CHAPTER II

REVIEW OF LITERATURE
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An attempt has been made to peruse the literature of earlier studies. A few studies have been conducted in the field of housing problems, housing policies and programmes. Housing is the day-to-day problem of millions of people. A study on housing finance helps to minimize the problems of millions of people. For the purpose of review, some studies conducted on housing finance are studied. The methodology and findings of these research works had been carefully studied and analyzed by the present researcher. Useful hints were drawn from these studies which helped in putting the present research work in a proper perspective. The gist of some of the relevant research studies and research papers on housing finance are presented in this chapter.

RESEARCH STUDIES

Sundram K.V. (1991),¹ A study titled “A study on housing finance with particular reference to co-operative housing in Tiruchirapalli District” by Sundram K.V. with the objective of testing co-operative housing finance for housing constructions. The study was completed in the year 1991 and was submitted to

¹ Sundram K.V. “A study on housing finance with particular reference to co-operative housing in Tiruchirapalli District”, 1990, P.22.
the Bharathidasan University, Tiruchi. The data for the study were collected from
the borrowers of co-operative housing loans and also secondary data from co-
operative housing finance societies. The sample consisted of 300 borrowers of
co-operative housing loans. He concluded that loan recovery from borrowers is
not satisfactory and also suggested that co-operative housing finance institutions
must provide additional services in addition to loan lending.

Varghese R (1992)² The thesis entitled “Housing Development and
Finance in India; An Evaluation of Selected Housing Finance Organizations”,
carried out by Varghese, Department of Commerce, University of Jodhpur in
1994, was aimed at analyzing the housing developments in India and
performance of banks towards housing loans. Mr. Varghese selected 6 Banks for
the study and analyzed the lending and repayments. The study helped to arrive at
useful solutions to the major problems of housing and housing finances
institutions. He collected data for the study from the published accounting
reports of banking companies. The information collected by him was analyzed
through ratio, trend technique of financial analysis. The process of analyzing the
financial statements involved the compilation, comparison and study of financial
data. He reported that housing development in India should be improved and also
the banks must make additional lending for housing developments.

² Varghese. R. “Housing development and finance in India; An evaluation of selected
housing finance organization, 1992, P.17.

The whole study was based on data collected from housing finance companies and housing development organizations. Analytical tools like ratio analysis, trend analysis, common size analysis and central tendency etc., were used by the researcher to analyze the collected data. The researcher has concluded that the performance of Government towards housing development is not satisfactory and Maharashtra needs more housing finance companies for better housing development.

Tamilarasu. S (1995)⁴ In his doctoral research work on “Housing Finance in India; A Case Study of the North Eastern India” submitted to the Department of Commerce, University of Delhi in 1995 had the objectives to a. Analyse the adequacy of housing finance in India b. Suggest ways to increase the housing Loans to borrowers c. Suggest measures to improve profitability of housing finance companies d. Analyze the performance in North eastern India.

He collected data both from primary and secondary sources. He applied the techniques of ratio analysis, fund flow analysis, trend analysis, and common size statement analysis for analyzing the financial statements. Statistical techniques like index numbers, percentages, averages, graphs, diagrams, F test and chi square test had been used.

He concluded that banks in Northeastern India lend housing finance with better performance and he suggested that loans must be extended only to borrowers having regular income. He also suggested that the profitability of the banks has improved by way of lending long-term housing loans.

Ravinder Singh Sandhu (1999) in his study on “Evaluation and Impact of Slum Improvement Programme in Ludhiana (Punjab)” evaluates the slum improvement programme in terms of objectives, norms, formulation criteria, procedures adopted and achievements of the programme. The impact of the programme on the slum dwellers and their neighbourhood is studied in terms of physical and socio-economic environment. The study states that the programme in Ludhiana city has not met with total success because of the low priority accorded to the programme by the corporation. The programme has had an impact on housing conditions, physical environment, investment on house improvements, the property and rent values and owner and tenants ratio. The

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evaluation and impact studies can help in reformulation of the programme and better implementation of the same in future.

**Ajay Dua (2000)** in his study "Management of Bombay's Housing Renewal Programme a Critique" has tried to get a deeper insight into the processes and management of housing renewal programmes in Bombay. The research focuses on assessing the impact of various conservation measures in force and also examines the alternatives which have been suggested by many expert groups and researchers before formulating its own set of recommendations. The research conclusions are based partly on the response received from about 300 households, mainly tenants living in three identified areas of the city.

**G. Banerjee (2001)** in his study "Comparative Study of Mortgage Documents and Procedure" opines that the growth of housing has led to the expansion of housing finance facilities. To meet the growing requirements, several housing finance institutions and banks have come up and more are likely to come up. Whether for housing or for any other purpose, has been the most accepted mode through the mortgages. The system of mortgage developed progressively over the years, is a part of the legal system in all countries.


The study focuses on different aspects of mortgage which include standardization of mortgage documentations and procedure, improvement and modification of documents, reductions on stamp duty, registration charges, insurance and other connected aspects.

Ramana (2001) in his "A study of the Process of Slum Improvement Programmes in Visakhapatnam" has taken the study with the major objective of assessing the impact of various programmes introduced on a massive scale in the slums of Visakhapatnam. He attempts to study the process with a view to understand the impact and contribution of large-scale investments made on slum communities in developing countries like India. While the programmes of improvement and up-gradation of slums in the country are being implemented by governmental and non-governmental agencies, some international organizations have also come forward in the process. The study examines the various developmental approaches and their impact on slum upgradation. Apart from studying the conditions of slums, the study covers extensively the role of leaders, the associations, relation between actors, and other related aspects.

Vidhayavathi (2002) in her study on “Role of Urban Housing Financial Institution in Karnataka – A Study of Selected Housing Finance Corporation in Bangalore City” highlights that all home loan borrowers have more or less the same perception about the housing finance companies and the loan provided by them. In this intense competition, housing financial institution which now operate on squeezed margins have to pay due attention to these factors in their order of importance to expand their volume of business and gear themselves to meet the expectations of customers.


He collected data from 300 sample respondents and secondary data from selected housing finance institutions. He used various statistical tools and ratio analysis to study the performance of banks towards housing finance. The results

of his analysis revealed that HDFC shows better performance in lending activities than any other selected institutions. Respondents of the Coimbatore region borrow loans on long-term basis and their repayment position is also found to be satisfactory.

Kwome and Leong, (2004)\textsuperscript{11} in their study “Housing finance for the aging Singapore population; The potential of the home Equity conversion scheme”, high lights that Singapore, like most developed countries has a rapidly aging population. However, unlike in western countries, where the development of a housing continuum to meet the wide spectrum of ageing needs has resulted in a plethora of housing - finance schemes to cater to the diversified financial circumstances of the elderly, Singapore has not grappled with the problem of housing the elderly, despite its changing demographic and socio economic trends. Evaluated here is the applicability of some western housing – finance schemes for the elderly, especially the home equity conversion scheme (HECs), to Singapore. It is concluded that of all the variants of home equity conversion scheme, the sale – lease back scheme has the greater potential.

Nazrul (2004)\textsuperscript{12} in his study “ Sustainability issues in urban housing in a low-income country – Bangladesh” reveals that in Bangladesh, improvement in

\textsuperscript{11} Addae Dapah Kwome and Leong, K.M. “Housing finance for the ageing Singapore population; the potential of the home equity conversion scheme “Habitant international, March 2004, pp.109-120.

urban housing is constrained by several factors like rapid population growth, an inequitable social structure, poor economy and persisting poverty, an ineffective public policy, and a hostile natural environment. Rapid urbanization and large-scale demands for housing in urban areas may pose some problems for ecological sustainability. There are also conflicting and competitive issues in technological and economic sustainability Vs. cultural and social sustainability. The provision of easy access to housing finance and to land, realistic building standards, and affordable building materials, and community involvement are some options toward achieving a suitable housing policy. However, strong political commitment and a stable political environment are necessary preconditions.

Amain (2005)\textsuperscript{13} in the study “Formal private sector housing finance institutions and low – income groups in Zimbabwe; peculiar requirements, operations and realities” examines formal private sector housing finance institutions’ relationship with low-income groups in Zimbabwe, contrasting the real business – based limitations against popular accusations of racism, inflexibility, and capitalist insensitivity. The structure of Zimbabwe’s formal housing finance system is outlined, showing how the four building societies relates with low-income clients. It can be promoted by financial and regulatory demands of government and investors. The process of fund mobilization through

the building societies to the low-income borrower is shown to be rigid but still valid in a business sense. It is suggested that the problem lies in the housing societies conservatism, and lack of innovation that excludes the good business tactic of risk-taking.

**Ben (2006)**\(^{14}\) in his study “The determinants of housing tenure choice in Ibadan, Nigeria”, estimated the housing tenure choice models for the housing market in Ibadan, Nigeria, are estimated using data from a 1997-1998 survey of 1262 households. Logit regression analysis reveals that the key determinants of the probability of home ownership are income, investment motive, number of children in the house, gender of the head of household, stage in family lifecycle, length of stay in the city and access to land on the basis of ethnic qualification. Access to institutional sources of housing finance is selective, and has not been effective in enhancing home ownership across the city.

**Raija (2006)**\(^{15}\) in his study on “Towards more equitable partnerships between Governmental and Non-Governmental actors in housing development,” in the context of enablement in housing development, explored, the mechanism of partnership establishment in terms of interests and roles of actors, and assessment of the conditions of co-operation arrangements under which


\(^{15}\) Hynynen Raija, “Towards more equitable partnerships between government and Non-Governmental actors in housing development” International sociological association (ISA) 2006.
partnerships are realizable on a more equal basis than previous top-down arrangements. The housing development partnership in the Philippines are examined, where government housing finance programs, in co-operation with private developers and Non-governmental organizations (NGO'S) have managed to widen the scale of housing activities significantly. Interview with representatives of housing agencies, local governments, private developers, and non-governmental organizations concluded that, because of the specific characters and unequal nature of the partners, government action in the form of financial, institutional, and technical support is necessary to meet and balance the interests of the various actors. The process of establishment of these partnerships is demanding, and often not conscious, at different times, the emphasis of the importance of each actor varies. To sustain partnership arrangements institutionalization of these practices are required.

Richard (1986)\(^6\) in his study “The political economy of financial deregulation and the reorganization of housing finance in the United States”, analyses the recent reorganization of housing finance systems in the U.S. The basic characteristics of the housing finance systems established, during the new deal in the 1930’s and the collapse of this structure under the pressures of domestic and international financial competition along with the changes in

\[16. \text{Florida Richard, L. "The political economy of financial deregulation and the re-organization of housing finance in united states, "International journal of urban and regional research, June 1986, pp.207-231.}\]
regulatory policy during the 1980's are described in detail. It is argued that deregulation has resulted in a sweeping structuring of housing finance and indicates the power and influence of the large financial firms in the financial policy arena. In the future, housing investments will decline, and shelter costs will increase in response to depressed levels of housing production. It is concluded that popular pressure for housing assistance may increase as housing costs rise and quality falls.

Ann (1986)\(^{17}\) in her study "The changing structure of housing finance in the United States" focuses on changes in the housing finance system of the US in the context of the profound alterations that have occurred in the overall financial systems, with focus on the flow of credit to housing. Recent developments are leading to more costly mortgage credit, with interest – rate risk increasingly being shifted onto the borrower. Thus, the housing affordability problem for consumer is becoming worse, threatening the entire financial system with potential default and foreclosure norms. Deregulation was supposed to share up the ailing thrifts to industry, but forces that set it motion, are threatening the industry for survival.

Bertrand (1987)\textsuperscript{18} in his study "Another look at housing finance in developing countries" focuses on the way cities are built, reflects the way they are financed, since methods of financing dictate modes of construction rather than vice versa. The government views, that have had an important bearing on how countries approach housing finance, are examined, with emphasis on their implications for third world development. Since housing is a form of consumption, housing investment should be a low national priority. Household savings cannot be mobilized because the poor do not save and housing finance institutions are unnecessary because most urban third world housing can be built without specialized services.

Lufadeju (1987)\textsuperscript{19} in his study "The role of shelter in economic development in Africa" highlights on a discussion of urbanization in Africa, its interdependence with economic development, and its implications for the shelter sector, with special reference to the poor. It is concluded that urbanization is inevitable and brings about important economic benefits. Also, solutions to shelter problems that depend on the setting and implementation of realistic policies, particularly with regard to mobilization of domestic and private and public sector resources, as well as pricing of urban services is all taken into consideration.

\textsuperscript{18} Rehaud Bertrand, "Another look at Housing Finance in Developing Countries", February 1987, pp.28-34.

Anne (1988) in her study “Financing community; methods for assessing credit disparities, market barriers and industrial reinvestment performance in the metropolis”, helps to explain the direction of neighbourhood change, metropolitan expansion, central city deterioration, revitalization, and ghetto maintenance. Knowing where credit flows and why, is also a necessary information for policy makers and community organizations to work with housing finance providers to eliminate market barriers to credit and to promote more responsible community reinvestment behaviour. Multivariate and other statistical techniques used to examine credit flow disparities and market segmentation are explained, focusing on standardized measures, measures of racial change, and issues of model specification. Finally, techniques that can be used to evaluate the community reinvestment performance of individual financial institutions are presented.

Feyzan and Omur (1989) in their study “Housing in Turkey; prospects for different income groups” with an eye towards developing a macro level framework and long-term policy alternatives to solve Turkey’s housing problems, made an attempt to identify target groups, differentiated according to income level and amount of income available for housing. Four alternative

scenarios of housing finance are evaluated in terms of their accessibility to
different income groups using macroeconomic simulation model of housing need
assessment, along with macroeconomic data. Results indicate that current
housing programmes are inadequate for meeting housing needs, particularly
those of low-income clients. Additional resources must be devoted to housing
investment.

Amitabh Kundu (1989)\textsuperscript{22} in his study "Housing and Basic Services; Role
of Urban Local Governments" highlights that provision of housing and basic
services to the growing population in towns and cities in India poses a great
problem. In short, the rate of growth of urbanization was faster than the growth
rate of the economy. In view of the inadequate resources available for urban
development in five-year plans, various committees have proposed strengthening
of local bodies to solve the problem of housing and basic services needed for the
community. The present policy perspective in favour of affordability in housing.
A professional and managerial solution is thus being proposed for tackling urban
problem in the context of housing. Devolution of funds from states to local
bodies, community participation, decentralized decision making two-tier
organizational system would definitely help in achieving parity between
affordability of the community and quality of services.

\textsuperscript{22} Amitabh Kundu, "Housing and basic services; Role of Urban Local Governments" Yojana, November 1989, pp.16-18, 25.
Sergio (1990)\textsuperscript{23} in his study “politics and housing policy in Brazil”, analyses the complex relationship between politics and housing policy in Brazil. Although there is an association between greater investment in Low cost housing and periods in which the government has sought wider support from the poor and the influence of the political conjuncture on Housing Policy is not direct, but has occurred as a result of the decisions made in facing the crisis of the housing financing system. The performance of the housing policy has also been affected by factors such as target clientele, institutional interactions, the behaviour of social groups, assigned aims, goals developed in the course of policy implementation, and professional paradigms. Due to the trade off between housing policy and other public polices, housing problems cannot be faced without an interdisciplinary approach.

Secil and Abdullh (1990)\textsuperscript{24} in their study “Housing finance in Saudi Arabia” focus on availability of public finance for home construction that has substantially decreased during recent years. In light of the prevailing high demand for housing, this situation has created a serious shortage of housing finance, which is exacerbated by the lack of private credit for housing construction resulting from under developed financial and capital markets. The


Saudi government is encouraged to help establish the necessary organizational infrastructure so that private savings can also flow into housing construction.

**Durcan and Kenneth (1990)** in their study “Housing finance and subsidies in Britain after a decade of Thatcherism”, give a short overview of changing patterns of housing finance public expenditure towards housing and housing subsidies in the UK in the 1980s. Key contextual factors include the sale of council houses, mortgage deregulation, and restructuring of public spending. The UK’s housing market, in which home ownership is increasingly growing, has become more and more volatile. It is argued that housing finance policies continue to fail to achieve efficiency and equity objectives.

**Horst (1990)** in his study “The housing market, housing finance and housing policy in West Germany; prospects for the 1990’s” suggests that the west German housing market is characterized by private landlords, housing associations, and a small owner occupied sector. Specialist housing banks, communal banks and institutions fund more housing construction activity. Social housing programs have decreased due to increased emphasis on housing allowances prospects for the 1990s include a tightened housing market due to increased immigration and increasing real incomes and new supply subsidies for rental housing.

Gavin (1990)\textsuperscript{27} in his study "Housing finance and subsidy systems in Australia" asserts that the majority of Australian households are well housed, and despite a stringent macro economic environment, established home owners and public housing tenants are generally experiencing no rise in housing costs relating to income. However, access to home ownership has deteriorated in recent years and the position of private rental tenants is unfavourable by comparison to households in the other tenures. Developments in housing finance and government housing programs are documented and analyzed. It is argued that existing subsidy arrangements are contributing to a polarization of the housing circumstances of the households in the main features. At present housing for subsidy arrangements remain largely unchanged, as seems likely, it is difficult to see how the housing problems of a growing minority of economically disadvantaged households will be tackled. An expansion in the stock of low-cost rental housing is viewed as a priority. However, new subsidy mechanisms must be introduced in order to meet the servicing costs of wholesale finance.

Carole (1991)\textsuperscript{28} in his study "Developing institutional capacity to meet the housing needs of the urban poor. Experience in Kenya, Tanzania and Zambia cities", examines the institutional capacity of the public sector with respect to the delivery of Land. With secure tenure, provision and operation of

\begin{itemize}
\item \textsuperscript{27} Wood Gavin A, Housing finance and subsidy systems in Australia", Urban Studies, December 1990, pp.847-876
\item \textsuperscript{28} Rakodi Carole, "Developing institutional capacity to meet the housing needs of the urban poor; experience in Kenya, Tanzania and Zambia cities", August 1991, pp.228-243.
\end{itemize}
infrastructure, and establishment of a housing finance system potentially replicable methods of working in and with low-income communities that were developed during project implementation are reviewed, along with the impact of the project on the capacity of the construction and building materials production and supply sectors.

**Sharma (1991)**

Sharma (1991) in his study “Reaching homes to the people” highlights that to own a house of his own is the desire of every man. HUDCO was setup two decades ago by the central government to bring housing within the reach of the common man. Keeping in view the acute housing shortage in the country; HUDCO has undertaken comprehensive housing programmes for the poor. This implies that the lower the household income, the less rate of interest and vice-versa.

**Thomas and Jeanne (1992)**

Thomas and Jeanne (1992) in their study “Gender and state bias in Jamaican housing programmes” highlight that women had over 40 per cent of Jamaican households and have grave housing needs. Here, women’s access to Jamaican national housing trust (NHT) created to finance housing for those most in need, is examined, revealing two gender biases (1) The stronger gender bias is created by economic obstacles, cultural prejudices, and institutional rules that prevent many women especially poorer ones, from becoming eligible for housing.

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loans. (2) Among eligible loan recipients who are primarily more secure formal sector employees, women have a higher priority of obtaining a loan. In general, while most National Housing Trust Loans go to state employees; men in both the public and private sectors capture a disproportionate share of National Housing Trust Loans.

**Michael and Christine (1993)** in their study "The provision of private finance for social housing. An outline of recent developments in funding existing housing associations in England", examine the success of the British housing acts of 1985 and 1988 in increasing private financing of social housing. The housing acts have resulted in increased availability of private financing and development of social housing units. Other objectives e.g. suitable terms and conditions of funding and the use of deferred interest funding to reduce startup costs and facilitate program expansion, have not been achieved. The effectiveness of private financing of social housing can be enhanced by several mechanisms (a) recognition of the economic inability of private sector exploration of unprofitable, alternative funding methods, (b) establishment of a strong secondary market for housing debt (c) increased housing association in open market competition (d) greater delineation of acceptable parameters of social housing private finance market linkages; and (e) more effective use of the domestic investor base.

Sanjay Goel (1993)\textsuperscript{32} in his study on “A strategic plan to meet the basic needs of shelter” focuses on providing an affordable shelter of modest size and quality to all households in the country. An analysis of the economic environment of housing sector was done to identify the major factors responsible for this acute problem. This problem can be solved only by increasing the supply of affordable pucca dwelling units through optional planning of resources with the help of multi-sectoral optimizing model, input – output matrix, sectoral transaction, final demand constituents, depreciation, inventory co-efficient, gestation lags. It was found that the goods of various model stages can be achieved under both alternative by making an appropriate allocation of resources in housing.

Mahbubur (1994)\textsuperscript{33} in his study “A review of the institutional housing finance situation in the urban areas of Bangladesh” examines the methods of institutional financing of housing in Bangladesh. The provision of institutional housing finance in Bangladesh is a viable mechanism for making housing affordable to the general population. However, analysis of the current status of Bangladesh institutional housing finance in four sectors, General financial institutions, specialized housing banks, housing societies and employers, and institutional funding agencies reveal that housing finance in Bangladesh is

\textsuperscript{32} Sanjay Goel, “A strategic plan to meet the basic needs of shelters”, Unpublished Research Project, II MB, 1993, pp.63-68.

grossly inadequate. Short-term resolution of the present Bangladesh crisis of housing cannot rely on domestic resources but instead requires the use of external funds. Other long-term alternatives include reducing housing costs, over all economic development, and more equitable distribution of resources.

Den (1994)\textsuperscript{34} in his study “Financing housing in developing countries; A review of the pitfalls and potentials in the development of formal housing finance system” examines current trends of housing finance and prerequisites for the development of an effective formal housing finance mechanism in developing countries. House finance in developing countries is primarily carried out by informal mechanisms e.g. family savings, formal housing financing is typically government funded, inflexible, and serves only the most wealthy of the population problems with formal housing financing include economic recession inflation, adoption of inappropriate salary policies, and lack of competitiveness. The informal sector is insufficient to finance the housing needs in developing countries for future generations, and it is imperative that an effective formal housing financing mechanism has to be developed.

Maha deva (1994)\textsuperscript{35} in his study on “Housing situation in Maharashtra” highlights that Maharashtra is one of the developed states in India. The shortage

\textsuperscript{34} Okpala Den, C.I. “Financing housing in developing countries; A review of the pitfalls and potentials in the development of formal housing finance system”, Urban-Studies, November 1994, pp.1571-1586.

of housing has increased from 3.4 lakhs in 1981 to 10.72 lakhs in 1990 which accounts for 3.7% of the total housing shortage of the country. This is mainly due to a common surate increase between the housing stock and population. He opines that a large number of households in Maharashtra live in a sub-standard and under privileged houses like kutcha houses in bad conditions. It can also be noticed that housing amenities in Maharastra in general and Bombay city in particular is not up to the level of satisfaction.

Baidyaneth Mishra (1996)\textsuperscript{36} in his study on “Housing for the rural poor” states that housing forms a crucial part of the strategy for the alleviation of rural poverty. The author says that a lot more remains to be done to improve the housing facility of the poor. The present scenario calls for the formulation of a comprehensive housing policy. Among the measures suggested are a detailed survey to identify the needy, popularization of cost—effective technologies, dependence on locally available materials, appropriate housing design and involvement of beneficiaries. If all these measures are taken, it may be possible to improve housing activity to provide adequate economically and environmentally sustainable shelter to all those who need it. Such housing activity will not only meet the basic needs of the people, but also increase employment and income of the vulnerable sections of the community.

Mishra (1996)\(^{37}\) in his study on “Problems of rural housing: A policy appraisal” highlights that the success of the rural housing policy lies in the decentralization of economic and political power ensuring the vigorous involvement of rural people in the administration. Any scientific housing policy should encompass among other things, acquisition of land, plugging the loopholes in the ceiling laws to prevent land grabbing, provision of financial assistance, consideration of economic issues, balanced use of building materials, family norms, impact of growing population and correlation between large and small towns. Providing a livable and durable house benefiting human dignity, health consideration, local traditions and habits, should be the government’s immediate concern. It is also pointed out that no rural housing policy will ever succeed unless decentralization of economic and political power is given to rural people.

Lahiry (1996)\(^{38}\) in his study on “Rural housing - An overview” traces that the rising cost has a dampening effect in the housing sector and the need of the hour is to promote low cost and environmentally appropriate technology and use of indigenous resources. As the housing concept undergoes drastic changes the skills of the rural people to take up new housing technologies are to be developed with the involvement of Non-governmental organizations. A change

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in the mind set is absolutely necessary. Lack of adequate finance and infrastructural facilities being the main constraints, the author calls for adequate government support in financing rural housing.

Wiswakarma (1996)\textsuperscript{39} in his study entitled “Rural housing; programme implementation and policy perspectives” analyses the National housing policy, and says that in spite of the strenuous efforts by the government, the problem of rural housing is assuming alarming proportions. Stressing the need to implement the present strategy in letter and in spirit, he welcomes the role of the Panchayat Raj institutions which would ensure people’s participation in development and decision – making at the grass root level. Sounding a note of caution on the role of Non-governmental organizations and private sector in rural housing, the author points out that the housing policy, with its coordinated approach may help in curbing urban migration, urban slums and degraded environment.

Shankar (1996)\textsuperscript{40} in his study on “Nirmithi movement; Answer for low cost housing”, lauds the Nirmithi concept of low cost houses. This innovative approach will bring about drastic and revolutionary changes in the realm of mass housing. The impact of Nirmithi model housing prompted the central government to set up building centres in all the districts in India, and the concept is an integral part of the National housing policy. The Nirmithi Kendra of Kerala,

\textsuperscript{40} Shankar G. “Nirmithi Movement, Answer for low cost housing”, Kurukshetra, May-June 1996, pp.74-76.
located at Pallithottam in Kollam district is a trail – blazer in the field of low cost housing. A pioneer in the use of cost-effective techniques in the construction of buildings, it has now caught up not only in all the districts of Kerala but also in other parts of the country. A makan (house) for every India that is the new target for all of us in the field, if the lessons learned and the experience gained in Nirmithi from Kollam to later can be relied upon.

Swaminathan M. and Thirunarayanan R41 (1997) in their article “Housing Co-operatives Areas of Constraints” specifically mention the demand for construction of more houses in urban areas and considering also the scarcity of land. The housing co-operatives have to undertake construction of flats and also finance construction or purchase of flats on a large scale basis. In the Union Territory of Delhi, loans are given by the Delhi Co-operative housing Finance Society largely for construction of flats. The Maharashtra State Co-operative housing Finance Corporation also encourages issue of loans for construction of flats.

According to Varghese, K.V., (1997)42 apart from the poor quality of house, congestion is also a problem. About 76 per cent of rural households have 1 or 2 rooms. 76 per cent of the rural households have no built-up latrine. Source

of water which may be exposed to the risk of pollution, available to the households are about 65.3, per cent from wells, 12.7 per cent from tanks and ponds, rivers etc., 15.6 per cent from the tube wells and hand pumps and 1.2 per cent from other sources. The villages are mostly congested with narrow lanes and paths, which become muddy and slushy during rains.

Vasudevan, D, (1998)\(^43\) opines that the National Building Organization has evolved a typical design of house for landless agricultural workers based on the minimum need concept. The National Building Organization is propagating improvement in rural housing on country-wide basis. Nine regional centres for research, training and extension in rural housing are located at Vallabhi Vidyanagar (Gujarat), Bangalore, Chandigarh, New Delhi, Howrah, Srinagar, Jodhpur, Trivandrum and Varanasi.

Natesan P. (1998)\(^44\) in a Seminar paper on “Some thoughts on Co-operative Housing” revealed that the co-operative method of housing by itself cannot solve the entire problem of housing in our country. Experiences have shown that the co-operative sector has not been able to accomplish as much as it can do. In fact the State sponsored housing project have marched ahead and succeeded in establishing clusters of housing colonies in Tamil Nadu.


According to Mishra, G.R.,(1999) the condition of houses in urban area is generally good in case of new constructions. Three rooms per household are usual. House taps are available in 55 per cent of houses, and there are also street taps and some wells. Lack of drainage is still a problem in many areas. 45 per cent of the houses in most districts are not provided with drainage. About 60 per cent have latrine facilities. With regard to bathrooms 70 per cent have those facilities.

Ramamurthy, P.R., (2000) says that the problem of Urban Housing is almost brightening in terms of magnitude of shortages and the quality environmental conditions. Most of the large urban centres in India have experienced high population growth induced by expansion in economic activities.

The extent of housing shortage can be gauged from over-crowding conditions. There has been a steady rise in the price of urban land in general. The reason for large growth in slum population may be found in the Low Income Group and Economically Weaker Sections whose capacity to pay for shelter is strictly limited. Skilled labour has also become scarce and costly in the wake of employment opportunities in Gulf countries. Industrial housing has become a major problem for the country’s planners.

Shah, U.M., (2001)\textsuperscript{47} in his article “Co-operative Rural housing- A New Approach” has pointed out that more funds are being provided to the economically weaker sections and low income groups for the construction of houses by the co-operative housing societies. It points out the deployment of funds in the following proportion viz., 59 per cent for Low Income Group (LIG) and Economically Weaker Sections (EWS) 38 per cent for Middle Income Group (MIG) and 3 per cent of Higher Income Group (HIG) and this article deals with data relating to rural housing only.

Shitish, C. Seth, (2003)\textsuperscript{48} concludes that housing and construction together constitute an important segment of the national product and contribute two-third of gross capital formation. Presently for each crore of rupees invested in housing, 2600 man-years of direct and indirect employment is being generated. The present number of persons employed in housing activity is 2.3 lakhs. The quantum of investment in 2000 A.D. is estimated to generate employment for 9 to 15 lakhs skilled labour per year.


\textsuperscript{48} Shitish, C. Seth., “India the Next Seven Thousand Days”, Weiley Eastern Ltd., New Delhi, 2003, P.239.
excellence” mentioned the housing gap and suggested some worthful ways to bridge the gap. He has highlighted that the present housing gap is 29.3 million units and this is expected to reach 40 million mark by the turn of the century. He pointed out that the resources required to bridge this yawning gap are enormous whereas the flow of credit towards the shelter sector, has not been adequate. The ways put forth by him for bridging the gap are the reduction of interest rates on housing loans, land at cheaper rates and lending by the housing finance institutions at cheaper rates by keeping a margin of 1.25-1.50 per cent over the average requirements.

The studies reviewed in this chapter are all related to the performance of housing finance institutions. Intense analysis has not so far been done with reference to customer services and housing finance in Namakkal District. This study systematically analyses the customer services rendered by housing finance institutions by applying modern statistical tools of multi discriminant analysis. The past researchers on housing finance have never used these kinds of tools for analysis. Then the financial performance of housing finance companies are compared and with the use of ratio analysis, trend analysis. This study is unique in this aspect and a pioneer in analyzing the customer services rendered by housing finance institutions in Namakkal District.