

Press Release

NHB- IIMB joint study on stamp duty for property transactions released by Government

A joint study conducted by the National Housing Bank (NHB) and the Indian Institute of Management Bangalore (IIMB) on “Revenue Neutral Model for Stamp Duty Reduction for Affordable Housing” was accepted and released by the Ministry of Housing (MoHUA), Government of India last week. The Report was prepared under Professor Venkatesh Panchapagesan, Chair, Real Estate Research Initiative at IIMB (IIMB-RERI) and co-authored by Shri N. Karthik, Adviser, IIMB-RERI. The report proposes a revenue-neutral model that would allow states to lower stamp duty and registration charges for affordable housing. The model is built around the fact that any resultant loss of revenue for states would be more than adequately compensated by revenue generated through new constructions triggered by the Centre’s policy of ‘Housing for All.’ The proposal, therefore, suggests complete stamp duty waiver for low-value housing. The report can be accessed at <https://nhb.org.in/en/research-studies/>.

Prof. Venkatesh thanked Shri D. S. Mishra Secretary, Ministry of Housing (MoHUA) and the Joint Secretaries (Housing and HFA) for facilitating the study. Further, thanking Shri S. K. Hota, MD, NHB he said – “We thank the MD of NHB for providing us this opportunity. Stamp duty contributes a major portion to the states’ revenue pool. Any reduction must be compensated through alternate means in order to ensure their economic health. We showcase how the revenue generated through additional construction activity itself is sufficient to compensate for this reduction. Further, we take a broad-based approach in this study to ensure that all states can seamlessly implement it while highlighting Karnataka as a model example.”

Shri S K Hota, MD, NHB thanked the Ministry of Housing and Urban Affairs for the support in taking up the study. He added that “the study has established that reduction in Stamp Duty will not adversely impact the revenue of any State and in fact, may result in higher revenues due to increase in the housing activity and its positive impact on allied industries. We hope that many States will make use of this study while reviewing the stamp duties in their State.”

Shri N. Karthik, the co-author further added – “The key challenge in the project was access to data. We thank NHB for their valuable support on this front. Implementing this study will further stir demand and help meet the HFA policy goals. The Excel utility provided along with the study empowers individual states with the flexibility to tweak the model on various parameters. Thus, computing the trade-off between revenue gained during construction activity versus that given up due to SD reduction. States can thus gauge and benchmark the gain to implement suitable policies.”