

BASIC NEEDS PLANNING



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ROLE OF CO-OPERATIVES IN HOUSING

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Introduction

The shortage of housing is a global problem and even the developed countries are not able to tackle it fully. In fact housing is not only an important basic human need, but a fundamental right of the poor too. Though this is a basic need of all, the landless agricultural workers, scheduled castes and scheduled tribes, village artisans and other economically weaker sections are severely handicapped in having a shelter at affordable cost.

A rapid increase in population during the last few decades has resulted in an increased demand for housing at all levels. In spite of the fact that the investment on housing in the public sector has increased from Rs. 250 crores in the first Five Year Plan to Rs. 2,458 crores in the Seventh Plan, the housing shortage has only increased over the years. The National Building Organisation in 1985 estimated the housing stock as 124.9 million units, the housing shortage in the country is estimated now to be 25.6 million units. It is estimated that 57 million houses have to be built in rural areas by 2000 A.D if there is to be no shortage.

The National Housing Policy announced in May 1989 giving impetus to co-operative and group housing activities as well institutionalising participation of non-governmental organisations.

This paper attempts to discuss the need, growth and present conditions of housing co-operatives, its impact on socio-economic conditions.

Why Housing Co-operatives?

Ninety five per cent of the households in India affected by the housing shortage belong to lower income group, whose own savings or resources do not permit them to build their own houses. Collective and joint efforts in the form of co-operative organisation have proved to be the only possible solution for their housing problem. Co-operatives can be used as catalytic agents to draw households saving into housing sector as a whole and at the same time serving the beneficiaries directly.

The aim of Housing Co-operatives is to provide low cost durable housing facilities to the houseless.

History and Growth of Co-operative Housing Movement

Co-operative Housing Movement in India is about 3 quarters of a century old. The first Co-operative Housing Society was set up in the year 1904, in Mysore State (now Karnataka). This was followed by the Saraswathy Co-operative Housing Society which was established in the year 1913 in Bombay. It was based on tenant Co-partnership system. Initiated long ago, the history of the growth of this movement is synonymous with the history of development in the country.

The movement which had slowed down during the period of the wars and depressions, gathered momentum with the advent of the Five Year Plans during the fifties. Ever since, there has been a continuous growth in the

number of societies, membership and house construction activities. But in late nineties viability of the housing co-operatives has been taken into serious consideration and amalgamation (some were wound-up) took place to strengthen the system to make it more effective. Which ultimately reduced the number of societies but without affecting the increasing trend in the house construction activities.

General Progress of Co-operative Housing movement in India

(Rs. in Million)

Year	No. of Societies	Number of Members	Working Capital
1959—60	5,564	0.32	550
1963—64	9,896	0.63	1,140
1967—68	13,834	0.90	2,070
1971—72	20,234	1.31	5,970
1975—76	27,646	1.73	9,430
1979—80	31,500	1.90	10,500
1987—88	26,000	N.A	N.A

The table shows a five fold increase in the number of co-operative housing societies. 22 State level Co-operative housing finance societies/federations are members of the NCHP. Upto 1988, over 6.54 lakhs houses were completed and 3.15 lakhs houses were under construction in the co-operative housing sector.

Present set-up

There is mainly two tier structure in the field of co-operative housing. At grass root level there are

primary Co-operative Housing Societies at Apex level funds to the primary societies in their respective jurisdiction. The National Co-operative Housing Federation of India (NCHF) is a national level organisation of the co-operative housing societies in the country. It was set up in the year 1969 at the instance of the Ministry of works and Housing with the aim to promote co-operative Housing and also to co-ordinate and guide the activities of housing co-operatives in the country. The co-operative Housing Societies at primary level can broadly be classified into the following four groups.

a) Tenant Ownership Housing Societies

Under this category, the land is held either on lease hold or free hold basis by societies and houses are owned by members.

b) Tenant co-partnership housing Societies

These housing societies hold both land and building either on lease hold or free hold basis and allot them to their members.

c) House Mortgage Societies

This type of society lends money to its members for construction of houses for their dwellings. The member have to make their own arrangements for building their houses.

d) Housing Construction or House Building Societies

In this type, the society spends money on behalf of the members in building the houses and the houses are

handed over to them when ready and the money spent is recovered as loan.

Finance

Finance is a major input in Co-operative Housing activities. Following are the sources which a Housing Co-operative primary society can tap for rising its funds as generally provided by the bye-laws:

i) Shares, ii) Deposits and contributions by Members towards cost of construction, iii) Fixed Deposit, and iv) Loans.

The major sources of funds to the primary societies is loans from the Apex Housing Finance Societies. The sources of finance for apex societies are as follows:

- 1) Investment in share-capital by primary Co-operative housing societies, State Governments and other Co-operative institutions.
- 2) Loans from government and Life Insurance corporation of India.
- 3) Issue of debentures, guaranteed by governments.

Other institutional sources are Housing and Urban Development Corporations (HUDCO) General Insurance Corporations (GIC), Commercial Banks etc.

National Housing Bank

The National Housing Bank was created through an act of Parliament in July 1989 with an initial authorized capital of Rs. 100 crores. The Bank acts as the principle agency for promoting housing finance institution. The work of resource mobilization for housing sector also lies with national housing bank.

Impact of Co-operative Housing on social and Economic Conditions

Considering the magnitude of the housing problem the number of houses built by the co-operatives so far may not have been sufficient to create an impact on the housing situation in the country.

Nevertheless, the co-operatives have made definite contribution towards easing the housing situation in Gujarat, Maharashtra, Karnataka and Tamilnadu. With in the limitations imposed by their resources housing co-operatives have made a considerable contribution and they provide special assistance to the people belonging to lower and middle income groups in the towns and villages.

Till very recently the activities of Housing Co-operatives were confined to urban areas, now the housing co-operatives have entered in a big way in the country side to help our villagers to construct their houses. In Tamilnadu the Apex Housing Finance Society is implementing a massive rural housing scheme by allocating 25 per cent of its resources for the newly started taluk and divisional level rural co-operative housing societies.

Issues

The co-operative Housing Movement has come to a stagnancy stage due to lack of arrangements for timely and adequate supply of funds and increased interest rate. The Housing Co-operatives in India take unduly long time in allotting house sites or houses to their members, because of a) time taken for registration of documents under Registration Act b) from the Provisions of Income Tax Act, and c) lack of building materials like cement and steel.