

A
Project Report
On
“A Comparison of Home Loan Product Offered by HDFC
and SBI Bank”

Submitted to
G. S. College of Commerce & Economics, Nagpur
Affiliated to
Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment for the award of the degree of
Bachelor of Business Administration

Submitted by
Harshal R. Meshram

Under the Guidance of
Dr..Kamlesh Thote

G.S. College of Commerce & Economics, Nagpur

Academic Year 2022 – 23



G.S. College of Commerce & Economics, Nagpur

Academic Year 2022 – 23



CERTIFICATE

This is to certify that "**Harshal R. Meshram**" has submitted the project report titled "**(A Comparison of Home Loan product offered by HDFC and SBI Bank)**", towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

Dr. Kamlesh Thote
(Project Guide)

Dr. Afsar Sheikh
(BBA coordinator)

Place: Nagpur

Date:

G.S. College of Commerce & Economics, Nagpur

Academic Year 2022 – 23



DECLARATION

I here-by declare that the project with title "A Comparison of Home Loan Product Offered by HDFC And SBI Bank" has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Harshal R. Meshram

Place:

Date:

G.S. College of Commerce & Economics, Nagpur

Academic Year 2022 – 23



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I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Harshal R. Meshram

Place:

Date:

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INTRODUCTION

Introduction

The roof over one's head and ground beneath one's feet count as the bare necessities of life. There's nothing quite like owning a home, however humble to give that warm and glowing feeling. But when one buys a home, one has much more than a feel-good purchase in mind! It's also a crucial investment decision, perhaps the biggest spending decision of one's life. There are ample opportunities today for young salaried investors to plan their moves early and buy a house at right time- and at right price. In the process, not only do they fulfill that cherished dream of owning a house, but also put themselves on the path to acquiring property that would meet the needs and aspirations of their growing family, even as it leads to wealth creation. Every individual aspires to own a home. But many either spend a lifetime saving to purchase a house or exhaust money on monthly house rents.

Buying a house is one of the biggest dreams come true for most people and an extravagant affair altogether. Imparting life to such a dream requires a lot of effort from the buyers' end and the best one can do to accommodate the home in their budget is through a home loan.

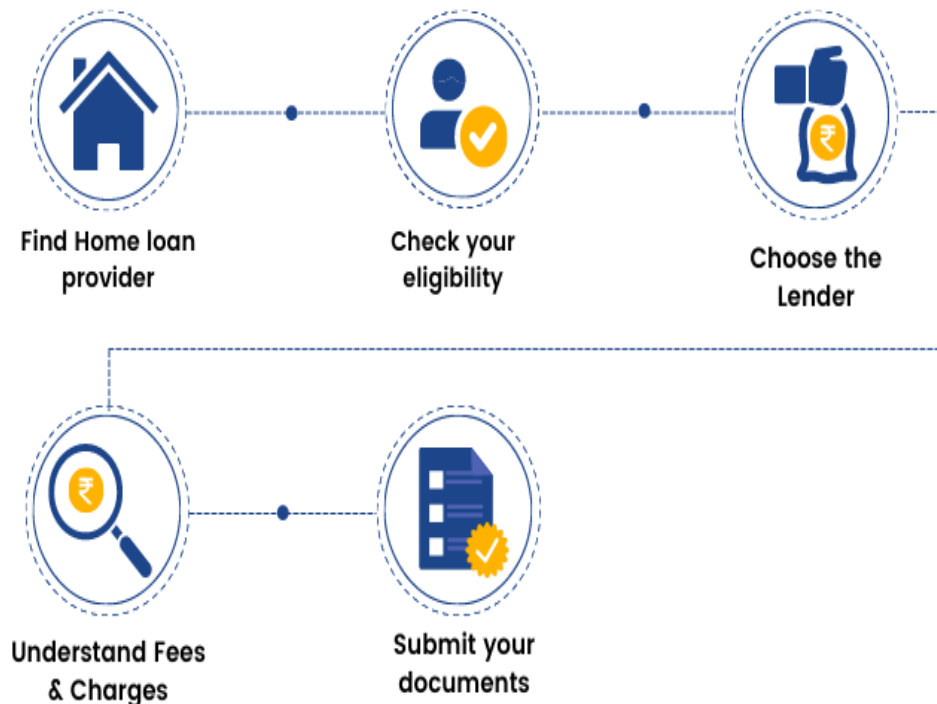
A home loan can be opted to buy a new house/flat or a plot of land where you construct the house, and even for renovation, extension, and repairs to an existing house.

What is a home loan?

Simply put, a home loan is an amount of money borrowed from a financial lender for purchasing a house. However, the purview of home loans extends beyond purchasing a house only. From buying land to renovating your own house – home loans can be taken for a variety of purposes.

While talking about home loans, it is important to remember that financial institutions such as banks and non-banking financial institutions (NBFCs) do not finance 100% of the market value of the property. They finance a certain amount only, which depends on the type of loan.

Sometimes, they can decide to finance less than the maximum amount, if they evaluate a greater risk in the loan (such as lower credit rating of the borrower).



HOME LOAN

Home loans are loans you have access to, depending on whether you want to buy or build a house and can also be used to repair or extend an existing house.

Who can avail of these loans?

According to lending institutions, any Indian resident who is over 21 years of age at the beginning of the loan and below 65 at its maturity can avail of the loan. Salaried Employees as well as Self- Employed citizens can apply. NRI Salaried and RBI Self Employed, under RBI guidelines, can approach only nationalized banks and other HDFC for loans.

Why should one option for a loan to buy a house?

Taking a loan seems like a good option when the money at hand is insufficient to buy the house of your dreams. Consider couples in their twenties and thirties. They enjoy a good income currently, but their accumulated capital isn't enough to purchase a house. Whereas a home loan can give them access to capital their current earnings.

Also, if you take a 10 years old loan when you are thirty, you could repay it by the time you're forty. So, you don't have to be burdened with the interest and are free to plan your retirement savings.

The Quantum of loan that one can avail of:

Loan sanctioned depend on your repayment capacity – which is based on your current income and your future repayment capacity. You would include your spouse's name to enhance the loan amount. The maximum loan can be sanctioned varies with each bank/institution and ranges from Rs.10 lakhs to Rs. 1 crore.

Tax benefits of taking a home loan:

The income tax authorities look with favor upon those servicing a housing loan from specified financial institutions. And, it is up to you to be wise enough to take advantage of this.

Section 24 of the Income Tax:

Interest on loan till Rs.1.5 lakhs per annum is exempted form income tax (under section23/24(1) of the Income tax act).

Section 88 of Income Tax Act:

You get a 20% rebate on repayment of principle during a financial year. Once again, over the years, the principal repayment eligible for rebate has been enhanced from Rs.10,000 to the current limit of Rs.20,000 Stamp duty, registration fee or transfer of such house property to the assesses is also considered under this amount.

Types of Home Loans in India:-

Home Loan

This is the most common type of home loan availed to purchase a house. There are many housings finance companies, public banks, and private banks that offer housing loans where you borrow money to purchase the house of your choice and repay the loan in monthly instalments.

You can get up to 80%-90% of the house's market price in the form of financing.

The lender will hold the house until you completely repay the loan.

Home Construction Loan

This is the right home loan type if you already have a plot of land and you need financing to construct a house in that land.

Home Extension Loan

Say you already own a house and you would like to extend the house with another room or another floor to accommodate the growing family. Home extension loan provides financing for this purpose.

Home Improvement Loan

A home improvement loan provides financing for renovating or repairing the house if there's any fault in the existing system, such as painting the house's interior or exterior, plumbing, upgrading the electrical system, waterproofing the ceiling, and more.

Home Loan Balance Transfer

The current home loan interest rate may be overwhelming, or you may not be happy with your current lender's service; you can transfer the home loan's outstanding balance to a different lender who offers a lower interest rate and better service. Upon transfer, you can even check out the possibilities of a top-up loan on your existing one.

Composite Home Loan

This type of home loan provides financing for purchasing the plot of land where you would like to construct a house and for the construction, both within a single loan.

Benefits of Taking a Home Loan

Tax benefits

The foremost benefit of a home loan is the income tax deduction you can claim on the interest and principal repayments. You can claim up to Rs.1.5 lakh on principal repayments u/s 80C, up to Rs.2 lakh on interest repayments u/s 24B, up to Rs.2 lakh on interest repayment in special circumstances u/s 80EE and 80EEA, and up to Rs.1.5 lakh on stamp duty expenses u/s 80C.

Lower interest rate

The home loan interest rate is much lower as compared to any other loan types available. If you come across a cash crunch, you may get a top-up on the existing home loan at a lower interest rate than a personal loan to solve the issue.

Due diligence of property

When you go through a bank to purchase a house, the bank will conduct thorough checks on the property from the legal perspective and check if all the documents produced are valid.

This due diligence check from the bank's end will reduce the risk of you being scammed. If the bank approves the property, that means you and your house are safe.

Long repayment tenure

Unlike any other loans, home loans come with longer repayment tenure, as much as 25-30 years. This is owing to the significant loan amount one will have to borrow to purchase a house.

Spreading the loan amount and interest applicable over a longer tenure will reduce the monthly EMIs reducing the borrower's burden.

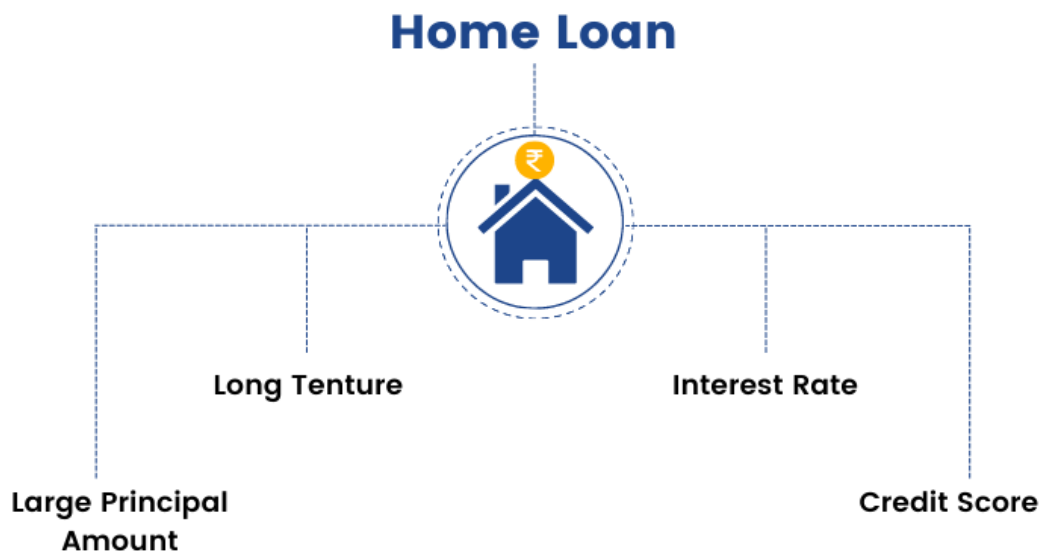
No prepayment penalty

When you take a floating-rate home loan, you can make prepayments towards the loan whenever you have a lump sum at hand without having to pay any prepayment penalty. This will help you close the home loan much before the set loan tenure.

Balance transfer facility

You can transfer the home loan from one lender to another for several reasons, such as the interest rate, service charges, customer service experience, and others.

Important Aspects Of Home Loan



1. Large principal amount:

Since we are talking about purchasing houses, the principal amount of home loans is usually large and range from few lakhs to a few crores.

2. Longer tenure:

Home loans typically have longer tenure which extends up to 30 years.

3. Interest rate:

Home loans are given on fixed and floating rates of interest. We have discussed this in detail in section 4 of this module.

4. Credit score:

The borrower's credit score matters significantly while providing a home loan. Hence, having a CIBIL score of 750 and above is ideal for availing a hassle-free home loan. This has also been discussed in detail in section 6 of this module.

Home Loan Interest Rates

The average home loan interest rates are from 6.5% to 12.00% in India as of March 2021. The rates usually vary from lender to lender, RBI-prescribed repo rate, inflation, economic activities, and many other factors.

Some banks also give a special privilege to women, bank staff, and senior citizens by providing a 0.05% concession on the home loan interest rate.

Further, a home loan interest rate can either be fixed or floating in nature. A fixed-rate home loan remains the same for a period specified by the bank. This type of home loan is immune to market fluctuations.

In the case of floating-rate home loans, the interest rate applicable varies based on the market fluctuations. It may or may not be beneficial for the borrower.

Eligibility

Banks have a list of eligibility criteria for home loans. The first thing banks look at is one's credit history to understand their repayment habits. Typically, a credit score of 750 and above is preferred. Some other important factors taken into account are as follows:

- Age
- Employment Type
- Minimum Annual Salary
- Collateral Security
- Margin Requirements
- Assets, liabilities, stability, and continuity of occupation
- Residency status (Resident Indian/ Non-Resident Indian)

Documents Required

The following documents are required, along with your duly-filled loan application.

Agriculturists	Salaried Customers	Businessmen/Non-Salaried Professionals
Application form with photograph	Application form with photograph	Application form with photograph
Identity and Residence proof	Identity and Residence proof	Identity and Residence proof
Last 6 months bank statements	Last 6 months bank statements	Last 6 months bank statements
Processing fee cheque	Processing fee cheque	Processing fee cheque
Copies of Title Documents of Agricultural Land depicting Landholding		Educational Qualifications Certificate and Proof of Business
Copies of Title Documents of Agricultural Land depicting crops being cultivated	Form 16	Business Profile and Previous 3 years Income Tax returns (self and business)
Statement of previous 2 years of loans availed		Previous 3 years Profit/Loss and Balance Sheet

EMI Calculator

Generally, an EMI calculator is a simple and handy tool that calculates the monthly amount payable to the lender (bank) in terms of a loan.

You can try our Home Loan EMI Calculator to find out the EMI you may have to pay every month for a specific loan amount and figure out your affordability well in advance.

The home loan calculator is easy to use as you have only to enter the values of the principal loan amount you are planning to borrow (P), the time duration (N), and the rate of interest (R).

Procedure of Applying


Availing a home loan has gotten easier than before, thanks to the various mediums that exist now with the advent of technology. One can either go to the bank branch directly, inquire about the home loan options, or go for an online application.

Upon applying, the bank collects the required documents from you. It initiates the processing of your application, including checking of CIBIL score, the value of the asset, eligibility calculation based on your income and liabilities, and more.

After evaluating and verifying all the documents, the banks decide to approve or reject the loan.

COMPANY PROFILE

HDFC Bank Limited	
	
Type	Public
Traded as	<ul style="list-style-type: none"> • NSE: HDFCBANK • BSE: 500180 • NYSE: HDB (ADS) • BSE SENSEX Constituent • NSE NIFTY 50 Constituent
ISIN	INE040A01034
Industry	Financial services
Founded	August 1994 (28 years ago)
Headquarters	Mumbai, Maharashtra India
Area served	India
Key people	<ul style="list-style-type: none"> • Atanu Chakraborty (Chairman) • Sashidhar Jagdishan (CEO)
Products	<ul style="list-style-type: none"> • Credit cards • Consumer banking • Commercial banking • Finance and insurance • Investment banking • Mortgage loans • Private banking • Private equity

	<ul style="list-style-type: none"> • Wealth management
Revenue	<p>▲ ₹167,695 crore (US\$21 billion)</p> <p>▲ (2022)</p>
<u>Operating income</u>	▲ ₹68,798 crore (US\$8.6 billion) (2022)
<u>Net income</u>	▲ ₹38,151 crore (US\$4.8 billion) (2022)
<u>Total assets</u>	▲ ₹2,122,934 crore (US\$270 billion) (2022)
<u>Total equity</u>	▲ ₹246,771 crore (US\$31 billion) (2022)
Owner	Housing Development Finance Corporation (25.7%)
Number of employees	1,66,890 (Dec 2022)
<u>Subsidiaries</u>	<p>HDFC Securities</p> <p>HDB Financial Services</p>
Website	www.hdfcbank.com 
Footnotes / references	

HDFC Bank Limited (also known as HDB) is an Indian banking and financial services company headquartered in Mumbai. It is India's largest private sector bank by assets and world's 10th largest bank by market capitalization as of April 2021. It is the third largest company by market capitalization of \$127.16 billion on the Indian stock exchanges. It is also the fifteenth largest employer in India with nearly 150,000 employees.

History

HDFC Bank was incorporated in 1994 as a subsidiary of the Housing Development Finance Corporation, with its registered office in Mumbai, Maharashtra, India. Its first corporate office and a full-service branch at Sandoz House, Worli were inaugurated by the then Union Finance Minister, Manmohan Singh.

As of 30 June 2022, the bank's distribution network was at 6,378 branches across 3,203 cities. It has installed 430,000 POS terminals and issued 23,570,000 debit cards and 12 million credit cards in FY 2017. It has a base of 1,52,511 permanent employees as of 30 June 2022.

Products and services

HDFC Bank provides a number of products and services including wholesale banking, retail banking, treasury, auto loans, two-wheeler loans, personal loans, loans against property, consumer durable loan, lifestyle loan and credit cards. Along with this various digital product are Payzapp and Smart BUY.

Mergers and acquisitions

HDFC Bank merged with Times Bank in February 2000. This was the first merger of two private banks in the New Generation private sector banks category. Times Bank was established by Bennett, Coleman and Co. Ltd., commonly known as The Times Group, India's largest media conglomerate.

In 2008, Centurion Bank of Punjab (CBOP) was acquired by HDFC Bank. HDFC Bank's board approved the acquisition of CBOP for ₹95.1 billion in one of the largest mergers in the financial sector in India.

In 2021, the bank acquired a 9.99% stake in FERBINE, an entity promoted by Tata Group, to operate a Pan-India umbrella entity for retail payment systems, similar to National Payments Corporation of India.

In September 2021, the bank partnered with Paytm to launch a range of credit cards powered by the global card network Visa.

On April 4, 2022, HDFC Bank announced merger with HDFC Limited.

Investments

A HDFC Bank branch in Hyderabad

In March 2020, Housing Development Finance Corporation, parent company of HDFC Bank, made an investment of ₹1,000 crores in Yes Bank. As per the scheme of reconstruction of Yes Bank, 75% of the total investment by the corporation would be locked in for three years. On 14 March, Yes Bank allotted 100 crore shares of the face value of ₹2 each for consideration of ₹10 per share (including ₹8 premium) to the Corporation aggregating to 7.97 percent of the post issue equity share capital of Yes bank.

Listings and shareholding

The equity shares of HDFC Bank are listed on the Bombay Stock Exchange and the National Stock Exchange of India. Its American depository receipts are listed on the NYSE issued through JP Morgan Chase Bank.

Its global depository receipts (GDRs) were listed on the Luxembourg Stock Exchange but was terminated by board of directors following its low trading volume.

Corporate social responsibility - Parivartan

Parivartan is an umbrella term for all of the corporate social responsibility initiatives by HDFC Bank.

HDFC Bank's Parivartan initiative spent ₹535 crore in FY 2019–20.

HDFC Bank spent Rs 634.91 crore towards Parivartan, in FY 2020-21. Out of Rs 634.9 crore, over Rs 110 crore was allocated and utilized towards initiatives focused on COVID-19 relief.

HDFC Bank pledges to become carbon neutral by 2032

Controversies

On 2 December 2020, the Reserve Bank of India (RBI) ordered HDFC Bank to temporarily halt the issuance of new credit cards and all planned activities under

the bank's Digital 2.0 program citing incidents of outages in the bank's internet banking, mobile banking and payment utility services.

On 29 January 2020, RBI imposed a monetary penalty on HDFC Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in the initial public offer.

A HDFC bank manager was arrested on charges of fraud, involving a sum of ₹59.41 lakh, in Odisha.

Alticor Capital and Dubai's Mashreq Bank have approached RBI, accusing HDFC Bank of violating regulatory provisions by debiting part of the funds the company had raised through external commercial borrowing (ECB) and parked at the bank. They claimed that HDFC bank's decision to transfer money from the account may be a violation of the RBI's end-use rule.

On 27 May 2021, RBI imposed a penalty of Rs 10 crore on HDFC Bank for deficiencies in regulatory compliances with regard to its auto loan portfolio. The said penalty was imposed in regards to the contraventions of certain provisions of the Banking Regulation Act, 1949.

Awards and recognition

2016

- Best Banking Performer, India in 2016 by Global Brands Magazine Award

- Best Performing Branch in Microfinance among private sector banks by NABARD, 2016, Award for Best Performance in Microfinance
- KPMG study of India's Best Banks, Bank of the year & best digital banking initiative award 2016
- BrandZ Rankings, Most Valued brand in India for third successive year
- Finance Asia poll on Asia's Best Companies 2015, Best managed public company – India
- J. P. Morgan Quality Recognition Award, best in class straight through processing rates

2018

- Company of the year: The Economic Times Corporate Excellence Awards
- Best Performing Private Bank in Total Aadhaar Generation & Update: [Aadhaar - Aadhaar Excellence Awards]
- NPCI - National Payments Excellence Awards

2019

- Best Bank: New Private Sector – FE Best Bank awards
- Winner in Innovation and Inclusiveness in Priority Sector Lending – 11th Inclusive Finance India Awards (IFI) 2019
- Ranked 1st in 2019 brands' Top 75 Most Valuable Indian Brands HDFC Bank was featured for the 6th consecutive year.
- Among The Most Honored Company List, Institutional Investor All-Asia (ex-Japan) Executive Team 2019 survey

- India's Best Bank, Euromoney Awards for Excellence 2019
- Bank of the Year and Best Large Bank, Business Today – Money Today Financial Awards 2019
- Best Bank in India 2019, by Global magazine Finance Asia.
- Ranked 60th in 2019 BrandZ Top 100 Most Valuable Global Brands HDFC Bank was featured Brand Top 100 Most Valuable Global Brands 2019 for the 5th consecutive year. The Bank's brand value has gone up from \$20.87 billion in 2018 to \$22.70 billion in 2019.
- Best Large Bank & Fastest Growing Large Bank in 2019, by Business World Magna Awards
- India's leading private sector bank: Dun & Bradstreet BFSI Awards

2020

- Best Bank in India: Euromoney Awards
- Best Bank in India: Finance Asia Country Awards

2021

- Best bank in India: Finance Asia Country Awards
- Best bank for SMEs: Asia money best bank awards
- Best bank in India: [[Euromoney the Euromoney Awards for Excellence the Euromoney Awards for Excellence
- Ranks No. 1 in Mass Affluent category: Euromoney Private Banking and Wealth Management Survey

- On 12 January 2022 HDFC BANK has been adjudged ' Best Private Bank in India' at the Global Private Banking Awards 2021, Organized by Professional Wealth Management (PWM)

2022

- Best Bank in India: Euromoney Awards for Excellence 2022

State Bank of India



The Banker to Every Indian



State Bank Bhavan, [Nariman Point](#), [Mumbai](#)

Formerly	Imperial Bank of India
Type	CPSU
<u>Traded as</u>	<ul style="list-style-type: none"> • NSE: SBIN • BSE: 500112 • LSE: SBID • BSE SENSEX Constituent • NSE NIFTY 50 Constituent
<u>ISIN</u>	INE062A01020
Industry	Banking , financial services
Predecessor	<p>Imperial Bank of India (1921 – 1955)</p> <p>Bank of Calcutta (1806 – 1921)</p> <p>Bank of Bombay (1840 – 1921)</p>

	Bank of Madras (1843 – 1921)
Founded	1 July 1955; 67 years ago State Bank of India
	<ul style="list-style-type: none"> 27 January 1921 Imperial Bank of India <p>2 June 1806 Bank of Calcutta</p> <p>15 April 1840 Bank of Bombay</p> <p>1 July 1843 Bank of Madras</p>
Headquarters	State Bank Bhawan, M.C. Road, Nariman Point, Mumbai, Maharashtra, India
Number of locations	22,219 Branches, 62,617 ATMs in India, International: 229 Branches in 31 countries
Area served	Worldwide
Key people	Dinesh Kumar Khara (Chairman) ^[1]
Products	<ul style="list-style-type: none"> Retail banking Corporate banking Investment banking Mortgage loans Private banking Wealth management Credit cards Finance and Insurance
Revenue	▲ ₹406,973 crore (US\$51 billion) (2022)
Operating income	▲ ₹78,898 crore (US\$9.9 billion)(2022)
Net income	▲ ₹43,774 crore (US\$5.5 billion) (2022)
Total assets	▲ ₹5,177,545 crore (US\$650 billion) ¹ (2022)
Total equity	▲ ₹300,972 crore (US\$38 billion) (2022)
Number of employees	2,44,250 (March 2022) ¹
Parent	Ministry of Finance (Government of India)
Subsidiaries	<ul style="list-style-type: none"> SBI Life Insurance Ltd

	<ul style="list-style-type: none"> • SBI Cards and Payment Services Ltd • SBI General Insurance (70%) • Jio Payments Bank (30%) • Yes Bank (30%) • Andhra Pradesh Grameen Vikas Bank (35%) • Kaveri Grameen Bank (35%)
Capital ratio	Tier 1 11.03% (2022)
Rating	<ul style="list-style-type: none"> • S&P BBB- / A-3/ Stable • Moody's Baa3/ P-3/ Stable • Fitch BBB- / F-3/ Stable
Website	bank.sbi
Footnotes / references	

State Bank of India (SBI) is an Indian multinational public sector bank and financial services statutory body headquartered in Mumbai, Maharashtra. SBI is the 49th largest bank in the world by total assets and ranked 221st in the Fortune Global 500 list of the world's biggest corporations of 2020, being the only Indian bank on the list. It is a public sector bank and the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market.[10] It is also the fifth largest employer in India with nearly 250,000 employees.[11][12][13] On 14 September 2022, State Bank of India became the third lender (after HDFC Bank and ICICI Bank) and seventh Indian company to cross the ₹ 5-trillion market capitalization on the Indian stock exchanges for the first time

The bank descends from the Bank of Calcutta, founded in 1806 via the Imperial Bank of India, making it the oldest commercial bank in the Indian subcontinent. The Bank of Madras merged into the other two presidency banks in British India,

the Bank of Calcutta and the Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. Overall, the bank has been formed from the merger and acquisition of more than twenty banks over the course of its 200-year history. The Government of India took control of the Imperial Bank of India in 1955, with Reserve Bank of India (India's central bank) taking a 60% stake, renaming it State Bank of India.

On 16th Aug 2022 an attempt to facilitate and support start-ups in the country, the State Bank of India (SBI) announced the launch of its first "state-of-the-art" dedicated branch for start-ups in the country in Bengaluru.

History

The roots of State Bank of India lie in the first decade of the 19th century when the Bank of Calcutta later renamed the 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 (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters. 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. 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, which is India's 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 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 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, under the patronage of Maharaja 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. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.



State Bank of India logo was designed by NID in 1971

National Institute of Design, Ahmedabad designed the SBI logo in 1971.

There was, even before it actually happened, 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 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, in which SBI held 98.3%. (Individuals who held the shares prior to its takeover by the government held 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 approached ₹10 trillion. The total assets of SBI and the 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.

On 7 October 2013, Arundhati Bhattacharya became the first woman to be appointed Chairperson of the bank Mrs. Bhattacharya received an extension of two years of service to merge into SBI the five remaining associate banks.

Subsidiaries

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 16 regional hubs and 57 zonal offices that are located at important cities throughout India.

Domestic

SBI has over 24000 branches in India. In the financial year 2012–13, its revenue was ₹2.005 trillion (US\$25 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 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

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 Australia**
- **SBI Bangladesh**
- **SBI Bahrain**
- **SBI Botswana**
- **SBI Canada Bank**
- **SBI China**
- **SBI Sri Lanka**
- **SBI South Africa**
- **SBI USA**

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, itself state-owned, is the largest non-promoter shareholder in the company with 8.82% shareholding.

Shareholders	Shareholding
Promoters: Government of India	56.92%
FIIIs/GDRs/OCBs/NRIs	10.94%
Banks & Insurance Companies	10.63%
Mutual Funds & UTI	13.72%
Others	07.79%
Total	100.0%

The equity shares of SBI are listed on the Bombay Stock Exchange, where it is a constituent of the BSE SENSEX index, and the National Stock Exchange of India, where it is a constituent of the CNX Nifty. Its Global Depository Receipts (GDRs) are listed on the London Stock Exchange.

RESEARCH STUDY

Objective of study

- 1.** The main objective of the study is to find out the tariff changes charges by SBI banks in comparison to HDFC bank.
- 2.** The aim of the study is to help HDFC to know where it lacks in loans and how for the performance of other banks is better so that HDFC figure out the common problems being faced by the customers while dealing in the loan department so that further HDFC can improve its services and schemes offered by them to their customer.

Hypothesis

H1: HDFC Bank does not provide Home Loan better service than SBI Bank.

H0: HDFC Bank provide better Home Loan service than SBI Bank

LIMITATION OF THE STUDY

- Time available for the completion of the project is very short, hence much information could not be undertaken
- The information collected through secondary dat. Some of the information might be wrong.
- The calculation & computation are based on valuable information given by the bank.
- Lack of practical knowledge about conducting the research.

RESEARCH METHODOLOGY

Research methodology

Research methodology is a study that focuses on the method and procedures used to conduct research. Research methodology help to understand how the project is done

There is two type use in the project: -

1. Primary Date
2. Secondary Data

Primary Data: Primary data is which is collected through personal interview, survey, and experiment

Online interaction is use as primary data is this project.

Secondary Date: secondary date is data which already available in other source.

Company website are use as secondary date in this project.

DATA ANALYSIS AND
INTERPRETATION

ANALYSIS OF DATA ON LOANS OF HDFC BANK

The home loans provided by the banks are more or less same at the basic level. The banks generally try to go ahead of other banks in terms of attracting number of customers to their countries. For this they are trying to offer some unique services as per the unique requirements of the unique important customers

PARTICULAR	HDFC
ROI (FIXED)	14%
ROI(FIXED)	Up to 30lakh-8.75% 30 lakh-50lakh-9% Above50lakh-9.25%
PROCESSING FEE	0.5%
PENALTY	2%
TENURE	25 Years
MINIMUM AGE	21
MAXIMUM AGE	60

ANALYSIS OF DATA ON LOANS OF SBI BANK

PARTICULAR	SBI
ROI(FIXED)	Year 1 - 8% Year 2 & 3 -9%
ROI(FLOATING)	Year 4 onwards -up to 50 lakh-9.25% over 50 lakhs-9.75%
PROCESSING FEE	0.5%
PENALTY	2%
TENURE	25 Years
MINIMUM AGE	25
MAXIMUM AGE	55

Comparison Between State Bank of India vs HDFC Home Loan

Category	<u>SBI Home Loan</u>	<u>HDFC Bank Home Loan</u>
Purpose	SBI home loans cater to both salaried and self-employed applicants. The loan can be used to purchase an already-built house or an under-construction property. SBI home loans can also be used for home renovation.	HDFC Bank offers home loans that help people from different walks of life buy or construct a home. They have specific loans that cater to farmers, agriculturists, etc. HDFC offers home loans for both salaried and self-employed individuals.
Loan Amount	Rs.5 lakh – Rs.10 crore	Up to Rs 10 crores
Rate of Interest	8.40% p.a. - 10.70% p.a.	8.20% p.a. - 9.50% p.a.
Loan Tenure	Up to 30 years	Up to 30 years
Eligibility	Applicant must be at least 18 years of age and not more than 70 years old.	Applicants must be at least 18 years old and less than 65 years old.
Prepayment charges	NIL	<ul style="list-style-type: none"> • No prepayment charges for individual applicants with variable interest rate loans. • 2% prepayment charges for fixed rate loans and non-individual borrowers.
Processing fee	0.35% of the loan amount plus applicable service tax, minimum of Rs. 5,000.	Up to 0.50% of the loan amount or Rs.3,000 (whichever is higher)

Pros	<ul style="list-style-type: none"> • Competitive interest rates • No prepayment charges • Long repayment tenure • Special interest concession for women applicants • Home loan can be availed as overdraft 	<ul style="list-style-type: none"> • Low interest rates • Lower EMIs for women under special promotional campaign • Long repayment tenure • Approval of loan even before selecting property • No hidden charges involved
Cons	The maximum loan amount is lower when compared to HDFC bank	Higher interest rates than State Bank of India
Documentation	<ul style="list-style-type: none"> • Proof of identity • Proof of residence • Property papers like permission for construction, occupancy certificate, etc. • Bank account statement for the last 6 months • Income proof documents like salary slips, IT returns, copy of Form 16, etc. 	<ul style="list-style-type: none"> • Proof of identity • Proof of residence • Bank account statement for the last 6 months • Proof of educational qualification • Form 16 • Latest salary slips or income tax returns of self and business. • Property related documents like allotment paper.
Application process	Applications for SBI home loans can be made online or by visiting their branch	Application for HDFC home loans can be made online through their website or by visiting their branch.
Popular Home Loan Products	<ul style="list-style-type: none"> • SBI Regular Home Loan • SBI Balance Transfer Home Loan • SBI Flex pay Home Loan • SBI Privilege Home Loan 	<ul style="list-style-type: none"> • HDFC Home Loan • Home Improvement Loan • Home Extension Loan • The HDFC Advantage • Special Home Loan for Agriculturists • Rural Housing Loans • HDFC Plot Loans • HDFC Reach Loan • Pradhan Mantri A was Yojana

	<ul style="list-style-type: none">• SBI Shaurya Home Loan• SBI Pre-approved Home Loan• SBI Bridge Home Loan• SBI Home Top Up Loan• SBI Smart Home Top Up Loan• SBI YONO Insta Home Top Up Loan• SBI Corporate Home Loan• SBI Home Loan to Non-Salaried• SBI Tribal Plus• SBI NRI Home Loan	<ul style="list-style-type: none">• HDFC Home Loan for NRI/PIO
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Hypothesis testing

Hypothesis testing

H0:

HDFC Bank does not provide Home Loan better service than SBI Bank.

H1:

HDFC Bank provide better Home Loan service than SBI Bank.

From the above research study, it's found that Alternative Hypothesis that is H1 "HDFC Bank provide better Home Loan service than SBI Bank found to be true hence accepted where NUL hypothesis that is H0 "HDFC Bank does not provide Home Loan better service than SBI Bank." Is rejected.

FINDING

FINDING

- The interest rate of SBI home loan is 6.70%, lower than the lowest interest rate offered by HDFC at 6.75%. Hence, customers prefer SBI over HDFC bank.
- When it comes to home loan charges like processing fees, both HDFC Bank and SBI charge the same amount. SBI charges a maximum of 0.35% of the loan amount as processing fees and HDFC bank has higher processing fees of 0.50% of the loan amount or Rs. 3,000, whichever is higher. Hence, customers looking for a higher loan amount can benefit from SBI home loan.
- Since SBI is a public sector bank, the home loan interest rates are benchmarked to RLLR. In the case of HDFC bank, the home loan interest rates are benchmarked to PLR.
- HDFC bank has an average customer rating of 4.5. SBI has an average customer rating of 4.2. Thus, HDFC bank enjoys a high customer rating due to better service focus, easy home loan application process and faster loan disbursement.
- SBI offers an overdraft facility allowing borrowers to reduce the interest obligation by paying interest on the loan amount that is actually withdrawn or used. Therefore, it is preferred by self-employed individuals and businessmen who have a fluctuating income.

SUGGESTION

SUGGESTION

The following suggestions are strongly recommended:

- To broaden the customer base the vast middle-income strata should be fully exploited.
- Simplify the procedure, reduce service charges & demand only the basic essential proof.
- Most banks are reluctant to advance loan to the service class. E.g., law years, police officers etc. this aspect must be exploited.
- Adoption of flexible & more lenient penalty should be
- Customer fails to deposit the payment on time. The penalty should be case to case basis rather than the same for the entire customer.

Conclusion

Conclusion

The Indian customer has come a long way from purchasing to fulfilling their needs from buying a house customer now grab everything that comes their way but they do their own survey of optimum loans; same is the case with banks & housing loans. With innumerable choices before him, the customer is needed then king. It is therefore imperative that if the bank has to succeed in competitive world, it should be technological starry. Customer centric progressive driven by highest standard of cooperative governance & guided by sound ethical values & above all should have personalized customer services. There is scope of exploiting the vast middle-income group by releasing loans with special interest rate, which would be beneficial to both parties

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