A Critical Study on Loans and Advances of Selected Public Sector Banks for Real Estate Development in India

Tanu Aggarwal
Research Scholar,
Amity University Noida,
Noida, Uttar Pradesh

Dr. Priya Soloman
CFA(Faculty)
Amity University Noida,
Noida, Uttar Pradesh

Abstract

The Purpose of this study is to examine different lending interest rates for Real estate loans and on the other hand the influence of Real Estate advances on public sector banks in India by using Path Diagram (Using Maximum Likelihood Model) to analyze whether it leads to Real Estate sector Development in India. The outcome of Maximum Likelihood model shows that there is no influence of Real Estate Advances on Public sector Banks. In other words Public sector banks is contributing less for Real Estate Sector development in India.

Keywords: Real Estate Advances, Interest Rates, Public Sector Banks, Amos, Path Diagram

Jel Codes: L85, R33, G21, C1, R45

Introduction

The Real Estate Advances plays the pivotal role in the growth of the Real Estate Sector Development in India. The tax incentives given to the Real Estate Sector Finance by the government of India in the annual budget of 2001, the transactions related to the Real Estate buying and selling of the properties has been increased as compare to the other periods.

The buyers are basically the end-users rather than the investors as the new class of buyers are basically young and they have the knowledge of all the legal documents and approvals. As related to the economy of India the Real Estate sector has the capacity to generate the demand and income for the equipments, materials and services.

The realty expansion in India has given a new face to the finance sector in India to the real estate advances. This helps the finance companies to provide the investment for Real estate sector development in India as they are facing competition but leads to increase in investment of the Real Estate Sector Development in India.

The study related to the Real Estate Advances and Interest Rates of Public Sector Banks should be taken into consideration to know the aspects of banks in Real estate sector development in India.

The banks include State bank of India, Punjab National Bank, Canara Bank, Industrial Development bank of India (IDBI) and Indian Bank which provides Real estate advances for development of Real estate sector development in India has been taken into consideration for the study.

Review of Literature:

Amit Ghosh (2015) examined the real estate loans which reflect regional banking and economic conditions. The purpose of this paper is to examine state-banking industry specific as well as region economic determinants real estate lending of commercial banks across 51 states.

T. Mamata (2010) has analyzed the study on issues related to Housing Finance: an experience with State Bank of India. It highlights certain areas of the banker and customer in specific to state Bank of India in housing finance in comparison with competitors in housing industry and also focuses on recovery system followed by State bank of India.

Sumanta Deb (2012) studies the Indian real estate market and potential of House price Indices as an indicative Tool: Cases and Concepts. The study is based on the management in prices of real estate particularly residential housing is important to the market economy as well as individual household.

Anirudha Durafe and Dr. Manmeet Singh (2015) study the Banks capital buffer and business cycle: Evidence for India. The Regression analysis has been applied both to public and private sector banks which shows business cycle is having insignificant impact on the capital buffer but with different signs.

Dr S.K.S Yadav (2016) analyzes the Performance evaluation of Banks in India. The study is related to the examination of performance of consolidated operations of public and private sector banks in India.

Objectives of the Study:

- To Study the lending Rate of Interest on Real Estate Sector Loans provided by Public Sector Banks in India.

- To Study the influence of Real Estate Advances on Public Sector Banks(Development of Real Estate Sector) in India.

Research Methodology:

The research is descriptive in nature. The data is collected from the research papers, reports. The data is based on the secondary sources. The sample banks include State bank of India, Punjab National Bank, Canara Bank, Industrial Development bank of India (IDBI) and Indian Bank which provide loans at different (lending) interest rates and real estate advances for the development of Real estate sector has been taken into consideration for the study.

Statistical Tools:

The Maximum Likelihood Model has been employed to study using regression and correlation of public sector Banks in relation to Real Estate Advances in India by using IBM SPSS Amos.

Public Sector Banks Interest Rates for Real Estate Sector Loans in India:
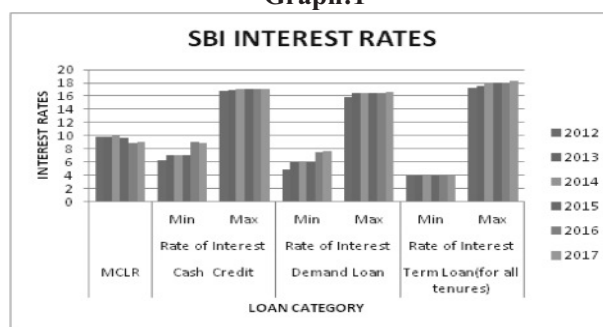
State Bank of India

Table:1

Years	MCLR	Cash Credit		Demand Loan		Term Loan(for all tenures)	
		Rate of Interest		Rate of Interest		Rate of Interest	
		Min	Max	Min	Max	Min	Max
2012	9.875	6.25	16.8125	4.875	15.875	4	17.3125
2013	9.8	7	17	6	16.45	4	17.55
2014	9.925	7	17.025	6	16.45	4	17.8
2015	9.675	7	17.05	6	16.45	4	17.95
2016	8.925	9	17.05	7.5	16.45	4	18
2017E	9.0325	8.9	17.145	7.65	16.68	4	18.255

Source: Reserve Bank of India Database.

Graph:1

Interpretation:

The Marginal Credit Lending Rate(MCLR) and Rate of Interest shows the increasing trend for providing Loans for Real Estate Sector Development of India by State Bank of India. All the category of Loan interest Rates is showing an increasing trend.
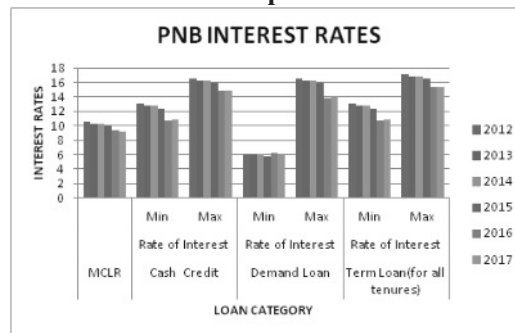
Punjab National Bank

Table:2

Years	MCLR	Cash Credit		Demand Loan		Term Loan(for all tenures)	
		Rate of Interest		Rate of Interest		Rate of Interest	
		Min	Max	Min	Max	Min	Max
2012	10.5	13.06	16.5	6	16.5	13.06	17.06
2013	10.25	12.75	16.25	6	16.25	12.75	16.75
2014	10.25	12.75	16.25	6	16.25	12.75	16.75
2015	9.96	12.4	15.9	5.71	15.9	12.4	16.46
2016	9.3	10.7	14.9	6.1625	13.9	10.7	15.3
2017	9.245	10.811	14.895	5.985	14.095	10.811	15.321

Source: Reserve Bank of India Database.

Graph:2

Interpretation:

The Marginal Credit Lending Rate(MCLR) and Rate of Interest shows the increasing trend for providing Loans for Real Estate Sector Development of India by Punjab National Bank. All the category of Loan interest Rates is showing an increasing trend.
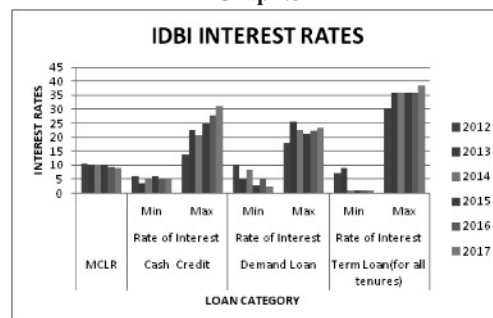
IDBI Bank

Table:3

Years	MCLR	Cash Credit		Demand Loan		Term Loan(for all tenures)	
		Rate of Interest		Rate of Interest		Rate of Interest	
		Min	Max	Min	Max	Min	Max
2012	10.5625	6.25	13.75	10	17.75	7.375	30.2
2013	10.25	3.6875	22.625	4.9675	25.6875	8.875	36
2014	10.25	4.9375	20.9375	8.2875	22.75	1	36
2015	10	6	24.6875	2.8075	21.0625	1	36
2016	9.2375	5	27.725	4.9125	22.25	1	36
2017	9.1	5.1	30.9	2.4	23.2	1	38.3

Source: Reserve Bank of India Database.

Graph:3

Interpretation:

The Marginal Credit Lending Rate(MCLR) and Rate of Interest shows the increasing trend for providing Loans for Real Estate Sector Development of India by Industrial Development bank of India(IDBI) . All the category of Loan interest Rates is showing an increasing trend.
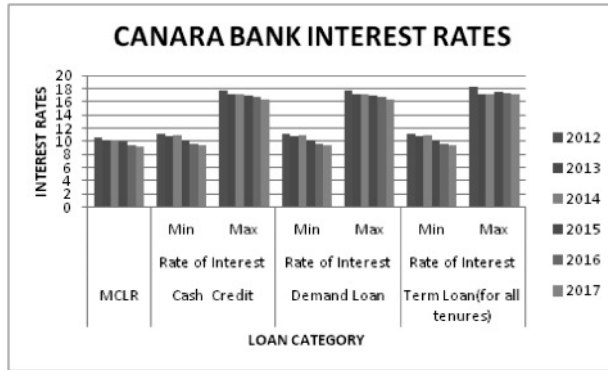
Canara Bank

Table:4

Years	MCLR	Cash Credit		Demand Loan		Term Loan(for all tenures)	
		Rate of Interest		Rate of Interest		Rate of Interest	
		Min	Max	Min	Max	Min	Max
2012	10.5	11.06	17.75	11.06	17.75	11.06	18.31
2013	10.1	10.78	17.16	10.78	17.16	10.78	17.16
2014	10.2	10.9	17.21	10.9	17.21	10.9	17.21
2015	9.9	10.15	16.96	10.15	16.96	10.15	17.525
2016	9.3	9.65	16.65	9.65	16.65	9.65	17.4
2017	9.2	9.4	16.4	9.4	16.4	9.4	17.08

Source: Reserve Bank of India Database.

Graph:4

Interpretation:

The Marginal Credit Lending Rate(MCLR) and Rate of Interest shows the increasing trend for providing Loans for Real Estate Sector Development of India by Canara Bank. All the category of Loan interest Rates is showing an increasing trend.
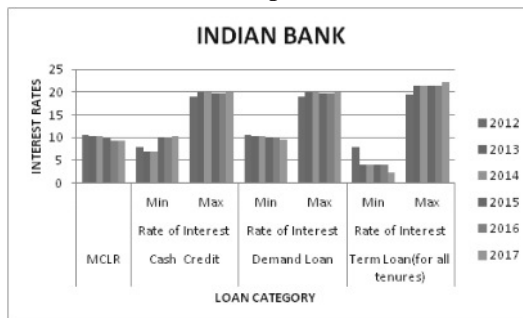
Indian Bank

Table:5

Years	MCLR	Cash Credit		Demand Loan		Term Loan(for all tenures)	
		Rate of Interest		Rate of Interest		Rate of Interest	
		Min	Max	Min	Max	Min	Max
2012	10.5625	7.9375	19.0625	10.5625	19.0625	7.9375	19.5625
2013	10.2	7	19.9	10.2	19.9	4	21.4
2014	10.225	7	19.9	10.225	19.9	4	21.4
2015	9.875	10.025	19.75	10.025	19.75	4	21.35
2016	9.425	9.725	19.6	9.725	19.6	4	21.3
2017	9.27	10.3	19.9	9.5	19.9	2.4	22.03

Source: Reserve Bank of India Database.

Graph:5

Interpretation:

The Marginal Credit Lending Rate(MCLR) and Rate of Interest shows the increasing trend for providing Loans for Real Estate Sector Development of India by Indian Bank.

All the category of Loan interest Rates is showing an increasing trend.

Real Estate Advances by Public Sector Banks (In Million)

Table:6

Year	SBI	PNB	IDBI	CANARA	INDIAN
2011	1346235	426878	312913	164507	96519
2012	1446484	484746	367845	176850	123100
2013	1735864	524140	386369	157702	119404
2014	1911643	625422	427462	265547	149937
2015	2233885	648919	400381	294305	163657
2016	2636645	699958	429620	381489	187254

Source: Reserve Bank of India Statistics

Graph:6
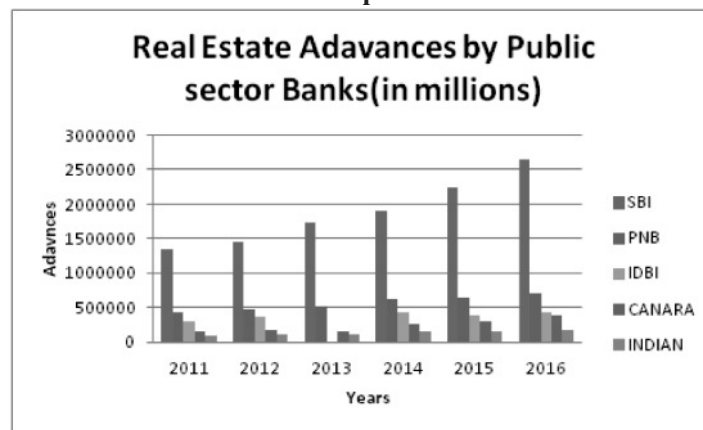
Interpretation:

The Year wise Real Estate Advances shown by State Bank of India, Punjab National bank, Industrial Development Bank of India, Canara Bank and Indian bank which is reflecting the increasing trend every year and is showing the growth of Real Estate Sector Development in India.

Graph:7
Path Diagram for Real Estate Advances by Public Sector Banks
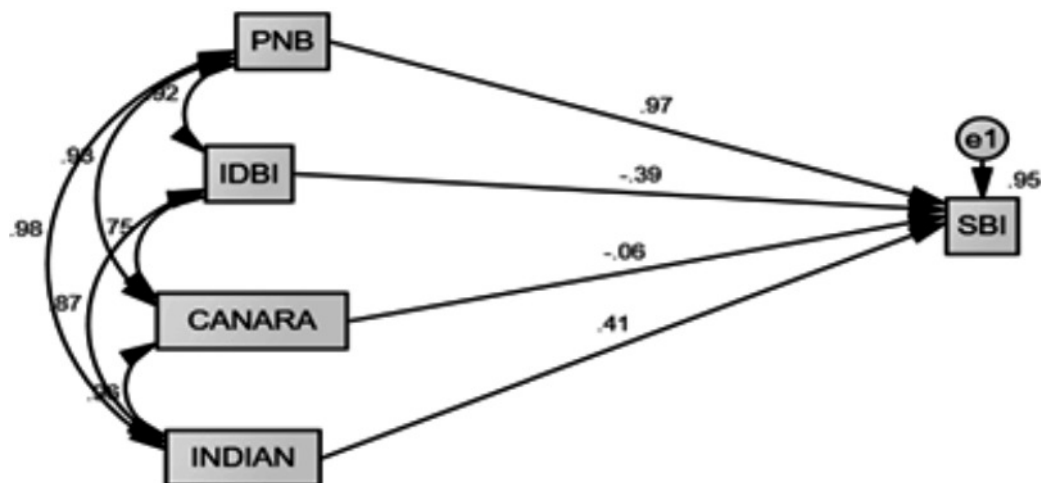
Interpretation:

The State Bank of India is dependent variable and Punjab National Bank, Industrial development Bank of India, Canara Bank, Indian Bank are independent variable which shows the relationship between dependent and independent variables through the use of the Maximum Likelihood Model. This model is adopted using SPSS Amos 21 version. The structural model fit shows that RMR(Root Mean Square Residual) is .097, GFI(Goodness of Fit Model) that is .231 which shows the best fit and Normal Fit Index(NFI), Relative Fit Index is 1 and comparative fit model shows the best fit for the model. They are all within acceptable limits which indicating the good fit.

Estimates (Group number 1 - Default model)

Scalar Estimates (Group number 1 - Default model)

Maximum Likelihood Estimates

Regression Weights: (Group number 1 - Default model)

Table:7

	Estimate	S.E.	C.R.	P	Label
SBI <--- PNB	4.472	2.886	1.549	.121	
SBI <--- IDBI	-4.420	3.780	-1.170	.242	
SBI <--- CANARA	-.318	2.639	-.120	.904	
SBI <--- INDIAN	6.103	9.884	.617	.537	

Source: Authors Own Compilation

Interpretation :

The probability of getting a critical ratio as large as 1.549 in absolute value is .121. In other words, the regression weight for PNB in the prediction of SBI is not significantly different from zero at the 0.05 level.

The probability of getting a critical ratio as large as 1.17 in absolute value is .242. In other words, the regression weight for IDBI in the prediction of SBI is not significantly different from zero at the 0.05 level.

The probability of getting a critical ratio as large as 0.12 in absolute value is .904. In other words, the regression weight for CANARA in the prediction of SBI is not significantly different from zero at the 0.05 level.

The probability of getting a critical ratio as large as 0.617 in absolute value is .537. In other words, the regression weight for INDIAN in the prediction of SBI is not significantly different from zero at the 0.05 level.

It reflects that there is no influence on Real estate Advances on public sector banks of India. The other banks have also influence on Real estate advances in India.

Standardized Regression Weights: (Group number 1 - Default model)

Table:8

	Estimate
SBI <--- PNB	.970
SBI <--- IDBI	-.394
SBI <--- CANARA	-.058
SBI <--- INDIAN	.414

Source: Authors Own Compilation

Interpretation:

When PNB goes up by 1 standard deviation, SBI goes up by 0.97 standard deviations.

When IDBI goes up by 1 standard deviation, SBI goes down by 0.394 standard deviations.

When CANARA goes up by 1 standard deviation, SBI goes down by 0.058 standard deviations

When INDIAN goes up by 1 standard deviation, SBI goes up by 0.414 standard deviations.

Covariances: (Group number 1 - Default model)

Table:9

	Estimate	S.E.	C.R.	P	Label
PNB <--> IDBI	3517842863.104	2329861489.688	1.510	.131	
IDBI <--> CANARA	2440840768.550	1817744738.222	1.343	.179	
CANARA <--> INDIAN	2378206578.495	1534283807.155	1.550	.121	
IDBI <--> INDIAN	1048456466.498	713667068.362	1.469	.142	
PNB <--> CANARA	7342089597.263	4822554566.798	1.522	.128	
PNB <--> INDIAN	2861158287.578	1829380177.029	1.564	.118	

Source: Authors Own Compilation

Interpretation:

The probability of getting a critical ratio as large as 1.51 in absolute value is .131. In other words, the covariance between PNB and IDBI is not significantly different from zero at the 0.05 level (two-tailed).

The probability of getting a critical ratio as large as 1.343 in absolute value is .179. In other words, the covariance between IDBI and CANARA is not significantly different from zero at the 0.05 level (two-tailed).

The probability of getting a critical ratio as large as 1.55 in absolute value is .121. In other words, the covariance between CANARA and INDIAN is not significantly different from zero at the 0.05 level (two-tailed).

The probability of getting a critical ratio as large as 1.469 in

absolute value is .142. In other words, the covariance between IDBI and INDIAN is not significantly different from zero at the 0.05 level (two-tailed).

The probability of getting a critical ratio as large as 1.522 in absolute value is .128. In other words, the covariance between PNB and CANARA is not significantly different from zero at the 0.05 level (two-tailed).

The probability of getting a critical ratio as large as 1.564 in absolute value is .118. In other words, the covariance between PNB and INDIAN is not significantly different from zero at the 0.05 level (two-tailed).

The p value shows that there is no effect of Real Estate Advances on public sector banks of India.

Correlations: (Group number 1 - Default model)

Table:10

			Estimate
PNB	<-->	IDBI	.915
IDBI	<-->	CANARA	.751
CANARA	<-->	INDIAN	.962
IDBI	<-->	INDIAN	.871
PNB	<-->	CANARA	.930
PNB	<-->	INDIAN	.979

Source: Authors Own Compilation

Interpretations

The Correlation table shows that all of them are showing positive relation between them which reflects that all are positively correlated to each other.

Variances: (Group number 1 - Default model)

Table:11

	Estimate	S.E.	C.R.	P	Label
PNB	9337953680.121	5905840462.869	1.581	.114	
IDBI	1581294457.220	1000098427.243	1.581	.114	
CANARA	6680144840.210	4224894558.978	1.581	.114	
INDIAN	915289656.248	578880006.508	1.581	.114	
e1	8995756442.083	5689415926.623	1.581	.114	

Source: Authors Own Compilation

Interpretation

The probability of getting a critical ratio as large as 1.581 in absolute value is .114. In other words, the variance estimate for PNB, IDBI, Canara and Indian Bank is not significantly different from zero at the 0.05 level (two-tailed).

The P value shows that there is no influence of Real Estate advances on public sector Banks in India.

Squared Multiple Correlations: (Group number 1 - Default model)

Table:12

	Estimate
SBI	.955

Source: Authors Own Compilation

Interpretation

It is estimated that the predictors of SBI explain 95.5 percent of its variance. In other words, the error variance of SBI is approximately 4.5 percent of the variance of SBI itself.

Conclusion:

The State bank of India, Punjab National Bank, Industrial Development Bank of India, Canara and Indian bank shows different lending interest rate for Real Estate Loans for different time periods. The influence of Real Estate

Advances on public sector banks has been shown using amos 21 version which depict that there is no influence of Real estate Advances on Public Sector Banks in India. The result shows that public Banks sector is contributing less towards Real Estate sector development of India. The State Bank of India comes first for taking Real Estate Loans as it has less lending interest rates in comparison to other banks.

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The Effectiveness of Online Advertising and Its Impact on Brands Awareness

Dr. Kapil R. Chandoriya

Assistant Professor
Makhanlal Chaturvedi National
University of Journalism and
Communication, Bhopal

Abstract

Online advertising is biggest successful medium to communication individual consumers any time of the day. It's very cheapest medium to convey relevant messages and repeated also possible. A product/brands recall is a request to return a product after the discovery of safety issues or product/brands defects that might endanger the consumer or put the maker/seller at risk of legal action. At the same time online advertising play very important role to suddenly change the consumers repurchase intension towards a particular product. In this study researcher will going to search the either positive or negative relationship between Online Advertising and Recalling brands by using survey methods among 180 people from Bhopal and Gwalior city.

Keywords: Online Advertising, Recalling Brands, Consumer.

Introduction

From the last five years, the budgets for advertising allocated to internet media have grown dramatically. In the year 2012, the internet will characterize 26% of total expenditure of advertising all over the world and this value could reach 31% in the next four years. This type of growth is extensively fuelled by search and "performance" tools (affiliate marketing, email, comparison websites, etc.), although display advertising continues to represent a large portion of online budgets (49% in 2010 and 45% in 2012). Two trends are driving this boom (i) an increase in Web usage which strengthens the internet's role in providing recommendations and preparing consumers to make purchases and recommendations (ii) developments in targeted advertising formats and techniques which help shape more communicative and relevant online campaigns. In today's cut throat competition, the emphasis is on, price reduction and all companies are trying to reduce cost by whatever means possible. It is however fair to say that online advertising play an important role. The growing area of interactive advertising presents new challenges for advertisers to motivate customer. Online advertising passes several benefits like it increases efficiency, reduces costs, provides more flexibility and as a global medium.

The brand awareness has turned into an important variable that impacts customer's perceptions of a particular brand. Achievement in brand management arises from understanding and overseeing brand image and loyalty correctly to create strong characteristics that will impact