

HOME LOANS IN BANKING SECTOR AT HDFC BANK*Varikuppala srivani ^[1]**MBA Student**Dr Mohd Abdul Hafeez ^[2]**ASSOCIATE PROFESSOR**^[1,2] MASTER OF BUSINESS ADMINISTRATION**^[1,2] Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.***ABSTRACT**

We understand that a home is not just a place to stay. It is much more than that. It is a warm little corner of the world that is yours, tailored to your tastes and needs. It is the place where you celebrate the joys, deal with the sorrows and enjoy the journey called life. There is no place like home and with HDFC Home Loans you can gather hopes, achieve your dreams and create memories in your own space. Step Up Repayment Facility (SURF)*SURF offers an option where the repayment schedule is linked to the expected growth in your income. You can avail a higher amount of loan and pay lower EMIs in the initial years. Subsequently, the repayment is accelerated proportionately with the assumed increase in your income. Flexible Loan Instalments Plan (FLIP)* FLIP offers a customized solution to suit your repayment capacity which is likely to alter during the term of the loan. The loan is structured in such a way that the EMI is higher during the initial years and subsequently decreases in proportion to the income. Tranche Based EMI If you purchase an under construction property you are generally required to service only the interest on the loan amount drawn till the final disbursement of the loan and pay EMIs thereafter. In case you wish to start principal repayment immediately you may opt to tranche the loan and start paying EMIs on the cumulative amounts disbursed. Accelerated Repayment Scheme This option provides you the flexibility to increase the EMIs every year in proportion to the increase in your income which will result in you repaying the loan much faster.

INTRODUCTION

The Home loan is a fantasy of an individual that shows the number of endeavors, penances extravagances or more all social event supports gradually to endeavors one's fantasies. Homes are something that everybody needs to possess. Home is a sanctuary to an individual where he rests and feels good. Numerous banks giving home loans whether business banks or budgetary organizations to the individuals who need to have a home. HDFC (Housing Development Finance Corporation) home loan India has been serving the individuals for around three decades and giving different lodging loans as indicated by their fluctuated needs at appealing and sensible loan fees. Attributable to their wide system of financing.

HDFC Housing loan offers types of assistance at your entryway step and causes you to locate a home according to your prerequisite. Numerous banks give a home loan at least expensive rates to pull in the purchaser toward them. The more customer well-disposed demeanor to this bank presently offers consumers the least expensive loan over a home. Taking into account intense lodging deficiency in the nation, and keeping in mind in social - Economic job of business banks in the current occasions, the RBI educated banks to empower the stream to credit for lodging fund. With the RBI decreasing bank rate, the home loan showcase rate nose-plunging by 50 basis points.

Interest Rates**Retail Prime Lending Rate: 16.60%**

Home loan amount (RS)	Rate of interest
ICICI Bank	
Up to 30.00 lakhs	9.85%
Above 30.00 lakhs	9.95% - 10.20%

HDFC	
Up to 30.00 lakhs	8.50% - 9.15%
Above 30.00 lakhs	8.65% - 10.25%
SBI	
Up to 30.00 lakhs	10.10%
Above 30.00 lakhs	10.35%

NEED FOR THE STUDY

The need for the study is to attract people with the best housing loan services by its banks. The purpose of the study is to investigate housing loan services and their impact on customer satisfaction in Banks. The Study of the housing loan is to provide quality services as well as quality service on time. The banking need is to reach the customer's expectation.

SCOPE OF THE STUDY

The scope of the study gives a brief idea about psychological feelings and reformed attitude towards customer satisfaction. It guides service managers regarding Housing loan service, the standard of EMI'S and assurance related to HDFC Bank. The future scope of the study gives a lesson that the revenue of HDFC BANKING is directly related to the Housing services. I can ensure the service manager that all Document verification process balances the serving and Housing Finance.

OBJECTIVES OF THE STUDY

- The concept of services provided by HDFC BANK is to identify major/minor problems in providing Housing loan services.
- To examine the Housing loan and services is meeting or exceeding the expectations of the customer.
- To investigate the Transaction and EMI'S of the Loan's and not only the quality but also services should be prompt.
- To analyze the customer feedback report towards poor service and rude customer services.

RESEARCH METHODOLOGY

The research procedure is a philosophy for gathering a wide range of data and information relating to the subject being referred to. The system utilized in the examination steady of test review utilizing both primary and secondary data.

Data Collection:

Data assortment is, for the most part, managed how information is gathered. We have collected information for the most part through two ways

1. Primary Data – we gathered essential information by visiting singular Houses and meeting with singular people. Here we meet with social orders Managers and attempt to persuade them to orchestrate a gathering with society people.

We offered data to them and filled the overview sheet by them.

2. 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 articles, newspapers, journals, magazines, LIMITATIONS OF THE STUDY

- The Study on Home Loans of HDFC Bank was confined in understanding the home loan as an idea to unearth ramifications of the investigation which have been troublesome.
- The creative highlights of the different HFIs as a component of their home loan conspires yet is anything but a complete investigation of their home loan plans.
- The Take Over home loans of high financing cost for low financing costs and their natural dangers on the bank's loaning profile has not been attempted in the examination.

REVIEW OF LITERATURE

Impact of GST on Home Loan EMIs

With an ever-increasing number of individuals hoping to profit home loans because of the cut home loan financing costs and the simplicity of benefiting home loans nowadays, for the following couple of months, the attention would be on how the GST influences home loan EMIs. Recorded beneath are ways on how the GST will influence home loan EMIs:

- GST for home loans will have a standard pace of 18% all through the nation.

Starting at July first, VAT and administration assessment will be discarded, however with the GST altogether higher at 18%, home loans may very well get somewhat more costly for borrowers.

- With the financing cost having being expanded altogether higher, banks and moneylenders also will build the financing costs included home loans.

While its majority is simply hypotheses, it will enthusiasm to perceive how the GST influences home loan EMIs. How much banks and credit moneylenders choose to charge on home loan EMIs will be what the land market will be centered around in the coming months.

GST Impact on Home Loan

The effect of GST on the home account section is dubious to comprehend as many things are as yet not satisfactory. What's reasonable however is the preparing charge demand where an 18% rate will be relevant rather than 15% right now. Handling expense, starting at now, remains at 0.25%-1% of the loan sum alongside appropriate

INDUSTRY PROFILE

Banking Industry

Banking Industry is an essential part of any economy. In fact, banks are the single most important supplier of credit. The banking industry has the capital and commitment to support the financial needs of individuals, businesses and all levels of government. In each of these roles, banks support the creation of jobs and the growth of our economy. India has 79 scheduled commercial banks with 28 public sector banks, 23 private banks and 28 foreign banks. They have a combined network of over 67,000 branches and 914,241 employees, according to a release by Reserve Bank of India published on Sep 24, 2008. According to a report by ICRA Limited, a rating agency, the public sector banks hold around 75.3 per cent of total assets of the banking industry and the private and foreign banks hold of 18.2 per cent and 6.5 per cent respectively.

The Indian banking industry is presently in a situation of great flux. There are various developments, changes within the Indian economy and deregulations occurring that have the potential to drastically

change the way this industry functions in the future. As per the changes envisaged by the Reserve Bank of India (RBI), a roadmap has been laid down to gradually deregulate this sector to the foreign banks. Banking Industry is the most dominant sector of the financial system in India, and with good valuations and increasing profits, the sector has been among the top performers in the markets. But currently worldwide the banking industry is facing a tough time due to the failure of financial system in the biggest economy i.e. United State of America. The problem arose due to default in sub-prime mortgage lending clubbed with rising national debt, current account deficit, and fiscal policies of US. This has led to the failure of some big investment banking firm leading to filing bankruptcy. Financial Institutions are the one to face challenge because of liquidity crunch.

Indian Industries have been witnessing today is an indirect, knock-on effect of the global financial situation and is a reflection of the uncertainty and anxiety in the global financial markets. While no country in today's globalizing world can remain completely insulated from the global financial crisis, Indian banking industry is better placed to cope with the adverse consequences of the financial turmoil. India is relatively better placed due to its robust policy framework, stricter prudential regulations with respect to capital and liquidity and strong growth performance (a growth of ~9 per cent) in recent years. An added obstacle to the sustained improvement of the banking system is the fact that banks are mandated to provide funding to government-defined priority sectors dominated by small-scale business and agriculture. COMPANY PROFILE

The HDFC Bank which is a standard sanctioned bank has become the principal player right now reports a lodging loan for a 20 years time frame. Most likely it will upgrade the end cost individuals to design their home over long span now; it has been made simple for an individual to purchase that fantasy house which he longed for long ago. HDFC additionally gives home improvement loans for interior and outside fixes and another basic improvement like artistic creation, waterproofing, plumbing, and electric work, tiling and flooring, flame broil and aluminum windows. HDFC accounts for up to 85% of the expense of remodeling (100% for existing costumers). The current status is that HDFC diminished home loan rate by 50 premise focuses for all its current gliding rate clients.

Housing Development Finance Corporation (HDFC)

Housing Development Finance Corporation Limited (HDFC) is an Indian money related administration organization situated in Mumbai, India. It is a significant supplier of money for housing in India. It likewise has a nearness in banking, life, and general protection, resource the board, funding, realty, instruction, stores and training loans.

It was established in 1977 as the principal particular home loan organization in India. HDFC was advanced by the Industrial Credit and Investment Corporation of India. Hasmukhbhai Parekh assumed a key job in the establishment of this organization.

In 2000, HDFC Asset Management Company propelled its shared store plans. Around the same time, IRDA conceded enrollment to HDFC Standard Life Insurance, as the first private area life coverage organization in Quite a while.

DATA ANALYSIS AND INTERPRETATION

4.1 CALCULATION OF EMI FOR HOME LOAN – Rs.10,00,000/-

principal	int rate	int amount	per month	emi	principal paid
1000000	8.50%	85000	7083.333	12399	5315.666667
994684.3	8.50%	84548.1683	7045.681	12399	5353.319306
989331.8	8.50%	84093.1362	7007.761	12399	5391.238651
983939.8	8.50%	83634.8809	6969.573	12399	5429.426591

978510 .3	8.50%	83173.379 6	6931.115	12399	5467.885029
973042 .5	8.50%	82708.609 4	6892.384	12399	5506.615882
967535 .8	8.50%	82240.547 1	6853.379	12399	5545.621078
961990 .2	8.50%	81769.169 3	6814.097	12399	5584.90256
956405 .3	8.50%	81294.452 6	6774.538	12399	5624.462287
950780 .9	8.50%	80816.373 3	6734.698	12399	5664.302228
945116 .6	8.50%	80334.907 6	6694.576	12399	5704.424369
939412 .1	8.50%	79850.031 5	6654.169	12399	5744.830708
933667 .3	8.50%	79361.720 9	6613.477	12399	5785.523259
927881 .8	8.50%	78869.951 4	6572.496	12399	5826.504049
922055 .3	8.50%	78374.698 6	6531.225	12399	5867.775119
916187 .5	8.50%	77875.937 7	6489.661	12399	5909.338526
910278 .2	8.50%	77373.643 9	6447.804	12399	5951.196341
904327	8.50%	76867.792 2	6405.649	12399	5993.350648
898333 .6	8.50%	76358.357 4	6363.196	12399	6035.803548
892297 .8	8.50%	75845.314 1	6320.443	12399	6078.557157
886219 .3	8.50%	75328.636 8	6277.386	12399	6121.613603
880097 .6	8.50%	74808.299 6	6234.025	12399	6164.975033
873932 .7	8.50%	74284.276 7	6190.356	12399	6208.643606
867724	8.50%	73756.542	6146.379	12399	6252.621498
861471 .4	8.50%	73225.069 2	6102.089	12399	6296.910901
855174 .5	8.50%	72689.831 8	6057.486	12399	6341.51402
848833	8.50%	72150.803 1	6012.567	12399	6386.433077
842446 .5	8.50%	71607.956 3	5967.33	12399	6431.670311
836014 .9	8.50%	71061.264 3	5921.772	12399	6477.227976
829537 .6	8.50%	70510.699 9	5875.892	12399	6523.108341
823014 .5	8.50%	69956.235 7	5829.686	12399	6569.313692

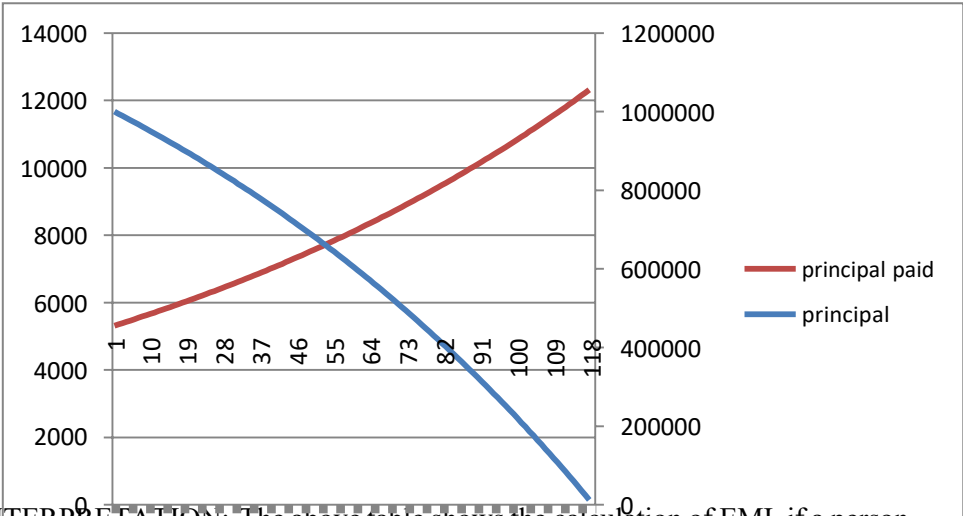
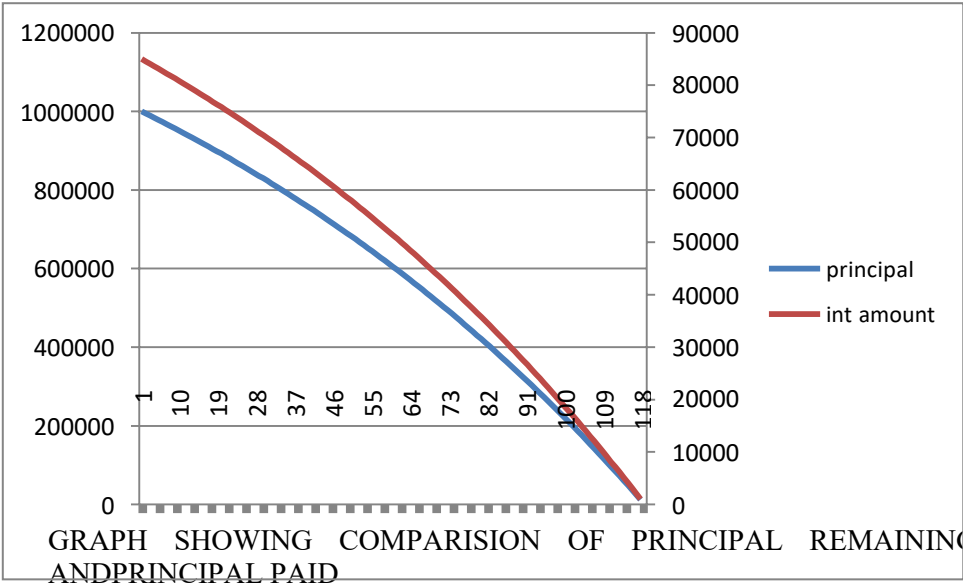
816445 .2	8.50%	69397.844	5783.154	12399	6615.84633
809829 .4	8.50%	68835.497 1	5736.291	12399	6662.708575
803166 .7	8.50%	68269.166 9	5689.097	12399	6709.902761
796456 .8	8.50%	67698.825 1	5641.569	12399	6757.431239
789699 .3	8.50%	67124.443 5	5593.704	12399	6805.296377
782894	8.50%	66545.993 3	5545.499	12399	6853.500559
776040 .5	8.50%	65963.445 7	5496.954	12399	6902.046188
769138 .5	8.50%	65376.771 8	5448.064	12399	6950.935682
762187 .6	8.50%	64785.942 3	5398.829	12399	7000.171477
755187 .4	8.50%	64190.927 7	5349.244	12399	7049.756025
748137 .6	8.50%	63591.698 4	5299.308	12399	7099.691797
741037 .9	8.50%	62988.224 6	5249.019	12399	7149.98128
733888	8.50%	62380.476 2	5198.373	12399	7200.626981
726687 .3	8.50%	61768.422 9	5147.369	12399	7251.631422
719435 .7	8.50%	61152.034 3	5096.003	12399	7302.997144
712132 .7	8.50%	60531.279 5	5044.273	12399	7354.726708
704778	8.50%	59906.127 7	4992.177	12399	7406.822688
697371 .2	8.50%	59276.547 8	4939.712	12399	7459.287682
689911 .9	8.50%	58642.508 4	4886.876	12399	7512.124304
682399 .7	8.50%	58003.977 8	4833.665	12399	7565.335184
674834 .4	8.50%	57360.924 3	4780.077	12399	7618.922975
667215 .5	8.50%	56713.315 8	4726.11	12399	7672.890346
659542 .6	8.50%	56061.120 2	4671.76	12399	7727.239986
651815 .4	8.50%	55404.304 8	4617.025	12399	7781.974603
644033 .4	8.50%	54742.836 9	4561.903	12399	7837.096923
636196 .3	8.50%	54076.683 7	4506.39	12399	7892.609693
628303 .7	8.50%	53405.811 9	4450.484	12399	7948.515678

620355 .2	8.50%	52730.188	4394.182	12399	8004.817664
612350 .3	8.50%	52049.778 5	4337.482	12399	8061.518456
604288 .8	8.50%	51364.549 5	4280.379	12399	8118.620878
596170 .2	8.50%	50674.466 7	4222.872	12399	8176.127776
587994 .1	8.50%	49979.495 8	4164.958	12399	8234.042014
579760	8.50%	49279.602 3	4106.634	12399	8292.366479
571467 .7	8.50%	48574.751 1	4047.896	12399	8351.104075
563116 .6	8.50%	47864.907 3	3988.742	12399	8410.257728
554706 .3	8.50%	47150.035 4	3929.17	12399	8469.830387
546236 .5	8.50%	46430.099 8	3869.175	12399	8529.825019
537706 .6	8.50%	45705.064 6	3808.755	12399	8590.244613
529116 .4	8.50%	44974.893 9	3747.908	12399	8651.092179
520465 .3	8.50%	44239.551	3686.629	12399	8712.370749
511752 .9	8.50%	43498.999 5	3624.917	12399	8774.083375
502978 .9	8.50%	42753.202 4	3562.767	12399	8836.233132
494142 .6	8.50%	42002.122 6	3500.177	12399	8898.823117
485243 .8	8.50%	41245.722 6	3437.144	12399	8961.856447
476281 .9	8.50%	40483.964 8	3373.664	12399	9025.336264
467256 .6	8.50%	39716.811 3	3309.734	12399	9089.265729
458167 .3	8.50%	38944.223 7	3245.352	12399	9153.648028
449013 .7	8.50%	38166.163 6	3180.514	12399	9218.486368
439795 .2	8.50%	37382.592 2	3115.216	12399	9283.78398
430511 .4	8.50%	36593.470 6	3049.456	12399	9349.544116
421161 .9	8.50%	35798.759 4	2983.23	12399	9415.770054
411746 .1	8.50%	34998.418 9	2916.535	12399	9482.465092

402263.6	8.50%	34192.4094	2849.367	12399	9549.632553
392714	8.50%	33380.6906	2781.724	12399	9617.275783
383096.7	8.50%	32563.2222	2713.602	12399	9685.398153
373411.3	8.50%	31739.9633	2644.997	12399	9754.003057
363657.3	8.50%	30910.8731	2575.906	12399	9823.093912
353834.2	8.50%	30075.9101	2506.326	12399	9892.674161
343941.6	8.50%	29235.0328	2436.253	12399	9962.747269
333978.8	8.50%	28388.1993	2365.683	12399	10033.31673
323945.5	8.50%	27535.3673	2294.614	12399	10104.38606
313841.1	8.50%	26676.4945	2223.041	12399	10175.95879
303665.2	8.50%	25811.538	2150.962	12399	10248.0385
293417.1	8.50%	24940.4547	2078.371	12399	10320.62877
283096.5	8.50%	24063.2013	2005.267	12399	10393.73322
272702.8	8.50%	23179.734	1931.644	12399	10467.3555
262235.4	8.50%	22290.0088	1857.501	12399	10541.49927
251693.9	8.50%	21393.9813	1782.832	12399	10616.16822
241077.7	8.50%	20491.607	1707.634	12399	10691.36608
230386.4	8.50%	19582.8409	1631.903	12399	10767.09659
219619.3	8.50%	18667.6377	1555.636	12399	10843.36353
208775.9	8.50%	17745.9518	1478.829	12399	10920.17068
197855.7	8.50%	16817.7373	1401.478	12399	10997.52189
186858.2	8.50%	15882.9479	1323.579	12399	11075.42101
175782.8	8.50%	14941.5371	1245.128	12399	11153.8719
164628.9	8.50%	13993.458	1166.122	12399	11232.8785
153396	8.50%	13038.6634	1086.555	12399	11312.44472
142083.6	8.50%	12077.1056	1006.425	12399	11392.57454
130691	8.50%	11108.7367	925.7281	12399	11473.27194

119217. .7	8.50%	10133.508 6	844.4591	12399	11554.54095
107663. .2	8.50%	9151.3726 2	762.6144	12399	11636.38561
96026. 82	8.50%	8162.2798 5	680.19	12399	11718.81001
84308. 01	8.50%	7166.181	597.1817	12399	11801.81825
72506. 19	8.50%	6163.0264 4	513.5855	12399	11885.41446
60620. 78	8.50%	5152.7662 1	429.3972	12399	11969.60282
48651. 18	8.50%	4135.3499 8	344.6125	12399	12054.3875
36596. 79	8.50%	3110.7270 4	259.2273	12399	12139.77275
24457. 02	8.50%	2078.8463 5	173.2372	12399	12225.7628
12231. 25	8.50%	1039.6565 2	86.63804	12399	12312.36196

GRAPH SHOWING COMPARISION OF INTEREST PAID AND PRINCIPALPAID



INTERPRETATION: The above table shows the calculation of EMI, if a person takes Home Loan for a period of 5 years, an amount of Rs.10,00,000/-. If Rs.12,399/- EMI is paid constantly then the principal amount will be gradually decreased.

FINDINGS

The present project work is undertaken to analyse the Home loan options available withHDFC bank. During the analysis, the following facts have been identified.

- Buying a house is one of the biggest and most important decisions of a lifetime.
- A good house is essential for the all-round well-being of a family. Its purchase therefore requires meticulous planning and careful consideration. You need to assess your requirement and apply for the most suitable housing loan.
- HDFC offers a wide range of housing loans to cater to the varied needs of different sets of consumers. Our diversified portfolio of loan offerings includes loans for purchase of a new

- apartment from a developer or a development authority as well as for purchase of resale properties.
- If you want to construct your own house, you can avail of a loan for the purchase of a plot and construction thereon.
- A home improvement loan facilitates home renovation while you can get a home extension loan to fund the cost of adding more floors or rooms to your existing house.
- On completion of one year of loan repayment, you can apply for a Top-Up Loan for additional funds which can be used for a variety of personal or professional needs.

SUGGESTIONS

Finding the perfect home is important, but so is finding the perfect home loan. The home loan that one chooses will be your commitment for a long time, so make sure that you read through the following tips to get a home loan that is just right for applicant.

- Planning your financials is crucial when you are in the process of buying a home. Your monthly budget should be established to accommodate a certain amount of money being put away. This amount will go towards your down payment. The down payment may range from 2.25% to 20% of the purchase price of the home depending on the type of loan you choose and your lender.

A great way to easily put away money monthly is to have it automatically deposited from your bank account/ paycheck to a savings account. This way you will not be tempted to touch the amount that you have decided to keep aside for your down payment.

If your budget does not allow you to put down a large sum as down payment, a good alternative is to go for a zero down payment loans which is ideal for homebuyers who can afford only a small amount as down payment.

- The best deals on home loans are offered to those with the good credit scores. A good credit score promises the lender that you are a good candidate as a borrower because your financial history suggests that you are responsible. So what should you do to make sure that you have a good credit score and thus options when it comes to great deals? First of all get a copy of your credit report so that you know what your credit profile looks like to potential lenders. If you

CONCLUSION

Rely on the wide range of Home Loans offered by HDFC Bank to buy or construct your dream home. Get Home Loans for purchasing, building, renovating, repairing, or redecorating your perfect living space. You can also opt to transfer your existing Home Loan from another lender over to us to benefit from our loan offers.

At HDFC Bank, you can enjoy attractive Home Loan interest rates along with a hassle-free loan application process, easy loan repayment options, and flexible tenures. We offer a range of Home Loans, including Top Up Loans, Home Improvement Loans, and Home Extension Loans.

Enjoy the convenience of applying for a loan online with our intuitive digital application process. And if you need a bit of guidance along the way, we also offer expert advice and prompt customer service for all your Housing Loan queries.

While EMIs allow you to repay the borrowed amount at your own pace, we understand that it can often get challenging to remember the payment deadlines. To help with that, HDFC Bank allows you to set standing instructions for EMI payments to get deducted directly from your HDFC Bank Savings Account. This facility also saves you the trouble of procuring, signing, and tracking post-dated cheques. With automated EMIs, you will never default on your payments and be able to maintain a good credit history.

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