A study on home loans with special reference to Mortgage Loans in India

EXECUTIVE SUMMARY

One of the three basic needs of existence, housing consistently remains at the top of the list for every person, community, and economy. An individual needs his or her own space and safety as a person, which the duty of maintaining a home can provide. The fundamental unit of society is the house. The family has a stage at home, and the family is the most important social institution and has a lasting impact on an individual. Home loans are necessary, not because property values are constantly rising, but rather because they are a wise choice from the standpoint of long-term savings. Home loans are not only a useful instrument for the average person to purchase a roof over his head, but they also contribute to long-term cost savings. Since the creation of NHB, the home financing industry in India has undergone fast adjustments. Rapid changes are being seen in the core areas of the housing industry. The system's structural improvements had sluggish results. But there are still gaps between market supply and demand.

Mortgage loans are described as loans that real estate buyers acquire to raise money for the purchase of property or loans that existing property owners obtain for another financial obligation by pledging their existing property as security. One of the most common loan types for purchasing real estate and other types of property is the mortgage. Borrowers of mortgage loans might be either people or businesses. The former could refer to a piece of real estate, a house, or a plot of land, while the latter refers to commercial real estate and company facilities.

Borrowers of mortgages can be either private individuals mortgaging their homes or businesses mortgaging commercial property (such as their own office space, rental homes, or an investment portfolio). Depending on the country, the lender will often be a financial institution like a bank, credit union, or building society. Loan agreements can be made directly or indirectly through intermediaries. Mortgage loan characteristics can vary greatly, including the amount borrowed, the loan's maturity date, the interest rate, and the manner of repayment. The major goal of this study is to gain understanding of the home loan processing system, with a focus on top mortgage loans.

TABLE OF CONTENT

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.0 Indian Banking Sector

The Reserve Bank of India (RBI) says that India's banking industry has enough money and is well controlled. The country's money and economy are much better than those of any other country in the world. Studies of credit, market, and liquidity risk show that Indian banks are generally strong and have done well during the global recession.

From 2020 to 2022, bank assets in all areas grew. In 2022, the total assets of the banking sector, which includes both state and private banks, went up to US$2.67 trillion.

In 2022, the total assets of state banks were US$ 1,594.51 billion and those of private banks were US$925.05 billion.

During FY16–FY21, bank credit grew by 0.29% per year on average. As of FY21, the overall amount of credit given out had gone up to US$ 1,487.60 billion. Between FY16 and FY21, savings grew at a CAGR of 12.38%, and by FY21, they were worth US$ 2.06 trillion. As of May 20, 2022, the amount of money in banks was Rs. 165.74 trillion, which is about $2.11 trillion.

India Ratings & Research (Ind-Ra) says that credit growth will reach 10% in 2022-23. This will be the first time in eight years that credit growth will be in the double digits. Bank credit was worth Rs. 123.69 lakh crore (US$ 1,553.23 billion) as of July 29, 2022.

As of July 29, 2022, the amount of money owed to non-food sectors was Rs. 123.36 lakh crore, which is equivalent to US$1.54 trillion.

The banking industry is expected to grow even more as a result of more money spent on infrastructure, faster project completion, and the continuation of reforms. All of these things point to India's banking sector being ready for strong growth, since companies that are growing quickly will need loans from banks. Because of how far technology has come, cellphone and internet banking are now the most popular ways to bank. The banking industry is putting more stress on providing better services to their customers and upgrading their technology infrastructure. This will improve the overall experience of customers and give banks an edge over their competitors.

In the past few years, fintech and microfinancing have grown in India. In FY18, digital lending in India was worth US$ 75 billion, and by FY23, it is expected to be worth US$ 1 trillion. This is because digital payments have grown by a factor of five. So far, the Indian fintech market has received $29 billion in funding over 2,084 deals (January 2017–July 2022). This is 14% of all global funding and ranks India second in terms of the number of deals. The fintech market in India is projected to be worth Rs. 6.2 trillion (US$ 83.48 billion) by 2025.

1.1 Indian Real Estate Industry

One of the most well-known industries around the world is the real estate industry. It is made up of four sub-sectors: retail, leisure, housing, and business. The growth of the business world and the need for office space as well as housing in cities and towns is a good match for the growth of this sector. The construction business has the third most direct, indirect, and induced effects on all other parts of the economy out of the 14 major sectors.

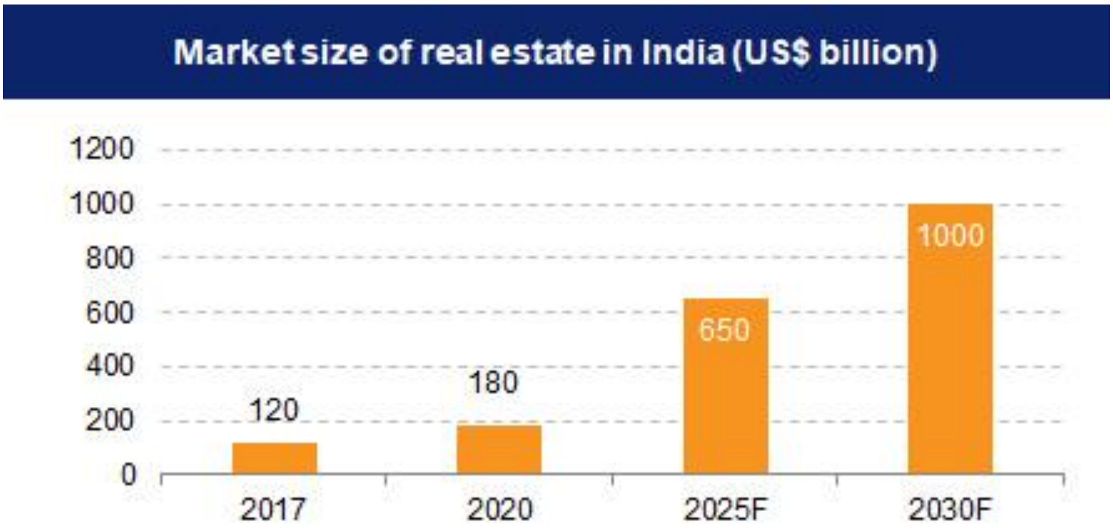
In India, the real estate industry creates the second most jobs, after the farm industry. On the short and long run, it is also expected that more non-resident Indian (NRI) money will flow into this sector. NRIs are likely to spend in real estate most in Bengaluru, Ahmedabad, Pune, Chennai, Goa, Delhi, and Dehradun will be next in line.

From Rs. 12,000 crore (US$ 1.72 billion) in 2019, the real estate market will grow to Rs. 65,000 crore (US$ 9.30 billion) in 2040. By 2030, the Indian real estate market is expected to be worth US$ 1 trillion, up from US$ 200 billion in 2021. By 2025, it is also expected to make up 13% of the country's GDP. Retail, hospitality, and commercial real estate are also growing a lot, giving India the infrastructure it needs to meet its wants as it grows.

In the top seven towns of India, over 1,700 acres of land were sold in just one year. From 2017 to 2021, foreign investors put US$ 10.3 billion into the business real estate market. After the old SEZs act is replaced in February 2022, developers expect the demand for office space in SEZs to go through the roof.

ICRA predicts that Indian companies will raise more than Rs. 3.5 trillion (US$ 48 billion) through infrastructure and real estate investment trusts in 2022. This is more than the US$ 29 billion they have raised so far.

From July 2020 to December 2020, 22.2 msf of office space changed hands in the top eight cities, while 17.2 msf of new office space was built in the same time period. In terms of the share of sectoral users, the Information Technology (IT/ITeS) sector led with 41% in the second half of 2020. This was followed by the BSFI sector with 16%, the Manufacturing sector with 16%, Other Services with 17%, and Co-working with 10%.



In 2021, India got about 40 million square feet of space. In the next two to three years, the government should have a 40% market share. In 2022, India is projected to give the world 46 million square feet.

Savills India says that between 15 and 18 million square feet of new data centre space will be needed by 2025.

In 2020, the manufacturing industry leased 5.7 million square feet of office space, which is 24% of all office space leased. Small and medium-sized businesses (SMEs) and companies that make electronic parts leased the most between Pune, Chennai, and Delhi NCR. The car sector leased the most between Chennai, Ahmedabad, and Pune. 34%, 26%, and 9% of office space leases came from 3PL, e-commerce, and retail, respectively. In Q4 FY21, 71% of all PE investments in real estate were made in the office market, 15% in retail, and 7% each in residential and warehouse.

India's top seven office markets had a total gross leasing amount of 11.55 million square feet in the first quarter of 2022. From July to September 2021, a total of 55,907 new homes were sold in India's eight local markets, which is a 59% increase from the previous year.

In the third quarter of 2021, from July to September, there were 65,211 new homes on the market. This was a 228% rise from the third quarter of 2020, when there were only 19,865 new homes.

In the commercial market, investments are likely to go up in 2021 and 2022. For example, in October 2021, Chintels Group said it would spend Rs. 400 crore (US$ 53.47 million) to build a 9.28 lakh square feet business project in Gurugram.

According to the Economic Times Housing Finance Summit, about three houses are built for every 1,000 people every year, while five houses are needed for every 1,000 people. An estimated 10 million units of homes are needed in cities right now. By 2030, the growing number of people living in cities will need an extra 25 million units of affordable homes.

1.2 Investments/Developments

In recent years, the Indian real estate market has grown a lot because there is more demand for both business and living space. Colliers India, a property consultant, says that institutional investments in Indian real estate will rise by 4% to hit Rs. 36,500 crore (US$ 5 billion) in 2021. This is because investors are becoming more interested in getting good deals during the pandemic. According to a recent study by Colliers India, private equity investments in Indian real estate reached US$ 2.9 billion in the first half of 2021. This was more than twice as much as the first half of 2020.

In FY20, exports from SEZs hit Rs. 7.96 lakh crore (US$ 113.0 billion), which is 13.6% more than in FY19, when they were worth Rs. 7.1 lakh crore (US$ 100.3 billion).

In July 2021, the Securities and Exchange Board of India lowered the minimum application value for Real Estate Investment Trusts from Rs. 50,000 (US$ 685.28) to Rs. 10,000-15,000 (US$ 137.06-US$ 205.59) This was done to make the market more available to small and retail investors.

building is the third-largest sector in terms of the amount of FDI that comes into it. From April 2000 to March 2022, US$ 54.17 billion worth of FDI went into the sector, which includes building development and activities.

Some of the most important investments and changes in this area are:

• Between January 2021 and September 2021, US$ 3.3 billion came into the Indian real estate market through private equity investments.

• The number of homes sold in seven of India's biggest cities rose 113% year-over-year to 62,800 units in the third quarter of 2021, up from 29,520 units in the same time period the year before. This shows a healthy comeback after a strict lockdown was put in place in the second quarter because COVID-19 was spreading in the country.

• Institutional real estate investments in India went up by 7% year over year in the third quarter of 2021. During the first nine months of 2021, US$ 2,977 million was invested, compared to US$ 1,534 million during the same time last year.

• In November 2021, Ascendas India paid Rs. 353 crore (US$ 47 million) for Aurum Ventures' 16-story commercial tower in Navi Mumbai. This was the biggest deal for a standalone commercial tower by a global institutional investor in the last few years.

• In 2021, the online real estate company Housing.com, which is owned by REA India, will work with the online legal help start-ups LegalKart, Lawrato, Vidhikarya, and Vakil to offer homebuyers legal information and help.

• About 77% of all investments made in the third quarter of 2021 were in the top three cities: Mumbai (39%), NCR-Delhi (19%), and Bengaluru (19%).

• In the next three years, India's flexible space stock, which is currently 36 million square feet, is expected to grow by 10-15% year over year.

• In June 2021, GIC said it would buy a minority share in Phoenix Mills' portfolio (worth US$ 733 million) in order to set up an investment platform for Indian retail-led mixed-use assets.

• In May 2021, Blackstone Real Estate paid Rs. 5,250 crore (US$ 716.49 million) for Embassy Industrial Parks to grow its business in the country.

• SRAM & MRAM Group teamed up with Area CAS Developers and Infrastructure Private Limited (Area Group) and Gupta Builders and Promoters Private Limited (GBP Group) of India to get into the Indian real estate business. It is planning to put $100 million into the real estate market.

• Anarock says that between Q4 FY20 and Q4 FY21, sales of homes in seven cities went up by 29% and new starts went up by 51%.

• Blackstone, a private market investor, has put a lot of money into the Indian real estate market (Rs. 3.8 lakh crore, or US$ 50 billion), and they want to put in another Rs. 1.7 lakh crore, or US$ 22 billion, by 2030.

• In 2021, more and more people will be working from home, and people in Tier 2 and Tier 3 areas will want to buy houses for less than Rs. 40–50 lakh, which will drive up prices in those places.

• In April 2021, HDFC Capital Advisors (HDFC Capital) and Cerberus Capital Management (Cerberus) joined forces to build a platform that will focus on high-yield opportunities in the residential real estate sector in India. The goal of the platform is to buy inventory and provide last-mile funds for residential projects being built all over the country.

• Godrej Properties said in March 2021 that it would start 10 new real estate projects in Q4 of that year.

• In March 2021, Godrej Properties bought equity shares from HDFC Venture Trustee Company to raise its part of Godrej Realty from 51% to 100%.

• In January 2021, Annalakshmi Land Developers Pvt. Ltd. was bought out by Sabha Highrise Ventures Pvt. Ltd., a fully owned subsidiary of SOBHA Limited.

1.3 Government Programmes and Plans

The government of India and the governments of each State have taken a number of steps to promote growth in the field. With its plan to build 100 smart cities, the Smart City Project is a great chance for real estate businesses. Some of the other big Government projects are listed below:

• The RBI said in October 2021 that the base interest rate would stay at 4%. This was a big boost for the real estate market in the country. Low home loan interest rates are likely to make people want to buy homes and boost sales by 35–40% during the holiday season in 2021.

• The Union Budget 2021-22 extends until the end of the fiscal year 2021-22 the tax deduction of up to Rs. 1.5 lakh ($2069.89) on interest on a housing loan and the tax holiday for cheap housing projects.

• The Atmanirbhar Bharat 3.0 package, which was announced by Finance Minister Mrs. Nirmala Sitharaman in November 2020, included tax breaks for real estate developers and homebuyers who bought or sold their first home for up to Rs. 2 crore (US$ 271,450.60) between November 12, 2020 and June 30, 2021.

• The Union Cabinet has approved the creation of a Rs. 25,000 crore (US$ 3.58 billion) alternative investment fund (AIF) to get around 1,600 housing projects in major towns back on track.

• The government set up an Affordable Housing Fund (AHF) in the National Housing Bank (NHB) with an initial corpus of Rs. 10,000 crore (US$ 1.43 billion). This was done by using the shortfall in priority sector loans from banks and other financial institutions to help HFCs with microfinancing.

• India had officially accepted 425 SEZs as of January 31, 2021, and 265 of them were already running. The IT/BPM industry is where most special economic zones (SEZs) are.

The Securities and Exchange Board of India (SEBI) has approved the Real Estate Investment Trust (REIT) platform, which will let all kinds of investors join in the Indian real estate market. It would give the Indian market a chance worth Rs. 1.25 trillion ($19.65 billion) over the next few years. Indian real estate companies have changed their strategies and taken on new challenges because their customers are becoming more knowledgeable and because of globalisation. The biggest change has been the shift from businesses run by families to businesses run by professionals. In order to keep up with the growing need to handle multiple projects in different places, real estate developers are investing in centralised processes to find materials and organise workers. They are also hiring qualified professionals in fields like project management, architecture, and engineering.

Under the ambitious Pradhan Mantri Awas Yojana (PMAY) scheme of the Union Ministry of Housing and Urban Affairs, the central government wants to build 20 million affordable houses in urban areas across the country by 2022. This is good news for the residential industry. As the number of homes in cities is expected to grow, there will be more demand for business and retail office space.

An estimated 10 million units of homes are needed in cities right now. By 2030, the growing number of people living in cities will need an extra 25 million units of affordable homes.

As more FDI goes into Indian real estate, more openness is being pushed for. In order to get funds, developers have changed their accounting and management systems to meet standards for due diligence. In the next two years, Indian real estate is likely to bring in a lot of FDI. By FY22, US$ 8 billion will have been poured into the sector.

1.4 Indian Loan market

Keep in mind that the holiday season is prime real estate investing time. Buying a home is no longer a luxury but a necessity. It is evident that we are at the beginning of a long-term upcycle if we examine loan growth rates across the various regions and industries in India today. Consumers in the upcountry are feeling optimistic as well, thanks to the strong monsoon this year.

Increased interest in home loans in rural areas can be directly attributed to the SVAMITVA programme initiated by the government. People in the rural areas will be able to legally register their homes under the programme, which will allow them to put their properties to better use in the marketplace. The current size of the Indian house loan market, at Rs 24 trillion, is expected to treble over the next five years. Home loan disbursement is rising at a higher rate in Haryana and Uttar Pradesh, where this scheme has already reached several villages.

In the fiscal year ending in March, the total portfolio had an increase in outstanding of over 10%. Housing loans as a percentage of total bank lending will reach 14.4% in June 2022, up from 13.1% in March 2020. Approximately 50% of consumer loans go towards home purchases.

Real estate has made a remarkable recovery from the pandemic, and this bodes well for the next festival. There will undoubtedly be a rise in the demand for reasonably priced housing. The requirement for a large number of money is mitigated by the availability of home loans, which may be used to fund the purchase of a dream home. With a home loan, you can spread out the repayment of your principal and interest over a number of years at a manageable equivalent monthly instalment (EMI) amount. In addition, your house loan principle amount may qualify for tax breaks of up to Rs. 1.5 lakh under Section 80C of the Information Technology Act of 2000.

The RBI increased the repo rate by 190 basis points over the course of four consecutive policies in fiscal year FY23, bringing it to 5.9 percent. in led banks and NBFCs to increase the interest rates on house loans, increasing EMI costs. The holiday season is expected to pave the way for considerable growth in the affordable housing industry, despite the fact that demand remains high. After the pandemic, the real estate market recovered strongly. After being relatively stable in real terms between 2015 and 2021, CY2022 is shaping up to be one of the finest years for home sales in nearly a decade. The fact that everyone had to stay inside during the lockdown further encourages people to buy homes.

Most people today want to buy or upgrade to the greatest house they can currently afford. COVID-19 redirected attention from crowded cities to more spacious suburban dwellings. Investment and long-term use make second houses an attractive choice for the high-net-worth individual market. Finally, since some industries, most notably the computer industry, accept remote working, there is a shift from tier 1 cities to tier 2.

It appears that this tendency will continue to gain steam during the forthcoming holiday season, when buyers typically invest in properties because it is seen as an auspicious time to do so. The secondary house market is a growing and popular choice for buyers thanks to the sustainability and financial potential it offers. There has been a shift in buyer behaviour from renting to buying in many different places. Buyers have upgraded to larger homes because of WFH and other forms of workplace flexibility.

There has been a shift in consumer preferences, with more people looking to move up from 1 BHK to 2 BHK or even 3 BHK. Demand for low-interest mortgages in the country's secondary and tertiary cities has increased as a result of the rise of telecommuting and other forms of workplace flexibility. Tier 2/3/4 city residential sales will remain robust this holiday season thanks to optimistic projections for future income and the increased value of home ownership brought on by the recent global pandemic.

CHAPTER 2: REVIEW OF LITERATURE

Conceptual Framework

Home Loans

A "home loan" is a credit to a consumer for the purchase or transformation of the private immovable property he owns or aims to acquire secured either by a mortgage on immovable property or by a surety commonly used in a Member State for that purpose.

A home loan requires you to pledge your home as the lender's security for repayment of your loan. The lender agrees to hold the title or deed to your property until you have paid back your loan plus interest.

Thus in the simplest terms home loan is the loan taken from any financial institution for the purchase of newly home by paying interest as agreed during the deal. Thus the rate of interest depends on the bank as also it differs from banks to banks. Some banks may charge higher price where as some banks charge low price.

Typically, banks and HFCs offer up to 85 per cent of the property cost as housing loans. The total cost of the property include various charges as acceptable to the HFCs, such as agreement value of the property, stamp duty and registration charges, society transfer charges, garage charges for parking cars, electricity and water connection charges, as well as cost of additional furnishings done by the developer or builder, for which an amenities agreement has been entered into between the customer and developer that has been duly stamped and registered.

Chart: Life Cycles of Housing Finance Markets

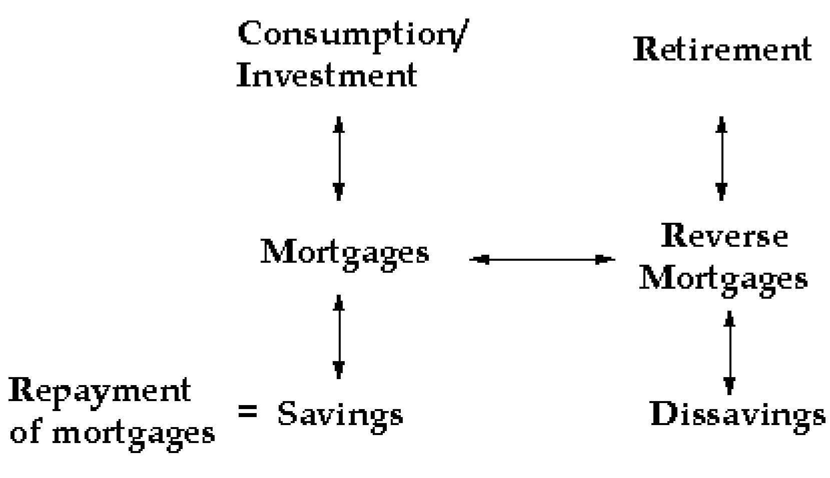
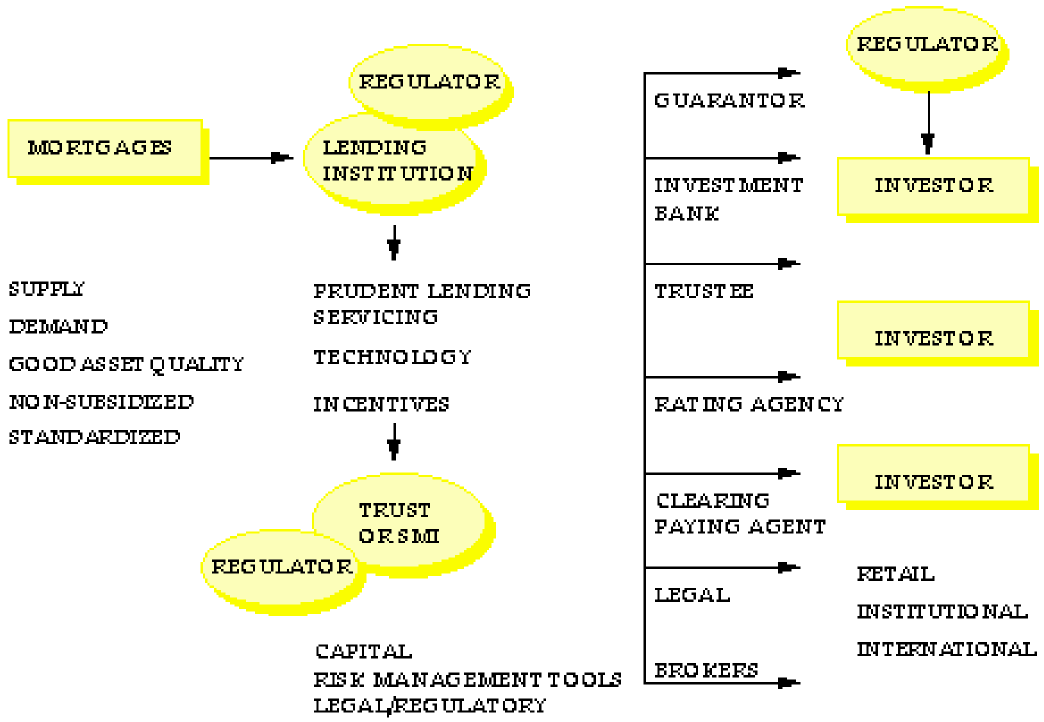


Chart: Complexity-Players in Housing Finance



The most appealing, the most favoured and the most popular secured loan is undoubtedly mortgage loans. They shower endless features, benefits, and variety in their offers. Banks and NBFCs offer this secured loan. The borrowers pledge their real estate or property to lenders in order to get funds. Approximately 70% of the current property value is offered as the loan amount. There are many types of mortgage loans that are offered based on what will appeal to people. Business houses or individuals pledge their owned property as collateral for security

Mainly, there are six different types of mortgages in India. These include:

- English Mortgage
- Mortgage by title deed deposit
- Simple Mortgage
- Usufructuary Mortage
- Mortgage by Conditional Sale
- Anomalous Mortgage

Below are the different types of Mortgage Loans in India:

1. Loan against Property (LAP)

Loan against Property is commonly known as LAP. LAP is offered for commercial and residential properties. The borrowers have to mortgage their property in order to get funds from lending institutions. The original documents of the property have to be deposited with the lender till the time the loan is repaid in full. The repayment of such loans is done on EMI basis. Borrowers can use the loan amount for any personal or professional needs. Many banks and NBFCs provide an option to calculate loan against property EMI on their website. This is for the convenience of the borrowers. These loans usually have a tenure of up to 15 years.

2. Commercial Purchase

Commercial purchase loans are popularly taken by businessmen and entrepreneurs. They take such loans to buy commercial properties like a shop, office space, and commercial complex. This loan is apt for such purchases. The interest rates offered by banks and NBFCs are competitive. Funds from this loan have to be used to buy the property only

3. Lease Rental Discounting

Leasing our own residential or commercial property is a very common practice. Mortgage loans can be taken against the leased properties too. This is known as 'lease rental discounting'. The monthly rent amount itself is converted into EMI and the loan amount is given on that basis. The loan tenure and the loan amount, both depend on the tenure as to till when the property will be kept leased. The lease agreement is referred to by banks and NBFCs who are offering the loan

4. Second Mortgage Loan

For homes that already have a loan on them, banks and NBFCs offer Second Mortgage Loan. If a borrower takes out a loan to buy a home today, he can use the same home to get another loan for personal needs. When a borrower asks for a Second Mortgage Loan, it is often called a top-up loan on a home loan. The lender will give the user more money if they have good credit and have paid back their loans in the past. The user must start making payments on both the first mortgage loan and the second mortgage loan.

5. Reverse Mortgage

India just started offering a new type of loan called a reverse mortgage. It is a loan made just for people over the age of 60. There are a lot of older people who don't have steady or enough money coming in every month. But a lot of them own property in one way or another. So they can choose this option. A reverse mortgage does the exact opposite of what a regular mortgage loan does. The way it works is that they have to keep their property as a debt with the bank or NBFC. The lender then gives them a steady amount of money every month, like an EMI. When the senior person dies, the property can be sold by the bank or NBFC. The amount of the loan that is paid back to the seniors comes right out of the sale price of the property. The amount left over is given back to the legal heirs of the older citizens who have died.

6. Home Loan

A home loan is the type of home loan that people in India ask for most often. People can apply for home loans that are small, medium, or really big. This is because the interest rates are affordable, the terms are flexible, and there are tax benefits. One gets the chance to fix up, rebuild, and fix up their house. One can get a home loan to buy land to build a house on, to build a house on the ground that was bought, or to buy a house that is still being built. This can be done for both new and used homes. The money that the client gets as a loan, though, has to be used only for the house. You can't use these funds for anything else, either for yourself or for your business.

These are the most important things about India's home loans:

• The mortgage loan payments, also called EMIs (equated monthly installments), include the initial amount, mortgage interest (if applicable), other insurance charges, and taxes (if applicable).

• The mortgage loan looks very profitable because it can be used to get a lot of money and cash. But the borrower needs to be careful when asking for the loan because they might not be able to pay it back.

• If Applicants want to find people who will pay a good price for their property, they should get their loan approved and build a good credit score. This will help in the long run.

• According to the amortisation schedule, the lender needs to know the right details and timing of the property buy.

• The RBI got rid of the fees for default. So, before you ask for the loan, read the offer document carefully. Also, don't sign anything until you've read the offer document.

• The total cost of the project includes the 15% of the cost that the borrower has to pay up front.

Who Can Get a Mortgage Loan in India and How?

The following things determine whether or not a person can get a home loan:

• The applicant's total income from all sources over the course of a year.

• There is a minimum age requirement, which is between 18 and 21 years.

• The current loan, if there is one, and how many EMIs have been paid and how many are still due.

• The value of the land based on the rules, such as how close it is to a market, train station, bus stop, etc.

• Work experience and how well you know your boss.

• The number of people who depend on the family.

• Job profile: Paid work or self-employment (professional or not)

Different kinds of mortgage loan rates

Now, let's talk about the types of interest that apply to a Mortgage loan. Most people choose between three types of interest: ARM (Adjustable rate mortgage), FRM (Fixed rate mortgage), and Interest-only mortgage. Adjustable rate mortgages, which can also be called flexible rate mortgages, have rates that can change. The rate of interest is completely based on how the economy is doing at the time. It can change depending on the economy and the prime loan rate. Most of the time, the interest rate that private banks charge is the prime rate. So, if the prime interest rate goes up, the home loan interest rate will also go up, and vice versa.

When it comes to the other type of interest, FRM, which is also called a "Traditional Mortgage Loan," is exactly what it sounds like. It means that the interest on the mortgage loan won't change and will stay the same for a set amount of time.

Now, interest-only mortgages are the third type of interest. In this type, applicants only have to pay interest at first, and then they have to pay back the loan's total amount. The benefit of this type is that the interest is paid back consistently over the term.

Still, different banks have different interest rates, and most of them are lower than the rates for personal loans. Here are a few banks and their interest rates, broken down by type, so you can choose the best one for you.

Pros of Getting a Mortgage Loan

1. You can get a mortgage loan for any kind of property, even one that is still being built or is used for business. Applicants can also choose a loan type that works for them before they know where the loan will be used.

2. Applicants can easily choose a longer loan term or a long loan term with smaller monthly payments. Also, they can easily choose large amounts if they need to.

3. The interest rate on a mortgage loan is cheaper than the interest rate on a personal loan or another type of loan.

4. When people choose a mortgage loan, they get a loan that is backed by their property. If they can't pay back the loan, the bank takes the property that they used to get the loan.

5.Mortgage loans help people buy the house of their dreams, and once the amount is paid back, the person owns the house. The length of the loan depends only on the amount and the applicant's choice.

6. Banks usually send their representatives to the home of the applicant, and the applicant can also apply for a loan online.

7. A mortgage loan can be used for more than just buying a house. The money from the loan can be used to meet the standards. Applicants could, for example, use the money to grow their business or meet other important needs.

Registered and equitable mortgage

When the word "mortgage" is used in the context of a home loan, we know that the property has to be mortgaged to the investor until the loan is paid off in full. A mortgage is a way to borrow money by giving up a stake in a property.As a buyer of a home loan, you should be aware of the need for "Registered" and "Equitable" mortgages, as well as the stamp duty fees that are part of the legal process. These fees do affect how much it costs you to borrow money. Even if the bank gives a very low interest rate and doesn't charge a fee to process the loan, these fees can make the benefits less appealing.

In an equitable mortgage, the owner has to give the investor his title deed, which puts a lien on the property. The owner also says out loud that he or she wants to put a charge on the property. A mortgage that is fair to both parties is also called an implied or beneficial mortgage. An equitable mortgage does not go through a legal process, but it is still a debt in the interest of justice (under equity). The borrower gets money from the bank or other lender with the deal that the equitable mortgage on his property will be used as security for the loan.The borrower has to give the lender a copy of his title deed as protection for the money he wants to borrow.

No official legal paper is signed or recorded in the registrar's files, but they can be made at certain places. Compared to a registered mortgage, stamp tax and other fees are not very high.

In a registered mortgage, the borrower must go through a formal, written process with the sub-registrar to make a charge on the property. This charge is proof that the borrower has given the lender an interest in the property as security for the loan. "Deed of Trust" is another name for a "registered mortgage."A registered mortgage is a mortgage or charge that meets all the legal standards. If the borrower pays back the loan according to the rules of the home loan agreement, the borrower gets the title of the property back. The lender's rights, which were made through the legal process, will not apply to the land. But if the borrower doesn't pay back the loan in full (including the interest and the capital), the lender has the right to take the property.

People think of an equitable debt as easy and cheap. When you get an equitable mortgage, you pay much less in stamp tax than when you get a registered mortgage. Stamp duty and filing fees for equitable mortgages can be as low as 0.1% of the loan amount in many states. In some mortgages, you have to pay stamp tax and registration fees twice. This means that stamp duty and registration fees are paid when the mortgage or charge is made and again when the mortgage is ended, which is when the loan amount is paid in full.The borrower and the bank agent do not have to go to the sub-registrar's office and go through the process of registering/releasing the mortgage.When you pay off your loan to the bank in full, you get the original title deed back without any extra steps.

Even though both the borrower and the lender can gain from an equitable mortgage, banks prefer registered mortgage because there are no records of the loan on the property in the sub-registrar's office when an equitable mortgage is used. In an equitable mortgage, only the seller and the borrower know that the property or land has a mortgage or charge on it. This means that the house could be sold to a third party without the loan being paid off in full. The new buyer or party might not know about the mortgage, since there are no records and the mortgage is made with just a few words.So, banks think that a fair mortgage is not telling the truth. In the past, lenders reported a lot of scam because the same property was used to get more than one loan because there were not enough public records.

Ideal Banks/NBFCs to Look for Mortgage Loans

Considering all the fact mentioned above, it is true that choosing the best suitable bank for the loan against the property can be difficult. Different banks charge different rates of interests however, are usually lower than the interest rate for personal loans. Thus, it is really important to choose the bank wisely by considering all the pieces of information. Also, it is important to compare different banks and their rate of interest along with the different provisions. In the end, applicant should be satisfied with the choice and afterward processes of the bank.

These days, many banks try to provide the hassle free services to the customers and provide sound atmosphere for providing the respective loan.

Following are the few banks which are leading when it comes to getting a loan against mortgage.

State Bank of India

SBI is leading in the list due to its reviews and suitability. Its market share being 25.50% says enough. Being a government bank, it might take a little while to get the things done, however, once the things are done or say, the loan is approved, everything will be smooth and worth the pain. The interest rate is 8.60% for women and 8.65% for others. Also, the processing and pre payment charges are Nil till 31.03.2017

HDFC Bank

Following the leading SBI is HDFC. With the market share percentage of 24.13, HDFC is another bank suitable for mortgage loan. With the processing fee of 0.5% or 10,000+ service tax, HDFC comes with the rate of interest of 8.65% to 8.75%. Also, there are no pre payment charges.

LIC

Ranking third in the race is LIC Housing Finance. Applicants can fix the rate of interest for 5 years, making it a decent option when it comes to mortgage loan. Also, if applicants have any insurance policy done with LIC, it can reduce the interest rates by at leat 0.25%. The processing fee for loan up to 5 Million is 10,000 + service tax and for the loan of 5 Million or above, it is 15,000+ service tax.

ICICI Bank

With the market share percentage of 13.10%, ICICI bank comes with less hassles while applying the loan. The processing fee is 0.50% – 1.00% or 1500 (2000 for few cities like Mumbai, Delhi and Bangalore) + service tax + surcharge.

The rate of interest is 8.65% – 8.85%.

AXIS Bank

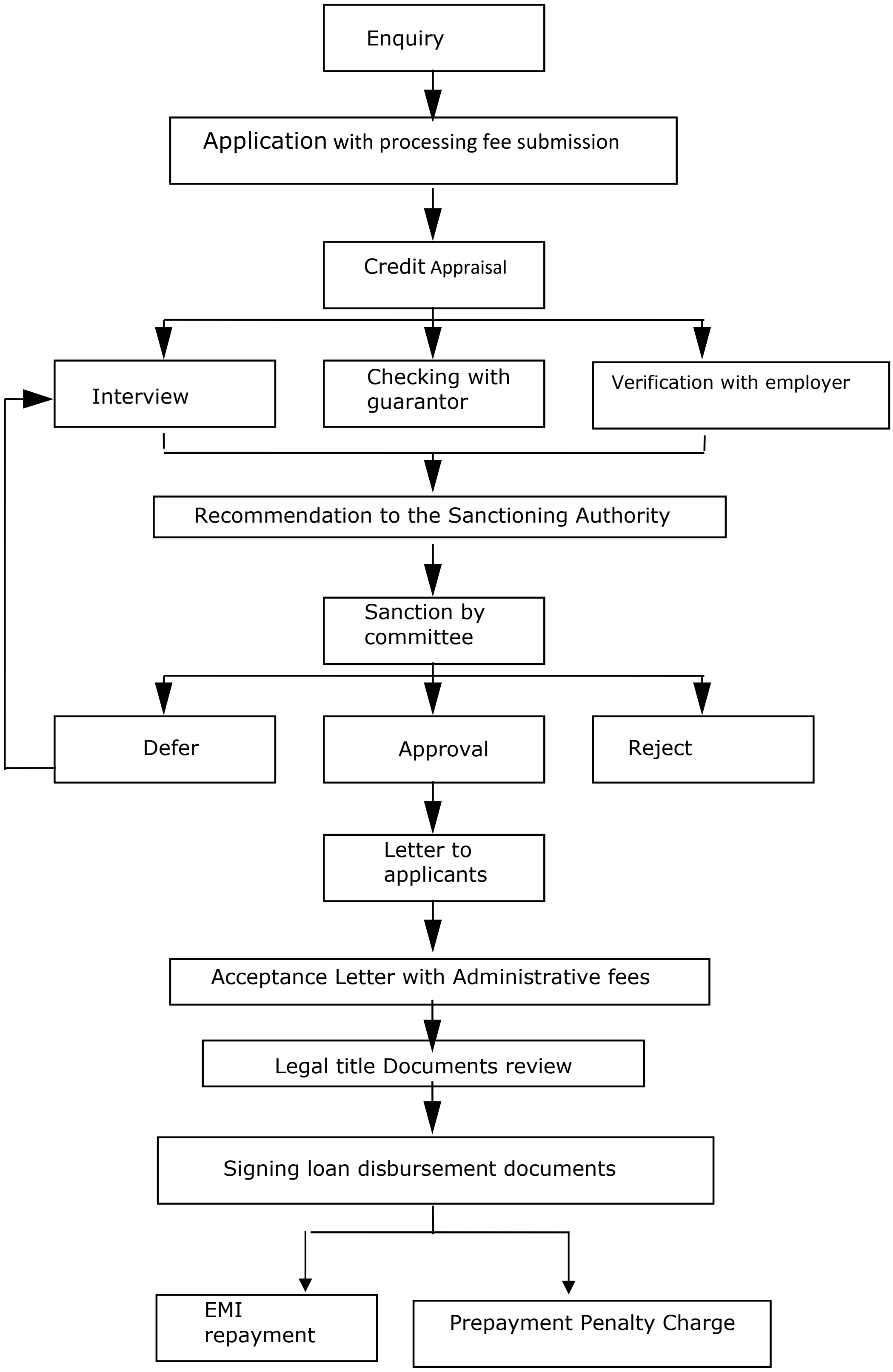
Axis Bank has set the interest rate of 8.85% – 8.90% and its market share percentage is 4.22%. Having said that, Axis bank has got really good reviews and the process is not hectic. It has no pre payment charges and the processing fee is up to 1% of the amount subject to minimum of 10,000.

There are a few more options as well which can be suitable for applicants as per the requirement like, PNB Housing Finance Home Loan, Citibank Home Loan and more.

Applying for the mortgage loan can seem like a difficult task, but if followed the process in correct way, it can be really easy and effective at the same time. It is really important to know about all the pros and cons of a specific bank before opting for the loan.

As the first step while opting for the mortgage loan, Applicants need to approach the suitable bank and start the required documentation. Afterwards, verification of the submitted documents takes place and once the verification is done, applicant's sought loan is approved. It might have some intermediate steps involved like appraisal of credit by applicant's bank, collection of the documents against the property by the bank, legal verification and etc.

EXHIBIT: PRODUCT PROCESS FLOW FOR HOUSING FINANCE



Listed below are the steps involved in availing of a home loan:

Step 1	A person applies for a home loan.
Step 2	The executive meets the applicant and briefs him the entire loan process, requirements and the various options available.
Step 3	The applicant chooses a Housing Finance Company (HFC) and hands over the income documents to the executive.
Step 4	The income documents are handed over to the HFC for eligibility and approval.
Step 5	The HFC verifies the documents and checks the repaying capacity, saving habits, tenure of service, etc. of the applicant and approves the loan amount.
Step 6	After approval, an offer letter is given to the applicant by the HFC, along with a list of original property title documents that have to be handed over to the HFC.
Step 7	The applicant gives the original property title documents to the HFC.
Step 8	The HFC scrutinises the legal and technical aspects of the original title documents.
Step 9	If the HFC is satisfied as to the legal & technical aspects of the documents then the applicant is called to sign the loan agreement.

Step 10	The loan disbursement schedule is decided by the HFC according to the stage of construction (if property under construction)or a one time payment is made if property is ready for possession
Step 11	The applicant gets possession of the property depending upon the level of completion of the property.
Step 12	The applicant starts paying the EMIs.

Amount

This largely depends on a number of factors like ones age, profession, salary, the city one resides in among other such factors. It varies between Rs. 2.1 lakh to Rs. 1 crore depending on the lender. As a rule of thumb, depending upon the HFC, one will have to cough up 15%-20% of the loan amount as a down payment. For smaller amounts, this may not be much. But for figures running into lakhs, this could make loads of difference. For e.g. An apartment costing Rs 10 lakh may get 85 per cent financing. So, one will have to arrange for the remaining Rs 1.5 lakh. If one takes this into account, the additional thousands will definitely put a strain on ones finances.

Tenure

Generally, the maximum tenure of home loans is 15 years, with a few lenders offering tenure of 20 years or more (ICICI has recently launched a 30 year loan). The longer the tenure, more one pays in total interest, but ones monthly payments will be less. So depending on one’s earning potential and bank balance, one can choose an appropriate tenure. An important requirement of most banks/HFCs is that one pays up the entire loan before one retires. One can always prepay ones entire loan amount before it is due. There is a trend to do away with the pre-payment penalty being imposed by some lenders so its best one checks on this as well.

Interest Rate

Without doubt the most important parameter to factor into ones calculations. The interest rates may vary from institution to institution and generally range from about 9.25% to around 10.75%. Repayment is in the form of EMI's (equated monthly installments). The longer the tenure, the more one pays in interest, but ones monthly payment will be less.

Refinance

This is a concept that is yet to catch on in the home loan market but is bound to be a major service in the months to come. Under this facility, one can take a new loan from another bank/HFC to pay back an old loan before its natural tenure. It gives one the opportunity of prepaying ones high cost debt and gets a lower cost one. In today's falling interest rate scenario one should use this vehicle to lower ones debt payments as much as possible. The lender facilitates the shift by paying the outstanding and transferring the asset to their portfolio.

Miscellaneous Charges

A heading that should be ignored at one's peril! The interest rates and EMIs are not the only cost factor. Never underestimate how much the processing and administration fees amount to. A 0 .5% administration fee and a 0.5% processing fee on, say, a Rs 5,00,000 loan, would amount to Rs 5,000. Other times, it could be just one fee (either administration or processing) but could yet work out to be much more if it is considerably higher at, say, 2.5 per cent or 3 per cent. The various other fees, which one is required to pay along with the margin amount, are:

a) **Interest Tax:** This is the tax payable on the interest paid on a home loan and not the principal. This tax is sometimes included in the interest rate of the loan, or may be charged separately as interest tax.

b) **Processing Charge**: It's a fee payable to the lender on applying for a loan. It is either a fixed amount not linked to the loan or may also be a percentage of the loan amount. The loan amount received by you can be less than the processing fee.

c) **Prepayment Penalties:** When a loan is paid back before the end of the agreed duration a penalty is charged by some banks/companies, which is usually between 1% and 2% of the amount being pre paid.

d) **Commitment Fees:** Some institutions levy a commitment fee in case the loan is not availed of within a stipulated period of time after it is processed and sanctioned.

e) **Others:** It is quite possible that some lenders may levy a documentation or consultant charge.

LITERATURE REVIEW

Home advance in India have made individuals property purchasing in Indian disregarding the square-soaring costs. Today we find extensive land interest in India, either in the field of private property in India. Home credits in India are dispensed in numerous banks as advance banking is one of the most significant elements of the money related administrations in India.

The housing finance sector in India has a come a long way from a highly subdued and regulated sector to a vibrant and competitive sector with several players vying for a larger pie. Increased competition is witnessed in the way home loan products are structured and offered.

Berstain David (2009) examined in his study taken from 2001 to 2008 that in this period there is increase use of home loans as compared to private mortgage insurance (PMI).he have divided his study into four sections. Section 1 describes why people are going more for home loans than PMI. the main reason for this that now home loans market provide Piggybank loans for those people who don't have 20% of down payment. Section 2 tells the factors responsible for the growth of home loans and the risks on shifting toward home equity market without any PMI coverage. PMI can protect lenders from most losses up to 80% of LTV and the absence of PMI will result in considerable losses in an environment. Section 3 tells the measures in changes of type of loans. For this he have taken the data from the 2001 and 2007 AHS a joint project by HUD and Census The results of this analysis presented in Table One reveal a sharp increase in the Prevalence of owner-occupied properties with multiple mortgages among properties with Newly originated first mortgages. Section 4 describe the Financial status of single-lien and multiple-lien households and for this he have taken the survey of consumer finance and show that financial position is more weaker in multiple loans than the single loans.

Vandell, Kerry D (2008) analysis the sharp rise and than suddenly drop down home prices from the period 1998- 2008. changes in prices are for the reasons as such economic fundamentals , the problem was not sub prime lending per se, but the Fed‘s dramatic reductions, then increases in interest rates during the early- mid-2000 , the housing ―boom was concentrated in those markets with significant supply-side restrictions, which tend to be more price-volatile; he problem was not in the excess supply of credit in aggregate, or the increase in sub prime per se, but rather in the increased or reduced presence of certain other mortgage products.

La courr, Micheal (2007) analysis in his study the factors affected the increase in the level of Annual percentages rates (APR) spread reporting during 2005 over 2004. the three main factors are changes in lender business practices; (2) changes in the risk profile of borrowers; and (3) changes in the yield curve environment. The result show that after controlling for the mix of loan types, credit risk factors, and the yield curve, there was no statistically significant increase in reportable volume for loans originated directly by lenders during 2005, though indirect, wholesale originations did significantly increase. Finally, given a model of the factors affecting results for 2004-2005, we predict that 2006 results will continue to show an increase in the percentage of loans that are higher priced when final numbers are released in September 2007.

La cour Micheal (2006) examined the home purchase mortgage product preferences of LMI households. Objectives of his study to analysis the factors that determined factors their choice of mortgage product , is different income groups have some specified need to met particular product. The role pricing and product substitution play in this segment of the market and do results vary when loans are originated through mortgage brokers? For this they have use the regression analysis and the results are high interest risk reduce loan value. Self employed borrower chooses reduce documented loans than salaried workers.use of this product type seems to be more prevalent among borrowers with substantial funds for down payment and better credit scores. In case of pricing Multi families requires price premium and larger loans carry lower rate. And the role of time, particularly, the time required for the loan to proceed from application to closing it is find that government lending taking the longest time and Nonprime loans the shortest time.Multi family properties take longer time in closing. And during peak season take longer time to close. And for last objective it is find that broker originated loans close faster.The effect of mortgage brokers on pricing and other market outcomes is fertile ground for additional research.

Dr. Rangarajan C. (2001) said that the financial system of India built a vast network of financial institutions and markets over times and the sector is dominated by banking sector which accounts for about two-third of the assets of organized financial sector.

Haavio, Kauppi (2000) stated that countries where a large proportion of the population lives in owner – occupied housing are experiencing higher unemployment rates. Than countries where the majority of people live in private rental housing, which might suggest that rental housing enhances labour mobility. In this paper, they develop a simple inter temporal two region model that allow us to compare owner occupied housing markets to rental markets and to analyze how these alternative arrangements allocate people in space and time. announced that it will offer loans for Rs. 2-10 lakh at 12.5 percent the lowest rate offered by any housing finance provider, big brother SBI has taken the rate war in the home loans category to new heights. This is because, apart from the low rate, the interest on these loans is calculated on principal, which is reduced every month unlike other housing finance companies which calculate interest on annually reducing basis.

Narasimham Committee (1991) points out that although the banking system in our country has made rapid progress during the last two decades, there is decline in productivity and efficiency and erosion of profitability. The committee strongly make indications of liberlising, deregulating economy to make Indian baking system more competitive and efficient.

Ojha (1987) in his paper "modern international caparison of productivity and Profitability of pubic sector banks of India" making Comparison on the basis of per employee indicators and taking examples of state bank group and Punjab National bank noted that Indian banks are the lowest in all accounts. However such international comparison will not be fair for numbers of reasons.

Godse (1983) in his essay, “looking a fresh at banking productivity” observe that productivity aspect is only at the Conceptualization stage in banking industry. He suggested improvement in productivity and procedures, costing of operations and capital expenditure etc.

Fanning (1982), while examining bank productivity of British banks observed that although the productivity of the UK clearing banks is improving, they are still heavily over manned as compared with similar banks else where.

Kulkarni (1979) in his study “Development responsibility and profitability of banks” stated that while considering banks costs and profits, social benefits arising out of it cannot be ignored. He suggested that while meeting social responsibility banks should try to make developmental business as successful as possible.

Varde and Singh (1979) in a study "profitability of commercial banks" over 15 years gave consideration to two types of factors that effects interest rates levels i.e. internal factors (including operational and managerial efficiency of individual basis).

Banking Commission (1972) reviewed bank operating methods and procedures and made recommendations for improving and modernizing these, particularly relating to customers services, credit procedure and internal control systems. It observed that present methods of working out branch profitability are not appropriate and an integrated costing and financial reporting system is needed.

Chandrasekar and Krishnamoorthy (2010) have also examined the housing demand function for the city of Hyderabad, using regression analysis. Using benchmark prime lending rates as a proxy for home loan interest rate, they found significant negative impact of lending rates on housing demand. However, given the single explanatory variable used in the model, the explanatory power of the model is only 33 percent. Important determinants like household income and house prices have not been examined by the authors.

Kumar Jayant and Fulwari (2012), in their analysis of the demand for housing finance in the state of Gujarat report that while in its individual capacity, the home loan interest rate had a negative impact on the demand for home loans, in conjunction with the income variable it was not found to be a significant determinant.

Another study by Fulwari (2012) found urban demand for home loans to vary negatively with the variable home loan interest rate. Kumar Jayant and Fulwari (2016) and Fulwari (2017) also report high negative interest elasticity of the demand for home loans for urban and rural demand for housing finance, respectively.

Nazrine N (2017) in her study ‘A study on awareness4and satisfaction of borrowers of housing finance in tiruchirappalli’ the objectives were to describe housing finance scenario in India, To examine the loan seeking behavior of the borrowers of the housing finance. Major focus of her project was on Tiruchirappalli district of Tamil nadu. Data collection was done through interview schedule, sampling procedure – 500 borrowers of taluk. Statistical tools used were chi-square test, ANOVA, simple correlation. The results of the study have brought out the borrower attributes that determine borrower satisfaction and awareness.

Joshnu (2001) studied the prospects of the U.S. housing / mortgage sector over the next several years. Based on his analysis, he believes that, there are elements in place for the housing sector to continue to experience growth well above GDP. However, he believes that there are risks that can materially distort the growth prospects of the sector. Specifically, it appears that a large portion of the housing sector's growth in the 1990's came from the easing of the credit underwriting process.

Chellamma T (11th April 2019) in her study 'An analysis of the performance of HDFC on housing finance in thoothukudi district and the objectives were to study in detail about housing finance in India, To study the performance of HDFC at national level and also in Thoothukudi district, To study the personal profile of the respondents and their opinion towards home loan service of HDFC. Major focus of her study was on thoothukudi district. Research methodology includes primary data collected through questionnaire and secondary data through bank reports, journals etc. Statistical tools used were Garrett ranking, Mann-Whitney U test, Kruskal-wallis Test. The demand for housing loan has been rapidly increased. To promote the housing finance industry in India, government has taken many initiatives since 1970.

Reddy Sukumar C S (2016) in his study 'An study on housing finance in Chittoor district, Andhra Pradesh and the objectives were to review the growth of housing finance in India, To examine the loan appraisal practices of Housing Fincncial Institutions. Two sets of detailed structures schedules were prepared to collect the opinions from the borrowers as well as the officials concerned. Statistical tools used were averages, percentages, ANOVA, T-test, chi-square. It is clearly understood that majority of sample borrowers are satisfied with their lending agency.

Berstain David (2009) examined in his study taken from 2001 to 2008 that in this period there is increase use of home loans as compared to private mortgage insurance (PMI). He have divided his study into four sections. Section I describes why people are going more for home loans than PMI, the main reason for this that now home loans market provide piggy bank loans for those people who don't have 20% of down payment. Section II tells the factors responsible for the growth of home loans and the risks on shifting toward home equity market without any PMI coverage. PMI can protect lenders from most losses environment. Section III tells the measures in changes of type of loans. For this he have taken the data from the 2001 and 2020 AHS a joint project by HUD and census. Section IV describe the financial status of single-lien and multiple-lien households and for this he have taken the survey of consumer finance and show that financial position is more weaker in multiple loans than the single loans.

Vandell Kerry D (2008) analysis the sharp rises and then suddenly drops down home prices from the period 1998-2008. Changes in prices are for the reasons pas such economic fundamentals, the problem was not subprime lending, but the Fed’s dramatic reductions, then increases in interest rates during the early mid 2000, the housing-boom was concentrated in those markets with significant increase. Finally, given a model of the factors affecting results for 200 -2005, we predict that 2006 results will continue to show an increase in the percentage of loans that are higher priced when final numbers are released in September 2000.

Marwaha J.S in his article “Affordable housing loans and options, a critical review of Housing Development Programmes in India” (1990) has critically examined issues and options with regard to the provision of housing and affordability thereof, particularly for the economically weaker sections and low income groups of population in India, taking cognizance of the various policies and programmes in the five year plans of the country. Although housing policy of the government is to provide housing for the poor, yet the major beneficiaries of the various housing programmes seem to be middle and higher income groups, mainly due to non affordability of the poor. Further, the problem of housing is not only quantitative. About 80% of the rural houses have no basic amenities such as drinking water, bath and latrines, facilities of disposal of garbage and other wastes etc.

Mahadeva M. and Thara Bai, in their paper entitled “Housing Finance: can commercial banks meet people’s Housing Finance needs” (2001), have made an attempt to review the overall policy environment for commercial banks to earmark and provide direct housing finance to individual households and indirect term loans to public housing agencies. Attempt is also made to throw light on the sub-targets fixed to spread the benefit of housing allocation to the needy and neglected sections of the society. The rural areas have continued to suffer without adequate investment in housing activities, while urban and semi urban areas have continued to garner the housing allocation of commercial banks on a large scale. The present investment criteria of commercial banks are illogical under the circumstances of high level of housing deprivation coupled with huge dilapidated housing stock. Hence, it is necessary to hike the allocations1exclusively for rural areas and to evolve a need based resource distribution system. Further, the loan cost gap needs to be minimized and funds be lent at lower rates of interest to stimulate housing activities among low and middle income groups.

Akbar Khan J., in his article entitled “Karnataka’s Housing: Role Model for other Indian States” (2000), telling the success story of Karnataka in resolving the “Ghar or Makaan” Problem, considers it to be a role model to other states. Though the housing sector in the country has been witnessing an annual growth of 30%, India continues to face an acute shortage of housing units, as the demand far exceeds supply. To deal with this problem, government has been encouraging individual home ownership by providing various fiscal incentives in its Budgets. The Government of Karnataka, through its various housing schemes and programmes such as Ashraya, Ambedkar, Navagrama Ashraya, etc., has achieved a remarkable progress in providing houses to SCs, STs and other poor sections of the community. The government, through its district administration and by involving rural and urban local bodies, has been able to implement its housing schemes, successfully. The participation of HUDCO by way of landing loans is also worth noting. The Karnataka Housing Board (KHB), which was setup in 1962 to cater to the housing requirement of all classes of urban society, has also been reformed and strengthened by the government in order to accelerate its housing activities such as layout formation, group housing schemes, creation of model township, etc.

The study of Vidyavathi K. about HDFC, LICHF, GICHF, Canfin Homes, SBI Home Finance & Dewan HFL has been conducted in Bangalore city during a period of ten years from 1989- 1999. As remarked by the researcher in her doctoral dissertation, “Role of Urban Housing Finance Institutions in Karnataka - A Study of Selected Housing Finance Corporations in Bangalore city” (2002), HDFC has maintained a consistent growth throughout the period, other HFIs, though experienced high growth during the initial years, later, have received a setback due to the increased competition. The SBI Home Finance has experienced a negative growth too, due to the mounting defaults from bulk loan segment.

Chithra and SelinaMuthurani (2016) in their study entitled “Customer Perception towards Home loan in HDFC Bank-Chennai” studied the satisfaction level of customers about home loan of HDFC bank and the difficulties faced by the customers at the time of availing home loan in HDFC bank. Customers were selected on simple random sampling method. The study found that most of the respondents preferred HDFC bank for its service and low interest rates and people select the HDFC bank by advertisements, Friends and relatives.

The study also reveals that most of the customers feel that the interest rate of HDFC is comparatively less than other banks and HDFC bank also provides better services to its customers. The study concluded that customers of HDFC bank are satisfied with the repayment period of the bank. If new services and activities are introduced, it will help very much the organization to increase its business.

Aarti Varma (2016) conducted “A Study on Customers view and perception towards home loan” and assessed the customer’s views and perception towards home loan in Bhyandar region with the main objective to find out consumer perception and socio-economic categories of customers satisfaction related to home loan and lending practices followed by home loan company. The sample size includes 200 respondents in Bhyandar region and random sampling technique was used. The study found that maximum people preferred fixed rate of interest and quality of service and minimum rate of interest are the important criteria seen by the people before taking home loan. The study concluded that banks should provide different housing loan schemes with smart features like rate of interest, margin etc. for attract more and more people in rural area and open more number of branches in different cities and tap the rural areas and also provide counter facility in all banks to help the customers.

Gomathi (2014) in her study entitled “Study on housing loan offered by public sector banks in Harur Taluk”. The main objective of this study was to ascertain the factors that contribute to the utilization of the housing loan of various public sector banks and to measure the level of customer satisfaction in housing loan in various public sector banks. 100 sample respondents were taken for this study. The study suggested that bank should review the housing loan portfolio at periodical intervals for capturing the new market to avoid risk and for updating their schemes. The study concluded that the home loan market in India has grown at a rapid and alarming rate of over 40 per cent over the period of the last four years. Most of the housing finance companies in India have introduced several new home loan products in order to meet the needs of a wide variety of customers. The various home loan schemes have market. The customer can choose that scheme which they feel good for them and has the capacity to repay it on that specified time period.

Pushpa Sangwan (2012) conducted a comparative analysis of home loans of public and private sector banks in India. This study outlined the satisfaction level of customers and problems faced by them in obtaining home loans. The study has taken four commercial Banks in Chandigarh city namely HDFC Bank, PNB, Union Bank of India and ICICI Bank.

CHAPTER 3: RESEARCH METHODOLOGY

Objectives of the Study

⇒ To analyze Indian home loan market and its growing trends with reference to mortgage loans.

⇒ To enlist the top players in mortgage loan market and their marketing strategies

⇒ To conduct a market survey to gauge the consumer preference in regards to home loans and factors affecting the choice bank/HFC's for home loans.

⇒ To provide suggestions to improve the existing marketing strategies of bank/HFC's in regards to home loans

Scope of the Study

The Indian housing finance industry has grown by leaps and bound in few years. Total home loans disbursements by banks has risen which witnesses phenomenal growth in the pre-pandemic periods and again this years it is expected to increase. There are greater numbers of borrowers of home loans. So by this study we can find out satisfaction level of customers and problems faced by them in obtaining home.

Research Methodology

Research methodology is a way to systematically show the research problem. It may be understood as a science of studying how research is done scientifically. It is necessary for the researcher to know not only the research methods but also the methodology.

This project is based on exploratory study as well descriptive study. It was an exploratory study when the customer satisfaction level was studied to suggest new methods to improve the services of Housing Finance companies in providing home loans and it was descriptive study when detailed study was made for comparison of disbursement of home loans by commercial banks.

Sources of Data:-

To fulfill the information need of the study. The data is collected from primary as well as secondary sources-

Primary source:-

I decided primary data collection method because our study nature does not permit to apply observational method.

In survey approach we had selected a questionnaire method for taking a customer view because it is feasible from the point of view of our subject & survey purpose. We conducted 100 sample of survey in our project to judge the satisfaction level of customers which took home loans.

Sample size:-

For the questionnaire I have taken the sample size of 100 customers.

Secondary source:-

It was collected from internal sources. The secondary data was collected on the basis of organizational file, official records, news papers, magazines, management books, preserved information in the company's database and website of the company.

Sampling:-

Sampling refers to the method of selecting a sample from a given universe with a view to draw conclusions about that universe. A sample is a representative of the universe selected for study.

Sample size:-

Large sample gives reliable result than small sample. However, it is not feasible to target entire population or even a substantial portion to achieve a reliable result. So, in this aspect selecting the sample to study is known as sample size. Hence, for my project my sample size was 100.

The sample size consists of both the professional and business class people. IT sector employees, doctors, jewelers, timber merchants & real estate agents are taken as sample.

Sampling technique:-

Random sampling technique was used in the survey conducted.

Tools of analysis:-

Data has been presented with the help of bar graph, pie charts, line graphs etc.

Plan of analysis:-

Tables were used for the analysis of the collected data. The data is also neatly presented with the help of statistical tools such as graphs and pie charts. Percentages and averages have also been used to represent data clearly and effectively.

Data collection instrument development:-

The mode of collection of data will be based on survey method and field activity. Primary data collection will base on personal interview. I have prepared the questionnaire according to the necessity of the data to be collected.

Limitations of the study:-

This study also includes some limitations which have been discussed as follows:

- The sample size of 100 customers might prove a limitation because of difficulty in generalization of results.
- To collect the data from various banks was quite difficult due to non- cooperation of some banks. This proved to be major limitation of the study.
- To access such a large number of customers was difficult because of non-cooperative attitude of respondents.
- Lack of data was also the other limitation of the study as some of banks do not have proper data on topic.
- There was limitation of time to conduct such a big survey in limited available time.
- Ignorance and reluctant attitude of customers was also a major limitation in this study.
- Thus above all were the limitations in this research study. The maximum efforts were made to overcome these limitations in the study.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

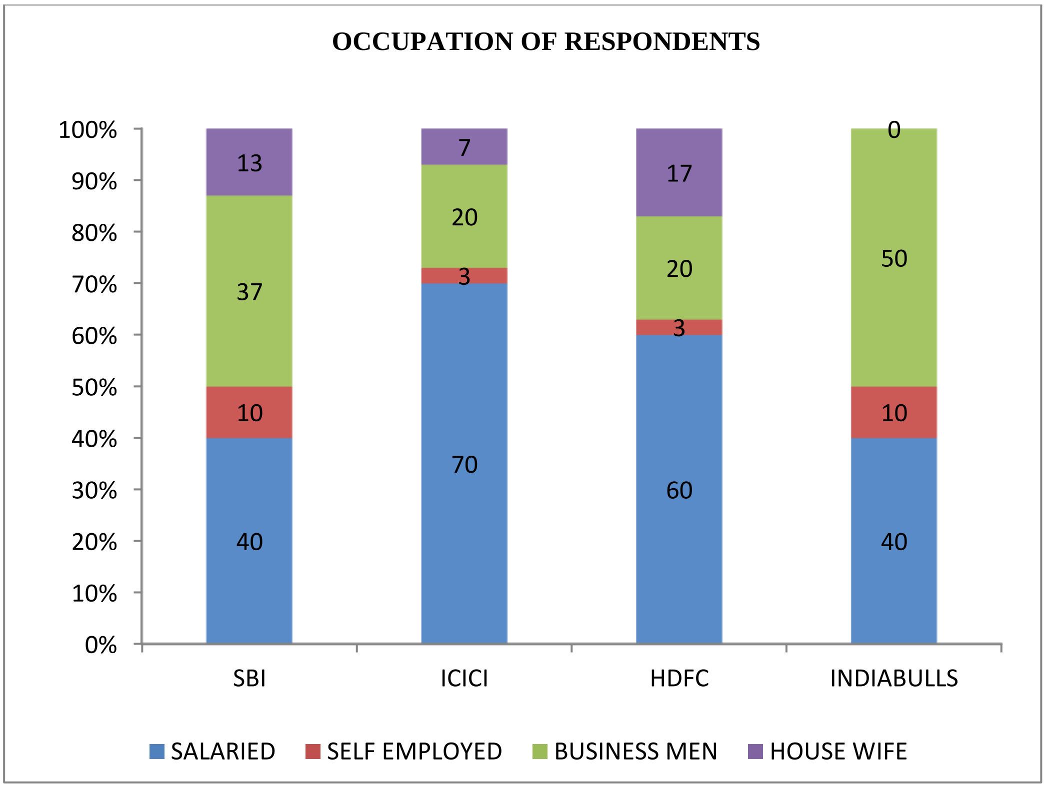
A mortgage loan is one in which you secure funds by pledging your property. The interest rates on mortgage loans range from **8.15% to 11.80% p.a.** Usually, the amount of funding you can avail will be up to 60% of the registered value of the property. Some banks also offer mortgage loans up to Rs.10 crore. The repayment tenure for mortgage loans can be up to 15 years.

Mortgage Loan Interest Rates Offered by Various Banks

Lender	Interest Rate (p.a.)	Loan Amount	Loan Tenure
HDFC Bank	8.75% Onwards	Up to 60% of the mortgaged property's market value	Up to 15 years
State Bank of India (SBI)	1.60% above 1-year MCLR rate to 2.50% above 1-year MCLR rate	Up to Rs.7.5 crore	Up to 15 years
Axis Bank	10.50% Onwards	Up to Rs.5 crore	Up to 20 years
PNB Housing Finance	9.80% Onwards	Up to 60% of the property's market value	Up to 15 years
IDFC Bank	Up to 11.80%	Up to Rs.5 crore	Up to 15 years
Union Bank of India	9.80% Onwards	Up to Rs.10 crore	Up to 12 years
IDBI Bank	10.20% Onwards	Up to Rs.10 crore	Up to 15 years
Vijaya Bank	Contact the bank for details	Up to Rs.5 crore	Up to 10 years

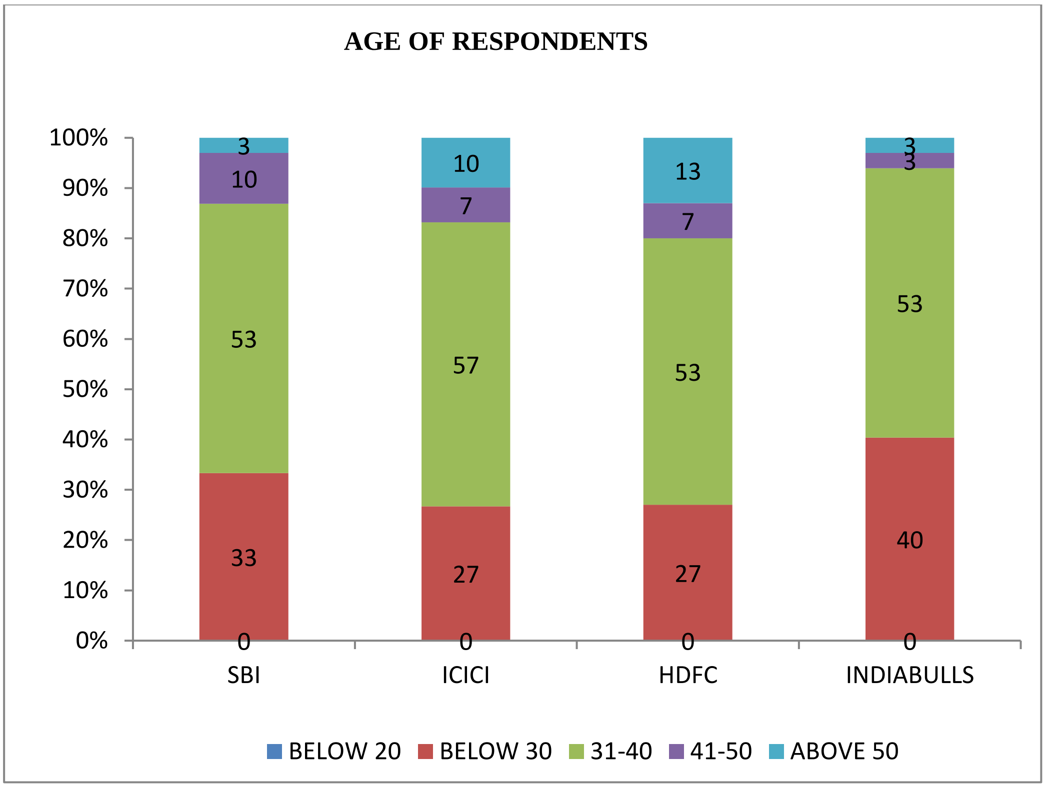
CUSTOMER SURVEY REUSLT

	SBI	ICICI	HDFC	NBFC's
SALARIED	12	21	18	12
SELF EMPLOYED	3	1	1	3
BUSINESS MEN	11	6	6	15
HOUSE WIFE	4	2	5	0



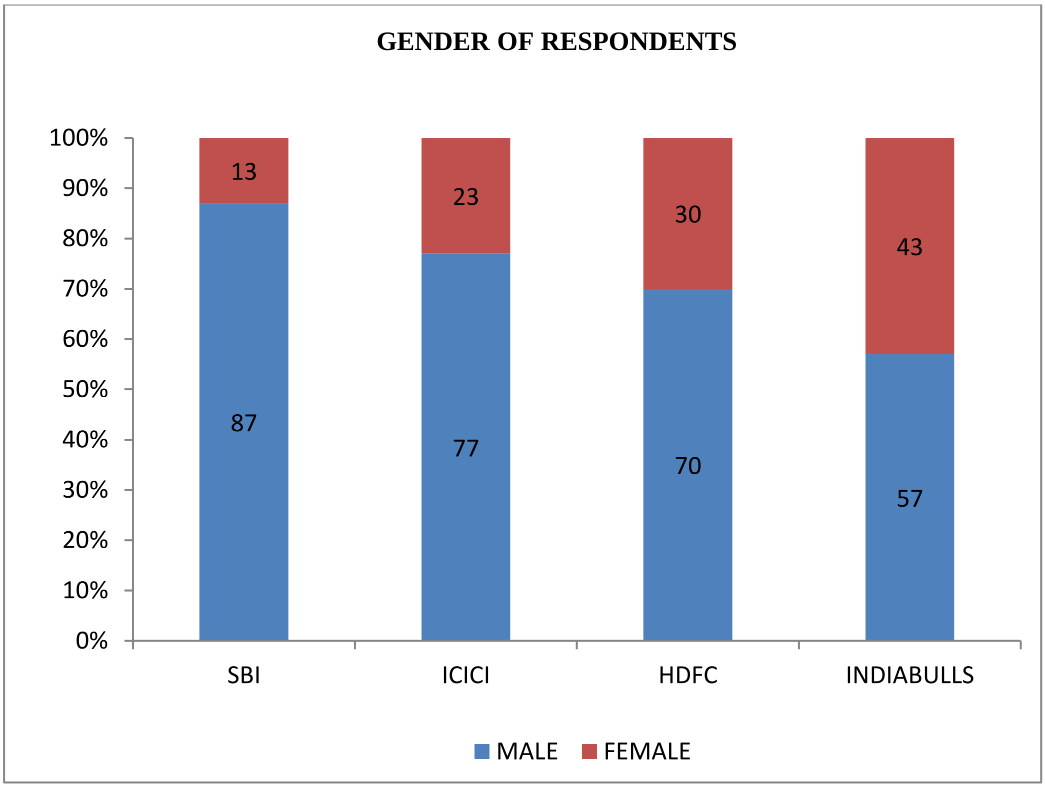
Interpretation: Most of the respondents surveyed were salaried class followed by people who were into business.

	SBI	ICICI	HDFC	NBFC'S
Below 20	0	0	0	0
Below 30	10	8	8	12
31-40	16	17	16	16
41-50	3	2	2	1
Above 50	1	3	4	1



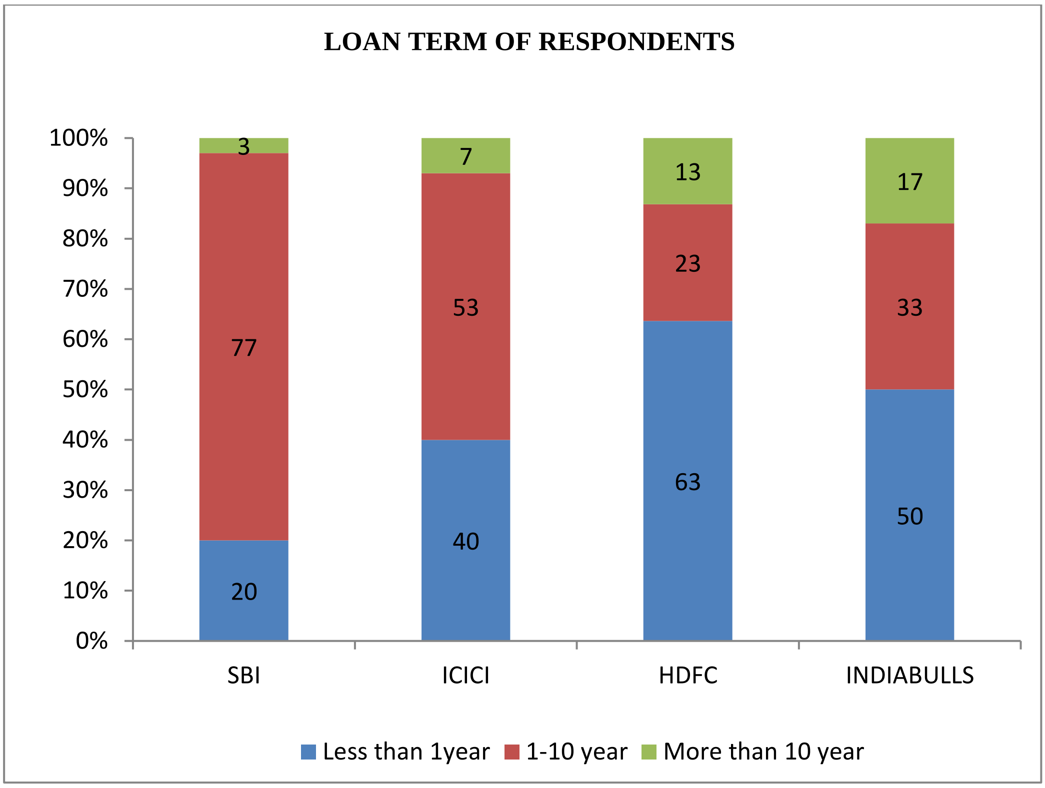
Interpretation: Most of the respondents surveyed were in the age group 31-40 followed by below 30.

	SBI	ICICI	HDFC	NBFC’S
Male	26	23	21	17
Female	4	7	9	13



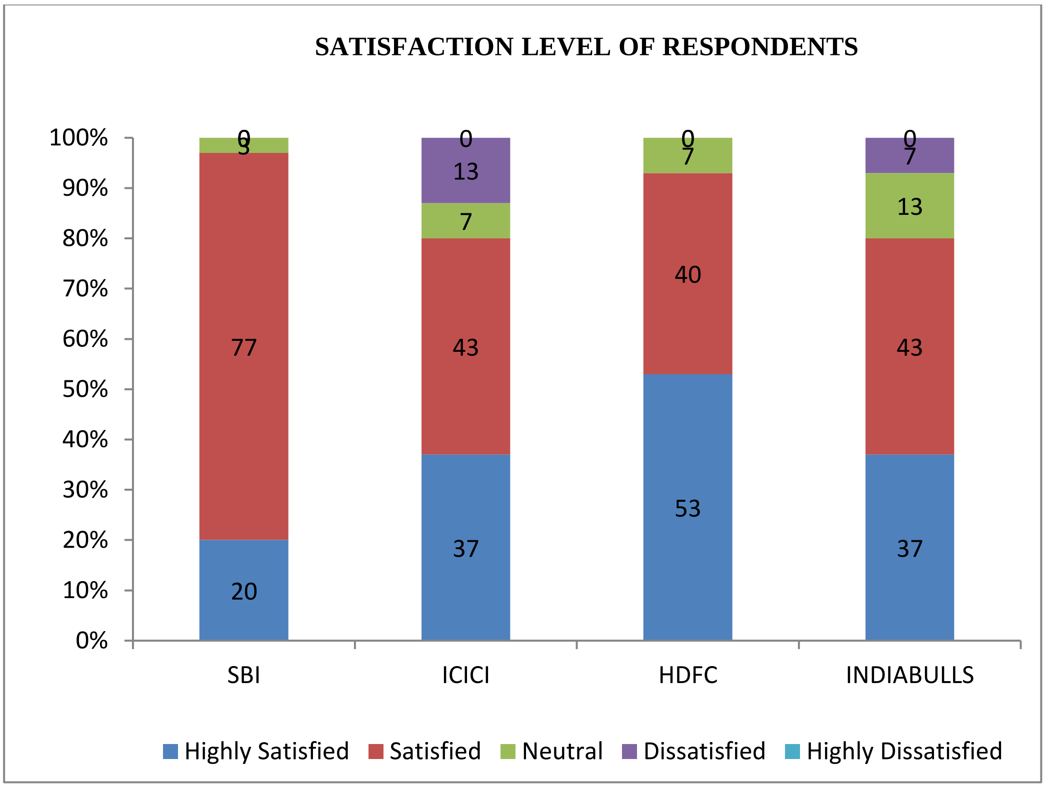
Interpretation: Most of the respondents surveyed were male.

	SBI	ICICI	HDFC	NBFC'S
Less than 1year	6	12	19	15
1-10 year	23	16	7	10
More than 10 year	1	2	4	5



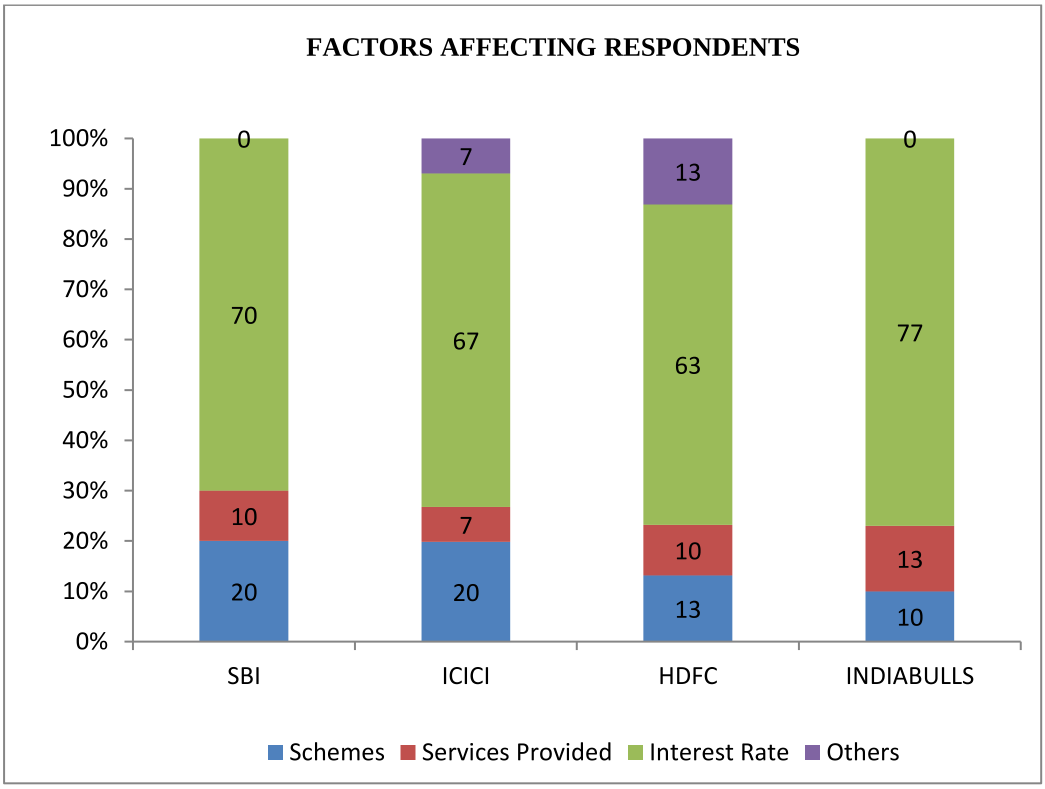
Interpretation: Most of the respondents surveyed had taken the loan in the last 1-10 years.

	SBI	ICICI	HDFC	NBFC'S
Highly Satisfied	6	11	16	11
Satisfied	23	13	12	13
Neutral	1	2	2	4
Dissatisfied	0	4	0	2
Highly Dissatisfied	0	0	0	0



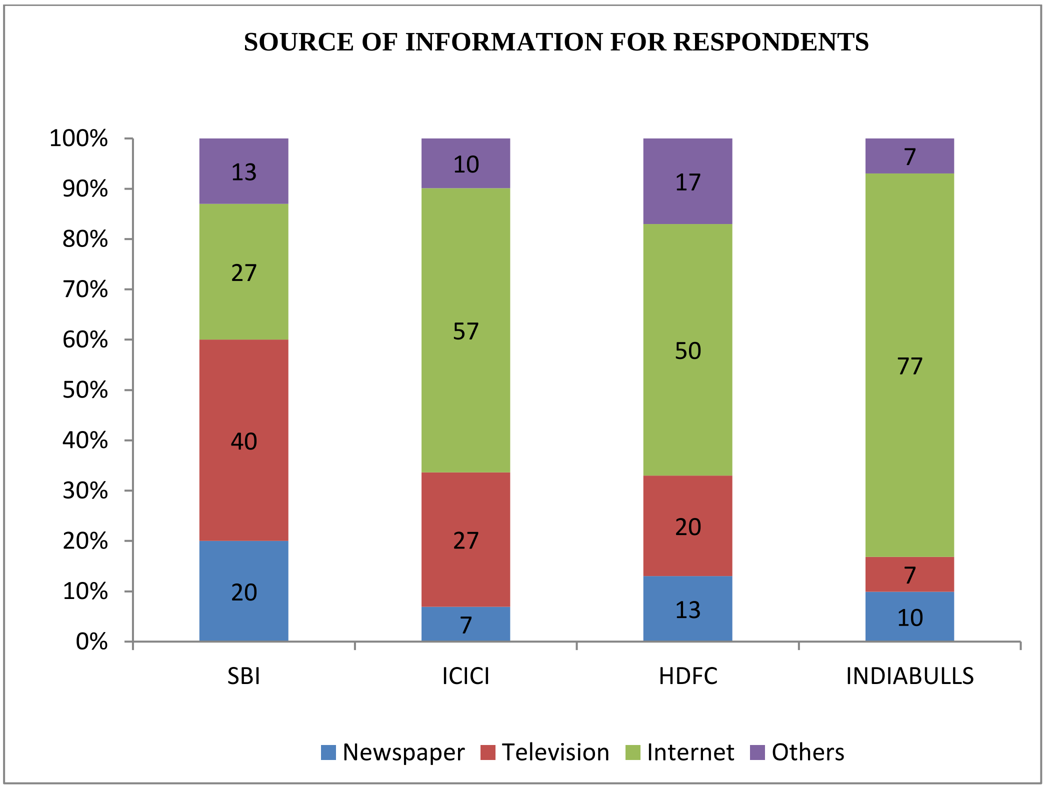
Interpretation: Most of the respondents surveyed were satisfied with the loan provider.

	SBI	ICICI	HDFC	NBFC'S
Schemes	6	6	4	3
Services Provided	3	2	3	4
Interest Rate	21	20	19	23
Others	0	2	4	0



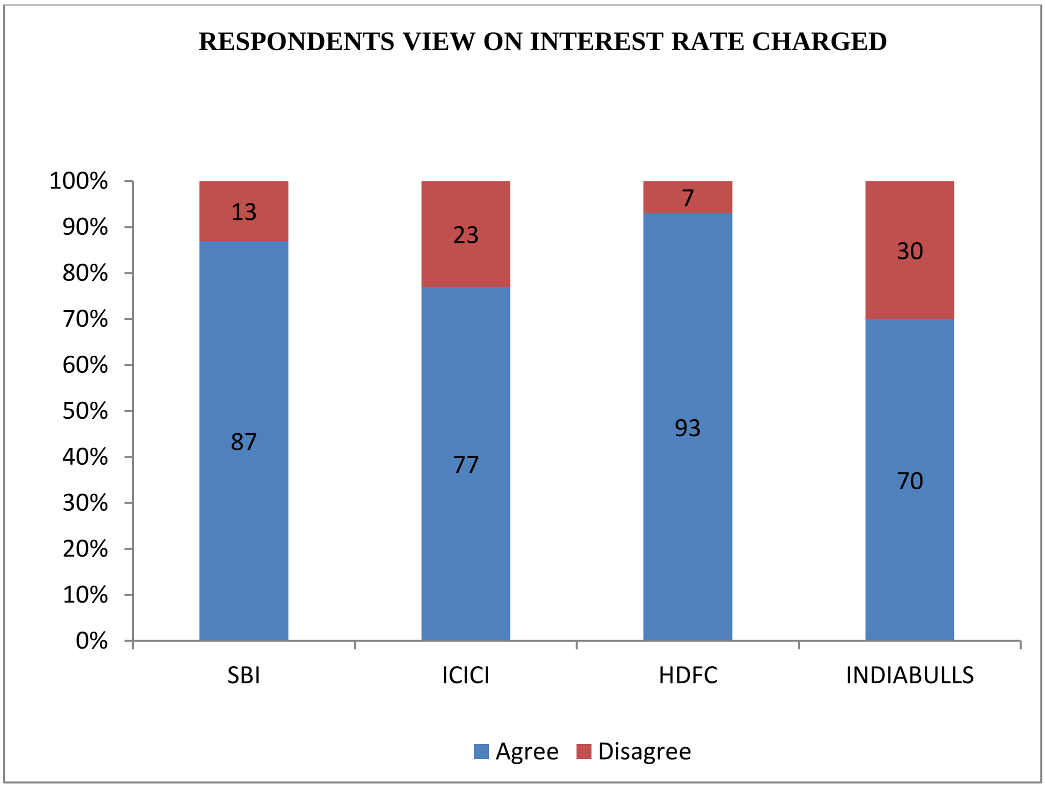
Interpretation: Most of the respondents surveyed mentioned Interest rate as an factor affecting their choice for Home Loan.

	SBI	ICICI	HDFC	NBFC'S
Newspaper	6	2	4	3
Television	12	8	6	2
Internet	8	17	15	23
Others	4	3	5	2



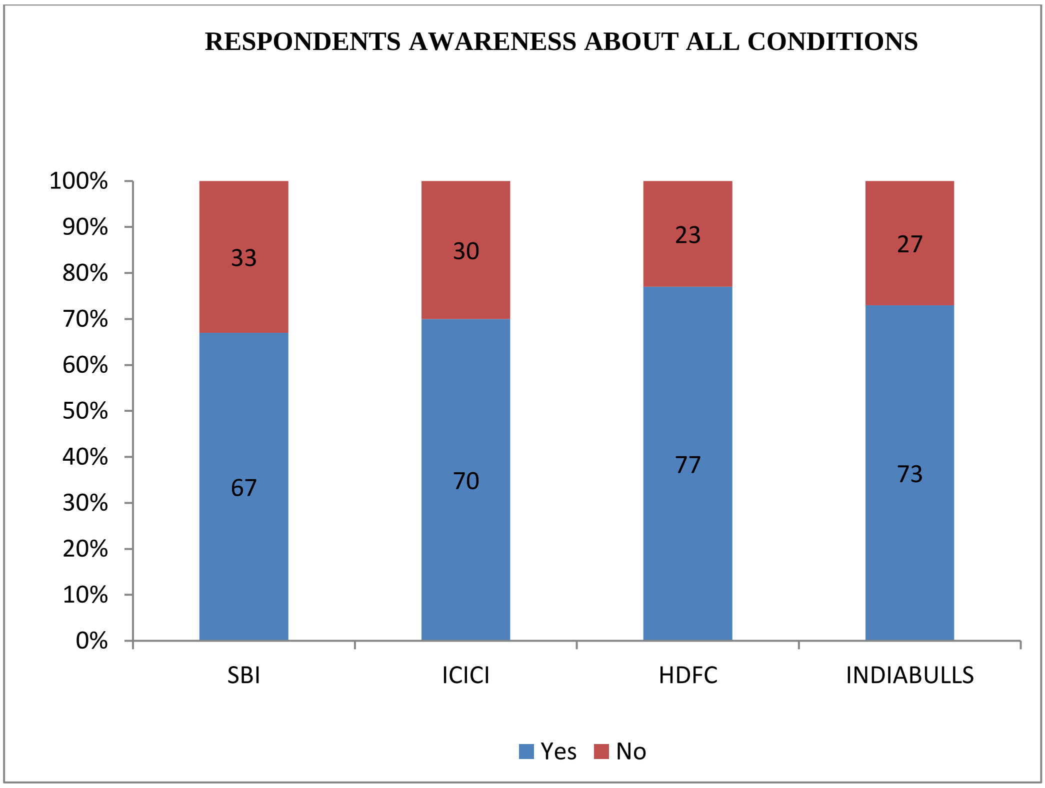
Interpretation: Most of the respondents surveyed mentioned Internet followed by television as a source of information for Home Loan.

	SBI	ICICI	HDFC	NBFC'S
Agree	26	23	28	21
Disagree	4	7	2	9



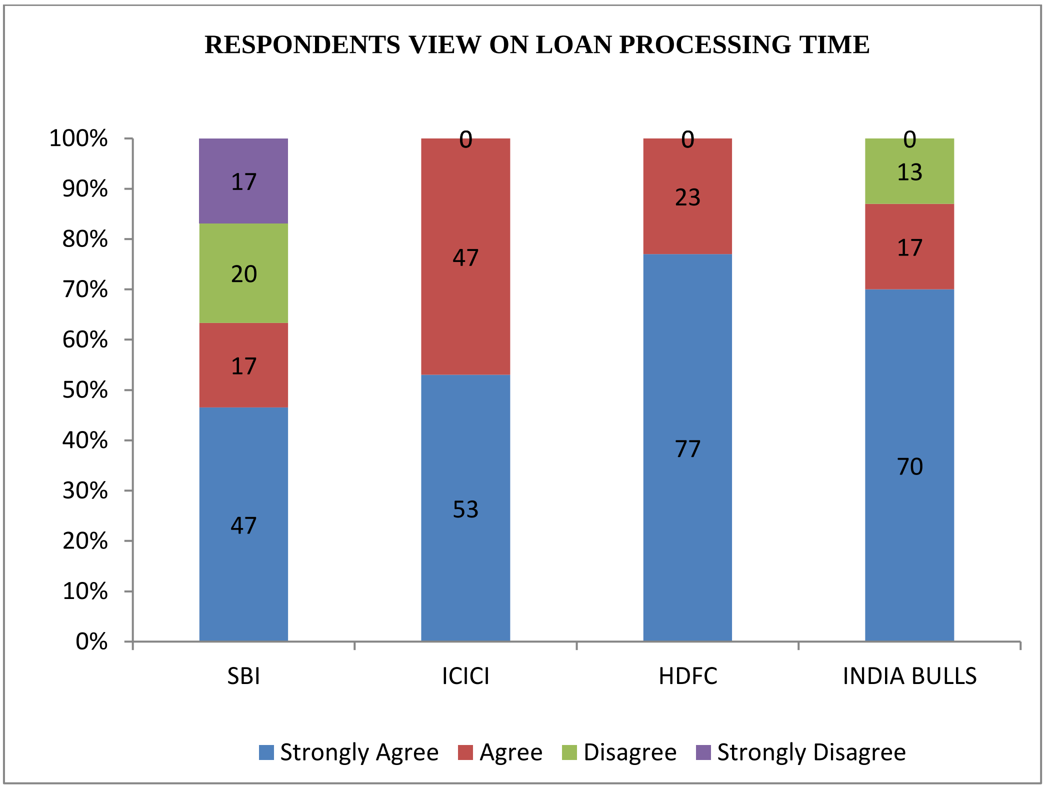
Interpretation: Most of the respondents surveyed were satisfied or agreed to that the Interest rate charged by their respective loan provider were in line with market trends.

	SBI	ICICI	HDFC	NBFC'S
Yes	20	21	23	22
No	10	9	7	8



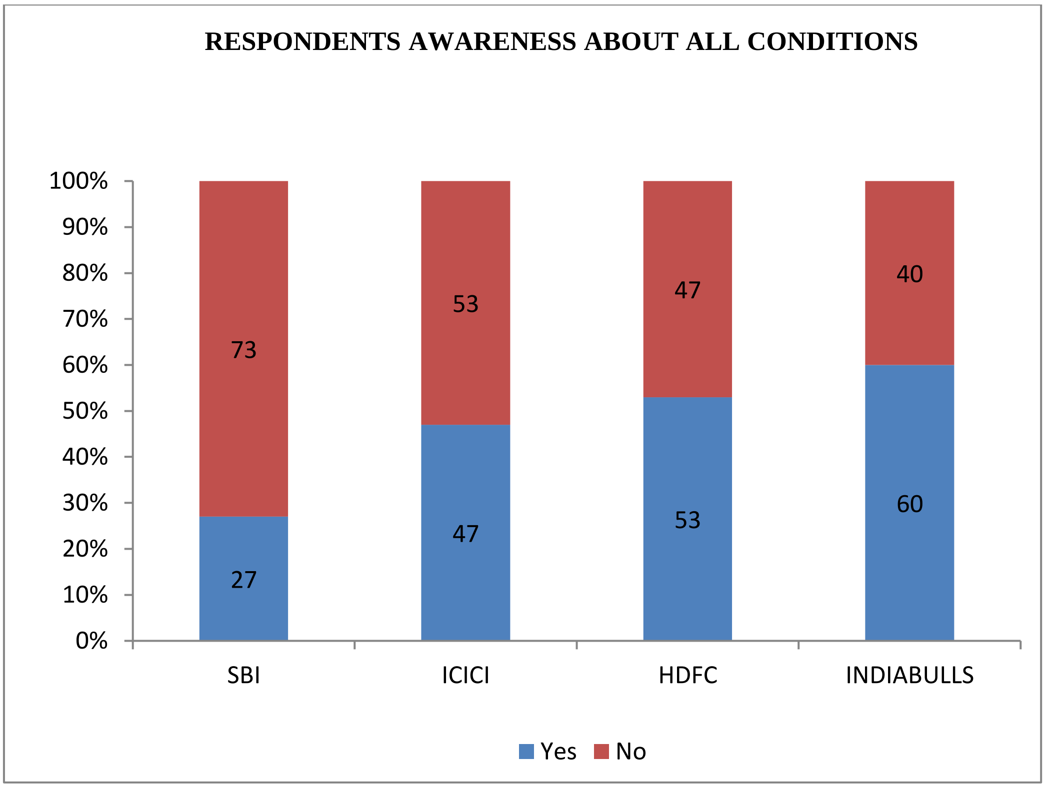
Interpretation: Most of the respondents surveyed were aware about the terms and conditions for their Home loan.

	SBI	ICICI	HDFC	NBFC'S
Strongly Agree	14	16	23	21
Agree	5	14	7	5
Disagree	6	0	0	4
Strongly Disagree	5	0	0	0

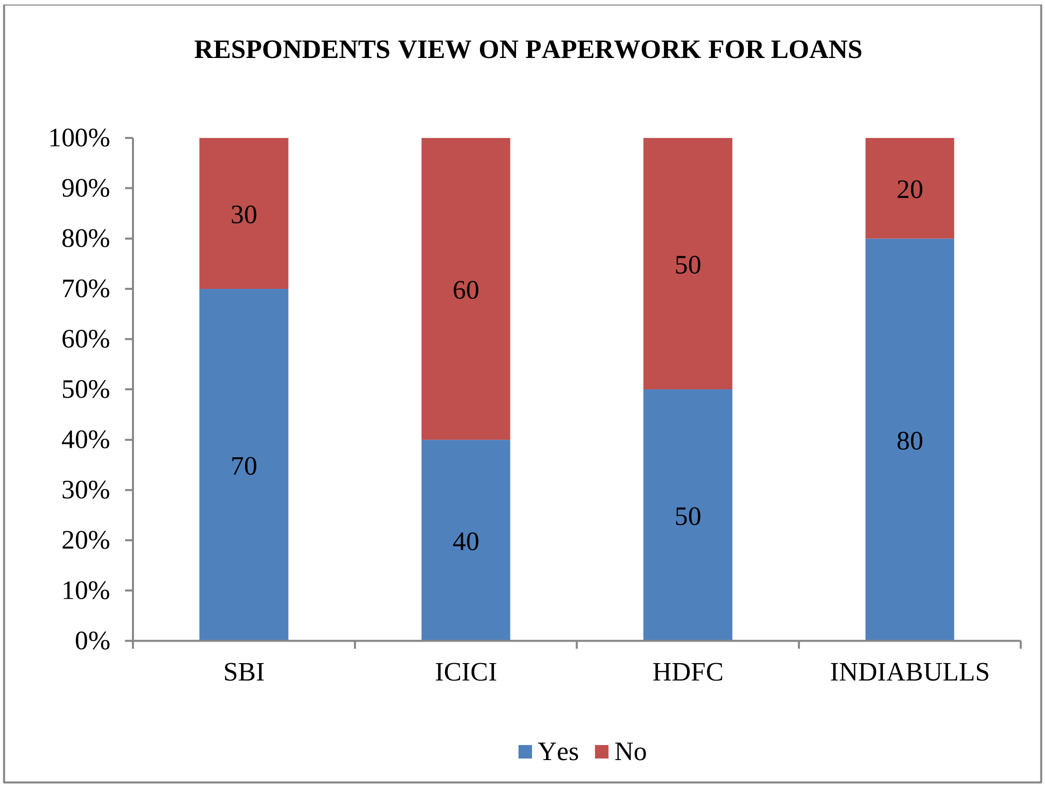


Interpretation: Most of the respondents surveyed agreed that taking a Home loan was time consuming process.

	SBI	ICICI	HDFC	NBFC'S
Yes	8	14	16	18
No	22	16	14	12



	SBI	ICICI	HDFC	NBFC'S
Yes	21	12	15	24
No	9	18	15	6



Interpretation: Most of the respondents surveyed agreed that taking a Home loan required a lot of paperwork and documentation.

Key findings

Property has always been an attraction for both individuals and businesses as a long term investment option. In India, mortgages have been an integral part of real estate growth since the last three decades. Banks collectively have an estimated $2 trillion exposure to real estate through various loans—home loans, LAP, LRD and business loans.

At the same time, it is now a known fact that non-performing assets (NPAs) in the banking sector have seen a jump in the last two years with multiple level defaults. The chart below shows that the bear is out of the closet but is not a full representation of the problem:

While the lending process is fairly robust before disbursal, the security creation is not completely fool proof and has a long and tedious enforcement process. Before that one should know the kind of mortgages in India:

- Simple mortgage – charge creation without taking possession with the borrower obliged to repay debt
- Equitable mortgage – charge creation through the deposit of the original title deeds without taking possession with the borrower obliged to repay debt
- English mortgage – charge creation without taking physical possession but creating a charge with the sub-registrar of records. In the event of default, the lenders have the right to take possession till the debt is not repaid

The most secure mortgage option practiced by the banks, who are also the biggest beneficiaries, is "equitable mortgage". However, when you do a title search of the property, it doesn't show in the sub-registrar record. This creates room for self-disclosure by the borrower in the event of sale or lending.

There are several risks involved in buying such a property in a secondary market. Buying in a primary market (buying from the developer) shows that the receivables, if any, are not fully secured to the lender and needs enforcement procedures. Also, the statutory obligations like property tax and maintenance are not regulated in any manner creating loss to the exchequer and many other local amenities provider.

The other two mortgages—simple and english—when created show in the sub-registrar records and have better search and enforcement procedures. But, the devil lies in how stamp duty is paid for these mortgages/loans. For example, simple and english mortgages are 0.5%

or with a capping of Rs 10 lakh in the state of Maharashtra, whereas the equitable mortgage is 0.2% provided it is registered with sub-registrar. With a larger number of home loans and other property led loans disbursed, one can only wait and watch how these loans will be recovered.

The below data from the sub-registrar records in Mumbai and Delhi suggest how a very small number of loans records are registered and available in the public domain, which definitely brings transparency to this sector under high-level scrutiny.

Sub-Registrar Records (Mortgage Data)		
City	**Delhi**	**Mumbai**
Year	Mortgage	Mortgage
2012	398	913
2013	372	4487
2014	606	5084
2015	719	5597
2016	1153	3500
2017	1414	3804
2018	1709	3888
2019	1286	2056

* 2019 data is till Sept 2019 Only

Due to a sharp increase in NPAs, dual sale or mortgage and low enforcement in 2016 RBI through a regulation made it compulsory for banks to disclose loans given to individuals in CERSAI making it a repository of loans. The business loans if under a company are declared by the borrower/possible followed by the lender in the registrar of companies. However take note that while LLP, Public Ltd and Pvt. Ltd are covered, partnership companies are still are out of the fray.

For high-level transparency and fair monitoring processes in all records related to real estate mortgages to any lender type (individual/companies), a central repository of all loans with their accurate principal balance, interest paid, interest unpaid and statutory non-payments needs to be created with fixed stamp duty and enforcement guidelines. This is not only necessary to protect the existing or new lenders and buyers but also for the value of the property, which becomes stressed due to the default by the borrower.

CHAPTER 5: FINDINGS, RECOMMENDATIONS AND CONCLUSION

Recommendations

- Create awareness: The key players i.e. HFC's have to take care of awareness creation about the products and services among the customers.
- Charges: They have to reduce the mortality and administration charges.
- The process is somewhat late to sanction a loan.
- They have to reduce their interest rates on home loan products and services.
- They have to identify the potential customers.
- The product promotion strategies should be improved.
- The HFC's should consider the present competition and should act according to the customer needs.

Conclusion

A mortgage is a tool for debt which is protected with the help of a security deposit or collateral. These loans are very beneficial for personal or professional life. The other terms used for these loan types are "liens against property" or "claims on property". For individuals, at the personal level, the mortgage loans involve the owner of the land mortgaging the property and raising funds through it from the bank. Till the time the loan is repaid, the bank holds the claim of the house. For business professionals, the loans are used to buy properties of real estate without having to pay the whole amount in one go.

The demographic drivers for housing demand in India have remained fairly unchanged, particularly the favourable demographics (favourable risk profile for mortgages due to young population) and rising prosperity (sustained move towards becoming a middle income country). While housing finance has been a rare growth driver for both banks and HFCs in an otherwise tepid growth scenario, it looks to sustain a stronger trend as some of the new structural changes begin to take effect over the medium term. Prominent amongst these are the PMAY-G & U, Real Estate Regulation Act as well as the innovative changes being ushered in by various state governments for acquiring land for housing projects. These changes are likely to provide a strong foundation for housing demand over medium term.

Customer preferences describe the reasons for the choices people make when selecting products and services. Analyzing the factors that determine customer preferences helps businesses target their services towards specific customer groups, develop new services and identify why some services are more successful than others. Customer preferences for a service can make or break an organization. If customers generally like a service, it can stay around for years and earn millions/billions. However, if customers do not like the service, it could disappear very quickly if the organization cannot figure out how to solve the problem.

Therefore, organizations routinely test the market to find out what customers like and dislike about their services and competitors' services. Several factors including psychological behaviors, family dynamics, social classes, and the buying process influence a customer's purchasing decisions. These factors help organizations to create successful marketing campaigns that catch the eye of the customer.

Home is one of the things that everyone wants to own. Home is a shelter to person where he rests and feels comfortable. The dream of buying one's own home is not an impossible task in India- thanks to the burgeoning housing finance market in the country. Growths of home loans are due to increase of living standards of people, shifting from joint family to nuclear family. There are umpteen numbers of banks in the country which have come up with attractive home loan plans. In view of the acute housing shortage in the country, and the social- economic role of commercial banks in the present times, the RBI advised the banks to encourage the flow of credit for housing finance. No doubt it will enhance the end cost people to plan their house over longer duration, now it has been made easy for a person to buy that dream house which he dreamt of long ago. Keeping in mind the difference in the necessity of every individual, banks and housing finance companies offer different type of home loan for a wide gamut of housing activities. Customers have become aware about the various options/ plans of home loans offered by the banks, thanks to their media campaigns. Although some factors are more important than others, there are certain factors which should be considered before financing the home loan. These are:

- Rate of Interest
- Types of interest rate: fixed or floating
- Tenure/repayment period
- Down payment/percentage of amount given as loan

- Calculation of interest- Daily/Monthly/Yearly
- Processing fee/administration fee
- Time taken to process the loan
- Prepayment penalty
- Foreclosure penalty
- Requirement of a guarantor
- Freebies offered, and
- Other considerations.

Market driven economy has offered many choices to the customers. Indian banking industry is very competitive as it stood at the time of crisis like recession/slowdown in world economy. It is growing at respectable growth rate as customers' needs are taken care of and it is governed under the strict vigilance of RBI. Customer preferences for home loans are affected by the customer friendly environment, processing and disbursing, rate of interest, payment: terms and conditions, and freebies offered by the banks.

Determining consumer preferences ahead of time provides competitive advantage, avoids unnecessary spending, and helps quickly establish a solid following. Therefore, in the present scenario those HFC's which consider these factors, will be in advantageous position and can sustain even in the unfavorable market conditions.

- In my study we came to know that many people are interested to take a home loan from HFC's to construct their homes.
- Home loans have long period when compare to other personal loans and other loans. So peoples are confused to take a home loan.

REFERENCES

- T. Koti Reddy, 2011. "A Study On Indian Mortgage Industry," Indian Journal of Commerce and Management Studies, Educational Research Multimedia & Publications, India, vol. 2(1), pages 01-11, January.
- Nazrine N (2017) A study on awareness and satisfaction of borrowers of housing finance in tiruchirapalli.
- Chellamma T (April 2019) an analysis of the performance of HDFC on housing finance in thoothukudi district.
- Reddy Sukumar C S (2016) a study on housing finance in Chittoor district, Andhra Pradesh.
- Chauhan, Narender Singh (2017) Customers4perception4towards home loans – a comparative study of public and private sector banks.
- Vandell Kerry D (2008) Analysis the sharp rise and then suddenly drop down in home prices from the period 1998 – 2008.
- La cour Michael (2006) examining the home purchase mortgage product preferences of LMI households.
- Marwaha J S (1990) Affordable housing loans and options, a critical review of Housing Development Programmes in India.
- Akbar Khan J (2005) article Karnataka's Housing: Role model for other Indian states.
- Vidyavathi K (2002) Role of urban Housing Finance Institutions in Karnataka.
- Aartiverma (2015) A study on customers view and perception towards home loan.
- Gomathi (2014) Study on housing loan offered by public sector banks in HarurTaluk.
- Pushpa Sangwan (2012) Analysis4of home loans of4public and private4sector banks4in Indi.
- Nalluswamy (2012) A study on customer perceptions and satisfaction towards home loan in Namakkal.
- Vikkraman P (2004) Dynamics of Housing Finance in India.

- Dhanija E (2015) Housing4finance in4India – A case study of LIC4Housing4Finance Limited.
- Devasia4T T (2014) A study on4housing finance4services in kerala4with special reference to HDFC and5LIC housing5finance Ltd.
- Vijayakumar M (2011) Housing loans of scheduled commercial banks consumers' perception.
- https://www.bankbazaar.com/mortgage-loan.html
- https://www.bajajfinserv.in/what-is-mortgage-loan
- https://www.entrepreneur.com/en-in/finance/how-transparent-are-mortgages-in-india/342001
- https://www.unionbankofindia.co.in/english/mortgage-loan.aspx
- https://www.fullertonindia.com/knowledge-center/types-mortgage-loans-india.aspx
- https://homefirstindia.com/article/understanding-different-types-of-mortgage-for-loan-in-india/
- https://homecapital.in/blog/types-of-mortgage-loans-anoverview
- http://www.iloveindia.com/real-estate/housing-finance- companies/hdfc.html
- http://www.loansnews.info/home-loan/hdfc-home-loans/
- http://www.thinkplaninvest.com/2009/01/hdfc-will-cut-home-loan-rates/
- http://www.suncorp.com.au/suncorp/personal/home_loans/tips/faq.aspx
- http://investing.businessweek.com/research/stocks/people/people.asp?ric=hdfc.bo
- http://www.economywatch.com/companies/forbes-list/india/housing-development-finance-corporation.html
- http://www.pashminadevelopers.com/blogs-reviews/changes-in-the-home-loan-market-in-india/
- http://economictimes.indiatimes.com/markets/stocks/news/view-are-home-loan-amounts-offered-by-indian-banks-too-conservative/articleshow/58120108.cms
- http://www.statebankofindia.com/
- http://www.icicibank.com/

- http://www.hdfcbank.com/personal/default.htm
- www.ebsco.com
- www.apnaloan.com
- www.timesofmoney.com

ANNEXURES

Details of Mortgage loans provided by banks

HDFC Bank

Benefits/key highlights:

- There are two loan variants under this loan—Adjustable Rate Home Loan and TRUFIXED Home Loan for 2 years.
- You can mortgage both commercial and residential properties for the HDFC Bank Loan Against Property scheme.
- This loan is available against freehold and fully constructed commercial and residential properties.
- This loan is available for both salaried and self-employed individuals.
- You can either apply for the loan individually or jointly with a co-applicant.
- You can make payments on a monthly basis for up to 15 years.
- If you're an existing HDFC customer, you'll get a maximum margin of 60% of your property's market value.
- New HDFC customers will get a maximum margin of 50% of the property's market value.
- The documentation is hassle-free with minimal requirements and you can expect a quick disbursal of the loan.

Bank	Processing Fee	Pre-Closure Charges
HDFC Bank	Up to 1.50% or Rs.4,500, whichever is higher, plus applicable taxes	Individual borrowers – 2% plus applicable taxes and other charges if the loan is prepaid within the first 6 months from the date of disbursement

Penalties/internal charges:

- Any delays in interest or EMI payments will attract an additional interest of up to 24% p.a.
- You will be charged up to Rs.500 for an increase or decrease in your loan term. This amount is exclusive of any applicable taxes.
- The pre-payment charges for loans sanctioned with a company/firm/sole proprietorship or HUF as an applicant are as follows:
  - Loans prepaid within the first six months will attract a charge of 2% plus taxes and other charges.
  - No prepayment charges if 25% of the loan is paid after six months and within 36 months.
  - No prepayment charges if the loan is paid after 36 months.

State Bank of India

Benefits/key highlights:

- The SBI Loans Against Property scheme can be borrowed against residential as well as select commercial properties.
- Your rental income may also be taken into account for loan eligibility.
- Employed, professional, and self-employed individuals are eligible for this loan. Even NRIs who have properties in their own name or an immediate family member's name can borrow this loan.
- The minimum amount that you can borrow through SBI Loans Against Property is Rs.10 lakh, and the maximum is Rs.7.5 crore subject to the location of the property.
- The minimum and maximum tenor of the loan is 5 years and 15 years respectively.
- Your monthly income has to be a minimum of Rs.25,000 (Rs.3 lakh annually).
- The interest rates on your loan are charged using the daily reducing balance method.

Bank	**Processing Fee**	**Pre-Closure Charges**
State Bank of India	1% of the loan amount or a maximum of Rs.50,000, plus service tax	No prepayment charges

Penalties/internal charges:

- You'll be charged Rs.250 for every bounced cheque, ECS, or SI dishonours.
- Any delays in payments will attract a penal interest of 2% p.a. on the overdue amount.

Axis Bank

Benefits/key highlights:

- You can borrow the Axis Bank Loan Against Property against residential and commercial property or for the purchase of a commercial property.
- There are three variants available—Asset Power, Dropline Overdraft Against Property/Commercial OD against Property, and Lease Rental Discounting.
- You can transfer your existing loan to Axis Bank as well.
- The minimum loan amount that can be borrowed through Asset Power (Loan Against Property), Lease Rental Discounting, Reverse Mortgage Loan as well as Overdraft Facility Against Property is Rs.5 lakh and the maximum is Rs.5 crore, and the maximum tenure is set at 20 years for Loan Against Property, 9 years for Lease Rental Discounting, 10 years for Overdraft Facility Against Property, and 20 years for Reverse Mortgage Loan.
- Salaried individuals, self-employed individuals, and self-employed professionals can apply for this loan.
- Only select self-employed professionals are eligible for this loan:
  - Chartered accountants
  - Doctors
  - Architects
  - Engineers
  - Cost accountants
  - Dentists
  - Management consultants
  - Company secretary
- A 40% to 50% margin is granted for a loan against your commercial or residential property.
- A 20% to 30% margin is granted for a loan to purchase a commercial property.
- The loan can be sanctioned in five days.

Bank	Processing Fee	Pre-Closure Charges
Axis Bank	1% or 10,000, whichever is higher	For Asset Power (Loan Against Property): 3% for non-individuals in case the prepaid amount is in excess of 25% of the principal outstanding amount during a quarter. Nil for individuals. For Overdraft Against Property: Nil For Lease Rental Discounting: 3% for non-individuals in case the prepaid amount is in excess of 25% of the principal outstanding amount during a quarter. Nil for individuals.

Penalties/internal charges:

- If there are any overdue instalments, you'll be charged a penal interest of 24% p.a., which equals to 2% per month.
- Bounced cheques will attract a fee of Rs.500 per instance.
- Switching your interest rate from a higher floating rate to a lower floating rate will attract a 0.5% charge on the outstanding principal.

PNB Housing Finance

Benefits/key highlights:

- Pledge your immovable residential or commercial property to get the PNB Housing Loan Against Property scheme.
- The sanctioned amount can be used for various personal or business reasons:
  - Education
  - Medical expenses
  - Children's marriage
  - Home renovation
  - Purchase of high-cost consumer durables
  - Expansion of business
  - Travelling overseas
- You get up to 60% of your property's market value as the sanctioned loan amount.
- You need to be a salaried or self-employed individual or professional to be eligible for the loan.

Bank	Processing Fee	Pre-Closure Charges
PNB Housing	Rs.1,500	No pre-payment charges

Penalties/internal charges:

- For inspection of your property, you will be charged Rs.250 plus applicable GST per inspection. This will be conducted at least once a year for regular accounts, once every half year for irregular accounts, and once in three months for NPA accounts.

IDFC Bank

Benefits/key highlights:

- IDFC Bank offers two types of Loan Against Property—LAP Simple and LAP Short Sweet.
- While LAP Simple is a pretty straightforward loan, the LAP Short Sweet offers benefits similar to the ones you receive with a savings or current account.
- You can use the funds from the LAP Short Sweet scheme as an overdraft facility. This helps you save on interest.
- The documentation for both the variants is quick and simple.
- You can add your family member's income to increase the loan eligibility for the LAP Simple variant.
- You can add co-applicants to increase your loan eligibility for the LAP Short Sweet variant.

Bank	Processing Fee	Pre-Closure Charges
IDFC Bank	Up to 1% of the loan amount	No pre-payment charges for floating and fixed rate loans borrowed by individuals

*The calculations for the EMI and repayment are based on a borrowed amount of Rs.5 lakh for 15 years at an interest rate of 11.80% p.a. with a processing fee of 1%.

Penalties/internal charges:

- For every bounced EMI, you will be charged Rs.500.
- You will be charged a 2% penalty interest on non-payments for a month.
- Converting your loan to another variant has a 0.5% fee.
- Individual borrowers don't have to pay any fees for foreclosure of their floating rate or fixed rate loans.

Union Bank of India

Benefits/key highlights:

- You can get the Union Bank of India Mortgage Loan by submitting your commercial or residential property. However, agricultural properties are not accepted as collateral.
- You can use the sanctioned loan amount to meet various expenses, both personal and business.
- If you're an Indian resident, you can get up to Rs.10 crore as the loan.
- Agriculturists can get up to Rs.1 crore and NRI applicants can get up to Rs.5 crore.
- Salaried individuals only have access to the term loan facility.
- Non-salaried individuals have access to both overdraft and term loan facilities.

Bank	**Processing Fee**	**Pre-Closure Charges**
Union Bank of India	0.50% of the loan amount plus GST	No pre-payment charges

Penalties/internal charges:

- If this loan is taken over by another financial institution or bank, you will be charged a 2% penalty fee on the average balance from the past 12 months.

IDBI Bank

Benefits/key highlights:

- IDBI Bank has two variants of mortgage loans - Loan Against Property and Loan Against Property with Interest Saver (LAPIS).
- This loan can be used for an array of personal or business needs like medical expenses, education or marriage expenses, home renovation, buying a house, or business expansion.
- The maximum amount you can borrow is Rs.10 crore and the repayment tenures are quite flexible, extending up to 15 years.
- If you apply for LAPIs, it will be linked to your Flexi Current Account. You have the flexibility of withdrawing surplus or idle money that is deposited in this account.

Bank	Processing Fee	Pre-Closure Charges
IDBI Bank	0.50% of the loan amount or a minimum of Rs.10,000 plus applicable taxes	2% on the outstanding amount and applicable taxes – for floating rate and fixed rate loans

Penalties/internal charges:

- You will be charged a 2% penal interest for the overdue period and amount.
- Changing your loan to another variant will attract a conversion charge of Rs.10,000 plus the applicable taxes.