

Performance of LIC Housing Finance with Reference to Kalaburagi City

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Abstract:-Housing problems India is very chronic, particularly among the low income and such other marginalized groups who are beyond the reach of the formal institutional agencies for housing finance. Housing Finance is a relatively new concept in India comparing to other financial services that are widely available in the country since a long year back. The Government has adopted many strategies and programmes; but it is not reached interior and most needy part of the country. Housing one of the durable goods producing both necessary luxury service to human and it is capital assets to its owners. It is one of the important economic activities and plays an important role of socio-psychological development of the individuals. Housing is one of the social services and it is a capital-intensive industry. Housing has contributed too many filed; one such important contribution is in generation of employment. It is very important for a country like India, where unemployment is a serious problem and increased household take home pay by reducing commuting expenses.

Key words: Housing finance, Housing shortage, Housing problem, Housing loan, Respondents

I. INTRODUCTION

Housing is one of the basic necessities of human beings. Its rank next only to food and clothing in importance of human life. It is one of the durable goods producing both necessary luxury service to human and it is capital assets to its owners. It is one of the important economic activities and plays an important role of socio-psychological development of the individuals. Housing is one of the social services and it is a capital-intensive industry. Housing has contributed too many filed; one such important contribution is in generation of employment. It is very important for a country like India, where unemployment is a serious problem.

The growth rate of gross capital stock in housing in India is very less compared to other developed countries. The share of housing investment in Gross National Product (GNP) is also very less in India when compared to middle income countries. In India, 90 percent of the household resides in own houses in rural area, while in urban area more than half of the households lives in rental houses.

Since independence, lots of efforts have been made to provide house for all. Housing is an important requirement

of the individuals. It is unfortunate to mention here that even today the housing shortages exist. Housing problem in India is very acute, particularly among the poor and other marginalized categories, in spite of the appreciable growth in institutional finance to housing in the going reforms era.

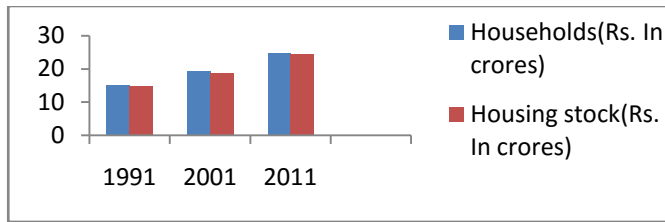
The problems of housing shortages grows at alarming proportions in India with the rapid pace of increase in population, urbanisation, changing family structure, rising per capita income etc. As per the latest Government estimates the housing shortage in the urban areas is 18.78 million units. The situation is appalling with 99 per cent of the Economically Weaker Section (EWS) and Low Income Group (LIG) categories which does not seem to be getting translated into economic demand due to lower affordability by the poor. Out of this shortage, the congestion factor contributes to 12.67 million of households and need for fresh housing contributes to 16.29 million units. The ever increasing demand for housing and consequent development of slums drags down the productivity of the city and its potential contribution to economic growth.

As per the census 2011, the number of households increased from 19.2 crore household in 2001 to 24.7 crore household in 2011. There has been considerable increase in the Housing Stock from 18.7 crore in 2001 to 24.5 crore in 2011, indicating a growth of 30.7 per (fig 1). Census 2011 also indicated that the gap between the households and housing and housing stock has been contracting.

Table 1

Increment of Housing Stock.

Census Year	Households (Rs. In crores)	Housing stock (Rs. In crores)
1991	15.1	14.7
2001	19.2	18.7
2011	24.7	24.5

Figure 1

The growing demand for the housing sector is necessitates the private and public sector banks to feet steps in the housing finance markets. Today almost all the financial institutions have this arena and competing with each other in providing housing loans at competitive interest rates. LIC Housing Finance Ltd. is one among them which provides housing loans for since from several years.

II. OBJECTIVES

The objectives of the study

1. To analyse the trend in the growth and structure of LICHFL in Kalaburagi city.
2. To findout the relative performance of LICHFL in providing housing loans in Kalaburagi city.

III. HYPOTHESES

1. There is no association between age and duration of the repayment of the loan.
2. There is no association between income of family and sanction of loan
3. There is no association type of employment and process of sanctioning loan
4. There is no association between length of repayment and the rate of interest

IV. SOURCES OF THE DATA

For the purpose of the study, two sources of data have been collected

Primary data

A broad questionnaire was administered to the individual home loan borrowers to LICHFL to know their perceptions i.e. factors influencing the selections of the LICHFL, opinion regarding the rate of interest on home loan , time taken in processing the loan, sanction of loan amount etc.

Secondary data

The secondary data was collected from the Annual Report of LICHFL, Economic Survey of India five year plan Document, India Development Report magazines and internet .

Random Sample Size

The sampling technique has been adopted to collect necessary information. The sample size for the study was 80. The

sample respondent has been selected on the basis of random sampling technique.

Statistical Tools

The tool used for the this analysis and interpretation is Chi square test

Sample unit

Respondent of LICHFL of Kalaburagi City

V. RESULT AND DISCUSSION

Kalaburagi is one of developing city in Karnataka, which comprises all levels of people. In Kalaburagi, the aspirants of owning a house have been rapidly increased recently especially among the middle –income class people. They are in severe position in fulfilling their ambitions of owning a house. The income with those families is insufficient to buying or constructing an own house given the vast demand for housing loans, almost all the major commercial banks plunged into the business of housing finance. The one of the financial institution is LICHFL, the performance and role it plays in housing finance is regarded as significant. The LICHFL has taken as research area and analysed its each and every activity with regard to housing finance

Table 2: Classification on the basis of duration of repayment of loan and age of respondents

Repayment period	Age of respondent				Total
	18-28	28-38	38-48	Above 48	
Below 5 Years	00	02	01	00	03
6-10 Years	01	05	11	14	31
11-15 Years	01	08	12	04	25
16-20 Years	02	02	12	05	21
Total	04	17	36	23	80

Source: Field survey.

It can be revealed from the table 2 that, the maximum number of respondents are from the age group of 38 years to 48 years and they selection of repayment period is 6 to 10 years. From the above data, the calculated 13.93 chi square test statistics value and critical value at 5 per cent level of significance for 9 degree of freedom is 16.919. Since calculated value is less than the critical value, therefore H_0 is accepted. It can be concluded that there is no association between age and duration of the repayment of the loan.

Table 3: Classification on the basis of income of family and sanction of loan

Sanction of loan amount	Monthly income of the family				Total
	Below Rs.25000	25000 to 50000	50000 to 75000	75000 and above	
Below Rs. 5 Lakhs	00	01	01	01	03
Rs. 5 to 10 Lakhs	03	01	01	02	07
Rs. 10 to 15 Lakhs	05	11	11	00	27
Rs. 15 to 20 Lakhs	06	11	10	11	38
Above Rs. 20 Lakhs	02	01	01	01	05
Total	16	25	24	15	80

Source: Field survey

It can be observed from the table 3 that majority of the respondents monthly income is Rs. 25000 to Rs. 50000 and the sanction of loan amount is between Rs. 15 to Rs. 20 lakhs. From the data, the calculated 18.36 chi square test statistics value and critical value at 5 per cent level of significance for 12 degree of freedom is 21.026. Since calculated value is less than the critical value, therefore H_0 is accepted. It can be concluded that there is no association between income of family and sanction of loan

Table 4: Classification on the basis type of employment and process of sanctioning loan

Sanctioning process	Types of Employment			Total
	Business	Profession	Salaried	
Fast (within a week)	04	03	05	12
Medium (within 15 days)	14	12	32	58
Slow (within 1 month)	04	03	01	08
Very slow (Above one month)	01	01	00	02
Total	23	19	38	80

Source: Field survey.

It can be revealed from the table 4 that, the maximum number of respondents are from salary holders and most of the respondents' opinion that the process of sanctioning loan is within 15 days. From the above data, the calculated 11.72 chi square test statistics value and critical value at 5 per cent level of significance for 6 degree of freedom is 12.592. Since calculated value is less than the critical value, therefore H_0 is accepted. It can be concluded that there is no association type of employment and process of sanctioning loan

Table 5: classification on the basis rate of interest and length of repayment

Rate of interest	Length of repayment				Total
	Below 5 Years	6-10 Years	11-15 Years	16-20 Years	
High	01	12	03	05	21
Moderate	01	10	11	12	34
Low	01	09	11	04	25
Total	03	31	25	21	80

It can be revealed from the table 5 that, the maximum number of respondents are chosen the length of repayment period is 6 to 10 years and they felt that rate of interest is moderate. From the above data, the calculated 8.19 chi square test statistics value and critical value at 5 per cent level of significance for 6 degree of freedom is 12.592. Since calculated value is less than the critical value, therefore H_0 is accepted. It can be concluded that there is no association between length of repayment and the rate of interest

VI. CONCLUSION

Finance is important component of modern society. Without adequate finance any activity cannot run efficiently. Finance is a backbone of any activity. Housing finance now- a-days gaining high momentum due to the poor and low income group people who could not pay rent or save adequately to construct their own their houses. The HFCs are working hard to minimise the housing problems by reducing the lending rate and encouraging the people to have their own house. Due to housing finance companies the housing shortage may come down in the future but still the housing problems continue to exist posing challenges to the Government. The future prospect of the housing finance sector depends upon the large extent on the policies and programmes adopted

The organisation, its growth and development depend upon the circumstance in which it exists. The performance and its periodical evaluation is a commercial must to check up its possibilities of survival in an aggressively competitive environment. Against this background the present study was pursued with the set of objectives at Life Insurance Corporation Housing Finance Institution. From the results and discussion, the institution in which the study was carried out was found to be completely satisfactory. The way in which the loan are lent, the collection efforts was made was completely free from flaws. The overdue considered as an alarming figure can very well be reduced by taking suitable collection efforts.

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