



**NATIONAL HOUSING BANK AND NCAER INITIATIVE  
On Housing Property Prices: Patterns and Structure  
& Launch of  
NHB Housing Info India Portal**

As the apex financial institution for housing, National Housing Bank (NHB) is committed to contribute to research, analysis and informed debate on housing and housing finance issues. As part of NHB's research and knowledge dissemination initiatives, the Bank commissioned the National Council of Applied Economic Research (NCAER) to carry out studies on 'Housing Property Prices: Patterns and Structures' with the objective of analyzing the various components of housing property prices as well as determine their importance vis-a-vis the total cost of the housing property and suggest ways to ensure orderly development of the housing finance market and improve its efficiency. These studies examined residential, commercial property prices and transactions in the rural and in the urban areas separately.

Dr Rakesh Mohan, Deputy Governor, Reserve Bank of India launched the studies and the NHB Housing Info India Portal (a single point source of information for Housing and related activity across the country) at a Workshop on Housing Property Prices: Patterns and Structure organized by NCAER and NHB at New Delhi on January 19, 2009 in the presence of Mr Suman Bery, Director General, NCAER, Mr S Sridhar, CMD, NHB and other distinguished guests and invitees to the event.

Dr. Mohan commended the initiatives of NCAER and NHB. On NHB's efforts for launching the Housing Info India Portal, envisaged to stimulate flow and awareness of information and creation of a repository of information about the processes related to housing and housing finance, he expressed the hope that the Portal would fill the gaps in the common man's knowledge on housing and improve consumer protection and education".

The transaction costs on housing include taxes and duties that must be paid before the ownership of the property is transferred and also the services that are incidental to the process of acquisition of the property. Currently, transaction costs constitute almost about 10% of the total price of the property. In order to bring in greater transparency into the housing property market as also to contain transaction costs to the minimum it is necessary to understand their pricing structure. The key findings of the studies and the recommendations are quite revealing and point to the need of a computerization and systematization of costs involved in various steps of the house purchase process and the need for a review of various legal, taxation, regulatory and other procedures including availability and transparency in the housing market. The NCAER study makes a significant contribution in this regard.

The second study carried out by NCAER in Faridabad and Noida points to the large variation in the prices of housing properties across size of property, location and the other amenities that are internal and external to housing. Different types of households look for different set of amenities and prices paid to a housing property reflects these preferences. Housing sector development would have to accommodate these diverse requirements of the population and ensure that prices remain within the affordability limits of the households and businesses.

The publication and wider dissemination of this study will hopefully generate a debate on this important issue. Further, the outcomes of the studies are also an input to the residential property price index NHB-RESIDEX launched by the NHB in July 2007.

Mr S Sridhar, CMD, NHB observed that the present initiative is part of NHB's endeavor to disseminate widely research and analysis on housing and housing finance related issues with a view to promoting and facilitating the development of a vibrant housing market which is fair and transparent. He also outlined the details and contents of the NHB Housing Info India, highlighted the phased launch of the Portal and it's becoming an interactive, multilingual and a one point source of information on housing and housing finance in due course. Focus is on the individual customer. The relevance of various calculator options for individuals in making informed decisions was elaborated upon.

Mr. Suman Bery noted that housing constitutes an important component of aggregate demand in the economy and given the rising requirements of housing in urban and rural areas an efficient housing market is necessary to sustain the momentum of this economic activity. The two studies carried out by NCAER on behalf of NHB are based on primary data and there is a need to undertake such studies to help better understand the needs of the sector. He mentioned that NCAER will continue to pursue research on housing and urban issues in the coming years.

The Workshop was attended by personnel from the Government – Central and State, Banks and Housing Finance Companies, Research and Statistical Institutions, housing and real estate industry, housing finance, academia/research as also various multilateral agencies and generated discussions on various policy issues and expected these initiatives to help the policy makers, financiers, consumers, researchers etc.

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