

# Housing Cooperatives in India: Awareness, Training Gaps, and the Need for Strategic Revitalization in Affordable Housing

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## Abstract

Housing cooperatives in India were envisioned as a collective mechanism to address the pressing need for affordable housing, especially for low- and middle-income groups. Despite their historical significance and institutional backing through bodies like the National Cooperative Housing Federation (NCHF), their current contribution to housing finance has become marginal—declining from 10.41% of the total housing loans in 2001 to a mere 0.05% in 2021. This study investigates two primary dimensions: (i) the level of awareness among existing and prospective homeowners regarding housing cooperatives as a provider of housing and housing finance, and (ii) the extent and scope of education, training, and information dissemination programs aimed at promoting cooperative housing. Using primary data collected through a structured Likert-scale questionnaire administered to 112 respondents, the study finds an alarmingly low level of awareness across all key dimensions. Additionally, a review of national training and educational initiatives reveals that most programs are limited to cooperative insiders, with minimal outreach to the general public. The findings suggest that despite their affordability and institutional advantages, housing cooperatives suffer from a lack of visibility and public engagement. The paper recommends policy interventions to expand public-oriented training and awareness campaigns, re-emphasize cooperative principles under the Multi-State Cooperative Societies Act (2002), and reposition cooperatives as viable competitors in the modern housing finance landscape.

**Keywords:** Housing, Housing cooperatives, Affordable housing, Cooperative housing finance, Public awareness

## I. INTRODUCTION

Cooperatives were established with the idea of self-help and collective effort. According to Gaikar, V. (2015), co-operation is as old as humanity. There are various purpose specific cooperatives instituted and currently operating in the country. Among the long list of various types of cooperatives operating in the country, housing cooperatives are prominent ones which aims at solving housing problems of the members. The concept of housing cooperatives have been given due importance since the first five-year planning period (1951-'56) when the plan focused adoption of cooperative method for community development, and suggested setting up of housing cooperatives among the other types of cooperatives. Formation and functioning of a cooperative housing society is governed by the bye-laws based on Multi-State Cooperative Societies Act, 2002. It is estimated that in India the number of housing cooperatives has grown over 1,00,000 with over 7 million members. Cooperative institutions primarily cater to the

housing needs of EWS and LIG section of the society (Sedhain, 2005). However, they also serve MIG and HIG marginally. Therefore, the housing cooperatives can be regarded as another provider of affordable housing. Housing cooperatives shares an important role of fighting shelter issues across the country, as stated in the National Urban Housing and Habitat Policy (NUHHP).

National Cooperative Housing Federation (NCHF) was formed in 1969 as an apex organization for organizing, directing and endorsing cooperative housing activities in India. Apex Cooperative Housing Federations (ACHF) operates at state level and is affiliated to NCHF. In addition to channelizing finance for the ACHF, NCHF assists them in formulating policies, growth strategies and developing various housing programmes. Also, NCHF helps the ACHF in improving their capabilities by organizing a range of training programmes in addition to coordinating among various central and state government bodies including National Council for Cooperative Training (NCCT). Promoting ACHF, organizing training programmes and organizing seminars, conferences, research work etc. relating housing cooperatives are some among the listed objectives of NCHF.

### **Housing Cooperative as a Deserving Competitor**

The ratio of outstanding housing loans to GDP has witnessed considerable growth in last two decades. A spurt has been observed in disbursement of housing loans by Scheduled Commercial Banks (SCB). But, disbursement by cooperative sector has decreased to such an extent that the outstanding loan portfolio of cooperatives has become negligible if its percentage is considered in total outstanding housing loan in the country. As on 31<sup>st</sup> March, 2001 the outstanding loan portfolio of housing cooperatives stood at Rs. 6,819 crores, which was 10.41% of total outstanding housing loan in India (i.e., Rs. 65,481 crores) (according to NHB Trend and Progress Report, 2001). According to NHB Trend and Progress Report, 2017, ACHF disbursed Rs. 12,711 crores so far to primary housing cooperatives as on 31<sup>st</sup> March, 2017. The disbursed loan came upto Rs. 13,405 crores by the end of 2020-21 and the outstanding loan portfolio stands at Rs. 1,124 crores, where the total outstanding housing loan stands at Rs. 24,61,083 crores (according to NHB Trend and Progress Report, 2021). Though cooperatives are one of the initial housing finance providers in the country, its share in Indian housing finance market became almost negligible at present as it got reduced from 10.41% in 2002 to 0.05% in 2021. The scenario is similar in few more countries like Canada, UK and USA, where housing cooperatives accounts for less than 1% of all homes. But, a contrasting picture could be seen in countries like Poland, Sweden, Norway and Estonia, where housing cooperatives manages 20%, 15%, 15% and 60% of housing stock in the respective order (Moreau and Pittini 2012).

The housing finance market has flourished in India on account of lack of affordability due to increased property prices. With the expanding housing finance market the cooperative sector can pave its way to prosper by being competitive to Scheduled Commercial Banks (SCB) and Housing Finance Companies (HFC). Owning a house in cooperative housing society have a competitive edge over independent ownership by borrowing loan from SCB or HFC as longer mortgage term, lower pre-closure charges and reasonable down payment makes it more affordable than any independent ownership. According to the Annual Report published by NCHF for 2019-'20, many state governments including West Bengal have issued notifications to exempt payment of stamp duty and registration fee for housing cooperatives, which further enhances the affordability of people with less means. Also, the members can expect better services and amenities with shared responsibilities at a much lower cost. But, due to the unawareness among the existing and prospective home owners regarding existence of cooperative sector in rendering housing services and lack of marketing to make them visible, the cooperatives fail to redeem that edge

over other providers. Mändle (2013) recommended improvement in spread of publicly available information on housing cooperatives.

## II. OBJECTIVES AND METHODOLOGY THE OF STUDY

While looking for existing literature, no prominent literature was found to exist investigating or addressing the aforementioned issue with respect to India. Based on the discussions with a large number of home loan borrowers it was conceived that they were not aware regarding enhancing affordability by availing housing facility and home loan service through a housing cooperative when they decided onto the source of loan. Since, empiricism leads to findings that can form the basis of policy formulations, the objectives of this paper are as

1. To find the awareness level among the existing and prospective home owners about housing cooperatives as a provider of housing facility and home loan.
2. To investigate regarding various types of education, training and information programmes conducted in the country for the members & office-bearers of the housing cooperatives and for the general public to create awareness regarding nature and benefits of cooperation.

To find answers to the first question primary data has been collected from present and prospective home-owners through a self-administered questionnaire. The whole questionnaire was close ended and was based on 5-point Bipolar Likert scale ranging from 'strongly disagree' (-2) to 'strongly agree' (+2), to obtain the level of agreement and disagreement. The questionnaires was pilot tested with 25 respondents, duly modified as required and then was administered to 187 respondents. The response rate was 63.63 %, i.e 119 filled in questionnaires were received. However, due to defects in the respondent sheets 7 filled in questionnaires found unusable and had to be rejected, and the final sample stood at 112. The Chrobach's Alpha calculated for validity, which came as 0.822. The hypothesis is given in the following section.

To fulfill the second objective many articles and published reports of NHB & NCHF are consulted.

## III. FINDINGS

### AWARENESS

Shelter being one of the basic needs, every person has a right to adequate housing. And, with the growing population, housing has assumed a greater importance. But, with the rising property prices the task of buying a house is easier said than done. When people will be aware that they can enhance their affordability by being a member of a housing cooperative, which may act as a provider of housing facility and home loan, they can convert their need into demand. While enquiring the respondents it was observed that most of them are not adequately aware about other institutions dealing with home-loans other than SCB.

**H<sub>0</sub>: The awareness level of respondents is not high, i.e.  $AL_i \leq 0$**

Where,  $i = 1$  to 5

And,  $AL_i$  denotes score for each item of awareness about housing cooperative as a provider of housing facility and home loan.

The following table shows the respondents' awareness level:

**TABLE 1: AWARENESS LEVEL**

	Awareness Items	Standard Deviation	Mean Awareness Score	t-Value
1.	I am aware that housing cooperatives act as a provider of housing facility and home loan.	1.50	0.12	1.431*
2.	I am aware of the types of housing cooperatives to avail housing and loan facility.	0.14	0.01	1.278*
3.	I am aware that the rate of interest on housing finance from cooperatives can be comparatively lower than SCB.	0.60	0.05	1.491*
4.	I am aware of exemption in payment of stamp duty and registration fee for housing cooperatives.	1.22	-0.74	-10.850*
5.	I am aware that in housing cooperatives the members can expect better services and amenities with shared responsibilities at a much lower cost	1.22	-0.62	-9.091*

**Source: Computed by the researcher from collected data**

**\* implies insignificant at 5%**

It can be seen from Table: 1 that out of 5 statements the null-hypothesis ( $H_0$ ) has got accepted for all statements. This implies that, there is evidence that the awareness-level of respondents is low regarding all 5 aspects.

Its only when people are aware and well informed about housing cooperatives as a provider of housing facility and home loan, their arrangements, schemes and rates of interest charged, they will be in a better position to realize the advantages of availing housing facility through a housing cooperative. And, hence they can afford and enjoy having a home.

## EDUCATION, TRAINING AND INFORMATION

NCHF has organized various training programmes from time to time which includes programme for Leadership Development for the chairmen and directors of housing cooperatives. Besides, to reach the masses, it also publishes a monthly journal called 'NCHF Bulletin' which includes articles on technical subjects. Other than that, NCHF also publishes its annual and audit reports for circulation among the concerned (NCHF Annual Report, 2020-'21).

NCCT has various training institutes all over the country to meet the training requirements for development of human resources in cooperatives. Specifically for the North-Eastern region cooperative training institutes in Guwahati, Imphal and Regional cooperative Institute in Kalyani meets training requirements. Until December 2018 NCCT has trained 46,203 participants through 1,340 training programmes by its various units, as mentioned by the Union Minister of Agriculture and Farmers' Welfare Shri Radha Mohan Singh in the 2<sup>nd</sup> Governing Council meeting of National Council for Cooperative Training (NCCT). He further mentioned that besides being responsible for training, awareness and evaluation programmes of employees working in the cooperative sector, NCCT also facilitates the same for other stakeholders in the cooperative sector in the country.

National Centre for Cooperative Education (NCCE) was established to perform the function of conducting pedagogical programmes and capacity building of trainers' who will further impart education and training to the members of cooperatives. NCCE also emphasizes on Leadership Development Programme for the management committee members of cooperatives. Besides, NCCE also organizes diploma programme in cooperative education & development, one-year & two-year course in cooperative management for students of central & state university, orientation course on cooperation & cooperative management for faculty members of KVS, Refresher course for the Farm Guidance Instructors for NCUI, Refresher cum Research Oriented Course in "Cooperation" for Lecturers / Readers of College/ University (one week), Refresher Course for the faculty of Junior Cooperative Training Centres.

National Co-operative federation (NAFED) also performs the function of providing cooperative education and training and publicise the cooperative movement through publication of magazines, journals and brochures. However, its activities are majorly restricted to agricultural and marketing cooperatives.

At present there are three specialised institutes engaged in providing cooperative education and training, namely, Vaikunth Mehta National Institute of Co-operative Management (VAMNICOM), Pune, Padmashree Dr. Vitthalrao Vikhe Patil Institute of Co-operative Management, Pune and Dr. Dhanjayrao Gadgil Co-operative Management institute, Nagpur. These institutes offer wide range courses on cooperative management in general and training programmes for managing committee, office-bearers and members of cooperatives. Only Padmashree Dr. Vitthalrao Vikhe Patil Institute of Co-operative Management provides specialized training programme and leadership development programme for the managing committee members of housing co-operative society.

#### IV. CONCLUSIONS AND POLICY IMPLICATIONS

The awareness level of the respondents found to be low in all five aspects of housing cooperatives. Further, from the above discussions it is clear that though NCHF imparts training, those are directed towards management committee of the housing cooperatives. Also, the same is true for NCCE and the institutes under NCCT which are mainly engaged in providing training to the management committee, office-bearers and employees of the cooperatives. Therefore, the reach of these training programmes is limited upto the cooperatives only, and not extended to the general public. Only a few courses are offered by NCCE to the students of central/state universities and faculty members of KVS, which does not appear to suffice the objective to publicize and spread awareness regarding housing cooperatives.

Further, with its distinguishing features housing cooperatives are in need of specialized training programmes. Hence, it becomes inevitable for the NCCT in coordination with the NCHF to focus on training programmes especially meant for the human resource development of housing cooperatives and create awareness regarding the housing facility and home loan service provided by them.

Also, the existing housing cooperative societies must abide by the cooperative principles regarding education, training and information to make the general public aware of the nature and benefits of cooperation, as mentioned u/s 3(g) of Multi-State Cooperative Societies Act, 2002.

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