Chapter 5

COMPARATIVE STUDY OF PARALLEL AGENCIES WORKING IN THE FIELD OF HOUSING
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5.1 Overview

Implementation of housing finance policies requires efficient institutional arrangements. Further, however well conceived human settlement strategies and policies depend on both the amount and the nature of resources available. Many developing countries have established various types of housing finance institutions in the past but few have succeeded.

Even though there are a large number of agencies/institutions mostly in the unorganized sector, providing direct finance to individuals for house construction. There is not a well established housing finance system which had integrated with the main financial system of the country. The vaccum in the institutional finance for housing and other construction activities was failed due to inadequate flow of funds for such activities from existing institutions and absence of specialized credit institutions to provide funds for the purpose.

The need for creating a specialized housing finance structure for the country had been emphasized by the Banking Commission as far back as 1971. On the contrary, there were well structured & separate financial institutions to meet the needs of the agriculture, industrial and the export sectors.

The high level group set up by the Government of India in June-1986, under the chairmanship of Dr. C. Rangarajan, then Deputy Governor, Reserve Bank of India classified the existing institutions into two broad segments viz; formal and informal.

According to the group, the formal sectors include (a) Budgetary allocations of the central and state govt. (b) Financial institutions like GIC, LIC, UTI, commercial banks & provident funds and (c) Specialized housing finance institutions viz; HUDCO, apex and primary co-operative housing finance societies, and housing finance companies. The co-operative banks also form a part of the formal sector (though not mentioned by the high level group).

The informal sector includes households, public and private sector employers. Providing housing loans to their employees. Background of the various housing finance agencies and their detailed operations are discussed on subsequent pages -
5.2 Various Government Level Attempts

Both Central and State Govts. support the house building efforts of people preponderantly indirectly. The central govt. has introduced from time to time, various social housing schemes. The role of the central govt. vis-a-vis these schemes is continued to laying down broad principles, providing necessary advice & rendering financial assistance in the form of loans and subsidies to the State Govts. and Union Territories. The central govt. had set up Housing and Urban Development Corporation to finance and undertake housing and urban development programme, development of land for satellite towns besides setting up of building material industries. The central govt. provides equity support to HUDCO & guarantees the bonds issued by it. Apart from this, both central and state govts. provide house building advances to their employees.

While the Central Govt. formulate the housing scheme, the state govt. are the actual implementing agencies. The state govt. and the Union Territory administrations have been vested with full powers to formulate, sanction and execute the projects under these schemes. The state govt. are force to utilize the central financial assistance for any state plan scheme according to their own requirements and priorities. Some states have even formulated their own schemes for providing houses to the poor and those belonging to backward classes. Besides extending loans to govt. employees for construction of their own houses, state govts. provide funds for construction of rental houses for govt. employees and loans to state housing boards and other agencies for constructing houses for different income groups. Govts. providing loans for housing but due to non availability of loans in short period, employees are seeking facilities from other financial institutions.

Because sanctioning period and the availability of loan amount to the loanee takes considerable time, therefore tendency of the employee is to avail loans from other financial institutions.

5.3 Insurance Corporations

The Life Insurance Corporation of India (LIC) as well as the General Insurance Corporation
of India (GIC) support housing activity both directly and indirectly. LIC is statutorily required to invest 25% of the net accretion to its controlled funds in socially oriented schemes like housing, electrification, water supply, sewerage & construction of roads, besides subscribing to bonds debentures floated by HUDCO and State Housing Boards Development Authorities, LIC grants loans to state govs. for their rural housing programmes and to state co-operative housing finance societies on behalf of their federating primary societies and to public sector companies for construction of staff quarters. LIC also grants loans direct to individuals. LIC has in June 1989, promoted a housing finance company as its subsidiary for the purpose. During the period of 1982-83 to 1990-91 the contribution of LIC to housing has been in the range of 10-15 percent of their funds.

GIC and its subsidiaries are required to invest 35% of their annual accretions by way of loans to socially oriented sectors including housing for economically weaker section as per the guidelines issued by the Govt. of India. GIC supports housing almost exclusively indirectly by subscribing to bonds/ debentures floated by HUDCO and State Housing Boards/Development Authorities. GIC has also set up a subsidiary housing finance company called GIC Griha Vitta Ltd., in July 1990 to enable it to lend direct to individuals.

5.4 Life Insurance Corporation Housing Finance Ltd.

The Life Insurance Corporation of India has been granting housing loans right from its inception. Over the last 35 years it has given about Rs. 5500 crores as housing loans helping creation of about 30 lakhs houses. In 1964 it started the OWN YOUR HOME SCHEME when in 1987 the govt. announced the National Housing Policy set up the National Housing Bank (NHB). LIC decided to go into housing finance in a big way and on 19th June 1989 it has set up the LIC Housing Finance Limited (LICHFL) in association with UTI, ICICI and IFCI.

LICHFL has made steady progress and established itself as a leading housing finance institution in the country. It has disbursed nearly 1,25,000 loans for Rs. 1350 crores since its inception in 1989. It has the largest marketing network with 66 offices all over the country.
The housing loans schemes offered by the LICHFL are usually backed up with life insurance cover as collateral security. This special feature helps the family of the borrower to inherit the house free of the loan in case of his unfortunate death during the term of the loan. Under one of the schemes it is possible to make only interest payments during the term of the loan and the principal amount can be paid out of the policy money when the policy matures various types of life policies are available, some of them are low premium policies. In particular the Jeevan Griha Policy is specially designed for housing loan purposes as it offers a triple risk cover.

Individual Loan Schemes

a) In order to cater to the needs of different segment of borrowers including Non-Resident Indians (NRIs), the LIC Housing Finance Limited has introduced Five different schemes for individual loans.

b) In order to cater to the needs of individual who are aged over 50 and who have a pension scheme after retirement, LIC offers special concession by extending the term beyond the age of retirement by providing higher amount of repayment during the active service and a lower repayment amount after retirement taking into account the repaying capacity.

c) There is a special scheme called Griha Sudhar for repairs to houses/flats. At present this scheme is restricted to those who have availed loan from LIC or LICHFL at a limited centres.

d) The normal minimum loan amount is Rs. 25,000/-. However, in rural areas it can be as low as Rs. 10,000/-.  

Purpose of Loan

The loans under all the schemes are available for the construction of a new house/flat or for the purchase of an already built house/flat or even purchase of an old house/flat which is being resold. In the last case, however there are certain conditions regarding age of the building, quality of construction of the house/flat etc. Loans are also given for extension to houses/flats. Loans are normally granted to person having salary income and to those who are submitting
Income Tax returns regularly. Usually employees of government, public sector undertakings, public limited companies it is necessary that such companies should be having PF ES IS etc.

Reputed private companies are also eligible for the loans. In the case of private companies it is necessary that such companies should be having PF ES IS facilities. This is just to make sure that the applicants have a stable jobs and regular incomes.

In respect of businessmen and professionals like doctors, lawyers etc. income tax returns and assessment orders are necessary.

There is no restriction on number of houses/flats for which loans can be obtained by the individual. However in respect of Non Resident Indians (NRIs), this is not applicable and is covered by the guidelines issued by RBI from time to time.

Security for the loan
The security for the loan under all the schemes is an equitable mortgage of the house/flat. Equitable mortgage means mortgage by way of deposit of title deeds. The borrower deposit the title deeds of his flat/house with LICHFL as security for the loan. This is a very convenient and low cost method of mortgaging property as against the regular mortgage known as English mortgage where high stamp duty is payable. In view of this a thorough scrutiny of the title deeds is absolutely necessary before sanctioning the loan. In some cases however LICHFL may insist on English mortgage depending upon the position of the title papers. Similarly, guarantors may be required even in respect of house under certain circumstances.

Equated Monthly Instalment (EMI)
The EMI is 1/12th of the equated annual instalment. EMI means a uniform lumpsum amount which includes repayment of a part of the principal amount and payment of interest. The EMI is payable at every month. It remains uniform throughout the term of the loan by the end of the term, the loan interest will be fully repaid.

5.5 Nagpur Improvement Trust
Nagpur is the second capital of Maharashtra and is an administrative, educational and cul-
tural centre of Vidarbha since long. It is situated at the very of the heart of India and has a large and rich hinterland full of minerals, rich forests, orange gardens and fertile agricultural lands. It also possesses full range of infrastructure facilities such as land, water, electricity, drainage, transport and communication and has therefore immense growth potential and needs integrated planning.

The basic purpose of town planning has been to ensure that the land is used in the best interest of the whole community and be subjected to the planning control. Planning laws help healthier, comparable and convenient living. In the modern industrial era and urbanization every town is bound to grow very rapidly.

The people from the rural areas are attracted towards these growing urban areas and due to lack of proper control on the expansion of town, several problems are created. In general the growth of town is unplanned and unchecked and preparation of Development Plan is therefore, necessary. By exercising proper control on the use of land, it seeks to provide healthy environment for all the people to live to work and to play bringing thereby the highest degree of their economic and social welfare keeping in view the development plan has been prepared by the Nagpur Improvement Trust. The development plan envisages the various proposals to improve the existing conditions and to control the future expansion in a co-ordinated manner.

Legal provisions

Maharashtra Regional and Town Planning Act 1966, which has come into force since the 11th Jan. 1967 has made it obligatory on every planning authority to prepare, publish and submit the development plan to the government for sanction. The important main stages laid down in the above Act for the preparation of the Development plan and for its implementation are as under -

1) The planning authority shall by its resolution make a declaration of its intention to prepare a Development plan and shall also publish a notice of such declaration in the prescribed manner inviting suggestions and objections from the public. (Sect. 23).

2) After carrying out the civic survey of the town, development plan is to be prepared taking into consideration the future development of the town and allocates adequate area for the use of
lands for residential, industrial purposes, proposals of new roads, proposals to designate land for public purpose for ex. playgrounds, Parks & gardens, dispensaries, maternity homes etc. and suggest improvements to the existing road wherever necessary. The development plan thus prepared shall be published in the prescribed manner for inviting objections and suggestions from the public. (Sect. 26).

3) After considering all the objections and suggestions received from the public as per the procedure laid down under section 28 of the Act, the development plan is to be finalized and to be submitted to the govt. for sanction. (Section 30).

4) To implement the sanctioned plan by phasing the programme of implementation and similarly at least once in 10 years from the date of which a development plan has come into operation, the planning authority may revise the Development plan. (section 38).

**Preparation of Development Plan by the Trust**

1) Govt. of Maharashtra vide Urban Development Public Health and Housing Dept. Resolution No. TPS/2467/1986 dated the 6th Oct. 1967 permitted Nagpur Improvement Trust to exercise powers of Planning Authority under the provision of Maharashtra Regional and Town Planning Act, 1966 for the entire area under its jurisdiction.

Vender provision of section 23(i) of the Maharashtra Regional and Town Planning Act, 1966, the Trust declared its intention to prepare the Development plan for the entire area falling within its jurisdiction vide its resolutions No. dated 7/5/69 and the said notice has been published in the Maharashtra Govt. Gazette part II dated 3-7-69 on page No. 727. Necessary publicity has also been given in the prescribed manner by publishing the same notice in the local newspapers, objections and suggestions from the public had been called for within a stipulated time limit of sixty days from the publication of the notice in official gazette. Trust meanwhile on 28-5-74 requested the govt. for extension of time limit upto end of October 1974 for submission of the Draft Development plan to the govt. for sanction. According to the modifications, plans and reports were prepared and submitted to the govt. for sanction and subsequently the Development plan was sanctioned by the govt. of Maharashtra vide resolution of Urban Development

The Nagpur Improvement Trust is statutory body created by an Act vide the NIT Act of 1936 for the improvement and expansion of the city of Nagpur and it has been functioning since 1937. Now as per the provision of the Maharashtra Regional and Town planning Act, 1966 the Nagpur Improvement Trust has been declared as a local Town Planning Authority for Nagpur Municipal Area. There are 700 employees on the establishment of the Nagpur Municipal Area. There are 700 employees on the establishment of the NIT which has provided facility of 202 quarters for housing its employees.

Contribution of the Nagpur Improvement Trust to the residential development in the city in general.

NIT was established in 1986 by the C.P. and Berar Govts. Act No. XXXVI. to guide the new development of the city and to improve the dilapidated parts of the old city was the task before the NIT, the Trust has prepared number of Housing Accommodation Schemes, Improvement Schemes and Street Schemes. 38 schemes are up till now sanctioned by the state govt. out of these schemes (1) Panchapaoli, Housing accommodation scheme (2) Civil station expansion scheme (3) Dharampeth expansion scheme, (4) Central Road scheme section III. and Binakhi Housing accommodation scheme section III, (5) Binakhi Housing Accommodation scheme (6) Eastern Industrial Area Street scheme (Partly residential), (7) Wathoda Street scheme, (8) Wanjari Housing accommodation scheme, (9) Sakkardara Street scheme, (10) Indora Housing Accommodation scheme & (11) Ajani Street scheme are essentially residential schemes with provision for residential development in particular. The recently prepared Bhamti Parsodi street scheme is also a major residential scheme meant for a population of 60,000 persons.

With the above schemes, the NIT opened a great vista for planned residential development all over the city. The Trust owns about 18000 plots in different schemes out of which 16000 plots are leased out. The Trust has allotted about 4700 plots on no profit basis to poor persons, slum-dwellers, squatters & persons evicted due to the schemes of the Trust.
Because of the above work of the NIT, the growing population of the city could accommodate itself satisfactorily. In fact, Nagpur has no housing crisis as such living accommodation is always available through some times away from the heart of the city and costlier. The significant aspect of the residential development undertaken by the NIT is the creation of smaller plots ranging from 2000 to 3000 sq. ft. area. These small size plots from a considerable proportion of the total residential development. This helped housing accommodation for lower income population.

The initiative in residential development taken by the NIT inspired residential development in co-operative field.

5. 6 Co-operative Housing Societies

The co-operative housing movement has a long history and a generally successful record. It has almost entirely addressed the needs of the urban middle class and occasionally of lower income groups in urban areas. This sector offers considerable potential to promote access to better housing and could cover a wider section of the population and provided proper support and controls.

Co-operative housing, though technically outside the formal governmental sector has been extensively funded by the Life Insurance Corporation and HUDCO. This form of housing was first initiated in the early part of this century, but gained momentum in most states only in the fifties and sixties. The total membership in 1983 was stated to be 2.2 million belonging to 35,000 primary societies and 19 apex organizations.

Co-operative Housing Societies formed with the primary object of providing dwelling houses for the members fall within the preview of the Maharashtra State Co-operative Housing Societies Act 1960.

There is two tier structure of housing co-operative in each state i.e. apex societies at the state level and primary at the base. The working group on housing had recommended for establishment of apex societies in each state where more than 100 primary housing co-operative
society exists. Accordingly at present, two tier structure is functioning in most of the state as follows:

State Level - Apex Housing Societies
Base Level - Primary Housing Societies.

The co-operative housing movement in India is about three quarters old. The first co-operative housing society was set up in 1909 in Mysore state (Now Karnataka) and was known as the Banglor Building Co-operative Society Ltd., Bombay Region also took initiative in this field by forming a non-official body in 1913.

They had framed a set of model by-laws which later became the guiding factor for organizational set-up of many co-operative housing societies in other parts of the country.

**Advantages of Co-operative Housing.**

The important advantages of co-operative housing are -

1. The beneficiaries can make substantial savings in cost through group action. Because (a) architectural planning can be done on a large scale, (b) building materials can be obtained more cheaply when purchased in large quantities, consequently resulting into optimization of construction cost. (c) full utilization of men and equipment can be achieved on a project basis. (d) the profits of middle men and speculators can be eliminated.

2. The planning, designing and construction of houses according to approved standards on community (rather than individual) basis would facilitate more efficient and more satisfactory community surrounding and also helps in training people in co-operative way of living.

As stated earlier there is mainly a two tier structure in the field of co-operative housing.

**At the Grass root level**

At the grass root level, there are primary co-operative housing societies. The functioning of primary level housing co-operative at grass root level are as under:

1. **Tenant Ownership Housing Societies** :-

   Under this category the land is held either on lease-hold or free hold by societies and houses are owned by members.
2. **Tenant Co-partnership Housing Societies** :-

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

3. **House Mortgage Societies** :-

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

4. **House Construction or House Building** :-

In this type the society spends money on behalf of the members in building the houses and the houses are handed over to their members when they become ready and the money spent is recovered as loan.

**State Level**

At the state level there are apex housing finance societies /federation which provide funds to the primary societies in their respective jurisdiction. These apex societies known as Apex Housing Finance Societies /Federation. These are functioning as credit dispensing agencies for the co-operative housing societies in their respective jurisdiction.

Although their Bye-laws provide for co-ordination, supervision and guidance of co-operative housing, procuring of building materials on a large scale, providing technical expertise to primary societies etc. Most of the apex housing finance societies / federations at present are confined to disbursing loans to their affiliated units.

The apex society is expected to exercise functions are as follows :-

a) It has to co-ordinate activities of affiliated primaries ;

b) Arrange procurement of land and materials for the primaries ;

c) Arrange finance and advance loans to them ;

d) Provide administrative, technical and legal guidance to the affiliated societies, and

e) To supervise their working with a view to check malpractices.
Structure of Housing Co-operatives

<table>
<thead>
<tr>
<th>National level</th>
<th>→</th>
<th>National Co-operative Housing Federation</th>
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<tbody>
<tr>
<td>State level</td>
<td>→</td>
<td>Apex Housing Finance Societies</td>
</tr>
<tr>
<td>Grass Root Level</td>
<td>→</td>
<td>Primary Co-operative Housing Societies</td>
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<td>Tenant Ownership Housing Societies</td>
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<td>Tenant Co-partnership Housing Societies</td>
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<td></td>
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<td>House Mortgage Societies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>House Construction or House Building</td>
</tr>
</tbody>
</table>

Types of Housing Co-operatives

The housing societies are normally classified for the purpose of the act as:

1) The individual ownership or the tenant ownership co-operative housing societies.
2) Co-ownership of tenant or co-partnership housing societies.
3) And other Housing Societies.

However for administrative purpose, the housing societies have been classified as under for relating the progress of these societies with the various schemes of financial assistance.

1) Scheduled caste Co-operative Housing Societies.
2) Scheduled tribes Co-operative Housing Societies.
3) Nomadic and Semi nomadic tribes Co-operative Housing Societies
4) Subsidised Industrial Co-operative Housing Societies.
5) Low Income Group Co-operative Housing Societies.
6) Flat Owner Co-operative Housing Societies.
7) Tenant Owners Co-operative Housing Societies.
1. **Individual ownership type**: The individual ownership type of society provides finance, arranges building materials and renders technical aids to the members for construction of houses.

2. **Co-ownership of tenant or co-partnership type**: In this system the society takes up land sites and constructs houses for the residence of its members. Members live in the house as tenants. Each member contribute about 30% of the total cost of the house to the society and the society raises the balance amount as loan from outside agencies on the security of the house. The working group of housing co-operatives in India (1964) has classified the housing co-operatives into three types as follows -

   i) **All the way co-operatives**: This type includes those societies in which the entire property is owned and managed by the society.

   ii) **Co-venture co-operatives**: Such societies acquire land, develop it, construct houses and allot them to members on hire purchase system. The members are given freedom to purchase the house by making payment by installment along with rent.

   iii) **Flat ownership co-operative**: In big cities, private builders acquire plots and construct multiflat buildings. The flats are then sold to different persons on the condition that the purchaser would form a co-operative society. The society will take care of the common amenities like general repairs, sanitary fittings, watch and ward, payment of taxes etc.

**Finance for Co-operative Housing**:

The primary societies raise a part of their funds requirements from the members by way of share capital contributions which is linked with their borrowings from the society and secondly, contribution towards the cost of construction. By this way they collect 30-40% of the cost of the project and for the remaining they have to depend upon the apex housing finance societies/federations or some other source.

The apex co-operative housing finance societies at the state level in their turn raise the funds from the following sources -

a) Investment in share capital of the apex bodies by primary housing societies, by state government and by other institutions.

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b) Loans from the state government, LIC, HUDCO and Banks.

c) Issue of debentures.

Progress of Housing Co-operatives:

The first housing society was organized in 1905 at Gamdevi in the state of Bombay. On the eve of independence, there were only 136 housing societies organized in the country. The housing co-operatives has made considerable progress after independence. The following table shows the progress of housing co-operatives in India.

Table 5.1
Progress of Housing Co-operative

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of societies</th>
<th>Membership (in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>1482</td>
<td>0.91</td>
</tr>
<tr>
<td>1960-61</td>
<td>6458</td>
<td>3.81</td>
</tr>
<tr>
<td>1970-71</td>
<td>18050</td>
<td>11.82</td>
</tr>
<tr>
<td>1975-76</td>
<td>27646</td>
<td>17.30</td>
</tr>
<tr>
<td>1978-79</td>
<td>31500</td>
<td>19.00</td>
</tr>
<tr>
<td>1979-80</td>
<td>33100</td>
<td>20.00</td>
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<td>1980-81</td>
<td>34500</td>
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<tr>
<td>1981-82</td>
<td>35112</td>
<td>22.00</td>
</tr>
<tr>
<td>1984-85</td>
<td>39500</td>
<td>25.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>60000</td>
<td>40.00</td>
</tr>
</tbody>
</table>

The housing co-operative could not make much headway in the country and did not yield expected results. They are facing lot of problems like inadequacy of finance, scarcity of land, non availability of adequate building materials and lack of suitable machinery and programme in various states for promoting and guiding housing co-operatives.

To make the housing co-operatives an instruments for provision of shelter to millions of
houseless, their problems need to be attended on a priority basis. To provide long term loan to the co-operative housing societies, in 1960, Maharashtra Co-operative Housing Finance Society is incorporated. In 1952, Mumbai Co-operative Housing Society came into existence and on 1st May 1960 when Maharashtra State came into existence.

Maharashtra Co-operative Housing Finance Society took loan from LIC and supply loan on 12% interest to housing society. Beside this, Slum Clearance and Reallocation Schemes (1956), Environmental Improvement and Upgradation of Slums Schemes (1972), Site and Services Schemes, Housing and Urban Development Corporation (1970). Draft Housing Policy (1990) are working in solving the housing problems.

To solve the housing problems in rural sector, the objective of Maharashtra Co-operative Housing Finance Society is to make assistance to co-operative housing societies and co-operative societies of backward classes. By this society 25% of available loan amount is reserved for housing of backward classes.

This society make a members to form the co-operative societies and supply loan. The management of society is done by board of directors. One director is selected from each district. To facilitate Maharashtra co-operative housing society, the Maharashtra co-operative housing society opened its branches in the various areas of Maharashtra. In eastern Maharashtra there are 5 branch offices. In Amravati there is also branch office opened. Maharashtra co-operative housing finance society deduct 5% loan amount in shares, this amount is 5% for the loan limit of 10 lakhs. If the loan limit is extended over 10 lakhs the amount deducted is 6%. In the case of government officials if eleven or more than these office members of common society take loan, the deduction has done from their salary. And the loan is given 90% of their construction cost.

Whatever fund is available in the society, out of that 25% is reserved for Magasvargiya Griha Nirman Society to supply the loan. If the members related to backward classes take loans, 5% more amount is given to them or their society for the deduction of 5% in the form of loan. For LIG, whose income is 350 Rs per month or less than that, for such Griha Nirman Society provides 100% loans means equal to total construction cost. The limit of such loan is upto Rs
*15000/- and Rs. 20000/- if house is constructed in mud material. The interest upon such loan is paid by the government through social welfare officers.

**Method of Providing Loan**

The societies (including Backward Classes Co-operative Griha Nirman Society) who desire to take loan, have to fill up the loan demanding application through relating district or regional social welfare officer to Maharashtra Co-operative Housing Society. The related regional social welfare officer scrutinizes the applications and send proposals to government for the sanction of loan and guarantee for loan. After receiving guarantee deed in necessary format, the first installment of loan is given. According to the rules of the Maharashtra Co-operative Housing Finance Society, the member should invest 20% amount of total plan in the construction directly. Generally this condition is applicable to every society, but in the case of backward classes society, this condition is relaxed and 20% amount is deposited to collection and subsidies. If the certificate is given by Regional Social Welfare Officer, the first installment is sanctioned.

**Condition for Loan**

The following are the conditions for providing loan for construction -

i) The society / persons who desires loan, should purchase one share of Rs. 500/- of finance society. Thus he will become a member.

ii) The ownership of title deed should be clear from all types of encumbrances and charges. Only when the loan is sanctioned and loan amount is released in installments.

iii) The member of the society should be the citizens of Maharashtra state from last 10 years.

iv) The income of that member should be within Rs. 9600/- in Municipal Corporation region, Rs. 6000/- in Nagarpalika region and Rs. 4000/- in rural areas.

v) The loan is given upto Rs. 50000/-

vi) 5% of loan amount has to invest in share capital of Maharashtra Co-operative Housing Society.
vii) Total sanctioned loan amount is divided into 20% of second installment and 10% of last installment.

viii) Repayment of loan has to be done in 80 equal quarterly installments into 20 years.

ix) In comparison to other societies, the loan is distributed in facilitating manner to backward classes co-operative society, i.e. the rate of interest for that society is 10.75% and for other societies it is 14%.

x) Members who take loans included in group insurance scheme, and if any member died the remaining loan amount of that member is paid by Life Insurance Corporation.

xi) The total construction area should be 470 Sq. ft.

xii) There should be a right to transfer land ownership.

5.7 HUDCO (The Housing and Urban Development Corporation)

The last some years have witnessed major changes on the national scene with economic liberalization pervading in all sectors of development. The very nature of the changes in the macro economic scenario has had an impact on the housing & urban development sector & its effects are now becoming visible. The increasing trend towards market orientation for resource mobilization as well as the approach towards implementation of housing & infrastructure projects with public private partnership are also undergoing a metamorphosis. Simultaneously, the Govt. of India National Housing Policy has modified the role of “builders” & “developers” to corporate, cooperative, private & individual sectors or to joint partnerships. Many innovative changes at the concept & implementation stages of housing and infrastructure development schemes are now taking place.

The Housing & Urban Development Corporation (HUDCO) has just completed an eventful & successful innings of 25 years. It was established in 1970 for comprehensively dealing with the problem of growing housing shortages and providing long term financing for housing & urban development schemes. HUDCO commenced its business operations with a meagre capital of Rs. 2 Crores. Today, it has crossed Rs. 10,000 Crores of financial sanctions for over 11,000
projects benefiting more than 6 million families with shelter across the country. HUDCO’s primary emphasis has been on catering to the shelter problems of the low income groups & economically weaker sections. It can justifiably be called the only organization in the country which contributes to housing & land development needs for the acquisitions of land & land assembly & also urban infrastructure development at the macro city, neighborhood level.

Infrastructure is the key to economic development. HUDCO is now putting substantial stress on expanding its assistance through its urban infrastructure financing using covering fields of drinking water supply, roads & transportation projects as also transportation terminals, sanitation, drainage & sewerage projects including solid waste management. With a view to provide a healthy & hygienic environment & basic amenities to the beneficiaries, HUDCO during the year 1994-95 has given emphasis to a variety of Infrastructure schemes with a financial assistance of Rs. 675.25 crore since safe drinking water & sanitation facilities are the basic necessities of the people, HUDCO assigns top priority to such projects.

HUDCO looks upon rural housing as a people's movement. To help in giving shape to houses that are more in keeping with life styles & needs of the beneficiaries, it sanctioned a loan of Rs. 1164.36 crores for rural housing schemes for the construction of 28.5 lac rural houses.

HUDCO diversified its housing programmes keeping in view the various new facets to the housing delivery system. Keeping in view, the thrust of the National Housing Policy, the govt. & governmental agencies are increasingly being asked to play the role of ‘Facilitator’ & ‘Enabler’ leaving actual construction to various initiatives. HUDCO, under its scheme for grant to NGOs has extended financial assistance to six schemes for construction upgradation of 1476 dwelling units in the current year, covering the needs of informal sector through the initiatives of the various NGOs. It’s Silver Jubilee year, HUDCO, has launched yet another scheme as part of its diversification strategies. This scheme which extends loan to the private builders for housing commercial & land acquisition is a step towards expanding the HUDCO schemes to a much larger beneficiary group through the people who are already in the business for the first time in this year, HUDCO sanctioned five housing & commercial schemes with HUDCO loan compo-
ment of Rs. 7.05 crores to various private developers in Andhra Pradesh, Kerala, W. Bengal & Delhi.

Today, HUDCO has acquired an all pervasive presence in the field of urban housing infrastructure building materials, constructions technology & research and training. Above all, it has acquired a unique role of being a link between the lab & the land to take the fruits of cost effective technologies to millions. HUDCO is the only technofinancing institution which gives financial assistance along with the requisite technical tie-up encompassing city & neighbourhood level planning, lay-out planning, building design, environmental protection, promotion & propagation of appropriate technologies & locally available building materials as also efficient construction management practices.

HUDCO lays immense emphasis on the promotion of energy efficient housing through substitution of energy intensive building materials like cement, steel & bricks by locally available materials & appreciation of energy conservation techniques through proper lay out & planning.

In order to make efforts towards a systematic development of human resources within HUDCO & its borrowing agencies as well as other urban & housing sector related institutions, Human Settlement Management Institute was established by HUDCO in 1985. With a multidisciplinary team of professionals, the institute has in recent years developed specialized training courses, organized seminars & conferences & carried out research & consultancy services on various themes pertaining to urban infrastructure & housing HSMI has also joined hand with domestic & international agencies & institutions of high repute to establish networks to promote staff exchange, experience sharing, skill development, documentation & dissemination of information.

With a view to promote alternative & affordable building materials, HUDCO had initiated the building centre movement that is now being looked at as the only plausible & practical solution to the rising construction costs. There are over 350 operational building centres throughout the country which are promoting locally available & affordable construction materials & techniques & are also training the local unemployed youths of the region. Recently, ten building centres have been set up at Latur & Osmanabad which have made great progress in the produc-
tion of prefab walling /roofing components. These building centres are supplying these compo-
nents to the various NGOs/voluntary organizations involved in the rehabilitation programme. In
addition, through the conversion of Khillari field monitoring office into Latur projects Manage-
ment office, HUDCO has undertaken the construction of 1673 rehabilitation houses in the four
villages of Latur and one village restoration programme with 73 houses through Awas Vikas
Sansthan (AVS, a leading building centre of Rajasthan).

In continuation of the UNCHS recognition, the SAARC conference on Low Cost Housing
Technologies has endorsed the Building Centres Movement on appropriate intervention for housing
delivery for suitable adoption & replication in SAARC regions with the 70 new building centres
added this year to the illustrious list of the overall national network of building centres to the
total number has now gone up to 373 building centres in various states throughout the country.

Thus, along with the change in the Indian economy with greater till towards private sector
participation, HUDCO has also diversified its activities & more involvement of private sector is
envisaged. Of late, HUDCO has taken a decision to open one office in Baharin which will cater
to the needs of the fellow Indians living in middle east & also act as a nodal agency for various
companies in that area. HUDCO has also initiated attractive investment scheme during the last
year & response has been very encouraging. This is a good investment opportunity for the NRIs.

The Central Government & the Ministry of Urban Affairs has recently announced a scheme
to encourage the NRIs to invest in the urban development & housing sector. The main compo-
nents are:

  a) Both private sector & limited companies are allowed to issue equity shares/convertible
debentures to NRIs up to 100 percent of the new issues with repatriation benefits;

  b) Foreign citizens of Indian origin & NRIs are allowed to repatriate the original invest-
ments in equivalent foreign exchange in residential properties upto maximum of two houses.
They are also granted permission to acquire & transfer by sale commercially immovable proper-
ties in India. General permission has also been granted to acquire transfer or disposal of resi-
dential properties up to two houses in India by way of a gift.
HUDCO's Financial Assistance

HUDCO’s main objectives are to finance &/or undertake housing & urban development & related programming. The schemes eligible for HUDCO’s financial assistance include the following:

- Urban Housing
- Rural Housing
- Environmental Improvement of Slums.
- Urban Infrastructure.
- Basic sanitation.
- Staff Housing
- Co-operative Housing.
- Building Material schemes.
- Land acquisition schemes.
- Construction Loan.
- Commercial Schemes.
- Repairs & Renewal.
- Night Shelter
- Working Women ownership condominiums.
- Building centres.

The agencies eligible for HUDCO’s financial assistance are state Housing Boards, Slum Clearance Boards, Development Authorities, Improvement Trusts, Municipal Corporation/Councils, Local Bodies, Apex & Primary Cooperative Societies, Public Sector Organizations & Private Builders. The agencies for rural housing schemes, must be nominated by the state govt.

Security For Loan

Housing Boards, Development Authorities, Public Sector Organizations and Co-operative Societies have to give Government Guarantee or Bank Guarantee or Mortgage of Property or
Housing Boards and Development Authorities have to give negative view for a period of six months.

Private Sector Organisations have to Bank Guarantee or Mortgage of Property plus collateral security.

**General Requirements**

1. **Statement of Financial Information**
   Annual Audited Accounts for the last three years and prescribed financial information are to be submitted with the application.

2. **Documentation Charges**
   Each loan application must be accompanied by a Bank Draft towards documentation charges (non-refundable) as per following rates:

<table>
<thead>
<tr>
<th>Housing Schemes</th>
<th>Amounts Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelterless and NGOs</td>
<td>1,000</td>
</tr>
<tr>
<td>Independent EWS</td>
<td>- 5,000</td>
</tr>
<tr>
<td>LIG, MIG, HIG etc.</td>
<td>- 10,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urban Infrastructure</th>
<th>Documentation Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td></td>
</tr>
<tr>
<td>Upto Rs. 2 crore</td>
<td>15,000</td>
</tr>
<tr>
<td>Rs. 2&lt;5 crore</td>
<td>20,000</td>
</tr>
<tr>
<td>Rs. 5&lt;10 crore</td>
<td>30,000</td>
</tr>
<tr>
<td>Rs. 10&lt;20 crore</td>
<td>40,000</td>
</tr>
</tbody>
</table>

3. **Front - End - Fees**
   One time Front-end-fees is recoverable from 1st loan installment as follows:
### Housing Gross Rate

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Gross Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelterless and NGO's</td>
<td>Nil</td>
</tr>
<tr>
<td>EWS</td>
<td>0.50% of loan amount</td>
</tr>
<tr>
<td>LIG</td>
<td>1.00% of loan amount</td>
</tr>
<tr>
<td>MIG, HIG &amp; Other Schemes</td>
<td>1.25% of loan amount</td>
</tr>
<tr>
<td>Composite Scheme</td>
<td>1.25% of loan amount</td>
</tr>
<tr>
<td>Urban Infrastructure Schemes</td>
<td>1.25% of loan amount</td>
</tr>
</tbody>
</table>

Recovery is made in the following manner:

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 2 crores</td>
<td>One Installment at a time of 1st release.</td>
</tr>
<tr>
<td>Rs. 2 &lt; 5 crore</td>
<td>Two installments at time of 1st &amp; 2nd release.</td>
</tr>
<tr>
<td>Rs. 5 crores</td>
<td>Four installments commencing from 1st release.</td>
</tr>
</tbody>
</table>

Front-end-fees shall be reduced by 0.25% in respect of those schemes where legal documentation is completed within the prescribed period of four month (six months for North Eastern States). In respect of those schemes where the legal documentation is not completed within the prescribed period an amount equivalent to the aforesaid 0.25% shall be transferred to Research and Development Account of the borrowing agency. Such amount shall be available to them as grant for purposes of upgrading their organizational capability and similar purposes up to a maximum period of three years. If this amount or part thereof remains unutilised for a given period of three years, the unutilised amount shall be booked as HUDCO’s income.

### 4. Risk Charges

These charges are levied in the following two cases:

a) Loans sanctioned directly to primary co-operative societies on security of mortgage at 0.50 per cent per annum on the loan amount outstanding.

b) Loans sanctioned on negative lien at 0.5 per cent per annum on loan amount outstanding. In case agency deposits cash margin of 10 per cent of the loan amount on telescopic basis for six months, no risk charges are levied. However cash margin is to be actually deposited with HUDCO
and no adjustment against release is accepted for the purpose. However, in the event of default for a scheme secured by negative lien, risk charges shall be raised from half per cent to one per cent.

5. **Deferment Charges**

Deferment Charges at 0.25 per cent of the outstanding loan amount is charged in case agency requests for deferment/rescheduling. Agency can apply for deferment/rescheduling only if borrowing agency has drawn the loan amount in part or in full.

6. **Early Redemption Incentive**

Early redemption incentive of one per cent of loan outstanding, if loan outstanding is above 50 % of total loan and @ 0.50 % if loan outstanding is 50 % or less of total loan at the time of premature payments for EWS and LIG Schemes.

7. **Early Redemption Charge**

Early redemption charge @ one per cent of outstanding loan, if loan outstanding is above of total loan and @ 50 % if loan outstanding is 50 % or less of total loan at the time of premature payment for all schemes except EWS and LIG.

8. **Penal Interest**

In the event of default in payment of principal and/or interest etc. the borrower will also have to pay penal interest at 2.50 % over and above, normal gross rate of interest.

9. **Additional Interest**

Additional interest equivalent to 2 % of the applicable rate of interest accrued on or after 1st April 1998 towards repayment of interest tax shall be charged.

10. **Repayment of Principal And Interest**

   i) for building material
   
   Principal amount repayable in equal half-yearly installment plus interest in quarterly installment on outstanding loan amount.

   ii) for all housing schemes
   
   Principal in equal quarterly installments plus interest on outstanding loan amount at the end of each quarter.
11. **Fund Allocation**

   a) EWS/LIG : 55 per cent with 15 per cent (minimum) for EWS Rural and 10 per cent (minimum) for EWS Urban of total loan.

   b) MIG/HIG/Others : 45 per cent of total loan.

12. **Method of working out quarterly installments**

The repayment schedule for principal amount shall be drawn based on equal quarterly/half yearly installments spread over the repayment period (excluding construction period) allowed by HUDCO for various schemes. However, interest shall continue to be payable on quarterly basis on outstanding loan. In other words while principal installment will remain same, the interest installment will change depending upon outstanding loan.

13. **Ownership housing schemes for central government employees**

HUDCO’s financing is available for ownership Housing Schemes for Central Government Employees covered under the Group Insurance Scheme of the Govt. of India. Such schemes can be formulated by Housing Boards, Development Authorities, Improvement Trusts, State Government, Government Employees Cooperative Societies etc. HUDCO’s lending rate is 13 per cent (Net) per annum and the loan is repayable within a maximum period of 20 years including moratorium of three years in the repayment of the Principal. The land on which the scheme is to be implemented should be in the applicant’s possession and should be free from encroachment and encumbrance. The loan is to be secured by government guarantee of by mortgaging of unencumbered and immovable property.

The scheme is financed by HUDCO out of the funds received from the Central Government separately and therefore does not figure under the general allocation of funds. In the case of all government agencies, Public Sector Under-takings, State Electrical Boards etc., running on no profit no loss basis, interest rate shall be reduced by one per cent. For single working men hostel and condominium, rate of interest shall be reduced by half per cent.
### Table 5.2
**Financial Pattern For HUDCO Schemes**

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost ceiling Rs.</th>
<th>Max. Loan ceiling Rs.</th>
<th>Ext. of finance %</th>
<th>Gross Intt. rate %</th>
<th>Repayment periods Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I EWS - Monthly Income up to Rs. 1250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landless</td>
<td>15200</td>
<td>11500</td>
<td>90</td>
<td>9.5</td>
<td>15</td>
</tr>
<tr>
<td>Landed</td>
<td>26400</td>
<td>19500</td>
<td>90</td>
<td>9.5</td>
<td>15</td>
</tr>
<tr>
<td>Village Abadi</td>
<td>4800</td>
<td>**</td>
<td>100</td>
<td>9.5</td>
<td>11</td>
</tr>
<tr>
<td>Including repairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EWS House</td>
<td>26400</td>
<td>19500</td>
<td>90</td>
<td>9.5</td>
<td>15</td>
</tr>
<tr>
<td>Repairs/Additions</td>
<td>13200</td>
<td>9500</td>
<td>90</td>
<td>9.5</td>
<td>10</td>
</tr>
<tr>
<td>Improvement for Shelterless Service Population Schemes</td>
<td>9000</td>
<td>7500</td>
<td>100</td>
<td>9.5</td>
<td>15</td>
</tr>
<tr>
<td>II LIG - Monthly Income over Rs. 1250 and upto Rs. 2650.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIG House</td>
<td>80000</td>
<td>55000</td>
<td>85</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>Repairs/Add.</td>
<td>40000</td>
<td>27500</td>
<td>85</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>III MIG - Monthly Income over Rs. 2650 and upto Rs. 4450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MIG House</td>
<td>-</td>
<td>175000</td>
<td>75</td>
<td>15.5</td>
<td>10</td>
</tr>
<tr>
<td>Repairs/Additions</td>
<td>-</td>
<td>87500</td>
<td>75</td>
<td>15.5</td>
<td>10</td>
</tr>
</tbody>
</table>

* Including marginal farmers.

** Though there is a provision for extending loan upto 100% beneficiaries / State level agencies should contribute minimum 25% the cost as their share.

*** Atleast 50% of the loan may be considered as construction loan implementing agencies.

**** Applicable for EWS schemes. For LIG schemes, ceiling prescribed ‘Maximum price ceiling for disposal’.
<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV</td>
<td>HIG - Monthly Income over Rs. 4450/-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural - Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HIG House</td>
<td>-</td>
<td>300000</td>
<td>60</td>
<td>16.5</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Repairs / Additions</td>
<td>-</td>
<td>150000</td>
<td>60</td>
<td>16.5</td>
<td>10</td>
</tr>
<tr>
<td>V</td>
<td>Staff Housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Govt. Public Sector agencies</td>
<td>-</td>
<td>300000</td>
<td>70</td>
<td>16.5</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>On no profit no loss basis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other corporate sector</td>
<td>-</td>
<td>300000</td>
<td>70</td>
<td>17.5</td>
<td>10</td>
</tr>
<tr>
<td>VI</td>
<td>Commercial Schemes</td>
<td>-</td>
<td>-</td>
<td>75</td>
<td>19.5</td>
<td>10</td>
</tr>
<tr>
<td>VII</td>
<td>Building Material</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20% p.a. (including front-end-fees) or at IDBI basic interest rate which at present is 17.5% p.a. (Net), whichever is less. Loan upto 70% repayment in 8 years and Debt Equity 2:1.</td>
<td></td>
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</tr>
<tr>
<td>VIII</td>
<td>Plotted Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EWS Serviced sites</td>
<td>9000</td>
<td>7500</td>
<td>upto 100</td>
<td>9.50</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>including scheme for shelter less service population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1125)</td>
<td>(938)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Categories</td>
<td>-------</td>
<td>As per Urban Housing Norms-------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IX</td>
<td>Social Infrastructure</td>
<td>--</td>
<td>--</td>
<td>75</td>
<td>14.00</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>and single working women hostel &amp; condominiums</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>XI</td>
<td>Housing Co-operative Societies : As per urban housing norms.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>XII</td>
<td>Night Shelter For Night Shelter Schemes :</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Cost upto Rs 5000/- per beneficiary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2) Loan restricted to maximum of Rs. 4000/-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3) Govt. of India Subsidy of Rs. 1000/- Per beneficiary.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4) Interest rate is 10 % (Net).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5) Repayment period is 12 years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>XII</td>
<td>Slum Upgradation Environment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>As per EWS urban housing norms scheme Improvement Scheme including inner city area, subject to maximum loan of Rs. 8000 per family.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>XIII</td>
<td>Handloom Weavers and Beedi Workers.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Housing loan as per HUDCO norms.</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>1</td>
<td>2</td>
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<td>-----</td>
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</tr>
<tr>
<td>XIV</td>
<td>Private Builder Scheme</td>
<td>As per revised Guidelines.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XV</td>
<td>Land Acquisition (Composity)</td>
<td></td>
<td>Upto 80</td>
<td>15.50</td>
<td>7*</td>
<td></td>
</tr>
<tr>
<td>XVI</td>
<td>Transit Accommodation</td>
<td>1,50,000</td>
<td>1,25,000</td>
<td>Upto 85</td>
<td>13.5</td>
<td>15</td>
</tr>
</tbody>
</table>

* Including mortorium of two years for principal repayment.

| XVII | Solar water Heater system |   | 9,000 | 75 | 16.50 |       |
| XVIII | Sustainable NeW : Human Settlements |   | As per land acquisition norms | As per Urban Infra. norms |   |       |
| XIX  | Operational Finance - |   | As per HIG rate. |   |       |       |

**XX URBAN INFRASTRUCTURE SCHEMES***

<table>
<thead>
<tr>
<th>Category</th>
<th>Finance</th>
<th>Extent of rate (% age)</th>
<th>Net Intt. Period</th>
<th>Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Urban Utility Infrastructure for all cities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Roads, Transportation projects. Traffic truck terminals, Ports and other Urban Infrastructure projects</td>
<td>70</td>
<td>15.5</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>b) Water Supply, Sewerage, Drainage, Solid Waste Management, Waste Recycling, Ecologically appropriate infrastructure, Solar Water Heating.</td>
<td>70</td>
<td>15.0</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

2) Social Infrastructure
Health, Education, Cultural/recreational Infrastructure (Hospitals, Health Centres, Schools & other educational institutions, community centres, stadium including gardens, park etc.)

| a) Public Sector Agencies |   | 70 | 16.0 | 10 |   |
|                          |   | 70 | 16.5 | 15 |   |
b) Private Sector Agencies

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost ceiling Rs.</th>
<th>Max. Loan ceiling Rs.</th>
<th>Ext. of finance %age</th>
<th>Gross Intr. rate %age</th>
<th>Repayment periods Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3) Economic &amp; Commercial Infrastructure (Office Complex, Shopping Complex, Tourism Infrastructure and technology parks)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Public Sector Agencies</td>
<td>80</td>
<td>16.5</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Corporate Office / Corporate Enterprises</td>
<td>75</td>
<td>17.0</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4) Private Builders Schemes for Housing / Commercial Purposes.

a) EWS & LIG (Within the loan limits and allotment rules linked with public agencies)

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost ceiling Rs.</th>
<th>Max. Loan ceiling Rs.</th>
<th>Ext. of finance %age</th>
<th>Gross Intr. rate %age</th>
<th>Repayment periods Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I EWS - Monthly Income Upto Rs. 2500/- Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landless</td>
<td>25,000</td>
<td>20,000</td>
<td>90</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Landed</td>
<td>50,000</td>
<td>40,000</td>
<td>90</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Village Abadi including Repairs</td>
<td>10,000</td>
<td>**</td>
<td>100</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EWS House</td>
<td>50,000</td>
<td>40,000</td>
<td>90</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Repairs/Additions</td>
<td>25,000</td>
<td>20,000</td>
<td>90</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Improvement for Shelterless Service Population Schemes</td>
<td>18,000</td>
<td>15,000</td>
<td>100</td>
<td>10</td>
<td>15</td>
</tr>
</tbody>
</table>

II LIG - Monthly Income over Rs. 2500 and upto Rs. 5500/- Rural-Urban **

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost ceiling Rs.</th>
<th>Max. Loan ceiling Rs.</th>
<th>Ext. of finance %age</th>
<th>Gross Intr. rate %age</th>
<th>Repayment periods Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIG House</td>
<td>1,50,000</td>
<td>1,25,000</td>
<td>85</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Repairs/Add.</td>
<td>Na</td>
<td>62,500</td>
<td>85</td>
<td>13</td>
<td>10</td>
</tr>
</tbody>
</table>

[189]
* Indcluding marginal farmers
** Though there is a provision for extending loan upto 100 % beneficiaries / State level agencies should contribute minimum 25 % the cost as their share.
*** Atleast 50 % of the loan may be considered as construction loan by implementing agencies
**** Applicable for EWS schemes. For LIG Schemes, Ceiling prescribed “Maximum Price ceiling for disposal”.
***** If the private builder does take up EWS/LIG housing as per HUDCO norms and does the disposal directly the rate of interest is 15 % net.

b) MIG & HIG

III MIG - Monthly Income over Rs. 5500/- and upto Rs. 10000/-

<table>
<thead>
<tr>
<th>Category</th>
<th>Rural-Urban</th>
<th>MIG House-I</th>
<th>MIG House-II</th>
<th>Repairs/Additions-I</th>
<th>Repairs/Additions-II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3,00,000</td>
<td>5,00,000</td>
<td>1,50,000</td>
<td>2,50,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.0</td>
<td>16.5</td>
<td>16.0</td>
<td>16.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: If repayment period is 15 years, 1 % additional interest leviable.

IV HIG - Monthly Income over Rs. 10000/-

<table>
<thead>
<tr>
<th>Category</th>
<th>Rural-Urban</th>
<th>HIG House-I</th>
<th>HIG House-II</th>
<th>Repairs/Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>10,00,000</td>
<td>15,00,000</td>
<td>5,00,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17.0</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: If repayment is 15 years, 1 % additional interest leviable.

c) For loan amount beyond 15 lakhs per unit 50 19.0 5

d) Commercial Complex 50 50 19.5 7

XXII LOW COST SANITATION SCHEMES

<table>
<thead>
<tr>
<th>Beneficiary Category</th>
<th>EWS</th>
<th>LIG</th>
<th>MIG</th>
<th>HIG</th>
<th>EWS</th>
<th>LIG</th>
<th>MIG</th>
<th>HIG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>50%</td>
<td>60%</td>
<td>75%</td>
<td>75%</td>
<td>95%</td>
<td>85%</td>
<td>75%</td>
<td>60%</td>
</tr>
<tr>
<td>Subsidy *</td>
<td>45%</td>
<td>25%</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Beneficiary Contribution</td>
<td>5%</td>
<td>15%</td>
<td>25%</td>
<td>25%</td>
<td>05%</td>
<td>15%</td>
<td>25%</td>
<td>40%</td>
</tr>
</tbody>
</table>
iv) Rate of 10% 10% 10% 10% 10% 10% 10% 10%
interest (Net)

v) Repayment 7 7 7 7 15 15 15 15
Period (Years)

* Subject to availability from Govt. of India.

XXIII COMMUNITY LATRINES/PAY AND USE TOILET
Loan 90 per cent (Including cost of bio-gas generation Plant)
Rate of Interest (Net) 10 per cent
Repayment 12 years
Govt. of India Subsidy Rs 350 per user, per user for each seat for 20 to 25

XXIV MAXIMUM PLINTH AND PLOT AREA (Sq. Mt.)
(Not applicable for Schemes in Rural Areas).

<table>
<thead>
<tr>
<th>Category of Housing</th>
<th>Maximum Plinth Area (Sqmt)</th>
<th>Plot Area (Sqmt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIG</td>
<td>35</td>
<td>70</td>
</tr>
<tr>
<td>MIG</td>
<td>75</td>
<td>170</td>
</tr>
<tr>
<td>HIG</td>
<td>125</td>
<td>300</td>
</tr>
</tbody>
</table>

Notes:
1) An increase of 10 percent in plot and plinth area is permitted to suit local conditions. The Plinth Areas for buildings should also keep in view the accommodation that can be built reasonably by the various income groups, keeping in view the cost of construction as well as the minimum facilities needed for the family. Further, incremental growth over and above the limits can be considered in respect of space, specifications and services and would be allowable as part of the growing house concept.

XXV FINANCING OF REMUNERATIVE SCHEMES

HUDCO shall earmark 10 per cent of annual allocation for financing additional MIG/HIG, Commercial, Company owned Rental and Private builder schemes. Up to 50 per cent of this shall be available to the regular agencies at the notified rates of interest in the Financing Pattern. The terms and conditions for other shall be as follows:

a) Interest Rate (Net) - 18.0 % (Equivalent to average borrowing cost of HUDCO with minimum 18.0 %)
b) Extent of Loan - 70 % or as provided in the specific guidelines.
c) Amortisation period - 05 Years.
d) Security provided in - Bank Guarantee or State Govt. Guarantee or as the specific guidelines.

These sanction shall be outside the funds allocation of 55 per cent for EWS/LIG and 45 per cent of MIG/HIG/Others. Other terms and conditions shall be as per existing guidelines.
### XXVII URBAN HOUSING FOR JOINT SECTOR COMPANIES

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost ceiling Rs.</th>
<th>Max. Loan ceiling Rs.</th>
<th>Ext. of finance %age</th>
<th>Gross Intt. rate %age</th>
<th>Repayment periods Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

**A) EWS (Monthly Income Upto Rs. 2500/-)**

I) Disposal Through Public Agency  
50000  
40000  
90  
10  
15

II) Disposal Not Through Public Agency  
50000  
40000  
90  
15  
10

**B) LIG (Monthly Income Over Rs. 2500 and Upto Rs. 5500/-)**

I) Disposal Through Public Agency  
150000  
125000  
85  
13.5  
15

II) Disposal Not Through Public Agency  
150000  
125000  
85  
15  
10

**C) MIG (Monthly Income Rs. 5501 to 10000)**

MIG - I  
MIG - II  
Upto  
Upto  
300000  
500000  
80  
80  
16.0  
16.5  
10 @

**D) HIG (Monthly Income above Rs. 10000)**

HIG - I  
HIG - II  
above  
Upto  
Upto  
1500000  
1500000  
75  
75  
17.0  
17.5  
10 @

**E) Commercial Complex**  
-  
-  
50  
50  
19.0  
19.5  
5  
7

@ In case repayment period is more than 10 years and upto 15 years, one percent extra interest will be charged.
**BUILDING CENTER.**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Nature of Loan</th>
<th>Loan Amount (Rs)</th>
<th>Net Interest Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td>Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1)</td>
<td>Working Capital</td>
<td>i) Upto 5 lacs</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(1st stage Rs. 6 lacs and 2nd stage Rs. 6 lacs)</td>
<td>ii) Above 5 lacs &amp; upto 10 lacs.</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>iii) Above 10 lacs &amp; upto 12 lacs.</td>
<td>13.5</td>
</tr>
<tr>
<td>2)</td>
<td>Machinery</td>
<td>10 lacs</td>
<td>13.5</td>
</tr>
</tbody>
</table>

B) Govt. of India Subsidy Rs 02 lacs extendable upto Rs 5 lacs.

**NOTES:**

A Cost ceiling for EWS category and loan ceilings applicable to EWS and LIG categories shall be increased by 25 per cent both for Rural and Urban Schemes in hilly areas, metropolitan towns, North Eastern States, Islands and difficult areas will be subject to approval by HUDCO Board of Directors in each case.

B Implementing agencies may be allowed to allot houses either on hire purchase or rental or cash down basis to general public depending upon actual demand.

C The cost ceilings indicated above for EWS categories will not include cost of Raw Land for Schemes to be undertaken in Hilly area and Rural Schemes.

D In the case of land development costs on integrated layouts and based on the reserve price arrived at differential land development costs should be evolved to make the land development costs affordable to various categories. Through such efforts, social equities and economic viability also would be ensured.
5.8 Housing Development Finance Corporation (HDFC)

The HDFC is a joint sector company which specializes in financing individuals, members of co-operative societies and companies for the purchase or construction of houses. The funding for HDFC comes from LIC, GIC, commercial banks, public deposits and the International Finance Corporation Washington.

Since its inception in 17 Oct. 1977, HDFC loans accounted for a total investment of Rs. 9820 million, corresponding to 111,000 dwelling units in 360 urban settlements. Loans are secured against mortgage of property and range from Rs. 7000 to Rs. 1,00,000 The amount does not normally exceed 70 percent of the cost of the property.

Differential rates of interest are linked to the type of scheme and the loan amount and range from 10 percent to 15 percent. The repayment period is between 5 years and 15 years. Over 85 percent of loan approvals are for individuals who own their own houses.

The HDFC plans to extend its operation to rural areas through a special corporation. The scheme is now under study in Gujarat.

On national level HDFC has emerged as a leading Housing Finance Institution. This corporation was founded on 17th Oct. 1974 and is registered under companies act. Main object of this institute is to provide loans for housing purposes. HDFC provides loans to persons, societies, companies, contractors, builders, etc.

Loan Pattern:

1. HDFC provides loans for the purchase of flats, house and land or for the construction of a new house/flat to a competent person, association of persons, co-operative housing society.

2. Loan application forms are available in a prescribed format costing Rs. 10/-

3. Processing fee is to be paid to the office at the following rate.

   i) Up to Rs. 20000/- - Rs. 125/-
   ii) Rs. 20001 - 50000 - Rs. 275/-
   iii) Rs. 50001 - 100000 - Rs. 400/-
   iv) Rs. 100001 - 150000 - Rs. 600/-
4) The minimum loan amount is 7500/- and maximum is 100000/- granted but for special cases more than 150000/- loan can be granted as per the requirement.

5) Total cost of land and estimated cost of construction is taken into account for the sanctioned of loan and only 70% of the total cost, loan is sanctioned. Apart from this the repayment capacity of the loanee is considered, while sanctioning the loan amount.

**Rate of Interest**

a) Up to 20000/- - 12.5% per year per 100 Rs.
b) 20001 to 50000/- - 13.5 %
c) 50001 to 100000/- - 14%
d) 100001 and above - 14.5%

7) There is a provision to increase the rate of interest by half percent for some special cases. The repayment term is decided on the loanee's capacity to repay. Generally the loan repayment term is minimum 5 years to maximum 15 years. In case of employees, the repayment term is decided in between its retirement year or 65 years of age, whichever is less.

8) For guarantee the property is mortgaged with the HDFC (Deposite of title deeds). LIC policies are accepted as collateral security in case of unfortunate death of the loanee.

9) The title of the property should be clear (i.e. without any other mortgage).

10) Loans are repayable in equated monthly installment. This repayment starts from the subsequent month after receiving the last installment of the loan amount. (loan amount is release in installment depending on the progress in construction). But the interest is to be paid on the released loan amount until the final loan amount. Monthly installment is included with interest and principal amount.

11) Every individual loanee has to ensure it's property against natural calamities like fire, earthquake, flood etc., till the repayment of loan.

12) A loanee has to pay 1% of the sanctioned loan as administrative charges or minimum Rs.300 and Rs. 500 per every 50000/- Rs. loan block or unit.

13) Loan is released in installments depending on the progress of the construction.
14) After sanctioned of loan, if it is not availed within a year, loanee has to pay 1% extra charge.

5.9 CIDCO (City and Industrial Development Corporation of Maharashtra Ltd.)

City & Industrial Development Corporation of Maharashtra Ltd. (CIDCO) was registered as a fully owned State Government Company under Indian companies Act on 17th March 1970 for the purpose of planning & development of New Bombay. Following the recommendation of the Regional Planning Board in January 1970, it was designated as ‘New Town Development Authority’ under Maharashtra Regional Town Planning Act 1966 for planning & development of New Bombay, in March 1971. The actual work of planning & development of New Bombay was started by CIDCO in March 1971. Thus CIDCO has completed 20 years of its role as a Planning & Development Authority on March 1991.

It is said that, ‘Rome was not built in a day’, which means that the planning & development of a city is a very complicated & challenging job which takes decades for completion. If the efforts made by CIDCO up till now are to be viewed in this spirit, then it should be appreciated that CIDCO has done a fairly good job of planning & development during the short period of 20 years. Considering the trials & tribunals it faced during the last two decades, in its work in New Bombay project area, where there was completed absence of basic physical infrastructure & facilities like roads, drainage, telecommunication, transport facilities, water supply, electricity etc.

CIDCO has done various jobs in multifaceted sectors of city planning & development viz- housing, railway, transport & communication network, development of wholesale markets, development of parks & gardens & landscaping, development of commercial & shopping complexes, innovative housing projects, housing for EWS & LIG, provision for educational, religious & social facilities & steps taken by CIDCO to project & improve environment in New Bombay.

The Broad objectives set before CIDCO by the state govt. for the development of New Bombay are:

[196]
i) To reduce the growth of population in Greater Bombay by creating an attractive urban centre on the main land across the harbour which will -
   a) absorb the immigrants who would otherwise come to Bombay;
   b) attract some of Bombay's present population so that the overall population of Greater Bombay can be contained within a manageable limit;

ii) To support the state-wide industrial location policy which will lead eventually to an efficient & rational distribution of industries over the state & a balanced development of urban centres in the hinter land.

iii) To provide physical & social services, raise the living standards & reduce the disparities in the amenities available to the different sections of the population.

iv) To provide an environment which would permit the citizens of New Bombay to live fuller & richer lives in so far this is possible, free from the physical & social tensions which are commonly associated with urban living.

v) To provide training & all the possible facilities to the existing local population in the Project Area to enable them to adopt to the new urban setting & to participate fully & actively in the economic & social life of the city.

Objectives and the principal activities of CIDCO have been as follows:

i) To develop land & provide the required physical infrastructure such as roads, drainage, water supply, sewerage, street lighting, landscaping etc.

ii) To build as many houses & community centres, parks, playgrounds, bus stations etc. to meet the day to day needs of the population as well as for a faster take-off of new growth areas. To make available developed plots at affordable prices to people to construct houses.

iii) To promote growth of commercial, whole sale & market activities, warehousing, transport, office & other activities in order to evolve expeditiously a sound economic base for self sustained growth, achieving at the same time a process of relieving congestion in the old city of Bombay.

iv) To involve agencies in the development of public transport, both road & soil and also
telecommunications.

CIDCO has various programmes for the benefit of urban lives such as environment protection programme, Nurseries, piped cooking gas supply in New Bombay, water transports project.

For the last 17 years CIDCO has been constructing houses for the public mostly with the loan assistance provided by HUDCO. So far CIDCO has constructed (including those under construction) about 1,44,652 houses for various income groups out of which 92,768 are in New Bombay.

In new towns: CIDCO has constructed 48,883 houses upto 31 March 1991 as under:

- New Aurangabad: 16,971
- New Nashik: 24,028
- New Nanded: 7,884

CIDCO has planned a New Nagpur project.

CIDCO - special planning authority for New Towns. Cidco has been entrusted with the task of development of New Aurangabad, New Nashik & New Nanded under the provisions of the Maharashtra Regional & Town Planning Act 1966, with effect from New Aurangabad on 3rd July 1973, New Nashik on 1st March 1977 & New Nanded on 7th March 1977. All these areas are being developed to complement the adjoining Maharashtra Industrial Corporations Industrial Complexes which have provided an economic base to new towns as they are in the vicinity of existing old cities. The intention of new town development is -

i) To reduce the over crowding of population in the core cities.

ii) To absorb the emigrants who would otherwise emigrate into the old city & attract a few of old city's residents offering them better living conditions & standards.

iii) To support the state wide industrial location a balanced development of urban centres in the hinterland.

iv) To provide physical, social services & reduce the disparities in the amenities available to the different sections of the society.

v) To provide an environment & to offer the citizens fuller & richer life as far as possible.
5.10 Nationalised Banks

1) State Bank of India:

Construction of a new house/Purchase of a flat:

Repairs/Renovation/Addition to existing house. Purchase of an already constructed house, normally not more than 10 years old. This may be relaxed on merits of the case. Purchase of second house, in certain cases.

Eligibility:

Individuals/Groups

Loan amount:

48 times of Net Monthly income. In case of Professionals/Businessmen 4 times of annual income as per the latest income tax assessment order. Income of the spouse as well as the expected rental is also considered.

Security:

Mortgage of property. Third party guarantee in certain cases.

Margin:

20% of the cost of the project. In deserving cases, margin can be reduced upto 15% of the cost of the project.

Interest rate EMI (180 Months)

Upto Rs. 2 lacs................. 12% Rs. 1190/-

Rs. 2 lacs to Rs. 10 lacs. 12.5% Rs. 1260/-

Above Rs. 10 lacs........... 25% Rs. 1280/-

Interest is compounded at quarterly rests on reducing balance only. (Subject to change as per RBI directives.)

Repayment:

Maximum 15 years (including an initial moratorium period of 18 months.) Upto 20 years can be considered in deserving cases.

Insurance:
Required. It should cover all risks. (Upto Rs. 25,000...... Nil)

Pre-payment:
Permitted without any penalty.

Take over of loan:
Considered selectively, to avail benefit of our low rates.

Special Features:
a) No administrative fees.
b) Nominal processing fee
c) Interest only on actual outstandings.
d) In-principle approval of loan to enhance flexibility in choice of flat/house.
e) Avail Income-Tax benefit on annual repayment/Interest payment.

II Bank of Maharashtra

Bank of Maharashtra has introduced Housing Finance Scheme with effect from 1st Jan. 1994. The salient features of the scheme are as under:

Who is Eligible:
An Individual who has been maintaining account with Bank of Maharashtra for past One year or more.

If Applicant is in service, he should be confirmed employee and should have put in at least 5 years service and minimum balance service to his credit should be 7 years or more. If applicant is not in service but is in self employment/business, his age should not exceed to 50 years.

Purpose for Which loan can be considered:
1) Purchase of Flat/House/Apartment.
2) Construction of House/Tenement.
3) Addition, Extension or Repairs.

Quantum of Loan:
1) For purchase of flat, house, apartment Rs. 3,00,000/-
2) For addition, repairs, extension Rs. 30,000/-. Own contribution by applicant borrower:

For Loan upto Rs. 20,000/-  
Margin 20 %

For Loan between 20,001 to 50,000/-  
Margin 25 %

For Loan between 50,001 to 1 Lac  
Margin 30 %

For Loan Above 1 Lac  
Margin 35 %

Interest:

Upto Rs. 2,00,000/-  
15.5 % P.A.

Above Rs. 2,00,000/-  
17.5 % P.A.

Penal Interest @ 2% P.A. on overdue period.

Security:

A) 1) Mortgage of Property to be acquired.

2) Mortgage of Property in case of repairs.

B) a) Guarantee by Applicant/Co-applicant

b) Guarantee by other earning members of family and Nominee to PF/Gratuity.

Those in service and balance service is less than 15 years should give undertaking on stamp paper to liquidate loan from retirement benefits.

Till mortgage is executed, applicant should furnish undertaking to mortgage with Power of Attorney in Bank's favour to Mortgage Property within reasonable time (Preferably one to one and half year) alongside certificate under Sec. 230A of Income Tax Act.

Applicant should furnish security like National Savings Certificate, Units 64 Certificate, Bank Deposits Shares etc.

Repayment:

Repayment will not exceed 15 years including moratorium repayment should not exceed 30% amount of applicant's take home/net salary.
Quantum of loan will be decided only on the basis of repaying capacity of the applicant on the basis of 30% of net salary/income.

Those who are in profession/business should provide additional security by way of life policies of adequate amount or equivalent of loan amount and should give undertaking to pay premium regularly.

Applicant should give undertaking that he/she is not owning house property in his/her name or his spouse/children.

For acquiring 2nd hand house property or in resale the property should not be more than 10 years old. Flat/House acquired with bank's loan should be adequately insured at borrower's expenses.

The charges of documentation and other charges should be borne by Applicant Borrower. There is profession/business should submit Income Tax returns for last 3 years to enable bank to judge repayment capacity of the applicant.

Processing charges should be levied as per Bank's norms.

Documents Desired:

1) In case of Co-operative Society where Flat/apartment is to be purchased it is necessary to submit Sale Deed/Lease Deed executed by Landowner in favour of society and society having executed Lease Deed in favour of individual member which should indicate lease period and date of lease deed. Mortgage or lease hold right in favour of the bank should be possible. The Sale should have been duly registered with Registrar of assurance and the extract of Index II should have been obtained by the Society.

2) Search Report from Advocate on Bank's Panel.

3) Copy of N.A. order of Collector.

4) Sanctioned Site Plan.

5) Copy of Agreement and Power of Attorney entered into by the Society, i.e. land owner in favour of Contractor.

6) Certified copy of Agreement for Sale the Flat between Society/Owner of Flat and permis-
sion from Society to Mortgage. The Agreement to sell should have been duly registered.

**In Case of Flat in Apartment Scheme:**

1) Xerox copy of Agreement to Sale duly Registered with Registrar of assurances.
2) Title/Search Report from Advocate on Bank's Panel.
3) N.A. Order from Collector.
4) Sanctioned Site Plan.
5) If flat is in ready possession and Builder has executed deed of apartment in favour of flat purchaser then borrower should execute registered mortgage. If deed of apartment is not executed, purchaser should give undertaking and power of Attorney to Mortgage.

**In Case of Flat in Proposed Society:**

1) Xerox copy of Agreement to sale the flat duly registered with sub registrar of assurances.
2) Copy of Sanctioned Plan.
3) Search report from Advocate or Bank's Panel.
4) N. A. Order from Collector.

**Purchase if readily built Flat/Banglow:**

1) Search Report by Advocate on Bank's Panel. If society then it should be registered under society Act. Xerox copy of Sale Deed between Builder/Promoter and Society.
2) Copy of Agreement to Sale between Seller/Purchaser.
3) Society permission to Sale flat and permission for availing loan and mortgaging property to the Bank.
4) Society should give a letter that after availing loan society will enter Bank's name as change holder and shall not allow transfer of property without Bank's Permission.

**Constructions of House on Plot:**

1) Submit N.A. order, sanctioned plan from appropriate authorities.
2) Copy of Agreement between contractor and owner plot submit 7/12 extract and city survey extract.

**Construction of house on plot in society:**

1) Sale Deed in favour of Society.
2) Copy of Lease Deed between society and member.
3) Submit society permission to construct House.
4) Submit N. A. order and sanctioned plan from Appropriate Authority.
5) Submit society permission to avail loan and mortgage property to bank.

**III) Punjab National Bank:**

Towards end of previous century a group of patriots founded the bank on 1894 to provide our country with a truly national bank to safeguard our country's economic interest. First branch was opened on 17/4/1895 opposite Arya Samaj Mandir at Anarkha in Lahore.

Punjab National Bank was first bank established entirely with Indian capital owned, managed and operated by Indians.

PNB first introduced teller system in India in 1943 in banking transactions.

PNB was the first bank which introduced Mechanisation in Operation (1951), Rupee Travellers Cheques (1957), Defence Welfare Cell, Performance Budgeting and Review systems, and System of Chairman's meeting with customers on an appointed day every month.

As on 1988, 1989 and 1990 the bank retains its first position in deposits number of branches and aggregate credit amongst the Nationalised Banks.

PNB has diversified into new lines of activities. PNB opened a Merchant Banking subsidiary in PNB capital services Ltd. and Housing subsidy in the name of PNB Housing Finance Ltd. to look after activities such as Leasing mutual funds, factoring, Housing etc. In the area of house keeping, 65 branches have been identified as Model Branches and full attention is being paid to develop them as example to other branches.
**Housing Finance Scheme**

1) **Eligibility** : Individual

2) **Amount of Loan** : Need based with a maximum of Rs. 3 lakhs per individual

3) **Margin and Rate of Interest** :

<table>
<thead>
<tr>
<th>Amt. of loan</th>
<th>Loanee’s %age of Share in total cost.</th>
<th>Rate of Intt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>up to Rs. 20,000/-</td>
<td>20%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Above Rs. 20,000/- to Rs. 50,000/-</td>
<td>25%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Above Rs. 50,000/- to Rs. 1 lakh</td>
<td>30%</td>
<td>14%</td>
</tr>
<tr>
<td>Above Rs. 1 lakh to Rs. 2 lakh</td>
<td>35%</td>
<td>15%</td>
</tr>
<tr>
<td>Above Rs. 2 lakh to Rs. 3 lakh</td>
<td>35%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Table 5.3**

Margin - Loanee’s own contribution to the estimated cost.

4) **Repayment** : 15 years including repayment holiday from completion of construction or 18 months from the disbursement of first instalment of the loan whichever is earlier. The repayment schedule shall be fixed on installment basis and should not exceed 80% of his income.

5) **Security** : Mortgage of property, if it is not feasible security of adequate value in the form of life insurance policies, govt. promissary note, shares and debentures, gold ornaments or such other security may be accepted at the discretion of Bank.

**IV) Bank of India (Ashiyana Housing Finance Scheme)**

Bank of India is India’s leading nationalised bank with nearly 2400 branches in India and abroad. Since its inception in 1906, Bank of India has been catering to the banking needs of people from all walks of life.

To own a home of one’s own is a lifetime’s dream shared by millions of people. But today this is not the easy task. To become this dream true, Ashiyana Housing Finance Scheme came into
existence. This scheme will make dream of a home become a reality - the easiest way.

Under the Ashiyana scheme one can get a loan to purchase or construct a house/flat on ownership basis or to renovate/repair/extend (additional area) an existing house.

Loans are available to individuals, groups of individuals and co-operative societies. Corporate bodies also can take advantage of the scheme to provide housing facility to their employees.

To qualify for a loan one must have a regular source of income, adequate repayment capacity and the resources to contribute at least 15% of the cost of the house/flat/renovation/repair/extension.

The borrowing capacity depends on the income. The repaying amount of every month should not exceed 30% of monthly income. The loan amount and repayment period will be structured to ensure that the repayment obligation does not exceed 30% of the income.

If applicant is married, the income of his spouse could be clubbed with his income to determine his borrowing capacity provided the spouse joins as a co-borrower.

The amount of loan is limited to 85% (this may be reduced depending on the merits of each case) of the cost of the house/flat/renovation/repair/extension subject to the following maximum amount:

- For purchase/construction of flat/house - Rs. 10 lakhs
- For renovation/repair/extension - Rs. 3 lakhs.

The period of repayment can be extended up to 20 years. However, the period can not extend beyond the time of retirement or attaining the age 65 years, whichever is earlier.

Under this loan scheme interest cost will be the least compared to the interest, the person has to pay on a similar loan exceeding Rs. 1 lakh taken from any of the institutions providing housing finance. This is so because while the institutions calculate interests on quarterly or half yearly or yearly balances, Bank of India charges interest on daily balance.

This means that whenever the person repay an amount his interest burden comes down with immediate effect. He pays interest only on the amount actually outstanding in his amount on a day
today basis. Interest calculated on the daily balances will be debited to his account at the end of every quarter.

If the person delays his repayments he will have to pay additional interest on the overdue amount. The rate of interest is changed in keeping with the banks prime lending rate. A nominal processing charge and commitment charge are payable.

The loan is to be repaid in Equated Monthly Instalments (EMI). This helps to spread out the repayment over the period of the loan.

Since the amount of interest payable on a loan exceeding Rs. 1 lakh taken from Bank of India is the lowest when compared to the interest payable to housing finance institutions, one will find the EMI payable to Bank of India considerably lower than what is payable to such institutions.

Any time the person have funds to spare, he can deposit them into his loan account and reduce his interest burden with immediate effect what is more, he does not have to pay a penalty for repaying his loan.

After taking the loan, if persons income increases he can have the EMI increased to an amount of his choice. By this he can reduce his interest cost and repay the loan in a shorter period. Rate of interest with effect from 18th October 94.

- On loan upto Rs. 25,000 12.5%
- On loan over Rs. 25,000 14.0%
- On loan exceeding upto Rs. 2 lakh 15.5% to 16.5%

Other charges
- Processing charges 1%
- Commitment Charges 1 % of undrawn balance
- Repayment charges Nil
- Equated Monthly Instalment for every Rs. 1,00,000
### Period of Loan

<table>
<thead>
<tr>
<th>Period of Loan</th>
<th>EMI (Equated Monthly Instalment) at</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>10 years</td>
<td>Rs. 1553</td>
</tr>
<tr>
<td>15 years</td>
<td>Rs. 1332</td>
</tr>
<tr>
<td>20 years</td>
<td>Rs. 1244</td>
</tr>
</tbody>
</table>

In this regards, the slogan of Bank of India is “Hope For All, Homes For All.”

### 5.11 Dewan Housing Finance Corporation Limited (DHFL)

Dewan Housing Finance Corporation Limited is a Housing Finance Company incorporated under the companies Act, 1956 with its shares listed at Bombay, Delhi and Ahmedabad Stock Exchanges. DHFL is classified as a Housing Finance Institutions by the National Housing Bank (NHB), an apex body of the Reserve Bank of India and Government of India through its Ministry of Finance.

DHFL lends at low rates of interest as specified by the National Housing Bank to individuals, Co-operative societies, Corporate bodies and association of persons for residential houses other than resort houses anywhere in India.

Also free accident risk cover + property insurance to the extent of the loan amount to safeguard the continued possession of the property by the borrower and /or his family.

**Regressive Repayment Scheme :**

This scheme is meant for applicants, who are due for retirement within 5 to 10 years and have applied jointly with eligible younger co-applicant also can borrow a loan ranging from Rs. 7500/- to Rs. 5,00,000/- per unit subject to a maximum of 60% to 80% of the property value.

For determining eligibility for loan, factors like repayment capacity; age, educational qualifications, stability and continuity of income, number of dependents, spouses’ income, assets, liabilities, saving history etc. is considered by DHFL.

**Procedure for Obtaining a Loan**

The applicant has to apply in the prescribed form available at DHFL office for Rs. 15/- (Rs. 208)
18 by post) along with application pay a fee at the rate of 1% of the loan applied. Further, on acceptance of loan offer, he has to pay administrative charges at the rate of 0.75% of the loan sanctioned. Taxes, stamp duty or Government charges, if any, as applicable shall be payable extra. The fees are non-refundable.

**Security Required by DHFL**

Security for the loan is the first mortgage of the property to be financed normally by way of deposit of title deeds and/or any such other collateral security and as may be deemed fit and necessary by DHFL.

Two sound and solvent guarantors required and assignment of Life Insurance Policy if found necessary.

**Period of Loan Disbursement**

Disbursement will take place after the property has been legally and technically appraised, all documentation has been completed and the applicant has invested his own contribution (cost of construction less the loan sanctioned) in full.

The loan will be disbursed in full or in suitable installments not exceeding three; depending on the progress of construction and the need for funds as assessed by DHFL. Period of loan will be determined within the norms and guidelines of DHFL in the range of 7 to 15 years keeping in view convenience of the loanee.

The Period will not be extended beyond the age of retirement or 60 years, whichever is earlier.

**Repayment of the loan**

The repayment will be in Equated Monthly Installments (EMI). The size of the EMI comprising principal and interest depends on the quantum of loan.

Repayment will start after the full disbursement is made. Pending full disbursement, interest (PEMI) on the portion of the loan disbursed is payable from the date of each disbursement.

Documents to be submitted along with the application form:

1) a) In case of employed applicants:
Latest salary slip or salary certificate (in original) showing all deductions and annual salary certificate/tax deductions certificate for last 3 years.

b) In case of self-employed applicants:

Balance sheets and profit & loss accounts of business/profession along with copies of individual Income tax returns for last 3 years certified by a Chartered Accountant & copies of Assessment orders & a note on the nature of business/profession, form of organisation, clients, suppliers, etc. registration certificates, association membership and any other relevant information.

2) a) Applicable to all applicants:

Xerox copies of first and last page of ration card, latest electricity bill and latest rent receipt in original.

b) In respect of proposed dwelling unit:

1) Regd. sale deed/ certified true copy of agreement for sale, xerox copy of registration fee payment receipt issued by sub-registrars office (if applicable) architects/ chartered engineers estimation of the cost.

OR

Letter of allotment (stating carpet area of flat, total purchase price and byelaws copy of co-operative society/association of apartment owners.

2) Copy of plan sanctioned/approved by competent authority and certified true copy of commencement/completion certificates from the said authority.

3) Certified true copy of title report from advocate/solicitors.

4) Certified true copy of 7/12 extract or index II or Property register card extract, N.A. order or conversion order passed under any provision of urban land (ceiling and regulation) Act 1976.
### Rate of Interest on Loans

<table>
<thead>
<tr>
<th>Loan per unit (Rs.)</th>
<th>Rate of interest (% per annum)</th>
<th>Loan as percentage of estimated cost (including cost of land)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 25,000</td>
<td>12.00</td>
<td>80</td>
</tr>
<tr>
<td>Rs. 25,000 to Rs. 1,00,000</td>
<td>15.25</td>
<td>70</td>
</tr>
<tr>
<td>Rs. 1,00,000 to Rs. 3,00,000</td>
<td>16.50</td>
<td>65</td>
</tr>
<tr>
<td>Rs. 3,00,000 to Rs. 5,00,000</td>
<td>17.00</td>
<td>65</td>
</tr>
<tr>
<td>Rs. 5,00,000 to Rs. 10,00,000</td>
<td>18.00</td>
<td>65</td>
</tr>
</tbody>
</table>

### Table 5.4

**EMI Table for Rs. 10,000/-**

<table>
<thead>
<tr>
<th>Term of loan (Years)</th>
<th>@ 12.00%</th>
<th>@15.25%</th>
<th>@16.50%</th>
<th>@17.00%</th>
<th>@18.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>185</td>
<td>205</td>
<td>213</td>
<td>216</td>
<td>223</td>
</tr>
<tr>
<td>8</td>
<td>171</td>
<td>190</td>
<td>198</td>
<td>202</td>
<td>209</td>
</tr>
<tr>
<td>9</td>
<td>159</td>
<td>179</td>
<td>188</td>
<td>191</td>
<td>198</td>
</tr>
<tr>
<td>10</td>
<td>150</td>
<td>171</td>
<td>179</td>
<td>183</td>
<td>190</td>
</tr>
<tr>
<td>11</td>
<td>143</td>
<td>164</td>
<td>173</td>
<td>176</td>
<td>183</td>
</tr>
<tr>
<td>12</td>
<td>137</td>
<td>159</td>
<td>167</td>
<td>171</td>
<td>178</td>
</tr>
<tr>
<td>13</td>
<td>133</td>
<td>154</td>
<td>163</td>
<td>167</td>
<td>174</td>
</tr>
<tr>
<td>14</td>
<td>129</td>
<td>151</td>
<td>160</td>
<td>163</td>
<td>171</td>
</tr>
<tr>
<td>15</td>
<td>125</td>
<td>148</td>
<td>157</td>
<td>160</td>
<td>168</td>
</tr>
</tbody>
</table>

EMI is inclusive of Tax on interest.

(EMI - Equated Monthly Installment)
5.12 Repairs and Reconstruction of Old and Dilapidated Cessed Buildings in the Island city of Bombay

After the enactment of Rent control Act 1948, the rents of the buildings in Bombay city got established at a particular level, which made it impossible for the owners of such buildings diminished greatly leading to instances of loss life and property and their collapse. The government of Maharashtra had therefore, appointed a committee Viz. Bedekar Committee for finding out the solution to tackle with house collapses, on the recommendation of the said Bedekar committee, the Bombay Building Repairs and Reconstruction Board (B.B.R & R) Act 1969 was passed by government afterwards the said B.B.R.R. Board Act 1969 converted into MHADA Act 1976. Under the provisions of this Act, the Government has levied a tax viz; repair and reconstructions on 19,642 old and dilapidated cessed buildings of island city of Bombay -

As per the provisions of section 84 (i) of MHADA act 1976, these buildings are classified into following three categories according to their average.

**Table 5.5**

**Classification of Buildings According to Their Average**

<table>
<thead>
<tr>
<th>Category</th>
<th>Period of construction</th>
<th>No. of buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Buildings constructed upto 1.9.1940</td>
<td>16,502</td>
</tr>
<tr>
<td>B</td>
<td>Buildings constructed between</td>
<td>1,489</td>
</tr>
<tr>
<td></td>
<td>1.9.1940 to 31.12.1950</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Buildings constructed between</td>
<td>19,642</td>
</tr>
<tr>
<td></td>
<td>1.1.1951 till enactment of Act</td>
<td></td>
</tr>
</tbody>
</table>

According to the provisions of section 82 of MHADA Act, 1976 the repair cess is collected through Municipal Corporation of Greater Bombay (M.C.G.B.) as per the rates prescribed in schedule ‘B’ of MHADA Act 1976. The activity of repairs and reconstruction of old and dilapidated cessed buildings is being implemented from the collection of repair cess. The financial resources for repairs and reconstruction of cessed buildings available every year are as under-
1) Repair Cess Rs. 10.00 (crores approx)
2) Govt. Contribution Rs. 12.00 crores.
3) BMC Contribution Rs. 3.60 crores
4) Rents of reconstructed tenaments Rs. 5.00 crores

Rs. 30.60 crores.

The following activities are being implemented by the Bombay Building Repairs and Reconstruction Board.

1) Structural repair work to old and dilapidated cessed buildings under the provisions of section 88 (1) of MHADA Act 1976.
2) Construction of old and dilapidated cessed buildings under the provisions of section 41, 92 and 93 of MHADA Act 76.
3) To provide alternatives accommodation to the occupiers of old and dilapidated cessed buildings under the provisions of sections 77 (b), 90 (1) and 95 of MHADA Act 1976.
4) Transfer of ownership rights of the buildings alongwith the land to the occupiers of old and delapidated cessed buildings under the provisions of chapter VIII-A under section 103 of MHADA Act 1976.
5) Issue of No. objection certificate to the occupiers, owners of cessed buildings for carrying out structural repair work with/ without reimbursement under provisions of section 102 of MHADA Act, 1976.
6) Issue of No Objection Certificate to the occupiers, owners or co-operative housing societies of occupiers for reconstruction of cessed buildings with floor space Index 2.00 or existing whichever is higher.

The details of each activity are as under -

Structural repair works to old and delapidated cessed buildings under the provisions of section of 88 (i) of MHADA Act 1976.

1) Inspections of buildings - Board offices inspect the building, i) Periodically ii) Routine and iii) On complaint.
After receiving complaint from tenants / occupants, social workers MLA, MLC, Municipal Councillors etc., the concerned offices of Board inspects the building and if the building attracts provisions of section 88 (1) of MHADA Act 76, the building is taken upon priority for structural repairs.

2) Appointment of Architect: Where the Board satisfied under section 88 that the building is in need of structural repairs, the Board appoints an architect for the preparation of plans and estimates, supervisions of repair work.

3) Request for carrying out structural repairs, redevelopment and transfer of ownership rights.

At the time of appointment of the architect, the officers of Board giving opportunity to tenants/occupants and owner for following -

a) To carry out structural repair work by obtaining NOC from Board under section 102 of MHADA Act 76.

b) To carry out redevelopment of building.

c) To apply for transfer of ownership rights of buildings U/S 103 of MHADA Act 76.

d) To submit objections/ suggestions under section 89 (1).

4) First joint inspection of building:

After the appointment of Architect, the building is immediately inspected by the concerned officer of Board alongwith the architect to decide the repairs to be carried out.

5) Administrative approval to the plans and estimates.

After carrying out 1st joint inspection, the architect prepare plans and estimates of proposed repairs and submit the same to Board.

After due scrutiny in the offices of the Ex. Engineer, and Dy. Chief Engr. the plans and estimates are placed before Board/competent authority for administrative approval.

However as per estimate, if it is observed that the cost of repairs is over P.C.L. of Rs. 750/ m2, the board officer writes letter to tenants/occupants to deposit the amount of excess over P.C.L. of Rs. 750/- m². After depositing the amount of excess the estimate is placed before Board.
/ competent authority for approval of A A. If tenants/ occupants owner fails to deposit the amount of excess within stipulated time, the action of declaring the building beyond economical repairs is initiated by Board under section 88 (3) (a) of MHADA Act 76.

6) **Invitation of tenders and fixation of agency to carry out repair work** -

After getting administrative approval accorded to the plans and estimates, the tenders are invited by publishing in public newspapers from the contractors registered with the Board. After receipt of tenders, the work is awarded to the lowest agency/contractor.

7) **Execution of an agreement between Board and lowest agency**

After accepting the tender of lowest bidder, the board is executing an agreement with the lowest bidder.

8) **2nd Joint inspection to start the repair work**.

After finalising the agency and execution of an agreement, the work order to start the work is issued to the contractor with a copy to architect. Before starting the repair work the building is inspected by the concerned Ex. Engineer and Dy. Engineer along with the tenants/occupants, Architect and contractor and after then the actual repair work starts by the contractor.

9) **Inspection of building during the course of repairs**:

During the course of repairs, the periodical inspection is done by the Architect, Dy. Engineer and Ex. Engineer and Dy. Chief Engineer / Chief Engineer etc. as per necessity/procedure.

For giving instructions to contractor, 2) to inspect and monitor work for smooth and proper completion, 3) to solve the complaints filed by tenants/occupants against, repair work etc.

10) **Enhancement of repair cess after completion of repair**:

After completion of repairs, the Board officer inform to concerned ward officer of MCGB to enhance the repair cess of buildings per schedule B of MHADA Act 76 from the date of completion of repair work.

If there is no any obstructions from tenants/occupants during implementation of this activity, the repair work can be completed within 1 to 1½ year. However this is depend upon the funds available with the board and the quantum of repair work to be done.
To Provide Temporary Alternative Accommodation

During implementation of structural repairs activity, sometimes it is essential to vacate some portion of building under this situation the Board is providing temporary alternative accommodation to the occupiers of such portion of building to be vacated under section 77 (b) of MHADA Act 76.

While implementation of reconstruction scheme also Board provides temporary alternative accommodation to the occupiers of old building under section 90 (1) of MHADA Act 76.

Process of Reconstruction of Old and Dilapidated Cessed Buildings

1) Declaring the building beyond economical repairs under section 88 (3) (a).

After preparation of plans and estimates for structural repairs, if it is observed that the cost of repairs is exceeding Rs. 750/-mt as specified under section 88 (3) a and tenants/occupants/owners have failed to deposit the amount of excess over PCL of Rs. 750/mt the building is declared beyond economical repairs by Board.

2) Appointment of Architect for ascertaining the feasibility of reconstruction scheme.

Where the whole building collapses or is rendered uninhabitable or the Board is of opinion that the building is not capable of being repaired, the Board is taking reconstruction scheme of such building before processing of such reconstruction scheme, the architect is appointed to find out the feasibility of reconstruction scheme.

3) Appointment of Architect for the reconstruction scheme.

If the reconstruction scheme is found feasible, the architect is appointed for preparation of plans and estimates, supervision of work.

4) Approval to the plans - The approval to the plans is obtained from M C G B.

5) Approval of acquisition proposal under section 92 (1)

If the reconstruction scheme is found feasible, the Board is submitting proposal of acquisition to government under section 92 (1) of MHADA Act 76.

6) Approval to proposal by government for acquiring the land under section 93 (1).

After receiving proposal of acquisition from Board, the govt. of Maharashtra approves the
same under section 93 (1) of MHADA Act 76.

7) Getting Administrative Approval (A.A.) to the plans and estimate -

After getting approval of government under section 93 (1) the plans and estimates are placed before Board/competent authority for A.A.

8) Submission of acquisition proposal to land acquisition officer:

After getting approval of government under Sec. 93 (1), the requisition proposal is forwarded to the land acquisition officer for initiating land acquisition proceedings under sec. 93 (2) of MHADA Act 76.

9) Publication of notice in the official gazettee and newspapers for inviting objections/suggestions from tenants/occupants and owner.

After receipt of proposal and acquisition under sec. 93 (2), the land acquisition officer publish a notice in the official gazettee and at least in four newspapers to call upon tenants/occupants and owner to submit their objections/suggestions under section 93 (3) and 93 (4) of MHADA Act 76.

10) Publication of a notification in the official gazettee.

On considering the objections and suggestions and on giving a reasonable opportunity to the persons affected by this proposal, the land acquisition officer sanction this proposal and publish a notification in the official gazettee under Sec 93 (5) of MHADA Act 76. The land along with the building vest absolutely in the Board on behalf of the authority from the date of publication of notification in the official gazettee.

11) Handing over possession of land -

After publication of notification in the official gazettee as specified under Sec 93 (5), the collector hand over the possession of land to the Board on behalf of MHADA.

12) If some of the non-cessed buildings are to be acquired to make viable the reconstruction scheme, such non-cessed, buildings are acquired under Sec. 41 (1) (2) and (3) of MHADA Act 76.

13) Preparation of D.T.P.'s invitation of tenders and fixing of agency to carry out recon-
struction work.

After receiving the possession of land along with the building from the collector, the Board prepares D.T.P.'s and after inviting and receipt of tender, the reconstruction work is awarded to the lowest agency.

14) Execution of an agreement and issue of work order to start the work:

After acceptance of tender of lowest bidder, the Board is executing an agreement with the lowest agency. After execution of an agreement, the Board issue work order to the lowest agency to start the work.

15) While implementing the reconstruction scheme, the Board tries to reaccommodate all the existing tenants/occupants in reconstructed building. If some of the occupants cannot be rehoused in the reconstructed bldg., the Board provide them with alternative accommodation in other reconstructed buildings maintained by Board under section 95 of MHADA Act 1976.

The Floor Space Index (F.S.I.) permissible for reconstruction scheme is 2-4 times the permissible F.S.I. of 1.33 i.e. 3.192. The minimum area of tenements in constructed building is 180.00 Sq.ft. and maximum area is 68 mt.

The rent fixed for residential tenement in reconstructed building is Rs. 0.40 per Sq.ft. and for commercial tenements is Rs. 0.50 per Sq. ft.

5.13 Institutional Financing

Many formal sector organizations, both national and international, are active in one manner or another in the area of shelter in India directly or indirectly, they provide funds, frame policies, finance and implement programmes. The list includes governmental and quasi-governmental organizations such as housing boards and municipal corporations, and also voluntary agencies and activist groups trying to draw support from outside. The government to facilitate access by the poor to shelter.

These organizations can be broadly classified into seven clusters. This listing is by no means comprehensive as many institutions play multiple roles over time.
They include:

I) International Agencies.

II) Central Governmental Agencies

III) State Governmental Agencies

IV) Public and Quasi-Governmental Agencies

V) Co-operative Housing Finance Societies

VI) Research and Academic Institutions.

VII) Private and Voluntary Agencies.

I) International Agencies

International Agencies working in the area of shelter kept a relatively low profile in India until the early seventies the Habitat Conference in 1976 and the Debut of the United Nations system and the World Bank in shelter activities in India, signalled a quantum jump in the level of funding and in the range of activities of these agencies.

However, they generally have had a limited funding, advisory and monitoring role in shelter related development projects.

Except for the World Bank, International agencies have rarely been in a position to dramatically influence public policy or execute large shelter programmes in India. This is partly so because international funding of projects is restricted and closely monitored by the Govt. of India.

a) World Bank

World Bank activity in shelter has been limited to the funding of large metropolitan and urban development projects in a number of major cities in India.

This includes support to the Calcutta Metropolitans Development Authority (CMDA), and similar support to the Madras Metropolitan Development Authority (MMDA), Bombay Metropolitan and Regional Development Authority (BMRDA), Kanpur Development Authority (KDA) and urban development projects in Ahmedabad and in a Madhya Pradesh involving a number of

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urban centres.

The World Bank has tried to introduce innovative human settlements approaches in India which have been successful in other third world countries. These include urban management activities and the sites and services concept which has however not emerged as a viable alternative in many Indian cities.

b) United Nations Agencies

The apex United Nations institution in the area of shelter is United Nations Centre for Human Settlements, which co-ordinated all the activities connected with "The International Year of Shelter for the Homeless" (IYSH 1987).

The Government of India allotted Rs. 20 million for IYSH and created a cell in the Ministry of Urban Development to oversee its allocation.

Most of the activity under this programme consisted of documenting existing work and devising strategies to meet the goal of providing shelter to all by the turn of the century.

UNICEF has contributed a fair amount of funding to the central and state governments in shelter related programmes. These include an Urban Basic Services Programme that seeks to provide water supply and sanitation services to urban dwellers in selected cities, and a Community Development Programme. In addition, there is an extensive UNDP programme to provide drinking water to villages under the International Water and Sanitation Decade (1980-90), the impacts of this programme have been significant.

c) The British Overseas Development Programme

Administration has been funding urban development programmes including slum improvement, sites and services and basic urban services. This funding has come to implementing agencies through HUDCO.

d) USAID (United States Agency for International Development)

USAID's activity in India has been marginal, except for its support HUDCO, the joint sector Housing Development Finance Corporation.
e) Other International Development Agencies

A number of other international agencies ranging from UNESCO and UNEP to OXFAM, Intermediate Technology Development Group and several charities have done limited work on number of human settlements related issues such as water supply, sanitation, building materials, slum improvement, disaster housing and urban development.

II) Central Governmental Agencies

The overall responsibility for shelter activities in India lies with the Ministries of Urban Development (formerly Ministry of Works & Housing) and Agriculture and Rural Development for urban and rural shelter activity respectively in the country perspective planning for each Five-year plan period is conducted by specialists within the planning commission, and yearly plans are put together in consultation with the states, the Department of Economic Affairs of the Ministry of Finance and the Ministry of Industry. Shelter is an area of both central and state jurisdiction but the responsibility of programme implementation lies with the concerned state government.

The central Govt’s role is mainly restricted to research, planning, financing and monitoring. Under the aegis of the Ministry of Urban Development are a number of autonomous or semi-autonomous agencies such as:

a) National Building Organization (NBO)

This is a clearing house for information on building and building research in the country and it disseminates the products of various R & D organizations. It works to improve the production of traditional building materials and to promote new building material industries and rural housing through research, training and demonstration. It also collects housing and building statistics.

b) Town and Country Planning Organization (TCPO)

This agency co-ordinates all regional and urban planning at the central level and also interacts with the respective state planning organizations. It is the apex technical advisory & consultancy organization in the area of regional, urban and rural physical planning.
An autonomous body operating in close liaison with the Ministry of Rural Development is - “Council for Advancement of Rural Technology and People’s Action.”

This agency funds and co-ordinates the dissemination of technologies for housing in rural areas through technology development & marketing, demonstration & training and information exchange project.

III) State Governmental Agencies

State Housing Ministry - The Housing Urban Development Ministry at the state level is the co-ordinating authority in the area of urban, rural shelter. The Ministries of Housing & Urban Development at state level have overlapping function with the public works ministry and the department and ministries dealing with local authorities, and with water supply and sanitation.

a) State Rural Development Ministry

The Rural Development Ministry at the state level is the co-ordinating authority in the area of rural development, hence rural house building programmes fall under its jurisdiction.

b) State Housing Boards

Housing boards are semi-autonomous agencies that execute social housing programmes in the state. They are staffed with building professionals, that is engineers, architects and planners. Projects are usually executed through contractors over the last decade less than five percent of the housing demand has been met by these agencies, primarily owing to a lack of resources and enterprise. Their structure and mandate do not help to catalyse innovation in terms of beneficiary participation or a ‘facilitating approach’.

c) District Rural Development Agencies

District rural development agencies oversee the execution and monitoring of all rural development programmes ranging for rural house sites programmes to poverty alleviation projects.
IV) Public and Quasi-Governmental Agencies

a) Metropolitan Development Authorities

Metropolitan development agencies are specially constituted bodies to oversee metropolitan management, programme implementation, planning, land acquisition and development. These are often gigantic agencies as in Delhi, Calcutta, Bombay and Madras, with involvement in nearly all facets of urban development.

b) Life Insurance Corporation and General Insurance Corporation

The Life Insurance (LIC) & General Insurance (GIC) corporations of India have been the two primary sources of funds for the housing sector. LIC has advanced about Rs. 16,000 million and GIC and its subsidiaries Rs. 2,700 million until mid 1984, of which a major portion is by way of indirect finance through HUDCO, housing boards, loans to state governments and apex co-operative housing finance societies. Even though insurance as a long-term low interest investment is probably best suited to the needs of housing finance, government policy limits the amount of innovative housing finance schemes possible through these institutions.

c) Housing & Urban Development Corporation (HUDCO)

The Housing and Urban Development Corporation was established in 1970 by the central government to finance and undertake housing, urban development, set up satellite towns and support the building industry.

Its finance is intended to serve only specific income groups in particular the poor. There are also limitations of finance to the plinth area and the overall cost of housing unit to which it can provide support.

Twenty five percent of HUDCO funds come from LIC and GIC and the rest is raised through debenture issues, loan recovery and equity contribution from the government. Loans are issued at interest rates ranging from 6 percent to 11 percent with a repayment cycle of 11-20 years.

HUDCO has sanctioned over 3500 schemes in 669 urban cities and provided loan assistance of approximately Rs. 16,620 million of which 60 percent has been disbursed. Thus, it is project will result in the construction of about 2 million dwelling units, i.e. 0.17 million devel-
oped plots and a number of shops and commercial buildings. Of these 88 percent of the dwelling units and over 90 percent of the plots are for the EWS/LIG class.

The seventh plan allocation to HUDCO exceeds Rs. 800 million.

d) Housing Development Finance Corporation

The HDFC is a joint sector company which specializes in financing individuals, members of co-operative societies and companies for the purchase or construction of houses. The funding for HDFC comes from LIC, GIC, commercial banks, public deposits and the International Finance Corporation Washington.

Since its inception in 17 Oct. 1977, HDFC loans accounted for a total investment of Rs. 9820 million, corresponding to 111,000 dwelling units in 360 urban settlements. Loans are secured against mortgage of property and range from Rs. 7000 to Rs. 1,00,000 The amount does not normally exceed 70 percent of the cost of the property.

Differential rates of interest are linked to the type of scheme and the loan amount and range from 10 percent to 15 percent. The repayment period is between 5 years and 15 years. Over 85 percent of loan approvals are for individuals who own their own houses.

The HDFC plans to extend its operation to rural areas through a special corporation. The scheme is now under study in Gujarat.

e) Commercial Banks

In 1981 the Reserve Bank of India earmarked Rs. 150 million for the entire banking system for housing finance and directed individual banks to provide up to 0.5 percent of their total advances to housing sector under the following heads:

Residential houses constructed by public housing agencies with priority to the economically weaker sections, Construction for the improvement of slums, physical infrastructure such as education, shopping, health and other institutions. The rates of interest range from 4 percent to 15 percent with repayment periods of less than 10 years. However in actual practice direct finance has never exceeded 16 percent of the total allocation.
V) Co-operative Housing Finance Societies:

Most of the states have established apex housing finance societies. They provide the bulk of the finance for housing development by primary co-operatives. Mortgages of the assets of the society serve as the collateral. Loans amounting to over Rs. 12,000 million have been sanctioned by these societies up to mid 1984, against 0.7 million units, at an average cost of Rs. 16,500.

The co-operative sector offers considerable potential to promote access to better housing and could cover a wider section of the population, if provided proper support & controls. The co-operative sector in the field of building materials is dysfunctional except in the fired brick industry where they largely serve as a front for businessmen. Labour co-operatives have not succeeded owing to a lack of adequate market support & initial capital to set up small building yards or start tracking operations. This is an important area for investigation especially in cities with increasing construction activity.

VI) Research and Academic Institutions

Most of the research work on shelter is carried out either directly in government laboratories or indirectly in the quasi-governmental academic institutions. It is only in the recent past that research activity has developed outside the government sector sponsored by independent consultancy or by the voluntary agencies.

The Government institutions responsible for research on shelter are mainly part of the Council for Scientific & Industrial Research (CSIR). There are also others that report to their respective ministries or quasi governmental organizations. The institutions working on innovation in the shelter area include:

a) Central Building Research Institute:

The Central Building Research Institute (CBRI) is the premier institution for building research in the country.

Its activities range from work on building materials, design, construction, settlement planning to rural housing. It has an adequate research budget and is managed by a large number of
qualified scientists. The work of the rural housing wing is specially important as it has effected improvements on a number of traditional building techniques through six extension centres and the NBO.

b) Structural Engineering Research Centre:

The Structural Engineering Research Centre (SERC). Works on specialized design and development work in the field of high-rise buildings, large span structures, industrialized and other specialised building systems. It has done some limited work in the area of low cost construction relating to roofing elements and foundations.

c) Forest Research Institute:

The Forest Research Institute (FRI) is the premier institution engaged in timber research and the engineering of timber structure. Some research on timber has also been done by a number of regional research laboratories and CBRI/NBO rural housing wing/extension centres, the plywood research institute etc.

d) National Institute of Urban Affairs:

The National Institute of Urban Affairs (NIUA) is a research and design institution with its primary focus on urban planning, finance, services and management, and the design of low-cost urban shelter.

e) Human Settlements Management Institute:

Established by HUDCO, the Human Settlements Management Institute (HSMI) was set up to provide management and design support to human settlements programmes in the country.

f) National Council for Cement and Building Materials:

The National Council for Cement and Building Materials (NCCBM), formerly the Cement Research Institute, has had extensive experience in research, development design and consultancy in the area of cement and cement related products. It draws its support from the cement industry.

g) Academic Institutions

A number of academic institutions such as the colleges of architecture and planning, the Indian institutes of technology and science and the regional engineering colleges undertake re-
search work in shelter related area, which include building materials, architecture, regional planning etc.

These institutions are well staffed and have fair access to facilities and fundings. Most research projects though are directed towards high technology, consultancy or industrial operations very few of them are working on programmes that have direct utility values to the urban & rural poor.

h) Professionals and Consultants

The urban centres have a large pool of well trained and experienced human settlements professionals from varying back grounds ranging from construction and design to economics and social sciences.

This has been effectively drawn upon by private industry and individuals. Owing to the high fees demanded and current mode of operations, these services are well beyond the reach of low income city residents, even when they join together in a group. Over the last decade or so a number of professional staffed voluntary group have mushroomed, drawing their support from the government and other sources. By far the most innovative work over the last decade in the country has been done in isolated fields by these professional consultancy and voluntary organizations, for example, Vastushilpa Foundation, Development Alternatives, quasi governmental agencies (ASTRA), Voluntary agencies (ASAG, UNNAYAN) and also individuals such as Laurie Baker. Increased voluntary agency & consultant participation is being promoted in the current plan.

VII) Private and Voluntary Agencies

The private sector is the largest provider of shelter outside the household sector. This includes the building materials industry and the construction industry. The estimated quantum of capital formation in this area is over Rs. 50,000 million a year.

The most striking aspect of the private sector is that in spite of large employment in modern building materials industries such as cement, most of the other operations including a large part
of contractor or artisan built housing is partially or fully non formal. This sector does not even designated as an industry because the government does not facilitate its development on industrial lines.

Construction is such a labour intensive activity and therefore the level of mechanization is low. Contractors, artisans & designers tend to encourage traditional techniques such as head loading and manual handling within the site. One of the major problems with private sector construction is that profits of building activity are rarely passed on to the workers.

**Voluntary and Non Governmental Agencies**

The most active and controversial institutions at the present time are voluntary and non-governmental organizations, whether they be in antislum demolition activities, community development building material research, or even implementing government programmes.

They face severe limitations of funding, sustainability and replicability and have been at best able to supplement government programmes at low cost. This trend is nevertheless limiting the potential of such agencies for feedback and appraisal of formal programmes.

**An Appraisal of the Institutional Structures for Shelter**

The foregoing description shows that over the decades of planned development, a considerable institutional infrastructure has been put in place to deal with shelter issues. However, even a cursory study of their domains of action and their operational mandates shows that the public sector approaches suffer from several limitations, including:

- mismatch of interests, where by the central govt. formulates policies that state government finds difficult to implement.
- lack of intersectoral linkages, as many of the shelter related problems are amenable only to action in other sectors.
- lack of inter-agency linkages, without which co-ordination and economic efficiency are impossible.
increasing polarization of resources, leading to institutions with too many or too few manpower and financial and information.

- handling resources to allow them to operate efficiency.

- little institutional capacity to innovate, since governments find it less and less important to support research in the area of shelter.

- little or no feedback or evaluation, leading to continuation of programmes whether they are useful or not.
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