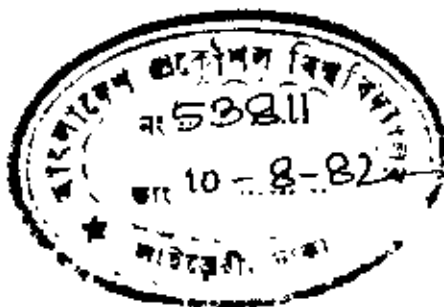


HOUSING SOCIETIES OF DACCA CITY

THEIR ROLE AND PERFORMANCE IN SOLVING THE HOUSING PROBLEM

Submitted to the Department of Urban and
Regional Planning in partial fulfilment
of the requirement for the Degree of
MASTER OF URBAN AND REGIONAL PLANNING

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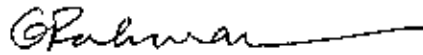
T H E S I S

HOUSING SOCIETIES OF DACCA CITY : THEIR ROLE
AND PERFORMANCE IN SOLVING THE HOUSING PROBLEM


by

MD. JALALUL HAI

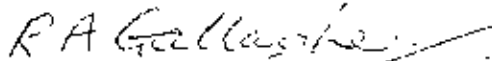
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ABSTRACT

Dacca city is the largest urban centre in Bangladesh. It faces the most serious shortage of housing. As a result of growing pressure on the limited housing market, very few people can now afford to purchase a house in Dacca and for similar reasons the cost of rented accommodation is also rapidly rising. Uptill now public sector initiatives have not been sufficient to solve this problem.

In this situation many of the residents of Dacca have been compelled to look to the land market outside the main city. And many people have joined housing societies in their search for owning piece of land.

The emergence of housing societies represents an important stage in the evolution of Dacca's land market. Before the 1970's there were relatively few housing societies, but to-day they number about two hundreds. They are engaged in buying and selling land in and around Dacca city.

However, they have been criticized as being partly responsible for the rapid increase in land values. Another charge sometimes labelled against these societies is that some of them do not properly follow planning criteria in preparing the lay-out plans of their sites.

The present study is an attempt at examining the role and activities of the housing societies in and around Dacca city and their impact on the housing market. The study analyses the

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land which the societies are dealing with and the management and functioning of the societies. The study also attempts to analyse the socio-economic background of the members of the societies in an attempt to find out what kind of people they are and the nature of their demand for housing.

The study observes that the housing companies are self-financed organisations using the finance of their directors who are mainly the affluent peoples of the society, and a good number of them are businessmen. On the otherhand the executive committees of the co-operative housing societies are both government service holders and businessmen. The study also finds that the members or customers of the housing societies are highly educated and quite rich and majority of them are employed in government services. Most of the members have not yet received the ownership of a plot from the societies. Only a few had so far completed payments and been given registration.

The housing societies are actually operating as intermediaries between the buyers and sellers of land. They are not actually solving the housing problems of general people. They are simply providing service through supplying land. But this service is a very costly one. The societies are earning huge profit by providing this service. Very few percentage of the total population are the member of these societies.

The study concludes that it is not possible to solve the housing problem of Dacca city by these societies. Government intervention in the form of regulating or controlling the societies is a necessity in an attempt at solving the housing problem of Dacca city.

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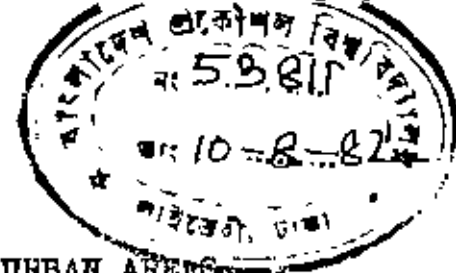
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CHAPTER-1

HOUSING MARKET AND ITS EVOLUTION IN URBAN AREAS

1.1. Introduction

Along with food and clothing, shelter is one of the basic human needs. To possess one's "home, sweet home" is the natural yearning of most citizens. Furthermore, the provision of shelter is a matter of social concern. Most societies recognize that everybody should have shelter or a living place, regardless of their financial status. Popular contentment, happiness, social justice and dignity for the people, to a great measure, emanate from a liveable and decent housing environment. A home is of importance for the health of individuals and for the growth of proper family relationships.¹ The quality of the housing environment is also an index of social health.

But housing, like other economic goods, have demand which often outstrip supply. This is usually the case in fast growing urban areas, and the bigger the size of the city, the greater is the magnitude of the problem. The largest cities of the developing world, notably those with populations above two million, confront the greatest problem. Here the imbalances in the location of activities and the provision of housing are likely to take place.

1. G.C. Mathur, International Co-operative Alliance : Readings in Co-operative Housing (New Delhi: Allied Publishers, 1973) P.76.

1.2 Types of housing tenure

A person or family living in urban housing is likely to occupy the dwelling under one of the three main categories of tenure: (i) Owner-occupied (ii) rented, or (iii) rent free. Owner occupied houses are those where the owner himself lives in the dwelling. The dwelling belongs to him, either because he purchased it or inherited it.

Rented accommodations are those dwellings where the occupants are not the owners of the house. For the privilege of using the accommodation, the occupant pays money or provides some other benefit to the owner. There are two categories of rented accommodation, viz., the private houses, and the public sector housing (i.e. the government).

One type of accommodation in urban areas is occupied mostly by those rural landless who has moved to urban areas and settled as squatter on vacant pieces of land or simply occupy door ways and railway stations. This sort of housing has a role to combat the demand side of urban housing.

1.3 Housing Situation in Bangladesh

In rural areas, the majority of the families are the owner-occupiers of a house through inheritance. Even people who are simply landless usually possess at least a homestead of their own. It was found from a survey that 70% of the rural families in Bangladesh were the outright owners of their own homesteads. Most of the remaining 30% of the families lived

in 'Islami' (Joint-ownership) or mortgaged homesteads.¹ The number of families living in rented housing in the rural areas was almost negligible. This is understandable, as the majority of rural families originate from the local areas and are engaged in farming. There is relatively little movement of people and the number of people renting accommodation is thus very few in the rural areas.

In many small towns the majority of households are owner-occupied, although there are also a number of households living in rented accommodation. Furthermore, unlike rural areas, where the majority of owner-occupiers trace their titles to inheritance, in small towns many of the owner-occupied houses have been purchased. These owners are often people of the surrounding locality who have come to the small town for work, business, education and so on. This pattern seems to be accelerating and is resulting in increased competition for urban land in many small towns. An outstanding example of this pattern could be found in the study of Joypurhat a small town in Bangladesh. It is a subdivisional centre located in Bogra District, with a population of about 15700 (1974 census). Over the course of time, as the town had grown in size there has been a change in the nature of house ownership. Before 1947, the majority of houses were inherited, but of the houses built since 1960, the majority have either purchased or rented.² The same study reveals that 70%

1. Housing and Environment Research Cell "Rural Housing in Bangladesh: A field survey and study of the existing condition" (BUET, Dacca 1979) P. 31.

2. A.H. Mondal, A study of the Growth of a Potential Mining Town (MURP Thesis BUET, 1980) P. 130.

of houses built before 1947 were inherited but to-day the majority of all houses are either purchased or rented. Thus approximately 32% are inherited, 58% are purchased, and 10% are privately rented houses. In addition, there is a significant number of government staff quarters. Thus an urban 'Housing Market' is beginning to emerge in Joypurhat, as the town grows in size.

The proportion of accommodation either rented or purchased in larger towns and cities tends to increase with respect to city size. In large towns and cities many and sometimes majority of the dwellers are migrants from different parts of the country. It is expected that most migrants to urban areas will not have inherited a home of their own in the city, hence they have to rent (or if they are able to purchase) accommodation. In addition, most ~~govt. accommodation~~ (staff quarters, labour housing, etc.) are also concentrated mainly in the major urban areas.

Thus it is in the main urban areas that the housing market is developing. A major proportion of urban people have either to buy and rent housing for their accommodation. In doing so they compete for housing in the 'market'.

1.4. The Housing Problem and the Housing Market

The emergence of a housing market is the resultant of a housing problem. Unlike in the rural areas, where the accommodation is mostly inherited, in the towns accommodation is either purchased or rented. Thus housing situation is reflected by the forces of

demand and supply. But in the fast-growing urban areas, the demand often outstrips supply, because of the large number of in-migrants and the limited amount of accommodations. So a scarcity of housing is created which causes the price to rise rapidly.

When the price escalates, those with little money (the poor) have to go either without accommodation (squatters) or also accept the very lowest standard (slums). Meanwhile, those with some money (middle and upper class) become more interested to buy land and housing, because the price is rising and it becomes a good investment. But the urban land market is very complex, and when the price of land is very high, people are unable to find the land or are unable to pay the full price at a time.

Hence 'intermediaries' are needed in a developing urban housing market to find the land for the customers and help them with the financing of its purchase. In Dacca this is observed with the emergence of the "Housing Societies".

1.5 Housing Problem in Dacca City

Dacca city is the largest urban centre in Bangladesh with a developing urban housing market. It is also the urban area with the greatest housing problem. In Dacca, the existing housing stock falls far short of the demand. According to the census of 1975, there existed a backlog of 47,195 housing units in Dacca.¹ The shortfall in the housing units is also

1. Planning Commission, Government of Bangladesh. Draft Second Five Year Plan, 1980-85, May, 1980.

reflected in the average occupancy rate of the houses in Dacca which were 5.5 and 7.65 in 1960 and 1973, respectively. Moreover, the addition to supply through construction of new houses and subdivision of existing stock are not keeping pace with the demand which is accelerating at a tremendous rate. As a result fewer and fewer people are able to afford a house in Dacca. For the same reason, house rents are also rising faster than most peoples income can afford.

1.6 The Emergence of Housing Societies

Urban families are the victims of continuously rising house rents, and their desire to own at least a small house of their own in Dacca city remains a dream due to sky high prices of urban lands. As a result middle class families in particular, are looking to the land market outside the city where prices are less and land is more available. In response to this demand businessmen and entrepreneurs have responded by opening up housing societies to sell land. Now-a-days advertisement in the national dailies for the sale of land by housing societies are very common. These societies are beginning to play a significant role in the land market of Dacca city. In the early and mid-1960's the housing societies were relatively few. To-day, they number more than two hundred.

Two types of housing society can be identified. One is a 'Housing Cooperative', the other is a 'Housing Limited Company'. There are a number of differences between the two, which are discussed more fully in Chapter 5. But the most important difference, at

least in theory, is that the cooperatives are a non-profit organisation of people who come together to pool their money and buy land for themselves. Limited companies, on the other hand, are profit-making private organisations, who are involved in the business of buying land and selling it to customers for a profit.

However, in recent years, a number of serious problems have been experienced with both housing cooperatives and housing ~~limited~~ limited companies. Some housing cooperatives appear to behave more like profit - seeking private companies, while some limited companies have defrauded their customers.

In any case, the number of housing societies (of both types) has mushroomed in recent years to such an extent that they caused a problem of coordination and proper control on the part of the Government. Consequently in 1979 the government temporarily stopped taking registration of housing societies, while the credentials of the societies were checked. And in 1980 the Urban Development Directorate (UDD) announced that master plans prepared by the housing societies were to be submitted to them for proper planning.

1.7 Objectives of the Study

The rapid growth of the housing societies represents a major step in the evolution of urban land market. The management authority of the housing societies claim that they are solving

the housing problem of Dacca City. They are supplying land to the people who desire to own a house in Dacca. The basic aim of this study is to examine whether the Housing Societies are actually solving the housing problem or making it worse. A number of fictitious housing societies have also surfaced to earn some profit through buying and selling land. However, the government has realized the existing problem of the housing societies and has taken some measures to check untoward growth. In the light of above problem this study endeavours to highlight the following objectives:

- i) To study the housing societies and their members and to develop an understanding of their nature, purpose and function.
- ii) To identify and consider the contribution of housing societies in the housing market of Dacca city.
- iii) In the light of this contribution to suggest government approaches for dealing with the housing societies.

1.8 Outline of the Methodology

First of all the author studied the background of the housing societies to know the origin, growth, rules and regulations and government policies for co-operative housing and shelter programme. Information were collected from different secondary sources, for example, books, journals, newspapers and discussion

with the experienced persons. The information collected from these sources are placed in chapter 3.

As a second step the author interviewed a sample of housing societies (both co-operative and limited companies) to gather knowledge about the land owned by the societies, their management system, organisational structure, their assets and the process of collecting and disposing land. 30 housing societies were selected for these purpose. The result derived from the above survey are presented in chapter 4 & 5.

The interview with only the management authority of the societies might give a biased result, for which reason the author also interviewed a good number of members from both co-operatives and limited companies. The purpose of the interview with the members was also to know about their origin background and others. 61 members (26 from co-operatives and 35 from limited companies) were selected for interview. The process of selecting members and the result derived from the survey are presented in chapter 6 of the thesis.

Finally, in chapter 7 and chapter 8 all of the different data is brought together in an attempt to identify the role of the housing societies in the land market of Dacca city, and assess their contribution to solving the housing problems of the population at large.

CHAPTER - 2

CHARACTERISTICS OF AN URBAN HOUSING MARKET

The emergence of housing societies represented an important stage in the evolution of Dacca's housing market. An understanding of the factors which shape the urban housing market may help to explain why housing societies have recently become so significant in Dacca City.

2.1 Housing as a Commodity

In the urban areas, housing behaves as a commodity, responding to factors of demand and supply. We can buy and sell or rent housing in the market. But housing, like land, is a unique commodity. It differs from other commodities not only because of its high initial cost, and its usually long life, but also because of two additional important characteristics which make it unique:

"First, it has always been regarded as a necessity and second, it is (in most cases) immobile. The first of these places it in contrast to other expensive commodities such as cars or colour televisions : the second means that the future of an individual house can very rarely be considered separately from many other houses round about it or from other local considerations such as roads, shops etc. Indeed a house's 'market' value in now a days explicitly linked to these factors".

1. Benwell Community Project, Private Housing and the working Class (Benwell, U.K. 1978) P.12.



Thus, like land the location of a house and the nature of the surrounding environment is an important factor for determining its price. An urban dwelling located far from employment opportunities and social facilities is in most cases unattractive for most of the people. But what influences a person when he is choosing whether to rent or to purchase accommodation?

2.2 Advantages and Disadvantages of the Different Type of Housing Tenure

2.2.1 Rented Accommodation

Although a person living in rented accommodation lives in other's house as tenant, there are some advantages to renting a dwelling. For example, the initial cost of obtaining the accommodation is relatively low, and sometimes it is almost nil. The initial cost the tenant usually bears is to deposit 6 month's or 1 year's of rent in advance as a security for non-payment of rent.

Another advantage is that the occupant of rented accommodation has to bear relatively little risk or responsibility for the property. If the dwelling is damaged (for example, by fire) it is not the tenant's loss, and he has little responsibility for the maintenance of the house.

Furthermore, one other advantage of rented accommodation is the mobility which it allows to the tenant.³ The rentholder may more easily change his residence from one place to another, without encountering the cumbersome legal and financial procedures involved in transferring ownership. Thus rented

1. H.B. Dargu and A.G. Hinman Urban Land Economics (Macmillan, USA 1928) P. 417.

accommodation has some advantages particularly for the household of limited means and high mobility.

But there are a number of serious disadvantages associated with rented accommodation. First of all in a tight housing market there will be many tenants who are not protected by long term leases. They may have to vacate the house at the will of the owner and will have difficulty finding alternative accommodation at the same price. In some cases tenants do not have separate living space of their own and are constantly under the scrutiny of the owner or of other tenants which interferes with their privacy. Moreover, the occupant will usually have little incentive to improve the dwelling since he usually can not change any shape or structure of the building without the permission of the owner.

A second serious disadvantage of rented accommodation is financial. Throughout the life of the tenancy, the tenant will pay out (in money or kind) what would otherwise amount to a considerable investment in housing. Yet, at the end of the period he has accumulated no equity in the property, and has nothing to show for his expenditure. Thus renting is financially not so good for the tenant. For the majority of people, ownership is a preferred form of tenure for the security and the financial gain that it brings.

2.2.2 Owner-occupation

For the owner-occupier, there is primarily a social dignity and prestige in living in one's own house.¹ The owner has almost complete control and choice over his living space.² Moreover, the financial advantages are perpetual. While the rate of rent in a tight housing market is generally dictated by the landlord, inflation in house rents does not adversely affect owner-occupied households. They can always feel secure about their residence and in fact, rising house prices may benefit them, as their property will increase in value :

..1...."Home ownership is the most rewarding form of housing tenure. It satisfies a deep and natural desire on the part of the householder to have independent control of the home that shelters him and his family. It gives him the greatest possible security against price changes that threaten his ability to keep it. If the householder buys his house on mortgage, he builds up by steady saving, a capital asset for himself and his dependents".³

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1. H.B. Darau and A.G. Hinman, op.cit. P. 416.
 2. Community Development Project; Profits Against Housing: An Alternative Guide to Housing Finance (London : CDP information and intelligence Unit, 1976) P.54.
 3. J.B. Cullingworth, Problems of an Urban Society Vol. 2 (London : George Allen and Unwin Ltd. 1974) P. 57.

But there are also problems and obstacles to becoming a home-owners. For example, the initial cost of purchasing a house is very high. Most people will purchase only one house in their whole life time and normally it is the largest single purchase that they make. However, the use of the house is spread over many years. Thus, unlike food or clothing, which a person pays for as he consumes it, the purchase of a house involves a large capital as it is a durable commodity.

.... "Housing is a very costly investment that absorbs life time savings amounting to several times an earners average annual income. This multiple varies from three or four to ten or more in inverse ratio to the level of economic development. It is often so high for poor families in developing countries that normal purchase of housing is an impossibility for huge numbers of households".¹

This problem of the high initial cost of housing is made worse when the individual demand for housing space usually does not coincide with his ability to pay for it.

1. United Nations Department of Economics and Social Affairs; Improvement of Schemes and Uncontrolled Settlements 1971 P. 112.

2.3 The Individual's Changing Housing Demand Over Time

Most individual's housing demand changes over time. In childhood there is no demand apart from the family unit. In fact, in the early stage a child may even live in one room with his parents. As the child grows up, more space is required by the household. When the children get married, some additional space is required. Whether they live as a joint family or whether the married children live separately, the demand is for bigger houses with more space or else more houses. In either case, there is a new housing demand generated at the time of household formation. However, it is also quite likely that the father or son could not accumulate the savings needed to purchase or to build the new house. As a result they must turn to rented accommodation. Thus, although an individual's housing need is often greatest as a young married person with perhaps a young family, he does not usually have the ability to pay for it at that stage of his life.

2.4 Housing Finance

Housing finance is one alternative for some households who are seeking to become owner-occupiers. They may resort to borrowing the money for the house :

"Credit is of great significance to all owners of urban land, whether they own it for utilization or for investment. Ability to get capital makes it possible for thousands of people with small

incomes to own houses who otherwise could not do so The more difficult or the more costly it is to obtain such credit, the fewer are the investors in land.¹



To finance the initial cost of a house, people can sometimes borrow from their friends and relatives, or else take a loan from an institution. But both of these sources are likely to be limited. Few families will be able to secure an informal loan from friends and relatives with no or very low interest. And in many developing countries, there are very few loan-giving institutions. One reason is that housing has to compete with other investable sectors of the economy for profitability. Other types of construction for business purposes (such as shops, agricultural farm buildings, commercial buildings, etc.) or even other types of business are more profitable and therefore safer investments than housing :

....."As the experience of India shows, domestic savings form an important sector in developing economies; but households are more inclined to immobilize their savings by putting them into the form of livestock, farm and commercial buildings, cash, equipment and consumer durables (ranging from

1. H.B. Daram and A.G. Hinman, opcit. P. 452.

two thirds to four-fifths of total savings). They also tend to put a smaller proportion of their savings into financial forms that are not susceptible to transfer through banks and credit institutions. As a result, these economies have inadequate savings to provide potential for credit supply.... Sources of credit and finance for investment in the low income housing sector, particularly for slums and squatter settlements, are extremely difficult to obtain. Direct government action is often the only way to provide housing for low-income and slum populations...¹

Often, therefore, the housing sector can not compete with other more profitable sectors of the economy in terms of attracting investment. Consequently the resources for loans are just not available or are only available at prohibitively high rates of interest. Commercial banking institutions in particular are often unwilling to provide long term loans. This is because they borrow their funds from the public. They must always be ready to protect their liquidity position. It is easier for them to do so with a series of short term loans than with long term loans. In a time of rising interest rates,

1. United Nations Department of Economics and Social Affairs, op.cit. P. 113.

it is also more profitable to 'lend short' than to 'lend long'. The individual's investment in a house, however, requires a substantial loan over a long time period. For most individuals, therefore, commercial banks cannot be the answer :

...."Commercial banks are not good agencies for handling any great amount of urban land credit. A large percentage of their deposits being "on demand", their assets must be such that they can be quickly liquidated. In fact, they are strictly limited by law in the amount of long term credit which they may advance on real estate as security. Savings banks and trust companies are more proper agencies for handling urban land credit because neither the nature of their business nor the law imposes such strict limits upon the long time credit which they may handle"¹....

A third problem for the individual, trying to raise the finance to purchase a house is the question of security. Before he can borrow, he must have some security to guarantee the loan. But often those who need the loans, don't have the security.

1. H.B. Darrow & A.G. Hinman, op.cit. P. 459.

Due to nonavailability of housing loans, people had to find other ways of raising the finance. One was through mutual-help societies or Co-operative societies. Here a number of people would pool their savings and jointly raise the finance which the individual was unable to do. This is the origin of the first housing cooperatives in Dacca city. Another way of paying the high cost of land was to pay by instalments to some intermediary. This was the origin of the limited Companies in Dacca City.

These are now housing institutions in Dacca, and represent a new phenomenon. But similar institutions have emerged in other countries and the experiences of these other countries, may give some indications of the way in which Dacca's housing institutions may develop in the future.

2.5 The Emergence of Financial Institutions and Property Professionals in Britain

The urban housing market of Bangladesh to-day may be compared to that of Britain in the nineteenth century. Population of all the major cities in Britain increased dramatically in the wake of Industrial Revolution. But the supply of housing for the working class did not increase as fast as the growth in urban population. Consequently there were terrible housing shortages for the poor in that period, and poor housing conditions prevailed in most of the major cities of U.K.¹

1. Benwell Community Project. Private Housing and the working class (Benwell, 1978) P. 19.

2.5.1 The Emergence of Financial Institutions for Housing

During the Victorian era the income levels of most working people in Britain were low. But for the richer sections of the working population, some small savings allowed an expansion of mutual self-help activities in all fields including housing.¹ The mutual self-help activity in housing led to the emergence of the first 'Building Societies'. The first Building Society in Britain was formed in 1780. The building societies received government recognition in 1836 in the form of legislation which reflected their growing number and importance.

However it is important to note that the building societies were not a significant force in the provision of housing : even as late as 1914 after 100 years of existence, only 10% of all houses were owner-occupied. So inspite of the early appearance of 'Co-operative Societies' or 'mutual aid societies, they were not able to supply owner occupied houses to most of the urban population.

It is also interesting to note that although they were viewed, by the commentators and writers of that time, as agencies for aiding the working man to buy a house in fact they were usually controlled by a board of directors which directly or indirectly reflected the interests of the local elite. Each society was advised by a local solicitor (legal expert) and its board of directors generally consisted of local industrialists,

1. ~~See~~ Community Project, op.cit. P.13.

professionals and merchants. These societies often had close links with the local government (the Council) who were also the local elite, and the societies' directors were also often elected members of the council.¹

2.5.2 The emergence of Property Professionals

The growth of the urban housing market also led to the emergence of new kinds of property professionals. These new professionals (known as estate agents and 'surveyors') were mainly concerned with the managing, buying and selling of property. Many of these new professionals were originally small entrepreneurs, tradesmen or artisans who had started as landlords owning one or two houses of their own. As their business extended, their work took in the management of other people's properties and eventually, they gained a seat on the board of the local building society.

Little skill was required to become an 'estate agent', and men came to this 'profession' from various other origins. Many of these 'professionals' started from humble origins and eventually became richmen with prestigious organisations. Another group of 'professionals' which derived a substantial boost from the increasing volume of property transactions was the 'solicitors'. These were the people who dealt with the paper work and legal aspects of buying, selling and renting housing.

1. Benwell Community Project. Op.cit. P. 33.

So not only did new housing institutions emerge in the rapidly urbanising Britain, but a whole new profession of people specialising in property was created. They had close links with the housing institutions, and earned their money from the profits to be made from housing.

2.5.3 The Performance of the Nineteenth Century Building Societies of Britain

As the British cities grew in size, the demand for owner-occupation increased, and the machinery for meeting this demand also increased. Institutions emerged for lending finance for housing to the public and borrow the funds from others who wanted to invest in housing. Professionals emerged for providing a mediating role between house builders, house-purchasers, and land-owners. Now two questions may be asked: first, did these building societies (and professionals) help to solve the severe housing problems, and second, what happened subsequently to these institutions and professionals?

In practice, the building societies could not provide a solution to the housing problem, because only the higher-income sections of the working class could afford the new housing built by these building societies.

Furthermore, the building societies were not able to maintain a steady supply of new houses. In the decade before the First World War, the housing market began to collapse due to three main reasons : (i) falling income (ii) alternative investment

opportunities and (iii) government restrictions on the activities of landlords.¹ These three factors resulted in such a collapse in house building that, after the First World War, the Government felt the necessity of intervention in the housing market to ensure a supply of reasonable housing for everyone. The government intervention took several forms: (i) rent control (from 1915) (ii) municipal house building and (iii) subsidies to 'owner-occupiers'.

In spite of the government intervention in the early 20th century many of the Building societies were consolidated and concentrated into a few big societies. The 69 societies which existed in Newcastle* in 1890 had shrunk to 35 by 1910. Some of these societies eventually increased in size to become national organizations. To-day the building societies in Britain play an enormous role in the national housing market. As a result of more than 70 years of their activity with continuous government support the private rented sector has steadily declined, and most British people now live in owner-occupied houses.

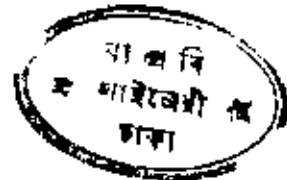
1. Berwell Community Project. Op.cit. P. 32 & 34.

* New castle is a major industrial city in the north-east of England.

Housing Tenure : England and Wales¹

(In Percentages)

Year	Private tenant	Owner occupation	Council tenant
1914	90	10	-
1958	58	32	10
1961	30	44	25
1976	14	55	31



Source : Benwell Community Project Private Housing and the working class.

The property 'professionals' finally emerged as very important people in the housing field. They even obtained some degree of social importance and some made their fortunes through this profession.

A few lessons from the British experience are worth remembering. When they first started, the early British Societies were hailed as the answer to the housing problem. Yet in this respect they clearly were not, because they catered only for the better off people, and the housing problems of the poor remained untouched unless government intervention took place.

Side by side with government effort the building societies continued to play a role in the British housing Market, and with government support grew stronger and stronger until they became nationally important institutions.

CHAPTER- 3
ORIGIN AND GROWTH OF HOUSING
SOCIETIES IN GREATER DACCA.

3.1 Housing Co-operative (The 1950's)

The pioneers for starting housing societies in our country were mainly the non-local businessmen who migrated from India at the time of partition in 1947. They started this activity not with a business motive, but in order so that they could more easily become the owner of a house by a joint or co-operative venture. For this purpose they decided to buy land and build multi-storied houses jointly on a co-operative basis. These houses or flats were to be distributed among the members of the society. As a result, a few housing colonies came into existence early in the 1950's. Aminabad and Hosenabad Colonies in Dacca are examples of such kind of colonies developed by non-bangali businessmen.

Some housing societies were also formed by the government employees. But this second type of society was almost inactive. Little progress was made due to various limitations. These limitations included inefficient administration, defective organisational set-up, non-availability of funds, lack of integration and finally lack of proper government supervision.¹

1. A.S.H. Abdul Quium, Financing of Urban Housing in Bangladesh (MORP Thesis, BUET. Dacca 1978) P. 40.

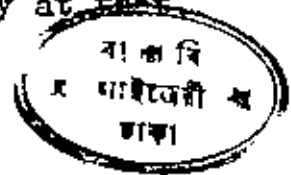
In 1953, five housing societies were given registration. In 1954 five more housing societies were also registered. The first registered housing society of this country was the Dacca Industrial Housing Co-operative Society formed in March, 1953. Immediately after this, the Baitul Aman Co-operative Housing Society came into existence on 19th August, 1953. Initially all the initiators of these two housing societies were non-bengali immigrants from India after the partition of 1947. These immigrant refugees settled mainly in the major towns of the then East Pakistan.

The formation of co-operatives was a process by which they could easily purchase their own house. Another cause of formation of housing co-operative by the non-bengali immigrants that these people did not have many assets in East Pakistan, and as they transferred their property from India to East Pakistan, the buying of a house was a good way of investing their moveable assets.

The 1950's

The number of co-operative housing societies substantially increased from 1962 to 1965. Because that period was relatively stable both economically and politically, which encouraged the increase of these societies. Another important reason for the increase in the number of co-operative housing societies during this period, was that it was the period of Co-operative movement in this country various types of co-operatives were formed in

response to Government encouragement during the early 1960's. One another reason for the growth of housing co-operatives may have been due to the rapid growth of Dacca city at that time.



The 1970's

Another period of expansion in the number of housing co-operatives took place after the independence of Bangladesh. This period was mainly from 1973 to 1975.

After liberation the problem of housing was acute throughout the urban areas. To help meet this problem the then Government gave more stress on co-operative housing. In the First Five Year Plan (1973-78) taka 1000 million was envisaged for expenditure for co-operative housing and shelter programmes. Of which taka 2 million to be allocated to a proposed Co-operative Housing Corporation as start-up capital.¹ The plan proposed to set set-up institutions for proceeding appropriate guidance, support and executing responsibilities in the field of co-operative housing :

- i. Co-operative Housing Advisory Board (CHAB) : to frame all types of government policy guide lines regarding shelters and co-operative housing.
- ii. Co-operative Housing Corporation (CHC) : to sponsor, develop, implement and the management of co-operative housing programmes.

1. Planning Commission, Government of Bangladesh. The First Five Year Plan 1973-78, P. 402.

iii. Co-operative Housing Finance Corporation (CHFC) :
 to mobilize resources and dispense funds for
 purposes of financing co-operative housing and
 shelter programmes.

After the presentation of the First Five Year Plan a series of meeting took place to take decision for the implementation of the programme. A sub-committee presented a report to the government. But unfortunately the recommendations of the report were not finally implemented due to various reasons. Financial condition of the government at that time did not at all allow investing huge amount of money to this sector. Government had to incur substantial amount of money to import foodgrain from outside the country. Question also arose, instead of subsidizing the Co-operative Housing sector, government could take up public housing schemes. Political crises during the plan period is also an important factor to the proper implementation of the plan. The administration of the new government that came to power perhaps were not satisfied in such plan-programme of the First Five Year Plan for the housing sector.

Between 1972 and 1975, 20 Housing Co-operatives were registered*. In the first half of the First Five Year Plan period there was seen a gradual increase in the number of housing societies

* Housing Co-operatives were registered as follows : 1 in 1972, 2 in 1973, 7 in 1974, 10 in 1975.

perhaps due to encouragement in the plan document. In 1976 the number of registration of housing co-operative was nil. At that time Martial Law Government was ruling the country. People were not understanding what will be the policy of the new government about the shelter programme. After 1976 when gradual stability came in the political atmosphere of the country, again the number of registered co-operatives started increasing. Between 1977 to 1980, 30 housing societies were registered.* But from the last half of 1979, government became strict in giving registration of new housing co-operative as because a number of fake housing societies came into the housing market with bad business motive.

A recent phenomenon has been the mushrooming of housing co-operatives, all professing through lavish media publicity selfless service to their clients. These societies have to take their registration from the office of Assistant Registrar of Co-operatives under the Co-operative Societies Act, 1940. According to information supplied from the office of the Assistant Registrar of Co-operatives, there are 69 registered Housing Co-operatives in the Dacca Metropolitan area till December 1980 (Table-1).

3.3.3 Origin of the Housing Limited Companies

Housing Limited Companies started in our country mainly after the liberation of 1971. In the Pakistan Period there were only

* Housing Societies were registered as follows : 2 in 1977
9 in 1978, 21 in 1979 and 8 in 1980.

a few private limited companies who were involved in the housing market in addition to various other business of the company. But in practice the land and housing business of these limited companies was inactive in that period.

After liberation, Dacca City grew in importance both economically and politically. The pressure of population also increased rapidly day by day. A huge number of people came to live in Dacca from both inside and outside the country. Trade and commerce also expanded as Dacca functioned as the capital of an independent nation. A number of Diplomatic Missions and offices of International Organizations were also established in Dacca.

All these created a severe problem of housing. Identifying this problem of acute shortage of dwelling houses in and around the city as compared to increasing number of population, has led many businessmen to open housing companies to call plots to those seeking their own accommodation.

Now there are near about a hundred limited companies dealing in allotment of plots in and around Dacca City. The number of housing companies increased tremendously during the period of 1977-80. According to the office of the Registrar of Joint Stock Companies, from the beginning of 1979 to January 1980, about 40 housing companies were given registration. The number of housing companies for 1980 would probably be much more higher than from the last year. Now a days advertisement in

the national Quilias, Radio, Television for allotment of plots by private limited companies or housing societies are very common. These housing limited companies are formed with company act by taking registration from the Registrar of Joint Stock Companies. In 1979, one possible cause of the sudden expansion of these limited companies was perhaps that in 1979 the office of the Assistant Registrar of Co-operatives imposed a restriction on the registration of housing co-operatives Societies. Before this restriction, it is believed that many housing limited companies were actually registered as housing co-operatives.

TABLE - 1 YEARWISE NUMBER OF REGISTRATION
OF HOUSING SOCIETIES

Year	Co-operative societies	Limited Companies	Total
1953	5	0	5
1954	5	0	5
1955	0	0	0
1956	0	0	0
1957	0	0	1
1958	1	0	1
1959	0	0	0
1960	0	0	0
1961	0	0	0
1962	4	0	4
1963	5	0	5
1964	9	1	10
1965	7	2	9
1966	1	0	1
1967	1	3	4
1968	1	1	2
1969	0	0	0
1970	0	1	1
1971	0	1	1
1972	1	4	5
1973	2	5	7
1974	7	5	12
1975	10	6	16
1976	0	1	1
1977	2	5	7
1978	9	3	12
1979	11	28	39
1980	8	26	34
Total	89	92	181

Source : Offices of the District Assistant Registrar of Co-operatives and the Registrar of Joint Stock Companies.

CHAPTER - 4
THE STUDY OF THE HOUSING SOCIETIES

4.1 Methodology

The study was carried out by adopting the following methodological approaches :

A questionnaire survey was conducted on different co-operative housing societies and housing limited companies to collect primary information about their activities in Dacca. 30 housing societies from both co-operatives and limited companies were selected for interview from the total of 181 registered societies. In selecting the sample certain selection criteria were adopted :

- a) The sample was to consist of both co-operative societies and limited companies.
- b) The sample should also contain some old, Medium-age and new societies.
- c) Housing societies operating at different locations (Savar, Mohammadpur, Mirpur and others) were to be selected.

First of all, two lists, one of registered housing co-operatives and the other of limited housing companies, were collected from the offices of Assistant Registrar of Co-operatives and Registrar of Joint Stock Companies. These lists gave the name, registration number, date^c of registration and address of the societies.

From this the author collected the sample housing society of different ages. The method of interview was a semi-structured questionnaire. The subjects of investigation ~~included~~ were the background of societies, information about their sites, management, finance, process of buying and selling of land, their future plan programme etc. To take interview from 30 societies (12 co-operatives and 18 limited companies) the author had to visit about 40 societies because not all the societies were presently active while some societies were found to be always closed. Again some societies indirectly refused to give interview.

4.2.1 The Housing Societies' Land

4.2.1 Location

The majority of the land owned by the housing societies is located in the Savar area. Out of 30 societies interviewed 17 were holding land at Savar (Table 4.1), and out of their 40 sites, 25 were in Savar (Table 4.2). The sites are mainly located around the Jahangir Nagar University, Savar cantonment and Savar Dairy farm and under Kashimpur, Gonakbari, Rajason, Nabinagar Unions, on both sides of the Dacca-Aricha highway.

The next largest concentration of sites of the housing societies is in the Mohammadpur area. Out of 30 housing societies 8 had land at Mohammadpur (Table 4.1) which was 8 out of 40 sites (Table 4.2). These sites are mainly vacant low land on the north-west side of the present Mohammadpur residential area and to the west side of Shayamoli.

Some housing societies have also started at the North bank of Mirpur bridge. Those societies have developed normally in the relatively cheap low land of Mirpur at a certain distance from Mirpur Bazar. 2 of the 30 housing societies interviewed were located in Mirpur (Table 4.1) with 3 sites (Table 4.2).

Other locations are Tongi, Joydevpur and Jatrabari. But these housing societies are relatively small, now and dispersed, unlike the Savar and Mohammadpur-based housing societies. 3 housing societies were found in these places. Recently a few housing societies have also been established on both sides of New Airport Road. These housing societies are located at different places on both sides of Dacca-Tongi Road at a considerable distance from each other.

TABLE 4.1. NUMBER OF HOUSING SOCIETIES OPERATING AT DIFFERENT LOCATIONS

	Total Surve- yed	Savar	Mohammadpur	Mirpur	Others
Housing Co-operative	12	7	2	1	2*
Housing Ltd. Company	18	10	6	1	1**
Total	30	17	8	2	3

Source: Field Survey, 1981.

* Tongi, Joydevpur.

** Jatrabari.

TABLE 4.2. NUMBER OF SITES IN DIFFERENT LOCATIONS

	Total No. of sites	Savar	Moham-madpur	Mirpur	Others
Housing co-operative	13	8	2	1	2
Housing Ltd. Company	27	17	6	2	2
Total	40	25	8	3	4

Source : Field Survey, 1981.


4.2.2 Reasons for Selection of Sites

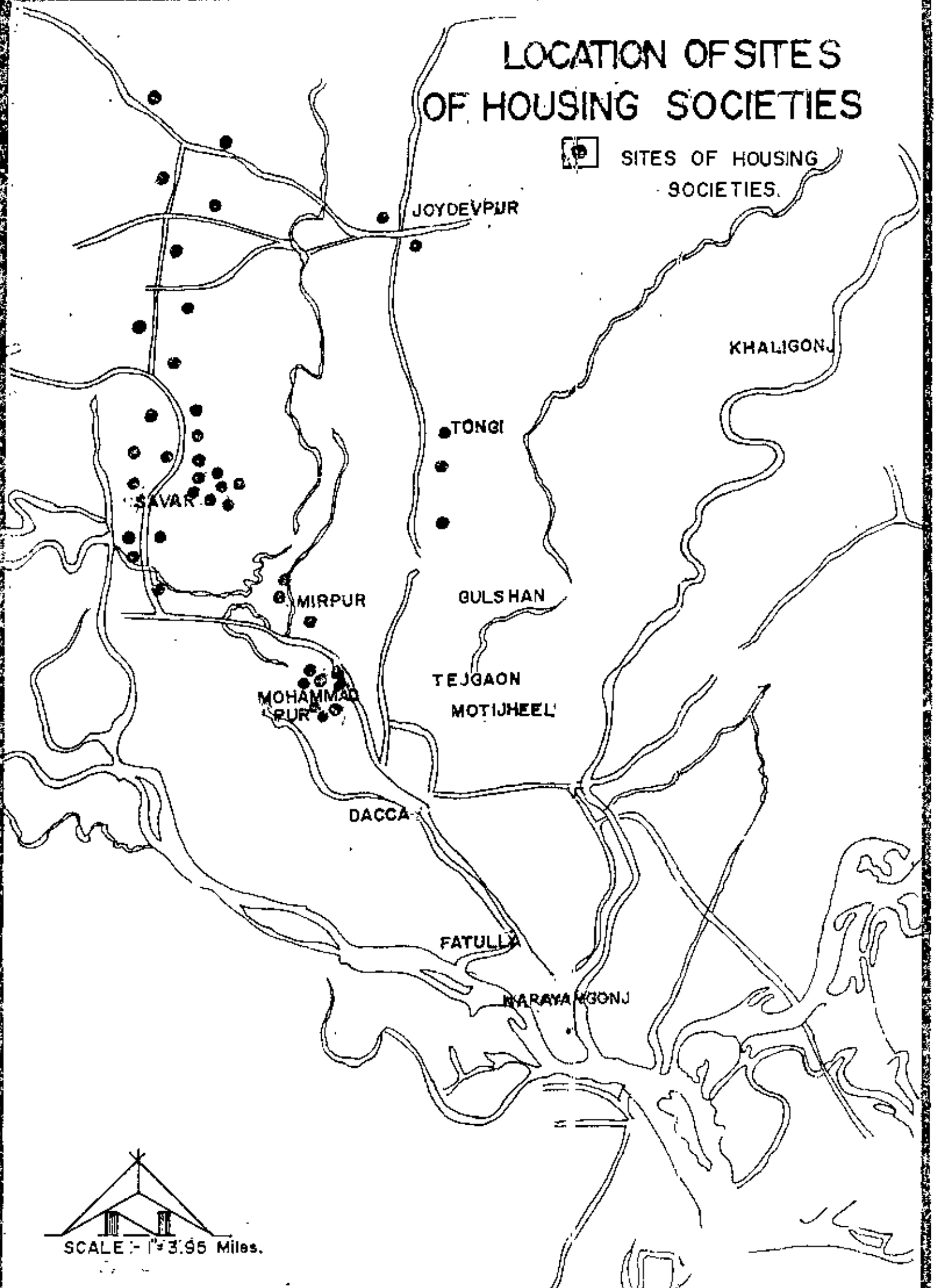
The main factor for determining the location of sites by the housing societies in these areas is availability of relatively cheap land. These are the places where a large amount of land in one place is available for housing complexes. The second factor for determining the location of sites to these areas is that the trend of expansion of Greater Dacca is towards north and all of these areas are located near to the major high ways linking Dacca City. The sites in these areas have a good possibility of quick development as they are close to existing urban centres.

4.2.3 Number of Sites Owned by Each Society

Most of the housing societies own only one or two sites. The majority hold only one site each. From Table 4.3 it is seen that the majority of co-operative housing societies are

LOCATION OF SITES OF HOUSING SOCIETIES

 SITES OF HOUSING SOCIETIES.




SCALE - 1" = 3.95 Miles.

usually engaged within only one site. It is because housing co-operative normally grow in a site to solve only the members' housing problem. Wherever they have solved the problem they normally stopped their activities. But for housing limited companies it is different. As housing companies are engaged in the land business, they often may have more than one site for profit motives.

TABLE 4.3 NUMBER OF SITES OWNED BY HOUSING SOCIETIES

	No. of Sites			
	1	2	3	4
Housing Co-operative	10	2	3	-
Housing Ltd. Company	11	5	2	-

Source : Field Survey, 1981

4.2.4 Number of Places the Housing Societies Operate

Naturally, with only one site the majority of the housing co-operative societies operate at only one location. Only one had schemes in two locations which were Savar and Tongi (Table 4.4). 3 out of 18 housing limited companies have sites in two locations, and 1 has three locations. The housing companies with two locations were : Savar and Mohammadpur, Savar and Jatrabari and Joydevpur and Mirpur respectively. The housing company with 3 locations was at Savar, Mohammadpur and Mirpur.

TABLE 4.4 DISTRIBUTION OF HOUSING SOCIETIES BY THE NUMBER OF LOCATION

	No. of locations		
	1	2	3
Housing Co-operative	11	1	
Housing Ltd. Company	14	3	1

Source : Field Survey, 1981.

4.2.5 Size of Sites

The size of sites of the housing societies was related to the location. Sites at the Savar area ranged from very small size to very big size (1.65 acre to 150 acre). But for Mohammadpur, Mirpur and other places sites were not so big-all below 50 acres (Table 4.5).

The size of sites also varied with respect to the type of society. For co-operative housing society the size of sites tends to be concentrated more in the middle of the range (Table 4.6). None of the Housing Co-operatives was found whose size of site was more than 100 acre. For limited housing companies however, all sizes (small and very big) of sites were found. Three site of housing companies were found more than 100 acres, all located in Savar. This perhaps reflects the differing functions of the two kinds of housing society. Housing Companies are mostly engaged in buying and selling land, so they accumulate as much cheap-land as possible for future profit. On the other hand the co-operative societies

mostly buy land depending on the number of their members. Another cause of big site of the limited companies is that limited housing companies have enough capital to buy huge land but the housing co-operatives mostly depend on the deposits of member which are very limited.

TABLE 4.5. SIZE OF SITE VERSUS LOCATION

Location	Total no. of sites	1-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	101-150
Savar	25	4	5	2	3	4	2		1		2
Mohammadpur	8	2	2	1		2			1		
Mirpur	3	1	1	1							
Others	4	1		1	1	1					
Total	40	8	8	5	3	6	4	2	1	1	2

Source : Field Survey, 1981.

TABLE 4.6 SIZE OF SITES AND HOUSING SOCIETIES

	Total No. of sites	1-10	11-20	21-30	31-40	41-50	51-60	61-70	71-100	101-150
Housing co-operative	13	1	3	2	1	2	2	1	1	
Housing Ltd. Company	27	7	5	3	2	4	2	1	1	2

Source : Field Survey, 1981.

It appears from above discussion that the housing societies are mainly located on the northern side of Dacca city such as Savar, Mohammadpur, Mirpur, Tongi, Joydevpur etc. But the majority of the societies were located in Savar, while the second largest concentration was in Mohammadpur. Most of the societies own only one site each and majority of them operate at only one location. Size of site ranged from vary small size to very big size depending on the location of the society.

CHAPTER - 5
BACKGROUND OF THE HOUSING SOCIETIES

5.1 Housing Limited Company

Housing Limited Companies are formed under the rules of company law 1913 and require registration from the office of the Registrar of Joint Stock Companies. All the housing companies interviewed were registered and had registration numbers and date. Each the housing companies have to maintain an office to deal with its customers. Some had separate offices occupying one or two rooms, and some maintained an office in the Managing Director's residence. Many companies also maintained offices at the housing sites. All the housing companies maintained some full-time and some part-time staffs for the office management. The size and number of staffs varied according to the size and scale of operation of the company.

Housing limited companies are generally formed and managed by a board of directors. There may be a Managing Director, a Chairman, a Secretary, a Vice-Chairman and some other members in the board of management.

5.1.1 Directors

A typical limited housing company is normally a small organisation like a small business firm. Ownership of the company is within a small number of persons. The management often constitute a small board of directors. Number of staffs for office

management is also small. Some of the housing companies' assets are small while that of others assets are large.

Out of 18 housing companies interviewed, the board of management of 5 housing companies consisted of 3 directors each and 5 consisted of 4 directors each, respectively (Table 5.1). Only 3 companies had more than 10 directors. On the otherhand, 2 housing companies had only two directors (husband and wife).

TABLE 5.1 HOUSING COMPANIES WITH THEIR NUMBER OF DIRECTORS

No. of Directors	1	2	3	4	5	6	7	8	9	10+
No. of Ltd. Companies	1	2	5	5	1	1	1	1	1	3*

Source : Field Survey, 1981.

* Two Companies had 12 directors and one company had 30 directors.

In most cases the directors of the companies were selected persons. These companies operate almost like private business organisations. The majority (72%) of the housing companies interviewed were found to have selected board of directors while 3 (17%) had not yet time for election nor yet decided whether they will hold election or not and 2 were proposing to hold elections in the near future (Table 5.2).

TABLE 5.2. NUMBER OF COMPANIES HAVING ELECTED/SELECTED BOARD OF DIRECTORS.

	No. of Ltd. Companies
Selected	13
Proposing to Election	2
Not yet decided	3

Source : Field Survey, 1981.

The majority of the housing societies were formed from within the circle of friends and relatives. The directors in most cases were found to be relative and friends. Out of 18 housing societies the board of directors of 3 were completely confined within the relatives, 8 were within the friends and 5 were within both friends and relatives (Table 5.3). The remaining two housing companies had board of directors who belong to the same office and profession.

TABLE 5.3. BOARD OF DIRECTORS OF HOUSING SOCIETIES DISTRIBUTED BY TYPE OF RELATIONSHIP

Directors Relationship	No. of Companies
Relatives	3
Friends	8
Both Relatives & Friends	5
Office Acquaintances	2

Source : Field Survey, 1981.

5.1.2 Meetings

Housing Companies usually held informal meetings among the board of directors to take any decision related to their companies. In majority cases the directors of the board were so closely related that they do not need to serve any notice for any meeting. They hold meetings among the directors any time whenever necessary with verbal information. Some of the housing companies informed that they conducted meeting at least once a month as per existing company rule. It was also found that the meeting of some of the housing companies completely depended on the desire of their Managing Director. The Managing Director might call a meeting whenever he felt it necessary. According to interviews with the directors, the attendance of the board members in the meeting was quite good. The housing companies normally did not hold meeting with the members. In such cases the members were simply treated as customers of the company.

As housing companies are privately owned enterprises limited within friends and relatives, they do not normally maintain all the legal procedures for holding meeting which may hamper in earning abnormal profit of buying and selling land. The housing companies don't want to disclose their techniques for earning huge profit in keeping up todate official records. Some times the new housing companies have no proper knowledge about the legal official procedures.

5.1.3 Finance

The housing companies are mainly financed by the board of directors. Out of 18 housing Companies the sources of finance were revealed by 13 companies only. The sources of finance for these companies were in each case the personal money of the directors. Out of 13 companies, 12 were financed by the board of directors, while the source of initial finance of one company was another private company.

5.1.4 The Company Directors and Their Background

The directors of the board of management are mainly the more affluent people of the society. Their occupations were : service, business, teaching and housewives of well-to-do families. The present occupation of 87 directors of 18 housing companies are as follows : 40 serviceholders, 33 Businessmen, 9 University Teachers and 5 housewives (Table 5.4). Housing Company say 'X' had 3 directors, of which 2 were businessmen and 1 was serviceholder. Similarly housing company say 'Y' had 2 directors, one was businessman and another was his wife. A significant number of directors were found to be full time businessmen. The present occupations of the directors are presented in Table 5.4.

The past occupation of the directors was very similar to their present occupation. Some of the directors who are now engaged in business were previously serviceholder. A number of directors came to this housing business with finances earned from secondary/ other occupations.

TABLE 5.4. PRESENT OCCUPATION OF HOUSING COMPANY DIRECTORS

Housing Ltd. Company (Sl.No.)	Date of Foundation	No. of schemes	Land owned in schemes (Acres)	No. of Directors	Present occupation of Directors
1.	January 1979	1	200	2	Business, Service.
2.	March 1980	1	3.5	3	Business (2) Doctor (IBBS)
3.	September 1979	1	666.5	5	Business (3) Service (2)
4.	September 1979	1	30	7	Service, Retired Government Servant (3)
5.	August 1975	2	13, 10	4	Business (2) House- wife, Retired Army Officer.
6.	March 1980	1	10	12	Teachers and staff of Jahangirnagar University (7), Service (2), Business (3)
7.	August 1977	3	50, 50, 17	4	Ex-teacher of a College, Business (3)
8.	October 1978	3	300, 66, 67	4	Business (3), Housewife
9.	December 1979	1	5.5	4	Business (3) Housewife
10.	July 1977	3	4, 5, 10, 5, 5	2	Service, Housewife
11.	July 1980	2	17, 4.67	33	Retired Government Officer (3), Govern- ment Officer and Staff (30)
12.	July 1979	1	22	3	Landlord, Business (2)
13.	June 1979	1	5.5	4	Business (4)
14.	March 1979	1	25	3	Lawyer, Business (2)
15.	April 1979	2	35, 75	6	Service (2), Business (3) Housewife.
16.	February 1975	1	111.28	3	Business (2), Housewife
17.	October 1979	2	7.26, 8	3	Retired Army Officer, Business (2)
18.	July 1979	1	30	12	Teachers and staff of Jahangirnagar Univer- sity (7), Business (3) Local Richmon (2).

Source: Field Survey, 1981.

Note: Figure within parenthesis indicates member of Directors.

The initial finance needed to start land business is very large. Since a large number of the directors were service holders or retired persons they have other sources of income for this big amount of investment. The sources might be the past savings or inherited assets of the directors, loans from friends or relatives and income from other activities.

Some directors also had good links with the present land market of Savar, Mohammadpur etc. For example, some of the teachers and staff of Jahangir Nagar University familiar with the land market of Savar, had formed a housing company. In other cases, a number of directors already holding a large amount of land in this area had formed companies. The occupation of 12 directors of a Housing Company say 'X' were 3 teachers of Jahangirnagar University, 4 staffs of the same University, 1 local people, 2 businessmen and 2 serviceholders. Similarly the occupation of 7 directors of another Housing Company say 'Y' were 1 staff of Jahangirnagar University, 2 wives of teachers of Jahangirnagar University, 1 Retired Deputy Registrar of Co-operatives, 1 Divisional Commissioner, 1 Retired Collector of Custom and Excise and 1 businessman. The advisors of this housing company were two teachers of Jahangirnagar University. The composition of different types of directors of some housing limited company is perhaps due to work differentiation among the directors. Such as the directors selected from Dacca is ^{supposed to} supposed to provide maximum finance, complete official formalities (e.g. registration)

and collect potential customers. Other directors may be the local people who have good knowledge of existing land market of the area. Their duty is to collect suitable cheap land. For example, housing limited company say 'Z' had 3 directors two were Dacca-based businessmen and one was local landlord of Savar.

TABLE 5.5 : PRESENT OCCUPATION OF THE DIRECTORS

Occupation	Number of Directors.
Business	33
Service-holder	40
University Teacher	9
Housewife	5

Source : Field Survey, 1981.

5.1.5 Reasons for starting the Company

In a query of why the directors had decided to form a housing company, the answer given by nearly all of the directors was: "an attempt to solve the acute housing problems of Dacca City", particularly for the middle class people who cannot easily afford any house in Dacca. Some companies informed that they wanted to do some business along with this honest and sincere work. According to the director of different housing companies it is a way to solve the housing problem both for themselves and others.

But in practice the majority of the housing companies are engaged in land buying and land selling business, rather than housing. The actual reason for starting this business is to earn some profit. This profit can be earned by the company acting as a middleman between the current land owner and the prospective buyer of land. On the other hand, profit can be earned when landowners form a company to sell their available undivided land into different plot sizes and sell to the customers.

5.2 Housing Co-operatives

Housing Co-operatives are formed under the Co-operative Societies Act, 1941. All the housing Co-operatives interviewed were found registered, with a registration certificate from the office of the Assistant Registrar of Co-operative Societies.

Most of the co-operative housing societies maintain their own offices for administration and contact with their members. But these offices are generally not as luxurious as those of the housing limited companies. Some societies do not maintain independent offices. Often the residence of the Chairman of the Society is used as the office of the society. In other cases, where the co-operative societies were formed by people belonging to a common profession the respective work offices are utilized as the office of the co-operatives. In such a case, the chairman of the society does his society's work in his office room. However, now a days a few co-operative societies act more or less like those of housing limited companies.

The housing co-operative societies are usually administered by an Executive Committee or a board of directors. The members of this Executive Committee or board of directors are usually non-salaried persons. Only a small number of salaried-staff (such as, typist, peon, guard etc.) are maintained in some co-operatives.

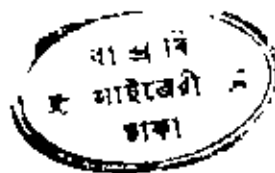
Originally the co-operative housing societies are confined mainly to the employees of a particular government or non-government organisation. But now a days, a number of co-operative societies have emerged with an open membership for all comers. They advertise through different media to attract customers in a similar way to that of the housing limited companies.

5.2.1 The Directors or Executives of the Co-operative Societies

The number of directors or executives in the management of co-operative housing societies is generally greater than the limited housing companies. Out of 12 housing societies interviewed, 3 have 9 directors and 4 have more than 10 directors (Table 5.6)

TABLE 5.6 NUMBER OF DIRECTORS/EXECUTIVES OF HOUSING CO-OPERATIVES

No. of Directors/ Executives	1	2	3	4	5	6	7	8	9	10
No. of Co-operatives			1		1	2	1		3	4



There were 101 directors found for the 12 housing co-operatives interviewed. The average number of directors in the co-operative societies was therefore 8.4 compared with 5.7 for the limited companies. The reason for higher average number of directors for the housing co-operatives is perhaps because the co-operatives are by rule a non-business organisation. The share of responsibilities and benefits are distributed more evenly among a larger number of directors. It was found that in some co-operative housing societies the number of directors in the board of management was larger than other co-operatives. The number of directors might be related either to the size of the co-operatives, or to the different functions and objectives of the co-operatives. But it is found from table 5.7 (A,B) that the number of directors in fact does not vary significantly with the size of the co-operative. No relationship was found between the number of directors and the amount of land owned by the co-operatives or the number of members in the co-operatives.

It was observed, however, that the number of directors of the co-operatives was related to the function, objective and nature of the co-operatives. Some housing co-operatives with a large number of directors found to be formed within the same professional group of people or acquaintances. The activities of these co-operatives with a larger number of directors were more like actual co-operatives. For example, co-operative Housing Society say 'X' with 12 directors was formed by bank employees. Similarly Co-operative housing Society 'Y' having 11 directors was formed by service holders of the organisation,

Bangladesh Council for Science and Industrial Research (BCSIR). But in a few housing co-operative societies the number of directors were found to be small. Though these housing co-operatives were registered as non-business organisation under the rule of co-operatives, in practice they were engaged in earning profit like the housing limited companies.

Most of these co-operative societies were formed among the close friends and relatives. For example, Housing Co-operative Society say 'X' consists of '5' directors, who were husband, wife and 3 sons. Another Housing Co-operative Society say 'Y' having 6 directors was formed completely from among a group of friends. Their methods of running the co-operative was much more like that of a family business.

TABLE 5.7 (A) NUMBER OF DIRECTORS VS. LAND OWNED BY CO-OPERATIVE

No. of Direc- tors	Land owned in Schemes (Acre)											
	1- 10	11- 20	21- 30	31- 40	41- 50	51- 60	61- 70	71- 80	81- 90	91- 100	101- 150	
3						1						
4												
5	1										1	
6					1	1						
7				1								
8												
9		1		2	1							
10												
11		1										
12		1			1						1	

Source : Field Survey, 1981.

TABLE 5.7 (B) NUMBER OF DIRECTORS VS. NUMBER OF MEMBERS

No. of Directors	100-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1000+
3		1								
4										2
5	1									
6										
7		1								
8										
9		1		2						
10		1								
11					1					
12			1			1				

Source : Field Survey, 1981.

5.2.2 Election of the Board of Directors of the Co-operatives

The Board of Management of the Co-operatives should be elected as per rule of Co-operative law.¹ But sometimes this rule is not properly obeyed by the housing co-operatives. Elections have not yet been held in 5 out of 11 co-operative societies. In the Co-operatives where election have not yet been held, some are now but a few have been working for long years without election. Of the 12 housing co-operative societies interviewed the board of management of 6 were found elected, 3 were selected and 2 societies act like the housing limited companies. These cooperative housing societies are generally dominated by a very small number of persons.

1. Co-operative Society Rule 1942.

TABLE 5.8 ELECTED AND SELECTED CO-OPERATIVE SOCIETIES

	Number of Cooperatives
Elected	6
Selected	3
Not applicable*	2
Not known	1

Source : Field Survey, 1981 .

* Not yet due for election.

As housing co-operatives are normally confined to employees of a particular organisation, the relationship between the directors is usually that of office acquaintances. But now a days some housing co-operatives have been formed which exhibit relationship among the directors alike the housing companies. For example, the Co-operative Housing Society say 'X' having 12 directors who were all employees of a particular organisation. On the otherhand the Co-operative Housing Society say 'Y' has 5 directors - all are husband, wife and 3 sons.

5.2.3 Occupation and Background of the Directors

The occupation of most of the directors of the Co-operative societies was service. Only very small number of the directors were employed in business or other occupation. Out of 101 directors of 12 co-operative societies, the occupation of 88 could be identified from the interview. Of these 88 directors,

74 were service holders, 10 businessmen and 4 were from other profession (Advocate, housewife and two teachers). Out of 74 service holders, 20 were government servants, and 54 were non-government service holders (Table 5.9).

TABLE 5.9 OCCUPATION OF DIRECTORS/EXECUTIVES OF HOUSING CO-OPERATIVE.

Occupation	No. of Directors
Government Service	20
Other Service*	54
Business	10
Other**	4

Source : Field Survey, 1981.

* Bank employees, Service in autonomous organisation and private firm.

** Advocate, Housewife, Teacher (2)

The occupation of directors within the co-operative may vary significantly. For majority of the co-operative societies the board of directors were of mixed type occupation. For example, the co-operative society say 'Z' has 9 directors who are, 2 businessmen, 1 Bank employee, 1 Retired Army Officer, 1 Government Service 2 other Service, 1 Engineer. Only two co-operatives were formed within the directors of the same occupation (acquaintances). The service-holder directors were in maximum cases the responsible officers of different government and non-government organisations. All types, e.g., from lower grade to high ranking officials were found as directors of the co-operative societies (Table 5.10).

TABLE 5.10 PRESENT OCCUPATION OF DIRECTORS/EXECUTIVES OF HOUSING CO-OPERATIVE SOCIETIES

Housing Co-operatives Sl.No.	Date of formation	No. of schemes	Land owned in schemes (Acres)	No. of Directors	Present occupation of Directors/Executives
1.	July 1960	1	19.5	12	Bank Employees
2.	July 1977	2	50,34	9	Business (4) Sub-Asstt. Engg. (R&H) Inspector (Co-operative Societies), Bank Officer, Sub-Asstt. Engg. (PWD).
3	June 1960	1	50	3	Service (2), Business.
4.	June 1980	1	50	12	Business (2), Bank Officer Government Officer from lower level to upper level (9)
5.	August 1979	31	34	9	Business, (2) Engineer, Retired Army Officer, Bank Employee, Service (4)
6.	April 1978	2	130,60	6	College teacher, Government Officer, Retired Government Officer.
7.	July 1973	1	50	6	Retired Army Officer, (2) Business (2)
8.	June 1978	1	40	7	Business, Lawyer
9.	July 1978	1	14	9	Government Officer, Service holder Business.
10.	June 1953	1	100	12	Government officers (3) Bank officer, Businessmen, service.
11.	Jan. 1975	1	7.73	5	Advocate, Housewife and 3 sons.
12.	March 1978	1	20	11	All are serviceholders, two are professors of a University

Source : Field Survey, 1981.

Note : Figure within parenthesis indicates the number of Directors/Executives.

5.2.4 Meeting

All the housing co-operatives informed that they hold regular meeting of the executives as per rule of co-operative law.¹ Inspite of executive Committee's meeting the Co-operative societies conduct weekly and yearly general meeting for the members. Though every housing co-operative society claims that they conduct the meetings regularly, but some societies are irregular in holding meetings which is evident from their neglect of maintaining proper records, circulate proper notices and minutes of the meeting to the members.

5.2.5 Finance

The sources of initial finance for co-operative housing societies are usually the members (general and executive) subscriptions. In an investigation, 5 co-operative societies out of 10 said that the source primary of finance of their society was the member's deposits and the rest 5 societies reported that the source of finance of their societies was the board of directors' subscription.

1. Co-operative Society Rule, 1942.

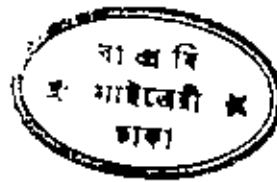
CHAPTER - 6
THE MEMBERS OF HOUSING SOCIETIES

In the earlier chapters the activities of the housing societies was discussed. The analysis was based on information collected from different housing societies through interview. The members of housing societies are now studied to know their background, role and activities in the societies.

6.1 Methodology

To obtain an accurate picture, it is desirable to interview a large number of members of both Housing Co-operatives and housing companies. But limitations of time and resources constraint on the size of sample. Hence a sample size of 61 members was selected which was expected to give a fairly representative picture. The sample was selected on the basis of certain criteria.

The first criteria was to obtain a cross section of the members of housing societies. Members of both housing Co-operatives and housing limited companies were selected for interview. The members were from both old and newly established societies. Some members from the co-operatives and limited companies which had already been studied were also required for interview. The members were selected from different parts of Dacca city. This criteria was adopted because different people might have different needs for housing depending on where they lived.



The method of interview was a semi-structured questionnaire. In other words, a list of questions was prepared with scope for long answers and discussion with the interviewer. The questionnaire survey was carried out completely by the author himself. Because the questionnaire involved some sensitive issues which raised the possibility of a low response rate and the danger of a biased result. Two methods were used to select the members for interview. Firstly, some members who were known to the author were selected, and secondly, other members were selected from membership lists supplied by different housing societies.

The first approach was adopted to get good accurate answers because of trust and quick identification of the members for interview. With this approach, it was also easier to ensure a cross-section of people.

The second method of selecting member (from housing societies lists) was used to introduce an element of randomness to the sample.

6.2 The Sample Design

61 members were interviewed of whom 26 were members of co-operative societies and 35 were customers of limited companies. Among the total interviewed member, 16 persons were known to the author and the remaining 45 were collected from the list of members supplied by housing societies. Of the 16 members interviewed who were known to the author :

7 were members of co-operatives
 9 were members of limited companies
 again, 10 were members of societies not previously studied
 6 were members of societies previously studied.

Of the 45 members who were selected from the housing societies' list :

19 were members of cooperatives
 26 were members of limited companies
 again, 11 were members of societies not previously studied
 34 were members of societies previously studied.

The result of this sampling procedure are summarised in Table G.1 below :

TABLE G.1 THE SAMPLE FRAME
 (A) MEMBERS KNOWN TO THE AUTHOR : 16

	No. of Members		
	Housing Co-operative	Housing Ltd. Company	Total
From housing societies studied	3	3	6
From housing societies not studied	4	6	10
Total	7	9	16

(D) MEMBERS SELECTED FROM THE LISTS OF HOUSING SOCIETIES : 45

	No. of Members		
	Housing Co-operatives	Housing Ltd. Company	Total
From housing society studied	15	19	34
From housing society not studied	4	7	11
Total	19	26	45

At the time of selecting the sample the author tried to collect members from different residential locations of Dacca city such as Azimpur, Dhanmondi, Moghbszar, Khilgaon, Motijheel, Mirpur, Tejgaon and so on. The locations of members are presented below :

TABLE 6.2 LOCATIONWISE SELECTION OF MEMBERS

Location	No. of Members
Azimpur	9
Dhanmondi	8
Motijheel	4
Khilgaon	5
Shantinagar & Furana Palton	4
Mirpur	4
Tejgaon	3
Moghbszar	5
Old Dacca	8
Others	11
Total	61

6.3 Socio-economic Characteristics of the Members

Though the majority of the members of housing societies are male; membership includes a significant number of females. (Appendix-I) A major proportion of the members are also married (Appendix 1).

With one exception, all the members are literate (Table 6.3) Moreover, most of the members are highly educated. Out of 60 literate members nearly half are graduate or post-graduate.

TABLE 6.3. EDUCATION LEVEL OF THE MEMBERS

	Illite- rate	Below secon- dary	Secon- dary	Higher secon- dary	Gra- duate	Above Graduate
No. of members						
-Co-opera- tives		4	7	5	6	4
- Ltd. Companies	1	8	6	4	6	10
Total	1	12	13	9	12	14

Source : Field Survey, 1981.

The occupation of the majority members was service (Table 6.4). Half of the service holders were Government civil servants and half were service holders with semi-government status such as bank employees, teachers, and employees of different government corporations and autonomous organisations. There was a proportionately higher number of government civil service members in the co-operatives, and the reverse trend was

observed in the limited companies. This reflected the generally more restricted access to membership of the housing cooperative societies.

TABLE 6.4 OCCUPATION OF THE MEMBERS

Occupation	Service		Busi- ness	Others*
	Government	Non- Government		
<u>No. of Members:</u>				
Co-operative	10	7	3	6
Ltd. Company	11	14	4	6
Total	21	21	7	12

Source : Field survey, 1981.

* House wife, Retired person

Most of the members were higher income earning people. The lowest monthly income of the members (from principle occupation) was Taka 600 per month, and the highest was Taka 3000 per month. But the majority of the members were in the range of Taka 1000 to 25000 per month. 53 members were found in this income group.

TABLE 6.5 MONTHLY MAIN INCOME OF THE MEMBERS

Main income (in Taka)	600- 1000	1000- 1250	1251- 1500	1501- 1750	1751- 2000	2001- 2250	2251- 2500	2501- 2750	2750 3000
<u>Number of Members:</u>									
-Co-ope- rative	2	4	5	4	3	4	1		3
Ltd. company	3	5	5	4	5	4	5	1	3
Total	5	9	10	8	8	8	6	1	6

Source : Field Survey, 1981.

The majority of the members also had other secondary sources of income, such as, business, agricultural income, part-time job, husband or wife's income and so on. The secondary income of the members have been shown in Appendix 2. 35 out of 61 members had secondary sources of income, which ranged from Taka 250 to Taka 1500 per month. Members of both co-operatives and limited companies were found to have secondary sources of income.

Including Secondary incomes, the total monthly income of the members are shown in Table 6.6. The majority of the members therefore had a relatively high basic income (typically more than Taka 1000 per month), and this was supplemented in many cases by significant secondary sources of income. Thus out of 61 members, 15 had income of more than 2500 taka per month. It

may be mentioned here that at the time of calculating the 'income' of housewives, the husbands' income was treated as her income by proxy.

TABLE 6.G. MONTHLY TOTAL INCOME OF THE MEMBERS

Income (in Tk.)	750- 1000	1001- 1250	1251- 1500	1501- 1750	1751- 2000	2001- 2250	2251- 2500	2501+
<u>No. of Members:</u>								
Co-opera- tive	1	3	4	4	5	3	2	4
Ltd. Company	1	4	3	2	5	4	5	11
Total	2	7	7	6	10	7	7	15

Source : Field Survey, 1981.

The members of housing limited companies in general had a higher income than the members of co-operative housing societies. 57% of the members of limited companies had total income of more than taka 2000 per month but this was only 35% for the members of co-operative societies. The reasons for this may have been due to the different types of occupation and nature of job of the members. The number of businessmen was relatively more in limited companies as were the number of non-government serviceholders. Their incomes are frequently higher and less restricted than government service-holders.

All these members were mainly middle and higher-middle income earning people. The members were mostly 'solvent' people of society: not exceedingly rich, but not poor either.

6.4 Investigation into the Members' Demand for Housing

The members' demand for housing may be influenced by various factors. It may be related to the family size of the members, their present accommodation, and whether they own any house or land in Dacca or other city etc. The demand for housing may also be related to the origin of the members, their year of coming in Dacca and the reasons for coming in Dacca.

6.4.1 Family Size

The family size of the members varied from 2 to 8 (Table 6.7). The average size of the family of the members was 5. It may be noted here that the size of the family has been calculated by including only husband, wife and their children.

TABLE 6.7. FAMILY SIZE OF THE MEMBERS

Family size	1*	2	3	4	5	6	7	8
Housing Co-operative	3		2	4	7	6	4	1
Housing Company	5	1	2	8	8	5	4	1
Total	8	1	4	12	15	11	8	2

Source : Field Survey, 1981.

* Unmarried

6.4.2 Present Accommodation

Out of 61 members 26 were found living in Government accommodation and 20 were in private rented house (Table 6.8). Only 4 members were living in their own houses. The other 11 members

were living with father, relatives, hostel, and so on. Out of 26 people in office residence, 15 were in Government accommodation and 11 were in other government accommodation (Bank staff housing colony, university staff quarters etc.).

TABLE 6.8 PRESENT ACCOMMODATION OF THE MEMBERS

Types of Accommodation	Official Accommodation		Rented house	Own house	Others**
	Government flat	Non-government house			
<u>No. of Members</u>					
Co-operative	8	5	7	2*	4
Ltd. Company	7	6	13	2	7
Total	15	11	20	4	11

Source : Field Survey, 1981.

* One member is living in his own house from co-operative

** With father, husband, relatives and in mess.

The monthly rent cost of the 20 private rent giving members of housing societies fell mainly in the range of Taka 750 to 1750. Out of 20 members, 17 fell in this category (Table 6.9).

TABLE 6.9. MEMBERS PAYING RENT FOR RENTED ACCOMMODATION

Cost (in Taka)	500-750	751-1000	1001-1250	1251-1500	1501-1750	1750-2000	2001-2250
<u>No. of Members:</u>							
Co-operative	1	2	2	1	1		1
Ltd. Company	1	2	4	3	2		1
Total	2	4	6	4	3		2

Source : Field Survey, 1981.

These rent levels seem very high in relation to the total income of the members. The number of members with total income above Taka two thousand were 29. But the number of members above one thousand rent were 14. This suggests that some of the members may have understated their true total income.

The majority of the members owned neither a house nor a plot in Dacca city. Only two members of Co-operative society and one member of a limited company owned a house in Dacca city. Two members were also found to ~~own~~^{own} land plots in Dacca. No member was found to own house or land in other towns or cities of Bangladesh. But almost of the members had a house in the village.

6.4.3 The Nature of the Members' Demand for Housing

The majority of the members' interviewed had quite small families. Furthermore, about three quarters of the members were already housed, either in official quarters or private rented houses. Therefore, their immediate demand for housing did not seem too urgent. But on the other hand the majority of the members did not own any house or land in Dacca. They would probably need a place in the future. After retirement from service, the members living in official accommodation have to vacate their quarters. When they retire they would need a place in or around Dacca to live. In addition, the members who live in private rented accommodation had to pay a high rent. They also had a strong motive to purchase a house or a plot. Hence most of

the members had a long term demand for their own accommodation in the future.

The fact that so few of these housing society members owned neither a house nor land in Dacca may have been related to the fact that they were not native people of Dacca, but recent migrants to the city.

6.4.4 Migration of the Members to Dacca

The majority of the members were migrants to Dacca, coming at different periods mainly after 1950 (Table 6.10). A significant number of members came to Dacca in the period 1961-65, while others came in the period 1971-75. Out of 61 members, 56 were not natives of Dacca city, but had migrated since 1950. Of those 12 came in the period 1961-65 and 19 came in the period of 1971-75. Only 5 members were by birth natives of Dacca city.

TABLE 6.10 YEAR WISE MIGRATION OF MEMBERS TO DACCA CITY

	Native of Dacca	Year of Coming						
		Before 1950	1951-1955	1956-1960	1961-1965	1966-1970	1971-1975	1976-1980
No. of Members:								
Co-operative	2	3	4	2	5	2	7	1
Ltd. Company	3*	3	2	3	7	3	12	2
Total	5	6	6	5	12	5	19	3

Source : Field Survey, 1980.

* 1 Member's father was a migrant.

The main reason for coming to Dacca was for service. The second most important reason was for education, and then the person settled in Dacca for service. 23 members had come in Dacca for service and 16 initially for education and then settled for service. There were also other reasons for coming to Dacca city, such as, business, coming with husband, with father or repatriation from India and Pakistan.

TABLE 6.11 REASONS FOR MIGRATING TO DACCA CITY

Reasons	Service	Business	Education then service	Others*
<u>No. of Members</u>				
Co-operative	11	2	6	5
Ltd. Company	12	4	10	6
Total	23	6	16	11

Source : Field Survey, 1981.

* With husband, repatriation etc.

Thus the majority of members were people who had come to Dacca for economic reasons. Having settled in Dacca, they found that they did not have land or a house, and wanted to purchase to safeguard their future needs. However, it was significant that more than half of the members had come to Dacca before 1970, but did not join a housing society until late 1970's.

The members who were trying to have a piece/land in Dacca became successful in the 1970's when they were able to accumulate money with their savings from the sources like business, housing loan, black money etc. The increasing demand of land made the problem more acute and prices were increasing rapidly. It was difficult for the private individual to buy land as the land market of Dacca had become very complex and virtually a 'seller's market'. At this moment the housing societies played a vital role to supply land to the people who were seeking for land at easier terms and condition. And the people found these societies as an easy way to find out a plot.

6.5 Details of Joining in the Societies

Most of the members joined in the society after 1971 (Table 6.14) but especially in the late 1970's (i.e. 1979, 1980). Very few members joined in the fifties and sixties, and they were mainly the members of co-operative societies.

TABLE 6.14 YEAR OF JOINING OF THE MEMBER IN THE HOUSING SOCIETY

Year of Joining	Co-operative	Limited Company	Total
1950-1960	1		1
1961-1970	1		1
1972	2	1	3
1973	1	1	2
1974	3	2	5
1975		1	1
1976	1	1	2
1977	1	2	3
1978	3	6	9
1979	6	11	17
1980	7	10	17

Source : Field Survey, 1981.

The above findings had a close proximity with the data on growth of housing societies (Chapter-3). The ups and downs in the number of members joining at different times was almost the same as the ups and downs in the formation of housing societies. No member joined the limited housing companies before 1970 (Table 6.14) as there were very few limited companies at that time. The number of members joining the housing societies started to increase from 1972 just as the number of housing societies has increased since liberation. With the decline of registration of housing societies from 1975 to 1977, the number of members joining the housing societies also slackened, and then increased with the rapid growth of housing societies since 1978.

6.6 Participation in the Housing Societies

Members who joined the housing societies were in most cases normally influenced by their friends and relatives. In other cases the member were influenced by the attractive advertisements made by the Housing Societies through news paper, radio and television.

The majority of the members were not directly involved in the management of the housing societies. Furthermore, their attendance at meeting was very poor and mostly irregular. The members of a limited company are normally expected not to attend meetings in any case. For the limited companies, the Board of Management was the sole management authority of the company.

and the members were simply treated as customers. But for co-operative societies, the members were generally invited for the meeting, but attendance was not regular. A few members informed the author that they were always invited for meeting but they had gone once or twice to attend.

For the majority of the members, at least one or more of the directors were directly or indirectly known to them. And in most cases at least some of the other members were known to the members. It suggested that the membership of the societies was drawn mainly from among the circle of friends and relatives, that is, personal contact and personal recommendation was the main way that new members joined the society.

6.7 Land, the Members are Purchasing or had Purchased

Not all the interviewed members owned or were purchasing a plot of land. 11 out of 61 members, did not own any plot nor had any agreement with the society. They had simply become member of the society with the possibility of signing an agreement later.

On the otherhand, the author had found only 12 members (7 co-operatives, 5 limited companies) who had got both registration and possession of the plot (Table 6.15). It was seen that most of these members had received the plot within one or two year after joining the society. Perhaps these members were sincere in paying all the prices of the plot or they were the favourite persons among the members. 4 out of 12 members who had received plots had paid in a 'lump sum', while 8 had on an 'instalment' basis. (See later).

TABLE 6.15 YEAR OF JOINING VS. YEAR OF GETTING THE PLOT

Serial Number of the members	Year of joining the society	Year of getting the plot	Time gap between joining and getting the plot (in Year)
<u>Co-operative</u>	1953	1962	9
1			
2	1962	1966	4
3	1972	1972	1
4	1973	1975	2
5	1975	1978	3
6	1979	1980	1
7	1980	1980	1
<u>Ltd. Company</u>			
8	1978	1978	1
9	1978	1980	2
10	1979	1979	1
11	1979	1980	1
12	1979	1980	1

Source : Field Survey, 1981.

6.7.1 Location of the Plots

The members' plots were located in Savar, Mohammadpur and some other places around Dacca city (Mirpur, Tongi, Joydevpur).

Out of 61 members, the plots of 35 members were found located in Savar, 17 in Mohammadpur and 9 in other places (Table 6.16).

In 1950's and 1960's the members' plots were located entirely in Mohammadpur. But after 1971 the plots were found located in Savar for the first time. In the late 1970's, the number of

plots in other places (Mirpur, Tongi, Joydevpur) were gradually increasing. The members of the 9 plots located in other places all joined in the societies in 1979 and 1980.

TABLE 6.16 YEAR OF JOINING BY THE MEMBER IN THE SOCIETY VS. LOCATION OF PLOTS

Year of Joining	Savar	Mohammadpur	Other places*
1953		1	
1966		1	
1972	3	2	
1973	2	2	
1974	3	1	
1975	1		
1976			
1977	1		
1978	6	1	
1979	11	5	6
1980	8	4	3
Total :	35	17	9

Source : Field survey, 1981.

* Mirpur, Tongi, Joydevpur.

Note : It may be mentioned here that the 11 members who were simply members (did not own any plot nor had any agreement) of the society were also included in the above calculation as because these members had become member against a specific site. In this case location of sites had been considered as the location of plots of the members.

These figures indicate how the housing societies are beginning to spread around Dacca, both in number and distance from the centre.

6.7.2 Size of Plots

The typical size of plot varied according to a number of factors, for example, the location of the site, the members' income, and the date when the member joined the housing society. The largest plots were mainly in Savar where land was relatively cheaper and was available. Out of 8 plots which were ten or more khatas in size, 7 were in Savar (Table 6.17).

TABLE 6.17 SIZE OF PLOTS VS. LOCATION OF PLOTS

Location	Size (in katha)						
	4	5	6	7	8	9	10+
Savar	1	16		5	6		7
Mohammadpur	1	10	2	2	2		
Other places		5		2			1
	2	31	2	9	9		8

Source : Field Survey, 1981.

Again, the members who had a higher monthly income tended to have the large size plots. 7 plots of ten or more khatas were owned by members who had average monthly income more than 2500 taka (Table 6.18).

TABLE 6.18 SIZE OF PLOTS VS. TOTAL INCOME OF MEMBERS.

Income (In Taka)	Size (In Katha)						
	4	5	6	7	8	9	10+
750-1000		2					
1001-1250	2	6		1			
1251-1500		6	2				1
1501-1750		4			1		
1751-2000		4	1	1	2		
2001-2250		5		1	1		
2251-2500		2		1	2		
2501-2750		1					1
2751-3000		1			1		2
3000+			1	2	2		2
Total	2	31	2	9	9		8

Source : Field Survey, 1981.

The size of plots also depend on the date of joining the housing society. The plots of members who joined before the 1970's and during the early 1970's were relatively bigger (for example, more than 8 khatas). But the size of plot gradually decreased in the late 1970's due to increasing scarcity and increasing price. In 1979 and 1980 the majority of the plots were smaller, around 5 khatas (Table 6.19).

TABLE 6.19 SIZE OF PLOTS VS. YEAR OF JOINING
BY THE MEMBER IN THE SOCIETY

Year of Joining	Size (in Katha)						
	4	5	6	7	8	9	10
1953					1		
1966				1			
1972		1		2	1		1
1973		1		1	2		
1974		1	1		1		1
1975					1		
1976							
1977							
1978		3		1			3
1979	2	10	1	3	1		2
1980		11		1	2		1
Total	2	31	2	9	9		8

Source : Field Survey, 1981.

6.8 Financial Details

To purchase the land, the members normally had to pay money for a number of different heads like membership charges, land costs, land development charges and registration charges to transfer ownership from housing society. Normally the societies charged all these expenditure separately, though in many cases land cost and land development cost were charged jointly in the name of 'Price of Plots'.



People normally had to apply to the society with their prescribed form to become a formal member of the society. Sometimes a nominal charge (Taka 5 to 20) was asked by the society for the prescribed application form. The prospective member's application had then to be accepted by the executive body or Management Board of the Society. After approval the person takes admission in the society for which he has to pay some charges for maintenance and administration of the society. This charge includes admission charge, at least a share of Taka 10.00 (for co-operative society), earnest money etc. The heads and amount of charges were different for different societies.

Price of plots was determined by the housing society on the basis of the price of land, its development costs, the cost of providing interior roads in the site and space costs for providing community facilities (Mosques, Schools, etc.) which were proportionately distributed according to the price of different sized plots. In the case of limited companies, the profit margin of the companies was also included with the price of plots.

The system of payment for the plots were of two types :
(i) Lump-sum and (ii) Instalment. In a lumpsum system the members had to pay all prices at a time. On the otherhand in instalment system the members had to pay in separate instalments, normally 3 to 5. The time gap between one instalment to another instalment varied according to different societies, typically

from 1 month to 6 month. For the majority of the housing societies, the members had to pay a big amount of the total costs in the first instalment. And sometimes the total cost of the instalment payments was higher than the lumpsum payments. Some typical examples are presented below :

(In Taka)

Size of plots	Price of plot, payment by lumpsum	Price of plot, payment by instalment	Ist instalment	2nd instalment	3rd instalment
10 Katha	20,000.00	21,000.00	10,000.00	5,500.00	5,500.00
5 Katha	10,000.00	10,500.00	5,500.00	2,500.00	2,500.00
3 Katha	6,000.00	6,500.00	4,000.00	1,250.00	1,250.00

Source : From a Housing Societies Advertisement, 1981.

The societies did not normally take cash as payment for the plot; rather the members made deposit in the Bank in favour of the societies. Every housing society maintained a bank account for their transaction with the members. The members could also make their payment by Bank Draft, Pay Order, Demand Deposit (D.D.) etc. in favour of the society.

The majority of the members were paying on an instalment basis. Out of 61 members, 36 were paying on instalment basis and 14 on lumpsum. (Table 6.20).

TABLE 6.20 METHOD OF PAYMENT BY THE MEMBERS

	Lumpsum	Instalment	Others*
<u>No. of Members</u>			
Co-operative	5	16	5
Ltd. Company	9	20	6
Total	14	36	11

Source : Field Survey, 1981.

* Simply member, not paying in any of the above system.

The remaining 11 members (of both co-operatives and limited companies) were simply members of the society, but had not paid either instalment or lumpsum, and in some cases nor the membership fees. Some times they became a member of the society as per the willingness of their close friends and relatives who were on the board of management of the society. Their thinking was firstly, to observe the activities of the society, and if they found the society was working well, then they would pay for a plot.

The method of payment did not seem to be related to the income of the members. Many higher income earning members were found paying on an instalment basis while some lower income members were paying on a lumpsum basis. The table in Appendix 1 shows the method of payment versus the member's income.

After payment of all the costs of the land the members are given the registration of the plot. The societies normally take 1 to 3 months for registration. This time is needed to perform all the legal formalities of transferring land in the name of the

members. But the fraud societies make delays in this work. Two members informed that they had been waiting for one year for registration of their plots.

The registration cost of the land has to be paid completely by the members. Some societies collect this charge from the member at the time of receiving the payments for plots. The amount of land registration fees and stamp fees varies with respect to the size of plots. The stamp fees and registration fees of a 5 katha plot in Savar were found to be Taka 1734.99 and Taka 805.00 respectively. On the other hand those amount of fees for a 3 katha plot were Taka 910.00 and Taka 490.00 respectively. Registration fees and stamps fees are deposited to the Government. At the time of registration, the members also had to spend money for legal advisors and legal notices.

6.9 The Member's Total Expenditure for the Plot

A summary of the total expenditure incurred by the members to obtain their plots is presented in Table 6.21 below. Using recent examples (i.e. plots purchased mainly since 1978) it can be seen that the total cost to the members ranged from Taka 93,335 (for a 5 katha plot at Savar) to Taka 107,410 (for a 5 katha plot at Mohammadpur).

The cheapest plots were at Savar (Typically Taka 11,000 to Taka 28,000 for a 5 katha plot depending on location) and the most expensive plots were at Mohammadpur (typically Taka 69,000 for a 3 katha plot, and Taka 107,000 for a

5 katha plot). Other areas, like Tongi and Joydevpur lay between Savar and Mohammapur prices.

Of the members total expenditure, by far the largest component went to the 'price of plot', that is to the land cost. Typically 85-95% of expenditure went to this item. The 'Membership Fee' was very small. This is to be expected, since the membership fee needed to be low to encourage members to join the society. Administrative costs were generally quite small, while stamp fee and registration were fixed and standard amounts. But the 'price of plot', which included the society's profit was the main cost to the member.

TABLE 6.21 EXPENDITURE INCURRED BY THE MEMBERS

								(In Taka)
Location of plots	Size of plot	Year of starting payment	Total cost of plots	Admission fee for membership	Price of plot	Stamp fee	Registration fee	Others
<u>SAVAR</u>								
Ltd. Company								
	5	1978	9335	30	8,000	500	805	
	5	1979	14649	110	12,000	1734	805	
	5	1979	28239	200	25,000	1734	805	500 ¹
	3	1980	17100	200	15,000	910	490	500 ¹
Co-operative								
	8	1974	10080	60	10,000 ²			
	8	1975	15110	110	15,000 ²			
	5	1978	10690	130	8,000	1600	900	
	7	1980	14080	130	10,000	2000	1900	
<u>MOHAMMADPUR</u>								
Ltd. Company								
Co-operative								
	5	1979	37569 ²	160	35,000	1600	805	
	5	1972	10030 ²	30	10,000			
	5	1973	12120 ²	120	10,999			
	5	1979	10741	110	10,500	1500	800	
	3	1980	68600	200	67,000	900	500	
<u>TONGI</u>								
Co-operative								
	5	1979	53120 ³	120	53,000			
	2	1979	266204 ³	120	26,500			
<u>JOYDEVPUR</u>								
Co-operative								
	5	1979	37620	120	35,000	1600	900	
	3	1979	24020	12000	22,500	900	500	

Source : Field Survey, 1981.

1. Legal advisors fee + True copy + Blue print + Notice + Other charges

2. Registration and stamp fee was not known

3. Including Registration fee.

6.10 Escalation of Land Values over Time

The unit cost of the plot to the members increased over time in all of the different locations of housing societies. (Table 6.22). The largest increase in land costs was found in Mohammadpur area. In 1972 the cost of land per katha in Mohammadpur was taka 2700. But in 1980 the same land was costing taka 16,500 per katha, an increase of six-fold within eight years.

In Savar, the increase in land value appeared to be relatively lower than Mohammadpur. The cost per katha of one piece of land in Savar was taka 1050 in 1972. But in 1980 the plot was costing taka 2550 per katha. The reason for this relatively lower rate of increase was that the housing societies were gradually extending their activities to the remote places, where land value was cheaper. Therefore, strictly speaking, the data for Savar does not show the absolute rise in land value. Members were still able to find relatively cheaper plots, because they were buying land at the remoter areas. Another way the members were able to accommodate to the rising land value was to reduce the size of the plots they purchased from the society typically from 8 kathas down to 5 kathas. (See Table G.19 above).

TABLE 6.22 AMOUNT BY WHICH UNIT LAND COST
HAVE INFLATED

(a) Savar

Date of Starting Payment	Cost per katha in Taka (All costs/No. of Kathas)
1972	1050
1973	1565
1974	1800
1975	1875
1976	
1977	1200*
1978	1350*
1979	2200
1980	2550

(b) Mohammadpur

Date of starting payment	Cost per katha
1953	1100
1966	2000
1972	2700
1973	3500
1974	3750
1978	11500
1979	12000
1980	16500

(c) Other Places

Date of starting payment	Cost per katha
1979	1000 (Tongi)
1979	5500 (Joydevpur)
1980	7000 (Joydevpur)

Source : Computation from the informations collected through field survey, 1981.

* Reflecting the purchase of more-remote land at Savar.

6.11 The Limited Company's Profit Margin

Housing companies maintain a good profit margin from the members at the time of selling the plots. The profit margin of the companies is not normally shown separately in the company's accounts. Instead, it is included with the land development costs, maintenance costs and miscellaneous costs of the company.

A Saver based housing society informed that they had purchased their land at an average cost of Taka 50,000 per bigha. The total size of this society's scheme was 30 bigha (see site Plan A). Therefore, the total purchased value of this site was taka 15,00,000 (50,000x30). In this site, the society advertised 56 lots of 5 kathas plot and 54 lots of 3 katha plots for sale. The prices fixed for these two types of plots were taka 25,000 and taka 15,000 respectively. Hence the total selling value of all these two sized plots were taka 22,10,000. The difference of taka 7,10,000 (22,10,000-15,00,000) would be earned by the society as 'development cost and management cost'. But since the site of this society was relatively high land, the development cost would be quite small. Hence much of the taka 7,10,000 would be enjoyed by the society as profit.

The excess of Taka 7.10 lakh includes both the management costs and profit of the company. The management costs of the company include rent and stationary costs, salary of staffs, advertisement cost travelling costs, salary of the directors

etc. But it is not possible to say the actual amount of these expenditure without detailed records. It is sure that the amount could be significant. If the living allowances of a director were Taka 2000 per month for example, then the yearly expenditure on this head is Taka 24000. Again if the office rent of the company is estimated at Taka 1000 per month, then the yearly expenditure of office rent is Taka 12000. All these management expenditure could be economised in different ways, such as, if the director be a business man, he might already has an office and he has already an income (living allowance) from his other business activities. So it is very hard to estimate the total management costs.

In the above example, if we roughly estimate the total yearly expenditure at Taka 50,000 to Taka 80,000 and if the scheme lasted for 5 years, then the total management cost would range from Taka 2,50,000 to Taka 4,00,000 (say, Taka 2 to 4 lakh).

So the profit earned by the company from the 30 bigha scheme is Taka 7.1 lakh minus Taka 2-4 lakh which is Taka 3.1 lakh to Taka 5.1 lakh. Hence in this case, the profit per bigha is approximately Taka 10,000 to Taka 17,000.

As the housing society plays the role of intermediary between the seller and buyer, the cost of this role can be calculated at Taka 23666 per bigha (Taka 50,000 per bigha for buying and Taka 73,666 per bigha for selling). This is equivalent to an

increase of around 47% on the land costs, of which more than half (44% = 70%) is the societies profit. The above calculation does not include the profit which the original seller makes. He probably also makes a considerable capital gain.

This example refers to a small scheme (10 acres only). The management expenses of the housing society are largely fixed. Thus as the size of the scheme increases, the amount of profit increases enormously. Therefore, although the housing societies are providing a 'service' to the customer or members of the societies, in practice this is a very expensive service. A large part of the total cost goes simply as the housing societies profit and also the sellers profit.

CHAPTER - 7
THE ROLE OF HOUSING SOCIETIES IN
THE LAND MARKET OF GREATER DACCA

8.1 Introduction

While the majority of the housing societies are of recent origin only a few were established in the early 1950's. More than half of the societies are less than 7 years old. Their activities are still at a primary stage, and most of them have not yet even completed housing scheme. They are engaged primarily in the business of buying and selling land and it would be more appropriate to describe them as land societies.

The main area of their operation is Savar, and the emergence of housing societies in Savar reflects a major change in the evolution of its land market. In order to understand the role of the housing societies in this evolution, it is worthwhile first briefly reviewing the findings of a study made by Ahmeduzzaman in relation to the land market at Savar.¹

8.2. The Emergence of an Urban Land Market at Savar

During the past two decades there has been a dramatic increase of land values in the Savar areas. Between 1960 and 1978 land values increased sixty-fold on the average. Land values did not increase uniformly all over Savar. The rate of increase

1. M. Ahmeduzzaman, The Rising Cost of Urban Land. An unpublished MRP thesis, BUET, Dacca, 1980.

varied from place to place, and from time to time. Between 1960 and 1963 land at the most central location in Savar close to the bazar suddenly increased in value by about 300%. Three years latter (1963-66) land values suddenly increased in locations about a mile distant from the bazar by about 360%. These sudden price increases travelled like waves spreading out from the centre of Savar. The cause was that Savar was showing signs of becoming an urban area, and people were buying land on speculation of further rise in land value.

An analysis of the people buying and selling land in Savar revealed that three distinct groups were participating in the land market. The first group was local people, mostly farmers. The second group was also local people, but members of the local elite, probably businessmen and rich farmers. The third group was wealthy people from Dacca and other places outside the locality.

In 1960 the Savar land market was entirely local. Almost all the land purchased were by local people. It was also a rural land market, the plots of land transferred were relatively large in size which indicated that they were for agricultural rather than residential uses. Early in the 1960's however, a few people mainly from the second group (i.e. the local elite) started buying land, paying prices about 25% higher than local farmers. The sizes of the plots sold began to decrease. In the 1960's there were a few outside buyers from Dacca, but, from

the early 1970's onwards, Dacca buyers started to buy land in large numbers both as private individuals and through the medium of 'housing societies'. At the same time, some of the local elite started to specialize in selling land to them. Some of these local elite thus became 'land brokers' or 'dalals' in the Savar area, acting as middlemen between the Dacca buyers and local sellers of land. In the early 1970's there were perhaps twenty brokers operating in Savar, and by 1978 this number had risen to well over one hundred. Presently (1981) there are at least several hundred brokers engaged in this land business in Savar.

To conclude the development of savar land market, it is worth mentioning that the housing societies were relatively late comers in the land market. Throughout the 1960's, long before the appearance of most housing societies, a lot of buying and selling of land was taking place. Even in the early 1970's, the role of the housing societies was relatively limited in comparison with individual buyers and sellers. The housing societies, therefore, are relatively new comers to the Savar land market. At present they play a dominant part in the land market of Savar.

To understand the role of the housing societies in Dacca's land market today, and to find the reasons why the number of societies has increased so rapidly in the last few years, it is necessary first to identify why housing societies were formed. What was the advantage of a person (or group of people)

to form a housing society? A number of possible reasons can be suggested. These are listed below.

8.3 Possible Reasons for the Formation of Housing Societies

The formation of housing societies was treated

- i) As a mechanism to raise funds to speculate on land
 - ii) As a mechanism to dispose of land already acquired
 - iii) Both i) and ii) above
 - iv) To avoid the legal land ceiling, or tax-evasion
 - v) To consolidate ownership within a large area
 - vi) As^a cooperative to pool funds to make land purchase easier for the members
- 1) Since land speculation was profitable, many new people were interested to join the land market. But land buying requires a lot of money. So one possible reason why new housing societies were formed was that some 'entrepreneurs' discovered a new way of raising funds. By forming a society, they could 'borrow money from prospective customers' (in the form of advance payments) which they could use to buy and sell land. Hence one possible reason for the formation of housing societies was as a mechanism to raise funds to speculate in land business.
- ii) However, we know that the land market around Dacca (i.e. Savar) has been active for a number of years. So an alternative reason why housing societies were formed may have

been to create a mechanism for disposing of land already acquired. The general public would be more willing to purchase small remote plots of land from a recognised society than from an unknown private person. The title to the land would more likely be genuine, and the plot would be more likely to have access roads, community facilities and so on. So housing societies may have been formed primarily as means of selling land to the general public.

- iii) Thirdly, it is possible that societies were formed both to sell land, and to buy more land. i.e. a combination of i) and ii) above.
- iv) There may have been other good reasons for forming a housing society. For example, the legal land ceiling for a family holding agricultural land is 100 bighas (33.3 acres). It is possible that if a housing society was formed, it would enable people to hold more than 100 bighas of land. Alternatively, the society may have been formed to avoid taxes such as capital gains tax.
- v) Perhaps a plausible reason for forming a society was to consolidate various land holdings into one big scheme. A group of buyers might find that they had purchased most of an area, but still one or two plots were left. By forming a society, they could press the owners of the remaining plots to sell, since their small plots would be isolated

and therefore difficult to sell separately vi) Another important reason for forming the housing societies might be the Co-operative principle itself. Individually, the members may not have sufficient money to buy land. In a cooperative society, they could pool their funds, making it easier to buy land.

It is difficult to decide which of the above reasons was the most applicable to the case of Dacca. This thesis now tries to identify the main reasons why housing societies were formed, and their role in Dacca's rapidly changing land market.

8.4 Suggested Reasons why Housing Societies were Formed

To find the main reasons why housing societies were formed, it is helpful to briefly recapitulate the main features of housing societies identified so far.

In Chapter 6 it was observed that many of the housing limited companies:

- started with Directors' own finance
- employed local people from Savar as Directors
- treated the members simply as customers
- were more 'business - oriented'

On the other hand, some of the housing cooperative societies:

- started with members deposits
- did not usually employ local people from Savar as Directors.
- treated the members by and large as equals
- were more 'cooperative oriented'.

Hence, in general, there were clear differences in character between the limited companies and the housing cooperatives. We might therefore expect that their role in the land market might differ to each other. And this was the case (though it should be mentioned here that some of the housing cooperatives were found behaving more like limited companies, and vice-versa).

The Limited Companies

In reply to the question ----"When did you buy your land?" in nearly every case the managing director replied in the month or two following registration of the society.

However, this answer did not reveal the whole picture. If a housing limited company declared the site of its proposed scheme publicly, and then tried to buy the land, it would face extreme difficulty. The owners would be unwilling to sell, except at an inflated price and fewer the owners the higher the price they would ask for.

On the other hand, the housing limited company would be much more successful if it could first negotiate secretly with different owners, without letting them know that a big scheme was being put together. Thus when sufficient agreement had been made with a number of different owners, it would be the time to raise the finance from the public to pay for the land. This would be the time of registration, and advertisement in the newspapers.

A number of 'follow-up' interviews were carried out with directors of both limited companies and co-operatives, to establish whether these findings were correct. In total, 7 interviews were conducted, in the form of detailed discussions.

These follow up interviews revealed that the registration of a limited company was usually not the first step in the company's history, but only a much later stage, representing the culmination of a lot of secret activities.

What usually happened was as follows :

Stage 1

A group of individuals who were friends, acquaintances or relatives who had land at Savar (say 2 to 5 bighas) felt it would be profitable if they could sell land by forming a housing society.

Stage 2

As they might not own enough land to launch a big scheme, they would probably try to include a few other people who also own land at Savar, to make the scheme viable. But to complete the scheme they would need to purchase a large amount of land, they sometimes also recruited a few people from Savar as directors, who had good knowledge of the land market (e.g. brokers, local businessmen local elites and so on).

Stage 3

Having decided in principle to form a society, now is the stage to assemble the land for the scheme. They identify the area of the scheme and with the help of their locally recruited directors secretly negotiate with the owners of land. They do 'Biana' for the land, which is a written agreement signed on a three taka government stamp, to the effect that the owner will sell his land at a certain price, provided the buyer (i.e. housing society) can give the money within an agreed time period (usually about one year).

Stage 4

This is the time of registering the society and expose it to the public. Once sufficient 'Biana's' have been made, the housing society can be reasonably confident that they will have enough land to make a scheme, and they will have a reasonably clear idea what price to charge the customers to make their profit. So they register their society with the Government.

Stage 5

Soon after registration, they prepare a 'master plan' of their scheme and advertise in the newspaper for prospective customers. Very likely, the land which they have already purchased or have made agreements for, will not be contiguous.

Nonetheless, if it is expected that land belonging to other people is also shown on the Master Plan. It was explained by the directors that the Master Plan had been prepared in anticipation of the future purchase of the land shown on the plan.

An example of this is shown in the following Master plan of one housing company, which appeared as an advertisement in a newspaper.

In the first advertisement, a triangular piece of land was shown in the south east corner of the scheme. It was marked as 'community centre and dispensary'. (See Master Plan 1). Probably at the time of drawing the master plan no 'Biana' had been made for this plot, because when Master plan number 2 was prepared, this same plot was now shown as housing (see Road 7, plot number 5 to 15).

Sometimes, housing societies do not buy any land at all before offering it for sale. Instead they prepare a blue-print showing plots to be sold and invite buyers. This ambiguous type of Master Plan is not usually disclosed publicly. In such types of societies, after selling the plot to a customer, the society will actually buy the land from the original owner and quickly transfer it to the customer. In other cases, the society purchases land directly in the name of the members. And again in other cases, housing societies may buy land with a cloudy title, for which the customers ultimately suffer.

Generally the Master Plan is prepared to attract the clients through the lucrative 'paper-plan'. Hence it is produced more for advertising purposes than for planning purposes. A serious problem arises that in the search for profit, the housing

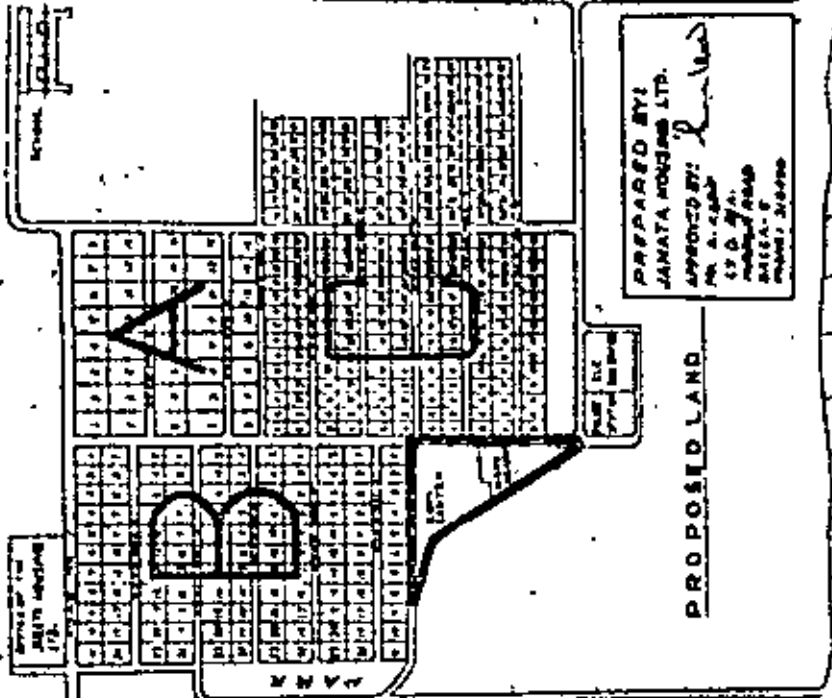
MASTER PLAN-1

DACECA - MANIBANUS ROAD

LAYOUT PLAN
 JANATA HOUSING LTD.
 NANDWALI PROJECT, BANAR DACECA
 SCALE: 1/8" = 1'

PLOT AREA:
 1. 1000 sq. ft.
 2. 1000 sq. ft.
 3. 1000 sq. ft.
 (ROAD) 10' x 10' = 100 sq. ft.
 Connecting roads included
 DTI LAMB. No. 1228

PROPOSED LAND



PREPARED BY:
 JANATA HOUSING LTD.
 APPROVED BY: *[Signature]*
 No. 2, 2nd
 17 D, 2nd
 MANIBANUS ROAD
 BANAR, DACECA
 PHONE: 210000

PROPOSED LAND

LOW LAND

RIVER

MASTER PLAN - 2

CCA - ARICHA ROAD

COMMERCIAL AREA

SCHOOL

SCHOOL GROUNDS

PROPOSED LAND

SPR OFFICE

SCHOOL

SUPER MARKET



societies will minimise their provision of essential community facilities (such as schools, open space, etc), and instead go for the maximum number of house plots.

Site plan A provides a good example. In this lay-out plan there is no provision for any community facilities. It is not also clear whether there are any other such facilities near to the site.

A secondary effect of publishing the master plan is to put pressure on the remaining owners within the scheme who have not made agreements ('Bianas'). Once the master plan is published, the remaining owners may find it very difficult to sell their land separately. So they have to 'capitulate' and sell to the housing company.

Stage 6

After the public advertisement of the lay-out plan, people are attracted to buy a plot from the society. Interested persons become members of the society and start to deposit money to the housing society for a plot as per rule of the society. This process of depositing money accumulates a fund in the account of the housing company, which in turn can be utilized to finally purchase the 'Biana' land. More Bianas are also made for the remaining land in the scheme not yet purchased or under agreement.

ANNEXURE - A
 SITE PLAN OF ARUNACHAL HOUSING CO-OPERATIVE SOCIETY LTD

PLOT DEMARKATION LINE

 DAG.NO INDICATOR LINE
 - - - -

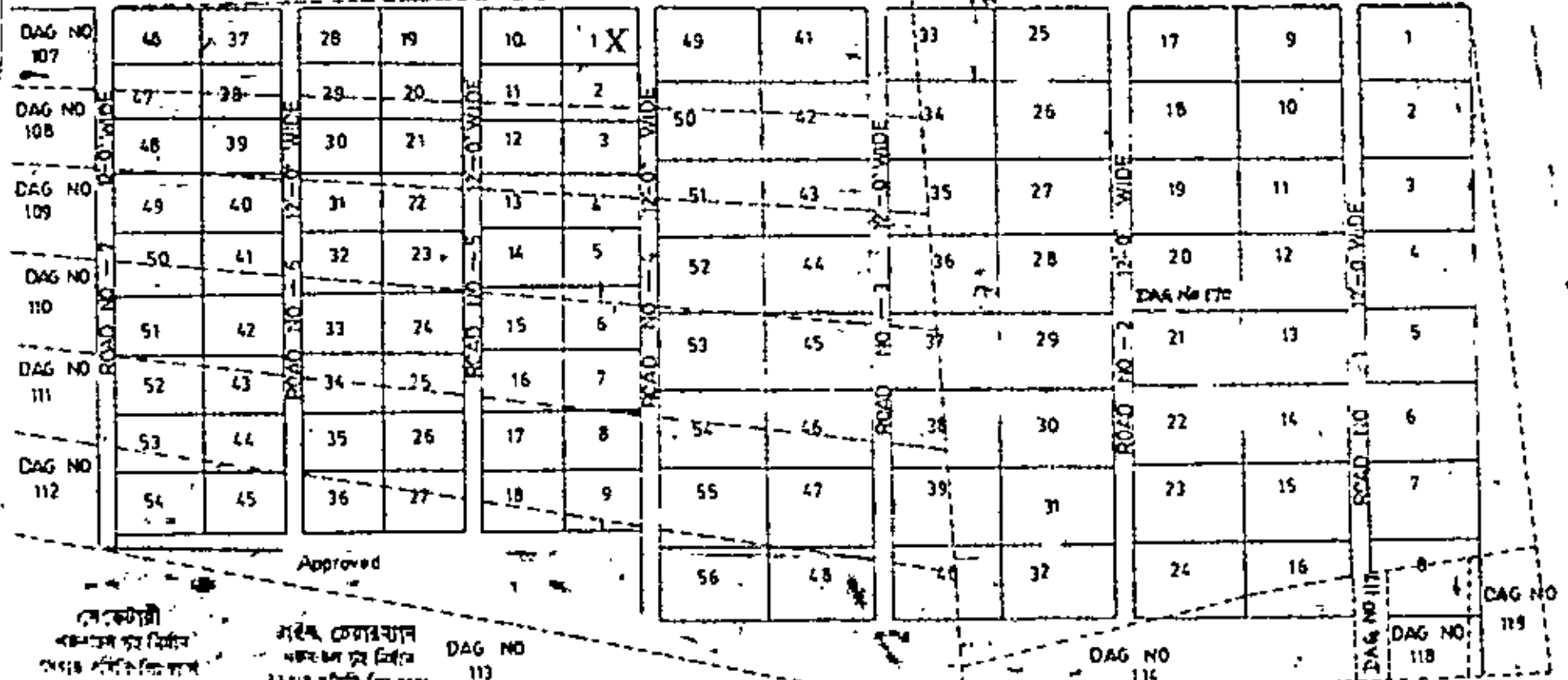
5 KATHAS PLOT :- 75-2x49'-0" - BLOCK-A
 3 KATHAS PLOT :- 56-6x38'-0" - BLOCK-B
 MOUJA HAGARCHAR NO - 229
 DAG NO-107 TO 112, 114, 117, 118, 119 & 120
 PS - SAVAR DIST - DACCA



BLOCK - B

CENTRAL ROAD

BLOCK - A



Approved

স্বাক্ষরিত
 অধ্যক্ষের পক্ষে
 সচিব

অর্থসচিব
 অর্থসচিবের পক্ষে
 সচিব
 DAG NO 113

DAG NO 114

DAG NO 115
 DAG NO 116
 DAG NO 117
 DAG NO 118

Stage 7

After full payment have been made by the member, the society gives registration of the plot to him.

In this process, after disposing of the plots to the customers, the housing company will be able to go for another new scheme, in the same or a new location. The profit earned from the first scheme can be invested in the newer scheme. In this new scheme the same stages can be followed once again. Evidence that, this is happening was shown in Chapter 4 which indicated that housing companies are starting to go for two and even three schemes and at new locations like Tongi and Joydevpur.

To summarise, the different stages in the activities of housing limited company can be shown as follows :

Stages in the Activities of a Housing Company in Savar

Stage 1 : Several land owners decide to form a housing society.

Stage 2 : They recruit some local agents from Savar.

Stage 3 : They outline a scheme, and start making 'Bianas' with local owners.

Stage 4 : When enough 'Bianas' have been made, they register the society.

Stage 5 : They advertise the master-plan, and start taking customers' money.

Stage 6 : With the customers' money they pay the Biana, and make more Bianas for the remaining land.

Stage 7 : When all payments have been made by the customers they register the plot. With the profit, they start to look for a new scheme.

8.5 The Housing Co-operatives

The above procedures were also followed in case of some of the housing co-operatives. After taking some Biana land the housing co-operative prepare a layout plan on the whole area, not all of which is owned by the co-operative. By accumulating members deposit they are able to complete purchase of the Biana land. However, the majority of the co-operative societies are engaged in only one scheme each. After disposing of the land they do not normally go for new schemes. But a few company type co-operative societies go on for more schemes to earn profit.

8.5 Conclusion

Overall, the housing societies act as intermediaries between the buyers and sellers of land. But in doing so, they create problems. Finally, it is difficult to assemble all the land needed for a scheme. But the societies have to win the confidence of the public. That is why they are tempted to publish Master Plans which are not properly prepared. The temptation is usually done before sufficient land has been purchased by the society. The result of this activity is

unfair dealing by the housing societies with the land buyers.

A second problem is that due to the desire to maximise profits, the housing societies tend to overcrowd their sites. Very few community facilities are provided in the master plan and the result may be bad in the future.

A third problem, again due to the desire to maximise profits, is the effect of the housing societies in inflating the land values. As the figures in Chapter 6 indicated, the societies may inflate land values by more than 50%, or as much as Taka 24,000 per bigha (1981 values at Savar), simply for transferring land from one person to another.

CHAPTER-8 SUMMARY AND CONCLUSION

As an urban area grows, its housing market becomes developed and complex. Generally, the market sector of purchased and rented accommodation increases in size. Simultaneously, the process of buying, selling and renting houses becomes more complicated. As a result property institutions and property professionals emerge acting as intermediaries in the housing market.

The experience of UK provides one example how property institutions and property professionals emerged with the rapid expansion of towns and cities in the 19th century. At first, these institutions and professionals were small in number and coverage but later they grew to become large national organisations. Ultimately these institutions and professionals became an established part of the British urban housing market.

With the rapid growth of Dacca city during the last three-decades its housing market has become the largest and most highly developed market in Bangladesh. And a number of private housing societies have emerged during this period, particularly since liberation. A lot of people have been engaged as property 'professionals' in the land business of areas surrounding Dacca (o.g. brokers at Savar).

The aim of the thesis has been to study the role, importance and activities of these housing societies in the land and housing market of Dacca, to identify the nature of these societies and the kind of people who had joined as members or customers. Another key issue of the study was whether the societies were a help or a hinderance in the functioning of 'Dacca's housing market.

Housing societies first started in our country early in the 1950's. The number of societies increased in the 1960's. But the main period of expansion took place after the independence of Bangladesh, especially during the period 1978-80. Locations where the housing societies were operating were mainly on the northern side of Greater Dacca, such as Savar, Mohammadpur, Mirpur, Tongi, Joydevpur. But the majority of the societies were located in Savar, and the second largest concentration was at Mohammadpur. The main reason influencing the location of their sites was the availability of relatively cheap and undeveloped land.

Certain differences between housing limited companies and co-operative housing societies were found. Generally the companies were formed under the rules of company law and first started and later managed by a Board of Directors. In most cases the directors were self-selected people operating the company like a private business organisation. They did not normally hold meetings with the customers, but held informal meeting only among the board of directors.

They were mainly self-financed organisations, using the own finance of the board of directors. The directors of the companies were mainly the more affluent people of the society, and a good number were businessmen.

Housing co-operative societies were formed under the co-operative societies act and were usually managed by an elected executive committee (at least in theory) or board of management. The directors of these societies were often confined within the employees of a particular organisation, though for some it was simply group of acquaintances. In spite of the rules of the Co-operative Societies Act, few of the Co-operatives held meetings regularly. On the other hand, the source of finance was mainly the member's subscriptions and also the subscriptions from the members of the executive committee. The latter included both government service holders and to a lesser extent, businessmen.

It was found that a few housing limited companies behaved rather like co-operative societies, and quite a few co-operative behaved more like companies. Some limited companies held regular meetings with their members and had a provision for election of the board of directors. These companies were financed by the individual subscription of the members like co-operative societies. On the other hand quite a few co-operative societies did not held regular meeting of their members, and were managed by an executive committee which was not elected by the members.

There were not many differences in the background and characteristics of the members or customers of the co-operatives and limited companies. They were both males and females, usually married, highly educated, and quite rich. A large number of them were employed in government services.

The majority of the members owned neither a house nor any plot in Dacca city, so their demand for land and housing was reasonable. Their present accommodation was usually either government or privately rented houses. Most of them had migrated to Dacca, especially after 1960. They still had not been able to purchase a plot or a house in Dacca. Majority of the members joined the housing societies mainly in the later part of the 1970's (especially between 1978 to 1980).

Most of the interviewed members had not yet taken ownership of the plot from the societies. Only a few had so far completed payments and been given registration. Moreover, a few who had joined long ago still had not yet received any plot, though others had paid for the plot in a lumpsum, and been given the plot.

To purchase a plot from the society the member normally had to pay money under different headings, for example membership fee, land cost, land development cost and registration fee etc. The total price of the plot was determined by the societies on the basis of purchase price of land, development costs and cost for providing interior roads and community facilities

in the site. The total cost to-day of a 3 katha plot in three locations viz., Savar, Mohammadpur, Joydevpur are 17,100 taka, 68,600 taka and 24,020 taka, respectively.

The total cost of land had increased rapidly over time. As a result, the size of the plots purchased had gradually been reduced, for example, from typically 7 to 10 kathas (1972-75) to 3 to 5 kathas (1978-80). The main component of cost of the plot was the land cost, which included the profit margin of the societies (and the original seller of land). Very large profits could be gained by the Housing Societies. It was found that one housing society developing a 30 bigha site at Savar made about Tk. 7,10,000 profit as the difference between purchase of land and disposing it to the members (buyers).

If management cost and overhead expenses were assumed at about Tk. 2 lakhs, the profit to the Housing Society was about Tk. 5 lakhs, or Tk. 16,666 per bigha. Overall, the activities of the housing societies acting as intermediaries between buyers and sellers, resulted in an increase of land value by at least 50 per cent. Some of this increase went to managerial expenses but most of it, especially for the large societies was outright profit.

The process of buying and selling land by the societies was found complicated. These societies were actually operating as intermediaries between the buyers and sellers. Initially the directors of the societies may have started with a small amount

of land of their own. They realised that if they launched a group effort (i.e a housing society) they could realise a large profit from sub-dividing the land, and selling out small plots to prospective buyers. Furthermore, buyers would be reluctant to buy a small plot unless they were assured of access (roads), facilities (schools, mosque, etc.) and felt secure about the title of the land. Hence a 'society' was a good medium through which to dispose of the land.

In starting a housing business, the societies, first/^{begin} to negotiate agreement for the land under their prospective scheme with the existing owners (the agreement is known as 'Biana'). To negotiate the agreements, the founders of the housing society sometimes found it useful to form a partnership with one or two local people who were familiar with the area, inviting them to join their board of Directors.

Once sufficient 'Bianas' had been negotiated, the society was ready to advertise for customers, with some security that (i) they would have land to offer the customers, and (ii) they would know what prices to offer the customers.

Then they prepared a Master plan, which usually included both land under 'Biana', land already purchased, and also land which they hoped to purchase but had not yet made agreements for. Then the society advertised for customers, and used the funds given by the customers to pay the owners of land under 'Biana'. However, there is a temptation to advertise land before sufficient

agreements have been made, so as to start obtaining money with the hope that agreements can later be worked out with the owners. Often not at all the land shown in the Master Plan are owned (or under lease) by the society and they prepare Master plans which include other's land.

Hence customers are sometimes defrauded of their money and in any case the societies tend to overcrowd their sites in order to gain maximum profit.

The housing societies are not actually solving the housing problems of general people. Very few percentage of the total populations (who desire to own a house) are the member of these societies. The housing societies are catering only a small number of rich people who individually can also manage his residence. This housing societies are only providing land to their members. But most of these land are still quite remote from Dacca city. The possibility of developing these areas is a matter of time.

However, the housing societies are providing service through supplying land. But this service is a very costly service. They are earning huge profit by providing this service. In a calculation in chapter 6, it has been found that approximately Taka 5 lakh were the profit on a 10 acre scheme.

On the otherhand there is no co-ordination between the various Master Plans of housing Societies located in one area. In future this will create the problem of over crowding. Hence

there is a need for government intervention though fixing a basic frame work for roads, community facilities, open space etc.

The following recommendations have been made to eliminate the the problems being created by housing societies.

1. Government should co-ordinate the Master Plans of different societies by preparing a basic plan for savaar as a whole and setting standards for each layout e.g. minimum road width, open space etc. should be fixed.
 2. Housing societies should prepare their Master Plan only showing the actual land the society own side by side with an accurate House Map. This will help the people to know whether the land advertised by the society is actually owned or purchased by it.
 3. To help the lower income section of the people, Government itself can also play the role of housing societies by acquiring and disposing land to the actual needy persons. Government may also earn some profit through this notivity.
 4. There should be a national organization to supervise, check and guide the housing societies. This organization will check all the valid land records of the societies, their lay-out plan whether all the basis planning criteria are obeyed by the society or not and whether the individual plan can conform the framework fixed by the Government.
 5. Government should help the genuine societies by providing the necessary service facilities such as road, electricity, water supply etc.
-

APPENDICES

APPENDIX-I
SEX AND MARITAL STATUS OF THE MEMBERS

	Sex		Marital status	
	Male	Female	Married	Unmarried
<u>No. of Members</u>				
Co-operative	18	8	23	3
Ltd. Company	26	9	30	5
Total	44	17	53	8

METHOD OF PAYMENT BY THE MEMBERS

Member's Monthly Income	Co-operative			Ltd. Company		
	Lump-sum	Instal-ment	Others	Lump-sum	Instal-ment	Others*
750-1000		1			1	
1001-1250	1	3		1	3	1
1250-1500	3	3	1	1	1	
1501-1750		1	2		1	
1751-2000	1	3		2	2	1
2001-2250	1	1	1		3	1
2251-2500		1	1	1	2	1
2501-2750		1			1	1
2751-3000		1		2	1	1
3001+	1	1		2	3	
Total	5	16	5	7	20	6

* Simply member not paying in any system.

APPENDIX-2
**SECONDARY INCOME OF THE MEMBERS OF
 CO-OPERATIVE HOUSING**

Main Income	Secondary				Income	
	Nil	250-500	501-750	751-1000	1001-1250	1251-1500
600-1000	1	3	2			
1001-1250	2			1	1	
1251-1500	2		1		1	1
1501-1750		1				
1751-2250	1				1	
2501-2750	1			1	1	
2750-3000	1				1	
3000+	1	1			1	
Total	10	5	3	2	5	1

^{income}
**SECONDARY OF THE MEMBERS OF
 HOUSING COMPANY**

Main Income	Nil	250-500	501-750	751-1000	1001-1250	1250-1500	1501-1750	1750-2000
600-1000	1	1		1				1
1001-1250	2	1			1			1
1251-1500	2	1		1	1			
1501-1750	1		1			1		
1751-2000	3	1		1				
2001-2250	1		1		1			
2251-2500	2	2			1			
2501-2750	1							
2751-3000	2	1						
Total	15	7	2	3	4	1		2

DEPARTMENT OF URBAN AND REGIONAL PLANNING
BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY, DACCA.

Questionnaire Survey on different housing Co-operative Societies/Limited Companies of Dacca City.

Name of Interviewee :

Date :

Address :

1. Name of the Co-operative Society/Limited Company
2. Registration No : Date of registration:
3. Status :
4. Origin of the Society/Company
 - a. When did you start as a society/company?
 - b. Who started it ?
 - c. Why did they start it ?
 - d. How did they start it ?
 - e. What were their previous occupations, background and experience?

5. a. How many sites the Society have ?

<u>Sl.No.</u>	<u>Date</u>	<u>Location</u>	<u>Distance from Motijheel C/A.</u>
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(i)

(ii)

(iii)

- b. Why did you select these sites ?



c. Total area of the land (of each site)

- (i)
- (ii)
- (iii)

d. Value of this land (per acre or per bigha)

- at the time of purchase
- present value

e. How do the society/company acquire the land?
(Direct contact with owner/govt.)

f. Use of the land at the time of purchase

g. What do you do with land after purchase.....

- Sell to members
- Lease to members
- Mortgage/Longterm payment
- Develop the land themselves

h. Present land use of the site

- agriculture
- low land
- high land
- vacant
- developed

6. Number of projects the society have

- a. Completed
- b. Partially completed
- c. Not yet started

7. a. Who have prepared the lay-out plan?
(Engg. Arch. Planner)
- b. Did the society employ any professional expert?
If not, Yes/No Why.
- c. Did the society supply any specific design for houses.
Yes/No If not, who design houses.
8. Whether the society has any future maintenance programme for the site? Yes/No
If yes, what kind of programmes are these.

9. Community facilities in the sites.

a. Utility Services

(i) Water supply.	Yes	No
If yes, source		

(ii) Electricity	Yes	No
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(iii) Gas	Yes	No
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b. Social facilities

(i) Park	Yes	No
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(ii) Market	Yes	No
-------------	-----	----

(iii) Playing field	Yes	No
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(iv) Boy's school	Yes	No
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(v) Girl School	Yes	No
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(vi) Mosque	Yes	No
-------------	-----	----

10. Did the concerned public authority help the society in providing the following facilities in the site.

Name of the concerned authority

- a. Road
- b. Water supply
- c. Electricity
- d. Gas

11. Information about the members

- a. With how many members did the society start?
- b. What kind of people are normally your members?
(Occupation, Social Status, Assets)
- c. How do these members join the society?
- d. How many members have they gained over the years.
- e. Present number of members

12. Allocation of plots

- a. How do you allocate plots?
- b. How do you decide who gets a plot?
- c. When do you allocate plots?
- d. What have the members done with their land?
- e. What sort of rules do housing society impose on their land?

13. Financial Information

- a. What is the finance of first starting the society
- b. How do the society get finance?
(bank-loan, Deposits by members etc.)
- c. Do the society get govt. loans?
- d. Did the society need any kind of loan for the procurement of land?
- e. What is the source of this finance?

14. a. What is the payment rule of your society for the member?
- b. Whether the payment by the member is regular or not.

15. Allotment of plots :

Different sizes of plots	No. of plots of each size	No. of application received	Allotment made
1st Scheme			
- (a)			
- (b)			
- (c)			
2nd Scheme			
-			
-			
-			
3rd Scheme			
-			
-			
-			

16. a. Whether the society builds houses for its members.

Yes No

b. If yes, how many number of houses have already been built in different sites?

c. If no, is there any future plan for building houses?

Yes No

d. Do the society give any kind of help to the member for building the houses?

e. How many number of houses have already been built by the members with the help of the society at each of the site?

17. Plot Characteristics

Different sizes of the plots	Value of the plots		
	Purchase value	Selling Price	To-day's value
1st Scheme			
- (a)			
- (b)			
- (c)			
2nd Scheme			
3rd Scheme			

18. Management and Organizational Information

- a. How is the management formed/constituted
- b. Is the management authority elected/selected
- c. Is the management authority salaried?
If yes, on what basis:
 - full-time
 - Part-time
 - Consultancy fees, etc.
 - Others
- d. How often does the society?

- e. Why do you have these meetings?
 - f. How many members attend the meeting?
If low, why?
 - g. What training and experience do the full-time staff have?
 - h. Do they submit annual report?
18. a. What kind of link does the society have with other society?
- b. How does this link benefit each other?
 - c. Do you feel the necessity for a federation or confederation of the housing society?
 - d. What kind of co-ordination among the housing society do you feel necessary.
19. What is the future plan-programme about your society?
20. Did you face any problem in the time of land buying?
(fraud, illegal owner etc.)

What are these problems:

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