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PRESS RELEASE

**Finance Minister launches NHB RESIDEX:
The first official Index for Residential Property Prices in India**

At a simple function held in the India Habitat Center, Lodhi Road, New Delhi on July 10, 2007, Shri P. Chidambaram, Hon'ble Finance Minister launched the first official housing price index of the country viz. NHB RESIDEX

The function was attended by Kumari Selja, Hon'ble Minister of State (Independent Charge) Ministry of Housing & Urban Poverty Alleviation, Shri Rakesh Mohan, Deputy Governor, Reserve Bank of India, Dr. A.K Lahiri, Chief Economic Advisor, Ministry of Finance. The Chief Executive Officers and Senior Managers of various Housing Finance Companies, Financial Institutions and Banks were also present on the occasion.

Speaking on the occasion, Shri S.Sridhar, CMD, National Housing Bank informed the august gathering that the Index has been developed by National Housing Bank, as a pilot for five cities in the country for five years 2001 to 2005. The five cities are Bangalore, Bhopal, Delhi, Kolkata and Mumbai. 2001 has been chosen as the base year in line with Wholesale Price Index (WPI) and the Consumer Price Index (CPI). NHB RESIDEX covers different localities in each of the five cities for each of the five years.

Shri Sridhar also said that NHB RESIDEX is arguably one of the first such indices in the world for a developing country. Developed countries like US, UK have well established housing price indices. NHB RESIDEX has taken a representative sample of transaction prices covering houses in three categories LIG, MIG and HIG.

It tracks the movements of residential property prices and can be used to estimate the house wealth which is an important component of an average Indian's personal wealth.

CMD, NHB also added that the Index can be a useful tool for banks and housing finance companies in portfolio evaluation and collateral security for their housing loans.

Shri Sridhar also informed the august gathering that in the next phase, it is proposed to compile the indices for 35 cities/towns with population over a million as per the 2001 census. Initially, these indices would be prepared on a half-yearly basis. Subsequently, it will be expanded to cover the 63 cities covered under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM).
