

# A STUDY ON RETAILERS PRACTICES TOWARDS SOFT DRINKS

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A word about the product genesis of soft drink industry, no one can attribute specifically the exact date of its start. At the very first time, the gold spot the international drink has introduced in Indian market about 55 years ago. After this, coke came on the Indian scene in 1958. The cola market dominated the Indian scene right from the date of its entry and it commands 25% of demand. Pure drinks (New Delhi) Ltd was started in 1950 and Pure drinks group has three companies and these have been started by late Sardar Mohan Singh and he was a man of courage and endeavour. After the death of Sardar Mohan Singh his son Sardar Daljeet Singh continued its work with his, Professionalism. Parle exports Pvt. Ltd. the first Indian multinational company has 35 franchise units in India and opening further units all over the world. It introduced "Limca" in 1970 and this soft drink has shared very well in the Indian market. Presently, it is said that Limca is a zero bacteria soft drink, which has further increased its share. Many new soft drinks has been introduced in the Indian many new soft drinks has been introduced in the Indian market because of sad farewell to Coca Cola in 1977. Earlier, the soft drink industry was not expecting to grow more than 10% a year because Indian manufacturers were not trained in the formulating of an adequate marketing technique and in improving marketing infrastructure. These days, Indian manufacturers in soft drinks are learning new techniques to packed hygienically the soft drink bottle. Today, Campa Cola, Thums up, Campa Lemon, Limca, Gold Spot, Tripp, Campa Orange, Double Seven, etc. are the household words in all the country.

## OBJECTIVE OF THE PRESENT STUDY

- (a) To examine, how retailers are aware in knowing purchasing habits of the consumers.
- (b) To ascertain whether retailers act as promotional measure for the manufacturers and their relations with them.

## DATA COLLECTION

We often collect the data after the sample has been decided. The present study relates with retailers so it was not possible to contract each of the person so we have contacted the selected persons by preparing a pre-tested questionnaire. The questionnaire was of a structured and non disguised types. Most of the questions were in the form of multiple choice or dichotomous questions and there were also a few questions of open ended.

## DATA ANALYSIS

After the collection of data, that has been tabulated first and after this, that collected data has been analyzed and interpreted in order to find out the true meaning of the research. Results and discussion of the present study on the basis of collected data has been shown in different tables.

## SAMPLING

Simple Random sampling technique has been used for the selection of the retailers. Roughly there were 2000 retailers in Jalandhar and Ludhiana city and 50 retailers have been finally selected by lottery method. Finally among 50 retailers, it comprises the following categories of retailers.

- |    |                                                                                   |    |
|----|-----------------------------------------------------------------------------------|----|
| 1. | Retailers exclusively selling soft drinks.                                        | 14 |
| 2. | Tea stall owners also selling soft drinks.                                        | 12 |
| 3. | Confectioners also selling soft drink                                             | 14 |
| 4. | Others those who were selling soft drinks along with some other merchandise goods | 10 |

#### **LIMITATIONS OF PRESENT STUDY**

1. Due to limitation of time factor the coverage of this study has restricted to selected retailers and all types of retailers were not included in the study.
2. There is no denying the fact that the questionnaire has been framed with utmost care and attention and still there is a possibility of some biasness creeping into present study.
3. The accuracy of the results is limited to the reliability of methods of investigations and measurement and analysis of the data.
4. Since the present study was restricted to Punjab state and its findings results may not be applicable to other areas.
5. The findings of the present study may be affected by the limitations and biasness of sampling techniques used the study i.e. random sampling.

## **RETAILER'S PRACTICES TOWARDS SOFT DRINKS (ANALYSIS AND INTERPRETATIONS)**

### **I. Role of Retailers in the Marketing of Soft Drinks**

It was one of the objectives of the present study to see the role of retailers in the marketing of soft drink and retailers has been asked in first question of the retailer's questionnaire, "Which brand of soft drinks do you stock." The retailers are here free to give as many brand names as they stock at the time of filling the questionnaire. The retailers replies have been recorded in the below table.

**TABLE 1**  
**Table Showing the Brands of Soft Drinks Stocked by the Retailers**

Name of Brand	Number of Retailers	Percentage of Retailer
1. Pepsi	50	100
2. Thumps up	50	100
3. Campa Cola	50	100
4. Limca	50	100
5. Gold Spot	46	92
6. Campa Orange	40	80
7. Mazza	38	76
8. Campa Lemon	34	68
9. Double Seven	28	56
10. Funday	20	40
11. Tripp	16	32
12. Thrill	16	32
13. Sprint	14	28
14. Rush	14	28
15. Tingle	14	28
16. Merry	12	24
17. Pick up	10	20
18. 7-Up	2	4

As it is apparent from the Table 1, it was found that, retailers generally stock eight or nine brand of soft drink in large number. On an analysis, it was found that Thumps Up, Campa Cola and Limca soft drinks has been stocked by all the retailers i.e. 100 percent of the retailers, Campa orange by 80percent of retailers, Mazza by 70 percent of retailers, Campa Lemon by 68 percent of retailers and double seven by 56 percent of retailers. Some other brands of soft drinks have also been stocked by few retailers but their number is very less and these brands includes, Funday, Tripp, Thrill, Sprint, Rush, Tingle, Merry, Pick up, 7-Up, Rim-Zim, Cola Lite, Ski and Bisleri Club Soda. Only one retailer each has stocked 7-Up, Rim-zim, Ski and Bisleri Club Soda. From this table, we come to know that retailers stock only those brands of soft drink of which demand is there but retailers have to stock some other brands even if the demand is very low.

### **II. MOSTLY BRANDS SOLD BY RETAILERS**

It was asked from the retailers, "which brand of soft drink do you sell most." The main purpose of asking this question was to know the sales of a particular brand. Only one brand has been asked from each retailers and the retailers replies in this regard has been recorded in the Table 2 given below :

**TABLE 2**  
**Table Showing Mostly Brands Sold by Retailers.**

<b>Name of Brand</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
1. Pepsi	12	24
2. Thums up	12	24
3. Limca	8	16
4. Gold Spot	6	12
5. Mazza	6	12
6. Double Seven	2	4
7. Tripp	2	4
8. Campa Cola	2	4
Total :	50	100

Table 2 shows that, 24, percent retailers each in case of Pepsi and Thums Up say that their sales is more in these brands. Next comes Limca soft drink and 16 percent retailers have recorded more sales for this brand. After this comes, Gold Spot and Mazza i.e. 12 percent retailers each in these brands have shown their more sales.

For Double Seven, Tripp and Campa cola, only 4 percent retailers each have recorded their highest sales in these brands. On the basis of this table, we can say that consumers have more preference towards Cola taste of soft drink i.e. 13 retailers sales in more in case of Campa Cola, Thums Up and Double Seven brands of soft drink.

#### **ATTITUDE OF RETAILERS FOR STOCKING ANY SPECIFIC BRAND OF SOFT DRINK.**

In order to know the attitude of retailers for stocking any specific brand of stock, Question has been included in the retailer's questionnaire and the retailers responses in this regard have been shown in the table given below :

Table 3 explains that 56 percent of retailers were stocking any specific brand of soft drink, while 44 percent of the total number of retailers (22 retailers) were found not specific about stocking of any particular brand of soft drink. In simple words, we can say that more than half of the total retailers were stocking specific brand of soft drink. Those who are specific, they have shown Campa Cola, Thums Up. Limca, Double Seven, Mazza etc. as specific brands of soft drink.

**TABLE 3**  
**Table Showing the Attitudes of Retailers for Stocking any Specific Brand.**

<b>Category</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
Specific about Stocking	28	56
Not specific about Stocking	22	44
Total :	50	100

#### **SOURCE OF SUPPLY OF SOFT DRINKS**

Retailers have been asked "Please state the source of supply of soft drink" and their responses have been shown in the following table: Regarding the source of supply. It was found that 92 percent (46) of the total number of retailers gets the supply of soft drinks from wholesalers, 4 percent (2) from manufacturers and 4 percent (2) of total number of retailers receive the supply of soft drinks from agents. From this table, we clearly come to know that wholesalers play an important role in supplying the soft drinks to retailers and manufacturers has directly no link with retailers.

**TABLE 4**  
**Table showing the source of supply of soft drinks to retailers.**

Source of supply	Number of Retailers	Percentage of Retailers
1. Manufacturer	2	4
2. Wholesaler	46	92
3. Agent	2	4
4. Any other	-	-
Total :	50	100

**SOURCE OF SUPPLY PREFERRED BY THE RETAILERS**

Which source of supply the retailers prefer and this has been shown in the following table.

**TABLE 5**  
**Table Showing the source of supply preferred by the Retailers**

Source of Supply	Number of Retailers	Percentage of Retailers
Manufacturers	-	-
Wholesalers	48	96
Agent	2	4
Total :	50	100

Table 5 shows that 96 percent (48) of the total number of retailers prefer to deal with the wholesaler while 4 per cent (2) wants to receive soft drink from the agent source of supply. No one prefers to deal with the manufacturer source of supply. From retailers (dealing in soft drinks) point of view, wholesalers were found the best source of supply of soft drinks and they always establish good relations with the wholesalers.

**NATURE OF DEMAND OF SOFT DRINKS**

In order to see the nature of demand of soft drink, whether it is seasonal or not and this has been explained in the table given below :

**TABLE 6**  
**Table showing the nature of demand of soft drinks**

Nature of Demand	Number of Retailers	Percentage of Retailers
Seasonal	22	44
Non-seasonal	28	56
Total :	50	100

Table 6 explains that 56 per cent (28) of the total number of retailers were such who are of the opinion that nature of the demand for soft drink is non-seasonal, i.e. it remains throughout the year and 44 per cent (22) were of the opinion that nature of the demand for soft drink is seasonal, i.e. its demand is restricted only for selected months. As some retailers thinks that the demand for soft drinks is seasonal and from their point of view, we can classify the demand of soft drinks in the below given table :

Table 6 (A) clearly shows that some retailers are in the opinion that demand for soft drinks is seasonal and demand, is maximum in the months of April, May, June July and August; demand is normal in the months of September, October, November and March and demand for soft drinks is minimum in the months of December, January and February.

**Table 6 (A)**  
**Table Showing the Demand for drinks as month wise**

Demand	Months
Demand is Maximum	April/May/June/July/August
Demand is Normal	September/October/November/March
Demand is Minimum	December/January/February

What is the trend of stocking of soft drinks when the demand for soft drinks is maximum and this has been shown in the following table :

Table 6 clearly tells us the hoardings motives of the retailers. This table shows that 96 percent (48) of the total number of retailers prefer to stock 3 little more than demand so that he may not face any difficulty in the season of soft drinks and 4 percent (2) of the total number of retailers prefer to stock just equal to demand and no one is there who is keeping the stock of soft drinks little less than demand.

**TABLE 6 (B)**  
**Table Showing the Trend of Stocking of Soft Drinks**

<b>Pattern of stocking</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
1. A little more than demand	48	96
2. Equal to demand	2	4
3. Little less than demand	-	-
Total	50	100

In order to see the facilities desired by the retailers from the different source of supply, a question has been included in the retailers Questionnaire and their responses have been shown in the following table :

**TABLE 7**  
**Table Showing facilities Desired by Retailers from Different Sources of Supply.**

<b>Facilities</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
1. Commission	6	12
2. Quantity Discount	22	44
3. Incentives	4	8
4. Credit Facilities	18	36
5. Any other	-	-
Total :	50	100

Table 7 explains that 44 per cent (22) of the total number of retailers wants that they should be given quantity discount while the time of purchase of drinks. Thirty-six percent (18) of the total number of retailers wants to obtain credit facilities from different sources of supply. There are few number of retailers those who wants commission and incentives on soft drinks purchase but its number is 6 (12%) and 4 (8%) respectively. On the whole we can say that majority of the retailers either wants quantity discount or credit facilities at the time of purchase of soft drinks from the different sources of supply.

### **FACTORS FOLLOWED BY CUSTOMERS WHILE THE TIME OF PURCHASE IN THE OPINION OF RETAILER**

Retailers have been asked to state the factors which are followed by the consumers at the time purchase of soft drinks and they were asked to rank three factors, viz. brand, price and availability which were most significant for the consumers when they purchase soft drinks and retailers replies in this regard has been explained in Table 8.

Table 8 explains that 76 per cent of the total of retailers said that consumers give preference to brand of soft drink at the time of purchase. Next comes availability factors, i.e. 16 per cent of the total number at the time of purchase, this table also shows that price is not as much important as the other two factors, i.e. brand and availability. Regarding the brand loyalty of consumers, retailers opinion has been asked and this has been explained in Table 9 shown below. From this table, it was that 56 percent (28) of the total number of retailers say that consumers have no brand loyalty as they purchase another brand if the particular brand is not available in his shop.

**TABLE 8**  
**Table Showing the Important Factors Followed by Customers While the Purchases**  
**(In the Opinion of Retailers)**

<b>Factors</b>	<b>Number of Retailers</b>	<b>Percentage of retailers</b>	<b>Place</b>
Brands	38	76	I
Available	8	16	II
Price	4	8	III

Forty-four percent (11) of the total number of retailer's opinion is that consumers have preference for a particular brand only. In other words, if the particular brand is not available in his shop then customer goes to another shop and this action of the customer shows the brand loyalty.

**TABLE 9**  
**Table Showing Brand Loyalty in Customers. (In the Opinion of Retailers)**

<b>Brand Loyalty</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
Buy another brand	28	56
Go to another shop	22	44
Total :	50	100

#### **PROFIT MARGIN IN SOFT DRINKS**

The retailers have been stated the profit margin in soft drinks and the retailers response in this connection have been recorded in the Table 10. this table shows that majority of the retailers says that they are earning same profit for all brands of soft drinks i.e. 80 percent (40) of the total number of retailers are receiving equal profit for all brands and 5 retailers says that their profit margin differs with different brands of soft drinks. This shows that these relatives charge the price of drink bottle according to the type of customer visiting his shop.

**TABLE 10**  
**Table Showing Profit Margin in Soft Drink by Retailers**

<b>Category</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
Equal for all Brand	40	80
Differ with Brands	10	20
Total :	50	100

In order to see whether retailers suggest a particular brand of soft drink to their customers or not and all this has been explained in the Table 11 give above. This table shows that 80 percent of the total number of retailers does not suggest any particular brand of soft drink to their customers and 12 percent of the total number of retailers suggest particular brand to their customers sometimes. Eight percent of the total number of retailers recommends a particular brand of soft drink to their customers.

**TABLE 11**  
**Table Showing Recommendation of Particular Brand by Retailer to Their Customers.**

<b>Category</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
Yes	4	8
No	40	80
Some Times	6	12
Total :	50	100

Now the question arises if retailers suggest a particular brand of soft drink, whether customer listen to retailers or not and again this has been explained in the Table 11 (A). This table shows that 92 per cent

of retainers says that customers listen always and 8 percent of the total number of retailers says that customers listen their recommended brand sometimes and this we can understand clearly from the table given below :

**TABLE 11 (A)**  
**Table Showing Attention by Customers for Recommending Brand by Retailers**

1. Percentage of retailers those who says customers listen.	-	92
2. Percentage of retailer those who says customers does not listen	-	-
3. Percentage of retailers those who says customers listen something.	78	8

#### **DISPLAYS ITEM RECEIVED BY RETAILERS**

In order to see what type of display items, retailers received from the different source of supply and the retailers responses in this connection have been recorded in the following table :

This table shows that 60 percent 30 of the total number of retailers has received soft drink display board, 20 percent (10) of the total number of retailers each have received soft drink model and soft drink decoration from the different source of supply.

**TABLE 12**  
**Table Showing Display Item Received from the Source of Supply**

<b>Display Item</b>	<b>Number of Retailers</b>	<b>Percentage of Retailers</b>
Soft Drink Model	10	20
Soft Drink Display Board	30	60
Soft Drink Decoration	<b>10</b>	20
Total :	<b>50</b>	100

Soft drink decoration items included electric things, clock etc. all these items are provided to the retailers as advertisement for soft drinks and as incentives to the retailers.

#### **FINDINGS**

It was found that an average retailer stock six or seven brands of soft drink; ‘Campa Cola’, ‘Thums Up’, and ‘limca’ are the most stocked brands by the retailers. Most of the retailers specifically sell ‘Campa Cola’, Thums Up’, ‘Limca’, Gold Spot’, and Mazza brand of soft drinks.

It was also concluded that source of soft drinks was mainly by wholesalers and majority of the retailers preferred supply from wholesalers only. Most of the retailers were specific about stocking of a specific brand of soft drink.

Most of the retailers said that demand for soft drinks is non seasonal and demand is maximum in the months of April/May/June/July and August and in December/January and February demand for soft drinks is minimum and in the remaining months demand for soft drinks is normal and almost all the retailers stock a little more than demand in their shops.

Most of the retailers desired ‘quantity discount’ from the source of supply and followed by ‘credit facilities.’ In the opinion of retailers, consumers considered brand factor most important while purchasing, consumers are not loyal to their preferred brand and they often change their brand, in case their preferred brand is not available. Majority of the retailers have equal margin for all the brands of soft drinks and retailers does not recommend a particular brand of soft drinks to their customers and in case if they recommend, customers listen them though they buy or not. Retailers get soft drink display board from the source of supply’ followed by ‘soft drink model’ and ‘soft drink decoration items.’

#### **CONCLUSION**

In the Present study related with retailers practices towards soft drinks brought out some important findings which have been given above. As we examined in the study that the retailers should be

kept in mind by the manufacturers of soft drinks. We cannot generalize the findings of this study as this is an exploratory nature and only a small sample of 50 retailers has been taken from Punjab state. This small sample has been taken because of the limitations of time and resources. If we want to reflect the overall situation of a country then we cannot do the same with the study.

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# **COMPARATIVE STUDY OF HOME LOAN SCHEMES OF PUBLIC AND PRIVATE SECTOR BANKS**

– **Dr. Naresh Iyer.....Ruchi Malhotra**

For many millions of Indians, the single greatest achievement in life was to own a home, and thanks to a range of banking services now available, home loans are a simple affair now. In fact, home loans are now sold as a product and the applicant is treated like a consumer. Gone are the days when ordinary folk depend on a lifetime of savings and resorted to the local money lender to build or buy a house. Home loans make it possible to move into your own home, almost as soon as you can afford the down-payment and keep paying for it while you also live in it. But growing population makes it impossible to construct houses and justify this need for all the people in desired proportions.

## **INDIAN HOME LOANS : FINANCE SCHEMES IN INDIA**

The Indian Housing Finance Companies offer a range of options for individual loans. The loan schemes are opened to both Indian Resident and NRIs. The loan schemes for Resident Indians are buying a new house, buying and existing house and home improvement. The loan schemes for NRIs are buying a new house and buying and existing house home improvement; applied as Resident Indians. There are several schemes and types of loan which are available in Indian Finance Market. Go for helpful guides on the scheme, complete with information on interest rates, loan durations and company offerings in India.

## **METHODOLOGY OF THE STUDY**

All banks in the country whether public or private are providing a variety of Financial products, which depicts creativity and constant innovation of financial products as per the needs of their customer base. The main reason for selecting this topic is to compare and highlight the home loan schemes of public and private sector bank.

## **OBJECTIVES OF THE STUDY**

The main objectives of the paper is to

- To make a comparison of home loan schemes of public and private sector banks.
- To study the present usage pattern and the future potential of home loans available from the public and private sector banks.

## **RESEARCH APPROACH**

The consensus survey of home loans offered by PNB Bank and HDFC Bank, including cross questioning and discussion with Bank officials within Punjab as per convenience.

## **SOURCES OF DATA**

1. Bank information brochures.
2. Official Website.
3. Journals and magazines.
4. Discussion and counter questioning and discussion with the bank officials wherever needed regarding various products.

## **SAMPLE PROCEDURE**

**PNB** and **HDFC** are the two banks chosen for the research purpose. The respondents were chosen through non-probability sampling as convenience sampling was undertaken where all the accessible persons were chosen. The sample unit was chosen to be the persons with social status, average income levels, good educational background and in occupation or service. It included individuals who mainly

belonged to lower middle and low income groups with good to normal educational background, mostly graduates and above are the most likely subscriber of the home loan schemes.

#### LIMITATIONS OF THE STUDY

- Though every effort was put to make this study authentic in every sense, yet there were few factors, which might have their influence on the final study.
- The survey was conducted in a few non-metropolitan cities in Punjab and may not representative of the entire national market.
- Since the method of data collection was survey based, the information so obtained is usually not reliable.
- Shortage of time span was another factor had the case been otherwise some more precise and reliable information could have been reared for more accurate results.

#### COMPARATIVE STUDY OF HOME LOAN SCHEMES OF PNB (PUBLIC BANK) AND HDFC (PRIVATE BANK)

The public sector banks faced a tough challenge when the new private sector Banks made there entry in the early 1990's. While the new Bank had an advantage of starting on a clear slate the older banks were not up to date with technology and were facing competition. Some of the new products that were launched included debit cards, International cards, sweep in A/c's, Demat A/c's and Anywhere banking while some of the new services included round the clock phone banking, Inter branch banking, net banking and bill payment services. Computerization and Networking of branches, Installation of ATM's etc. were the efforts put in by public sector for compete and to stand at par with private sector banks, despite similarities point, of comparison can be studied as follows :-

**Table : 1**  
**Comparison of Home Loans on the basis of Purpose**

PNB	HDFC
<p>PNB reaches out to you with fast, friendly and most convenient home loans for :</p> <ul style="list-style-type: none"> <li>• Construction or purchase of house/flat.</li> <li>• Purchase of house/flat on First Power of Attorney basis from the original allottee.</li> <li>• Carrying out repairs / renovations / additions /alterations to existing house / flat.</li> </ul> <p>Special Feature – To cover the loan outstanding, life Insurance cover is also available on payment of one time premium.</p>	<p>HDFC offers loans for homes – for buying or constructing home, refinance a home loan availed from other institutions or even to extend or improve one's existing home, And, HDFC will also finance purchase of land, from approved agencies to help one construct a home of one's choice. One could acquire a self contained flat in an existing or proposed Cooperative Society, in an apartment owners association or even an-independent single family or multi-family bungalow or row house.</p>

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 2**  
**Comparison of Home Loans on Basis of Eligibility**

PNB	HDFC
<p>a) Individuals in permanent service or having their own business (Resident or non-resident).</p> <p>b) Age of the applicant should not be more than 60 years in case of service class and 65 years in case of businessman or self employed</p>	<p>Private as well as government employees. Businessmen or any citizen of India having an approved source of income are eligible.</p>

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 3**  
**Comparison of Home Loans on the basis of Loan Amount**

PNB	HDFC
<ul style="list-style-type: none"> <li>• For construction/purchase of house / flat: 80% of the cost of construction of house or purchase of house / flat.</li> <li>• For carrying out repairs / renovation / additions / alterations: 80% of the estimated cost subject to maximum of Rs. 201.</li> <li>• Loan upto Rs. 10 Lacs for purchase of Land / Plot.acs.</li> <li>• Loan is available maximum upto Rs. 2 Lacs for furnishing.</li> </ul>	<p>One can avail of maximum of up to 85% of the cost of property, including the cost of land. HDFC lends up to a maximum of Rs. 1,00,00,000 to an individual. Subject to above the repayment capacity as determined by HDFC will help to decide how much one can borrow. Repayment capacity takes into consideration factors such as income, age, qualification, number of dependents, spouse's income, assets, liabilities, stability and continuity of occupation and saving history. And of course HDFC's main concern is to make sure one comfortably repays the amount borrowed.</p>

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 4**  
**Comparison of Home Loans on the basis of Security**

PNB	HDFC
<p>Mortgage of property for which finance is being given. In case of purchase of house/ flat from housing board/ society where mortgage cannot be created immediately, a tripartite agreement shall be executed amongst the housing board/ society, borrower and the Bank.</p> <p>In case of purchase of house/ flat on first power of attorney, additional security equal to 125% of the loan amount by way of mortgage of some other property or pledge of bank's FDR/ LIC policy/ Govt. Securities, NSCs, KVPs, IVPs, / PSU Bonds etc. has to be provided.</p>	<p>Security for the loan normally is first mortgage of the property to be financed and / or such other collateral security as may be necessary. Interim security a may be required, if the property's under construction. Interim security or collateral security could be assignment to HDFC of Life Insurance policies, the surrender value of which is at least equal to the loan amount, guarantees from sound and solvent guarantors and pledge of shares and such after investments that are acceptable to HDFC. Loans from HDFC are available even if one is availing housing loan from employer. HDFC has already entered into arrangements with several employers enabling employees to avail of loans both from the employers as well as HDFC for the same property.</p>

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 5**  
**Comparison of Home Loans on the basis of Repayment**

PNB	HDFC
<p>Loan is to be repaid in equated monthly installments within a period of 25 years or before the borrower attains the age of 65 years. Repayment of loan for repair / renovation / alterations has been restricted to 10 years.</p>	<p>In case of home loans to purchase (fresh/resale) or construct houses, the maximum period of repayment is 15 years or retirement age, whichever is earlier. The maximum period of repayment for home improvement loan is 15 years or retirement age, whichever is earlier. For home extension maximum term is 20 years subject to your</p>

	retirement age. You can give standing instructions to repay your Home Loan EMIs directly from your HDFC Bank Savings Account which does away with the cumbersome process of procuring, signing and tracking post-dated cheques.
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Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 6**  
**Comparison of Home Loans on the basis of Interest Rates**

PNB			HDFC		
Tenure	Floating	Fixed	Tenure	Floating	Fixed
Up to 5 year	8.75	9.25	0-20 yrs.	11.25%	13.25%
Above 5 & up to 10 years	9.00	10.00			
Above 10 years & up to 20 years	9.25	10.50			
Above 20 years & up to 25 years	9.50	10.75			

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 7**  
**Comparison on the basis of Processing Fee and Charges**

PNB	HDFC
NIL	1% of the loan amount applied plus applicable service taxes and cess.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 8**  
**Comparison of Home Loans on the basis of Tax Benefits**

PNB	HDFC
As per the central government's policy if a loanee makes repayment of a substantial amount than that repaid amount must be at least 10,000. If that is the case 10% of such.	There is eligibility for certain tax benefits on principal and interest components of a housing loan under the Income Tax Act, 1961. Moreover, you can get added tax benefits under Sec. 88 on repayment of principal amount. Moreover, you can get added tax benefits under Sec. 80C on repayment of principal amount up to Rs. 1,00,000 p.a. that can further reduce your tax liability by about Rs. 30,000 p.a.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com), PNB Home Loans & HDFC Home Loans Manual for users.

**Table : 9**  
**Comparison of Home Loan on the basis of Documentation**

PNB	HDFC
<b>1. Documents required for Home Loans (Resident Indian)</b> <ul style="list-style-type: none"> <li>Basic qualifications for a home loan.</li> </ul>	<b>Personal Documents</b> <ul style="list-style-type: none"> <li>1 Passport size photograph,</li> <li>1 copy of your passport/PAN Card/Driving</li> </ul>

<ul style="list-style-type: none"> <li>• A resident Indian is eligible for a home loan if he satisfies the following conditions: <ul style="list-style-type: none"> <li>❖ He must be earning a regular monthly income.</li> <li>❖ If he is from the salaried class, then he should have a minimum of 5 years of service left.</li> <li>❖ If he is a business person or a professional or a self employed individual, then his age should be less than 58 years at the time of applying for the loan.</li> <li>❖ The property that he wishes to purchase/construct should have a clear and marketable title.</li> </ul> </li> </ul> <p>2. Documents required to be submitted at the time of application.</p> <p>For the loan application to be processed, the housing finance companies verify the following documents:</p> <p>Personal documents of the individual applying for a loan documents of the property to be purchased.</p> <p><b>Personal documents :</b></p> <p>If employed the resident Indian has to submit the following documents:</p> <ul style="list-style-type: none"> <li>• Salary certificates or certified copies of your salary certificates along with deductions for the past 6 months.</li> <li>• Form 16 from your employer, for the past 3 years.</li> <li>• If in a transferable job, permanent address where correspondence relating to the application can be mailed.</li> <li>• A letter from the employer agreeing to deduct the monthly installment towards repayment of loan from salary.</li> </ul>	<p>License/School Leaving Certificate/ Birth Certificate/ LIC Policy/ Bankers sign verification.</p> <ul style="list-style-type: none"> <li>• 1 copy of last month's telephone bill/ electricity bill/ ration card (first and last page)/ Title deed or property/ rental agreement/ driving license.</li> </ul> <p><b>Income documents</b></p> <p><b>If you are employed</b></p> <ul style="list-style-type: none"> <li>• Verification of Employment form</li> <li>• Latest salary slip/ salary certificate showing all deductions for at least the past 6 months.</li> <li>• Form 16 from your employer for the past 3 years.</li> <li>• If your job is transferable, permanent address where correspondence relating to the application can be mailed.</li> <li>• If you have been in your present employment / business or profession for less than a year, mention details of occupation for previous 5 years, giving position held, reasons for change and period of the same.</li> </ul> <p><b>If you are self employed</b></p> <ul style="list-style-type: none"> <li>• Balance sheet and profit and loss account of the business/profession along with copies of individual income tax returns for the past 3 years as certified by a chartered accountant.</li> <li>• A note giving information on the nature of the business/profession, year of establishment, present bankers, form of organization, clients, suppliers etc.</li> <li>• Your net worth as an applicant/co-applicant.</li> </ul>
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Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 10**  
**Comparison of home loan on the basis of Insurance**

PNB	HDFC
For total cost of construction/ cost of House/ Flat at the borrower's cost. The insurance policy should be in the joint names of the bank and the borrower. The insurance policy should cover the risks of fire, flood, cyclone, typhoon, lightning, explosion, stick, earthquake.	One has to ensure that the property is duly and properly insured for fire and other appropriate hazards during the pending of the loan and to produce evidence there of to HDFC each year and/or whenever called up to do so. HDFC should be the beneficiary of the insurance policy.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com), PNB Home Loans & HDFC Home Loans Manual for users

**Table : 11**  
**Comparison of Home Loan on the basis of Disbursement**

PNB	HDFC
For outright purchase of house/ flat, the loan amount will be paid in lump sum to the vendor. For house/ flat under construction, the loan amount will be disbursed in stages as per progress of construction/ demand by selling agency.	Disbursement of loan can be taken after the property has been technically appraised, all legal documentation has been complete and one has invested contribution in full own contribution is the total cost of the property less HDFC loan.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com)

**Table : 12**  
**Comparison of Home Loans on basis of Agreement for Sale**

PNB	HDFC
There is no such restriction for the registration of the agreement for sale. One can sell the property even on the very next day. Registration for such shall only be done when mortgage amount has been recovered.	HDFC in many states in India, the agreement for sale between the builder and purchaser is required by law to be registered. One is advised in own interest to lodge for agreement for registration with in four months of the date.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com), PNB Home Loans & HDFC Home Loans Manual for users.

**Table : 13**  
**Comparison of Home Loans on the basis of Restriction regarding transfer of immovable property.**

PNB	HDFC
No restrictions on the Transfer of immovable property.	In terms of chapter xx c of the Income Tax Act 1961, the Central Govt. has the first option to purchase certain immovable properties exceeding certain value and as such transactions covered by this chapter can be preceded with the requirements prescribed therein.

Source : [www.pnbindia.in](http://www.pnbindia.in), [www.hdfc.com](http://www.hdfc.com), PNB Home Loans & HDFC Home Loans Manual for users.

Despite points of comparison both the banks have always been market oriented and dynamic with respect to resource mobilization as well as its lending programmed. This renders them more than capable to meet the new challenges that have emerged. Over the years, banks have developed a vast client base of borrowers, depositions, share holders and agents and it hopes to capitalize on this loyal and satisfied client base for future growth. Internal systems have been developed to be robust and agile to take into account changes in the volatile external environment. Banks have developed a network of institutions through partnerships with some of the best instructions in the world for providing specialized financial services.

#### **RECOMMENDATION AND SUGGESTIONS**

- 1) PNB should provide more relaxsation regarding eligibility criterion for availing home loans. As compare to HDFC, PNB provide home loan to only those individuals who have permanent service or having their own business, so they should be more flexible regarding eligibility.
- 2) When we talk about loan amount, HDFC provide home loan upto 85% of cost of property but PNB provide 80% of cost of construction which should be changed.
- 3) Both the banks should make an effort regarding processing fees and charges.

## **FUTURE PROSPECTIVE**

Housing finance in India is an area of exponential growth. While the growth prospects are limitless and new players are plenty. They are yet to go beyond metros and large conglomerates. The need for better quality housing is being felt everywhere with a gradual rise in income levels and living standards. The desire is not restricted to urban areas alone. The scope for financing however is limited since the institutions have not spread their wings to these far-flung areas. Rural housing finance so far comes only from government schemes such as “India Vikas” (Housing Yojna). The scheme however restricts itself to a sort of subsidization for houses for the rural lower middle class. A vast market lies un talked for the rural middle and upper middle classes.

The housing finance sector has immense opportunities since the number of dwelling units required is 60 million and despite liberalization of the sector, only less than a half million people have benefited so far. It is estimated that by 2010 and with the current rate of growth in population, India would require at an average 2.5 million to 3 million additional dwelling constructions annually. Presently only at an average 20% of India’s new housing units are financed through formal housing finance institutions although there is a remarkable prospective to augment this figure of home credit. To regulate funding in this area, apex organization National Housing Bank (NHB) has decided to open up sector not just for Non Resident Indians but also for those foreign corporate bodies with an NRI stake.

The increased activity in the housing finance sector is attributed to greater affordability on account of lower interest rates and higher disposable incomes, realistic property prices and rapid organization. As a result competition in the housing finance sector will hot up in the years to come with more players entering the areas. Public sector banks like SBI could also prove to be a threat to the major player like HDFC and LIC. However with the housing finance sector growing at a rate of 20 to 25% it has room for many more players.

India is at a crossroad. Achieving higher growth rates will depend crucially on the creation of production spaces around its cities which offer enormous cluster economies. If a dozen such cities can be re-planned in accordance with an economic strategy of “clustered growth” a new-paradigm of development can be ushered in bringing a completely new vision. In order for this to happen governance frame works for these chosen regions will need to be recharged, which sweeps away existing hurdles and puts in place well strategized participative economic maps that tell a clear story of their respective growth drivers. Infrastructure and housing are then in evitable residuals from this over-arching framework.

Aldo Van Eyck, the great Dutch architect, said “in relation to the unchanging condition of man, technocrats and antiquarians have a similar sentimental attitude towards time, with antiquarians being sentimental about the past and technocrats being sentimental about the future.” What is not unchanging however, is the man made world, where the idea of the progress may be readily translated into reality. We being neither antiquarian not technocrats are right at the forefront of translating this dream into reality with our ability to transform ideas into viable and creative solutions.

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