



**Research Article**

**A STUDY ON QUANTUM OF FINANCIAL ASSISTANCE RECEIVED FROM CO-OPERATIVE HOUSING SOCIETIES AT BASEMENT, LINTEL & RCC STAGES IN ERODE DISTRICT**

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**ARTICLE INFO**

**Article History:**

Received 16<sup>th</sup> August, 2017

Received in revised form 25<sup>th</sup> September, 2017

Accepted 3<sup>rd</sup> October, 2017

Published online 28<sup>th</sup> November, 2017

**Key words:**

Possession, Basement, Lintel and Reinforced Concrete, Grass root level Procurement etc.,

**ABSTRACT**

Home is our most valued possession and in today's risky world guarding the home is our first priority. It is important to save our home from a misshape that might occur on account of fire, theft, burglary, intrusion etc. Housing is a state subject but the union government is responsible for the formulation of policy with regard to programme and approaches for effective implementation of the social housing schemes, particularly those pertaining to the weaker sections of the society. One of the important problems for the failure of many developing countries to mitigate the housing problem was the lack of understanding of the underlying causes, ramifications, dimensions and implications of the problem and the resultant misguided policies and approaches to the problem. Provision of adequate housing facilities to the Indian citizens is one of the right steps towards the constitutional goal of social equality. House is a basic necessity. Every one whether rich or poor, whether in rural area or urban area, needs a house to protect his life and property and also to promote his well being. All major urban centers in our country are suffering from maladies of poor housing environment which are generally referred to as slums. In India the housing problem is at a very high magnitude. In order to ameliorate the housing problem Cooperative Housing Societies were organized and acknowledged as best situated organization. The membership of the Cooperative Housing represent all sections of community like artisans, skilled and unskilled workers, farmers, white color jobbers, businessmen, doctors, engineers etc., irrespective of their income, caste, creed, language and religion. The loan for the borrowers is disbursed in three stages namely basement, lintel and RCC.

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**INTRODUCTION**

Housing is regarded as a basic human need along with food and clothing. Housing condition is an important indicator of the level of living of the people. It has been rightly observed in the National Sample Survey Report on Housing Conditions that housing conditions and related facilities determine the immediate environment of man. The development of physical and mental potentialities is in turn influenced by the environment he lives. Housing condition is, therefore, recognized as an important indicator of the level of living. Adequate housing contributes directly to the individual health and productivity which are essential for national economic growth. Investment in housing has a multiplier effect on the economy through the concurrent development of allied industries

**Statement of the Problem**

It was the motto and policy of the Government to provide a house for each family in Tamil Nadu. The Co-operative Housing Societies play an important role in achieving the above object. In Tamil Nadu State, there were 834 Urban Co-operative Housing Societies and 196 Taluk Rural Co-operative Housing Societies and along with a state level Apex Body namely Tamil Nadu Co-operative Housing Federation Limited functioning to cater the Housing needs of the members in urban and rural areas. In Erode district in 2015-16, there were 24 housing Co-operatives with a membership of Rs.4.3 lakhs and the working capital of Rs.27.23crores. As Housing Co-operatives have made appreciable progress in India, the study was designed to study the performance of Primary Co-operative Housing Societies in Erode District wherein eight Co-operative Housing Societies are functioning at the grass root level. In this juncture, it is imperative to examine the number of members in Co-operative Housing societies,

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mobilization and utilisation of resources, lending activities, problems faced by Co-operative Housing Societies and the satisfaction of the beneficiaries.

### **Scope for the Study**

Now a days shelter is one of the common need for any individual. Therefore, there is a significant scope to examine the need for housing loan, utilization level, financial performance of Co-operative Housing Societies, extent of overdue, problems faced by the Co-operative Housing Societies and its beneficiaries. To assess the performance level, eight sample societies are taken and compared. The study is made to analyse the extent of utilization level of members of sample Co-operative Housing Societies at Erode district. The study is confined only to the individuals who are the members of the Erode Co-operative Housing Society. The study is individual oriented and so the concept of utilization has been considered from the point of view of the members of sample Societies in Erode District and not from the point of view of the society.

### **Objectives of the Study**

- To study the profile of Co-operative Housing Societies in Erode District.
- To analyze the financial performance of Co-operative Housing Societies in Erode District.
- To examine the extent of over dues in Co-operative Housing Societies in Erode District.
- To analyze members perception about the services offered by Co-operative Housing Societies in Erode District.
- To examine the problems of sample Co-operative Housing Societies and its beneficiaries and to offer suggestions.

### **Hypothesis of the Study**

1. There is no significant relation between the type of house and demographic profile of the respondents.
2. There is no significant association between demographic variables and motivational factors.
3. There is no significant association between the level of satisfaction and the services provided by the Co-operative Housing Societies.

## **RESEARCH METHODOLOGY**

The present study is an empirical one. Field survey method and personal interview technique have been adopted for the collection of the required data from the selected Co-operative Housing Societies and its members. The secondary data have been gathered from the institutions and primary data have been collected from the selected respondents by using schedules constructed for the purpose

### **Sampling Procedure**

Random sampling technique has been adopted for the study. Erode Revenue District has been selected purposively because of its unique characteristics. Erode district has been one of the industrially, Co-operatively and educationally developed district of Tamil Nadu state. The other considerations like proximity, financial and time factors have also contributed to select the particular district for an in-depth study. In Erode Revenue District, 8 Co-operative Housing

Societies have been selected out of 24 by using simple random sampling method. The sample societies are listed below:

- The Erode Co-operative Housing Society Ltd.
- Perundurai Taluk Co-operative Housing Society Ltd.,
- Gobichettipalayam Co-operative Housing Society Ltd.,
- Tamil Nadu Transport Employees Co-operative Building Society
- Erode Co-operative Building Society
- Southern Railway Employees Co-operative House Building Society Ltd.,
- Perundurai Teachers and Staff of Education Department., Co-operative Housing Society Ltd.,
- Bhavani Cooperative Building Society Ltd.,

The main focus of the study was on the financial performance of Cooperatives Housing Societies in the study area. However, it is felt that any study on the performance of the housing Societies would not be completed without studying the satisfaction of its members. Therefore, the members' perception about the services offered by the sample societies has been included as another dimension which would help to vouch the result of the study. Totally 376 members have been selected for study.

### **Pilot Study**

A pilot study was conducted among 40 respondents, which constituted 10 percent of the total sample. Based on the results of this study and personal observation, the requisite factors influencing the level of satisfaction of the respondents have been identified. Due to this, the scope of the present study has been widened. Accordingly, the schedules have been restructured and finalized to conduct the research.

### **Field Work**

The officials of the institutions were contacted according to their convenient places and timings and required data have been gathered from the records and registers and also from their perceptions. The members were directly contacted and interviews are carried out in the convenient timings and places. After creating a good rapport by explaining the purpose of the study, a good response has been received from each and every member. Secondary data from the institutions and primary data from the selected respondents have been gathered without any complexity.

### **Tools Used**

#### **Chi-Square Analysis**

The chi-square analysis has been used to test the significance of the influence of demographic characters over the opinions of the borrowers. The chi-square statistic is

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Here O: Observed frequency E: Expected frequency

#### **Average Score Analysis**

After converting the qualitative information into a quantitative one using a five point scale, the average scores were obtained on various issues to determine the mean scores regarding satisfaction regarding services. Parametric test of two sample

t-Test and One way analysis of variance for more than two groups are applied to for judging the significance of the difference between means scores after testing the normality by Q-Q plot.

**Garrett Ranking**

Garrett ranking has been used to find out the most influential factor in motivating the borrowers to approach Cooperative Housing Societies for loan. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where  $R_{ij}$  = Rank given for the  $i$ th variable by  $j$ th respondents  
 $N_j$  = Number of variable ranked by  $j$ th respondents

With the help of Garrett’s Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

**Period of Study**

The primary data required for the study have been collected from the respondents during the year 2015 – 2016 and the secondary data from 2006 – 2016.

**Profile of the Study Area**

In Erode District, there are 24 Housing Cooperatives effectively extending their services to the members. Among these cooperatives, Erode Cooperative Housing Society Limited was the age old society. It was registered on 24.03.1924. Next to this, Bhavani Cooperative Building Society and Gobi Cooperative Building Society were 65 years old cooperative institutions. Gobichettipalayam Cooperative Housing Society Limited was registered before 61 years. There were 7 societies come across with more than 50 years of registration. It was also observed that these societies have crossed above 40 years of age and the rest of the societies were below 40 years old. Olagadam Cooperative Housing Society was of recent origin than compared to other housing societies. This society has been rendering effective services to its members for the past 17 years in Olagadam.

**Loan at the Basement Stage**

The loan for the borrowers is disbursed in three stages namely basement, lintel and RCC. The procedure of giving loan in Co-operative Housing Societies is that at each stage certain percentage of loan will be released.

Basement stage is the first stage of the loan procurement. At this stage, after proper supervision the Co-operative Housing Societies release the first installment of 40 percent from the loan amount to the borrowers. The details of loan released at basement stage by the sample Co-operative Housing Societies is shown in Table 1.

As is evident from the Table, 44.68 percent of the respondents have received less than Rs.2 lakhs of loan at the basement stage, while 37.77 percent have obtained loan in the range of Rs. 2 to 5 lakhs at the basement stage. The remaining has received Rs. 5 to 8 lakhs as basement loan.

In order to find the association between the loan amount received at the basement stage and the profile of the respondent chi-square test has been used was used and result of the test is shown in Table.1a.

**Table No 1a** Results of Chi Square Test

	Chi square value	df	p	Sig.
Co-operative Housing Society	55.18	14	<0.001	Highly Significant

It is noted from the Table 1.1a that the p value is less than 0.01 for Basement stage (Installments) at which the loan amount received the result is significant at 1 percent level. From the analysis it is concluded that there is a highly significant association was found between Basement stage (Installments) at which the loan amount received and Co-operative Housing Society.

**Loan at the Lintel stage**

Lintel stage is the second stage of the disbursement of the loan. At this stage, after second supervision 30 percent from the loan amount is disbursed to the borrower. The loan received by the respondents at the lintel stage from various Co-operative Housing Societies is shown in Table 2

It is clear from the Table that 82.5 percent have received less than Rs. 1 lakh and 17.5 percent have received Rs.1 to 3 lakhs at the lintel stage.

In order to find the association between the loan amounts received and the profile of the respondent chi-square test was used and result of the test is shown in Table .2a.

**Table no 1** Loan Received At Basement Stage

Co-operative Housing Society	Basement stage (Installments) at which the loan amount received						Total	
	Below 2 lakhs		2 lakhs - 5 lakhs		5 lakhs - 8 lakhs		N	%
	N	%	N	%	N	%		
The Erode Co-operative Housing Society Ltd.	53	42.06	48	38.10	25	19.84	126	100
Perundurai Taluk Co-operative Housing Society Ltd.,	31	28.97	51	47.66	25	23.36	107	100
Gobichettipalayam Co-operative Housing Society Ltd.,	17	45.95	16	43.24	4	10.81	37	100
Tamil Nadu Transport Employees Co-operative Building Society	31	83.78	3	8.11	3	8.11	37	100
Erode Co-operative Building Society	20	80.00	2	8.00	3	12.00	25	100
Southern Railway Employees Co-operative House Building Society	7	38.89	7	38.89	4	22.22	18	100
Perundurai Teachers and Staff of Education Department., Co-operative society	5	29.41	11	64.71	1	5.88	17	100
Bhavani Cooperative Building Society Ltd.,	4	44.44	4	44.44	1	11.11	9	100
<b>Total</b>	<b>168</b>	<b>44.68</b>	<b>142</b>	<b>37.77</b>	<b>66</b>	<b>17.55</b>	<b>376</b>	<b>100</b>

Source: Computed by the researcher

**Table No 2** Loan At The Lintel Stage

Co-operative Housing Society	Lintel stage (Installments) at which the loan amount received				Total	
	Below 1 lakh		1 lakhs - 3 lakhs		N	%
	N	%	N	%		
The Erode Co-operative Housing Society Ltd.	101	80.16	25	19.84	126	100
Perundurai Taluk Co-operative Housing Society Ltd.,	82	76.64	25	23.36	107	100
Gobichettipalayam Co-operative Housing Society Ltd.,	33	89.19	4	10.81	37	100
Tamil Nadu Transport Employees Co-operative Building Society	34	91.89	3	8.11	37	100
Erode Co-operative Building Society	22	88.00	3	12.00	25	100
Southern Railway Employees Co-operative House Building Society	14	77.78	4	22.22	18	100
Perundurai Teachers and Staff of Education Department., Co-operative society	16	94.12	1	5.88	17	100
Bhavani Cooperative Building Society Ltd.,	8	88.89	1	11.11	9	100
Total	310	82.45	66	17.55	376	100

Source: Computed by the researcher

**Table No 2a** Results of Chi Square Test

	Chi square value	df	p	Sig.
Co-operative Housing Society	9	7	0.249	Not Significant

It is noted from the Table 1.2a that the p value is greater than 0.05 for Lintel stage (Installments) at which the loan amount received the result is not significant at 5 percent level.

#### Loan at the RCC Stage

Reinforced concrete cement stage is the third stage of the disbursement of the loan. At this stage, after third supervision of the building last 30 percent of the loan amount is disbursed to the borrower. The loan received by the respondents at the RCC stage from various Co-operative Housing Societies is shown in Table 3.

**Table No 3** Loan At The Rcc Stage

Co-operative Housing Society	RCC stage (installments) at which the loan amount received				Total	
	Below 1 lakh		1 lakhs - 3 lakhs		N	%
	N	%	N	%		
The Erode Co-operative Housing Society Ltd.	101	80.16	25	19.84	126	100
Perundurai Taluk Co-operative Housing Society Ltd.,	82	76.64	25	23.36	107	100
Gobichettipalayam Co-operative Housing Society Ltd.,	33	89.19	4	10.81	37	100
Tamil Nadu Transport Employees Co-operative Building Society	34	91.89	3	8.11	37	100
Erode Co-operative Building Society	22	88.00	3	12.00	25	100
Southern Railway Employees Co-operative House Building Socie	14	77.78	4	22.22	18	100
Perundurai Teachers and Staff of Education Department., Co-o	16	94.12	1	5.88	17	100
Bhavani Cooperative Building Society Ltd.,	8	88.89	1	11.11	9	100
Total	310	82.45	66	17.55	376	100

Source: Computed by the researcher

The loan disbursement is same in both the RCC and lintel stage (30 percent). It is clear from the Table that 82.5 percent have received less than Rs. 1 lakh and 17.5 percent have received Rs.1 to 3 lakhs at the lintel stage.

In order to find the association between the Opinions about RCC stage (installments) at which the loan amount received and the profile of the respondent chi-square test has been used and result of the test is shown in Table 3a.

**Table No 3a** Results of Chi Square Test

	Chi square value	df	p	Sig.
Co-operative Housing Society	9	7	0.249	Not Significant

It is noted from the Table 1.3a that the p value is greater than 0.05 for RCC stage (installments) at which the loan amount received the result is not significant at 5 percent level.

#### Findings

- 44.68 percent of the respondents have received less than Rs.2 lakhs of loan at the basement stage, while 37.77 percent have obtained loan in the range of Rs. 2 to 5 lakhs at the basement stage. The remaining has received Rs. 5 to 8 lakhs as basement loan.
- It is clear from the Table that 82.5 percent have received less than Rs. 1 lakh and 17.5 percent have received Rs.1 to 3 lakhs at the lintel stage. The loan disbursement is same in both the RCC and lintel stage (30 percent).

#### Suggestions

- Among the five factors "Easy access" has been ranked first. It is followed by the "Simple procedures" and "Reluctance of other institutions". Low rate of interest has been given fourth rank which is followed by Subsidy/Government assistance.
- Overall level of satisfaction for all the selected Co-operative Housing Societies ranged between 63 percent to 100 percent.
- The loan amount sanctioned for the members are from Rs.5 lakhs to Rs.10 lakhs. The amount so discharged is not sufficient for their construction. The period of the loan can be from 10 to 20 years.
- The cost of construction is higher and the Co-operative Housing Societies are not able to meet the

expectancy of the borrowers as per their limit. As other housing loans, the disbursement of the loan is in three stages and if there is any deficit of funds then the society is unable to disburse the loan amount in the said date. The approval from the Cooperative Sub-Registrar is also one of the main factors for delay in disbursement of the loan

- The process of the loan gets delayed since the proceedings for the loan is partly automated and partly manual. To fasten the proceedings of the loan, proper training should be given for the employees. The employees should take active part in the systemization of the records, publishing of reports, reduce duplication and fasten the flow of work for the speedy action.

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### How to cite this article:

Jeeva Rekha B *et al* (2017) 'A Study On Quantum of Financial Assistance received From Co-Operative Housing Societies at Basement, Lintel & Rcc Stages in Erode District', *International Journal of Current Advanced Research*, 06(11), pp. 7747-7751. DOI: <http://dx.doi.org/10.24327/ijcar.2017.7751.1218>

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