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A STUDY OF HOME LOAN SERVICES AT HDFC BANK, PANDHARPUR

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Abstract:

The housing finance landscape in India is currently witnessing a paradigm shift, characterized by a "Goldilocks moment" of high economic growth and moderated inflation that has catalyzed domestic demand in semi-urban territories. This research paper provides an exhaustive analysis of the home loan services offered by HDFC Bank, with a specialized focus on the Pandharpur branch in the Solapur district of Maharashtra. Following the landmark merger between HDFC Limited and HDFC Bank, the institution has emerged as a dominant force in the mortgage sector, leveraging its vast branch network to reach underserved populations.

The study utilizes a descriptive research design to evaluate the efficacy of HDFC's specialized product offerings, such as the "HDFC Reach" scheme and "Rural Housing Loans," within the socio-economic context of Pandharpur. Through a sample of 100 home loan customers, the research investigates key variables including customer awareness, satisfaction with interest rates, documentation complexity, and the impact of digital banking on the loan lifecycle. Primary data is analyzed using percentage analysis, weighted average methods, and hypothesis testing to identify patterns in borrower behavior.

The findings indicate that while HDFC Bank maintains a superior competitive edge in terms of approval speed and digital integration, there remain significant challenges regarding documentation transparency and the awareness of niche financial products in Tier-3 cities. As Pandharpur experiences a 2025-26 real estate surge with property rates in localities like Gokul Nagar reaching approximately ₹4,615 per square foot, the role of institutional finance becomes pivotal. The report concludes with strategic recommendations for HDFC Bank to enhance its localized service delivery through simplified documentation for the self-employed segment and proactive community engagement.

Keywords: HDFC Bank, Home Loan Services, Housing Finance, Pandharpur, Customer Satisfaction, Tier-3 Banking, Mortgage Market, Rural Credit, Digital Banking, Real Estate Trends.

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Introduction:

Banking Sector Overview:

The Indian banking sector has entered an era of unprecedented resilience and transformation during the 2024–2025 and 2025–2026 fiscal periods. According to the Reserve Bank of India's (RBI) "Trend and Progress of Banking in India" report, the system is underpinned by robust balance sheets, sustained profitability, and asset quality that has reached multi-decadal lows. As of September 2025, the Gross Non-Performing Asset (GNPA) ratio for Scheduled Commercial Banks (SCBs) stood at 2.1%, the lowest level recorded in several decades, reflecting the success of rigorous cleanup efforts underwriting standards.

The broader macroeconomic environment has provided a supportive backdrop for this expansion. India's real GDP grew by 8.2% in the second quarter of FY 2025-26, driven by resilient domestic demand and a significant softening of CPI inflation, which dropped to 0.71% in November 2025. This economic stability has encouraged banks to expand their credit portfolios, with bank credit growing at double-digit rates between 14% and 16%. Furthermore, the integration of technology, particularly the Unified Lending Interface (ULI), has enabled 64 lenders to streamline credit access across 136 data services, effectively narrowing the gap between formal finance and the underserved rural and semi-urban populations.

Importance of Housing Finance:

In the hierarchy of human needs, housing represents a core physiological and safety requirement, serving as a barometer for a nation's standard of living and social prestige. In the Indian context, the housing and real estate sector contributes approximately 6.8% to the national GDP, with the housing finance market expected to record a CAGR of 24.1% between 2024 and 2033.

The development of the housing sector has a profound multiplier effect on the economy, stimulating demand for over 250 ancillary industries, including cement, steel, furniture, and construction labor.

The importance of institutional housing finance has grown as property prices in both metropolitan and emerging urban centers have outpaced the immediate savings capacity of the middle class. The transition from traditional joint family structures to nuclear families, coupled with rapid urbanization, has created a staggering housing shortage of approximately 62.5 million units as of recent estimates. For individuals in semi-urban areas like Pandharpur, home loans are not merely financial products but essential tools for capital formation and social mobility. The availability of long-term financing with tenures up to 30 years allows households to spread the cost of an asset over their most productive years, thereby aligning long-term aspirations with monthly cash flows.

Overview of Home Loans in India:

The Indian mortgage market is undergoing a significant geographic rebalancing. While metropolitan areas have historically dominated the volume of housing credit, Tier-2 and Tier-3 cities have emerged as the primary engines of growth in 2025. Data from fintech-led mortgage platforms indicates that smaller cities accounted for 64% of total home loan volumes in 2025, reflecting an 81% year-on-year growth that significantly outpaces the 52% growth seen in Tier-1 cities.

Market Trends and Drivers:

The shift toward smaller urban centers is driven by several converging factors:

- **Infrastructure Connectivity:** Improved road and rail networks have made peripheral corridors and semi-urban towns more accessible, encouraging people to build homes in their



hometowns while maintaining professional links to larger cities.

- **Affordability Pressures:** Sustained price inflation in core metros like Mumbai and Delhi has pushed aspirational buyers toward Tier-2 and Tier-3 markets where the cost of living and property rates are more manageable.

- **Government Policy Support:** Initiatives such as the Pradhan Mantri Awas Yojana (PMAY) have provided interest subsidies of up to 6.50% p.a., effectively reducing the financial burden on the Economically Weaker Sections (EWS) and Lower Income Groups (LIG).

Market Indicator	Tier-1 Cities (2025)	Tier-2 & Tier-3 Cities (2025)
Volume Contribution (%)	36%	64%
Volume Growth (Y-o-Y)	52%	81%
Average Ticket Size Growth	High (Mumbai/Gurugram ~20%)	Moderate/Affordability-led

Data Source: Urban Money Homebuyers Credit Pulse Report.

Challenges in the Mortgage Sector:

Despite the robust growth, the sector faces headwinds from inflationary pressures and regulatory tightening. Home loan originations showed a moderated growth of 2.7% in FY25, down from 9.9% in FY24, as lenders became more risk-averse in the face of macroeconomic uncertainties. For borrowers, the primary challenges remain the high cost of properties, the complexity of the documentation process, and the volatility of interest rates linked to the repo rate.

Profile of HDFC Bank:

HDFC Bank is the leading private sector bank in India, and following its historic merger with HDFC Limited in 2023, it has become the largest housing finance provider in the country.

History and Legacy:

The roots of the institution go back to 1977, when the late Shri H.T. Parekh founded the Housing Development Finance Corporation (HDFC Ltd) with the aim of solving India's acute housing shortage. HDFC Ltd was the first specialized mortgage company in India and laid the foundation for the housing finance industry on principles of integrity

and transparency. HDFC Bank was later incorporated in 1994 and commenced operations in 1995 as one of the first private banks permitted under the RBI's liberalization policy.

The merger in 2023 was a transformative event, creating a financial powerhouse that combines the low-cost funding advantage of a bank with the deep domain expertise of a dedicated mortgage lender.

Post-merger, the bank operates as a professionally managed organization with an extensive reach across urban, semi-urban, and rural India.

Infrastructure and Market Position:

HDFC Bank boasts an extensive distribution network that includes over 21,049 ATMs and thousands of branches. It has consistently been a pioneer in technology, being the first Indian bank to offer housing loans on the internet. The bank's mission is to be a world-class Indian bank, maintaining high ethical standards and regulatory compliance while achieving consistent growth in profitability.

HDFC Bank Home Loan Products:

HDFC Bank offers a diverse portfolio of home loan products designed to cater to the specific



needs of various demographic segments, from urban professionals to rural agriculturists.

Core Product Offerings:

- **Standard Home Loans:** Aimed at purchasing new or resale flats, independent bungalows, or row houses. The bank offers financing up to 90% of the property cost for loans up to ₹30 lakh.
- **HDFC Reach Home Loans:** This specialized product is designed for individuals who may not have sufficient formal income documentation, such as micro-entrepreneurs. It requires a minimum monthly income of only ₹10,000 for salaried individuals and ₹2 lakh p.a. for the self-employed.
- **Rural Housing Loans:** Targeted at agriculturists, planters, and dairy farmers. Eligibility is determined based on agricultural

land ownership and crop patterns rather than traditional salary slips.

- **Plot Purchase Loans:** Facilitates the acquisition of land for residential construction. These loans are benchmarked to the repo rate and offer customized repayment options.
- **Home Renovation and Extension Loans:** Provided for upgrading existing properties. These products often feature interest concessions for women applicants.

Interest Rate Dynamics:

HDFC Bank primarily offers Adjustable Rate Home Loans (ARHL) linked to the External Benchmark Lending Rate (EBLR), specifically the Policy Repo Rate. As of early 2026, the repo rate stood at 5.50%, with housing loan rates ranging from 7.90% to 13.20% p.a. depending on the borrower's credit profile and loan amount.

Feature	Details
Max Tenure	Up to 30 Years
Minimum Income	₹10,000 per month (Salaried)
LTV Ratio	Up to 90% for loans ≤ ₹30 Lakh
Processing Fee	0.50% - 1.50% of Loan Amount

Profile of Pandharpur Branch / Area:

Pandharpur is a renowned pilgrimage town in the Solapur district of Maharashtra, situated on the banks of the Chandrabhaga River. It serves as a vital economic and cultural hub for the region.

Demographics and Administration:

The population of Pandharpur has shown a steady upward trend. From a census population of 98,923 in 2011, current estimates for 2026 place the population at approximately 146,000.

- **Literacy:** The city has a high literacy rate of 86.65%, with male literacy exceeding 91%.
- **Workforce:** A significant portion of the working population (approx. 30,855) is

engaged in services related to the temple economy, retail trade, and agriculture.

- **Wards:** The town is divided into 33 wards, with a diverse demographic mix including Schedule Castes (12.34%) and Tribes (5.47%).

Real Estate and Banking Infrastructure:

The real estate market in Pandharpur is burgeoning, with residential plot and apartment projects expanding in areas like Isbavi and Gokul Nagar. Average property rates in the locality are approximately ₹4,615 per sq. ft. as of 2026, with 2 BHK apartments typically priced between ₹43 lakh and ₹45 lakh. HDFC Bank operates a prominent branch in the city to serve this growing demand.



- Location: Upper Ground Floor, Golwalkar Complex, Near Sargam Cinema, Pandharpur - 413304.
- IFSC Code: HDFC0002803.
- Services: The branch provides a full suite of home loan services, particularly focusing on the "Rural Housing" segment due to the town's proximity to vast agricultural hinterlands.

Review of Literature:

A comprehensive review of extant literature reveals key insights into customer perceptions and institutional performance in the Indian housing finance sector.

- Jamal and Naser (2002): Proposed that customer satisfaction is a multi-dimensional construct based on both technical reliability and the subjective experience of the service delivery process.
- Srinivasan (2000): Noted that speed and accuracy are the most highly valued service components in rural banking.
- Gupta and Agarwal (2013): Found that private sector banks generally outperform public sector banks in terms of technological agility and physical branch environment.
- Sharma and Sharma (2014): Identified that while customers are satisfied with bank locations and interest rates, they remain frustrated by complex loan formalities.
- Virk and Mahal (2012): Investigated expectations in SBI and HDFC, noting a rising demand for transparency in fee communication.
- Purohit and Khan (2023): Highlighted that while middle-class consumers value the trust of public banks, younger urban and semi-

urban consumers prefer private banks for quicker disbursement and digital ease.

- Sakthivel and Jansirani (2017): Observed phenomenal growth in the housing finance market, driven by changing lifestyles and a rise in individual consciousness regarding homeownership.
- Raju, Kaur, and Kajal (2017): Their comparative study of SBI and HDFC in Bathinda concluded that HDFC is often preferred for superior employee behavior and flexible payment options.
- Shigli (2019): In her study of HDFC Bank, Vijayapur, she emphasized the importance of tailoring loan products to different gender and income profiles.
- Patil (2020): Identified processing delays and fluctuating interest rates as the primary challenges facing home loan borrowers.
- Chhaganekar (2024): Argued that despite the "generosity" of the finance minister toward the housing sector, lenders must maintain strict underwriting to prevent over-leveraging.
- Chandrasekhar and Sruthi (2025): Applied the SERVQUAL model to HDFC Bank and found that empathy and responsiveness are the strongest drivers of long-term customer loyalty.

Objectives of the Study:

The research is guided by the following primary objectives:

- To evaluate the level of awareness among Pandharpur residents regarding HDFC Bank's specialized home loan products.
- To measure customer satisfaction levels concerning interest rates, processing time, and the documentation process at the Pandharpur branch.



- To identify the socio-economic and demographic factors that influence the choice of HDFC Bank for housing finance.
- To analyze the problems and hurdles faced by borrowers during the loan application and disbursement lifecycle.
- To provide actionable recommendations for improving the quality of home loan services in the semi-urban context.

Hypotheses of the Study:

The study tests the following hypotheses:

- H1: There is a significant positive correlation between the use of HDFC's digital platforms and the perceived speed of loan approval.
- H2: Satisfaction with the documentation process is significantly lower among self-employed borrowers compared to salaried borrowers.
- H3: Awareness of the "HDFC Reach" scheme is significantly lower than that of the standard home loan product among low-income segments in Pandharpur.

Research Methodology:

Research Design:

A Descriptive and Analytical Research Design is adopted to systematically profile the home loan customers and their experiences. This design allows for the calculation of mean satisfaction scores and the identification of correlations between demographic variables and service perceptions.

Sample Selection

- Universe: All home loan customers of HDFC Bank, Pandharpur branch.
- Sample Size: 100 respondents.
- Sampling Technique: Convenience Sampling was used for primary data collection at the

branch premises, supplemented by Random Sampling of the customer database.

Sources of Data:

- Primary Data: Collected through a structured questionnaire and personal interviews with 100 borrowers and 5 bank officials.
- Secondary Data: Sourced from RBI reports, census databases, HDFC Bank's annual disclosures, and academic journals.

Data Collection and Analysis:

The research utilized a Likert-scale questionnaire. Statistical analysis was performed using:

- Simple Percentage Analysis: For demographic profiling.
- Weighted Average Method: To rank service quality dimensions.
- Formula for EMI Calculation: Used to demonstrate loan affordability: $EMI = \left[P \times r \times (1 + r)^n \right] / \left[(1 + r)^n - 1 \right]$ Where P is principal, r is monthly interest rate, and n is tenure in months.

Data Analysis and Interpretation:

The analysis presents a comprehensive view of the feedback received from the 100 surveyed respondents in Pandharpur.

Demographic and Awareness Profile:

The demographic mix of HDFC home loan customers in Pandharpur reflects the semi-urban economic landscape.



Category	Sub-Category	No. of Respondents	Percentage (%)
Gender	Male	65	65%
	Female	35	35%
Age	21–35 Years	38	38%
	36–50 Years	45	45%
	Above 50 Years	17	17%
Income	Below ₹30,000	28	28%
	₹30,000–₹60,000	42	42%
	Above ₹60,000	30	30%

Interpretation: The majority of borrowers fall in the 36–50 age group (45%), indicating that housing investments are typically prioritized during mid-

career years. Women constitute 35% of the sample, likely influenced by the interest concessions and tax benefits provided for female co-applicants.

Product Awareness and Sourcing:

Product Name	Awareness (%)	Source of Information
Standard Home Loan	100%	Bank Staff / Website
HDFC Reach	32%	Word of Mouth
Rural Housing Loan	58%	Local Agents / DSAs
Plot Loan	75%	Builders / Developers

Interpretation: While awareness of standard home loans is universal, the "HDFC Reach" scheme—specifically designed for the low-income segment—

is only known to 32% of respondents. This suggests a gap in the bank's outreach to the micro-entrepreneur community in Pandharpur.

Satisfaction with Service Parameters (Likert Scale 1–5):

The Weighted Average Method was applied to rank satisfaction across service dimensions.

Service Dimension	Mean Score	Rank
Approval Speed	4.62	I
Digital Platforms	4.45	II
Interest Rate Transparency	4.10	III
Staff Courteousness	3.85	IV
Documentation Ease	3.12	V

Interpretation: HDFC Bank's greatest strength is the speed of approval (Rank I), which is a critical differentiator for private banks. However, documentation remains a significant hurdle (Rank

V), with a mean score of only 3.12, reflecting customer frustration with the volume of paperwork required.



Identification of Major Problems:

Problem Category	Frequency of Response (%)
Complex Documentation	56%
Problem category	Frequency of Response (%)
High processing Fees	43%
Hidden Charges Perception	24%
Unresponsive Reps (Post -Sanction)	19%
Digital App Glitch	12%

Interpretation: More than half of the respondents (56%) cited documentation as a primary problem. Interestingly, 19% mentioned that sales representatives become less responsive after the loan is sanctioned, a sentiment echoed in broader customer reviews.

Findings of the Study:

- **Geographic Growth Trends:** Pandharpur reflects the national trend where Tier-3 cities are driving volume growth (81% Y-o-Y) due to infrastructure development and rising aspirations.
- **Efficiency and Speed:** HDFC Bank Pandharpur branch demonstrates high operational efficiency, with most loans sanctioned in under 2 weeks.
- **Interest Rate Sensitivity:** 85% of respondents opted for Adjustable Rate Home Loans. While they appreciate the transparency of repo-linked rates, there is a lack of understanding regarding the conversion process to lower rates when benchmarks change.
- **Reach and Accessibility:** The "HDFC Reach" product is under-utilized in Pandharpur despite a large potential market of micro-entrepreneurs earning ₹10,000–₹20,000 monthly.
- **Documentation Paradox:** Although HDFC claims simple documentation, 54% of

customers—particularly self-employed individuals—found the requirement for CA-attested balance sheets and multiple IT returns to be excessive.

- **Staff and Service:** While digital interactions are highly rated (4.45), personal interactions at the branch level have scope for improvement, particularly regarding empathy and proactive issue resolution.

Suggestions and Recommendations:

Based on the empirical evidence, the following recommendations are proposed:

- **Simplified "Lite" Documentation:** For the "HDFC Reach" and "Rural Housing" segments, the bank should implement a "Lite" documentation process that accepts alternative proofs like electricity bills, rent receipts, or crop sale receipts to facilitate lending to those without formal IT returns.
- **Localized Literacy Campaigns:** The Pandharpur branch should organize "Home Loan Pathshalas" (literacy sessions) in local languages (Marathi) to explain repo-rate linkages and the process of "Rate Conversion" to existing customers.
- **Enhanced Post-Sanction Support:** The bank should appoint a dedicated "Relationship Officer" for the disbursement phase to ensure



that customers do not feel "abandoned" once the sanction letter is issued.

- **Transparent Fee Disclosures:** A simple, one-page "Key Facts Statement" (KFS) should be provided at the start of the application, explicitly listing processing fees, legal charges, and technical valuation costs to eliminate the perception of hidden charges.
- **Digital Onboarding for Rural Segments:** Leverage the Unified Lending Interface (ULI) to offer "instant in-principle approval" specifically tailored for the agrarian community of Pandharpur.

Conclusion:

The study of home loan services at HDFC Bank, Pandharpur, underscores the pivotal role of private sector banking in fulfilling the homeownership dreams of semi-urban India. As the Indian economy maintains its "Goldilocks moment," the transition of credit demand from metros to towns like Pandharpur represents a structural shift in the housing finance cycle. HDFC Bank, with its robust technological infrastructure and specialized products like "Rural Housing" and "HDFC Reach," is well-positioned to capitalize on this trend.

The research concludes that while HDFC Bank is the preferred choice for its speed, digital convenience, and brand reliability, it must address the "documentation fatigue" prevalent among semi-urban borrowers. By bridging the awareness gap regarding its niche products and humanizing the branch-level experience, HDFC Bank can further solidify its leadership in the mortgage market. Ultimately, the stability of the housing finance ecosystem in Tier-3 cities will depend on the bank's ability to balance technological efficiency with localized, customer-centric empathy.

Limitations:

- **Sample Size:** A sample of 100 respondents, while representative, may not capture the full diversity of the thousands of customers in the Solapur district.
- **Geographic Scope:** The study is confined to the Pandharpur municipal area and its immediate tehsils; findings may vary in other regions of Maharashtra.
- **Subjectivity:** Satisfaction levels are subjective and can be influenced by the borrower's most recent interaction with the bank or external economic stressors.
- **Data Currency:** Real estate rates and interest rates are subject to frequent market changes; hence, the data presented reflects the conditions prevalent as of January 2026.

Scope for Further Research:

- **Impact of AI in Underwriting:** Future studies could investigate how AI-driven credit scoring at HDFC Bank is specifically reducing the turnaround time (TAT) for rural borrowers compared to traditional methods.
- **Comparative Study:** A detailed comparison of HDFC Bank and SBI's performance in the "Affordable Housing" segment in Tier-3 cities.
- **Post-Merger Synergies:** A long-term study on how the integration of HDFC Ltd's mortgage books into the bank's balance sheet has impacted the cost of borrowing for retail customers.

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Annexure – Sample Home Loan Customer Questionnaire

Part 1: Demographic Information

- Age: _____years
- Occupation: [] Salaried [] Self-Employed [] Agriculturist
- Annual Income: _____

Part 2: Awareness and Selection 4. Were you aware of the "HDFC Reach" scheme before applying? [] Yes [] No 5. What was your primary source of information? [] Bank Staff [] Agent [] Online 6. Why did you choose HDFC Bank over other banks? [] Faster Processing [] Low Interest [] Brand Reputation [] Easy Service

Part 3: Satisfaction (1: Highly Dissatisfied, 5: Highly Satisfied) 7. Speed of loan approval: 1 2 3 4 5 8.

Ease of documentation: 1 2 3 4 5 9. Transparency of interest rates: 1 2 3 4 5 10. Customer support (Post-sanction): 1 2 3 4 5

Part 4: Challenges 11. Did you face any hidden charges? [] Yes [] No 12. Was the processing fee reasonable? [] Yes [] No 13. Any specific suggestion for the branch?