**A PROJECT REPORT**

**ON**

**CONSUMER PREFERENCE AND GRIEVANCES TOWARDS HOME LOAN WITH REFRENCE TO STATE BANK OF INDIA (SBIBERTHIN)(H.P.)”**

**SUBMITTED TO HP UNIVERSITY SHIMLA**



**In Partial Fulfillment of the Requirement for the Award of**

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Pooja Kumari

**TO WHOMSOVERS IT MAY CONCERN**

This is to be certify that a project report study on consumer preference and grievances on home loan with reference to SBI (State Bank of India) at BERTHIN (HP) is a BONAFIED record work done by submitted to HP University Shimla in partial fulfillment of the requirement for the degree of **BACHELOR OF BUSINESS ADMINISTRATION (BBA)** and that the project work has not previously formed the basis for the award of any degree that the project work represent independent and original work on the part of candidate under my guidance.

Sign Of candidate. Sign of Guide

Sign. Of coordinator (BBA)

DATE:

PLACE:

**DECLARATION**

I **Pooja Kumari** hereby declare that the project report was submitted by me under the supervision and guidance of Mr. Naresh Kumar, project guide college of **SWAMI VIVEKANAND GOVERMENT COLLEGE, GHUMARWIN** in partial fulfilment of BBA 6th semester. I further declare that I am solely responsible for omission and commission of errors if any.

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**CHAPTER-1**

**TOPIC INTRODUCTION**

**&**

**COMPANY PROFILE**

**INTRODUCTION TO TOPIC**

Home is a dream of a person that shows the quantity of efforts scarifies luxurious and above all gathering funds little by little to afford one’s dream. Home is one of the things that everyone wants to own. Home is a shelter to person where he rests and feels comfortable. Many banks providing home loans, whether commercial banks or financial institutions, to the people who wants to have a home. Many banks are providing home loans at cheapest rate to attract consumer towards them. The customer friendly attitude of these banks, currently offer to consumer cheapest loan over homes. In view of acute housing storage in the country, and keeping in mind the social-economic role of commercial bank in the present times.

* **Definition of 'Home Loan'.**

A sum of money borrowed from a financial institution or bank to purchase a house. Home loans consist of an adjustable or fixed interest rate and payment terms.

* **What it is:**

A home loan (or mortgage) is a contract between a borrower and a lender that allows someone to borrow money to buy a house, apartment, condo, or other livable property. A home loan is typically paid back over a term of 10, 15 or 30 years.

* **How it works (Example):**

Home mortgages generally range from 10 to 30 years. The two main types of home mortgage [loans](https://investinganswers.com/node/5825) are fixed rate and adjustable rate. In a fixed-rate mortgage, the interest rate and the periodic payment are generally the same each period. In an adjustable-rate home mortgage, the interest rate and periodic payment vary. Interest rates on adjustable-rate home mortgages are generally lower than fixed-rate home mortgages because the borrower bears the risk of an increase in interest rates.

To request a home mortgage, the borrower submits an application and information about his or her financial history to a lender. This is done to give the lender reasonable assurance that the borrower will repay the [loan](https://investinganswers.com/node/5825). Occasionally, a [mortgage broker](https://investinganswers.com/node/4152) is used to help a borrower choose a [lender](https://investinganswers.com/node/5069). At the end of the loan process, lenders commonly charge [closing costs](https://investinganswers.com/node/98) as compensation for preparing the home mortgage documents and performing other services.

When the borrower and the lender agree on the [terms](https://investinganswers.com/node/5890) of the home mortgage, the lender puts a lien on the home as [collateral](https://investinganswers.com/node/1034) for the loan. This [lien](https://investinganswers.com/node/775) is recorded in public records. If the borrower [defaults](https://investinganswers.com/node/5956) on a home mortgage, the lender may take possession of the house, which is called foreclosure.

There are several types of home loans available on the market, but each home loan is typically defined by four main factors:

1. The principal or the amount of money you're borrowing. This amount is typically the purchase price minus your down payment, minus closing costs and other related fees.
2. The Term or how long you have to repay the entire loan. The term of a home loan can range between five to 30 years.
3. Rate or the annual amount you need to pay the lender to borrow the money, shown as a percentage of the current principal balance.

The Interest Different types of home loans are offered by mortgage lenders?

Home loans are designed to suit a variety of borrower needs and budgets, and thus can come in several different forms. Here are three of the most common types of home loans.

* **Fixed-Rate Mortgages:**

The most common type of home loan is the fixed-rate mortgage, which requires a borrower to repay the principal over a "fixed term" (an unchanging length of time) with a "fixed rate" (an interest rate that never fluctuates over that time period). Borrowers looking for steady and predictable mortgage payments often take out 30-, 15-, or 10-year fixed-rate mortgages. Generally, the shorter the term of the fixed-rate mortgage, the lower the interest rate the borrower can get.

* **Adjustable-Ratemortgage:**

Unlike a fixed-rate mortgage with its static interest rates, adjustable-rate mortgages (ARMs) have variable interest rates that can move up or down over the course of the loan.  To entice buyers with smaller budgets, lenders frequently offer one-year ARMs with a more affordable introductory interest rate for the first year (often with interest rates that are significantly lower than a comparable fixed-rate mortgage).  The interest rate can then increase in the following years if market interest rates go up. As you might imagine, this can become costly for a borrower if the Federal Reserve raises interest rates over time, as the borrower's monthly ARM payments would also increase.

* **How do you become approved for a home loan?**

As a final -- and most important -- condition in approving the home loan, the lender will ask for the deed to the property that the potential borrower wants to buy (this makes the home loan a "secured loan"). Owning the deed protects the lender in case the borrower can't repay (i.e., defaults) the home loan, as it allows the lender to legally take back the property and sell it to get some of its money back.

#### The difference between interest rate and annual percentage rate (APR)?

Interest rate is simply the cost you must repay to the lender for the borrowed amount. By contrast, the Annual Percentage Rate (APR) includes the interest rate along with additional loan-related costs such as your origination fee, processing and underwriting fees, points you may purchase from the lender to reduce your interest rate, and/or private mortgage insurance.

Lenders like to quote APR to give borrowers a better way to compare other lenders' quotes on a more apples-to-apples basis that includes the extra costs involved with taking out a mortgage.

#### Closing costs:

The closing costs include everything from title and appraisal fees to land surveying and government fees. You may also need to pay to have a home inspector and pest control service look at the property.Borrowers may either pay their closing costs up front in cash (usually the case), or roll them into their mortgage principal and pay the costs over time as part of their mortgage payment.

#### Refinance a home loan:

If a borrower took out a mortgage in the past with an APR that is significantly higher than they are today, the borrower can "refinance" their mortgage, where they will sign a new agreement at the new lower interest rate by going through the mortgage application process with a lender again.

* **HOME LOAN SCHEME AND ITS EXTENSIONS.**

A home loan scheme is generally offered to the person to accommodate finance for purchasing the house or for renovation or extension of the existing house. The various extensive schemes, which are included in the home loan portfolio, are:

* Home Purchase Loan:

This is the basic home loan for the purchase of a new home.

* Home Improvement Loans:

These loans are givenfor implementing repair works and renovations in a home

that has already been purchased by you.

For e.g.

: Addition of an extra room etc.

* **Home Conversion Loan:**

This is available for those who have financed the present home with a home loan and wish to purchase and move to another home for with some extra funds are required. Through home

conversion loan, the existing loan is transferred to the new home including the extra amount required, eliminating the need of pre-payment of the previous loan.

* **ELIGIBILITY CRITERIA FOR HOME LOANS:**
* How much an applicant can borrow?

Home Loans range from Rs.1lakh to Rs. 50lakhs. Your repayment period can vary from 1 year to 20 years depending upon your capacity to repay.

* Eligibility:
* Age:

- Min: You should be at least 21 years of age. Max: At the time of loan maturity, you should not exceed 65 years or your retirement age, whichever is earlier.

* Individuals:

You should have completed a minimum of 2 years of service (with a minimum of 1year in the current job)

* Businesspersons/Self-employed professionals:

You must have an established business or professional practice of not less than 3years, with a positive net worth and must haveposted a net profit for the last 2 years.

* **DOCUMENTS INVOLVED IN EVALUATION OFHOME LOAN:**

The criteria of evaluation changes according to their status. The general documents, which remain same for all the categories, are as follows:

1. Proof of age Any one of the following is considered for proof of age, they are:

* Passport
* Voter’s ID card
* PAN card
* Ration card
* Employer’s identity card
* School leaving Certificate
* Birth Certificate.

1. Copy of bank statements for the last six months: Bank statement for the last six months of all operating and salary accounts. Bank statements for the last six months of all current accounts, if self-employed. Any other photocopies of investments held, if required by the HFIs3.

* Copy of latest credit card statement.
* Passport size photograph
* Signature verification by your bankers.

1. Proof of residence:

* Ration Card
* PAN Card
* Passport

**COMPANY INTERODUCTION**

* **INTRODUCTION OF THE COMPANY:**

The State Bank of India (SBI) is an Indian [multinational](https://en.wikipedia.org/wiki/Multinational_corporation), [public Sector](https://en.wikipedia.org/wiki/Public_Sector) banking and [financial services](https://en.wikipedia.org/wiki/Financial_service) statutory body. It is a [government corporation](https://en.wikipedia.org/wiki/Government_corporation) statutory body headquartered in [Mumbai, Maharashtra](https://en.wikipedia.org/wiki/Mumbai,_Maharashtra). The Corporation is ranked 216th on the [*Fortune Global 500*](https://en.wikipedia.org/wiki/Fortune_Global_500) list of the world's biggest corporations as of 2017. It is the largest bank in India with a 23% market share in assets, besides a share of one-fourth of the total loan and deposits market.

The roots of the State Bank of India lie in the first decade of the 19th century when the [Bank of Calcutta](https://en.wikipedia.org/wiki/Bank_of_Calcutta) later renamed the [Bank of Bengal](https://en.wikipedia.org/wiki/Bank_of_Bengal), was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the [Bank of Bombay](https://en.wikipedia.org/wiki/Bank_of_Bombay)(incorporated on 15 April 1840) and the [Bank of Madras](https://en.wikipedia.org/wiki/Bank_of_Madras) (incorporated on 1 July 1843). All three Presidency banks were incorporated as [joint stock companies](https://en.wikipedia.org/wiki/Joint_stock_company) and were the result of [royal charters](https://en.wikipedia.org/wiki/Royal_charter). These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks amalgamated on 27 January 1921, and the re-organized banking entity took as its name [Imperial Bank of India](https://en.wikipedia.org/wiki/Imperial_Bank_of_India). The Imperial Bank of India remained a joint stock company but without Government participation.

Pursuant to the provisions of the State Bank of India Act of 1955, the [Reserve Bank of India](https://en.wikipedia.org/wiki/Reserve_Bank_of_India), which is [India's central bank](https://en.wikipedia.org/wiki/Central_Bank), acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India. In 2008, the [Government of India](https://en.wikipedia.org/wiki/Government_of_India) acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act. This made eight banks that had belonged to [princely states](https://en.wikipedia.org/wiki/Indian_Princely_States) into subsidiaries of SBI.

This was at the time of the first Five Year Plan, which prioritized the development of rural India. The government integrated these banks into the State Bank of India system to expand its rural outreach. In 1963 SBI merged State Bank of Jaipur (est. 1943) and State Bank of Bikaner (est.1944).

SBI has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired Krishna ram Baldeo Bank, which had been established in 1916 in [Gwalior State](https://en.wikipedia.org/wiki/Gwalior_State), under the patronage of Maharaja [Madho Rao Scindia](https://en.wikipedia.org/wiki/Madho_Rao_Scindia). The bank had been the *Dukan Pichadi*, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha, a Parsi. In 1985,

SBI acquired the Bank of Cochin in [Kerala](https://en.wikipedia.org/wiki/Kerala), which had 120 branches. SBI was the acquirer as its affiliate, the [State Bank of Travancore](https://en.wikipedia.org/wiki/State_Bank_of_Travancore), already had an extensive network in Kerala.

There has been a proposal to merge all the associate banks into SBI to create a single very large bank and streamline operations.

The first step towards unification occurred on 13 August 2008 when [State Bank of Saurashtra](https://en.wikipedia.org/wiki/State_Bank_of_Saurashtra) merged with SBI, reducing the number of associate state banks from seven to six. On 19 June 2009, the SBI board approved the absorption of [State Bank of Indore](https://en.wikipedia.org/wiki/State_Bank_of_Indore). SBI holds 98.3% in [State Bank of Indore](https://en.wikipedia.org/wiki/State_Bank_of_Indore). (Individuals who held the shares prior to its takeover by the government hold the balance of 1.7 %.)

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets will approach ₹10 trillion. The total assets of SBI and the [State Bank of Indore](https://en.wikipedia.org/wiki/State_Bank_of_Indore) were ₹9,981,190 million as of March 2009. The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

* Structure:

The bank is headed by one Chairman, Rajnish Kumar and four Managing Directors, P.K. Gupta, C.K. Sinha, Arijit Basu and Anshula Kant.

## Operations:

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at [non-resident Indians](https://en.wikipedia.org/wiki/Non-resident_Indian_and_person_of_Indian_origin) (NRIs). SBI has 16 regional hubs and 57 zonal offices that are located at important cities throughout India.

### Domestic presence:



Samriddhi Bhavan, [Kolkata](https://en.wikipedia.org/wiki/Kolkata)

SBI has 18,354 branches in India. In the financial year 2012–13, its revenue was ₹2.005 trillion (US$28 billion), out of which domestic operations contributed to 95.35% of revenue. Similarly, domestic operations contributed to 88.37% of total profits for the same financial year.

Under the [Pradhan Mantri Jan Dhan Yojana](https://en.wikipedia.org/wiki/Pradhan_Mantri_Jan_Dhan_Yojana) of financial inclusion launched by Government in August 2014, SBI held 11,300 camps and opened over 3 million accounts by September, which included 2.1 million accounts in rural areas and 1.57 million accounts in urban areas.

### International presence



The State Bank of India branch located in [Ramat Gan](https://en.wikipedia.org/wiki/Ramat_Gan), [Israel](https://en.wikipedia.org/wiki/Israel)

As of 2014–15, the bank had 191 overseas offices spread over 36 countries having the largest presence in foreign markets among Indian banks.

SBI operates several foreign subsidiaries or affiliates.

In 1989, SBI established an offshore bank, State Bank of India International (Mauritius) Ltd. This then amalgamated with The Indian Ocean International Bank (which had been doing retail banking in Mauritius since 1979) to form SBI (Mauritius) Ltd. Today, SBI (Mauritius) Ltd has 14 branches – 13 retail branches and 1 global business branch at Ebene in Mauritius. SBI Sri Lanka now has three branches located in [Colombo](https://en.wikipedia.org/wiki/Colombo), [Kandy](https://en.wikipedia.org/wiki/Kandy) and [Jaffna](https://en.wikipedia.org/wiki/Jaffna). The Jaffna branch was opened on 9 September 2013. SBI Sri Lanka is the oldest bank in Sri Lanka; it was founded in 1864.

State Bank of India branch at South all, [United Kingdom](https://en.wikipedia.org/wiki/United_Kingdom)

In 1982, the bank established a subsidiary, [State Bank of India](https://en.wikipedia.org/wiki/State_Bank_of_India_(California)), which now has ten branches—nine branches in the state of California and one in Washington, D.C. The 10th branch was opened in Fremont, California on 28 March 2011. The other eight branches in California are located in Los Angeles, Artesia, San Jose, Canoga Park, Fresno, San Diego, Tustin and Bakersfield.

In Nigeria, SBI operates as INMB Bank. This bank began in 1981 as the Indo–Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria.

In Nepal, SBI owns 55% of "SBI Nepal". (The state-owned Employees Provident Fund of Nepal owns 15% and the general public owns the remaining 30 %.) SBI Nepal has branches throughout the country.

In Moscow, SBI owns 60% of [Commercial Bank of India](https://en.wikipedia.org/wiki/Commercial_Bank_of_India), with [Canara Bank](https://en.wikipedia.org/wiki/Canara_Bank) owning the rest.

In Indonesia, it owns 76% of PT Bank Indo Monex.

The State Bank of India already has a branch in Shanghai and plans to open one in [Tianjin](https://en.wikipedia.org/wiki/Tianjin).

In Kenya, State Bank of India owns 76% of [Giro Commercial Bank](https://en.wikipedia.org/wiki/Giro_Commercial_Bank), which it acquired for US$8 million in October 2005.

In January 2016, SBI opened its first branch in [Seoul](https://en.wikipedia.org/wiki/Seoul), South Korea following the continuous and significant increase in trade due to the [Comprehensive Economic Partnership Agreement](https://en.wikipedia.org/wiki/Comprehensive_Economic_Partnership_Agreement_between_India_and_South_Korea) signed between New Delhi and Seoul in 2009.

### Former Associate Banks:

1.Main Branch of SBI in Mumbai

SBI acquired the control of seven banks in 1960. They were the seven regional banks of former Indian princely states. They were renamed, prefixing them with 'State Bank of'. These seven banks were [State Bank of Bikaner and Jaipur](https://en.wikipedia.org/wiki/State_Bank_of_Bikaner_and_Jaipur) (SBBJ), [State Bank of Hyderabad](https://en.wikipedia.org/wiki/State_Bank_of_Hyderabad) (SBH), [State Bank of Indore](https://en.wikipedia.org/wiki/State_Bank_of_Indore) (SBN), [State Bank of Mysore](https://en.wikipedia.org/wiki/State_Bank_of_Mysore) (SBM), [State Bank of Patiala](https://en.wikipedia.org/wiki/State_Bank_of_Patiala) (SBP), [State Bank of Saurashtra](https://en.wikipedia.org/wiki/State_Bank_of_Saurashtra) (SBS) and [State Bank of Travancore](https://en.wikipedia.org/wiki/State_Bank_of_Travancore) (SBT). All these banks were given the same logo as the parent bank, SBI.

The plans for making SBI a single very large bank by merging the associate banks started in 2008, and in September the same year, SBS merged with SBI. The very next year, State Bank of Indore (SBN) also merged. In the same year, a subsidiary named [BharatiyaMahilaBank](https://en.wikipedia.org/wiki/Bharatiya_Mahila_Bank)was formed. The negotiations for merging of the 6 associate banks ([State Bank of Bikaner and Jaipur](https://en.wikipedia.org/wiki/State_Bank_of_Bikaner_and_Jaipur), [State Bank of Hyderabad](https://en.wikipedia.org/wiki/State_Bank_of_Hyderabad), [State Bank of Mysore](https://en.wikipedia.org/wiki/State_Bank_of_Mysore), [State Bank of Patiala](https://en.wikipedia.org/wiki/State_Bank_of_Patiala), [State Bank of Travancore](https://en.wikipedia.org/wiki/State_Bank_of_Travancore) and [BharatiyaMahilah Bank](https://en.wikipedia.org/wiki/Bharatiya_Mahila_Bank)) by acquiring their businesses including assets and liabilities with SBI started in 2016.The merger was approved by the Union Cabinet on 15 June 2016. The State Bank of India and all

its associate banks used the same blue *Keyhole* logo. The State Bank of India [wordmark](https://en.wikipedia.org/wiki/Wordmark) usually had one standard typeface, but also utilized other typefaces.

On 15 February 2017, the Union Cabinet approved the merger of five associate banks with SBI. What was overlooked, however, were different pension liability provisions and accounting policies for bad loans, based on regional risks.



State Bank of India [*Mumbai*](https://en.wikipedia.org/wiki/Mumbai) LHO

The [State Bank of Bikaner & Jaipur](https://en.wikipedia.org/wiki/State_Bank_of_Bikaner_%26_Jaipur), [State Bank of Hyderabad](https://en.wikipedia.org/wiki/State_Bank_of_Hyderabad), [State Bank of Mysore](https://en.wikipedia.org/wiki/State_Bank_of_Mysore), [State Bank of Patiala](https://en.wikipedia.org/wiki/State_Bank_of_Patiala) and [State Bank of Travancore](https://en.wikipedia.org/wiki/State_Bank_of_Travancore), and [BharatiyaMahila Bank](https://en.wikipedia.org/wiki/Bharatiya_Mahila_Bank) were merged with State Bank of India with effect from 1 April 2017.

### Non-banking subsidiaries

Apart from five of its associate banks (merged with SBI since 1 April 2017), SBI's non-banking subsidiaries include:

* [SBI Capital Markets](https://en.wikipedia.org/wiki/SBI_Capital_Markets) Ltd
* [SBI Cards](https://en.wikipedia.org/wiki/SBI_Cards) & Payments Services Pvt. Ltd. (SBICPSL)
* [SBI Life Insurance Company Limited](https://en.wikipedia.org/wiki/SBI_Life_Insurance_Company_Limited)

In March 2001, SBI (with 74% of the total capital), joined with [BNP Paribas](https://en.wikipedia.org/wiki/BNP_Paribas) (with 26% of the remaining capital), to form a joint venture life insurance company named SBI Life Insurance company Ltd.

### Other SBI service points

As of 31 March 2017, SBI group (including associate banks) has 59,291 ATMs

* Listings and shareholding

As on 31 March 2017, Government of India held around 61.23% equity shares in SBI. The [Life Insurance Corporation of India](https://en.wikipedia.org/wiki/Life_Insurance_Corporation_of_India), itself state-owned, is the largest non-promoter shareholder in the company with 8.82% shareholding.

|  |  |
| --- | --- |
| Shareholders | Shareholding |
| Promoters: Government of India | 54.23% |
| FIIs/GDRs/OCBs/NRIs | 18.17% |
| Banks & Insurance Companies | 10.00% |
| Mutual Funds & UTI | 8.29% |
| Others | 9.31% |
| Total | 100.0% |

The equity shares of SBI are listed on the [Bombay Stock Exchange](https://en.wikipedia.org/wiki/Bombay_Stock_Exchange), where it is a constituent of the [BSE SENSEX](https://en.wikipedia.org/wiki/BSE_SENSEX) index, and the [National Stock Exchange of India](https://en.wikipedia.org/wiki/National_Stock_Exchange_of_India), where it is a constituent of the [CNX Nifty](https://en.wikipedia.org/wiki/CNX_Nifty). Its [Global Depository Receipts](https://en.wikipedia.org/wiki/Global_Depository_Receipt) (GDRs) are listed on the [London Stock Exchange](https://en.wikipedia.org/wiki/London_Stock_Exchange).

**Employees**

State Bank Institute of Credit, Risk and Management, Gurgaon

SBI is one of the largest employers in the country with 209,567 employees as on 31 March 2017, out of which there were 23% female employees and 3,179 (1.5%) employees with disabilities. On the same date, SBI had 37,875 Scheduled Castes (18%), 17,069 Scheduled Tribes (8.1%) and 39,709 Other Backward Classes (18.9%) employees. The percentage of Officers, Associates and Sub-staff was 38.6%, 44.3% and 16.9% respectively on the same date. Around 13,000 employees have joined the Bank in FY 2016–17. Each employee contributed a net profit of ₹511,000 (US$7,100) during FY 2016–17. Since November 2017, SBI also offers an integrated digital banking platform named [YONO](https://en.wikipedia.org/wiki/YONO).

Recent awards and recognition

* SBI was ranked 232nd in the [Fortune Global 500](https://en.wikipedia.org/wiki/Fortune_Global_500) rankings of the world's biggest corporations for the year 2016.
* SBI was 50th most trusted brand in India as per the [Brand Trust Report](https://en.wikipedia.org/wiki/The_Brand_Trust_Report) 2013, an annual study conducted by Trust Research Advisory, a brand analytics company and subsequently, in the [Brand Trust Report 2014](https://en.wikipedia.org/wiki/The_Brand_Trust_Report), SBI finished as India's 19th most trusted brand in India.
* **DEFINATION-**

# State Bank of India (SBI):

State Bank of India (SBI) is the country's largest commercial bank, in terms of assets, deposits, and employees. Owned by the Indian government, it offers a range of general banking services from loans and advances to corporate and individuals in India and abroad. Because it is state-owned, SBI is the preferred banker for most public sector corporations. SBI, along with its associate banks, offers micro-financing to entities such as self-help groups in rural areas that would otherwise have no access to formal credit channels. Through its subsidiaries and joint ventures, SBI offers financial services such as investment banking, brokerage services, asset management and insurance.

Although SBI's origins date back to the 19th century, it was formally established post-independence on July 1, 1955 through the implementation of SBI Act, 1955. Upon its formal establishment, the bank took over the assets of the Imperial Bank of India, which was formed in 1921 with the amalgamation of three banks -- Bank of Bengal, Bank of Bombay and Bank of Madras. State Bank of India went public in 1993 issuing 1.24 crore shares priced at Rs 100 each; the Government continues to be the majority owner.

**CHAPTER- 2**

**RESEARCH**

**METHODOLOGY**

**OBJECTIVES OF STUDY**

There is no strongest foundation for your dream home, then a cheap loan. Home loans have become those stronger foundations for people who want to own a home. The main objectives of the study are as follows: -

The main objective of this study is to know the Customers perceptions about home loans of state bank of India housing development finance corporation LTD.

1. To analyze the history of state bank of India (SBI).
2. To know the ideas of customers about home loan products and services.
3. To study the satisfaction level of customers about home loans.
4. To study the problems faced by customers in obtaining the home loans.

* **SOURCES OF DATA:**

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

**A -PRIMARYSOURCE:-**

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 isfeasible from the point of view of our subject & survey purpose. We conducted 30 sample of survey in our project to judge the satisfaction level of customers which.

Sample size;-

For the questionnaire I have taken the sample size of 30customers.

**B – SECONDARY SOURCE: -**

It was collected from internal sources. The secondary data was collected on the basis of organizational file, official records, newspapers, 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 30.The Sample Size consists of both the Professional and Business class people. Rural area people, farmers are taken as Sample.

**SAMPLING TECHNIQUE:** -

Random sampling technique was used in the survey conducted.

**TOOLS OFANALYSIS:-**

Data has been presented with the help of line, pie, bar, column etc.

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.

**RESEARCH DESIGN:-**

This project is based on exploratory study. It was an exploratory study when the customer satisfaction level was studied to suggest new methods to improve the services of SBI in providing home loans.

**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 Section includes the methodology which includes. The research design, objectives of study, scope of study along with research methodology and limitations of study etc.

* To know the Customers perceptions about home loans of SBI housing development finance corporation.
* To study the satisfaction level of customers about home loans.
* To study the problems faced by customers in obtaining the home loans.
* To make comparative study of disbursement of home loans by commercial banks, the study shall be conducted in the manner enumerated below.

**CHAPTER- 3**

**DATA ANALYSIS**

**&**

**INTERPRETATION**

1. What is your occupation?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial Number | Occupation | Respondent | Percentage (%) |
| 1. | Service | 06 | 20% |
| 2. | Business | 08 | 27% |
| 3. | Farming | 08 | 27% |
| 4. | Other | 08 | 27% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this survey it is observed that 20% of the peoples are in service & 27% are business man. 27%are farmer and 27% are doing other type of work. Most probably almost fields are covered. And the sample is based on random probability.

1. Which income group do you belong?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Income (per annum) | Respondent | Percentage |
| 1 | No income | 02 | 7% |
| 2 | Below 2lakh | 18 | 60% |
| 3 | 2-4lakh | 06 | 20% |
| 4 | Above 4lakh | 04 | 13% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that 7% of people have no income they are dependent and 60% of peoples are below 2lakh per annum income, 20% have 2-4lakh perannum income & only 13% people have more than 4lakh per anum income.

2.1. Preference of respondents to words home loan.

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Options | Respondent | Percentage |
| 1 | Yes | 25 | 83% |
| 2 | Rented home | 03 | 10% |
| 3 | No home | 02 | 7% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that 83% people have own home and 10% people are living in the rented home and they want to take loan to make their own home & 7% people have no home they also take loan to build their home and the 83% people who have own home also take home loan to home expansion.

**2.2.**FROM WHERE DO YOU GET INFORMATION ABOUT HOME LOAN?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Sources | Respondent | Percentage % |
| 1 | Newspaper | 12 | 40% |
| 2 | Magazine | 03 | 10% |
| 3 | Hoardings, banners | 06 | 20% |
| 4 | Other | 09 | 30% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that 40% of people get information about home loan from newspaper and 10% on magazine and 20%on hoardings & banners,30% on other sources like as friend circle, bank etc.

1. Have you ever taken home loan before?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | options | Respondent | Percentage % |
| 1 | Yes | 09 | 30% |
| 2 | No | 21 | 70% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that only 30% of the peoples are taken home loan before and 70% of the peoples are not taken home loan before. The ratio of the home loan is very low.

* 1. If yes from which bank?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Banks | Respondent | Percentage % |
| 1 | SBI | 4 | 44% |
| 2 | HDFC | 1 | 11% |
| 3 | PNB | 1 | 11% |
| 4 | OTHER | 3 | 34% |
|  | Total | 9 | 100 |

INTERPRETATION-According to this serve it is observed that 44% people prefer to SBI bank for loan and 11% on HDFC & 11% on PNB or 34% on to other banks. The SBI bank is more popular than other banks.

1. While taking loan which things attract you most?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Things | Respondent | Percentage |
| 1 | Interest rate | 14 | 47% |
| 2 | Service provided | 05 | 17% |
| 3 | Payback period | 04 | 13% |
| 4 | Schemes | 07 | 23% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that 47% peoples are attracted to the home the loan for its interest rate, 17% peoples like the service and attract. And 13% attract to the payback period & 23% attracted by the schemes.

**5**.Overall the serve and observation it is clear that the interest rate is attract customer more than other factors. Are you satisfied with the service provided?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Service rating | Respondent | Percentage |
| 1 | Highly satisfied | 03 | 10% |
| 2 | Satisfied | 25 | 83% |
| 3 | Dissatisfied | 02 | 07% |
| 4 | Highly dissatisfied | 00 | 00% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that the most of the peoples are satisfied with the services which are provided by the banks. 10% peoples are highly satisfied, 83% are satisfied. Only 7% peoples are dissatisfied and no one is highly dissatisfied.

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Options | Respondent | Percentage |
| 1 | Yes | 05 | 17% |
| 2 | No | 25 | 83% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that if the interest rate is high from personal loan, then only 17% of the people go for it. And 83% of the people are not go for it. They take personal loan and give preference to other options to meet their requirement.

1. In near future would you be interested to take home loan?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Options | Respondent | Percentage |
| 1 | Yes | 16 | 53% |
| 2 | No | 08 | 27% |
| 3 | Can’t say | 06 | 20% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that 53% of the people which are entered into the sample are interested to take home loan in future & 27% are not wanted to take home loan. And 20% of the people are not assured for it.

* 1. If you interested which type of home loan is better?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Choices | Respondent | Percentage |
| 1 | Home purchase | 07 | 43% |
| 2 | Re-finance loan | 02 | 13% |
| 3 | Home expansion | 04 | 25% |
| 4 | Land purchase | 03 | 19% |
|  | Total | 16 | 100 |

ENTERPRETATION-According to this serve it is observed that 43% of the peoples are want to take loan for the purpose of purchasing home and 13% take loan for re-finance. 25% people prefer loan for home expansion & 19% for the purchase of land purchase. Mostly people take loan for home purchase.

1. How much amount you took or want to take?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Amount | Respondent | Percentage |
| 1 | Less than 1lakh. | 06 | 20% |
| 2 | 1-5lakh. | 17 | 57% |
| 3 | 5-10lakh. | 05 | 17% |
| 4 | More than 10lakh. | 02 | 06% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that 20% of people want to take only less than 1lakh. 57% are stay on 1-5lakh. 17% people take or want to take 5-10lakh. &only 6% are eligible to take more than 10lakh.

1. For the purpose of building a house is home loan better choice?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Options | Respondent | Percentage |
| 1 | Agree | 22 | 73% |
| 2 | Disagree | 03 | 10% |
| 3 | Take other type of loan | 03 | 10% |
| 4 | Other choice | 02 | 7% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that 73% of the peoples are agree that home loan is batter choice for building a home, 10% are disagree with it. And 10% wants to take other type of loan. 7% take another option not going to loan.

1. Are you satisfied with the rate of interest provided by the bank?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Interest rate (rating) | Respondent | Percentage |
| 1 | Satisfied | 21 | 70% |
| 2 | Highly satisfied | 02 | 7% |
| 3 | Dissatisfied | 01 | 3% |
| 4 | Average | 06 | 20% |
|  | Total | 30 | 100 |

INTERPRETATION- According to this serve it is observed that 70% of people are satisfied with the interest rate, 7% are highly satisfied. 3% dissatisfied with the interest rate.20% people are average satisfied with the interest rate.

1. Which security have you deposited or interested in depositing?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Securities | Respondent | Percentage |
| 1 | F.D. | 04 | 13% |
| 2 | Land paper | 22 | 74% |
| 3 | Third person(guarantor) | 03 | 10% |
| 4 | Other | 01 | 03% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observe that 13% peoples deposit F.D. at the time of applying home loan. 74% peoples deposit land paper and 10% use third person (guarantor) & only 3% peoples used other types of securities. It is clear that people mostly deposit land paper.

1. What do you think about the paper formalities of the home loan?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Formalities | Respondent | Percentage |
| 1 | Justified | 18 | 60% |
| 2 | Too much | 06 | 20% |
| 3 | Extra formalities | 06 | 20% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observe that 60% peoples are justified the formalities of home loan.20% say too much formalities & 20% says there is extra formalities. Overall, we can say that there are justified formalities.

11.Period of repayment as per your opinion?

|  |  |  |  |
| --- | --- | --- | --- |
| Serial number | Years | Respondent | Percentage |
| 1 | 1-4 | 5 | 16% |
| 2 | 4-8 | 8 | 27% |
| 3 | 8-10 | 8 | 27% |
| 4 | 10-15 | 9 | 30% |
|  | Total | 30 | 100 |

INTERPRETATION-According to this serve it is observed that 16% people say that the payback period should be 1-4 years. And 27% says 4-8 & 27% says 8-10. And 30% says 10-15 years. The payback period opinion is according to loan amount.

**CHAPTER- 4**

**FINDING**

**&**

**SUGGESTION**

* LIMITATIONS OF STUDY:-

The study was restricted in understanding the home loan as concept so the practical implications of the study have been difficult. The Take Over home loans of high interest rate for low interest rates and their inherent risks on the bank’s.

* PROBLEMS FACED BY CUSTOMERS IN AVAILING HOME LOANS:

There are everything in the world has good or bad points. No doubt

Banking industry has made many efforts to enhance the customer satisfaction but customer still faced some problems. These are high lightened as below:

1) The customer does not have proper knowledge about different home loan products so they face problem in making a good deal.

2) There are procedural delays, which harass the customer’s lot. This will crush the curtsy of customers to avail the home loan.

3) The attitude of bank employees sometimes non cooperative and it creates a hurdle in building trust and Confidence among customers about banks.

4) The banks do not take into account the paying capacity of customers. So some customers are not able to get amount of loan needed by them. So above discussed are the problems which faced by customers while availing home loans

Lending profile has not been undertaken in the study. The mortgage home loans and its scope on the home loan lending portfolio were not studied as this would lead into a relatively new kind of home loan segment.

**FINDINGS**

1. SBI having good brand image in the minds of customers.
2. Majority of the people got loans from SBI only.
3. Most of the customers are not aware of the products of SBI home loans.
4. Some of the customer’s felt that the interest rates are somewhat high.
5. Most of the people are directly go to SBI to apply a home loan.
6. Some of the customer of SBI already benefited through SBI home loan products and services.
7. Customer awareness is medium about SBI products.
8. SBI providing good services to their customer.

**RECOMMENDATIONS & SUGGESTIONS**

1) To increase their customers, the SBI should provide specialized services in this sector. These services can be such as proper guidance to the customer regarding the processing of loans, especially for the customers who are illiterate.

2) To satisfy their customers and for good dealings in future, the SBI should make prompt disbursement of loan amount to the customers so that they can buy or construct their dream home as early as possible.

3) The SBI should use easy procedure, or say, less lengthy procedure for the sanctioning of loan to the customer. There should be less number of legal formalities, incase this exists, then, these should be completed in less time. This will be helpful in attracting more customers.

4) Although the interest rates on specific norms, yet customers seek less interest rate which can lower their cost of house. So banks should try to lower their interest rates. Needless to say, that the bank which is having lower interest rates, have the maximum clients for loan.

5) Create awareness: The Company has to take care of awareness creation about the products and services among the customers.

6) Charges: The Company has to reduce the mortality and administration charges.

7) The company has to reduce their interest rates on home loan products and services.

8) The company has to identify the potential customers.

9) Company should consider the present competition and should act according to the customer needs.

**CONCLUSION**

The study shows that SBI Home loan has product portfolio for satisfying different consumer needs in lucrative manner but, the bank provide the benefits like SMS alert and other features so as to make the home loans more attractive. The home loan segment can be extended to the NRI segment; this would provide the bank a cutting edge and larger share of the home loan market. The bank can contemplate on decentralizing the operations however taking into consideration the experience and expertise of the members at Loan Department enters.

Finally, the whole research was carried out in a systematic way to reach at exact results. The whole research and findings were based on the objectives. However, the study had some limitations also such as lack of time, lack of data, non-response, reluctant attitude and illiteracy of respondents, which posed problems in carrying out the research. But proper attention was made to carry out research in proper way and to make accurate conclusion for the report which may beneficial for banks to enhance their customer base.

**QUESTIONNAIRE**

CONSUMER PREFERENCE AND GRIEVANCES TOWARDS HOME LOAN WITH REFRENCE TO STATE BANK OF INDIA BERTHIN.

Respected Sir/Madam,

I am Pooja Kumari student of BBA (6TH Sem.) with specialization in Finance of the department of BBA, Faculty of BBA, Swami Vivekananda Govt. Degree College Ghumarwin, pursuing a project report on “Consumer Preference and Grievances Towards Home Loan with reference to State Bank of IndiaBerthin”.

1. Name………………………………
2. Occupation………................
3. Age………………………
4. Income……………………………
5. Address……………………….
6. What is your occupation.
   * 1. Service b) Business c) Farming d) Other
7. Which income group do you belong?
8. No income b) Below 2lakh c) 2-4lakh d) Above 4lakh
9. From where do you get information about home loan?
10. Newspaper b)Magazine c) Hoarding,Banners d) Other
11. Have you ever taken home loan before?

a) Yes b) No

1. While taking loan which things attract you most?

a) Interest rate b) Service provided c) Payback period

d) Schemes

1. Are you satisfied with the service provided?
2. Highly satisfied b) Satisfied c) Dissatisfied

d) Highly dissatisfied

1. In near future would you be interested to take home loan.

a )Yes b) No c) Can’t say

1. How much amount you took or want to take?
2. Less than 1lakh b) 1-5lakh c) 5-10lakh

d)More than 10lakh

1. For the purpose of building a house is home loan better

choice.

1. Agree b) Disagree c) Take other type of loan
2. Other choice
3. Are you satisfied with the rate of interest provided by the bank?
4. Satisfied b) Highly satisfied c) Dissatisfied
5. Average
6. Which security have you deposited or interested in deposted or interested in deposting?
7. F.D. b ) Land paper c) Third person (guarantor)
8. Other
9. Do you think about the paper formalities of the home loan?
10. Justified b) Too much c) Extra formalities
11. Period of repayment as per your opinion.
12. 1-4 years b) 4-8 year c) 8-10 years d) 10-15 years

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