CHAPTER 7.

SUMMARY AND CONCLUSIONS

The purpose of public housing in India is to wipe out the quantitative and qualitative deficiency in housing stock and house production. It is pointed out (in Chapter 2) that while the desired rate of growth of housing services per annum is nearly 4%, the actual rate of growth of housing services was only 1.2%. As a result the housing shortage is more pronounced in the lower strata of the society. The houseless population requires free public housing and moreover the urge to have a house of their own is not strong but only the State takes the responsibility of housing them on welfare grounds. On the contrary, the LIG people long to possess houses either own or rental and need Government assistance only to bring house purchase within their paying capacity.

The study in its attempt to analyse the problem of LIG housing identifies the Tamil Nadu Housing Board as the public agency catering to the housing needs of the LIG people in Tamil Nadu. A scrutiny of the working of the TNHB shows that the Board has constructed only
13,501 LIG housing units and its share for Madras city is 7904.

Paucity of data on LIG population stands in the way of assessing the role of TNHB in ameliorating the LIG housing shortage. Yet a naive measure of LIG housing requirement for Madras City shows that only 6% of the LIG housing requirements have been met by the TNHB. The private sector, though Sluggish in the matter of LIG house construction, has supplied 10% of the City's LIG housing requirements (see Table 3.13 page 82) Hence it is suggested that the Board has to boost its LIG house production given its various constraints.

A sample study of the LIG rental housing programme has brought out the following findings:

1) Only 40% of the rentiers belong to LIG in the LIG rental housing programme because the rental houses were constructed at different years, the tenants of the older schemes presently cease to belong to LIG. Within 15 to 20 years they have gone to HIG, but reside in LIG rentals and pay low rent. Once the house is allotted, the Board never looks into the pay increase of the tenants.
This type of occupation denies public housing accommodation to a larger number of deserving LIG people.

2) The public LIG housing rental scheme serves the government and non-government employees equally.

3) Due to public housing, consumption of housing services have gone up. The plinth area of housing seems to have fallen in few recent schemes but other specific amenities in the form of water supply, power supply and drainage system have increased considerably.

4) The rent-income ratio of the tenant after occupying the public housing is much lower than before. Lower rent-income ratio allows tenants to spend more on non-housing commodities. Consumption of non-housing has increased by 6% on an average for all the schemes.

5) It was found that the tenant benefit ranges from - Rs.80 to + Rs.150. The mean benefit is Rs.40 and only 21 out of 80 families enjoy more than the mean benefit. Only 16 out of 80 LIG families do have positive monetary benefits. The percentage of families other than LIG families which enjoy positive benefit up to
Rs.120 is 64. Of the 10 families who have negative benefit only one belongs to LIG.

6) Negative benefit is the result of high rent income ratio either presently or previously. The recent rental schemes are subject to revised rent, where by the rent income ratio goes up and the tenant has to face negative benefit. This is very true of Nandaram Scheme.

In few cases, the original tenants become pensioners now and when we take their pension as their present income they have negative benefit.

7) Rent is decided on the basis of cost of construction. Schemes of 1960's for which the cost of construction was less, rent is low but benefit is high. Public LIG rental scheme could serve still better if the Board is to able to reduce cost of construction.

The Board has actually stopped the construction of rental quarters since 1975 because the returns are not very remunerative. Further, the Special Accounts Committee of 1976 recommended the complete liquidation of rental scheme. This study after considering the
monetary benefits that accrue to the tenants recommends the continuation of rental construction scheme.

Recently HUDCO also felt the need for continuing the construction of low rent Government rentals in Metropolitan cities and is sanctioning loans to State Housing Boards. The major section of LIG people may find it difficult to purchase house and these people could very well avail the rental housing services of the Board.

8) The distribution of benefit according to tenant's family characteristics namely the income of the tenant, size of the family and age of the tenant is inconsistent with the equity concerns. Inclusion of other variables such as the type of rent formula, plinth area of house and length of stay explain well, variations in benefits. Benefit has a close bearing with rent. Revised rent and benefit have negative relationship. Area of the house and benefit are positively related.

This study compared the LIG hire purchase housing scheme of the TNHB with the private LIG hire
purchase housing scheme, we find,

1) The construction cost of a public LIG house is less than that of a similar private LIG house by Rs.8235. Again due to interest rate variation the public housing participant stands to gain Rs.9569 over the private housing participant. Therefore, in a single public LIG house, the total monetary benefits for the participants amounts to Rs.17804.

2) Similar type of benefit calculations are done for 7 LIG hire purchase schemes of the TNHB. The calculated mean benefit was Rs.12,167.

3) The sample data of LIG hire purchase households reveals that only 17% of the households belong to LIG category. LIG houses of the Housing Board are purchased mostly by the MIG people or HIG people. It may be that some LIG buyers underreport their incomes - Or it could be that many LIG people cannot afford to buy the houses.

4) The age distribution of the sample shows that 45% of the head of the families are under age groups of 30 to 40 years. This is a clear indication
that the urge to own a house is stronger in a nuclear family than in a joint-family.

5) 64% of the sample LIG families have 4 or less members. House purchase is possible only for smaller families in Metropolitan Centres.

6) The sample shows that in the LIG hire purchase housing scheme, it seems, allotments are made in favour of forward caste than backward caste.

7) We tried to explain variation in distribution of benefits by variables such as income, size of family, age of head, education of the head of family and caste, but none of the co-efficient is statistically significant at 5% level.

We found that both LIG rental and hire purchase schemes of the Housing Board are not serving the LIG people as they are expected to be, either owing to high cost of production or defective allotment.

We finally attempted to analyse the role of Housing Board in innovating cost saving techniques. The TNHB gave up its conventional technology in 1970 in favour of a new housing technology which uses
locally available materials and economises the use of cement and steel. We found that the new technology enabled the TNHB to save Rs.4000 per LIG house.

The new technology enabled the housing industry to save and substitute costly building materials, but it has not affected the quantum of labour input. The labour cost under conventional and new technology per LIG house remains to be the same.

Rs.4000 reduction in production cost of a LIG house by the Board may be a venture in the right direction but the cost of construction index has escalated from 100 to 180 between 1970 and 1979. Therefore this Rs.4000 reduction may be insignificant in the context of ever increasing construction cost.

The possibility of lowering the land cost in metropolitan cities is ruled out. Settlements in suburban areas lack demand owing to the non-development of infrastructure. It is suggested that the TNHB has to innovate path breaking housing technology to reduce the cost of LIG house from Rs.23,000 to 10,000 at 1980 price level.
Finally, this study is actually a limited effort and it could have included few more aspects also. The LIG housing programme evaluation we have attempted here is one sided. The programme should be evaluated both from the Housing Board and the participants stand point. We have done only the latter because data relating to the cost and return of each LIG scheme is not readily available with the Board.

The merit of any public housing programme lies in the quantum of externalities created. Unfortunately we have not quantified this externalities owing to the lack of knowhow on the sophisticated econometric methods.

Instead of Cobb-Douglas utility function we could have tried CES utility function for estimation of tenant benefits in Chapter 4, but we did not do because of difficult estimation problems.