

## **CHAPTER-IV**

### **INSTITUTIONAL FRAMEWORK FOR HOUSING FINANCE: COOPERATIVE SECTOR**

The cooperative housing movement has made significant progress over the years and housing cooperatives have acquired a position of prominence as being effective organizational form best suited for the supply, maintenance and management of housing stock in the country. The National Housing & Habitat Policy (NHHP) 1998 also envisaged forging strong partnerships between private, public and cooperative sectors to enhance the capacity of the construction industry to participate in every sphere of housing and habitat. The corporate, private and cooperative sectors need to take the lead role in terms of land assembly; construction of houses and development of amenities within the projects. NHHP also advocated that cooperative sector should be given preference in allotment of land and house sites to encourage group housing by this sector. The laws relating to housing cooperatives need amendment to facilitate housing cooperatives to take up more housing projects and the Policy proposed that a special chapter on housing cooperatives be added to the Cooperative laws in the States.

#### **The National Co-operative Housing Federation of India (NCHF)**

The National Co-operative Housing Federation of India (NCHF) has been promoting, guiding and coordinating the activities of housing cooperatives at the national level since its inception in 1969. At present there are 26 Apex Cooperative Housing Federations (ACHFs) which are currently members of NCHF.

During the year 2002-03, NCHF took a number of initiatives for increasing the flow of funds in this sector at affordable rates. Besides, it drafted a model law on housing cooperatives which was approved by the Government of India and was circulated among the States for adoption. NCHF also finalized the Study reports on Capacity Building of ACHFs and Social and Economic Benefits of Cooperative Housing and also initiated another Study Report on Housing Indicators for Selected Cities.

#### **Apex Cooperative Housing Federations (ACHFs)**

At present there are 92,000 housing cooperatives at the base level with a membership of about 65 lakh all over the country represented by 26 Apex Co-operative Housing Federations at the state / union territory level. The ACHFs act as central financing agencies for cooperative housing sector in various States. These ACHFs obtain loans from the financial institutions for onward lending to their affiliated primary housing cooperatives for construction of dwelling units for their members and some of them are also providing direct loans to individuals. So far, an amount of around Rs. 8100 crore has been disbursed by these ACHFs to enable construction

of more than 22.30 lakh dwelling units in the country. Presently, the ACHFs are advancing an amount of approximately Rs. 640 crore a year.

The composition of resource mobilization by the ACHFs during the last 5 years is detailed below:

**Table 4.1: Borrowings of Apex Co-operative Housing Federations (cumulative)**

(Rs. In crore)

Year	LIC	NHB	HUDCO	State Govt.	Deposits	Banks	Debentures	Others	Total
1998-99	2702.48	330.52	922.33	49.07	157.90	565.15	142.60	87.09	4957.14
1999-00	2835.71	440.12	1176.71	48.97	185.77	748.60	142.60	112.28	5690.76
2000-01	2985.65	483.06	1449.42	50.13	156.63	982.00	145.26	179.57	6431.72
2001-02	3121.81	595.06	1514.84	50.13	130.59	1184.17	142.60	283.40	7022.60
2002-03	3198.81	706.56	1539.78	229.97	115.09	1448.44	142.60	346.25	7727.50

Source: National Cooperative Housing Federation of India; NHB data as at the end of June

The above table indicates that over the years LIC had been the major source of funding for ACHFs. However during the last few years the Banks and State government have contributed significantly for these institutions. The share of LIC in the cumulative borrowings by ACHFs has declined from 44.45% in 2001-02 to 41.40% in 2002-03 whereas the corresponding share of Banks has increased from 16.86% to 18.74% during the same period. Similarly, the contribution from State Governments in the over all borrowings of ACHFs has increased from 0.7% in 2001-02 to 2.98% in 2002-03.

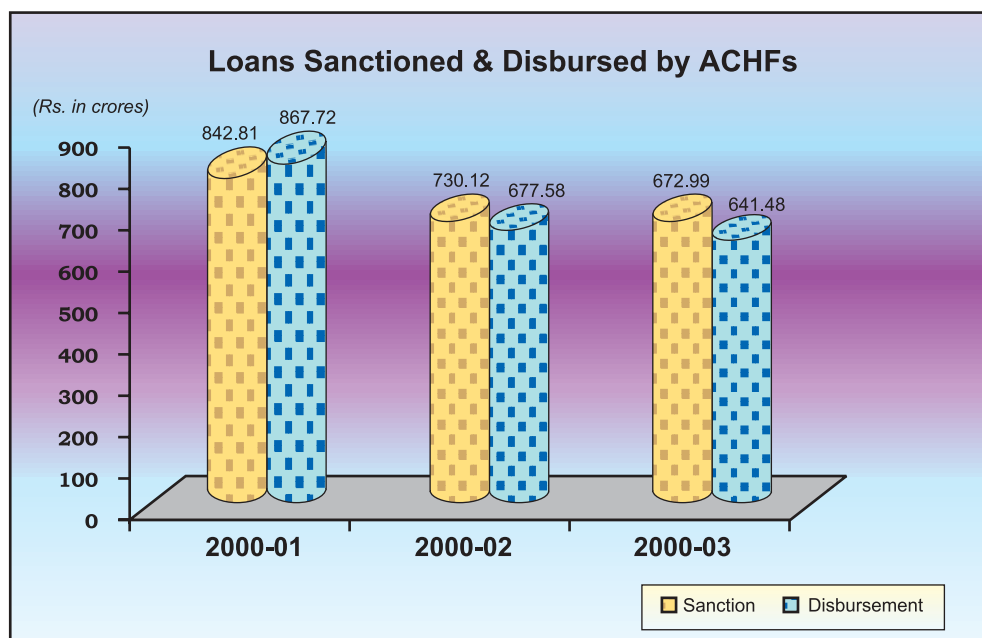
The quantum of cumulative sanction of housing loan by the ACHFs increased to Rs.8574.22 crore during 2002-03 while cumulative disbursal rose to Rs. 8138.17 crore. During the last three years, the ACHFs were lending, on an average, an amount of Rs. 729 crore per year.

**Table 4.2: Lending Operations of Apex Cooperative Housing Federations**

(Rs. In crore)

Year	Loan Sanctioned	Loan Disbursed
2000-01	842.81	867.72
2001-02	730.12	677.58
2002-03	672.99	641.48

Source: National Cooperative Housing Federation of India



Cumulatively, the financial assistance provided by ACHFs till the end of March, 2003 enabled construction of 2209208 dwelling units.

State/UT-wise break-up of housing loan disbursed and number of units constructed with financial assistance from ACHFs during last three years are as under :

**Table 4.3: Housing Loans Disbursed and Housing Units Constructed By Apex-Cooperative Housing Federations\***

(Rs. in crore)

S. No.	Apex-Federations	2000-01		2001-02		2002-03	
		Units constructed /financed	Loans Disbursed	Units constructed /financed	Loans Disbursed	Units constructed /financed	Loans Disbursed
1	Andhra Pradesh	300	21.68	75	13.76	920	25.37
2	Assam	0	0	2146	1.42	199	24.25
3	Bihar	2325	25.65	0	18.46	0	0
4	Chandigarh	0	0	4184	4.62	4500	0
5	Delhi	317	50.47	99	31.47	286	39.99
6	Goa	107	2.44	35	0.98	144	0.36
7	Gujarat	0	0	0	0	0	0
8	Haryana	143	3.32	0	0	50	0.19
9	Himachal Pradesh	42	1.09	38	0.85	24	1.43
10	Jammu & Kashmir	14	3.21	16	7.04	0	0

11	Karnataka	383	6.17	151	8.86	185	5.04
12	Kerala	9351	92.23	8239	70.61	9276	123.38
13	Madhya Pradesh	0	0	294	21.08	0	0
14	Maharashtra	331	1.98	444	3.21	1066	5.30
15	Manipur	0	0	0	0	0	0.04
16	Meghalaya	0	0	0	0	0	0
17	Orissa	812	2.44	132	1.29	102	5.08
18	Pondicherry	74	3.51	83	7.00	494	11.36
19	Punjab	3729	58.21	5670	90.38	2800	74.09
20	Rajasthan	44	1.27	655	5.76	253	0
21	Tamil Nadu	36611	574.21	14905	351.25	11716	303.68
22	Uttar Pradesh	687	17.60	602	37.13	466	21.92
23	West Bengal	98	2.24	109	2.41	0	0
	<b>TOTAL</b>	<b>55368</b>	<b>867.72</b>	<b>37877</b>	<b>677.58</b>	<b>32481</b>	<b>641.48</b>

Source: National Cooperative Housing Federation of India

\* Excluding Chhattisgarh, Mizoram and Andaman & Nicobar; Boxes with nil information indicate information not available

The above table shows the steady increase in per unit loan size over the years by the ACHFs. Besides, the concentration of disbursal in the state of Tamil Nadu continued which alone accounted for 47% of total disbursal by ACHFs in 2002-03.

Till the end of June 2003, 5 ACHFs [viz., Kerala ACHFs, Maharashtra ACHFs, Punjab ACHFs, Pondicherry ACHFs and Tamilnadu ACHFs] availed of NHB refinance. Of these, 4 ACHFs (except Maharashtra ACHFs) availed of refinance assistance of Rs. 111.50 crore from NHB during the year 2002-03 as against Rs.112.00 crore in the previous year.

**Table 4.4: NHB's refinance assistance to ACHFs during last 5 years**

(Rs. In crore)

Year ended 30 <sup>th</sup> June	Yearly Refinance	Cumulative Refinance
1999	50.35	330.52
2000	109.60	440.12
2001	42.94	483.06
2002	112.00	595.06
2003	111.50	705.56

### **Agriculture and Rural Development Banks (ARDBs)**

Keeping in view the housing shortage in rural areas, a few State Governments, after suitable legislative amendments, have permitted the Agriculture and Rural Development Banks to lend for housing. As the ARDBs do not fall under the category of either scheduled bank or specialized housing finance institutions, NHB, in order to extend financial assistance to this category of institutions, formulated a scheme to subscribe to special rural housing debentures floated by ARDBs backed by the mortgages originated by them.

During the year 2002-03, NHB disbursed Rs. 28.27 crore to ARDBs as compared to Rs. 107.16 crore in the previous year. Thus, during the year ended June 30, 2003, NHB extended a total refinance assistance of Rs. 139.77 crore to co-operative sector institutions as against Rs. 219.16 crore in 2001-02. At the end of June 30, 2003, NHB's cumulative refinance assistance to co-operative sector institutions stood at Rs.1425.66 crore out of the cumulative refinance assistance of Rs.9961.08 crore.

### **State Co-operative Banks**

In order to strengthen the cooperative credit structure of the country which has been performing a commendable task in providing credit to the housing sector, NHB has been extending refinance assistance to the State Cooperative Banks in respect of the housing loans given by them either directly or through the District Central Cooperative Banks/primary agricultural credit societies. So far, a few of these banks have been found eligible for availing the refinance facility from NHB. The cumulative refinance assistance extended by NHB to these banks as at the end of June, 2003 stood at Rs.49.89 crore.

### **Primary (Urban) Co-operative Banks**

The scheduled Primary (Urban) Cooperative Banks are also eligible to avail refinance assistance from NHB provided they meet the recovery norms prescribed by NHB. However, not many of these banks have been in a position to avail refinance assistance from NHB. During the year ended June 30, 2003, Rs. 40.00 crore was disbursed by NHB to this category of institutions (corresponding figure in the previous year was Rs. 32.00 crore). The cumulative refinance assistance extended by NHB to these institutions stood at Rs.102.15 crore by the end of June, 2003.

### **Recovery Performance of ARDBs/ACHFs**

As per the information available from these institutions, the recovery position has declined in case of Punjab ACHFs and Kerala ARDB, during the year 2002-03 as compared to the previous year, while it has improved in case of Kerala ACHFs and Pondicherry ACHFs.

**Table 4.5: Recovery Performance of Cooperative Sector Institutions**

<b>Institution</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Punjab ACHFs	84.56	84.60	80.61
Tamil Nadu ACHFs	65.95	61.43	NA
Kerala ACHFs	90.30	85.59	86.62
Pondicherry ACHFs	59.00	66.00	70.00
Kerala ARDB (state level rec.)	92.35	84.54	79.83

*Figures in percentage*