A STUDY ON CONSUMER CREDIT BASE TOWARDS PURCHASING HOME WITH SPECIAL REFERENCE TO MADURAI CITY

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Abstract
The aim of this research paper is to study the consumer credit base on estimating level of purchasing home. However, unlike traditional home-equity loans, these lines of credit are revolving meaning that the consumer may borrow a lump sum, repay a portion of the loan, and then borrow again. It's kind of like a credit card that has a credit limit based on your home's equity. The research categorizes some factors that affect consumer credit. These factors encompass those of the loan elements (Education loan, Personal loan, Vehicle loan and Home loan) and the researcher focus on consumer credit base towards purchase housing.
Keywords: Consumer credit and purchasing home.

I. INTRODUCTION

The social- economic role of commercial banks in the present times, the RBI advised the banks to encourage the flow of credit for housing finance. Consumer loan is when a person borrows money from a lender, either unsecured or secured. There are several types of consumer loans and some of the most popular ones include mortgages, refinances, home equity lines of credit, credit cards, auto loans, student loans, and personal loans. Homeowners may borrow against the equity they've built up in their residence using a home-equity loan. In other words, the homeowner is borrowing against the value of his or her home. A good method of determining the amount of home equity available for a loan would be to take the difference between the home's market value and the amount still owing on the mortgage. The loan proceeds may be used for any number of reasons, but are typically used to build additions or for debt consolidation. The interest rates on home-equity loans are very reasonable as well. In addition, the terms of these loans typically range from 15 to 20 years, making them particularly attractive for those looking to borrow large amounts of money. But perhaps the most attractive feature of the home-equity loan is that the interest is usually tax deductible.

The downside to these loans is that consumers can easily get in over their heads by mortgaging their homes to the hilt. Furthermore, home-equity loans are particularly dangerous in situations where only one family member is the breadwinner and the family's ability to keep up payments might be hindered by that person's death or disability. In situations like these, life/disability insurance is frequently used to help protect against the possibility of default. Consumer is borrowing against his or her home's equity. These loans may be tax deductible and are typically repayable over a period of 10 to 20 years, making them attractive for larger projects. Because specific amounts may be borrowed at different