



## Evaluation of Housing Finance: A Special Research with Public and Private Sector Banks

Priya Debnath\*, Kanishka Maurya

Maharaja BirBikram University, Agartala, Tripura 799004

\*debnath.p734@gmail.com

**ABSTRACT-** House is the essential needs of individual to stay and live in a safe from the nature and counterfeit atmosphere around the globe. Indeed, even individual from the early period, begins his life just from the haven and at first needs of the housing had stay and it turn into a refined way of life of the cutting-edge lives. In India, giving housing offices turn into a challengeable undertaking to the administration and its strategies set down on requiring the housing requires meets of the general population. Because of development of salary age and urbanization, Housing segment turn into a blasting industry in the nation. Consequently, Banks and money related foundations were built up a different division of lodging account to give fund offices to buy, redesign, development of houses. In these respects, this paper features the idea of lodging fund and its effect in the money related arrangement of the nation, real lodging account supplier, issues and outline of housing account in India.

**Key words:** *Financial System, Housing Finance, Mortgages, EMI, Repayment period, ALM*

**Introduction** Religious groups and customary traditions in prehistoric cultures contained the elements of collaboration. The functioning of these conventions and organizations elucidates the inclination and history of mutual aid, common ownership, and shared administration that may be found in the thoughts and lives of people of all ages and from all nations. The notion of collaboration, for example, has been practiced in India since the beginning of time [1]. India's rural communities were virtually totally National in spirit. Throughout history, the communities have collaborated on spiritual, societal, and cultural matters on an implicit corporation foundation [2]. In the current technical meaning, the cooperation spirit and its financial implications may be traced back to Ireland's industrialization in the latter half of the 18th century and the very first part of the 19th century. Co - ops are perhaps the most common kind of voluntary organization in the world today [3]. They are the primary type of organization in farming, commerce, lending, and consumer items transportation in several nations. About 98 percent of villages and 62 percent of the entire rural population are currently part of the movement. Class, race, culture, and other factors have not stifled the collaborative organization's growth. The co - operative regime's activities across the world illustrates that there is almost no financial need that can't be satisfied by forming co - operative societies, and there's almost no kind of

social or political structure that they can't reconcile or merge with. Financial institutions have aided in improving land tenure safety, consolidating holdings, promoting environmental resources sustainability, facilitating land settlement, fostering all it development and pace of tech expertise for better farming, securing savings and administering credit, reducing charges for manufacturing basic requirements, and using bigger financial items for f They have encouraged both technical and vocational training [4-5]. They had effectively trained people in democratization and self-government. They've never been tied to class or state. They've preserved or enhanced the crucial feeling of interconnectedness for social advancement [6-8]. India's urban banking economic growth is a decades ago. In India, approximately 20 million members of National Bank make it the biggest National system in the world in terms of membership. It is a large industry with more than 1,850 metropolitan banks and around 40,000 lending companies. this segment is crucial given the number of people who benefit from its services [9-13]. The Indian first Premier, Pandit Nehruji, saw the significance of Nationals in the development process and declared he wished to "convulse" the country with Nationals. He remained confident in his National structure, whose purpose was to enable access to institutional credit to small merchants, craftsmen, industrial workers and others, rather than resort to the personal money lender and frequently face devastating outcomes. By meeting the credit needs of persons with scarce resources in cities and semi-urban centers, NB aim the access to financial services of lower income individuals and this is crucial for equitable development in the nation [14-18]. The difficulty in a rapidly globalizing global order and expanding competition is a strategy that allows National Bank to adapt to new demands. A limited number of Nationals have become major enterprises and are able to compete, while others require help for their existence [19-20].

The power of National movement lies in group. supportive banks, especially National Bank and credit firms find it tricky to compete with major participant in the market, since they have far more resources, technology and management capabilities than National Banks. The industry as a whole must be strong for individual banks and companies to be competitive and each unit must be supported by collective strength. Urban banks should explore carefully how they can network and aggregate their resources and needs so that they may take advantage of their size while dealing with broader financial markets. Such systems and organizations exist in many countries in which the expertise and resources of the grassroots banks are provided by one powerful apex organization. The potential of this in the Indian setting might be studied. New management techniques and technology developments are equally vital to modernize the NB industry. You may also explore mobile banking to contact your customers [20-21]. Our economy's remarkable expansion, year after year in recent years, is bringing about enormous demographic shifts as well. Rapid urbanization via migration currently leads to financial exclusion of a relatively substantial portion of the population in metropolitan regions. It is a difficulty to place people in an institutional framework for their financial and banking needs, but it is also an enormous potential for National Bank and credit companies. However, organizational attributes such as dedicated leadership, effective resource usage, openness in administration and membership engagement are preconditions to enable co-operatives to take advantage of potential. Improved overall management would empower and equip Nationals to become the leading vehicles of digital payments [22]. The credit growth rate of National banks does not maintain pace with the credit growth rate of the rest of the banking industry. In both the rural and urban sectors, the percentage of National banks looks to be falling steadily. This might have an unfavorable impact on loans for marginal farmers, craftsmen and poorer sectors of society in the long term. National banks must consequently be strengthened in order to be able to finance the least privileged sectors of society. For the National banking industry, it will also be vital to define aims and develop new tactics to attain these objectives. The main objective of the new techniques should be to improve the income levels of the recipients, to avoid a debt trap [23-25].

The National Bank (NBs) have long been renowned for their service to all its members, even the bottom rungs. NBs are devoted to promote the economic interests of their owners and consumers at the same time. NBs are referred to in the Banking Regulation Act as main National banks. The term "primary" refers to the function of the NBs as a main unit in a credit structure of three level cooperators.

### **Strength of National Bank**

- (i) NBs are financially self-reliant with minimal operational risk.
- (ii) NBs account for around 10% of the total Indian banking industry resources.
- (iii) NB members' savings were enclosed by Indian Deposit Insurance and Credit Guarantee Corporation (DICGC)
- iv) Credit gaps have been filled in semi-urban areas, metropolitan areas and adjacent municipalities and members gained trust/customers.
- v) NBs mainly meet the credit needs of the lower- and middle-income classes, including small entrepreneurs, craftsmen, small traders/enterprises, factory workers, employees and other self-employed persons.
- Vi) NB has higher trust of local people and has demonstrated to be a beneficial tool of economic growth, especially for individuals plagued with few resources and the culturally and financially less so.
- vii) The majority of NBs have been successful in fulfilling the statutory lending objective of 60% of their priority sector loans, of which 35% are for weaker sectors, while commercial banks have conceded to the difficulty of reaching the priority lending objective, even if it was set at 40%.
- viii) The National urban banking system has seen fantastic expansion during the previous decades and a half. The number of NBs increased from 1307 in 1991 to 1725 in 2010. Deposits have climbed from Rs. 8600 to Rs. 1.600 000, while disbursements from Rs.8003 to Rs. 98920 billion have climbed throughout the 10-year period. There are two reasons for this development, one because of the political environment which enabled them to grow in the post-1991 period and the other because of the deregulation of the rate of interest, which allowed NBs to mobilise huge deposits in conjunction with liberal policies which propelled the growth of the NBs both in terms of membership and increase.
- ix) No income tax deduction shall be made at source for the membership of the NBs on the interest received on the investments.

### **Research methodology:**

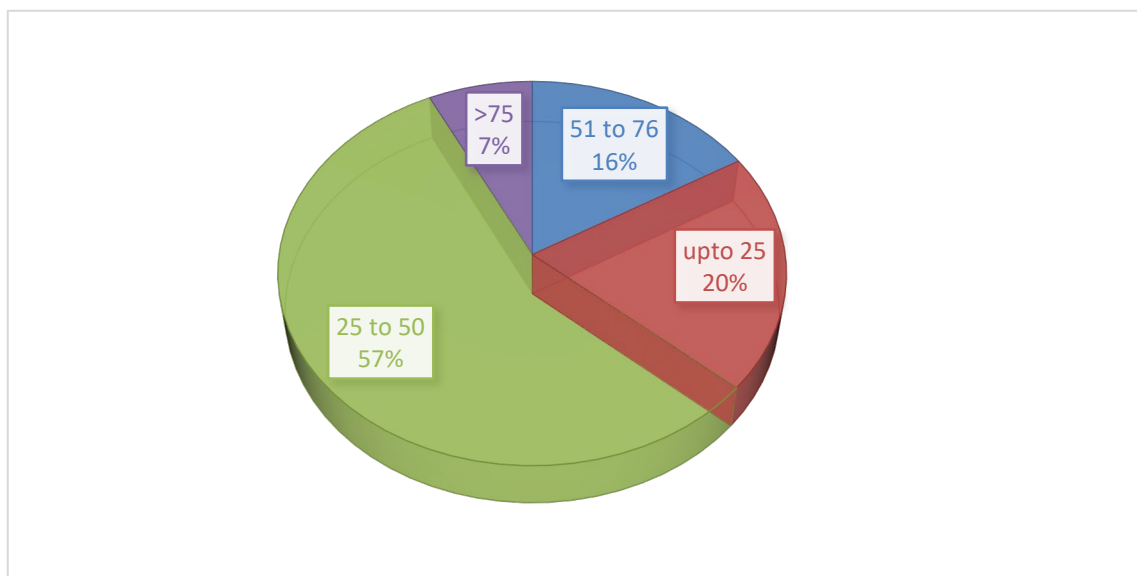
Because an essential feature of the financial system is the NB banking sector, a number of modifications have been enacted by the RBI. The recent NB Mdhava Rao Committee (HPC) focused on a range of regulatory problems, including NB licensing policies, future weak and unlicensed banking establishments, capital adequacy standards and dispute resolution stemming from dual NB controls. These ideas were agreed and implemented by the RBI. On the other hand, dual control challenges require legislative adjustments to state and central acts, and little progress is made in this field. The future agenda for reforms in the NB banking business is classified into four areas, given the current situation:

To align the NB banking sector with the rest of the financial system, to decide on the future of the weaker organizations and to improve governance, to solve the problems of double control. Against the backdrop of these social reforms, implemented gradually since 1991, there are several policy changes that effect the functioning of this National Bank. E.g. deregulation of interest rates, the licenses policy for the branch, introduction of the CAGR concept, identifying non-performing assets and standards of provision, priority sector lending, etc. You might say that the entire banking landscape has changed maritime in terms of its functioning. In addition, the introduction of modern technologies and the automation of financial activities have given banking services a new dimension. All these changes took occurred in the first decade of the 20th century. This researcher consequently concluded that the performance analysis of this National Bank in the first ten years of the twenty-first century will be of the utmost importance and will shed light on the strong and weak areas of bank performance. NBs are diverse in terms of client mix and credit distribution processes. NBs are established to promote thrift and self-help among the middle and lower middle classes as well as to provide credit to people with limited financial means in metropolitan regions. Because of their local feeling and familiarity, NBs are crucial to achieving more financial inclusion. In recent years, however, NBs have demonstrated a lot of faults, especially in terms of their financial health. The Reserve Bank has recognized its relevance for the financial system and tried to promote its healthy development. On the other hand, the heterogeneity of the industry requires a specific regulatory structure. As a result, the Reserve Bank has extended regulatory support to small and weak NBs and, in recent years, increased oversight.

The Narsinham Committee report (1991) raised a doubt on India's National Bank's survival. The creation of private banking to compete with nationalized commercial banks has been discussed. This step is proposed to increase Indian nationalized banks' performance and efficiency. It should be noted, however, that 20 private banks were recently nationalized by the Indian Government, mostly because they could not satisfy the socio-economic targets of the country. They had a range of problems, such as concentration of economic power, geographical imbalances in banking growth, etc. As a result, the privatization agenda of the banking industry is not advised. On the other hand, urban banks operate successfully, based on a National basis, over a century. Given the current scenario, we feel that the Federal Government and the Reserve Bank of India should give them full support and cooperation. The functioning of urban co-ops will have a bright future, as long as local leadership with natural assistance and National principles is hard-working, honest and committed, with due regard to the distinctive qualities and valuable role these banks can play in satisfying economic lending shortages. As per the Census of 2021, population of Pune city was 68 lakhs which is roughly in the proportion of 4 : 1 and hence the sample size of 550 respondents was taken in the same proportion. 175 residents from Pune district were selected on random basis for the study. As purchase of house and obtaining housing loan is dear and close to everybody's heart the people who have already taken housing loan in the past, people whose loan installments are at present going on and people who have never taken house or housing loan, all were considered as respondents. In the sample size of 550 respondents, those having age of more than up to 25 are 90 persons (20%). Those having age of more than 25 and up to 50 years are 310 persons (57%). Respondents having age of more than 51 and up to 76 years are 90 (16%) and those having age of more than 76 years are 40 persons. The sample consists of mainly of young persons. If we take the number of persons having age up to 50 years then it is 460 out of 550 which works out to 80%. The sample consists of less people having age of more than 51 years. Only 90 persons are having age of more than 50 years (16%). **Research Universe & Sample Size**

In Pune district there are 56 National Bank as on 31.3.2021. Of this total number there are 56 banks having their offices in Pune city. Here the researcher has to clarify that when he refers to Pune city it is Pune City Thus the study area has 56 National Bank. These banks were classified on the basis of their deposits as on 31.3.2021. (Here it should be noted that even at the national level whenever banks are required to be classified those are classified on the basis of their total deposits). The classification

revealed the following position: The total deposits of the randomly identified 11 National Bank covering each of the category mentioned above account for Rs.9875.30 crores. That means the identified banks for this study purpose account for 48.54% of the total deposits. The total deposits of all the 56 NB.



**Fig. 1: Age-wise sample distribution of Respondents**

**Table 1 : Deposit Category wise number of NB. Banks Selected for the study.**

Sr. No.	Category	20019-21 selected for this study purpose
1	Over Rs.1000 crores	State bank of india
2	Between Rs.500 to 1000 crores	Central bank of India Bank of india
3	Rs.250 crores to Rs.500 crores.	HDFC Axis bank
4	Rs.100 crores to Rs.250 crores.	Yes bank Bank of barodra
5	Rs.50 crores to Rs.100 crores.	Kotak Mahindra bank Canara bank

6	Rs.25 crores to Rs.50 Crores	Punjab national bank
7	Less than Rs.25 crores	Oriental bank of India
	<b>Total</b>	<b>11</b>

**Source:** Records at Pune Dist. NB. Banks Association Ltd. Pune

## **Result and discussion:**

### **Kotak Mahindra Bank**

There are substantial changes to the current financial scenario in India. The introduction of policy reforms in the Indian economy has led to economic developments in favour of the processes of liberalization, privatization and globalization (LPG). Indian banks are exposed as a result of financial sector liberalization to a new economic environment marked by increased competition and new regulatory constraints. Consequently, every area of Indian banking activity, especially governance, business character, operational style and delivery methods, has changed. The new bank generation has introduced the businesses with much needed competition, leading to improved use of technology, better customer service and unique products. In India, National Banks are part of a broad and strong framework of co-operative entities involved in manufacturing, processing, marketing, distribution, services, and banking. Co-operative banking originated in India around 1904 when official attempts were made to create new institutions based on a co-operative structure and management principles that were considered perfect for dealing with Indian-specific difficulties. Because the National Banks are based on small sums of money from normal people, they play an important role in the Indian economy. Most of them are focused with the poor. In addition, National banks help persons who cannot access nationalized banks' services. In this context, the author feels that it is important to assess objectively the performance of the Cosmos National Bank Ltd., a famous multi-state, Pune-based NB Bank, now that there is a significant amount of time since liberalization, privatization and globalization. The aim of this research is therefore to objectively analyzed the performance of the bank between 2003 and 2021. Data are collected for this purpose from the Annual Reports published by the Bank for the period under review. Any hole in the study was completed by talking with the top management of the Bank to ensure an accurate analysis. In particular, the performance of the bank was measured on the following major factors: 2,3

### **Membership Growth**

The membership growth is showing a progressive trend. The growth during 2003 and 2021 is quite spectacular. (23.87%).

### **Oriental bank of India**

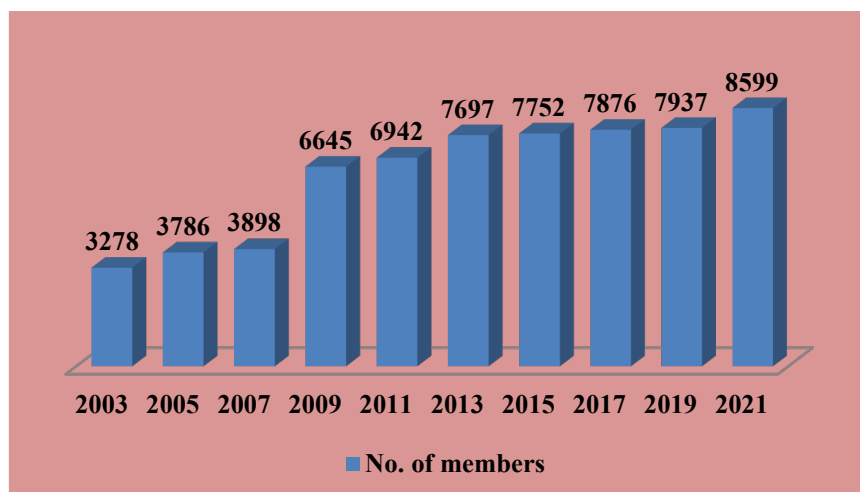
#### **Membership Growth**

The membership growth is showing a progressive trend. The growth during the study period is quite spectacular. (209.37% since 2003)

**Table 2 : Growth of membership during the study period 2003-2021**

Year	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Members	3278	3786	3898	6645	6942	7697	7752	7876	7937	8599

**Source:** Annual Reports of the respective banks for the covered period.



**Source:** Annual Reports of the respective banks for the covered period.

### Deposits Growth

There is a continuous growth in deposits which resembles with the growth rate of the other competitors. Bank should put in concerted efforts to realign the deposits reducing the high cost deposits by low/now cost deposits which will improve the bank's profitability. Percentage of savings bank deposits as well as current deposits have been showing increasing trend, but still there is scope for further improvement.

### Conclusion

The existing financial practices of National Bank are effective for better management, funds and services. The study has revealed that only those banks which are having deposit base of Rs.200 crores and over are able to manage their funds in a better fashion, they are able to maintain the level of services to the customer at the expected level. But the bank's having deposit base less than Rs.200 crores are finding it difficult to survive in the current stiff competition which is likely to grow in times to come. Thus, the researcher is of the view that only selected banks are able to display their ability to effectively manage the financial practices and better funds management and other services. It means that the hypothesis No. H<sub>1</sub> is partially validated. The National Bank are trying to achieve increase in productivity keeping in tune with other commercial banks. This study has revealed that most of the banks have been able to increase their per employee productivity considerably. This was possible because of the greater use of the technology and the computerization. The banks are using business process re-engineering method and having a fresh look at their business styles, systems and procedures and are nipping out redundant work, duplicate work, which is resulting in increase in the per employee productivity. Of course, there should not be complacency and the pursuit for increasing per employee productivity should be a continuing process. Therefore, the hypothesis No. H<sub>2</sub> has been fully validated.

### References:

1. Ajai S. Gaur (2008), 'Statistical Methods for practice and research; A guide to data analysis using SPSS', Response Books, A division of SAGE Publications, New Delhi. Chapters 4 and 5

2. Andrew Campbell (2007), "Bank insolvency and the problem of non performing loans", *Journal of Banking Regulation*, 25-45.
3. Ashah Singh, M. S.Gupta, T. K. Shandilya, (2010), *Banking and Financial Sector Reforms in India*, publisher: Serials Publications, New Delhi.
4. Beaver, W. H. (1966), "Financial ratios as predictor of failure-empirical research in accounting", *Journal of Accounting Research*, No. 4, 71-111.
5. Bhaskaran R and Praful Josh P (2000), "Non Performing Assets (NPAs) in Co-operative Rural Financial System: A major challenge to rural development", *BIRD's Eye View* Dec.2000.
6. Bimal Jalan, Y. V. Reddy, N. A. Mujumdar, S. P. Talwar and Vasudevan (1999), "On going Development in Banking and Financial Sector" publisher Academic Foundation, New Delhi
7. Chander Ramesh and Chandel Jai Kishan (2010), "Financial Viability of an Apex National Credit Institution- A Case Study of the HARCO Bank", *Asia-Pacific Business Review* Vol. VI, No.2, April-June 2010, pp 61-70
8. Chandra, Buddhadeb (2006), "Performance of Burdwan Central Co-operative Bank in the Development of the District (1988-89 to 1998-99)", *Finance India*, September, 2006.
9. D.O. R. Krishnaswami, (2010) "Co-operative Account Keeping", publisher: Oxford and IBS Publishing House, New Delhi
10. Dr. A. T. Vaze & Dr. I. D. Paar, (2004) *National Banking*, Pragati Books Pvt. Ltd. Pune
11. Dr. A. V. Natekar, (2005), "National Law and Other Laws". Pragati Books Pvt. Ltd. Pune
12. Dr. Dattatray Chaudhari (2004) *Maharashtra Sahakari Sanstha*, Chaudhary Law Publication, Pune.
13. Dr. Durga Madhav Mahapatra, Prof. Dr. Ashok Kumar Mohanty (2010), *Management of NPAs and Indian Banking System*, publisher: Global Research Publication, New Delhi
14. Dr. K. N. Subramanyam, (1982), "Modern Banking in India", Deep & Deep. Pub. New Delhi
15. Dr. G. L. Jain (2008), *Banking and Finance, Management System and Operations*, publisher: Vital Publications, Jaipur
16. Dr. G. M. Laud (1981), "National Banking in India", Himalay Publication, Pune.
17. Dr. G. M. Laud (1984), "History of Maharashtra National Bank". Himalaya Publication, Pune.