CHAPTER 1

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1.1 Background: Housing is an essential element of human life & its importance is next only to food & clothing. The house is the first place where human being learn to establish relations among themselves, with society and with their environment. A house is not just a place to eat & sleep in. The modern concept of Housing does not limit the idea of housing merely to provision of shelter. Today the term “Housing” is interpreted to mean comfortable shelter & such surrounding & services as would keep a man healthy & cheerful.

Millions of our country men desire to have a own house, but it has only remained a long cherished dream. Generations have passed but the desire has remained unfulfilled largely due to poor socio - economic conditions, prevalent among the masses – and the lack of concerted efforts at various levels.

On the other hand, the concept of shelter has however undergone a variety of changes corresponding to changes in the pattern of civilization and advancement in technology. In addition, provision of shelter too, has gone through a transformation. From individual effort, the onus has now been shifted to public agencies acting as facilitators.

Our country, amongst the developing economies, has played a pioneering role in making available developed land/shelter etc. at an affordable price to its vast populace.

A full fledged Ministry is existing at the States & the central level since independence & co-operative efforts have gained wide acceptance in most parts of the country as an alternative of individual/private efforts. This has helped the Govt. to translate its policies & programmes relating to housing into reality.
The welfare concept of our constitutions inter-alia, casts upon the Govt. the responsibility to see that its citizens are provided with adequate housing facilities. It cannot be left exclusively with private sector to implement housing on a commercial basis with profit motive. Active involvement of the state Govt. in organizational & financial level & technical aspects is thus necessary to achieve the important social objective of just & equitable distribution of housing facilities. In order to achieve this objective, Govt. introduced various social housing schemes including subsidized housing scheme for industrial workers, Low Income Group housing scheme (LIG), subsidized housing for plantation workers, slum clearance & slum improvement, Middle Income Group housing (MIG), rural housing & rental housing, special Housing scheme for Economically Weaker Section (EWS) etc. for the benefit of all sections of people.

"Besides, land acquisition and development also became a part of governmental policy to provide housing for the houseless."\(^1\)

A number of State/Central level housing agencies grew up in the housing sphere too. There are 48 no. of agencies established under state public sector in Assam.\(^2\)

These undertakings are looking after various activities as per their objects including housing activities to facilitate housing for in-house members also. Amongst these, the Assam Police Housing Corp. Ltd. (APHC Ltd.) was incorporated on 5th Nov. 1980 to construct residential and non residential buildings for the Police Dept. and also to provide quarters for their employees with the terms & conditions for availing such facilities upto their Service Period. After expiry of Service Period,

\(^1\) Muttalib M.A., Public Housing, Page No. VII, printed by Directorate of Stationery & Printing, Pondicherry

\(^2\) Assam, Public Enterprise Deptt., Govt. of Assam, Dispur
housing problem will again be faced by them. Hence, the Assam Police Housing Corporation Ltd. is not taken into account as a housing finance institution in Assam and excluded from the proposed study.

A new venture of housing, viz. the Assam State Co-operative Housing Finance Society Ltd. (HOUSEFED) was registered in 1978 to provide loan for construction of houses, purchase of land and direct construction of houses for the benefit of members of primary housing society etc. However, their operational area in the field of housing is very limited and, moreover, the organization is not recognized as a public sector unit by the Govt. of Assam. Notwithstanding, the above, Assam State Housing Board is recognized as the best suited organizational set up for achieving this important social objective of housing and was established under the Board Act, 1972, for implementing various social housing schemes in Assam. It started functioning from 1st August, 1974 after abolishing the erstwhile “Directorate of Housing” which was in existence since 1955. The main purpose for creation of the State Housing Board is to accelerate the housing activities in the State.

1.2 The Study Objectives:

The study aims to do and cover the followings :-

1) To study the housing policies of the Central as well as the State Govt. and the various prominent governmental organizations engaged in housing finance and services in Assam,

2) To study the gap between demand and supply of housing facilities of India in general and Assam in particular in the context of the huge housing deficit both in urban and rural areas,
3) To study Housing and Urban Development in India in general and in Assam in particular during the five year plans,

4) To study the role of State Housing Board for implementation of social housing schemes together with its functional areas keeping in view the fact that the principal objective of public housing agencies in Assam is to cater to the needs of the poorest & vulnerable sections of the society and to serve as a facilitator for the middle income and higher income group of population and to identify the policy options for the desired changes in its role.

5) The study also proposes to cover a comparative analysis of a few selected State Housing Boards of India with that of ASHB.

6) The curx of the study, however, relates to the study of operational performance of the Assam State Housing Board which is the leading state level housing organization in Assam.

7) The study encompasses the entire gamut of operational study including social, organizational and financial aspects.

8) To suggest clearly the reforms needed in the legal, institutional and fiscal framework on the basis of the State Housing Board enactments, within which the Assam State Housing Board has been functioning.

1.3 Operational Performance Defined:

The term “operational performance” offers various connotations to its meaning and a generalized approach to the issue is bound to create serious hurdle in view of the existence of varied nature of business products and services. There is a very slender demarcation between the terms “operational performance” and “management performance”. While the former is more obsessed with fixation of responsibility for the
personnel at various levels of management the latter is inclined to depict an output related picture of all the vital ingredients recognized for objective triumphant of an organization. "Appraisal is or should be an integral part of the system of managing. If a business, a government agency, a charitable organization, or even a university is to reach its goal effectively and efficiently, ways of accurately measuring management performance must be found and implemented."

More often then not, operational performance is confused with the term financial performance. It should, however, be made clear at this point that operational performance includes something more than the financial performance of an organization. Measurement of any performance need a standard to be set as guideline for effective use and analysis. The term management performance has lesser degree of flexibility and includes technical appraisal as well in the field of decision making too. However, operational performance reflects the achievement of targets in all facets of organizational performance.

Usually profit is accepted as a general criterion for judging the efficiency of an enterprise. The other two criteria followed for this purpose are return on capital invested and capacity utilization. The idea of applying profitability as the sole yardstick for measuring the success of organization has been disputed by many for a variety of grounds. The problem is, however, more complex in organizations having long term capital requirement. There may be some unifying standards in the concept of measurement of operational performance of financial concerns, but the problem is obviously far more complex for organizations within the ambit of government ownership and control. It is more or less agreed by all that the performance of any

public sector unit should not be solely judged by profitability alone. They have a host of other social obligations which are obviously missing in private sector. The profit objective of public enterprises has, however, been more pronounced by several quarters in recent years in the wake of large scale threat to its existence.

1.4 Measurement of Operational performance of ASHB:

The study of operational performance of a state housing agency like the ASHB invariably demands for fixation of the determinants on the basis of which a correct appraisal of operational performance could be undertaken in its precise form. Such attempt should embrace within it a host of operational standards which need revelation and comparison with standard performance. Many of these standards are not comparable with general financing agencies owing to the element of State Ownership and control. The data revealed by various performing objectives, however, act as guiding principle in determining the success or otherwise of the organization. Profitability is indeed a very strong manifesting feature of comprehensive performance of an organization. A careful and isolated analysis helps locating the area of deficiency or shortfall of standard performance. The training of personnel to the requirement of efficiency is indeed a living norm for objective assessment of performance. Physical target and its achievement ordinarily helps in identifying the success or otherwise of an organization. It is also material for a housing agency to adhere to the target of disposing lands and building i.e. the two important services / products of its kind of business. The development of infrastructure projects like that of sanitation, waste management, urban and commercial infrastructure, also constitute part of operational performance when such responsibilities are thrust upon an welfare oriented organization like the ASHB. Financial performance manifested by administrative and supervisory cost also plays a key role in finding out the performance of an enterprise. Another decisive test for the
Board is its success in drawal of funds made available to it by various funding sources including central Govt. and other agencies. The true test of any lending agency lies in recovery performance and maintaining a favourable borrowing ratio. The observance of timely repayment of loan and servicing of debt also form important determinants of operational efficiency of any organization.

Apart from the discussion raised above, the general level of efficiency of management is also measured through the degree of technological expertise earned by its personnel. Thus the quality of office automation observed, management information system, frequency in reviewing the performances and perspective plan for future years are other important determinants for ascertaining the standard of performance.

1.5 Methodology:

The Methodology of the study is to form core hypotheses and testing of these hypotheses with relevant data which have been collected from the concerned agencies and other sources. For examining the operational performance of the state housing agencies, data and information have been collected from the concerned agencies and also collection is made from the secondary sources viz. published documents and official information, documents etc. For examining the financial aspect, various tools like the ratio analysis, cost benefit analysis have been applied. Besides recovery performance, cost structure is also examined. Statistical tool is also applied to check whether there is difference in hypothesized and actual achievement in the various activities. The original data is converted into percentage in order to have a relative look into the performance. As regards to the study on the ASHB, primary and secondary methods have been adopted to collect information besides conducting a survey upon beneficiaries through questionnaire/schedule in order to ascertain the operational efficiency of the schemes. In respect of preparation of questionnaire the required
questions were discussed with various functionaries of the ASHB H.O. of Guwahati, Assam, along with a few concerned officials, & accordingly two typed questionnaires were prepared and distributed among the beneficiaries of loan & Rental Housing scheme. The interview schedules were so prepared as to include all essential/relevant information conforming to the objectives of the study. The schedules prepared for the beneficiaries contained questions which aimed at airing out their opinion upon facilities available in terms of loan assistance under the housing loan scheme. Similarly, another questionnaire was also served upon the beneficiaries under R.H.S. to know the nature & extent of satisfaction in welfare achievement. The same were filled up with opinions from beneficiaries, who were personally visited at different places of the state by the researcher. However, a few of the beneficiaries were found to be upto expectation.

The beneficiaries were selected out of the list obtained from the ASHB with due permission of authority. The interview with the beneficiaries had been conducted with assistance from employees of the Board. Most of beneficiaries had replied on the basis of their experience gathered. The overall co-operation received from beneficiaries are appreciable, similarly, the co-operation received from the concerned housing offices was also very encouraging.


1.6 Overview of the Study:

The study has been divided into ten (10) chapters. The first chapter is an introductory one. This chapter defines the concept and measurement of operational
performance of a State housing agency like ASHB. The determinants on the basis of which a correct appraisal of operational performance could be undertaken in its precise form is discussed in this chapter. The various aspects such as administration, financial, Management Information System (MIS), organization structure which are important determinants to ascertain the standard of performance have been defined in brief. In addition, it also includes the importance of the study, objective, methodology adopted, review of literature, limitation and Hypotheses of the study.

The second chapter which has been captioned as “Standard Housing norms and housing scenario in India vis a vis Assam” includes the meaning of housing under various policy definitions/ connotations, concept of adequate Housing, definition of adequate Housing as per the standard norms of United Nation Centre in Human Settlement (UNCHS) Nairobi in 1994. The Housing situation as well as the shortage in India as per Census 1991 and the projected situation from 2001 to 2021 in India are highlighted in this chapter. The Housing situation, pattern of housing in N.E./ Assam, household profile, housing stock and position etc. have also been discussed.

In Chapter 3, discussions have been made about the Housing Policy at National level as well as at the State level. The objectives, goals, elements of Housing Policy, including the various aspects of the National Housing Policy have also been incorporated. The content of Housing Policy at State level which is called as the Assam State Housing Policy is subsequently discussed in the 3rd Chapter in details.

Chapter 4 is divided into two sections, A & B. In the Section A, the various activities undertaken by the Govt. of India during the five year plan since 1951 is reviewed and discussed in brief. The Plan-wise Position of Housing & Urban Development Schemes introduced by the Centre is highlighted. The financial involvement for Housing & Urban Development out of the total allocation of the Govt. of India at a glance is also shown in this chapter. In the Section B of this chapter, the
activities undertaken by the different concerned organizations of the Govt. of Assam during five year plan are elaborated. The Plan-wise allocation and actual achievement specially in Housing Units and areas covered for Urban Development in Assam is included in details. However, State Plan position could be shown only beyond 4th Plan (1969) due to non-availability of information at the State level. Further, the plan-wise activities in respect of Housing & Urban Development is discussed and highlighted separately for both General and Hill areas of Assam upto the 9th plan 1997 to 2002.

The extent of involvement of the State Housing Board during plans and its operational performance is also finally incorporated in this chapter.

Chapter 5 highlights the profile of prominent State Housing agencies which are directly engaged and involved considerably in providing financial assistance to housing development in the State of Assam.

The various aspects such as terms & conditions of sanction of loan, criteria, rate of Interest, repayment terms, requirement of documents, security aspect, quantum of loan for different category of people etc. are discussed and focused in this chapter. The organizational background, objective for setting up etc. are also referred.

Chapter 6. The main feature of the various social Housing schemes so far implemented by the Assam State Housing Board since 1974 with terms and conditions are discussed in the chapter. The social Housing schemes such as EWS, LIG, MIG, HIG, RHS, Land-acquisition & development, Janata Housing scheme and other schemes relating to Housing etc. are referred under this chapter.

Finally, scheme-wise/ year-wise financial involvement and actual expenditure incurred, with sources etc. are shown. The targeted number of units and achievements made through implementation of various schemes are the main thrust of the Chapter. The utilization status of funds so far received towards loan and subsidy are also highlighted in this chapter. This chapter shows the actual performance on
implementation of the various schemes which is the main objective of setting up of the Board. The position is also graphically presented wherever necessary.

Chapter 7, discusses the organizational structure and establishment of the ASHB. As per the provision of the Board's Act 1974, the functions to be carried by the Board are also highlighted. The channel of work from ground level management to top management is analyzed in this chapter. The duties, responsibilities of the various level of officials, creation of organization positions of officials under various disciplines etc. are indicated in this chapter. The structure of the Board is presented and drawn in a chart indicating the head-wise officials engaged for performing the duties.

Chapter 8 shows the financial performance such as working result, fund mobilization and utilization, speed in finalization of A/C, Recovery Performance and debt servicing Performance etc. in Part-A. The position of above aspects are further represented through Bar Chart, diagram etc. as necessary. The cost structure of the Board under various head is analyzed and incorporated in Part-B in this chapter. The year-wise expenditure in percentage is also shown in details for last ten years since 1987.

Chapter 9 presented the comparative performance of selected State Housing agencies in India. The financial performance, physical performance and organizational performance of selected agencies are synthesized. The Housing agencies are selected on the basis of activities and considered as having borne relevance to the study objectives. The performance of ASHB with other agencies namely, Rajasthan Housing Board, Gujarat Housing Board, Karnataka Housing Board, Orissa State Housing Board, is discussed in this chapter.

Chapter 10 summarizes the findings and conclusions arrived at the previous chapters and recommends some suggestions for action plan to improving operational
performance of the ASHB as well as for improvement of other State Agencies operating with the state for the benefit of the people of needy section.

1.7 **Limitation of the Study:** The proposed study is confined to the operational performance of the State housing agencies in Assam in general and the Assam State Housing Board in particular.

While choosing the agency, an inevitable bias has been expressed in favour of the Assam State Housing Board since it has the twin objectives of rental housing as well as housing finance. Thus, this provides an extension in the objective and operational area of the agency over many of its counterparts in the state which are usually run on purely commercial objectives.

A common obstacle confronting any researcher in the area of Public Undertaking, is the non-availability of up-to-date audited accounts in the case of majority of the State Undertakings. Thus, we find that provisional accounts are prepared in lieu of final account which has its own limitation. The study is conducted upon the Assam State Housing Board, since it is the nodal agency for implementation of various schemes etc. sponsored by National/International Organizations. It has not been possible to cover within it, the state owned organizations like the Assam Police Housing Corporation Ltd. and Assam Co-op. Housing Finance Society Ltd (Housefed). Since the former deals only with specific group of people and the latter deals only with group housing proposals. However, Profile of Housefed Assam is highlighted under this Study. The operational performance is also included in the evaluation of implementation of various schemes so far adopted by the Board. The study is effective and aiding to the correction of present ills of the Board, provided no major changes in the housing policy is administered by Central Govt. and the other concerned govt. Moreover, Primary data relating to the govt plans & programmes are not readily
available and difficulties were faced while collecting data from the state sources. Many of the data have been borrowed from the Govt. records and presented to depict picture of the performance of implementation of the various developmental schemes during Five year Plans. Therefore chances were not made to retain the real picture of execution in respect of the above.

1.8 Review of Literature:

Although housing has been an inspiring area of research among researchers in the recent decades, yet not many of the research studies have been undertaken in this field of study until recently. This is more true particularly in the case of North Eastern Region. However, some state and national level workshops as well as conferences have been organized from time to time in various states on different aspects of housing. The subjects covered in the discourse are on various aspects of Public Policy, Rural housing, Housing Technology, modalities of housing schemes, limitation of conventional housing, need for low cost housing etc., several aspects of housing in India have also been incorporated in the book “Public Housing” (1982) by M.A. Muttalib and Mohd. Akbar Ali Khan. Other significant studies on housing are “Housing Finance in India” edited by K.S.R.N. Sharma, published by the centre for urban studies, Indian Institute of Public Administrative in 1989.

One of the leading works on housing “The Metropolitan Housing Market” (1989) by Meera Mehta & Dinesh Mehta, published by sage publication depicts in details the various aspects of urban housing in Ahmedabad. The Society for Research Development & Communication (SRDC) has carried out a study on evaluation of Rural Housing in Assam. The said study covered altogether seven districts only.

Beside the above, one research scholar has recently concluded his Ph. D. studies under Guwahati University which relates to North Eastern Region on the subject...
“Housing Finance in India - However it has been transpired that no such studies have been made on the operational performance of Assam State Housing Board and studies so far conducted are considered to be inadequate to fulfill the research gap of the North-Eastern India Particularly in the context of dominant state housing agencies having wide scale social implication.

1.9 **Hypotheses to be Tested**: We shall test the following null hypotheses \((H_0)\) against their alternative hypotheses \((H_1)\).

**Hypothesis I.**

(a) Null hypothesis \((H_0)\): That the schemes undertaken by the Assam State Housing Board do not provide a competitive edge over the housing financial agencies operating in the State.

(b) Alternative hypothesis \((H_1)\): That the schemes undertaken by the Assam State Housing Board provide a competitive edge over the housing financial agencies operating in the State.

**Hypothesis II.** (a) Null Hypothesis \((H_0)\): That the existing operational policies are not based on sound business principles resulting in revenue deficit and diminution of asset.

(b) Alternative hypothesis \((H_1)\): That the existing operational policies are based on sound business principles resulting in revenue deficit and diminution of asset.

**Hypothesis III.**

(a) Null hypothesis \((H_0)\): That the sources of fund for implementing the various schemes are inadequate to meet the current demand of the State.

(b) Alternative hypothesis \((H_1)\): That the sources of fund are adequate for implementing the various schemes to meet the current demand of the State.