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HOUSING LOAN CHALLENGES FACED BY YOUTH: A SECONDARY DATA-BASED ANALYSIS

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ABSTRACT

The lifestyle is changing rapidly and also every individual wants to settle down in life and take early retirement plans. Change is the law of the world and each passing generation is responsible for achieving their goals at the early stage of their life. Youth have a strong motivation to accomplish their goals, which influences their behaviors, aspirations, and choices. The fundamental human propensity for development, self-actualization, and the quest for personal fulfillment is at the core of this drive. Dreams are generally pursued more quickly while one is youthful and full of vitality, ambition, and possibilities. Encouraging young borrowers to feel confident and empowered requires addressing these psychological barriers. The study emphasizes the necessity of comprehensive policy interventions and support services to successfully address the issues associated with youth housing loan borrowing. The biggest of these challenges is access to finance. While investing in real estate is more opportunity based.

The study concludes by highlighting the intricate and varied nature of the difficulties associated with youth housing loan borrowing and emphasizing the necessity of removing institutional, psychological, and financial barriers to provide young adults with more access to homeownership options. Policymakers can help open doors to homeownership and enable young people to realize their housing goals by putting targeted measures into place and encouraging cooperation among stakeholders.

KEYWORDS: *Home ownership, Dream home, Housing goals, Youth role, Digital Era*

1. INTRODUCTION

The lifestyle is changing rapidly and also every individual wants to settle down in life and take early retirement plans. Change is the law of the world and each passing generation is responsible for achieving their goals at the early stage of their life. Youth have a strong motivation to accomplish their goals, which influences their behaviors, aspirations, and choices. The fundamental human propensity for development, self-actualization, and the quest for personal fulfillment is at the core of this drive. Dreams are generally pursued more quickly while one is youthful and full of vitality, ambition, and possibilities. The desire to experiment, explore, and push limits is one of youth's most characteristic traits. Curiosity and a readiness to take chances to achieve goals that might appear lofty or even unreachable to others characterize this time. Young people frequently have ambitious goals that motivate them to work hard for success, whether it's founding a business, going to college, seeing the world, or having a significant impact on their communities.

In addition, youthful aspirations are rarely just personal; they are frequently tangled with larger societal, cultural, and international goals. Many youngsters want to make a beneficial impact on society, fight for social justice, encourage environmental sustainability, or develop in a variety of disciplines to advance humankind. This selfless side of young people's goals is a reflection of a greater desire to make a difference and leave a legacy that goes beyond their accomplishments.

That being said, achieving one's aspirations is rarely an easy or clear path. Youth confront several hurdles and obstacles along the journey, ranging from financial limits and societal expectations to self-doubt and fear of failure. Youths stand out because of their perseverance, adaptability, and will to overcome obstacles to achieve their goals, even in the face of these difficulties.

Today's youth face enormous obstacles while navigating the house loan landscape, which is indicative of larger societal and economic developments affecting this group. There are several obstacles that young individuals must overcome to reach their goal of becoming homeowners. Comprehending these obstacles is crucial to formulating efficacious remedies that enable young people to achieve homeownership.

The house loan landscape presents several challenges to today's youth, which is a reflection of broader societal and economic shifts that impact this demographic. Young people have several challenges to overcome before they can fulfill their dream of owning a property. Understanding these challenges is essential to developing workable solutions that help young people become homes.

One major obstacle that many young people who are seeking home loans encounter is financial constraints. Limited savings, the weight of student loan debt, and stagnating salaries in comparison to housing costs frequently make it challenging for young people to satisfy the strict lending standards. Furthermore, the growing expense of living in cities makes affordability issues even worse, making homeownership unaffordable for a large number of young people. Policy measures that address housing affordability, student loan debt, and access to affordable housing can also alleviate some of the systemic barriers hindering youth from homeownership.

Addressing these challenges requires a multifaceted approach that combines financial education, policy interventions, and innovative solutions tailored to the needs of young borrowers. Initiatives aimed at promoting financial literacy among youth can empower them to make sound financial decisions and navigate the home loan process with confidence. Policy measures that address housing affordability, student loan debt, and access to affordable housing can also alleviate some of the systemic barriers hindering youth from homeownership. Furthermore, leveraging technology and digital platforms to streamline the home loan application process and provide personalized guidance to young borrowers can enhance accessibility and transparency in the mortgage market.

2. OBJECTIVES

State the objectives of the paper in brief. The objectives have to be listed and numbered sequentially.

(1) To identify the specific barriers and hurdles encountered by young adults in the process of securing housing loans.

(2) To explore the underlying socio-economic factors contributing to the challenges faced by youth in obtaining housing loans, including but not limited to income levels, employment stability, and educational debt.

(3) To assess the long-term consequences of housing loan borrowing challenges on the financial well-being, housing stability, and socio-economic mobility of young adults.

3. REVIEW OF LITERATURE/ RELATED WORKS

Examining trends and advancements in housing finance in India required the use of secondary data. A variety of sources, including the Federation of Indian Chambers of Commerce and Industry's Survey Reports on Indian Housing Finance and the Ministry of Finance, the Government of India, RBI Bulletins, Indian Union Budgets, and annual reports, were used to compile the data. Google Scholar has been consulted for several papers containing the terms "Finance," "Home Loan," and "Interest Rate,". The process made it possible for the researcher to find pertinent papers for the study rapidly and to evaluate them for any shortcomings.

Savings and prudent investments are necessary for a healthy financial future, claim Kumar et al. (2021). Understanding and analyzing this unadulterated reality is essential. Two key ideas must be thoroughly understood in order to comprehend the patterns, behavior, and decision-making process of mass investors: investments and savings. Most people are still unaware of how important saving money and investing are. Therefore, it's crucial to teach kids the importance of investing, the different career options available in the market, and how they feel about investing early on. Understanding the attitudes, actions, and investment patterns of Indian investors—especially those in Pune—may be aided by the current study.

Saikia, S. (2018) explains that although young people are aware of the opportunities at their disposal due to the recent rapid dissemination of knowledge, they are not always certain how to actively invest in novel approaches.

An informed investor is a good investor; you may assist them by sharing your knowledge and suggestions, but you must do so in a way that complements their way of life. Workshops and seminars are no longer suitable choices to consider. The younger generation uses tutorials, podcasts, online videos, and forums to learn. People can learn about the variety of opportunities available to young investors by using social media platforms, especially Facebook, LinkedIn, and Twitter, as well as online forums and groups. Therefore, educating investors is crucial to boosting their active market participation, which will help them make smart investments and generate lucrative returns. The media can also highlight young investors in newspaper pieces, which may encourage more young individuals to trade stocks.

Joshy, C. P. (2022) found that very few young individuals make an effort to invest all of their money rather than spending it for pleasure or other objectives. This clearly indicates that they are unaware of the importance of investing in their lives to achieve financial independence. The investment guarantees financial stability today and in the future. It enables wealth accumulation while generating returns that surpass inflation. Investing also benefits from compounding. Creating an emergency fund, saving for a down payment on a house, and other financial goals can all be accomplished with the aid of investments. In order to speed up the process, it could be wise to invest that money if the long-term goal is to achieve it in ten or more years. There are several benefits to investing. To increase wealth, provide financial stability, and stay on track for retirement, an investing strategy must be developed. It makes sense to start investing with your savings since they provide the funds you need to purchase a wide range of assets.

N. Tanna (2023), The study emphasized that the next generation of any country is mostly responsible for its prosperity; young people are vital to a nation's development. The future of democracy, the economy, technology, and medical science all depend on young people. Additionally, this capital could be used to start new businesses in unexplored areas. Young people are crucial to a country's growth and development since they are the generation that will ensure its prosperity. Democracy, economic conditions, technological advancements, and medical science will all be decided by future generations. They can also venture into new areas with this investment.

According to the research done by Chauhan, S., & Indapurkar, K. (2018), young investors—those under forty—invest conservatively in terms of the amount they put down. This discovery is a component of an effort to comprehend these investors' investment habits. Numerous circumstances, such as poor income, rising expenses, or financial commitments, could be to blame for this. It has also been observed that the majority of female respondents choose to stick with stable, low-risk solutions because they are very cautious about the risk of their investments. The male participants, on the other hand, show a stronger propensity to take on risk and a desire for higher returns.

4. RESEARCH METHODOLOGY

Secondary data have been used in this analysis. The data was gathered from many publications, journals, and State Bank of India and Reserve Bank of India published reports. A few more bits of data were also gathered for the study from various sources. The researcher listed out the Challenges faced by Youths while borrowing Housing Loans by careful analysis of various journals and articles from various sources.

5. YOUTH HOUSING LOAN BORROWING CHALLENGES

A multifaceted strategy is needed to address the issues, including financial education programs, policy changes to support affordable housing, attempts to increase credit availability for young borrowers, and planning to help young adults to maintain stable employment and increase their income. Policymakers, financial institutions, and other stakeholders can help young people achieve homeownership by removing these obstacles, which will ultimately promote better economic stability and wealth creation.

5.1 Lack of Awareness

Youth organizations need help securing individual funding. They must be informed of the conditions, such as the requirement for domestic assets, that they must meet in order to receive the funds. Banks work to meet the demands of its customers in order to survive and thrive. Low-interest house loans are already being offered by a large number of Housing Financial Institutions in India. As a result, the house loan system has gained popularity. After food, a place to live is the most basic need that every individual has. Housing is another crucial aspect of the domestic economy that assesses the standard of living and the state of the country's economy. To draw clients, banks provide home loans with cheaper interest rates. This study takes into account the consumer's choice and comprehension of home loans.

5.2 Perceptions

It is found that while most members of low-income groups are aware of home loans, they do not possess the information and communication skills needed to comprehend the specifics and processes involved. To achieve their home goals, most people still rely on unofficial loans. People in this salary bracket are still not sufficiently targeted by home loan providers, and this market still requires improved products. This low-income group has access to social media and is well-read, so they were able to get most of the information they needed on affordable housing loans there.

5.3 Employment Stability

One of the primary reasons people give up on their dream home is a lack of cash, as house loan installments are due each month. Today's youngsters have more formal education than prior age cohorts, but they also face greater challenges in the job market. The market wants employment experience, among other things. However, a lot of young people searching for their first job discover that it is very hard to get experience, and the market does not value experience in the kind of jobs that young people with low levels of education might pursue. An unresolved career can only lead to stress and increased volatility in life, which makes young people less interested in investing.

5.4 Higher Rate of Interest

Financial institutions should lower interest rates to make them more youth-friendly so that many young people will apply because they are affordable, while higher interest rates make young people reluctant to borrow. Youth groups will not be able to afford the loan repayment installments since they are just starting their careers and are not yet financially solid. As a result, the majority of people would choose to avoid taking out home loans.

5.5 Financial Literacy

In recent years, household debt has been rising significantly throughout Asia. The country may find it more challenging to achieve its objective of becoming a high-income nation as a result of this circumstance. Lack of financial management skills and knowledge is the main source of the debt problem. Because financial literacy encompasses both financial abilities and money management. A large number of young individuals lack the knowledge and abilities needed to assess loan options, assess their affordability, and navigate the complex nuances of mortgage terms and conditions.

5.6 Access to Affordable Housing

The right to affordable housing is considered a core human right by several international organizations. Adequate housing affects physical and mental health, social stability, and economic security. In many parts of the world, housing costs have surpassed wage growth, making it more difficult for individuals and families to afford decent housing. This trend is particularly apparent in urban areas where demand is high and supply is limited. The lack of reasonably priced housing is one of the primary reasons of homelessness. Due to eviction, financial hardships, or other uncontrolled events, families and individuals may find themselves without a permanent home to live.

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5.7 Psychological Barriers

Many people, particularly young ones, may be worried about taking on a lot of debt from a home loan. This anxiety stems from concerns about the mortgage's cost, the long payment schedule, and the potential consequences of loan default. Those who are risk averse by nature might believe that taking out a home loan is a risky financial decision. Unexpected circumstances like job loss, economic downturns, or unplanned expenses may worry them and make it more difficult for them to repay the loan. Purchasing a home and obtaining a housing loan are significant, long-term commitments. The level of responsibility that comes with homeownership, such as mortgage payments, property maintenance, and potential impacts on one's financial flexibility and lifestyle, can cause anxiety. Changes in the economy and real estate market may intensify feelings of anxiety about the future. People may be hesitant to take out a housing loan if they have concerns about their ability to obtain employment in the future, the stability of their income, or the trajectory of home values. The way society views debt may have an impact on people's beliefs and behavior regarding home loans. Since some individuals have negative opinions about homeownership and perceive it as a sign of financial irresponsibility or a barrier to financial independence, debt can deter some people from becoming homeowners. Overcoming psychological hurdles to house loans requires specific tactics that consider each person's particular worries, objectives, and beliefs. Access to thorough financial education, counseling services, and support networks can help people overcome their fears and misconceptions around housing loans. They will be able to make choices that align with their financial goals and preferences thanks to this. Additionally, offering flexible finance options, personalized coaching, and tools for managing homeownership responsibilities can help reduce stress and increase confidence in the home-buying process.

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5. RESULTS AND DISCUSSION

- The study emphasizes the requirement to create awareness among youngsters about home loans.
- Affordable housing policy has to be given more emphasis by introducing housing schemes to empower youths.
- It was found in the study that financial constraints, including low incomes, limited savings, and high levels of debt such as student loans, significantly hinder young adult's ability to qualify for and afford housing loans.
- It was found in the study that the long-term consequences of housing loan borrowing challenge young adult's financial well-being, wealth accumulation, and socio-economic mobility, shedding light on the broader implications for individual and societal outcomes.

6. CONCLUSION

According to the report, money remains one of the main barriers that young people face when they apply for house loans. Their low incomes, little savings, and heavy student loan debt continue to be obstacles to their ability to pay for the upfront costs of purchasing a home. The findings indicate that young people's credit history and lack of job stability have a significant influence on their eligibility for house loans. Many young borrowers struggle to meet the stringent requirements set by lenders, which makes it challenging to obtain favorable loan terms and interest rates. The importance of financial literacy in navigating the home loan application process is emphasized by the study. Many youngsters are vulnerable to predatory loan practices and may make poor choices because they lack awareness and understanding of mortgage options, terms, and circumstances. Psychological factors, such as anxiety about property responsibilities, fear of debt, and future uncertainty, have a significant impact on young people's views and behaviors toward housing loans. These psychological obstacles must be removed in order to empower and inspire young borrowers. The study highlights that in order to effectively address the problems related to youth housing loan borrowing, comprehensive policy interventions and support services are required. In order to give young adults more access to homeownership alternatives, the study's conclusion emphasizes the complexity and diversity of the challenges related to youth housing loan borrowing as well as the need to remove institutional, psychological, and financial barriers. By implementing focused policies and promoting collaboration among stakeholders, policymakers may help young people achieve their housing goals and open doors to homeownership.

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