Volume 6, Issue2, December, 2022 ISSN 2456-9151

A STUDY OF HOME LOANS IN HDFC LTD.: AN EVALUATION

Author-1

Ishika Sarda
Student, B.Com Honours, Department of Commerce,
Manipal University Jaipur, Jaipur.
Email Id- ishika.200903026@muj.manipal.edu

Author-2

Dr. Gaurav Lodha

Associate Professor, Department of Commerce,
Manipal University Jaipur, Jaipur.
Email Id- gaurav.lodha@jaipur.manipal.edu
***Corresponding Author**

INTRODUCTION

BANKING INDUSTRY

Credit lines, cash storage, investments, and other financial operations are all dealt with by the banking sector. Due to the fact that it allows borrowers to make profitable investments, the banking sector is one of the fundamental forces behind most economies. The tertiary sector of the economy includes the banking sector. These include trade-related actions as well as giving primary and secondary industries support services. These include trade-related actions as well as giving primary and secondary industries support services. Services are offered by these branches. These can be regarded as commercial activities because they support trade as a means of exchange. Transportation, banking, insurance, warehousing, communications, packaging, and advertising fall under this area.

A non-bank financial company, or NBFC for short, is a financial organisation that provides a range of banking services but does not hold a banking licence. In general, these financial organisations are not allowed to accept public demand deposits that are ready to use right away, like checking and savings accounts. Due to this restriction, we are no longer subject to the standard examination by federal and state financial regulators.

OVERVIEW – HOME LOANS

Introduction to Mortgages

A person who puts out the necessary work, forgoes comforts, and most essential, steadily raises money to realise their dreams has a dream of owning a home.

One of those things that everyone aspires to acquire is a home. People can find serenity and comfort in a home. For those who want a home, several banks, including commercial banks and financial institutions, offer mortgage loans.

In the world of finance, a loan occurs when one or more individuals, groups, or otherentities lend money to another individual, group, etc.

HDFC housing loans (Housing Development Finance Corporation),

India has been serving people for almost 30 years and offers a range of home loans with attractive and reasonable interest rates for different needs. With a wide financing network, HDFC Mortgage can serve you at your doorstep and help you find a home according to your requirements.

ADVANTAGES OF HOME LOANS: -

a) Interest rates:

A variety of institutions offer their customers attractive interest rates to entice and support them. In order to assist customers, several banks offer loans with fixed or variable interest rates.

b) Support for purchasing a home:

The home a person obtains with the aid of banks, as they offer their clients technical and financial support to buy their ideal homes.

c) No guarantor is necessary:

Mortgage laws are now routinely being liberalised by commercial banks. Some banks even grant credit to their clients without the need for a guarantor. By helping the customer find a guarantor to finish the loan claim process, they also free the consumer.

d) Door-step services:

These are offered from the point of initial inquiry to the point of final payment. Customers can benefit from such services in their busy life today. For customers to apply for loans.

f) Loan duration:

Many banks provide maximum loan terms of up to 15-20 years, depending on the loan size and the clients' creditworthiness to repay the loan amount over a long period of time.

f) Some banks even provide free accidental death insurance on mortgages, which is advantageous to customers. These benefits of mortgages are the reason why they are so well-liked by clients who do not already own a home but wish to do so with a loan.

g) Saves you from paying rent:

As rent in metro cities is quite high, they put strain on your monthly budget. it is better to pay EMIs and own a house.

h) Enjoy capital appreciation:

You will also benefit from the rise in prices of property over time.

DISADVANTAGES OF HOME LOANS

a) Delays in processing: -

Mortgage processing is often delayed due to various formalities that need to be completed. These delays have left customers emotionally and financially weak.

b) Fluctuating interest rates: -

Some banks take out mortgages with variable interest rates that fluctuate at various intervals for specific reasons. These changes may cause interest rates to rise and increase the cost of mortgages for customers.

c) High cost: -

Public sector banks charge high fees for mortgage approvals. You will be asked to pay different fees at different stages to meet your requirements. Some consumers will not be able to pay such fees and these people will not be able to access the mortgage program.

d) Long-term commitment: -

It takes years if you can due to unforeseen circumstances, unemployment, etc. as the individual has to keep making money to be able to pay off both interest and principal on the mortgage. You can no longer make loan payments and your bank or financial institution may take over the borrower's home.

e) Problems in disbursement: -

There are many problems with paying off a mortgage. Payment of the loan amount to the customer is delayed due to legal proceedings. This causes problems for customers.

f) Guarantor: -

NBFC requires someone to be the guarantor when taking out a loan. Personal data (PD) is stored with the lender. If the default exceeds his three months, the lender can auction the collateral and get the money back.

DISBURSEMENT OF HOME LOANS

Each bank or NBC has its own procedures for disbursing loan amounts between customers. After choosing a house, the next step is to pay off the mortgage. Loan amounts are disbursed after the purchased property or home has been identified and selected and the required legal documents have been submitted. Mortgage payments provide clear ownership and full verification, ensuring that individuals have full rights to their homes.

1. **ELEGIBILITY CRITERIA**
   Once the maximum amount to invest in a property is determined, the mortgage lender or bank will let the client know how much they are entitled to, which helps with budget planning.

2. **COINDITIONS REGARDING CO-APPLICANTS**
   All mortgage lenders have requirements for who can co-apply. All co-owners must be co-applicants for the loan. These establishments cannot accept minors as co-owners or co-applicants because minors are legally unable to enter into contracts. They don't even allow friends or unrelated people to acquire property together. Income clubs of joint applicants are:

-Husband, wife:
- Husband and wife income can be matched in one club.

Parent - Son:

▪ If you only have a son, you will be beaten, but if you have a male brother, you will not be beaten.

Siblings:
- Income can be pooled for the above purposes only if you currently live together and plan to live together in a new property.

Brothers and sisters:
- No clubbing allowed

sisters:
- No clubbing allowed

Parent and child:
- Clubbing is not allowed in this case either.

3. GENERAL TERMS AND CONDITIONS

The following are terms and conditions that apply to basic mortgage products only. They are subject to change due to changes in mortgage products. Common mortgages usually have the following conditions: -

a) The loan to value ratio (LTV) must not exceed a certain value. This varies from product to product and from house bank to house bank. The property value component calculated here is assigned to the acquisition cost of the property.

b) Instalments paid are generally limited to approximately 50% of the Applicant's gross monthly income.

c) The total monthly outflow of all borrowings, including current loans, is normally limited to his 50% of the monthly gross income.

d) You are entitled to the lowest credit amount according to your eligibility. This is calculated according to his LTV, HR, and FOIR criteria above.

e) Most HFIs/Bs will consider profile before assessing repayment ability. Age, qualifications, number of dependents, employment details, place of employment, work history, past loan repayment history, occupation, industry, self-employed - 4 years, etc.

f) Some of her HFIs/Bs claim guarantees from others for loan repayment. In such cases, the customer must arrange a personal guarantee before the loan is disbursed.

g) Assets must be technically cleared before HFIs/Bs can pay the loan amount. Most institutions and banks have teams of technical experts who visit their websites to obtain technical reports before disbursing loans. Customers who check technical quality and compliance with local laws also benefit from this.

h) Loan payments are made according to the progress of construction of the property, unless the property is ready for occupancy. In this case, payment is made in a single check. Simple interest on the loan amount due to the customer in the case of PEMI or partial payment is due by the customer at the time of payment.

i) Loan repayment can be made either by deduction against salwar, dated check, standing order or direct debit order.

j) Principal is amortized annually or monthly.

k) Loan repayments can be made by payroll deduction, post-dated check, standing order, or bank direct debit.

l) Principal is amortized annually or monthly. The above terms generally apply to most mortgage lenders/banks for general mortgages. However, specific terms differ with respect to specific mortgage lenders or banks.

CHARGES APPLICABLE TO HOME LOAN

1. Processing Fees: - The first is the price of processing. Most HFIs and Bs impose this cost. When submitting an application, payment is required. usually expressed as a % of the approved loan amount. Instead of charging a percentage, some HFIs impose a fixed fee based on the loan amount.

The overage cost paid at the time the application is submitted will be deducted from the payments later paid to HFI/B if a smaller amount is permitted.

2. Administrative fees: -

Again, this fee is usually a percentage of the authorized loan amount. Collected by HFI/B for the life of the loan for purposes such as maintaining customer records, issuing interest certificates, and legal fees. Payment is due when the customer accepts the offer letter from her HFIs/Bs.

This payment must be made before sickness payments begin.

How these fees are charged varies by HFI/B.

3. Rate of interest

This is the interest rate applied to the loan amount for the duration of the loan. Calculated according to the main monthly deduction method. Most HFI/Bs offer the option of choosing either fixed or variable interest rates.

4. Legal charges

Some HFIs/Bs (mainly public sector banks) charge attorneys' fees incurred when the Legal Board examines title documents.

5.Technical charges

Some Home Finance Institutions/Banks (HFIs/Bs) also charge these fees to cover the cost of an on-site technical visit to the client's facility. This guarantees that the design and construction meet the requirements set forth by the appropriate approval bodies.

6. Stamp duty and registration charges

HFI to apply for a registered mortgage can be very expensive in certain states, depending on the laws of the state where you are buying the property.

7. Personal guarantee from charges

We will also collect these costs from you as we will need to stamp your personal identification. They will be billed to him by his HFI which requires a warranty.

8. Cheque bonus charges

A minimum charge will be imposed by HFI if the check used to pay HFI is not cashed. These are collected from our customers.

9. Delayed payment charges

10. Additional charges

These are charged by most HFIs as a percentage of late fees. If contributions are not paid on time after default, they will be charged.

11. Incidental charges

12. Prepayment charges

This is a fee that HFIs and Bs levy for loan repayments that are repaid in full or in part. This fee is only applied to lump sum payments; it is not applied to EMI instalments. This fee is assessed only on the portion of the outstanding principal that has been paid in advance by one. These fees are being reduced over time.

OBJECTIVES OF STUDY

A low-cost loan is the best foundation for achieving your dream home. For those who desire to own a property outright, mortgages have grown to be more essential. The research's primary goals are to: -

- The attitudes of customers toward mortgages from HDFC Housing Development Finance Corporation are the main focus of this survey.
- Examine the background of HDFC LTD.
- Recognize the opinions of your clients regarding your mortgage services and products. Meeting with customers.
- Mortgage customer satisfaction survey.
- Research the problems clients face in obtaining a mortgage.
- Know your mortgage process for your customers.
- Visit customers and conclude business negotiations.

SCOPE OF STUDY

Overall mortgage payments by banks are on the rise and have shown tremendous growth over the past five years. Mortgage borrowers are more numerous.

Therefore, through this survey, we can learn about customer satisfaction and the problems they face when buying a home.

RESEARCH METHODOLOGY

A way of systematically identifying research issues is called research methodology. It can be viewed as a branch of science that investigates how scientific research is conducted. Both methodology and research methodologies must be familiar to researchers. This section describes the methodology, including study design, study objectives, study scope, and study methodology and study limitations.

● Understand customer perceptions of mortgages from HDFC Hosing Development Finance Corporation Limited

● Survey customer satisfaction with mortgage loans.

● Investigate the issues customers face when obtaining a mortgage.

RESEARCH DESIGN

Both exploratory and descriptive research were used to develop this project. An exploratory study was conducted in order to find innovative ways to enhance the services offered by HDFC LTD. When a thorough study comparing mortgage payments by commercial banks was undertaken, mortgage provision was a descriptive study. The information must be filled out; hence a survey is required. Both primary and secondary sources are used to gather data.

A- PRIMARY SOURCE: -

For our research approach, we chose a questionnaire procedure that records customer perspectives. This is because it is feasible in terms of the topic and purpose of the research.

B- SECONDARY SOURCE: -

from internal sources, collected. Based on organisational files, official records, publications like newspapers and magazines, and administrative documents stored in company databases and websites, secondary data were gathered.

LIMITATIONS OF THE STUDY

This study also contains some limitations, which are explained as follows:

i) It was difficult to reach a very large number of customers due to the uncooperative attitude of the respondents.

ii) There was limited time to conduct such a large-scale survey in a limited amount of time.

iii) Client ignorance and aversion were also major limitations of this study.

HOME LOAN PROCEDURE in INDIA

Submission of application: -

After deciding on a certain mortgage, the client submits an application to the Home Finance Company (HFC) along with any further supporting documentation that the company may require. These are documents that witness to someone's income, age, place of residence, employment, investments, etc. Customers must also supply a check for the upfront processing fee, which is non-refundable and ranges from 0.5 to 1.1% of the loan amount.

Verification of information: -

The information that the customer submitted in the application will be verified by HFC in the following phase. They typically contact the customer's employer to verify her ID, home address, and place of employment. A reference check against the references the customer provided in the application may be requested by some HFCs, along with an in-person meeting with the customer.

Issuance of Sanctions Notice: -

A sanctions letter will be issued following a thorough review of the customer profile and will include information about the loan amount, interest rate, annual/monthly reduced balance, loan term, repayment option, and general loan terms. This is the company's official approval of the loan application process. However, the loan won't be approved until all supporting documentation and the properties being financed have been carefully examined.

Submission of documents: -

Following approval of the sanctions letter, the client must deposit the initial batch of assets that she plans to buy with her HFCs as security for the permitted loan amount. Until the debt was fully repaid, HFC had custody of these records. After receiving the documents, HFC will send all of them for a complete legal investigation.

Ownership Verification: -

Prior to payment, HFC will also perform a site inspection of the client's property to ensure that all building codes are being properly followed. HFC will pay the loan amount as soon as it determines the property is legally and technically sound. HFI payments depend on the construction status of the property.

Payment method: -

Customer shall pay simple interest on amounts actually withdrawn (excluding principal payments) until the full amount of the Authorized Amount has not been withdrawn. EMI payments will begin only after the full amount of the approved loan has been drawn.

TYPES of HOME LOANS

Home Purchase Loans: -

This is the fundamental type of mortgage for buying a new house. Banks and HFCs will grant you a home purchase loan if you want to purchase a condominium or a pre-built home. Home Construction Loans: -

This loan can be used when constructing a new house on the land. The documents required in this case are slightly different from those submitted for a regular mortgage.

Home Improvement Loans: -

These loans are provided to carry out repairs and renovations in a house that has already been purchased, whether they are for internal projects like tiling and flooring or plumbing or external ones like structural repairs or waterproofing. After receiving the necessary approvals from the appropriate building authority, one can apply for such a financing facility for a home improvement loan. Home improvement loans include the following things

Repairs to the exterior; tiling and flooring; and interior and outside painting

Waterproofing and roofing Grills and aluminium windows Plumbing and electrical work

Waterproofing a terrace; building an overhead or underground water tank; paving a compound wall (with stone, tile, etc.); and installing a borewell.

A. Home extension loans: These loans assist in defraying the costs associated with remodelling or extending an existing structure.

B. More space, etc. The home loan scheme may be employed with the municipality's consent.

Home conversion loan: -

Available if you are financing your current home with a mortgage, but want to purchase another home and move to another home that requires additional funds. A home renovation loan carries over your existing loan, including any necessary overages, to your new home, eliminating the need to prepay your previous loan.

Loans for land purchases are available for both residential construction and investment purposes.

Loans for stamp duty: This loan is authorised to cover the stamp duty amount due when purchasing real estate.

Bridge financing: People who want to sell their current house and buy a new one can use bridge loans. Until a buyer is found for the old house, the bridge loan helps to finance the purchase of the new one.

Loans for balance transfers:

Refinance loans: When a house loan from HFI at a certain ROI earned over several years fails and there is a risk of loss, a refinancing loan is taken. You can decide to replace the loan in such circumstances. If the current interest rate is lower, either this is from the same HFI or another HFI.

NRI mortgages:

It is designed to meet the needs of non-resident Indians who wish to construct or buy real estate in India. HFC provides NRI investors with appealing mortgage plans that include practical repayment options.

ABOUT HDFC LTD. HOME LOANS

HDFC LTD. Home loans deals in two types of products i.e.

- Normal product
- Reach product

NON-RESIDENT INDIAN

• Salaried/ Employed - An NRI is a citizen of India who resides abroad. His HDFC will finance mortgages for NRIs. Add-on loans, home equity loans, and other non-mortgage loans are not offered, nevertheless. He is, nonetheless, qualified for HDFC home remodelling and home improvement loans. Net wage is used to evaluate NRI loans. You can purchase a take-out pack after taking income tax deductions into account. A poorer credit rating follows from this low wage. However, in order to determine creditworthiness, salaries are translated to Indian rupees. As a result of the higher numbers acquired for Indian currency, the credit rating is greater.

• Professionals who work for themselves - NRI applicants can also be doctors, engineers, etc. In certain circumstances, HDFC will classify them as a special case.

REACH HOME LOANS

Reach Objective

Addressing the housing finance needs of the underserved and underserved segments in the urban and semi-urban Indian market. H. Primarily in the affordable housing finance segment and the informal income segment.

Reach Lending Program

The HDFC-Reach lending program is focused on the informal sector and supported by formal income proofs, addressing the mortgage needs of customers who cannot obtain mortgages through regular lending programs. This product is for customers based in India only. Such loans may or may not be tied to a mortgage on real estate with technical deviations. In addition, customers in the formal segment purchasing technologically deviant properties are also eligible for the reach loan program**.**

Customer Characteristics

Customers under the Reach program are categorized by the following features:

● Customers work in the unorganized sector with income below minimum taxable income norms and hence lack of regular income tax filing, regular banking transactions etc.

● Customers would be semi-skilled workers, who are either working as salaried in small proprietorship / partnership/ Private ltd. Companies or working independently as self-employed.

● Customers would be self-employed like shop-keepers, traders, contractors but with much smaller business set-up with or without business licenses, and high dependence on cash transactions.

● Multiple earning members in the family or multiple business lines – household income is high even though individual earnings low.

● Customers with low or nil credit history. Borrowings would typically include two-wheeler or consumer loans.

● Customers banking habits would be poor. Savings would be informal sources like path Pedi, Bashir, cash savings, gold, land.

● First time home buyers hence end use of intended property would be self-occupation.

● Financial literacy is low and hence may require higher handholding in terms of educating on repayment responsibilities.

● Used to cash collection method of repayment as provided by micro finance companies.

Profile of the Target Segment

Employed- Informal segment

Employees with no statutory deductions from salary.

Employees with cash salary.

3rd. party payroll/Contractual employees.

Employees of proprietorship firms, trust, partnership firms, Pt. Ltd. Company, HUF, society, and class IV employees of Central/State government who are not covered under normal lending program.

Self-employed: Informal segment

Small business owners in the informal sector, with or without business continuity/business operations records, local government licenses, branch licenses, etc., mechanics, fitters and other self-employed people are also eligible. However, some of these profiles may not have a full-time job, but their business can be verified using the job and business references. These customers are also eligible for Reach. Customers who have not submitted financial statements or income tax returns, or who have not submitted them correctly.

No-go Profiles

● Daily wage workers
● Truck drivers
● Production and Trade in weapons
● Politicians and politically exposed persons
● Chit fund companies and their employees
● Bar owners and workers
● Arms and weapon dealers
● Gambling houses and casino workers
● MLM (multi-level marketing) employees

Product Features

Branches

With the exception of Patna, Guwahati, and Bhubaneshwar, the Reach product would be sourced at all branches as of right now.

The cities' Tier-1, Tier-2, and Tier-3 classifications for the branches/centers are as follows: Tier-1 Bangalore, Chennai, Hyderabad, Pune, Kolkata, Mumbai, New Delhi, and

Types of loans offered

1) Home loan: To acquire/construct a residential property. Such property could be under construction, ready or re-sale or self-constructed.

2) Home extension loan: To extend/construct additional room in an existing residential property.

3) Home improvement loan: To improve existing property w.r.t civil, plumbing, painting work.

4) Composite loans: (plot + construction)

5) Plot loan: plot loans only towards clear title plots, allotted by authorities/approved builder township.

6) Home equity loan: only channels and branches will be allowed to source HEQ not DST and on self-occupied property.

7) Top-up loan: available only with a regular repayment track of 24 months (waiver of up to 6 months with business /ops/hub head approval.

8) BT/Refinance: with a regular repayment track of 24 months (waiver of up to 6 months with business / ops/ hub head approval).

Loan amount

Minimum and maximum loan amount

City Type / Loan Type	Tier - 1	Tier – 2	Tier – 3
HL\HEL\Re-finance\Plot\HE\NRP	Rs.3Lac – Rs.50Lac	Rs.3Lac – Rs.30Lac	Rs.3Lac – Rs.20Lac
HIL/Top-up	Rs.2Lac – Rs.10 Lac	Rs.2Lac – Rs.10Lac	Rs.2Lac – Rs.10 Lac

Loan Term

LOAN TYPE	MAXIMUM TENURE
HL/HEL/Refinance	30yrs
Top-up/HIL/HEQ/NRP/Plot	15yrs

Loan to Value Ratio

Loan Type	LTV
HL/HEL/HIL/Top-up	80%
Loans with type 2 deviations	70%
NRP/Plot	60%
HEQ	50%

ROI and Fees

1) The ROI/Fees applicable for HL/HEL/HIL/Top up will be determined as per risk-based ROI matrix.

2) Only 3yr Turbined variant to be offered under Reach. Adjustable-rate ROI not to be offered.

3) Mandatory retention fees of Rs.3540/- + taxes to be charged for all salaried cases and Rs.4500/- + taxes for self-employed cases.

This is a non-refundable processing fee charged at the tie of login to cover the operating costs. The balance fee is to be paid prior to issuance of sanction letter.

4) ROI and fee reduction of up to 0.50% for loans up to 50 lacs and 0.25% for loans greater than 50 lacs can be considered, subject to Regional Manager Approval. The branches are expected to maintain an average yield of 2% - 2.5% above the average home loan yield for home loans sourced under reach.

5) An additional ROI of 1% to be charged (over the ROI as per matrix) for all HEQ, NRP, Plot loans with 2% fee. No LAP/NRP/Plot loans to be offered for properties with type 1/2 deviations.

6) MD approval will be required for any deviations beyond the ones mentioned in the policy.

Other Norms

● Minimum household income – Employed – Rs. 1.2 Lacs p.a. Self-employed non-professional – Rs. 2 Lacs p.a.

● Geographical limits – In areas and peripheries as decided by respective HDFC branches.

● Age of customer – Minimum 25 years (21 yrs. In case parents are co-applicants and their income is considered). Maximum 65 years or till retirement, whichever is earlier.

● Co-applicant – All co-owners to be co-applicants. Women co-applicant must, either wife/mother/sister/daughter.

● Own contribution – To be paid by cheque before first disbursement of HDFC loan. Bank statement reflecting own contribution payment to be collected.

● Bank account – Compulsory for all applicants whose income is being considered.

● Sanction validity – First disbursement to be availed within 3 months of sanction. Re appraisal (credit) and FCI has to be done if validity expired. Personal discussion to be done in case the sanction date is beyond 6 months. A re-appraisal fee chargeable is same as the applicable Minimum Retention Fee.

● Insurance – Mandatory

● Prepayment charges – Prepayment charge of 2%on the principal prepaid + taxes will be applicable on prepayments made through Refinance from Banks / HFCs / NBFCs or financial Institutions during the fixed rate period.

● KYC – As per KYC policy.

DOCUMENTATION

A) KYC – As per KYC policy

B) Loan processing documents

1. Income proof

Employed

a) Latest 6-month salary slip/ Employment certificate attested by the employer.

b) Last 12 months bank statement/ Updated passbook where salary is credited.

c) In case of loan, then last 6 months bank statement/ passbook from where instalment is being debited.

2. Investment proofs

a) Savings/FDR's/ Chit fund / Path Pedi / RD / PPF

b) Post office savings.

c) Insurance premium paid statements

d) Land / property/ vehicle ownership documents

3. Own contribution paid or to be paid

a) Statement of own contribution generated, giving all sources and details.

Loan appraisal

Credit appraisal

The credit appraisal of customers in the informal sector is challenging due to the low-income level, non-availability of documents, profile challenges, need for assessment of income etc. the critical step in appraisal of such loans is assessing the income, expenses, savings and obligations of the household. In the absence of document to substantiate their earnings and expenses, the estimation of financial strength of the family and its ability to service a loan needs to be done through discussion with the family.

Process of evaluating ability to repay consists of the following steps:

a. A lifestyle check will be carried out at the applicant's place of residence, and a reference check will be carried out in the vicinity.
b. Income from family members can be added to determine net disposable income.
c. Household expenses estimates are detailed based on conversations with clients.
d. Analysis of ban declarations, savings history and own contribution sources.
e. Check her RTR for past or existing loans and informal borrowings. 6 Credit check:
f. A loan officer visits the applicant's place of employment and conducts interviews with clients and employers.

   Review customer profiles, work experience with the company, overall experience, and customer qualifications.
   Payslip with Payroll Book/Holder.

   Appropriate client income level given the employer profile and the candidate's work profile at the company.

   It is also important to assess the nature, size, and stability of the employer's business.

4. Self-employed credit check:

A loan officer conducts an in-person interview at the applicant's workplace Understand business models and billing and payment terms. Verification of company size/revenue estimates based on informal records, observations, banking history and reference checks.

Create income statement/cash flow statement. Business partner and supplier/customer reference checks are mandatory. Estimated income must be confirmed with the income provided by the customer.

CIBIL check and CRIF Highmark check

In addition to CIBIL check, all cases to have CBIF Highmark report also. CRIF report is more focused on microfinance and hence the chances of getting a credit bureau hit are higher. High risk category cases to be reviewed.

Legal and technical appraisal

Properties approved by HDFC Branches' project approval committee and in areas / peripheries as decided by the respective branches.

Processing by dedicated credit team

The processing and the approval of the reach loans will be decentralized at the branch level and will be processed by dedicated credit team. In the 16 locations where DST is launched, manpower hiring for dedicated credit team has been approved.

Loan Amount

Calculation of loan amount that a person is eligible to take based on his income.

	Loan Amount	1000000			Obligation1	0		
	ROI	10%			Obligation2	0		
	Income	300000			Obligation3	0		
	EMI							
	IIR	0%						
	FOIR	0%						

IIR/ FOIR

Household Income	**IIR/FOIR**

Volume 6, Issue2, December, 2022 ISSN 2456-9151

Less than 3 lacs p.a.	40%
3Lacs p.a. and above	45%

Formulae

$$IIR = \frac{EMI}{Income}$$

$$FOIR = \frac{EMI + OBLIGATION}{Income}$$

HDFC's SWOT ANALYSIS

STRENGHTS

- Most transparent loan conversion process. You can view available spread changes, fees, the number of EMIs to be reduced, etc. online and make changes if you are interested. To my knowledge, HDFC Ltd is the only mortgage lender that is very transparent about allowing their customers to offer lower interest rates.
- I am surprised by the responses claiming that HDFC is not transparent. Some mention that a foreclosure has occurred. However, for variable interest rates, such fees are not permitted by law. Therefore, I will not mention HDFC charging.
- Back office overall service is good.
- One of the best websites with all loan details online. Most other banks struggle to get them.

WEAKNESS

- Loan repayment policies are dynamic in nature.
- In the case of prepayment, you cannot prepay freely.
- Very high fees.
- Many hidden costs until the loan is paid off. Never return any money if for any reason you cannot get the loan or want to cancel your application.
- The required documentation is very extensive.
- Low LTV. B. Less loan amount for your property.
- For prepayment, you need to go to a branch.
- Paperwork is poorly coordinated.

OPPORTUNITIES

- Attractive interest rates for affordable and cheap mortgages.
- Repayment options customized to your needs.
- Expert legal and technical advice to help you make the right home buying decisions.

- Banks allow pre-approval of mortgages in some cases.
- Competitive interest rates and benefits for certain categories of applicants. Many loan options available such as
- Borrowers can order the bank to repay the monthly instalments of their mortgage. This amount can be withdrawn monthly from the borrower's savings account at HDFC Bank.
- Various loan offers for people of different professions such as farmers, planters, gardeners, dairy farmers.

THREATS

- Increase NPA
- New Age Bank: There is a growing number of non-bank financial companies and new age banks in India.
- Lack of Growth
- Increased competition
- Increase in foreign investment

COMPANY PROFILE OF HDFC [HOUSING DEVELOPMENT FINANCE CORPORATION] LIMITED

Housing Development Finance Corporation Limited, founded in 1977 by Ravi Maurya and Hasmukh Bhai Parekh, is an Indian NBFC specializing in mortgages. HDFC was facilitated by the Industrial Credit and Investment Corporation of India.

Headquartered in Mumbai, India, HDFC operates in approximately 450 locations across the country. HDFC also has international offices with service staff in Kuwait, Oman, and Qatar. HDFC is India's largest housing company for his 27 years.

CONCLUSION

To conclude, I observed that many people are interested in considering secured home loans from HDFC Ltd to build their dream homes. Mortgaged loans have longer terms compared to other personal loans. Therefore, it might confuse some people in choosing the right sort of home loans. Furthermore, all studies were systematically conducted to arrive at accurate results from my end. All studies and results were goal-based. During my internship I have come through various amenities provided by HDFC to the various sections of society and tried to study their behaviour regarding the circulation of information and terms and conditions regarding their loan that are necessary for the customers to know for their future instalments.

In the end, right methodology was taken to conduct the investigation in a proper manner and to draw accurate conclusions for HDFC Ltd. Additionally, I am thankful to HDFC Ltd. for providing me with such fruitful and knowledgeable internship opportunity.

REFERENCES:

- https://www.hdfc.com/
- https://en.wikipedia.org/wiki/Housing_Development_Finance_Corporation
- https://www.google.com/
- www.investopedia.com
- www.scribd.com
- https://www.hdfcbank.com/personal/borrow/popular-loans/home-loan