



# A Study on Customer Awareness Towards Home Loan Schemes

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**Abstract**— The present study examines customer awareness towards home loan schemes with special reference to EMI calculation, interest rates, government subsidy schemes, and factors influencing home loan decisions. Home loans have become one of the most important financial products for individuals seeking residential ownership. The study aims to analyze the level of awareness among customers regarding home loan schemes offered by banks and financial institutions. Primary data was collected from 100 respondents using a structured questionnaire. Percentage analysis and Chi-Square test were applied for interpretation of data. The findings reveal that respondents possess moderate to high awareness regarding EMI, interest rates, and bank comparison, while awareness regarding subsidy schemes and processing charges remains comparatively low. The study concludes that improved financial literacy, transparency, and customer awareness programs are essential to support informed home loan decisions.

**Keywords:** Home Loan, Customer Awareness, EMI, Interest Rate, PMAY, Housing Finance



## INTRODUCTION

The present research project titled “A Study on Customer Awareness Towards Home Loan Schemes” aims to examine the level of awareness among customers regarding various home loan options available in the market and to understand the factors influencing their knowledge and decision-making.

In today’s rapidly growing economy, owning a house is one of the primary aspirations of individuals. Due to rising property prices, most people depend on home loans provided by banks and financial institutions. Over the years, the Indian banking sector has introduced a wide range of home loan schemes with attractive interest rates, flexible repayment options, and government subsidies such as the **Pradhan Mantri Awas Yojana (PMAY)**. Despite the availability of these schemes, many customers are still not fully aware of their features, benefits, eligibility criteria, and application procedures.

The main objective of this study is to analyze the level of customer awareness towards home loan schemes and to identify the key factors that affect their understanding. The study also focuses on examining customer preferences, sources of information, and the challenges faced by them while availing home loans.

For the purpose of the study, both primary and secondary data have been used. Primary data was collected through a structured questionnaire distributed among respondents, while secondary data was gathered from books, journals, websites, and banking reports. A suitable sample size was selected, and responses were analyzed using simple

statistical tools such as percentages, charts, and graphs to draw meaningful conclusions.

The findings of the study indicate that while a significant number of customers are aware of basic aspects of home loans, such as interest rates and EMI, there is still a lack of in-depth knowledge regarding government schemes, tax benefits, and detailed loan procedures. It was also observed that factors such as education level, income, occupation, and exposure to financial information play an important role in determining customer awareness.

The study further reveals that most customers rely on banks, financial advisors, and online sources for information about home loan schemes. However, there is a need for banks and financial institutions to improve their communication strategies and create more awareness through digital platforms, advertisements, and customer education programs.

Based on the findings, the study suggests that banks should simplify loan procedures, provide transparent information, and conduct awareness campaigns to educate customers. Increasing financial literacy among individuals can help them make better decisions and choose suitable home loan schemes according to their needs.

In conclusion, the study highlights that customer awareness is a crucial factor in the effective utilization of home loan schemes. Improving awareness levels can not only benefit customers but also contribute to the growth of the housing and banking sectors in India.



## LITERATURE REVIEW –

### 1. Infant Emiliya (2025)

A study conducted in Coimbatore city analyzed consumer perception towards home loans. The research found that customers prefer public sector banks due to lower interest rates and reliability. It also concluded that education and income significantly influence awareness and satisfaction levels.

### 2. Sridhar K., Dr. Mukund Sharma & Bharath Bhushan (2017)

This study compared customer perception towards home loans in SBI and ICICI Bank in Bangalore. It revealed that customers evaluate loan schemes based on interest rates, service quality, and trust in banks. It also showed that competition between public and private banks improves awareness among customers.

### 3. D. Srinivasa Kumar (2017)

This research focused on problems faced by home loan borrowers in India. The study found that customers face issues such as complex documentation, delay in loan approval, and lack of transparency. It also highlighted differences between salaried and self-employed borrowers in terms of awareness and challenges.

### 4. Dr. Archana Fulwari (2018)

This study reviewed determinants of demand for home loans in India. It concluded that factors such as income, interest rates, inflation, and housing prices significantly affect customer decisions. It also emphasized that awareness of these factors is essential for proper financial planning.

### 5. Nirmal Velji & Prof. Amir Mohan (2024)

A study conducted in Gujarat examined customer satisfaction towards home loans. The findings revealed that service quality, interest rates, and loan processing efficiency are major factors affecting satisfaction. The study also indicated that better awareness leads to higher satisfaction levels among customers.

### 6. Sadaram Vani & Dr. Venkateswarlu (2024)

This study compared housing finance services in Andhra Pradesh. It analyzed customer awareness, satisfaction, and challenges faced by borrowers. The results showed that customers often lack detailed knowledge about loan procedures and depend on financial institutions for guidance.

### 7. Hari Govinda Rao, Srinu M., & Sanyasi Rao (2019)

This study examined the impact of demographic factors on home ownership in India. It found that age, income, education, and occupation play a significant role in influencing customer awareness and decision-making regarding home loans.

### 8. Bhakti Mulchandani & Dr. Bharti Valechha (2020)

This study focused on awareness of reverse mortgage schemes in India. It revealed that awareness among Indian customers is extremely low, even for schemes introduced by the government. This highlights the need for better awareness campaigns and financial education.

### 9. Venkatesh Palraj & Anbu Selvan (2025)

A comparative study of LIC Housing Finance and HDFC home loans found that customers prefer schemes based on flexibility, digital services, and



transparency. It also showed that younger and urban customers are more aware due to exposure to digital platforms.

### 10. Divya Sharma (2024)

A study on financial behavior of Indian households revealed that income, education, and employment type significantly affect financial awareness and borrowing decisions. It emphasized the importance of financial literacy in improving awareness of loan products.

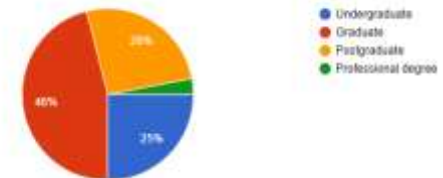
#### Objectives of the Study -

- To understand the concept and features of home loan schemes
- To analyze the level of customer awareness towards home loan schemes
- To identify the factors influencing customer awareness (such as education, income, occupation, etc.)
- To examine customer preferences while selecting home loan schemes
- To study the awareness of customers regarding government housing schemes like Pradhan Mantri Awas Yojana (PMAY)
- To evaluate the role of banks and financial institutions in spreading awareness
- To suggest measures for improving customer awareness and financial literacy.

## DATA ANALYSIS AND INTERPRETATION-

4. Educational Qualification

100 responses



#### Interpretation:

The above table and pie chart show the educational qualification of respondents. Out of 100 respondents, 25% are undergraduates, 46% are graduates, 26% are postgraduates, and 3% hold professional degrees. This indicates that the majority of respondents are graduates, followed by postgraduates and undergraduates. Only a small proportion of respondents possess professional degrees. It can be interpreted that most respondents are reasonably educated, which may positively influence their awareness and understanding of home loan schemes.

5. Occupation

100 responses



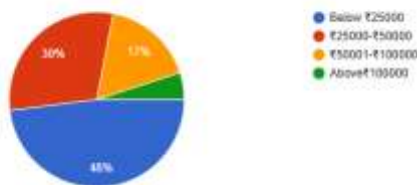
#### Interpretation:

The above table and pie chart show the occupational distribution of respondents. Out of 100 respondents, 59% are salaried employees, 23% are self-employed, 14% are business owners, and 4% are professionals. This indicates that the majority of respondents are salaried employees, followed by self-employed individuals. A smaller propor-



tion of respondents are business owners and professionals. It can be interpreted that salaried individuals form the major segment of respondents, which suggests that they are more likely to seek home loans due to stable income and regular repayment capacity.

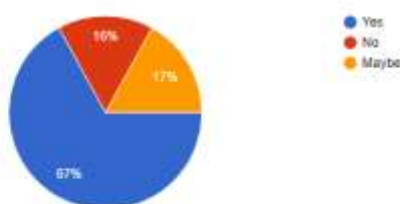
5. Monthly income.  
100 responses.



### Interpretation:

The above table and pie chart show the monthly income distribution of respondents. Out of 100 respondents, 48% earn below ₹25,000 per month, 30% earn between ₹25,000–₹50,000, 17% earn between ₹50,001–₹1,00,000, and only 5% earn above ₹1,00,000 per month. This indicates that the majority of respondents belong to the lower income group, followed by the middle-income group. A comparatively smaller proportion of respondents fall in the higher income categories. It can be interpreted that most respondents belong to low and middle-income groups, which makes home loans an important financial support for purchasing a house.

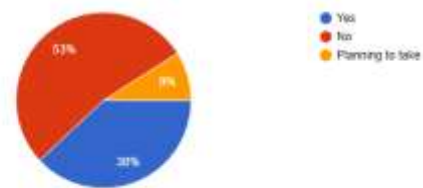
7. Are you aware of home loan schemes offered by banks?  
100 responses



### Interpretation:

The above table and pie chart show the awareness level of respondents regarding home loan schemes offered by banks. Out of 100 respondents, 67% are aware of home loan schemes, 16% are not aware, and 17% are uncertain. This indicates that a majority of respondents are aware of home loan schemes offered by banks. However, a small proportion of respondents are either unaware or unsure about such schemes. It can be interpreted that awareness regarding home loan schemes is fairly high among respondents, though there is still a need for better communication and financial awareness programs to educate the remaining population.

8. Have you taken a home loan?  
100 responses

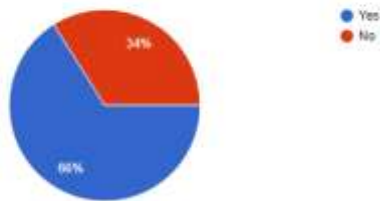


### Interpretation:

The above table and pie chart show whether respondents have taken a home loan. Out of 100 respondents, 38% have taken a home loan, 53% have not taken a home loan, and 9% are planning to take a home loan. This indicates that the majority of respondents have not yet taken a home loan, while a considerable proportion have already availed one. A smaller percentage of respondents are planning to take a home loan in the future. It can be interpreted that although many respondents are aware of home loan schemes, a large number have not yet utilized them, which may be due to financial constraints, lack of immediate need, or eligibility concerns.



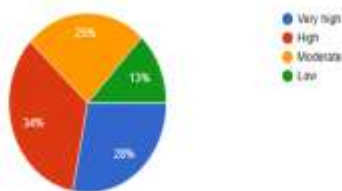
9. Do you know the current interest rate on your home loans?  
100 responses



**Interpretation:**

The above table and pie chart show respondents’ awareness of the current interest rate on home loans. Out of 100 respondents, 66% are aware of the current interest rate on home loans, while 34% are not aware. This indicates that a majority of respondents have knowledge about the prevailing home loan interest rates. However, a significant proportion of respondents still lack awareness regarding current interest rates. It can be interpreted that although most respondents are financially informed, there is still a need for banks and financial institutions to improve communication and awareness about current home loan interest rates.

20. Overall, how would you rate your awareness about home loan schemes?  
100 responses



**Interpretation :**

The above chart presents respondents’ overall self-assessment of their awareness regarding home loan schemes. Out of 100 respondents, 28% rated their awareness as Very High, 34% as High, 25% as Moderate, and 13% as Low. The findings

indicate that a majority of respondents have a positive level of awareness about home loan schemes.

A combined 62% of respondents rated their awareness as either High or Very High, suggesting that most individuals possess a good understanding of home loan products, interest rates, EMI calculations, and related procedures. This reflects growing financial literacy and improved access to loan-related information.

**RESEARCH METHODOLOGY RESEARCH DESIGN:**

| Component       | Description   |
|-----------------|---|
| Research Design | Descriptive research  |
| Data Collection | Two types of data were used: Primary Data and Secondary Data.                     |
| Primary Data    | Collected through structured questionnaires                                       |
| Secondary Data  | Collected from research journals, websites, fintech reports, books, and articles. |
| Sample Size     | The study considered 100 respondents from distinctive clients in Pune city        |
| Sampling Method | Convenience sampling method was used for selecting                                |



|                     |   |
|---------------------|---|
|                     | respondents.  |
| Data Analysis Tools | Data was analyzed using percentage analysis, charts and graphs, |

### Data Analysis & Interpretation

The data collected from respondents was carefully organized and analyzed to understand their investment behaviour and the influence of behavioural biases.

Responses from the questionnaire were converted into numerical form to make analysis easier. Simple statistical tools such as percentages, averages, and graphical representations like pie charts and bar graphs were used to present the data in a clear and meaningful way. This helped in identifying patterns, trends, and common behavioural tendencies among investors. The interpretation of the data focuses on explaining what these numbers actually mean in real-life situations. For example, if a majority of respondents agree with statements related to holding losing investments, it indicates the presence of loss aversion bias.

### Findings of the Study-

1. Majority of respondents (60%) are male.
2. Most respondents belong to the age group of 20–30 years.
3. A majority (72%) of respondents are aware of home loan schemes.

4. Awareness of home loan interest rates is moderate (65%).

5. Awareness regarding EMI calculation is moderate (55%).

6. Awareness of government schemes such as PMAY is low (40%).

7. Banks and internet are the major sources of information.

8. Interest rate is the most important factor influencing loan decisions.

9. Public sector banks are more preferred than private sector banks.

10. Customer satisfaction level is moderate, with 50% respondents satisfied.

### Conclusion-

The study concludes that respondents have a moderate to high level of awareness regarding home loans, with most individuals demonstrating familiarity with EMI calculations, interest rates, and loan comparison practices. Interest rate and EMI amount are the most important factors influencing home loan selection.

However, awareness regarding government subsidy schemes and additional loan charges remains limited. Although respondents show reasonable financial awareness, many still do not fully utilize available benefits such as subsidy schemes and digital comparison tools.



The study also concludes that age does not have a significant impact on awareness of home loan schemes, suggesting that financial awareness is shaped more by access to information and financial literacy than by demographic factors.

Overall, the study highlights the need for better financial education, improved transparency in loan-related information, and stronger awareness campaigns to help borrowers make informed home loan decisions.

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