

National Cooperative Housing Federation of India (NCHF)

Prototype Interactive Public Questions & Answers

1. What is a Housing Cooperative?

Housing cooperative has been defined as: “A legally incorporated group of persons, generally of limited means, pursuing the same cause of meeting the common need of housing or its improvement based on mutual assistance. In such a cooperative, the membership is voluntary and control is democratic, and members make an approximately equal contribution to the capital required”.

A housing cooperative is a legally established association, that is owned and democratically controlled by its members for the primary purpose of improving their living conditions. Democratic control by residents, open and voluntary membership, limited return on membership investment, the expansion of services beyond merely the supply of housing to the provision of a wide range of community services, and a strong emphasis on self-help and cooperative action are the basic characteristics of housing cooperatives.

2. What are the Values and Principles of Cooperatives?

Cooperatives are based on the values of self-help, mutual help, self responsibility, democracy, equality, equity and solidarity. Cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

The following principles are the guidelines under which cooperatives put their values into practice:

- ➔ Voluntary and Open Membership.
- ➔ Democratic Member Control.
- ➔ Member Economic Participation.
- ➔ Autonomy and Independence.
- ➔ Education, Training and Information.
- ➔ Cooperation among Cooperatives.
- ➔ Concern for Community.

3. What is the Legislation that governs Housing Cooperatives?

The activities of housing cooperatives in various States are regulated through respective Cooperative Societies Act and Cooperative Societies Rules administered by the Registrar of Cooperative Societies appointed by the Government.

The national level cooperative organisations and the multi-state cooperative societies are governed by the provisions of Multi-State Cooperative Societies Act and Rules.

4. What is the difference between society with limited liabilities and unlimited liabilities?.

“Society with limited liability” means a society having the liability of its members limited by its bye-laws. In this type of society the liability of a member does not exceed the amount (if any) unpaid on shares for which he or his estate is liable.

“Society with unlimited liability” means a society, the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of its obligations and to contribute to any deficiency in the assets of the society.

5. What is the difference between a Cooperative Society and a Society registered under Societies Registration Act?

A society is essentially an association of seven or more people registered under the Societies Registration Act, 1860 – which is an all India Act (however, many States, have variants on the Act) and which has as a stated purpose some charitable or benevolent purpose either in regards to the public at-large or in regards to the common interest of the members and which operates as nearly as possible at cost. A registered society is a legal entity with certain limitations.

However, members of a cooperative society get together to promote the economic interest of their members. They have to submit viable business plan of the cooperative before registration. These two pre-requisites are not present in a society.

6. What is the difference between a Cooperative Society and a Company?

The cooperative is different from a Company in the following ways:

- Cooperative follows the principle of one-member – one vote, while the voting in a Company is determined by the type and number of shares held.
- A cooperative is an association of members but a Company is an association of capital.

- The main objective of a cooperative is to serve members' needs, but the objective of a company is to maximize profits for its shareholders.
- In a cooperative, no member is permitted to vote by proxy whereas in a company proxies are allowed to vote.

7. **What are the different types of Housing Cooperatives?**

Housing cooperatives at the primary level can broadly be classified into four groups as detailed below:

- (a) ***Tenant Ownership Housing Societies:*** Under this category the land is held either on leasehold or freehold basis by societies, and houses are owned by members.
- (b) ***Tenant Co-Partnership Housing Societies:*** These housing societies hold both land and building, either on leasehold or freehold basis and allot flats to their members.
- (c) ***House Mortgage Societies:*** Such societies lend money to their members for construction of houses. The members have to make their own arrangements for building their houses. This type of societies are really credit societies as distinguished from other credit societies as per the objects for which they lend, the duration of the loan and the security they demand.
- (d) ***House Construction or House Building Societies:*** Societies of this type spend money on behalf of the members for building the houses, and the houses are handed over to members when ready and the money spent is recovered as loan.

8. **What are the advantages of Housing Cooperatives?**

Advantages attached to cooperative housing are enumerated below:

- (i) A housing cooperative is neither a public nor a profit seeking organisation. Its principal objective is to eliminate economic exploitation as it is controlled by members only.
- (ii) Contrary to public housing, cooperative housing provides opportunities to its members to control the house designs at the planning stages. Moreover, the maintenance of the estate is also in the hands of members, which leads to maintenance at lesser expenses and in a better way.
- (iii) Cooperative housing satisfies quantitative as well as qualitative aspects of housing. As it incorporates a high degree of

participatory involvement of members, the housing stock created is more responsive to user's needs than those supplied through any other sub-system.

- (iv) Housing cooperatives, besides, generating a sense of responsibility amongst users for post-occupancy maintenance, also provide the necessary mechanism for effecting it.
- (v) Project cost efficiency is demonstrated on account of the concerted efforts of members to keep overheads to a minimum and to effect economy in construction by other means as well.
- (vi) Loans are arranged by the cooperatives for their members and the members have a collective responsibility for its repayment. So, a proper check on the repayment of loans and other charges is maintained.
- (vii) The members have got the right to vote and participate in the affairs of the cooperative, and as such they develop a sense of self-reliance and self-respect.
- (viii) A cooperative is a small community by itself and hence can undertake several social activities such as organising special programmes, arranging health services, improving the ecology of its area, improvement in social behaviour and mental health, etc.
- (ix) Other economic activities such as consumer cooperatives, banks, clubs and other common services which are needed by the community can be established by a housing cooperative in an economical manner.

9. How to become a Member of Housing Cooperative?

An individual can become a member of a housing cooperative provided he/she fulfils the conditions as stipulated in the Act, the Rules framed by the concerned State and the Bye-laws of the cooperative. Admission of new members can however be refused under the circumstances when a housing cooperative has no capacity to render any more services to new members due to limited number of plots/flats or housing units.

Any individual who is competent to contract under Indian Contract Act, 1872 can become a member. The application for membership must be in writing, duly signed by the member with full details and particulars as required in the prescribed proforma specified for the purpose. He/she must:

- (i) have necessary qualifications as provided in the Bye-laws of cooperative;
- (ii) reside or intend to reside permanently within the area of operation of the housing cooperative;
- (iii) have paid necessary admission fee;
- (iv) have purchased minimum number of shares of the cooperative and paid other stipulated charges as per the Bye-laws;
- (v) make necessary down payment within the time limit as per the norms laid down in the Bye-laws; and
- (vi) make necessary declaration whether he/she owns any plot, flat or accommodation in his/her own name or in the name of any other family member. Under such circumstances, he/she must state the reasons to become a member of a housing cooperative.

10. What are the different types of Members of Housing Cooperatives?

Every member of a housing cooperative should be in a genuine need of a dwelling unit for his own use. Such a member is known as the "Ordinary Member". The member admitted should not be a member of any other housing cooperative functioning in the same area.

In some of the State Cooperative Societies Acts, provisions have been made to admit certain other types of members who differ from an ordinary member. Such members do not enjoy full rights and privileges as enjoyed by the ordinary members. These members are known as: (i) Associate/Joint members; (ii) Sympathizer members; and (iii) Nominal members.

'Associate/Joint Members' in housing cooperatives have to make a declaration of the first person as to who will be the second associate member. The second member will become operative only in the absence of the first but liability towards the cooperative will be borne jointly and severally as per the Act, Rules and Bye-laws governing the cooperative.

'Sympathizer' or 'Nominal' members in housing cooperatives are not vested with the right to vote or to become member of any committee of the cooperative. This type of members are admitted on sympathetic ground to use their influence or seek their guidance on technical, legal

or any other matter or for providing effective leadership to cooperative. These members are called as non-participating sympathizer members.

“Nominal” members, in spite of the fact that such members, do not hold any flat or residential accommodation in the housing cooperative but on certain occasions occupy a shop, godown, garage etc. in the cooperative, are also admitted. This helps the cooperative in the event of dispute arising out of the transaction with nominal members to bring them under the purview of Cooperative Law governing the State.

11. How to organise a Housing Cooperative?

The request for the registration of a housing cooperative shall be made to the Registrar of Cooperative Societies on a prescribed application form, duly signed by the applicants and should be accompanied by:

- (i)
 - (a) four copies of the proposed bye-laws of the cooperative as adopted by the General Body of promoter members;
 - (b) a certificate from the bank stating the credit balance (amount of share capital etc.) in favour of the proposed cooperative;
 - (c) a list of persons with their addresses and occupations who have contributed to the share capital together with the amount contributed by each of them and the entrance fee paid by them;
 - (d) the scheme giving the details, explaining therein as to how the working of the cooperative will be economically sound and the description of immovable property proposed to be purchased/ acquired;
 - (e) an affidavit to the effect that the proposed member is not a member of another similar cooperative and does not own a house/plot.
 - (f) such other documents as may be specified in the model Bye-laws, if any, framed by the Registrar; and
- (ii) Where any member of a cooperative to be registered is a registered society, a member of the Committee of such society shall be authorized by the Committee by a resolution to sign the application and the Bye-laws on its behalf, and copy of such resolution shall be appended to the application.
- (iii) Where any member of a cooperative to be registered is a Firm,

Company, Corporate Body, Society registered under any law for the time being in force, relating to the registration of public trusts or a local authority, then such Firm, Company, Corporate Body, Society, Public Trust or Local Authority shall duly authorize any person to sign the application for registration and the bye-laws on its behalf and a copy of the resolution giving such authority shall be appended to the application.

The application shall be sent to the Registrar of Cooperative Societies by registered post or delivered by hand. The Registrar may register the cooperative and its bye-laws within the prescribed time period, if he is satisfied that:

- ➔ the application of the proposed cooperative complies with the provision of the Act and Rules;
- ➔ the objects of the proposed cooperative are for the promotion of welfare of its members and in accordance with cooperative principles;
- ➔ its proposed bye-laws are not contrary to the provisions of the Act and Rules;
- ➔ the proposed cooperative has reasonable chance of success.

12. What are the rights of Members?

- (i) Every member of a cooperative has the right to vote and to take part in the affairs of cooperative irrespective of the number of shares held by him;
- (ii) To contest the election for the membership of Managing Committee/Board of Directors/other committees;
- (iii) To participate in making or amending Bye-laws;
- (iv) To receive the minutes of meetings, check accounts and audit report and make comments;
- (v) Take part in the discussions in the meetings and make suggestions which the member feels, are in the interest of the cooperative;
- (vi) Make request to include certain matters in the Agenda to be placed before the annual general meeting/other meetings;
- (vii) If majority of members agree for certain course of action but one

of them differs, he can object and seek his objection to be recorded in the minutes;

- (viii) To demand convening of Special Meeting of the General Body if he doubts the integrity and propriety of the cooperative. However, such of his rights shall be accepted only when a prescribed minimum number of members as stipulated under law support his proposal;
- (ix) To voice for the removal of the President/Chairman or any Managing Committee member along with a specified number of other members as may be prescribed in the bye-laws, if he feels that one is acting beyond the stipulated powers or his actions are detrimental to the interest of cooperative spirit;
- (x) To prefer an appeal to the next higher authority concerned if he discovers that steps and action of the resolutions passed are against the interests of the cooperative;
- (xi) A specified number of the members as may be mentioned in the bye-laws may move a no confidence motion against any one or more officials or managing committee members for which management has to call special general body meeting to discuss the said motion and in case the motion is passed, an ad hoc committee has to be formed which shall arrange to conduct elections within a period specified in the Act, Rules and Bye-Laws, which is generally 90 days;
- (xii) A specified number of the members as may be mentioned in the Act, Rules and Bye-laws can request the Registrar for holding inquiry into the affairs of housing cooperative for the irregularities or fraud committed by its official or the management;
- (xiii) To occupy a house, plot or flat in the cooperative after making necessary payments.
- (xiv) To get share in the profits and achievements of housing cooperative.
- (xv) To nominate a nominee for transfer of his shares or interest in the cooperative to such nominated person.
- (xvi) Is entitled to withdraw his membership from the cooperative after giving due notice as provided in the Bye-laws.

13. What are the duties of Members?

The rights and duties of a member in a housing cooperative are complimentary and supplementary to one another in nature. Both together keep a member watchful and more responsible in the affairs of a cooperative. Broad classification of duties states that a member shall:

- (i) be loyal to the cooperative;
- (ii) be well acquainted with Laws, Rules, Regulations and Bye-Laws governing the housing cooperatives;
- (iii) be thoroughly conversant with the cooperative principles;
- (iv) educate himself to enable him to be more effective in participating in functioning of the cooperative in furtherance of its objectives;
- (v) faithfully assist the management in carrying-out their assigned duties;
- (vi) be well disciplined and maintain proper decorum while dealing with other members/committee members;
- (vii) attend all the meetings called by the housing cooperative;
- (viii) pay back the loan or other dues to the housing cooperative if any, well in time;
- (ix) also campaign for the collection of the dues from defaulting members;
- (x) It is the duty of the member to create favourable atmosphere among the members and public at large about the housing cooperative and its principles;
- (xi) In the event of bankruptcy, every member is liable to the extent of his/her share capital or to such an extent as may be prescribed in the Bye-laws towards the debt of the cooperative; and
- (xii) All members are duty bound to maintain social and harmonious relations amongst themselves and their families and to promote community development as a part of cooperative principles.

14. What are the liabilities of Members?

- (i) All members are liable to pay dues in time and ensure that others too follow the norms framed by the general body.
- (ii) Membership in two cooperatives of the same nature in same city is prohibited.
- (iii) Any member who has defaulted in payment of loan and other dues is ineligible to contest and vote in election.
- (iv) A member is liable for disciplinary action, such as expulsion, if willfully deceives or bring disrepute to housing cooperative or has done such acts which are detrimental to the interest of cooperative. However, no member can be expelled unless a proper show cause notice has been served upon him and he has been afforded reasonable opportunities to present his defence.
- (v) A member of housing cooperative is liable to be disqualified on his being declared insolvent or his being sentenced for dishonest and/or immoral act.

15. What are the Do's and Don'ts of Managing Committee/Board Members?

Some Do's

- (a) Attend Board Meetings regularly and effectively work in a spirit of cooperation. Ensure confidentiality of the agenda/papers/files.
- (b) Study the Board papers thoroughly and use the good offices of the Chief Executive for eliciting any information at the Board Meeting.
- (c) Ask the President/Chairman to furnish Board papers and follow-up reports on a definite time schedule.
- (d) Be familiar with the broad objectives of the cooperative/federation and the policy laid by the Government.
- (e) Work as a team be not prejudiced against individual proposals.
- (f) Try to give as much of your wisdom, guidance and knowledge as possible to the management.

- (g) Bestow attention on the following aspects of the housing cooperative/ federation's working:
 - (i) Efficient management of funds and improving profitability.
 - (ii) Ensure that recoveries are made promptly and overdues reduced to the minimum.
 - (iii) Ensure provision of proper service to the members.
 - (iv) Development of a good management information system and computerization of operations.
 - (v) Be vigilant about frauds and misappropriations.
 - (vi) Strengthen internal control system and house-keeping viz. proper maintenance of record and books of accounts and periodical reconciliation of accounts.

Don'ts

- (a) Do not send any instruction or direct any individual officer/employee in any manner.
- (b) Do not involve yourself in any matter relating to personnel administration and management function.
- (c) Do not intervene in the day-to-day functioning of the cooperative.
- (d) Do not approach or influence for sanction of any pecuniary benefit from Management/officials.
- (e) Do not participate in the Board discussion, if a proposal having personal interest comes up for discussion. Always disclose your interest well in advance.
- (f) Do not reveal any information relating to any constituent of the cooperative being under oath of secrecy and fidelity.
- (g) Discourage the individual officer/employee or union approaching you in any matter.
- (h) Do not directly call papers/files/notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed in the meeting. All information/clarification that you

may require for taking a decision should be made available by the Chief Executive.

- (i) Do not sponsor any candidate for recruitment or promotion or interfere in the process of selection/appointment. Do not do anything which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.

16. What is the role of Apex Cooperative Housing Federations?

The Apex Cooperative Housing Federations play a significant role in providing financial assistance to primary housing cooperatives as well as individual members in their respective jurisdiction. These provide guidance to the primaries on technical matters, help them in procuring building materials and assist them in general coordination and supervision of their activities.

Although the Bye-Laws of Apex Federations provide for undertaking various activities, most of them have confined their activities to financing only. A notable exception is the Madhya Pradesh and Punjab Cooperative Housing Federations which are providing effective technical guidance to the primary cooperatives. Some of the Apex Federations, like the ones in J & K, M.P., Punjab and Rajasthan, have also started undertaking construction activities. Nevertheless, financing remains the key activity of the Apex Federations.

17. What are the Sources of funds for Apex Cooperative Housing Federations?

The sources of funds for the Apex Cooperative Housing Federations are as follows:

- ➔ Investment in share capital by primary cooperative housing societies, State Governments and other cooperative institutions.
- ➔ Loans from the Government, Life Insurance Corporation of India (LIC), National Housing Bank (NHB), Housing and Urban Development Corporation (HUDCO), Commercial and Cooperative Banks etc.
- ➔ Issue of debentures guaranteed by the Government.

Borrowings by Apex Federations as on 31st March, 2007

Source of Borrowings	Amount (Rs. million)	Share (%)
LIC	34623	35.6

NHB	8460	8.7
HUDCO	15893	16.3
State Governments	2474	2.5
Floating Debentures	1426	1.5
Deposits from Primary Societies	1900	2.0
Commercial & Coop. Banks	28905	29.7
Others	3608	3.7
Total	97289	100.0

18. What are the Achievements of Apex Cooperative Housing Federations?

The Apex Cooperative Housing Federations have made major contribution in the development of housing cooperatives in the country. These Federations have so far mobilized a sum of Rs.97,289 million and disbursed loans of approximately Rs.101,252 million to housing cooperatives as well as individual members for construction of dwelling units which in turn have facilitated construction/financing of 2.35 million houses – 2.20 million units completed and 0.15 million units in progress.

19. What is NCHF?

The National Cooperative Housing Federation of India (NCHF) is an apex national cooperative society registered under the Multi-State Cooperative Societies Act. It was promoted by Apex Cooperative Housing Federations in the year 1969. The basic thrust of its formation was to have an organisation at the national level to assume the responsibility of promoting, developing and coordinating the activities of housing cooperatives in the country.

20. What is the organizational set-up of NCHF?

The organizational set-up of NCHF as per its bye-laws includes:

General Body consists of 26 members which is the ultimate authority on all matters relating to activities and administration. Each member institution (except nominal members) is represented by one delegate elected/nominated to the General Body by member institution.

Board of Directors consists of 19 elected directors from member institutions, 2 Central Government nominees, one representative of LIC and the Managing Director, NCHF.

Executive Committee consists of 7 members including one representative of the Government of India and headed by the Chairman.

Chairman is elected by the Board and presides over all meetings. Spokesman of the policy of NCHF and competent to take decisions of urgent and important nature.

Managing Director is a full time employee and handles day-to-day affairs.

21. Where is the office located and what is its e-mail/web address?

The office of NCHF is located at:

6A/6, Siri Fort Institutional Area, August Kranti Marg, New Delhi - 110 049.

Telephone Nos. 011-2649 0535/2649 1736 Fax: 011-2649 5450

eMail: nchf2001@yahoo.com Web: www.nchfindia.net

22. What are the main activities of NCHF?

The main activities of NCHF are to:

- ⇒ Assist apex cooperative housing federations , in raising financial resources from the Life Insurance Corporation of India, National Housing Bank, Housing and Urban Development Corporation and other funding agencies.
- ⇒ Guide State Governments/Union Territory Administrations in the matter of setting up apex cooperative housing federations and housing cooperatives.
- ⇒ Provide a common forum to member federations to examine problems of housing cooperatives and allied matters.
- ⇒ Conduct research and studies on various aspects of housing and housing cooperatives.
- ⇒ Represent the Indian Cooperative Housing Movement at the national and international forums.
- ⇒ Impart education and training to personnel of housing cooperatives in order to upgrade their skill and knowledge and improve their efficiency.
- ⇒ Assist housing cooperatives on General Insurance.

23. What are the Achievements of NCHF ?

The National Cooperative Housing Federation of India (NCHF) established in the year, 1969 is the national organization of housing cooperatives in the country. The primary objective of NCHF is to promote, coordinate and facilitate the operations of housing cooperatives. In pursuance of its objectives, NCHF has achieved substantial progress in the growth and development of housing cooperatives as well as the delivery of a large number of housing units especially for the people in the lower income groups.

Under the overall guidance of NCHF, the cooperative housing movement has grown from strength to strength over the years. Due to vigorous efforts of NCHF with the State Governments/Union Territory Administrations, it has been able to promote 20 Apex Cooperative Housing Federations raising their number from earlier 6 to 26 at present. All these Federations are members of NCHF.

NCHF has been engaged in facilitating flow of funds to its member Apex Federations from the funding institutions like LIC, NHB, HUDCO, Commercial and Cooperative Banks. These Federations have mobilized loans of Rs.9729 crore from the above funding institutions. The cooperative sector was asked to contribute one lakh dwelling units each year under the Two Million Housing Programme of the Government of India. NCHF has been following up the implementation of the programme by reviewing and monitoring the progress made by cooperatives so as to ensure that the target fixed for cooperatives is fulfilled by them effectively. As a result of which cooperatives have contributed about 8.20 lakh housing units in the first nine years of the programme.

NCHF has organised a number of need based training programmes for improving the knowledge and managerial skills of the personnel of housing cooperatives so as to bring efficiency in their working. In addition, it has undertaken many research studies, brought-out important publications on cooperative housing and related fields and organised a large number of seminars/ conferences/workshops to discuss various problems faced by housing cooperatives. It is also publishing regularly a monthly journal '*NCHF Bulletin*', a monthly News letter '*Housing Voice*' and a half yearly Hindi Patrika '*Sahakari Awas*'.

While extending the academic support and other necessary help to its member federations for improving their financial, organizational and technical base, it is also helping housing cooperatives on legal, management, financial and other professional matters including general insurance.

A Documentation Centre on Cooperative Housing has also been set-up by NCHF at its Secretariat which serves as a single window for all data/information on cooperative housing institutions and their housing activities besides being a storehouse for reports, publications, documents, acts, rules, regulations relevant to cooperative housing.

For further information please contact: The Managing Director, National Cooperative Housing Federation of India, 6A/6, Siri Fort Institutional Area, August Kranti Marg, New Delhi - 110 049. Telephone Nos. 011-2649 0535/2649 1736 Fax: 011-2649 5450 eMail: nchf2001@yahoo.com

