –for example, the characteristics of the users of a given product, the degree to which product use varies with income, age, or other characteristics.

Advantages Of Descriptive Study:
❖ Involve relatively large number of observations.
❖ Analysis is more objective.
❖ Averages and percentages are calculated.

Data Collection Method
The methodology reveals the methods of data collection. There may be primary sources or secondary sources of data collection.

Collecting Secondary Data:
After deciding my objective I looked for collecting and studying secondary data. It included extensive study of literature available in reports of HDFC bank and ICICI Bank, articles, newspapers, journals, magazines, handouts, pamphlets describing the banks.
Study of secondary data gave me an insight into the problem into hand. It also provides me with clues and helped in designing primary research. It provided us a more accurate picture about the functioning of various service providers in the Patiala city. Extensive use of secondary information in the form of magazines, journals,

newspaper clippings, such as Business World, Business Today, Business India, Economic Times, etc. Internet websites of HDFC Bank and ICICI Bank.

Collecting Primary Data:

The objective of Primary data is formulated on the basis of research objectives. Objectives set the guidelines and directions of research planning .Formulating the objectives offers the best feasible means of solution. The primary data for my study was being collected by conducting survey. To analyze buying behavior and in order to gain an insight into the buyer need-satisfaction level, a questionnaire was formulated and administered among 100 people. The tools for data collection used were following types:

Telephone interview:

The telephone interview is used in lieu of personal interviews. It is used because information has to be collected quickly and inexpensively. By it I asked the customer about their satisfaction about HDFC Bank and ICICI Bank Home Loan procedure. The direct and structured questions are asked by customers.

Questionnaires:

This method of data collection is quite popular, particularly in case of big enquiries. A questionnaire is a method of obtaining specific information about a defined problem so that data, after analysis and interpretation, results in a better appreciation of the problem. In order to motivate respondents and to get best of the information from them, I was tried to build questionnaire that is interesting, serve my objective, unambiguous and easy to complete and is not burdensome. The aim was to enable ease in analysis and facilitate easy classification of response to get meaningful outcome within acceptable limits.

A few were in disguised, where the true purpose was hidden but was sufficient to bring in the right information from respondents. Depending on the requirement, the questionnaire was prepared. The sequence of questions in questionnaire was kept in a logical order. It included questions based on Simple Category scale, Multiple Choice Single Response scale, Likert Scale and Rank Order scale. After following a series of Trial and changes the finally evolved questionnaire was being used for survey work.

Execution of survey work:

The survey work is that was done to collect primary data. I conducted "Consumer Survey" by using questionnaires. I individually approached to individuals and got the questionnaire filled by them. The individuals were randomly chosen.

System Of Research Methodology:

Instrument Used	Questionnaire
Technique of Survey	Personal Interview
Sampling Unit	Customer
Sampling Extent	Patiala, Region
Sampling	Random
Method Used For Research	Survey Method
Sampling size	100

Findings:

According to my study home loan availing procedure is very much difficult for the people who demanding it.
According to my research maximum people prefer fixed rates on home loans.
Quality of service and minimum rate of interest are important criteria which are been seen by people before taking home loan.
According to the respondents they are satisfied from the institution or the bank from where they taking the home loan.
People get knowledge about home loans from television, internet, or families and friends.
According to the respondents, interest rates of HDFC bank are lower than ICICI.
Respondents are agreeing on the statement that easy availability is an imp. factor for taking the home loan from particular bank.
ICICI easily provide the home loan, according to my study maximum people say that.

HDFC has flexible repayment period, according to my study maximum people say that.
According to the respondents miscellaneous expenses affect their selection of home loans.
Processing fees of HDFC bank is lower as compare with ICICI.
Respondents are agreeing that they take into consideration the way, They are treated by banks.

According to the respondents ICICI provide good treatment as compare to HDFC.
According to the respondents reputation of banking institution is to be taken into consideration.
On the question of reputation of bank some people consider HDFC, some ICICI and some say other banks, so reputation of all the banks is likely to be same.
According to my study respondents say that tenure of home loan affects their selection.
According to many respondents procedure period of home loan from 15 to 20 year is better.
According to my research, Maximum people grade HDFC loan procedure as excellent.
According to my research, Maximum people grade HDFC loan procedure as good.

Suggestions:
 Rate of interest should be competitive with other financial institutions.
Free accident insurance cover for home loan customers should be provided.
Proper credit appraisal of the customers should be done.
Daily reducing option should be introduced.
Relevant information should be provided to customers time to time.
Emphasis should be given on retaining customers.
People who deal with customers should have complete knowledge about the housing finance industry.
To penetrate in the rural market.
To provide plans for the low-income group.
To decrease the training fees compare to Competitors (fees of advisors training).
To increase the incentive package.
To open more number of branches in different cities.

Limitations:
This research study was time bound and due to this only few topics were taken up for study.
This research study was taken in a limited area only and findings may vary if the area of study is increased or changed.
Some of the respondents might have been biased in their responses as such the analysis could vary to some extent.
While analysis of data, some human errors could have been possible.
Sample drawn through convenience sampling, for customer survey cannot be well associated with the attributes of population. Here I got the questionnaire filled from people selected arbitrarily. Our neighbors, our friends, etc. The majority of the respondents were from educated middle class and perhaps this is the section of society which is being targeted by the Home Loan Companies. This is because of two reasons:
 a) The huge size of middle class population.
 b) Their increasing need and awareness for home loans in this class.
Thus the sample drawn here was not a true representative of the people of Patiala city but was fairly a sample of the segment targeted as potential customers by the Home loan providing institutions.

Conclusions:
        After doing the research, I want to conclude that people prefers **HDFC Bank** more than ICICI Bank for personal loans in private sector. As private banks are coming daily in our country still, Mostly people prefers government banks for loans, especially older persons are more dependent on government banks. It is true that younger population preference is changing and they prefer more private banks because of services and facilities provided by private banks. The interest rate is lower in government banks but services are not up to the mark. The appearance of banks also becomes very important for the present generation and private banks put their complete efforts on this, which is lacking in government banks. At last I can only say that HDFC Bank enjoys leading position in personal loan sector.