

# **SUMMER PROJECT REPORT**

## **“A STUDY ON HOME LOANS IN URBAN CO-OPERATIVE BANK”**

Submitted to:

**Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur**

Submitted by:

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**Department of Management Sciences and Research,  
G.S. College of Commerce & Economics, Nagpur  
NAAC Accredited “A” Grade Institution**



**Academic Year 2020-2021**

# **CERTIFICATE**


This is to certify that the investigation described in this report titled “**A STUDY ON HOME LOAN IN URBAN CO-OPERATIVE BANK**” has been carried out by **Ms. Sonali Prakash Bhandari** during the summer internship project. The study was done in the organisation, **URBAN CO-OPERATIVE BANK LTD.**, in partial fulfilment of the requirement for the degree of Master of Business Administration of R. T. M. Nagpur University, Nagpur. This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for this work are duly acknowledged.

**Dr. Ashwini Purohit**

**(Director)**

## CERTIFICATE

मुख्यालय : गांधी चौक, भंडारा - ४४११०४  
मुद्रणालय दूरध्वनी : (०७१८४) २५२३२७, २५२०६३, २५२९३६ फॅक्स : (०७१८४) २५३०६३  
मु.रा.अधि (निवास) दूरध्वनी : २५२९८९ आयस (निवास) दूरध्वनी : ०७१९९-२२५१२२  
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प्रमाणक यु.सी./बी.एच./एच.ओ. / 2014

 दि भंडारा अर्बन  
को-ऑपरेटिव्ह  
बँक लिमिटेड, भंडारा.


दिनांक : 13 OCT 2020

Certificate

This is to certify that Miss.Sonali Prakash Bhandari student of MBA (Financial Management ) from G.S College,OF Commerce & Economics Nagpur has completed the Summer Internship Project in our bank from 13.08.2020 To 01.10.2020

During this period she had under taken study of subject i.e. "A study of Financial management" in "The Bhandara Urban Co-operative Bank Ltd. Bhandara."

Her performance was found satisfactory and completed training Successfully.

  
( K.U. J.S. Shihare )  
ADM Manager  
The Bhandara Urban Co-operative Bank Ltd.  
Bhandara

## **ACKNOWLEDGEMENT**

It is a matter of pride and privilege for me to have done a summer internship project in “**URBAN CO-OPERATIVE BANK LTD.**” and I am sincerely thankful to them for providing this opportunity to me.

I am thankful to “**Mr PARESH SHAHANE**” for guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his support.

I am also thankful to all the faculty members of Department of Management Sciences and Research, G S College of Commerce and Economics, Nagpur and particularly my mentor “**GEETA NAIDU**” for helping me during the project.

Finally, I am grateful to my family and friends for their unending support.

Ms. SONALI BHANDARI

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## **INTRODUCTION**

Housing is a primary human need next in importance only to food and clothing. A first priority for a youngster who begins life is therefore to plan for a house. This takes precedence over other household expenditure and creature needs. Housing, however, is a major expenditure and cannot be funded out of a family's normal monthly income or savings. The prospective homeowner must look for a loan substantial in size and so structured that he can repay it over a longer period of time, in many cases almost one's entire working life.

Loan is offered to a borrower to purchase or build a new house on the basis of his/her eligibility and the bank's lending rules. One of the important basic human needs is shelter. House is the ultimate dream of every middle class family. Government gave encouragement for house finance subsidiaries by offering number of tax concessions to individuals. With the overall encouragement given to this sector, a number of players entered in housing finance.

One of the most important benefits of taking a home loan is the interest rate that is allowed on the home loan. Fixed and variable interest rate options are also available for home loans. Many financiers also offer home improvement loans at the same interest rate as they offer the home loans.

## **A THEORETICAL VIEW-**

### **HOME LOANS**

The section 5(b) of the Banking Regulation Act 1949 defines Banking as, “Accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdraw able by cheque, draft or otherwise.”

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. In simple words a home loan is a fund or the loan which buyer has taken from any financial institution or bank to purchase a new home at an agreed rate of interest specified during the contract.

Home loan is the finance borrowed from a bank or financial institution to buy or modify a residential real estate property. Any resident or Non- resident individual who is planning to buy a house in India can apply for a home loan.

## **TYPES OF HOME LOANS:**

### **1) Home loans for construction of new house/ flat, purchase of old house/ flat etc.:**

Initially, lenders approved a home loan for family/own residence only. After gaining experience and more importantly to be competitive, lenders now approve loans even when the applicant has more than one house or flat/ apartment. Today there is no general restriction on the number of houses owned by an individual. The only stipulation is that the home loan funds should not be used for commercial purposes.

### **2) Home Extension loan :**

These loans are given for expanding or extending an existing home. These are some of the instances for which you could take an Extension Loan.

- To construct an additional room or floor by getting additional FSI granted.
- Using grills or sliding windows to enclose the balcony.
- Construction of a garden or garage in the building vicinity.

### **3) Home Improvement Loan:**

Home improvement loans for repairs/ renovation including waterproof, plumbing, compound wall, digging of well/ tube-well, flooring/ tilling, additions like built-in



cupboards /shelves, internal repairs including replacing doors/ windows, etc. A loan for purchase of household furniture including space-saving furniture (kitchen racks, cupboards, etc.) may also be sanctioned as a home improvement loan.

**4) Home Loan for purchasing of housing site:**

Here again, initially many banks did not approve such loans. However, market forces have now made this a universal feature of the home loan market. However, care has been taken in structuring the schemes for avoiding financing of purchase of land for speculative lation purposes.

**5) Home Equity Loan:**

A home equity loan is a type of loan in which the borrower uses the equity in their home as collateral. These loans are sometimes useful to help finance major home repairs, medical bills or college education. A home equity loan creates a lien against the borrower's house, and reduces actual home equity.

## COMPANY PROFILE



The Bhandara Urban Co-Operative bank was established on 21-1-1971. The main branch was Shri. Bhasker Hardikar and some other directors helped to groom the bank. The Bhandara Urban Co-Operative bank is a leading co-operative sector bank in the Vidarbha region, having a network of 25 branches across 5 districts in the region. All the branches of the bank have been covered in the network of Core Banking Solution (CBS).

Bank is providing the following advance services to its customers:

Core Banking Facility,

“RuPay” ATM with Connectivity to National Financial Switch

RTGS

NEFT

The bank has its own Data Center at Head Office Bhandara, Maharashtra.

The Bank is having Network Architecture with its branches connected to Data Center through BNSL & Reliance links.

<b>BRANCHES</b>	<b>DATE OF ESTABLISHMENT</b>
1. Main Branch Bhandara	21-01-1971
2. Tumsar	14-02-1974
3. Lakhani	28-02-1974
4. Pawani	12-04-1975
5. Sakoli	04-02-1985
6. Mohadi	23-02-1985
7. Town Branch Bhandara	25-08-1990
8. Dewari	17-08-1990
9. Warathi	28-08-1994
10. Arjuni-mor	29-09-1994
11. Gondiya	29-09-1994

<b>BRANCHES</b>	<b>DATE OF ESTABLISHMENT</b>
12. Tiroda	30-08-1995
13. Aammgoav	30-05-1997
14. Goregoav	30-05-1997
15. Sihora	16-08-1997
16. Adyal	30-08-1997
17. Lakhandur	15-09-1997
18. Thana	29-11-1997
19. Midtoun Branch	29-01-1998
20. Gandhibag Nagpur	27-01-2000
21. Chandrapur	09-12-2000
22. Banking Unit Bhandara	01-01-2004
23. Manewada	20-03-2010
24. Dharpeth	14-09-2013
25. Wadsa	28-11-2013
26. Bramhapuri	28-11-2013

## **BOARD OF DIRECTIORS**

- Mr . Maheshkumar jain (Chairman)
- Mr . Heeralal bangalkar (co-chairman)
- Mr . Nana punchbude (director)
- Mr . Dhananjay dalal(director)
- Adv. Jayant wairagade(director )
- Mr . Ramdas shahare(director )
- Mr . Gopichand thawani (director )
- Mr . vilas katekhaye (director )
- Mr . Pandurang khatik (director )
- Mr . chintaman mehar(director )
- Dr . Jagdish Nibart (director )
- Adv. Kavita lanjewar(director )
- Mr. Dinesh Girhepunje(director )
- Mr. Mahendra Gadkari(director )
- Mr. Hemant Mahakalkar(director )

- Mr. Liladhar Wadibhasme(director )
- Mr.Uday Moglewar(director )
- Miss. Jyoti Bawankar(director )
- Mr. Shekhar Borse(director )
- Mr. Sumit Heda(director )
- Adv. Vinaymohan pashine(director )
- Mr. Harish c. Madan (C.E.O.)

**LOCATION:**

**Name:-**“The Bhandara Urban Co-Operative Bank”

**Address:-** Gandhi Chock , Near Police Station ,Bhandara , 441904

Phone No.:- 07184-253063,252327

Email: -[urbanbank@yahoo.com](mailto:urbanbank@yahoo.com)

Website: - [www.bucbl.com](http://www.bucbl.com)

## **OBJECTIVES OF STUDY**

- The main objective of this study is to know the customers perception about home loans of urban co-operative Bank.
- To know the awareness of customers about home loan products and services.
- To study the satisfaction level of customers about home loans.
- To study the problems faced by customers in obtaining the home loans.
- To gain knowledge about various home loan products of urban co-operative bank.

## **SCOPE OF STUDY**

Retail banking has been popular segment to enter into for many banks. In the retail banking, housing sector has been most promising segment which is promising a comprehensive growth rate of about 30 per cent for the next five years. With the government keen on infrastructure development and announcing various tax sops, housing loan segment has been a tempted area for many banks to enter into housing sector can be bifurcated into organized and unorganized segments with the unorganized segments accounting for over 75 per cent of the housing units constructed.

During the past 4-5 years the housing sector helped by the growing housing finance industry has witnessed significant developments.

The geographical scope of the study is restricted to bhandara only with sample size of 50 people.



## **NEED FOR THE STUDY**

- The main purpose of this study is to attain the knowledge of the processing system of home loans.
- To study the satisfaction level of customers.
- To learn about various aspect of urban co-operative bank home loans.
- To study the problems faced by customers in obtaining the home loans.
- To know the ideas of customers about home loan products and services.

## **CONTRIBUTION DURING SIP**

- ❖ Filling different forms (specimen), giving customers detail information about it.
- ❖ Learned about loan documentation process.
- ❖ Explain about documents to customers which are required for taking home loans.
- ❖ Collected information of various sections of the bank from various counter of the bank.
- ❖ The mentor taught me how to talk with customer. They also told how to handle a difficult cases or situation with patience.
- ❖ Sir used to tell us to verify the customer's documents.

## **LIMITATIONS**

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

- To access such a large number of customers were difficult because of non-cooperative attitude of respondents.
- Time is critical factor limiting this study. There was limitation of time to conduct such a big survey in limited available time
- Since the sample size was 50 it cannot give the exact perception of whole population.
- This study is only limited to one branch of urban co-operative bank bhandara.

## **RESEARCH METHODOLOGY**

Research methodology is the specific procedures or techniques used to identify select, process and analyse information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. The methodology section answers two main questions: How was the data collected or generated? How was it analysed?

Research methodology describes of the method and type of research we use. Research comprises of two words "Re" and "search". It includes primary source and secondary source of data.

Research methodology is a systematic plan for conducting research or a way to solve a problem. It is a science of studying how research is to be carried out. Its aims to give the work plan of research.

It is the systematic collection, analysis and interpretation of data to generate new knowledge and answer a certain question or solve a problem.

"Research is a systematic activity directed towards discovery and the development of an organized body of knowledge" **John Best.**

Primary data for the present research study was collected by filling structured questionnaire through the customer' and observations. Besides, secondary was collected through various research journals & websites.

### **RESEARCH DESIGN:-**

When a research is carried-out, it follows a definite pattern or plan of action throughout the procedure, **i.e.**, since the problem identification to the report preparation and presentation. This definite pattern or plan of action is called "**Research design**".

It is a map that guides the researcher in collecting and analysing the data. In other words, research design acts as a blueprint that is followed throughout the research work.

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

**Population of the study:** The first step in the sampling process is the definition of the population which can be defined in terms elements. Sampling unit extent and time. For the present study taken the population were the customers of urban co-operative bank.

**Sampling Technique:** Random Sampling Method

**Sample size:** Sample size content is 50 respondents.

**Tools of Analysis:** Data has been presented with the help of bar graph, pie charts etc.

#### **SOURCES OF DATA:-**

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

- Primary sources :

The Primary Data collection, the data is collected using methods such as interviews, questionnaire, and observations etc. primary data means original data that has been collected specially for the purpose in mind. It is useful for current studies as well as for future studies. The primary data collected from the field under the supervision of an

investigator. In survey approach selected a questionnaire method for taking a customer view because it is feasible from the point of view of survey purpose.

- Secondary sources :

The secondary data are those which have already collected and stored. Secondary data easily get those secondary data from records, journals, annual reports of the company etc.

It will save the time, money and efforts to collect the data. Secondary data also made available through websites, books, company sites, research papers, organizational file, official records, and preserved information in the company's database etc.

## INTERPRETATION OF DATA



Data analysis can be defined as the process of gathering, modelling and transforming data so as to get useful information, suggestions and conclusions in decision-making. The literal meaning of interpretation is “explaining or drawing-out the meaning”. The process of data interpretation includes drawing-out conclusions from data analysis. There is a close association between data interpretation and data analysis.

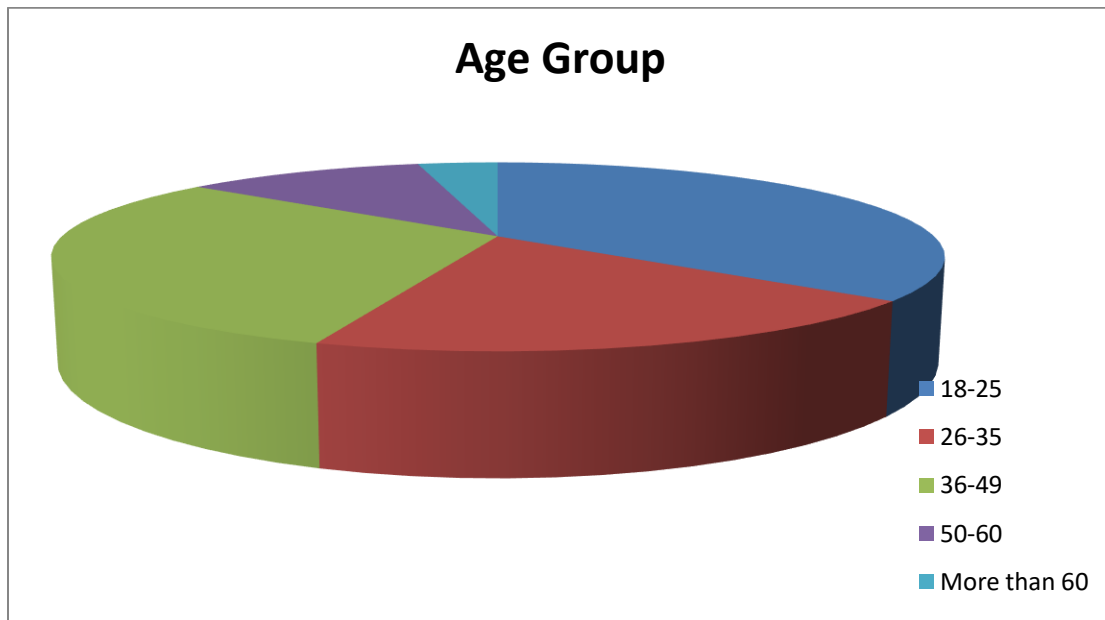
Data analysis, also known as analysis of data or data analytics, is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains

This chapter will focus on the analysis and interpretation of data that was collected for this study. The purpose of interpreting the data is to reduce it to an intelligible and interpretable form so that the relation of research problem can be studied and tested, and conclusion drawn. On the other hand, when the researcher interprets the research results.

**Table No. 1 Age Group of surveyed Respondents**

<b>Age group</b>	<b>Number of Respondents</b>	<b>Percentage</b>
18-25yrs	20	47%
26-35yrs	11	25%
36-49yrs	9	17%
50-60yrs	6	6%
More than 60 yrs	4	2%

**Graph No. 1 Age Profile**



**Interpretation –**

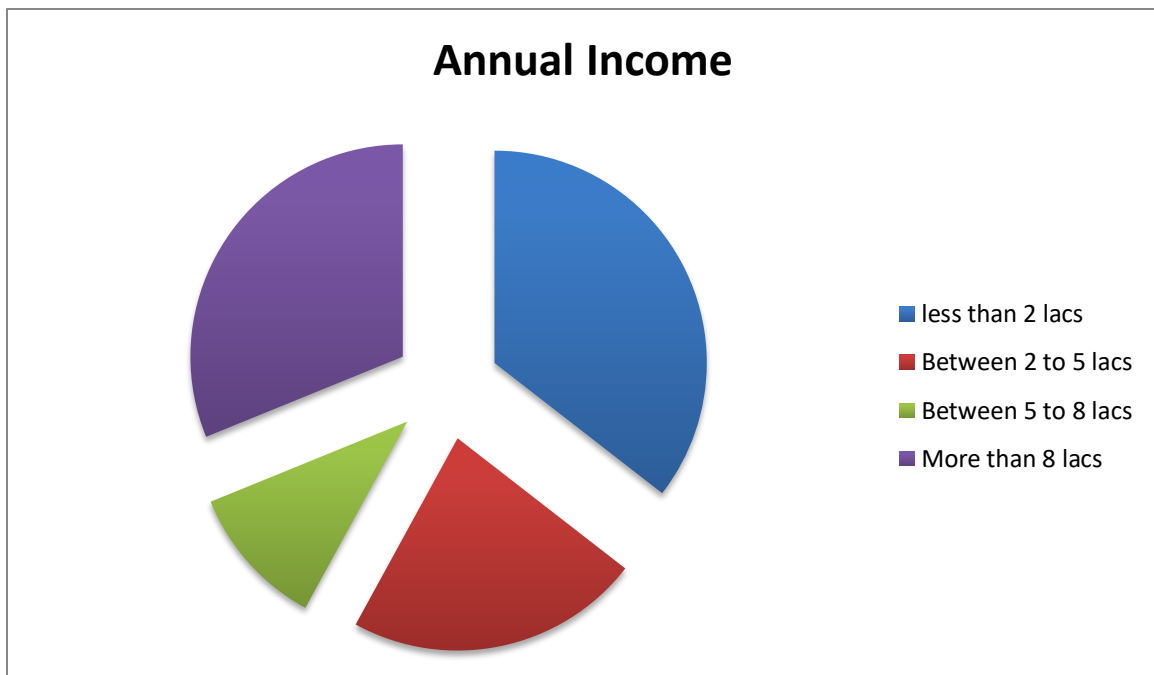
From the above chart, we find that 47% of the respondents fall in the age group of 18-25yrs, 25% fall in the age group of 26-35yrs, and 17% fall in the age group of 36-49 yrs. Therefore most of the respondents are relatively young and 6% respondent's age are 50-60yrs, and 2% respondents age are above 60 yrs.



**Table No. 2 Annual Income**

<b>Options</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Less than 2 lacs	21	49%
Between 2 to 5 lacs	15	31%
Between 5 to 8 lacs	10	15%
More than 8 lacs	4	5%
Total	50	100%

**Graph No.2 Annual Income**



**Interpretation –**

From the above table and graph it can be seen that

49% respondent's annual household income is less than 2 lacs.

31% respondent's annual household income is between 2 to 5 lacs.

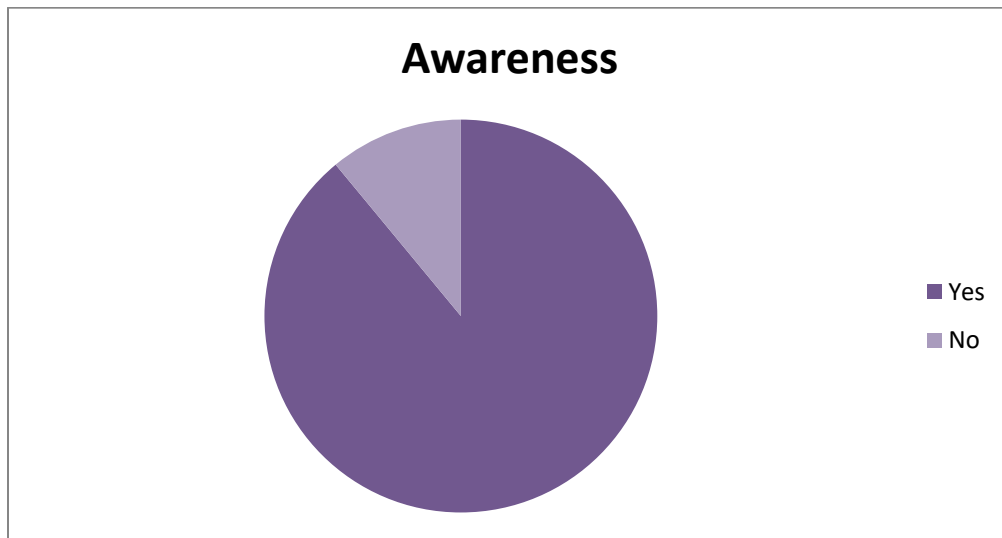
15% respondent's annual household income is between 5 to 8 lacs.

5% respondent's annual household income is more than 8 lacs.

**Table No.3 Awareness about Urban co-operative home loans**

<b>Options</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Yes	43	89%
No	7	11%
Total	50	100%

**Graph No. 3 Awareness**



**Interpretation –**

From the table and graph above it can be seen that

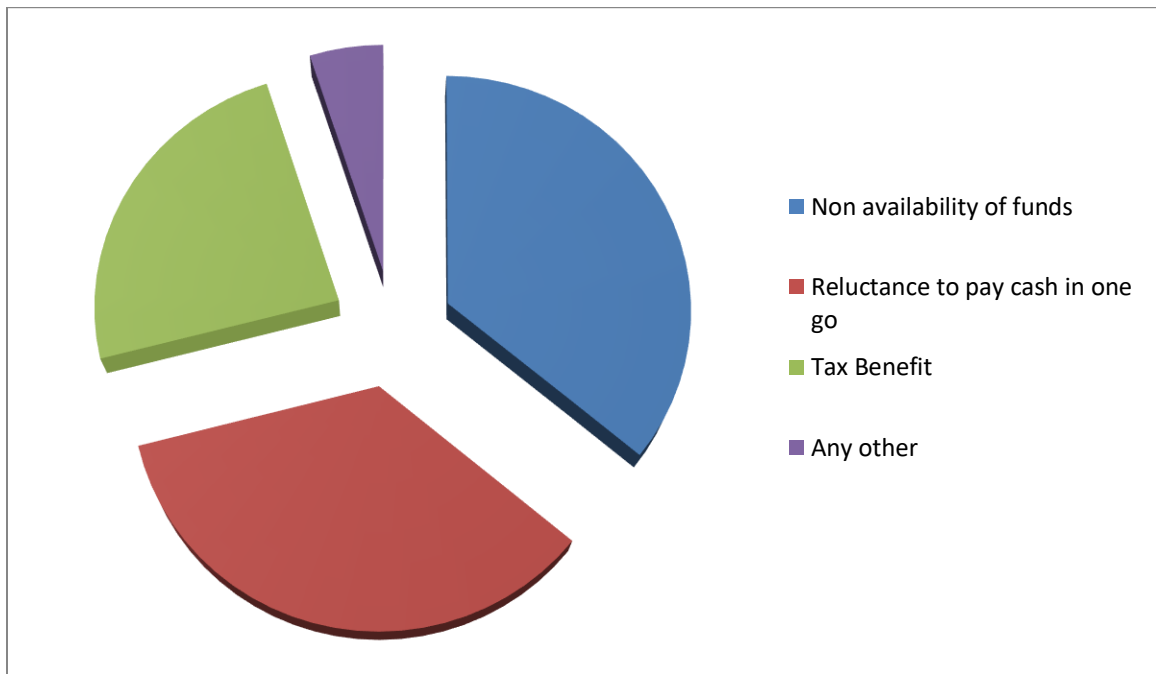
89% respondent are known about Urban co-operative ltd. Home loans.

11% respondent are known about Urban co-operative ltd. Home loans.

**Table No. 4 Reasons for getting the home financed**

Options	Number of Respondents	Percentage
Non availability of funds	19	36%
Reluctance to pay cash in one go	16	35%
Tax Benefit	11	24%
Any other	4	5%
Total	50	100%

**Graph No. 4 Reasons for getting the home financed**



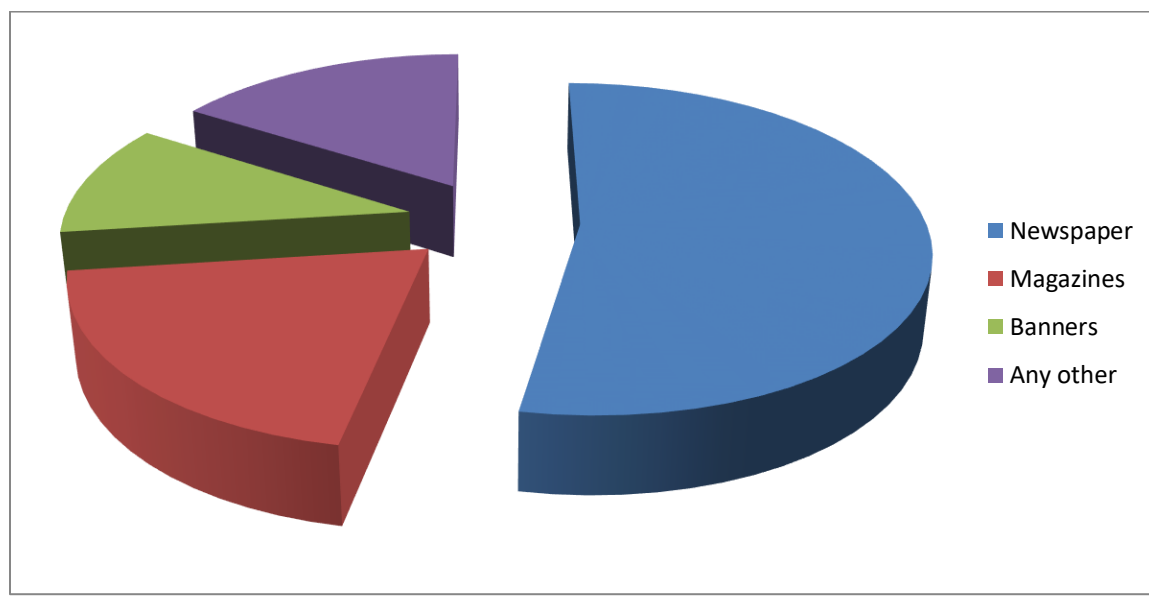
**Interpretation**

To interpret the response of the questions ,the figures shows that the most of the customers find the problem in availability of funds, and very less number of customers found problem in paying cash in onego, customers get housing loan for tax benefits.

**Table No.5 Percentage of source of information about home loans scheme**

Options	Number of Respondents	Percentage
Newspaper	24	53%
Magazines	12	20%
Banners	5	11%
Any other	9	16%
Total	50	100

**Graph No. 5 Percentage of source of information about home loans scheme**



**Interpretation –**

The data shows that around 16% of customers got information from source of other sources which includes information from friends, relatives ,colleagues etc.53% of customers got information from newspapers, only 20% of customers from magazines and 11% of customers got information about home loans through banners.

## **FINDINGS**

- Urban co-operative bank having good brand image in the minds of customers.
- Most of the customers are not aware of the different products of urban co-operative bank.
- Some of the customer's felt that the interest rates are higher than nationalised bank.
- Customer awareness is medium about products of urban co-operative bank.
- Urban co-operative bank providing good services to their customers.
- Some of the customers not having good faith on private bank.

## CONCLUSION



A conclusion is the last part of something, its end or result. ... The phrase in conclusion means "finally, to sum up," and is used to introduce some final comments at the end of a speech or piece of writing. The phrase jump to *conclusions* means "to come to a judgment without enough evidence. A conclusion is an ending section which states the concluding ideas and concepts of the preceding writing. This generally follows the body or perhaps an afterword and the conclusion may be followed by an epilogue, outro, postscript, appendix/addendum, glossary, bibliography, index, errata, or a colophon. Aristotle, in *The Rhetoric*, tells us a good writer should do this in the conclusion: "make the audience well-disposed towards ourselves and ill-disposed to our opponent." It's a good opportunity to make inferences or predictions, or to ask the audience to consider what would happen if they do not accept our point of view by making a connection to society in general

**Conclusions are given below-**

- In study I came to know that many customers are interested to take a home loan from urban co-operative bank to construct their homes.
- Home loans have long period when compare to other personal loans and other loans. So customers are confused to take a home loan.
- The interest rates are high when compare to other nationalised bank.
- The loan sanction process is low when compare to other banks.

## SUGGESTIONS

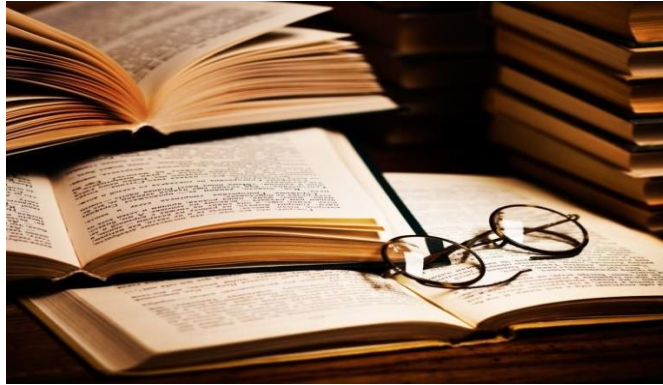


These suggestions have been discussed as follows-

- To increase their customers, the urban co-operative bank should provide specialized services in this sector. These services can be such as proper guidance to the customer regarding the processing of loans.
- Urban co-operative bank should use less lengthy procedure for the sanctioning of loan to the customer. The legal formalities should be completed in less time. This will be helpful in attracting more customers.
- The bank has to take care of awareness creation about the products and services among the customers.
- The urban co-operative bank should try to provide proper knowledge regarding their home loan scheme, even to people who don't know about such schemes and their benefits especially in rural areas.
- They should open more ATMs as there is only one ATM in the city.



## BIBLIOGRAPHY



**Websites:**

[WWW.BUCBL.COM](http://WWW.BUCBL.COM)

[WWW.WIKIPEDIA.COM](http://WWW.WIKIPEDIA.COM)

**Annexure**  
**QUESTIONNAIRE**

**SECTION A: PERSONAL PROFILE**

<p><b>NAME:</b> -----</p> <p><b>Address:</b> -----</p> <p><b>Contact No.:</b> -----</p> <p><b>City-----state-----pin-----</b></p>
---

**SECTION B**

1. Age :  
(a)Below30 [ ](b) 30-40[ ](c)40-50[ ](d)Above 50[ ]
  
2. Which income group do you belong?  
(a) Below 2 lakhs [ ](b)2-4lakhs [ ] (c)4-6lakhs[ ] (d)Above8 lakhs[ ]
  
3. Are you aware about urban co-operative bank home loans services?  
(a) Yes [ ](b) No [ ]

4. What is reason for getting it financed?

(a) Non availability of funds [ ]

(b) Reluctance to pay cash in on go [ ]

(c) Tax Benefit[ ]

(d)Any other[ ]

5. From where have you got information about home loans scheme?

(a) Newspapers [ ] (b) Magazines[ ] (c) Banners[ ] (d)Any other[ ]