



# A Study of Housing Loan Financing and Its Impact on Home owners in Central Pune

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**Abstract** – Housing loan financing has become an essential mechanism for promoting home ownership in urban areas, particularly in rapidly developing cities like Pune. Rising property prices and limited personal savings have increased the dependence of individuals on housing finance institutions to fulfill their home ownership aspirations. The present study examined housing loan financing and its impact on home owners in Central Pune, with a focus on understanding loan accessibility, affordability, repayment patterns, and their influence on the financial well-being of borrowers. The primary objective of the study was to analyze the role of housing loan financing in facilitating home ownership and to assess its impact on the financial stability and lifestyle of home owners. The study adopted a descriptive research design and was based on both primary and secondary data. Primary data was collected through a structured questionnaire from 100 home owners in Central Pune who had availed housing loans, while secondary data was gathered from bank reports, housing finance company publications, journals, and online sources. Simple statistical tools were used for data analysis. The findings revealed that housing loans significantly improved the purchasing capacity of individuals and enabled timely acquisition of residential property. However, factors such as interest rate fluctuations and long repayment tenure affected monthly financial planning. The study concluded that housing loan financing has a positive impact on home ownership, and the findings may be useful for financial institutions, policymakers, and prospective home buyers in designing and selecting suitable housing finance options.

**Keywords** –Housing Loan Financing, Home Ownership, Urban Housing, Loan Accessibility, Loan Affordability, Repayment Patterns, Financial Well-being, Housing Finance Institutions, Interest Rate Fluctuations, Central Pune..

## I. INTRODUCTION

Housing is one of the basic human needs and purchasing a house requires a large financial investment. Due to increasing property prices, most individuals depend on housing loan financing to fulfill their dream of owning a house.

Housing finance institutions and banks provide loans with flexible repayment options, interest rates, and tenure. In urban areas like Pune, especially Central Pune, demand for housing loans has increased significantly due to urbanization, rising income levels, and migration. Housing loan financing helps individuals improve their purchasing capacity and enables them to acquire residential property without paying the full amount upfront. However, long repayment tenure and fluctuating interest rates may impact the financial stability of borrowers. This study focuses on analyzing the impact of housing loan financing on home owners in Central Pune and understanding affordability, accessibility, and repayment patterns.

## II. LITERATURE REVIEW

1. **Manoj P. K. (2024)** conducted a study on housing finance by banks and housing finance companies in India. The study found that housing finance has grown steadily in recent years due to increasing demand for residential properties. The research highlighted that commercial banks and housing finance companies play a major role in improving access to home loans. The study also observed that government initiatives for affordable housing increased loan disbursement and improved home ownership among middle-income groups.
2. **Anupama Singh, Aarti Singh, Haresh Kumar Sharma and Saibal Majumder (2023)** analyzed criteria for housing loan selection in India. The study revealed that interest rate, repayment tenure, EMI affordability, and borrower income are the most important factors influencing housing loan decisions. The research concluded that borrowers prefer loans with lower EMI and flexible repayment options, which increase home ownership.
3. **Sridhar K. and Dr. Mukund Sharma (2023)** conducted a study on housing loan borrower perception between housing finance companies and public sector banks. The study found that demand for housing loans is increasing due to competitive schemes offered by banks and finance companies. The research also concluded that borrowers prefer institutions with lower interest rates, easy documentation, and faster loan processing.
4. **Manju K. V., Satheesh C., and Sarath S. (2025)** conducted a comparative study of home loan procedures and customer satisfaction between SBI and HDFC. The study highlighted that factors such as documentation, interest rate, processing time, and customer service influence borrower satisfaction. The research concluded that digital banking and simplified loan procedures improve borrower experience and increase housing loan demand.
5. **Venkatesh Palraj and Anbu Selvan (2025)** conducted a comparative analysis of housing loans focusing on borrower expectations and service quality. The study revealed that middle-income urban borrowers are the major users of housing loans. The research also found that flexible repayment terms, transparency in pricing, and digital services improve accessibility of housing loan finance.



### Objectives Of the Study

The main objectives of the study are:

1. To study housing loan financing in Central Pune
2. To analyze the impact of housing loans on home ownership
3. To examine loan accessibility and affordability
4. To understand repayment patterns of borrowers
5. To study the financial well-being of home owners
6. To analyze the effect of EMI on financial planning
7. To study borrower preference for banks and finance companies

### III. HYPOTHESES

#### Hypothesis 1

**H0 (Null Hypothesis):** Housing loan financing has no significant impact on home ownership in Central Pune.

**H1 (Alternative Hypothesis):** Housing loan financing has significant impact on home ownership in Central Pune.

#### Explanation

This hypothesis tests whether housing loans actually help individuals purchase homes. If housing loan financing increases purchasing capacity and allows individuals to buy houses, then the alternative hypothesis (H1) will be accepted. If housing loans do not influence home ownership and people buy houses without depending on loans, then the null hypothesis (H0) will be accepted. This hypothesis helps in understanding the role of housing loans in promoting home ownership.

#### Hypothesis 2

**H0 (Null Hypothesis):** Housing loan EMI does not affect financial planning of home owners.

**H1 (Alternative Hypothesis):** Housing loan EMI affects financial planning of home owners.

#### Explanation

This hypothesis tests whether EMI payments influence the monthly financial planning of borrowers. If borrowers change their expenses, savings, or lifestyle due to EMI burden, then the alternative hypothesis (H1) will be accepted. If EMI has no effect on financial planning, then the null hypothesis (H0) will be accepted.

#### Data Collection

The study is based on both primary and secondary data.

#### Primary Data

Data was collected through a structured questionnaire distributed to customers of selected banks. The questionnaire included questions on ease of use, security, speed, reliability, and overall satisfaction. Responses were collected using a five-point Likert scale ranging from "Strongly Dissatisfied" to "Strongly Satisfied".

#### Secondary Data

Secondary data for the present study was collected from various published and unpublished sources. The data was obtained from books related to housing finance, banking,

and financial management. Information was also collected from research journals, articles, and previously published research papers on housing loan financing. Additional data was gathered from official websites of banks and housing finance companies such as SBI, HDFC, and ICICI Bank. Reports published by Reserve Bank of India (RBI) and National Housing Bank were also used to understand housing loan trends. Newspapers, magazines, and online financial portals were referred to for recent developments in housing finance. The secondary data helped in understanding the concept of housing loan financing, interest rates, loan procedures, borrower behavior, and overall impact on home ownership.

#### Sample Size and Sampling Technique

The study covered 100 respondents from both public and private sector banks, including State Bank of India (SBI), HDFC Bank, ICICI Bank, and Axis Bank. A convenience sampling technique was used due to the easy availability of respondents who actively use digital banking services. The sample included customers from both urban and semi-urban areas to provide a balanced view.

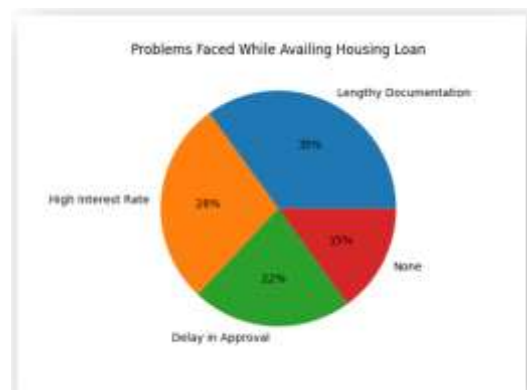
#### Tools and Techniques for Analysis

The collected data was analyzed using percentage analysis, mean score analysis, and graphical representation through bar charts and pie charts. These tools helped in identifying key satisfaction factors and comparing responses between public and private banks. The analysis was done in Microsoft Excel to ensure clarity and accuracy.

#### Graphical Representation

1. What problems did you face while availing housing loan?

Option	Responses	Percentage
Lengthy documentation	35	35%
High interest rate	28	28%
Delay in approval	22	22%
None	15	15%



#### Interpretation :

The above chart shows the problems faced by respondents while availing housing loan. Majority of respondents (35%) faced the issue of lengthy documentation during the loan process. About 28% of respondents reported high interest rate as a major problem. Delay in loan approval was faced

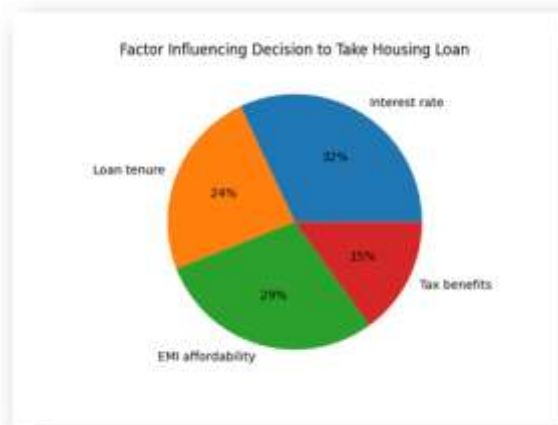


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by 22% of respondents. However, 15% of respondents did not face any problem while availing housing loan. This indicates that documentation and interest rate are the most common challenges faced by borrowers.

2. Which factor influenced your decision to take a housing loan? Interest rate ?

Sr. No.	Factor Influencing Decision	No. of Respondents	Percentage
1	Interest Rate	32	32%
2	Loan Tenure	24	24%
3	EMI Affordability	29	29%
4	Tax Benefits	15	15%
Total		100	100%



### Interpretation

The chart shows that interest rate is the most important factor influencing the decision to take a housing loan, selected by 32% of respondents. EMI affordability is the second major factor with 29% respondents, followed by loan tenure with 24%. Tax benefits influenced only 15% of respondents. This indicates that borrowers mainly focus on interest rate and EMI while selecting housing loans.

### Findings

The study reveals that housing loan financing plays an important role in helping individuals purchase residential property in Central Pune. Majority of respondents depend on housing loans due to high property prices and limited savings. Most borrowers prefer long-term loan tenure as it reduces EMI burden and makes repayment easier. The study also shows that EMI payments significantly affect monthly financial planning and reduce savings of borrowers. Interest rate fluctuations create financial pressure, especially for those who opted for floating interest rate loans. The research further indicates that banks are more preferred than housing finance companies due to lower interest rates and better reliability. Housing loans have improved living standards and increased purchasing capacity of home owners, but they also create long-term financial commitments.

### Suggestions

1. Banks and financial institutions should offer lower and competitive interest rates to make housing loans more affordable for borrowers. Lower interest rates reduce EMI burden and improve repayment capacity of home owners.
2. Financial institutions should provide flexible repayment options such as step-up EMI, step-down EMI, and longer tenure. These options help borrowers manage their finances according to their income level.
3. Borrowers should compare housing loan schemes of different banks and finance companies before selecting a loan. Comparison should be based on interest rate, processing fee, tenure, EMI, and hidden charges.
4. Banks should simplify documentation and reduce loan approval time. Easy documentation and faster processing improve customer satisfaction and increase accessibility of housing loans.
5. Financial institutions should conduct awareness programs to educate borrowers about housing loan features, interest rate types, EMI calculation, and repayment planning.

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