

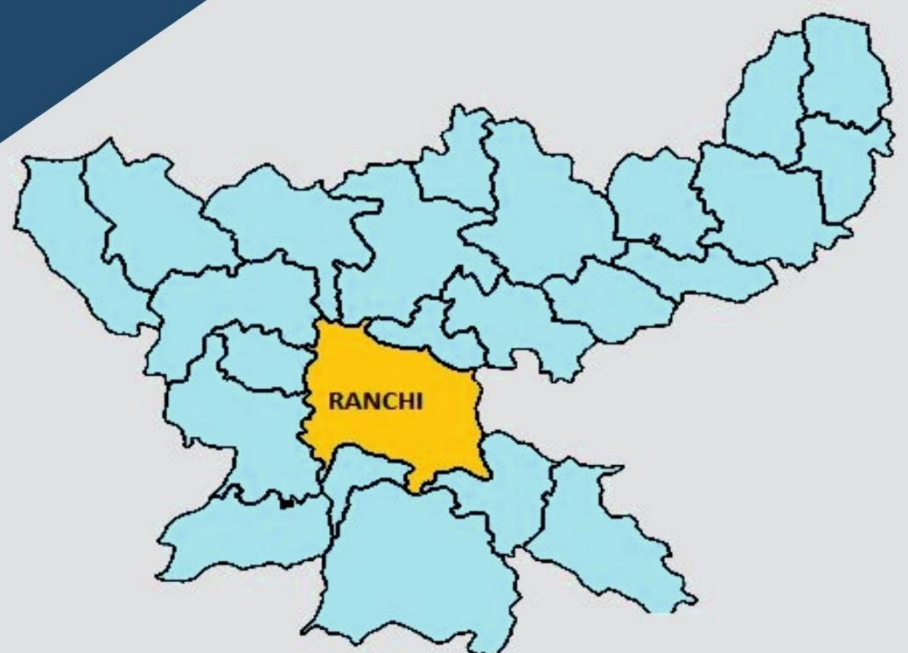


"A COMPARATIVE STUDY OF

HOME LOAN FINANCING

**BY SELECTED PUBLIC & PRIVATE BANKS :
A CASE STUDY OF RANCHI DISTRICT"**

Mr. Anmol Prasant Ekka



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PREFACE

Housing is one of the primary human needs and is next in importance to food and clothing. Being one of the basic needs and an indicator of the quality of life that a citizen enjoys, housing also helps in creating conditions conducive to the achievement of crucial goals in matters pertaining to education, health, sanitation and the living standards of the people. Housing is a fundamental requirement both for the human Existence and settlements. Housing is also accepted as a key sector of the rational economy, which measures the standard of living and economic condition of a country. The importance of housing cannot be ignored. Boost to housing can rejuvenate the economy. Housing has maximum propensity to generate income and demand for materials, equipment's and services, in fact, housing provides necessary impetus to the economy as a whole. Small initiatives in housing will propel multiplier effects in the economy through the generation of demand and improving the spending capacity of people through a chain of linkage effects. Housing sector has also significant effect on the steel industry, paint industry, increase in the business of builders, architects, civil, engineers, contractors, plumbers, interior decorators, etc. The economic impact of housing does not end when a home is constructed and the owner moves in. In fact, housing continues to be an economic force long after the construction accomplishes through activities like decorating, remodeling rooms, repairs, extensions etc.

Despite its immense importance, housing sector remained as the most neglected sector in our country. Not only in our country, but it is true for other developed/developing nations as in earlier phases Government failed to pay attention on housing for its people in every part of the world progress. Housing has emerged as a problem globally because of the various reasons like growth of population, new household formation, due to marriages, break up of joint families, rural-urban shift, increased prices of land, high cost of construction, lack of initiatives by the Government, low rate of savings, land laws of the country, lack of initiatives by private sector, dilapidation of existing housing stock etc.

A large amount is required to construct or purchase a house, which is very difficult to arrange for a middle-class person. If he thinks so, a major part of his life passes to collect a huge amount for this purpose. Till few years earlier it was a great achievement of his Life to construct a home for his family. He had to borrow money from friends, relatives and moneylenders in addition to spend his all the savings. But in the present time a number of banks and financial institutions are there which provide loans for this purpose. But it was observed that a large number of people,

particularly residing in rural areas depend on their personal saving and acquaintances to arrange the required amount for this purpose. There may be three reasons behind this phenomenon. First, a large number of formalities are to be completed to get a housing loan. Second, many practical problems are to be faced by customer in acquiring housing loans. Third, financial institutions face a number of legal and practical problems while providing housing loans due to which they keep themselves restricted in providing such loans to the persons having regular income. But during the last decade a number of financial institutions have come forward to provide housing loans and have been working enthusiastically in this direction.

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