

## **An Exploratory Study on Role of Direct Selling Agent towards Bank and Customer with Specific Reference to Home Loan Services in Punjab**

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### **ABSTRACT**

DSA (Direct Selling Agent) that agent who involves in the process of grants home loan from the bank or NBFC to the potential customer. DSA's job outline is create leads, documentation, cross checking. This study explains role and responsibility of DSA towards bank and customers, awareness of DSA services of the different banks and NBFC among the potential customer, challenges faced by the customer for the approval of home loan and challenges faced by the DSA at the time of process home loan application. In this study the researcher has to implement both primary data and secondary data complete this paper. The primary data deals with raw data collected through questionnaire to the respondents related with their level of disbursement of housing loan. The secondary data consists of reports of existing customers from the banks and NBFC. Pass the housing loan by banks and NBFC provides a boost for the growth and development of house construction industries. Now a time lack of knowledge among individuals related with banking products of all types of banks at one time. In case home loan customer wants to take loan according to their requirements for example lower rate of interest, Type of banks, credit score for transparency and clarity of about loan terms. There are many problems discussed already in previous studies such as different cost of borrowing, collateral security, processing time, proof of income, documentation and margin money. These problems studied by the previous researcher described in the section of the literature review.

In view of the above things, it is necessary to conduct a research study to fill these gaps that have been depicted as research problem. The respondents for this research who belong to upper class, middle class or lower-class groups and lived in Patiala city or zones of Patiala.

**Keywords** satisfaction level of customer, Responsibility of Direct selling agent, Challenges faced by DSA

**Paper type** research paper

## INTRODUCTION

During the second century CE the brief idea of credit money. At that time people thought this method is beneficial for us. This method also well-structured and more organized in the Mauryan period. At that time also for the lending money to borrower there were clear credit terms and conditions but at the time of 200 BC charged more interest rates by Mauryan Empire. References to this early India lending system practice in the Sutras and the Jatakas too. Later half of the 2<sup>nd</sup> century CE saw usury as an acceptable practice and Mausami referred it an acceptable mode of acquisition of wealth. Lending terms and conditions mention Napata, Rabanna or Nakaya acceptable during the Mauryan empire [321-185 BCE]

## EVOLUTION OF HOME LOAN IN INDIA

Banking concept is very old in India. In this paper we talk about housing finance first of all we have to study about the history of home loan linked with HDFC bank because HDFC bank was the first bank who well organized participant in this housing finance market.

D.B Remedios was the first person who took a home loan from HDFC bank loan amount 30000 in 1978 for the construction of his house in Malad, Mumbai.

## THE PLOT OF HOME LOAN

Previously, the attitude of individuals was to save and buy. Individuals used to dunk into their provident funds and retirement benefits to fund raise for developing houses. HDFC began the pattern of home advances in 1978. Banks were hesitant to fund home advances since there was no recovery system set up. The main response accessible to banks was to document a common suit in the court of law. It can shock you that the home advance financing costs were around 11-14% up to 1994. The normal age of the home credit borrower was around 42 years with the typical measure of advance being 39000. With the opening of the economy in 1991 bank began to enter the home advance

market. ICICI Ltd (later on convert with ICICI bank) ventured into home loan market in 1999. The year 2000 saw the presentation of the drifting rate idea by ICICI bank. The rates began plunging from around 2003-04 while floating rates for home advances were in the scope of 7% to 7.25%. The decent rates were around 7.5%-8%.

State bank of India entered the market amazingly and presented the mystery rate idea. They could stand to do so due to the high extent of CASA (Current Record Investment account) stores. Different banks didn't enjoy this benefit. They depended on measures like keeping up with high advance to Esteem (LTV) proportions to draw in clients. During the beginning of home credits. The LTV proportions used to be under half. The expansion in the opposition saw the LTV proportions go up to even 120%. In this way, the hold bank of India (RBI) covered it at 80% banks have the opportunity to increase by to 90% on the off chance that the advance is for under 30 lakhs.

### MEANING OF DSA (DIRECT SELLING AGENT)

DSA meaning of this word is Direct selling agent. DSA find out potential customer for the respective bank or the NBFC. DSA are search for borrowers who are very keen on taking a home loan and will direct them through the course of it. DSA connects the lender and borrowers after that collect the all documents related with the home loan case and process the home loan application. DSA also check and reasonable level of effort to guarantee that the gave records are certifiable.

This study deals with customer satisfaction of DSA services in relation to home loan and advances. The growth of DSA services and development of in remote areas is reachable and gain access through Paisa paid.com. A home credit is a gotten credit that is acquired to buy a property by offering it as security. Home credits offer high-esteem financing at affordable loan costs and for long tenors. They are reimbursed through EMIs. After reimbursement, the property's title is moved back to the borrower. The housing finance area in India has seen voluminous development and subjective change throughout the course of recent many years. Monetary advancement and liberation play had a huge impact in giving an empowering climate to the area to extend. From a quelled area lacking force into a modern one with dynamic inclusion, everything being equal, the housing finance area has progressed significantly.

The extreme limited time exercises of housing organizations demonstrate the veracity of the dynamic quality of the housing finance market. The writing on housing finance also has become developed with more top to bottom examination on different home advance administrations presented by the monetary foundations. In India, the housing business is perceived as critically affecting the nation's turn of events, city life and human resources development. India's financial development, combined with good primary variables, like under entrance of the home loan market, the huge role between housing interest and supply, further developed reasonable as a consequence of assessment motivating forces, the reassuring administrative climate and positive segment patterns, is supposed to fuel proceeded with development in the housing finance market.

## Literature review

This segment manages the investigations of different analysts on their general view about the housing finance industry and every one of their perspectives are recorded below:

**Nirmala, S [2006]** A study influence of housing loan in lifestyle changes with reference to Velur town. To study the growth and development of housing finance system in India. Identify factors considered by the consumers while going for home loan option. Study the existing customers satisfaction level of home loan borrowers. Analyse and find out association difference between the lending agency and size of the house with selected demographic variables.

**Sirajuddin, K [2007]** The results of the study have brought out the borrower attributes that determine borrower satisfaction and awareness. Research scholars can make use of this of the study to probe the potential areas of research such as examination of borrower awareness and satisfaction by extending the geographical area, inter -regional disparities in awareness and satisfaction of borrowers of housing finance in another area of study. Problems encountered by the borrowers and how awareness facilitate to solve such problems.

**Eswaran, R [2007]** A study on customer services rendered by housing finance institutions in Namakkal district. Analyse the financial performance of selected housing finance institutions. Ascertain the factors that contribute to the utilization of the housing loans of various housing finance institutions.

**Natarajan, Y [2010]** This study focuses on housing finance by nonbanking housing finance companies a study in Madurai district. It is felt that the present study has contributed much to the field of housing finance. It has been undertaken to document the experience of the borrowers since the study has given a complete picture of the role of nonbanking financial institutions the guiding policies can be formulated in providing the housing loan.

**Devasia, TT [2010]** A study on housing finance services in Kerala with special reference to HDFC and LIC housing finance Ltd. Genuine attempt to analyse and compare the service performance of leading specialized from the perception of their customers who have borrowed funds for owning their dream homes. The study has compared the performance of two leading financial institutions specialised in housing finance HDFC in the private sector and LIC HFL in the public sector.

**Vijaya Kumar, M [2011]** This study investigates housing loan of scheduled commercial banks consumers perception. An analysis is made on the demographic indicators [ gender, age, marital status, life cycle stage, education, nature of family, family size and number of earnings members in the family. Social indicators value orientation on housing. Year of housing loan availed tenure of repayment period and quantum of loan amount availed. The result of analysis shows that there are differences in the socio-economics conditions of the consumers of the different banks.

**Shah, Hetal S [2011]** The study of banking policies and practices for home loan a case study of Surat city. The study focuses on extend policy towards long term finance for construction of residential.

**Jeyapalan, K [2012]** A study on the attitude of people towards housing loan with special reference to private sector banks in Coimbatore city Tamil Nadu. Analysis the socio- economic feature of home loan customer and influences of loan marketing features on them in the study region. Review the banking habits of the customers those who have availed home loan facilities.

**Mirchandani, Anil [2013]** An analytical study of the role of Allahabad bank in home loan with special reference of Indore district. Measure the perception of home loan customers with respect to association between income and loan. Understand about policies practices of Allahabad bank for home loan.

**Chauhan, Narender Singh [2013]** This study focuses on in the case of public sector the time taken for sanctioning loan was perceived to be shorter by customer. Shorter than the time taken by HFC, Though the claims of HFC were to the country. It was however seen that in smaller centre such as Shimla which had the sanctioning authorities siting at Chandigarh it was not a priority importance for them sanction loans on time because of these centres being smaller in size and average loan sizes also being smaller. However, the public sector had the entire processing being done at Shimla and had no such biases in their system.

**Devaraj, R [2014]** A study on the performance of nonbanking housing finance companies in Sivagangai District of Tamil Nadu. It is flet that the present study has contributed much to the field of housing finance. It has been undertaken to document the experience of the borrowers. Since the study has given a complete picture of the role of non-banking financial institutions, the guiding policies can be formulated in providing the housing loan. In addition to this, it will enable the government to understand the importance of housing finance institutions in society.

**Chellammal. T [2016]** This study examine that the borrowers prefer HDFC for the reason of high loan amount, challenges faced for getting loan from other institutions, good reputation etc. But the home loan takers have some problems while availing home loan in HDFC in the study area.

**Gomathi C [2016]** A study on customer services relating to housing loan offered by public sector in Dharmapuri district. The study mainly focuses on studying the customer perception towards housing finance services offered by the public sector bank in Dharmapuri district.

**Riar, Manureet [2017]** This study focuses on the perception of customers for choosing a specific bank. Evaluate the relative problems faced by the borrower in procurement of housing loan. Study the relationship between housing loan and financial performance within the Indian banking sector.

**Pawar S.S. [2017]** The research study has highlighted mainly on one of the significant service quality measurement tools that has been developed. There are five dimensions have been focused namely tangibility, reliability, responses assurance and empathy. The present study has been stressed on the different factors affecting the quality of housing finance services provided by the public, private and cooperative sector banks.

**Kamala [2017]** A study on marketing effectiveness and business performance of housing finance institutions in Thanjavur district. Ranks the various factors influencing the customer's decision towards the selection of a particular financial institutions for availing home loan. Suggest strategies to reduce the problems faced by the customers and to improve the customer satisfaction level in home loan.

**Nazrine N.A [2017]** A study about housing finance scenario in India. Examine the loan seeking behaviour of the borrowers of housing finance. Research scholars can make use of this study to probe potential areas of research. Comparative study on housing finance by banks and housing finance companies are the other interesting fields of study.

**R.Rajagopal [2019]** The study analysis the home loan disbursement procedure followed by the public sector commercial banks. Mode of housing loan recovery mechanism in public sector commercial banks. Trace out the problems faced by housing loan borrowers in public sector commercial banks. Suggest suitable measures to improve the housing financial beneficiary services.

**Shankar Babu M [2020]** This proposition examined consumer satisfaction of banking administrations in relation to home credit with reference of Chennai city. This is depth investigation of was made on client view of the cost of borrowing, administration quality, margin money, processing time, guarantee security, and documentation comparable to consumer satisfaction.

**Gajbhiye, Priyanka. Ganeshprao [2022]** A comparative study of customers perception regarding housing loan schemes of public and private sector banks. Analysis that more people from public sector banks are likely to be satisfied with the service provided by the bank officials when compared to people who have taken a loan from private banks.

## OBJECTIVES

The following objectives are made to solve the research problem identified from the research gaps found in previous literature:

- a) To study the role and responsibility of DSA towards bank and customers.
- b) To ensure the awareness of DSA services of the different banks and NBFC among the potential customer.
- c) To identify the challenges faced by the customer for the approval of home loan.

To identify the challenges faced by the DSA at the time of process home loan application.

### Limitations of the study

The limitation of this study is this study is limited to Patiala city and customers residing in Patiala city. This study is enclosed to banking customers who requested home loan from DSA located in Patiala city. The location of home for which home loan is obtained is also limited in Patiala city.

### MATERIALS AND METHODS PROCESS OF HOW TO ACHIEVE FINAL RESULT

The research area of this study is Patiala division. There 6 districts under this division Patiala, Sangrur, Barnala, Fatehgarh Sahib, Ludhiana and Malerkotla. Respondents targeted on the basis of questionnaire and sample basis. All the potential customers are selected on the basis of sampling home loan, and home repairing loan done under the different housing loan scheme of different banks or NBFC.

### List of DSA in Patiala division and 6 district under the Patiala division

SR. NO	DSA NAME	DIVISION	PINCODE
1	UMESH JOSHI	PATIALA	147103
2	SURINDER KUMAR	PATIALA	147001
3	ATUL TYAGI	PATIALA	147001
4	SANJAY KUMAR	PATIALA	147001
5	PUSHPINDER	PATIALA	147001
6	AJAY	GOBINDGARH(FATEH GARH SAHIB)	147301
7	VICKY	SANGRUR	148001
8	JASPAL SHARMA	PATIALA(SAMANA)	147101
9	KAPIL SETHI	PATIALA(RAJPURA)	140401
10	KAMAL	PATIALA(PATRAN)	147101
11	VICKY	SANGRUR(SUNAM)	148028
12	HARDEEP	SANGRUR(SUNAM)	148028
13	GURWINDER KAUR	PATIALA	147001
14	SUNIL SHARMA	PATIALA	147001
15	NEERAJ KUMAR	PATIALA	147001
16	RAVI	PATIALA(RAJPURA)	140401
17	JATINDER	PATIALA(NABHA)	147201



## Research Framework

The research framework means the plan of the research study for this study following variables selected:

**Independent variables** means that variable which are not dependent and stands alone it is not changed by any other variable.

- a) Lead generation
- b) Processing time
- c) Disbursement
- d) Service quality

**Dependent variable** means that variable which are change s as a result of the independent variable manipulation in other words we can say that dependent variable depends upon the independent variable of the particular research study or problem.

**In this study dependent variable is customer satisfaction with DSA services towards the home loan**

## Sources and collection of data

In this study the researcher has to implement both primary data and secondary data to complete this thesis. The primary data deals with raw data collected through questionnaire to the respondents related with their level of disbursement of housing loan. The secondary data consists of reports of existing customers from the banks and NBFC.

## Profile of respondents

The respondents for this research who belong to upper class, middle class or lower-class groups and lived in Patiala city or zones of Patiala. The basic condition in this study is for the respondents in this study that they must have borrowed home loan from DSA for the constructions of the houses during the years between 2015 onwards.

## INSTRUMENTATION

The instruments are used in this research paper a questionnaire distributed to the potential customers and DSA. The questionnaire includes 20 questions are related with usage of DSA, satisfaction from using DSA services for the home loan and reasons of using DSA services of housing finance market. An interview will be conducted with the different DSA of housing loan according to the research area. For the validity and reliability, the survey for this research paper was investigated and approved by the university and interview also.

## KNOWLEDGE ABOUT THE DSA' SERVICES OF HOME LOAN

In response to the second question, the respondents were asked if they were aware of all the DSA services of housing Finance. and if they had ever used DSA service for housing finance.



Knowledge about the DSA' services of home loan

Knowledge about the DSA services	No. of respondents	%age
Yes	65	54.2%
No	45	45.8%
<b>TOTAL</b>	<b>120</b>	<b>100%</b>

From the above table shows that out of 250 respondents, 65 (54.2%) have knowledge of DSA services of housing finance and 45 (45.8%) have not knowledge of DSA services of housing finance.

### CHALLENGES FACED BY THE CUSTOMER FOR THE APPROVAL OF HOME LOAN

S.no	Challenges	No. of respondents	%Age
1.	Ownership	15	12.5%
2.	ROI (rate of interest)	20	16.7%
3.	Processing time	20	16.7%
4.	Processing fees	10	8.2%
5.	Documentation	05	4%
6.	Income eligibility	05	4%
7.	Nature of business	03	2.5%
8.	Nature of work	06	5%
9.	Legal approval	03	2.5%
10.	Technical approval	05	4%
11.	-Loan to value	09	7.5%
12.	Difficulty to find property for home loan	02	1.7%
13.	Age restriction	08	6.7%
14.	Lack of knowledge	03	2.5%
15.	Time management	06	5%
16.	<b>TOTAL</b>	<b>120</b>	<b>100%</b>

### SUMMARY AND CONCLUSION

This research paper investigates potential customer satisfaction of DSA services in relation to home loan with reference to Patiala city. In this chapter summary of this synopsis and conclusion also. This study related with the customer perceptions of lead generation, processing time, disbursement and service quality of DSA services. Literature review of this study conducted for the identification of the research gap. Research methodology presented for the discussion of research framework, research objectives, research problems.

People used to have the mentality of save and buy. People used to dip into their retirement benefits and provident funds to raise money for building residences. In 1978, HDFC initiated the practice of home advancements. Because there was no recovery structure in place, banks were hesitant to fund home advances. Documenting a joint litigation in a court of law was the primary remedy that banks could take. You may be surprised to learn that, before 1994, home advance finance costs ranged from 11 to 14 percent. The average borrower for house credit was 42 years old, and the average advance amount was 39000. Banks started to enter the home advance sector in 1991, when the economy opened.

This research paper found that all challenges faced by customer adversely effected for the housing loan application and disbursement process. For the removal these hindrances DSA services are helpful for those customers who are not able to apply a home loan application. The gap between bank and needy customer fill by the DSA who play the vital role for the customer as well as bank.

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