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**Impact of Pandemic on Private and Public Sector Housing Finance Companies in  
India: A Comparative Study**

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**Abstract**

Today the world is affected by COVID – 19 and it had infected 82 million people worldwide and killed more than 1.8 million people. Still we are trying to come out from this situation, this Corona Virus affected adversely on almost all countries' economic systems. Governments of many countries have called out for 'lockdown' to avoid the spread of corona virus. Due to this lockdown many sectors of economic growth have fallen, and housing finance companies are not exception to it. Current paper deals with the impact of pandemic situation on the financial performance of the selected public housing finance companies and private housing finance companies.

**Key Words:** - Housing finance companies, profitability ratio, and liquidity ratio.

**Introduction:**

House is a basic necessity as well as a pride of security to all. Every individual have a dream of good house, to fulfill the dream of the common man both banking and non-banking financial institutions are engaged through their financial services. They work on the aim to provide long term finance to individual either for the purpose of purchasing house or construction of house. To promote housing sector in India lots of efforts were taken by our government. To fulfill the objectives and regulate housing sector National Housing Bank Policy, 1988 envisaged the setting up of NHB as the apex level institute for housing and in pursuance of this NHB was set up on 9<sup>th</sup> July, 1988 under the National Housing Bank, 1987. NHB started working on the vision “promoting inclusive expansion with stability in housing fiancé market. And on the mission to achieve “to harness and promote the market potentials to serve the housing needs of all segment of the population with the focus on low and moderate income housing”.

**OBJECTIVES**

1) To study the financial performance of public housing finance companies before and during pandemic situation.

2) To study the financial performance of private housing finance companies before and during pandemic situation.

3) To make suggestions for improvement of public and private housing finance companies in India.

### RESEARCH METHODOLOGY

The present study is based on secondary data. For the study purposes following public and private housing finance companies are considered.

Public Sector HFCs: - HUDCO, LICHFL, CanFinHFL, GIC HFL

Private Sector HFCs: - HDFC, DHFL, GRUH Ltd., SUNDARAM HFL

Data Analysis: Paired sample t – test and wilcoxon signed rank test are applied test the hypothesis.

When data are assumed as normal distribution, paired sample t – test become the choice, but when data

are not assume as normal distribution, wilcoxon signed rank test become the choice (Lind, et al.,2012).

This research data headed by normality analysis and ensured with the outlier test. Based on that analysis

Will be done for all the data with paired sample t- test and wilcoxon singed rank test to examine the

Comparative study. Researcher will used paired t – test for hypothesis testing at 5 % level of significance.

### FUTURE SCOPE

The same study can be done for all public and private housing finance companies in India.

Study can also be done by covering its social performance.

### LIMITATIONS OF STUDY

The present study restricted to the selected public and private housing finance companies only. The study is limited to their financial performance especially profitability ratio and liquidity ratio. The period of study is pre pandemic and during pandemic only that is from the years 2018-2019 to 2021-2022. Some selected companies financial statement is not available so that year their performance is not evaluated.

### Calculation of ratios and its analysis of public and private housing finance companies

#### Profitability Ratio

1) Net Profit Margin Ratio

2) Return on Assets

3) Return on Capital Employed

Table No.1

Public Housing Fianace Companies				
Net Profit Margin Ratio (in %)				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022

HUDCO	21.27	22.68	21.81	24.68
LICHFL	13.99	12.17	13.78	11.44
CanFinHFL	17.18	18.52	22.59	23.69
GIC HFL	14.02	3.36	8.58	15.09

<b>Private Housing Finance Companies</b>				
<b>Net Profit Margin Ratio (in %)</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HDFC	22.22	30.25	24.94	28.65
DHFL	-8.04	-146.01	-171.60	NA
GRUH Ltd.	22.06	NA	NA	NA
Reliance Home Finance	3.36	-23.64	-189.21	-1871.33

(Source : Dion Global Solution Limited)

Interpretation: Net profit margin ratio indicated total net income of a company to revenue, which is expressed in percentage. Above table of public sector housing finance and private sector housing finance clearly shows that highest profit in the last four years achieved by HUDCO that is 24.68% in the year 2021-2022 and 30.25% in the year 2019-2020 by HDFC. Period of 2020-2021 and 2021-2022 is pandemic period if we compare its impact on private housing finance companies regarding net profit margin ratio Reliance Home Finance and DHFL had affected very badly. Public housing finance companies has not affected their performance of net profit margin, its shows positive and increasingly except LIC housing finance whose net profit margin reduced by 2.34%.

## 2) Return on Assets

**Table No.2**

<b>Public Housing Finance Companies</b>				
<b>Return on Assets</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HUDCO	1.62	2.24	2.05	2.17
LICHFL	1.21	1.10	1.16	0.89
CanFinHFL	1.58	1.78	2.06	1.68
GIC HFL	1.32	0.34	0.83	1.45

<b>Private Housing Finance Companies</b>				
<b>Return on Assets</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HDFC	449.37	491.61	601.32	661.57
DHFL	-0.97	-15.85	-21.38	NA
GRUH Ltd.	25.64	NA	NA	NA
Reliance Home	0.37	-2.38	-10.20	-53.62

Finance				
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(Source: Dion Global Solution Limited)

Interpretation: Return on assets ratio indicates that how much profit a company is generating from its assets. Above table of public housing finance companies shows that return on assets are favourable as compared to private sector housing finance companies. HDFC shows highest rate of return and shows increasing from before pandemic and during pandemic, its performance does not affected with the situations. Dewan Housing Finance Limited shows negative return on assets continuously from the year 2018 – 2019 to 2020-2021, -0.97% to -21.98 %. Data for the year 2021-2022 is not available. Reliance Home Finance is also not able to generate profit from its assets continuously for the three years.

### 3) Return on Capital Employed

<b>Public Housing Finance Companies</b>				
<b>Return on Capital Employed</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HUDCO	6.90	9.42	9.29	43.70
LICHFL	10.13	10.96	10.68	66.98
CanFinHFL	20.95	28.87	22.36	18.28
GIC HFL	8.60	52.29	36.56	30.18

(Source: Dion Global Solution Limited)

<b>Private Housing Finance Companies</b>				
<b>Return on Capital Employed</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HDFC	9.25	10.16	7.89	7.09
DHFL	13.40	-26.86	96.82	NA
GRUH Ltd.	10.41	NA	NA	NA
Reliance Home Finance	16.42	9.32	-15.72	-481.72

(Source: Dion Global Solution Limited)

Interpretation: Return on capital employed of public sector housing finance companies are better than private sector housing finance companies. LICHFL Company shows increasing trend in return on capital employed that is from 10.13% to 66.98%, it means higher percentage of the company's value may be return to stakeholders in the form of profit, even larger chunk of profit can be invested back into the company. The highest return on capital employed among selected companies is DHFL that is 96.82% in the year 2020-2021. Due to net operating losses Reliance Home Finance is not able to provide return on capital employed to their stakeholders.

### Liquidity Ratio

- 1) Current Ratio
- 2) Dividend Payout Ratio
- 3) Debt Equity Ratio

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## 1) Current Ratio

<b>Public Housing Finance Companies</b>				
<b>Current Ratio</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HUDCO	51.69	45.65	43.92	1.24
LICHFL	5	4.14	3.40	1.10
CanFinHFL	1.71	1.44	1.58	1.53
GIC HFL	266.43	1.17	1.24	1.31

(Source : Dion Global Solution Limited)

<b>Private Housing Finance Companies</b>				
<b>Current Ratio</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HDFC	2.74	2.00	2.18	1.89
DHFL	2.32	2.02	0.65	NA
GRUH Ltd.	69.20	NA	NA	NA
Reliance Home Finance	1.88	1.99	1.66	0.73

(Source: Dion Global Solution Limited)

Interpretation: In the year 2018 - 2019 GIC Hom Ltd. companies has not borrowed short term loans but after that continuously for the next three year it has borrowed loan that's why the ratio initially very high and it's for the remaining year the ratio is below standard which indicated that company has ability to meet short term obligation with their current assets. Current ratio of HUDCO is showing in decreasing mode that is 51.69 to 1.24. GRUH Ltd shows highest current ratio among private sector housing finance, data for the subsequent year were not available.

## 2) Dividend Payout Ratio

<b>Public Housing Finance Companies</b>				
<b>Dividend Payment Ratio (in %)</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HUDCO	11.45	10.54	9.51	00
LICHFL	14.11	15.96	14.76	00
CanFinHFL	8.97	7.08	5.83	9.89
GIC HFL	17.24	78.27	10.20	12.40

(Source : Dion Global Solution Limited)

<b>Private Housing Finance Companies</b>				
<b>Dividend Payment Ratio (in %)</b>				
Years / Companies	2018-2019	2019-2020	2020-2021	2021-2022
HDFC	37.52	20.26	30.28	30.21
DHFL	-7.56	00	00	NA

GRUH Ltd.	26.98	NA	NA	NA
Reliance Home Finance	00	00	00	00

(Source : Dion Global Solution Limited)

Interpretation : The highest dividend payout ratio among public housing finance companies is 78.27% of GIC HFL in the year 2019-2020. Above tables shows that before pandemic year that in the 2018-2019 and 2019-2020 public housing finance companies able to pay dividend to their shareholders even during pandemic years CanFinHFL and GIC HFL paid dividend in increasing mode. In private housing finance companies only HDFC is able to maintain dividend continuously for all the years. Due to losses in these years Reliance Home Finance is not able to pay dividend.

### 3) Debt Equity Ratio

<b>Public Housing Finance Companies</b>				
<b>Debt Equity Ratio</b>				
<b>Years / Companies</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>
HUDCO	5.46	4.98	4.62	0.49
LICHFL	10.45	10.47	10.09	9.03
CanFinHFL	9.47	8.72	7.39	8.04
GIC HFL	9.30	9.30	8.26	6.85

(Source: Dion Global Solution Limited)

<b>Private Housing Finance Companies</b>				
<b>Debt Equity Ratio</b>				
<b>Years / Companies</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>
HDFC	4.72	4.92	4.07	4.17
DHFL	9.93	11.63	--	NA
GRUH Ltd.	8.78	NA	NA	NA
Reliance Home Finance	8.52	9.02	-245.02	-2.31

(Source: Dion Global Solution Limited)

Interpretation: Debt to capital ratio determines the proportion total borrowed fund against its total owners fund. Public housing finance companies shows satisfactory debt equity ratio as compared to private housing companies. Debt equity ratio of HDFC is relatively constant in between 4 to 5 which indicates satisfactory performance as compared with other private housing companies.

### Conclusion:

From the above analysis public sector housing finance companies are performed better as compared to net profit margin before and during pandemic situation. Except HDFC all private sector has not able to generate income from its assets as compared to public sector housing finance companies. Above analysis also states that the private sector housing finance companies are very much affected by the pandemic situation faced by almost all countries of the world.

They need to focus on better and effective utilization of financial resources. Public sector housing finance companies are able to manage their fund and able to earn profit in all the selected period which shows that less impact of the pandemic situation on their performance.

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