CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

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1.1 INTRODUCTION

The basic needs of mankind are food, clothing and shelter. Of these, shelter/housing is not only a basic need but it also provides a sustainable base for upgradation of the economic status and quality of life of the people. It protects everyone's life and property and also helps to promote his well-being. It channelises human relationship and is an integral part of social organization and structure.

Shelter and development are mutually supportive. Housing forms an important part of the Government strategy for the alleviation of poverty and employment generation and it is to be viewed as an integral part of human settlement and economic development.

The importance of housing has been universally recognized and the United Nations Organization (UNO) proclaimed the year 1987 as the "International Year of Shelter for the Homeless" and declared the "Global Strategy for Shelter (GSS)" to provide homes for all by the year 2000 A.D. The Government of India declared the year 1998 as "The year of Housing for All", making housing a priority area. The Government decided to focus on the housing needs of citizens in general and those of the poor and the deprived in particular, under the National Housing and Habitat Policy. Before 2020 A.D., the Government of India expressed the hope that every houseless family in the country would possess at least a thatched house for living.

For the millions of people in India, the desire of owning a house remains only a long cherished dream, unfulfilled largely due to the poor socio-economic conditions prevalent among the masses. The country, as a whole, is confronted with the housing
problem of a very high magnitude. The public sector, the private sector and the cooperative housing sector are all involved in the housing development for augmenting the constructed houses in order to reduce the backlog of houses required in the country.

The contribution of the public sector is very small. The private sector caters merely to the needs of the higher and upper middle-income groups. But the poor and middle class people cannot afford to invest large sums of money for construction or purchase of houses. Hence, the co-operative housing societies are organized in order to remove these handicaps. The co-operative housing societies provide their members with dwelling houses on rent or help them with loans for construction or purchase of houses. The present study has chosen the Co-operative Housing Society, for its investigation.

The present study plans to present the Performance Evaluation of Co-operative Housing Societies in Tirunelveli District.

1.2 SIGNIFICANCE OF THE STUDY

Housing in India, the second most populous country of the world, is still a social problem. The enormous shortage of houses is felt all around. The Government at the Central and the State levels have over the years promoted several agencies to solve the housing problem in India. At the Central level, house promoting agencies like Housing and Urban Development Corporation of India (HUDCO), Housing Development Finance Corporation of India (HDFC), National Cooperative Housing Federations of India (NCHF), Central Building Research Institute (CBRI), and National Housing Bank (NHB) have been established with the objective of providing housing facilities in the country. At
the State level - Tamilnadu Housing Board, Tamilnadu Slum Clearance Board and Tamilnadu Co-operative Housing Federation Ltd., are formulating and implementing various housing schemes according to the affordability of different income groups. It shall be of high applied utility if a scientific study is made of the role of such house promoting agencies in the co-operative sector.

The study aims at highlighting the services expected from the co-operative sector housing agency, the nature and extent of the hurdles faced by this agency in providing the expected services and the measures to remedy the situation. It is also planned to make an assessment of the specific problems of the borrowers and the societies within the study area.

Any Micro-level planning and policy framing shall have to be supplemented by a number of micro-level studies in the different regions of the country. Hence, the present study is an attempt in this direction to make a scientific appraisal of the financial assistance to housing by the co-operative housing sector in Tirunelveli District.

1.3 STATEMENT OF THE PROBLEM

In India, the housing problem is felt more acutely in recent years. Even after independence, there is a huge scarcity in the availability of houses. The housing problem has distinctive characteristics in its dual dimensions of quantity and quality. The former is found more in urban areas and the later in rural areas.

The problem of insufficient sheltering is a result of the staggering population explosion, migration and concentration in particular areas. Lower per capita income, the
phenomenon of nuclear family formation, scarcity of developed land, hike in the cost of building materials, non-availability of skilled manpower and the highly speculative trend in real-estate business dealing in house-sites contribute to the worsening of the situation.

Finding the finances for solving these problems is crucial. However, the constant patronage of the Government at the central and the state levels and the liberalised scenario in the housing finance sector and the changes in the economic and social status of people have all caused a rapid and consistent increase in the demand for housing, particularly from the middle class as well as the poor. Hence, they join hands with housing cooperatives, a mighty-legal entity, to mobilise funds for construction or purchase of houses.

It is observed, that the borrowers of housing cooperatives experience many difficulties in availing housing loans. On the other hand, a remarkable size of beneficiaries fails to repay the loan. So, the society is very hard put to grant fresh loans to its members.

A systematic enquiry is to be made to understand the multi-dimensional problems faced by the beneficiaries in making use of housing loans. Again the societies' problems in recovery of loans have to be addressed. Keeping these in mind, an attempt is made to point out various problems of Co-operative Housing Societies and to offer suitable suggestions to strengthen the operational efficiency of the societies.
1.4 REVIEW OF PREVIOUS STUDIES

To study the performance evaluation of Co-operative housing societies in Tirunelveli District, the researcher has referred to the important studies already undertaken. There are many studies on the co-operative sector, housing finance, overdue and recovery ethics. Although they do not have any direct bearing on the subject of research, the methodology and findings of those works have been quite useful.

Bhatnagar, et al.,1 (1965) in their book, “Reconstruction of the Co-operative Movement, Co-operation in India and Abroad”, suggested that the principle of democratic management was helpful in creating confidence and co-operative spirit. Promoting thrift and inculcating the co-operative spirit should encourage self-help through mutual help.

Brahm Perkash2 (1968) in his article entitled, “Role of Co-operative Movement in Stabilizing Social, Economic and Political Democracy”, concluded that in India though the co-operative movement had much to its credit, there was still much left to be attended to. It was for the co-operative leadership to realize the need of the time and take up the challenge so that the co-operative movement could grow to such an extent that its impact on social, economic as well as political life would be felt.

Taimani3 (1970) in her article titled “Management and Organizational Aspects of Co-operative Movement in India” suggested that before any attempt was made to improve the effectiveness of management practices in co-operative organizations, it was imperative that necessary steps should be taken to improve the cultural environment in these organizations and to insulate them from state agencies to ensure that the
transferability of management fundamentals took place in neutral and possible receptive environment.

Bader Alam Iqbal ⁴ (1975) in his article, “Co-operative Movement in India”, analysed its growth and development in India and remarked that in spite of its various defects, there was no substitute for the co-operative movement and therefore due consideration should be given to the movement by the planners because it was really a very important part of the national planning.

G. Vaikundaraman ⁵ (1976) in his M.phil study, “A Study on the Performance of Urban Co-operative Housing Society with Special Reference to Tirunelveli Co-operative Housing Society Ltd., 0.1947”, suggested to improve the performance of co-operatives by reducing the face value of the share, and by issuing debentures and accepting fixed deposits.

The National Co-operative Union of India (1976)⁶ pointed out, in the conference on the Impact of Co-operative Agricultural Credit on Weaker Sections, that the policies and procedures of co-operatives should be so modified as to allow greater flow of credit to those of weaker sections who are not found creditworthy. Co-operatives should also provide job-oriented credit in addition to their requirements of production credit, so, that their viability may be improved.

V.Rengarajan ⁷ (1976) in his book, “Rural Housing in Tamilnadu”, suggested the need for a survey to make a housing programme, for forming a rural housing finance corporation, for the provision of other facilities (like sanitary, drainage, street lights,
educational and recreational facilities), extension of research, establishing Government offices in rural areas.

New United Nations Publication⁸ (1977) entitled, “Housing Policy Guidelines for Developing Countries”, was presented in two parts: The first part dealt with inter sectoral concerns such as economic and social contribution of housing to national development and the second part dealt with action-oriented policy guidelines in such functional areas as housing finance, design and construction, land assembly, administration and research.

K.V. Varghese⁹ (1977) in his article entitled, “Housing and Human Capital Formation”, remarked that improved housing conditions had a casual relationship with human capital formation. The author drew from some empirical studies to illustrate this point and also to highlight the need for according high priority for housing in the country’s development plans.

E. Narayannair¹⁰ (1977) in his article, “Housing the Millions, Some Issues Analyzed”, analysed the problem of housing the millions, who did not have a roof over their heads. This article grappled with the physical and financial dimensions of the problem and suggested a realistic approach for dealing with it.

D.R. Veena¹¹ (1985) in his book, “A Need for Restructuring of Housing Policy in India”, concluded that there was a strong need for a new approach to strategy, policy, programme and project, in order to solve the problem of housing shortage and to channelise the integral process of development and social justice.

Pratap Singh (1986)¹² in his book entitled “Need to Enhance the Owned Funds in Co-operative Agricultural Finance: Utilization and Overdues”, concluded that to increase
the owned funds of the co-operative credit institutions, one needed to increase the reserve funds of the co-operatives, to increase deposits by inspiring confidence among the members (by offering competitive rates of interest), to enhance the share contribution to the share capital of co-operatives and to link share holdings to borrowings strictly. The ratio between the shareholdings and borrowings by the members should be 1:18.

In, “Housing Problem in Urban India – A Critical Essay”, Jayaram.N\(^{13}\) (1986) suggested that, a realistic housing Policy was only a part of an integrated urban development programme to improve employment opportunities, social services and transport facilities.

Dandekar\(^{14}\) (1986), in his article, “Co-operative Credit – Retrospects and Prospects”, reported that the co-operative sector’s Short, Medium and long-term loans were plagued with high overdues for the following reasons: Failure to tie-up lending with development programmes, defective loaning policies involving untimely disbursement, under-financing, over financing and unrealistic schedule of loan repayment, ineffective supervision and apathy and indifference of managements of societies in taking coercive measures for recovery.

The study, “Housing Rural Poor and their Living Conditions”, undertaken by C.Parvathamma and Sathyanarayana\(^{15}\) (1987) highlighted the poor housing conditions both in urban and rural India. The authors also listed the nine social housing schemes introduced by the Government from 1952. They concluded that the National Building Organization should expand its activities to states to set-up research wings to work on rural housing and other necessities.
Renaud-Bertrand\textsuperscript{16} (1987) in his article titled, "Another Look at Housing Finance in Developing Countries" analysed the view of three Governments that had an important bearing on how countries approached financing of housing schemes with emphasis on their implications for the Third World Development.

V. Rangaraj\textsuperscript{17} (1987) in his M.Phil study, "Overdues of Primary Agricultural Co-operative Credit Societies" with particular reference to Madurai district suggested the maintenance of an up-to-date land register in societies, fixing and striking a balance between the large and small farmers on some rational thinking basis in the extension of relief.

M.L.Khurana\textsuperscript{18} (1988) stated the view of the late Prime Minister Rajiv Gandhi as follows: "In keeping with the philosophy of Self-help, the co-operative housing movement is gaining popularity in India. Co-operative housing suits the requirements and the budgets of all classes and groups of people".

N.Jayaram and R.S.Sandhu\textsuperscript{19} (1988) in their book "Housing in India- Problems, Policy and Perspectives" reviewed from a macro-perspective angle the nature and magnitude of the housing problem in urban India, and provided a succinct critique of the policy measures undertaken till then to tackle them.

Gopalan and Jayakumar\textsuperscript{20} (1988) suggested in their article, "Co-operative Perspectives of Public in a Metropolitan City Vis-à-vis Inter-land Villages", that the co-operatives, which had direct contacts with their members, should rise up to the occasion and improve their member-based beneficial service. Such a measure would
ensure more and active organizational, managerial, financial and business involvement of rural and urban public in the relevant co-operatives, organized to promote their common economic interests.

Daman Prakash\(^2\) (1989), in his article titled “Role of Co-operative Movement in Stabilizing Social, Economic and Political Democracy”, concluded that it was necessary for the management of a co-operative to be a professionally competent system and that methods of control in the co-operative should be properly developed, introduced and managed; better communication between the management and the members should be established and maintained; legal requirements of the co-operative vis-a-vis the auditors Government should properly be met; proper responsibilities should be assigned and assessed at regular intervals; systematic evaluation of business performance should be conducted; and proper reports on performance should be made available in time to the members and other constituents. These were some of the areas, which needed the management’s attention.

G.I.Patel\(^2\) (1989) remarked in ‘Souvenir of 8\(^{th}\) National Congress of Housing Co-operatives’, that Co-operative housing movement had “a definite advantage over both governmental and private housing sectors, as the construction cost is minimized by member participation”.

M.L. Khurana\(^2\) (1990) in his article, “Housing Development Agencies” described the housing scenario in India both in rural and urban areas. The author also highlighted briefly the roles of the Government, Research, development and extension agencies in
housing development leading to the construction and provision of affordable houses to the people.

I.U.B. Reddy24 (1990) in his article, “National Housing Policy: A Critique”, reviewed the National Housing Policy of 1997. He lauded the positive aspects of the policy like creation of institutional facilities for housing finance and loans with subsidy schemes; promotion of access to shelter for disadvantaged groups such as the poor, certain castes, bonded labourers, widows, victim of natural calamities; and enabling urban slum dwellers and squatters to get title and learn how to maintain property. But the policy does not specify details and it places the Government as a facilitator instead of an active participant in providing housing.

P.P.Gupta25 (1991) in his book, “Co-operative Movement: Need of Professional Managers in Theory and Practice of Co-operative”, revealed that the success of any enterprise largely depended upon the type of person working there. For the success of co-operative enterprises the efficiency of the employees has to be enhanced. Employees are the biggest capital of an enterprise, so that there is a need of proper plan for their selection, recruitment, training, induction, placement, promotion, remuneration, transfer and retirement. Human relations approach should be adopted in the enterprise for the redressal of their grievances and settlement of disputes so that good labour management relations are established and promoted. All these need professional management.

R.N. Malhotra26 (1991) in his article entitled, “Housing Finance” narrated the institutional and non-institutional sources for housing activities. He also briefly mentioned the important principles essential for a sound housing finance company. The
author concluded that a well-managed housing finance institution could expect not only to serve a laudable social objective of helping people to procure shelter but also to earn reasonable profits.

Yadav (1991) in his book, “Need of Co-operative Education Theory and Practice of Co-operative”, opined that the co-operative movement had developed and expanded in quantitative terms. The movement would be successful only when it developed in qualitative terms. This was only possible through co-operative education. Co-operative education would bring awareness among the people and it would widen the area of thinking.

Kandasamy (1991), in his article “Defaulters Vs Non-Defaulters of Co-operative Loan – A Bayesian Analysis Approach” pointed out that the accumulation of overdue loans would result in the shortage of credit and needy members would go without credit. Mounting overdues might even bring the society to the verge of liquidation. He used Bayesian classificatory procedure to classify the borrowers into defaulters and non-defaulters based on certain socio-economic and psychological characteristics of borrowers. His research findings are Default is high due to high level of education, to larger size of families, to the percentage of dependent members, to total members being above 50, and to low level of credit orientation among agriculturists.

Anna (1993) in his article “Co-operative Movement on the Path of Progress” suggested that for social harmony and economic justice, co-operative movement should take deep roots in India, and all should reap the benefit with enthusiasm and faith. Then
the economic development of the people would register a spectacular increase and also India would be on the path of progress.

T.V. Gopalachary and M.S. Murthy\textsuperscript{30} (1993) in their article entitled, “The Role of Co-operative Credit Society in Andhra Pradesh – A Case Study of Nalgonda District” concluded that there was local political interference in the functioning of the financial institutions including the co-operatives, frequently, especially in the process of identification of the beneficiaries of the various schemes, resulting in many problems for the farmer community particularly for the illiterates and poor among them in approaching the societies for financial assistance.

Rahman-Mohammed-Mahbubur\textsuperscript{31} (1994) in his article, “A Review of the Institutional Housing Finance Situation in the Urban Areas of Bangladesh”, analysed the current status of Bangladesh Institutional housing finance in four sectors - General financial institutions, specialized housing banks, housing societies and employers and international funding agencies. He revealed that housing finance in Bangladesh was grossly inadequate. He suggested the use of external funds and long-term alternatives including reducing housing costs, overall economic development and more equitable distribution of resources.

B. Sunder Raj and B. Ramachander Rao\textsuperscript{32} (1994) in their article, “Growth and Development of Co-operative in Andhra Pradesh”, concluded that co-operatives in Andhra Pradesh had been registering an impressive growth in spite of the overdue positions becoming an irritant for the smooth functioning of the societies.
S. Arunachalam\(^\text{33}\) (1994) in his article, "Accounting Ratios and their Usage in Decision-making Process in Cooperatives", concluded that the cooperative should introduce all techniques that were practised in private sector organization, should focus its attention on knowing the financial strengths, making the best use of the capital invested and should assess the weakness to take suitable corrective action by using financial statements particularly ratio analysis.

P.Jawaharalal\(^\text{34}\) (1994) in his M.Phil study, "Overdues in Co-operatives – A Study in Primary Agricultural Credit Societies and Land Development Banks in Sivaganga Block" analysed the overdues in co-operatives with special reference to Sivaganga block.

The article, "Housing Co-operatives Provide Less Expensive Housing Loans" by M.L. Khurana\(^\text{35}\) (1995) stated that the lower strata of the population found it difficult to build their houses from their own savings and resources. They depended on various funding agencies for their loan requirements and searched for a housing finance agency which could provide them with easy loan. The author compared the Delhi Co-operative Housing Federation Corporation with other institutions like LICHFL, Canfin Homes, City Homes and HDFC. He analysed the rate of interest charged by these institutions, processing fee and administrative charges of these institutions for a loan amount of Rs.1,00,000. He also mentioned the ceiling for maximum loan of these institutions. He concluded that the apex co-operative housing federations provided less expensive housing loans amongst all housing finance institutions for an individual. The other loaning conditions offered by the apex co-operative housing federations were comparable or even better than other financing institutions.
K.Tirupurasundari⁶ (1996), in her Ph.D study, “A Study of Housing Finance Institutions in Tirunelveli District” made a comparative analysis of housing finance institutions like Life Insurance Corporation Housing Finance Ltd., Ind bank Housing Ltd., (Subsidiary of Indian Bank), Can Fin Homes Ltd., (Subsidiary of Canara Bank) and Co-operative Housing Society. She further analysed the perceptions of borrowers relating to housing finance institutions in the district in her study.

In “Sustainability Issues in Urban Housing in a Low-Income Country. Bangladesh” written by Islam-Nazrul⁷ (1996) suggested the provision of easy access to housing finance and to land, realistic building standards, affordable building materials, community involvement, strong political commitment and a stable political environment towards achieving a sustainable housing policy.

P.K. Verma⁸ (1997), in his book, “Future of Co-operatives in India in Co-operative Credit and Banking Strategies for Development” predicted that the future might be bright if the present economic, social and political structure changed with lapse of time.

Suresh Reddy and Reddeppa⁹ (1997), in their book entitled “Co-operative Credit in India, an Appraisal- Co-operative Credit and Banking Strategies for Development” concluded that the need of the hour was to strengthen the co-operative movement in India, so that it could influence the structure of Indian Economy, and shape it in the right direction of socialist democracy. Co-operative movement had failed in India but it must succeed.
A.K. Asthana\textsuperscript{40} (1997), in his article, “Co-operative Leadership and Vision of the Future”, stressed the need for a vision of leadership and the concept of collective learning. The global scheme of 21st century co-operative organization would become more relevant and successful if it realized the vision of leadership. Unless co-operatives could meet the challenges emerging out of market-driven economy characterized by stiff competition, it would end up in erosion of its ethics and value, decreasing volumes of business and deteriorating profitability.

M.L. Khurana\textsuperscript{41} (1997), in his article, “Fifty Years of Independences and Housing Co-operatives”, discussed the important developments in the co-operative housing sector during the past fifty years of independence and the challenges and tasks before housing co-operatives. He highlighted one of the problems of housing co-operative as non-repayment of loans by members in time. He also suggested some measures to ensure timely recovery of loans.

Sivasankar and Krishnamoorthy\textsuperscript{42} (1997), in their study, “Co-operative Credit for Agriculture in India”, found that, among the institutional agencies, co-operatives were the single largest agency providing credit since their inception. Co-operatives as purveyors of rural credit occupied a predominant place among the institutional agencies. One disturbing feature of co-operative credit in India was the growing overdues which would wreck the very foundation of co-operative credit in India. Unless drastic measures were taken to overcome this problem, the future of co-operatives in India was very bleak.

A.N. Agarwal\textsuperscript{43} (1998), in his book “Co-operative Movement in India in Economy, Problems of Development and Planning”, stated that of the three sectors
(namely the public sector, the private sector and the co-operative sector), the co-operative sector alone could claim to be a socialist one. The co-operative movement should be conceived and developed as a part of the national economy. There was the urgent need for helping the weaker sections like the scheduled castes and scheduled tribes to form co-operatives. For this, appropriate concessions / facilities need be given to such societies.

Ruzicka- Richard (1998), in his paper, “Changes and Inertial Forces of Ownership and Participational Action: Enterprise, School, and Housing Co-operative in the Czech Republic”, presented an empirical and theoretical analysis of the mutual dependence of the ownership and participational systems in transforming societies, and described how to be a private owner as well as an active, democratically behaving worker/ employee/ citizen. He suggested economic or professional life strategies revealing a lack of self-responsibility. Possible mechanisms of re-cultivating responsibility were crucial to successful privatization, which involved consideration of common social needs and interests.

Majella St.Pierre (1999), in his article named “Quebec’s Co-operative Movement is Ready for the 21st Century” remarked that Housing Co-operatives played an essential role by allowing residents to regain control of large portions of neighbourhoods. They also played a valuable educational role (Building management, Financial management, learning of community life and democracy) benefitting a public that was acquiring greater financial independence and a better quality of life.
R.V. Misra (2000) in his article, "Co-operative and Weaker Sections" stated that co-operatives were playing a premier role in generating employment opportunities and in raising living standards of the weak and less privileged sectors of rural economy.

Jens Heiser (2000), President of ICA Housing in his article titled, "What Chances do Housing Co-operatives have in Hard Competition?" suggested that there should be democracy in the practice of co-operatives, safeguarding of co-operative property for the future generations of members, and last but not least flexible and responsible leading management.

13th National Congress of Housing co-operatives (2001) made the following recommendations for the effective functioning of housing co-operatives: a model law on Housing cooperatives, exemption from payment of Stamp duty and Registration fees, setting-up of a single window system for approving building plans and securing water, electricity and sewage connection by the state government, State Government contribution towards share capital and guarantee for borrowings from other institutions, computerization of working of apex federations and Housing cooperatives, education and training to employees and members.

M.L. Khurana (2001), in his article, "Workshop on Media and Co-operatives" suggested that co-operatives should explore new areas, take up new economic activities and adopt new technologies. To popularize their activities and project their programmes, cooperatives should make use of the popular media like TV and Radio.
S.K. Sharma\textsuperscript{50} (2002), in his article, "Cost Effective Housing in Rural Areas", concluded that two major initiatives were needed to effectively deal with rural housing. The first was ongoing research and development of cost effective building material and building systems using locally available materials and development of entrepreneurship in rural areas in their production and application. The second was strengthening the rural economy to make villages self-reliant.

M.L.Khurana\textsuperscript{51} (2003), in his article, "Inter-Institutional Cooperation for Housing", says that there was need for a great degree of Inter-institutional partnership to ensure that the housing inputs and housing delivery mechanisms truly converged both in time and space. The author concluded that if Institutions - Development authorities, Local bodies, Housing cooperatives, Builders and the like joined hands there would be a better housing output and faster improvement in the socio-economic environment.

G. Murugan\textsuperscript{52} (2003), in his M.Phil study, "The Performance Evaluation of Maharaja Nagar Co-operative Housing Society Ltd. 0.2158, Palayamkottai-11" suggested Quick Disbursement of loan, Effective Management, Effective advertisement and Good relationship with members to improve the co-operative housing performance.

Aravazhi\textsuperscript{53} (2003) made a detailed analysis in his article, "Recovery Ethics in Co-operative Bank.", He pointed out that proper efforts had to be made to educate the rural community about the need for loan repayment. Co-operative education could improve recovery of loan amount considerably.

M.L. Khurana\textsuperscript{54} (2004), in his article, "Cooperatives for Improving Living Conditions for Slums" described poor living conditions in slums in India and wished
cooperatives would improve their conditions through special schemes initiated by the Central and State Governments.

J.N.Krishnan\textsuperscript{55} (2004), in his article, "State Aid and Development of Cooperatives in Tamilnadu", held the view that the working of cooperatives in the present context had to be reoriented so as to make them more vibrant, transparent, efficient and competitive. To reduce the overdue loans, all possible methods, persuasive and coercive, of collection should be undertaken and onetime outside assistance for cleansing the Balance sheet and rehabilitating the co-operatives on sound lines should be undertaken.

M.L.Khurana\textsuperscript{56} (2004) in his article, "Need and Importance of Public Relations in Cooperative Sector" reviewed the reasons for low-profile Public relations by cooperatives and described the need for innovative public relations measures. The author concluded that in the changed scenario of economic liberalization, cooperatives would have to energize themselves to face open competition and to sustain themselves by improving public relations.

Samkutty George\textsuperscript{57} (2004) in his article entitled, "Revamping the Housing Cooperatives in Kerala- Need of the Hour" compared Housing Finance Companies like Housing Development Finance Corporation of India (HDFC), Life Insurance Corporation of India Housing Finance Ltd.,(LICHF), State Bank of Travancore (SBT) and Co-operative Housing Society in Kerala. The author analysed the comparative cost-benefit of housing schemes offered by selected institutions.

A.P.Subramaniam\textsuperscript{58} (2004), in his book, "Cooperatives in Tamilnadu", analysed the problems of declining co-operative movement in Tamilnadu and recommended
reducing establishment expenses, avoiding political interference, forming co-operative
guidance council and enforcing member management election to improve the
functioning of the co-operatives.

Mulani\textsuperscript{59} (2004), in his article, "Cooperative Movement", remarked that the
success or failure of co-operatives depended largely on the quality and the capability of
cooperative leaders. This was true in developing countries. The author suggested building
up strong, committed, dedicated and selfless leadership within the cooperative
movement.

J. Subramani\textsuperscript{60} (2005) stated in his article, "Human Value Promotion through
Co-operatives", that instilling in the minds of members virtues like moral solidarity,
unity, integrity, co-existence amidst possible differences, homogeneity of interest and
equality, would produce fine human beings worthy enough for overcoming all the
socio-economic and cultural evils facing society.

V.M. Selvaraj and G.Venugopal\textsuperscript{61} (2006), in their article entitled, "Problems and
Solutions to Financing in Rural Housing Sector" observed that co-operative housing
society had made a significant impact in alleviating the housing problems in rural India
and amongst the economically weaker sections of the Indian society. The authors also
discussed problems faced by the society and suggested that creating awareness of decent
living through non-formal education, formation of multi-purpose co-operatives and
popularizing their activities would strengthen the society.

In an article published in the Tamil daily newspaper "Dinamani" bearing the title
"Policy on Rural Dwellings", K. Loganathan\textsuperscript{62} examined the lack of development in the
agricultural sector and the consequent decrease in the scope of employment in the
villages as being responsible for the migration of rural labour to the urban areas in India.
In his opinion, housing policy that merely addressed the problem of housing would not
cause any significant improvement in rural housing. The planners should plan agricultural
development first and solve rural poverty.

1.5 SCOPE OF THE STUDY

This study is mainly confined to the role played by Co-operative housing societies
financing the home loans to various income groups in Tirunelveli District. The
performances of the society like membership, share capital, working capital, houses
assisted, loans sanctioned, loans disbursed were assessed by their compound growth
rates. The Recovery of loans and overdues from borrowers as well as the repayment
performance of the societies have also been analysed. This study also examines the
opinions of the society officials and of the borrowers to reveal a broad spectrum of
problems of demand and supply.

1.6 OBJECTIVES OF THE STUDY

The present study has the following as its specific objectives:

1. To analyze the progress of Co-operative Housing Societies in Tirunelveli
   District.

2. To study the Loans sanctioned and Disbursement of loans by Co-operative
   Housing Societies in the study area.

3. To examine the Loan recovery procedure of Co-operative Housing Societies in
   Tirunelveli District.
4. To examine the perception of the borrowers on loan proceedings and functioning of the Co-operative Housing Societies in the study area, and

5. To make suitable recommendations for the smooth and efficient functioning of housing cooperatives in the district.

1.7 HYPOTHESES

Considering the above objectives, the following null hypotheses were formulated for testing:

1. There is no significant difference in the growth of membership between Urban and Taluk Co-operative Housing Societies in Tirunelveli District during the period under study.

2. There is no significant difference in Loans Sanctioned between Urban and Taluk Co-operative Housing Societies in Tirunelveli District during the period under study.

3. There is no significant difference in Loans Disbursed between Urban and Taluk Co-operative Housing Societies during the period under study.

4. There is no significant difference in Overdues between Urban and Taluk Co-operative Housing Societies in Tirunelveli District during the period under study.

5. There is no significant difference in the Percentage of Repayment of loans between Primary Co-operative Housing Societies in Tirunelveli District and Primary Co-operative Housing Societies in Tamilnadu during the period under study.
1.8 LIMITATIONS OF THE STUDY

Every research suffers from limitations. Some of these are inherent in the research design while some others become part of the study during various stages of operation. The present study is subjected to the following constraints and limitations.

1. As this study is a descriptive one, it has not analyzed problems in depth by testing them on experimental basis.

2. Though the wordings of the interview schedule in English are easily understandable by the members, sometimes the translation of the questions into Tamil, resulted in ambiguity in understanding the question as well as the response.

3. It is a Micro-level study, based on the data collected from the members and officials of the Co-operative Housing Societies in Tirunelveli District. Hence, the findings of this study may not be applicable at the national level.

4. This study only covers the financial periods from 1993-94 to 2003-04.

This limitations of the study has in no way affected the accuracy of the data and consequently it has no adverse impact on the validity of the research findings or conclusions derived therefrom.

1.9 OPERATIONAL DEFINITION OF CONCEPTS

Economically Weaker Section (EWS)

Economically Weaker Section (EWS) refers to those who earn below Rs.2, 100 per month. It covers small and marginal farmers, landless agricultural workers, rural
artisans and other people of very small means like carpenters, barbers and washer men who form an integral part of the village community.

**Lower Income Group (LIG)**

Lower Income Group (LIG); Those who earn between Rs.2, 101 to 4, 500 per month are considered LIG

**Middle Income Group (MIG)**

Middle Income Group (MIG); The beneficiaries, whose income is between Rs.4501 to 7, 500 per month, are considered MIG group.

**Higher Income Group (HIG)**

Higher Income Group (HIG); Those who earn above Rs.7,500 per month are considered HIG.

**Landless Agriculture worker**

Persons not owning any land, but getting more than 50 per cent of their annual income from the farm sector as wages are considered landless agriculture workers.

**Beneficiaries**

Those who receive loans and benefits for carrying out housing activities are called beneficiaries.

**Attitude**

It refers to the opinion or behaviour of beneficiaries

**Co-operative Year**

The year begins on 1st April and ends on 31st March
Society

The Society refers to Co-operative Housing Society

Primary Co-operative Housing Societies

It refers to both Urban and Taluk Co-operative Housing Societies.

District

The District refers to Tirunelveli District.

State

The State refers to Tamilnadu State

Nation

The Nation refers to India

Co-employees

Co-employees are the staff of the society other than the secretary.

Financial Institutions

Financial institutions operate in financial markets and act as mobilisers of savings and as purveyors of credit.

Total Demand

Total demand is the sum total of all outstanding instalments of repayment plus the current instalment together with interest.

Wilful Default

It denotes non-repayment of loans inspite of adequate repaying capacity of the borrower.
1.10 AREA OF STUDY

In the present study, Tirunelveli District in Tamilnadu state is the area of study.

1.10.1 Profile of the District

The Tirunelveli district was formed on 20.10.1986 by the Government of Tamilnadu (Government of Tamilnadu, Statistical Abstracts 1991)

It has an area of 6823 Sq.km, which is 0.21 per cent of the total land area of the Indian union and 5.28 per cent of the total land area of Tamilnadu. It lies between 08°8’ and 09° 23’ of the northern latitude and 77° 09’ and 77° 54’ of the eastern longitude. The district is surrounded by the State of Kerala, Gulf of Mannar and the districts of Virudhunagar, Thoothukudi and Kanniyakumari

The total population of the District as per 2001 census was 28,01,194 constituting 4.51 per cent of the population of the state. Out of which 54 per cent was in the rural area and 46 per cent in urban area. The density of population was 410 per Sq.km. As far as population is concerned the district occupies the 8th place in the state.

Out of the total population 13,72,082 were males and 14,29,112 were females. The district has a literacy rate of 68.44 per cent.

The district within its heterogeneous topology covers a wide area with three Revenue divisions namely Tirunelveli, Tenkasi and Cheranmahadevi. There are 11 Revenue talks, 19 Development blocks, 631 Revenue villages and 425 village Panchayats inhabited by people of different occupations. But, in general, agriculture is the main occupation of the people and paddy is the main crop cultivated. This district has conducive climate and infrastructure for dairy farming and sheep breeding.63
1.11 PERIOD OF STUDY

The research study covers eleven financial years from 1993-94 to 2003-04.

1.12 METHODOLOGY

The present study has been carried out on the basis of data and information generated from both primary and secondary sources.

1.12.1 Primary Data

In order to have an in-depth study of the research problem the first hand information was obtained from the beneficiaries of the societies as well as from officials of the Societies in the study area using separate interview schedules framed for the purpose. The primary data were generated in two ways, namely Census and Sampling method.

The census survey was conducted first during June – August, 2004 covering 25 respondents (Officials of Co-operative Housing Societies), who gave all the required data and information. This survey could generate necessary primary data and information relating to their personal background, their opinion on the co-employees, administrative control, their perception on various information relating to borrowers and to their opinion on the smooth functioning of the society.

Next, the sampling survey helped to generate all relevant data and information from the beneficiaries of Co-operative Housing Societies in the study area. This survey was carried out during November, 2004 – April, 2005 covering a total of 250 respondents. This survey collected information on the household background of
beneficiaries of Co-operative Housing Societies, their experience in the process of applying for a housing loan, their opinion on the repayment-related and service-related aspects, and their opinion on the strengthening of the society.

1.12.1.1 Sampling Design

For the sample survey, a stratified random sampling technique was adopted. Since the population is large, considering time, area covered and resources at the disposal of the researcher, the respondents were selected from the borrowers, who obtained housing loans from the Co-operative Housing Societies during the year 1997-98.

At the second stage of the sampling, Co-operative Housing Societies functioning in the study area were classified into two types namely, Urban Co-operative Housing Societies (17 Societies) and Taluk Co-operative Housing Societies (eight Societies) which were selected for this study. The selected societies are listed as Annexure -1.

The first Category of Society is urban Societies, organized in urban areas of the district, which concentrate more on MIG and HIG Categories of borrowers and to a little extent on special scheme for EWS category.

The second Category of Society Called Taluk Society, is generally found in all the taluks of the district. These Societies cater to the needs of rural people particularly the EWS Category. Apart from this EWS Category, they also provide LIG and MIG Category loans to some extent.

At the third stage of sampling, the households in each of these two types of co-operative housing societies were stratified on the basis of the income levels of
borrowers as Economically Weaker Section (EWS), Low Income Group (LIG), Middle Income Group (MIG), and High Income Group (HIG). From each of these four groups, 8.22 per cent was selected as the sample size. The total number of respondents thus surveyed amounted to 250 out of 3038 borrowers assisted by the Co-operative Housing Societies. At the fourth stage, the 8.22 per cent sample households were identified on a random basis just before the commencement of the survey in each society.

1.12.1.2 Interview Schedule

Two interview schedules were used to collect information and data from the officials and beneficiaries of the societies. The researcher himself conducted the interviews. The interview schedules in their preliminary forms, were pre-tested thrice each in their respective field and they were finalized after incorporating all necessary changes in the content and design thereof as warranted by the pre-tests. It was prepared in English but whenever necessary the questions in the interview schedule were translated orally into Tamil (local language) to make them comprehensible to the respondents. The interview schedule contained questions on housing loan, sanction of loan, collection of loan, services and general aspects and so on.

The first interview schedule was designed for the secretaries of Co-operative housing societies and the interview could be completed in 15-20 minutes per interview on an average. The survey lasted for a period of three months from June to August 2004.

The second one, designed for the members of Co-operative housing societies took about 20 minutes on an average per interview. The survey lasted for a period of six months from November 2004 to April 2005. All the respondents gave all the required
information and they were very co-operative. The two specimen interview schedules are Annexure II and III.

The completed schedules were checked and edited immediately to ensure completeness and correctness. The researcher rectified the omissions and commissions in the schedules then and there by discussion with the respondents.

The information thus gathered was tabulated properly for the purpose of analysis. This research follows both 'positional' and 'behavioural' approaches. The study is essentially analytical in nature. The primary data collected through procedure described above were marshalled objectively in order to draw meaningful conclusions.

1.12.2 Secondary Data

The data relating to the Co-operative Housing Societies were collected from various published sources like standard text books, journals, web page, periodicals, circulars and byelaws of the Societies. Further, data of secondary nature could be generated from the official publications in the form of annual reports, handbooks, manuals, pamphlets and advertisement copies of various institutions associated with housing or housing finance. The researcher personally collected all necessary data with the help of officials in the urban and taluk Co-operative Housing Societies in the study area.

1.13 ANALYTICAL TOOLS

The data collected from different sources were processed according to the objectives laid down for the study. The collected data were first transformed manually to a master table which formed a convenient all-time reference for all further tabulations.
The data were analysed by using different statistical techniques. Percentage analysis, Compound annual growth rate, Trend analysis, Chi-Square test and Garret Ranking method and Mann-Whitney U-test were used for the purpose of this study.

Percentage analysis has been extensively used in the process of analysis and interpretation of data.

To evaluate the growth of Primary Co-operative housing societies in Tirunelveli District like Membership, Share capital, Loan Sanctioned, Loan Disbursement, Houses Assisted, Overdues and Working capital data have been collected from 1993-94 to 2003-04 to calculate growth rate and Annual Compound Growth Rate. Growth rate refers to the percentage increase/decrease of amounts/numbers of Co-operative Housing Societies (CHS) as compared to the previous year. The Annual compound growth rate was calculated to indicate the overall growth of CHS during the eleven year study period by using the following formula:

\[ Y = AB^t \]

Where

- \( Y \) = Variable for which the growth rate was calculated
- \( A \) = Constant
- \( B = 1+ r \), \( r \) being the growth rate
- \( t \) = the time period in years (11 years)

The estimated form of the function is of the following type:

\[ \log Y = \log A + t \log B \]

Where, \( \log A \) and \( \log B \) are obtained by ordinary least square method.
Compound growth rate (%) has been calculated by the formula

\[
\text{Growth rate} = [\text{Antilog (Log B)} - 1] \times 100
\]

A Trend analysis has been used to bring out the trend of loans sanctioned during the study period from 1993-94 to 2003-04 and to project the loans to be sanctioned during the year 2008-09.

Garret Ranking method has been used to know the pulse of the sample respondents' preference in availing loans from a Co-operative Housing Society.

Chi-square test has been adopted to test the personal variables of respondents and their opinion levels on the quality of their Co-operative Housing Societies. Null hypotheses were framed and tested at five per cent and one per cent levels of significance.

For the purpose of testing the hypotheses of the study, Mann – Whitney U-test (a non-parametric) has been used.

1.14 SCHEME OF REPORT

This thesis has eight chapters.

The first chapter is "Introduction and Design of the study". It introduces the subject and presents the significance of the study, statement of the problem, review of literature, objectives, scope, area and period of the study, methodology, analytical tools used and scheme of report.
The second chapter is titled, "Housing - A Historical Perspective". It contains the subject matter in terms of Global and National scenarios, housing conditions in India, housing agencies and so on.

The third chapter entitled, "Profile of Co-operative Housing Society" gives a detailed account of the study unit, namely Co-operative housing society and of the procedure to avail a housing loan.

The fourth chapter, "Operational performance of Co-operative Housing Societies in Tirunelveli District"- deals with different dimensions of operational performances.

The fifth chapter, "Perception of Officials of Co-operative Housing Societies in Tirunelveli District" describes the profile of officials and sums up their opinions of Co-operative Housing Societies, with a view to assess their efficacy.

The sixth chapter carries the title, "Socio- Economic Conditions of Respondents". It includes the profile of respondents and also makes an assessment of their knowledge and awareness of housing loans, opinion on the nature of loans availed and the lending operations of the Co-operative Housing Societies.

The seventh chapter entitled, "Repayment of Loan and Relationship with Society", covers period of repayment of loan, level of satisfaction of beneficiaries and the scope for improvement of the Co-operative Housing Societies.

The eighth and the last chapter entitled, "Summary of Findings and Suggestions" gives a consolidated list of the research findings and suggestions based thereon.
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