ANALYSING HOUSING PRICES IN METROPOLITAN AREAS OF INDIA

INTRODUCTION

Since the inception of the theory and idea of development, the common feature that emerged in different point of time is the developmental gap that emerged in different parts of the world and also among various parts of a country in a particular time period. This disparity in development, like many other indicators, has also been reflected in India. Traditional development theories believed that agriculture, industrialisation, urbanisation, are significant ingredients of growth, and, ultimately important prerequisites for achieving development. Within the economy itself, the status of growth of a state can be judged through its performance in agricultural and industrial production, performance of service sector and urbanisation, and their impact through their contribution in income and employment generation at the national level. Thus, house price behaviour may also reflect some short of developmental status of the households of a country.

HOUSE PRICE DETERMINATION

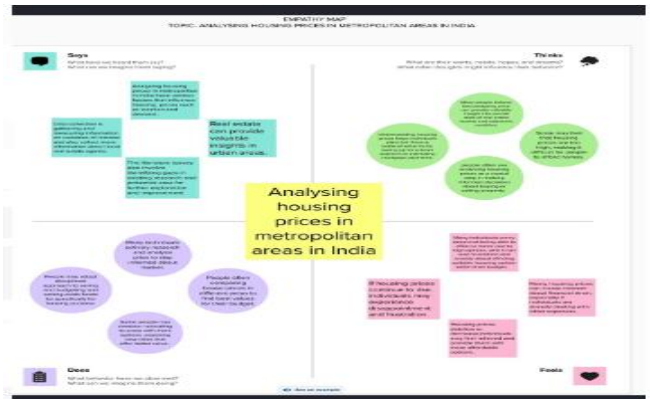
The standard price behaviour of a good or its close substitute reveals the same price movements and they generally vary within a price range, when they are sold at markets located at different places (Shepherd, 1997; Lipczynski et al., 2005). Two houses in two different locations are believed to be sold within the same market, if house prices in one location impose a competitive constraint on house prices in the other location. For example, whether a home owner is free to set the price of his house in, say, Kolkata without any difficulty that may occur from the house going to be sold in Delhi or in Mumbai or in any other city in the country. Here, two different situations may arise. In the first situation, the home owner in Kolkata may face problem in setting a competitive price of his house. In the second situation, he may not face the same and can freely set the price of his house.

DATA AND EMPIRICAL PRODUCTION

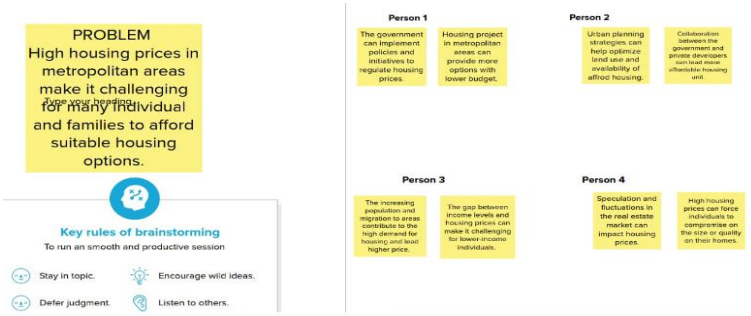
The clear definition of the product is required to compare the products sold at different locations (Burger and Van Rensburg, 2008; Gupta and Das, 2008; Das et al., 2010). Hence, the paper concentrates on the price of residential properties which has been taken from the National Housing Bank (NHB) in the form of index. Unlike the South African house prices that have been captured for various categories of houses (Burger and Van Rensburg, 2008; Das et al., 2010), this study rely on simple house price index created only for the residential houses. The NHB pilot study was conducted primarily in five large cities (Delhi, Mumbai, Kolkata, Bengaluru and Bhopal) covering various regions of India. Later, it has been extended to ten more cities (Ahmedabad, Faridabad, Chennai, Kochi, Hyderabad, Jaipur, Patna, Lucknow, Pune and Surat) for larger representation of the residential housing market. Currently the NHB RESIDEX is constructed with 2007 as the base year.

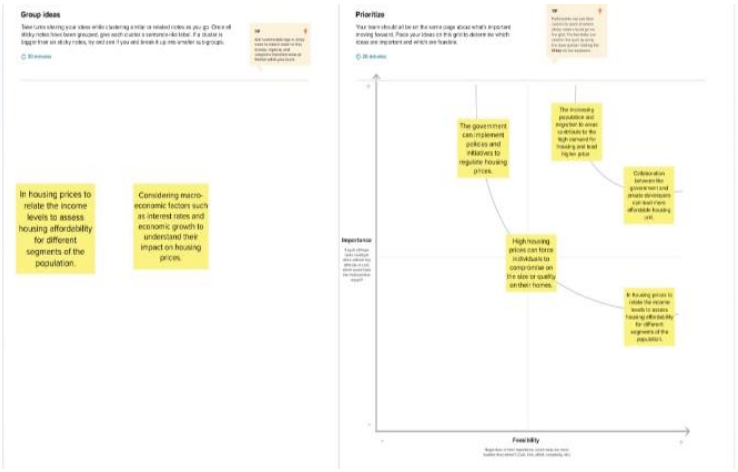
VISUALIZATIONS & GRAPHS

Empathy Map

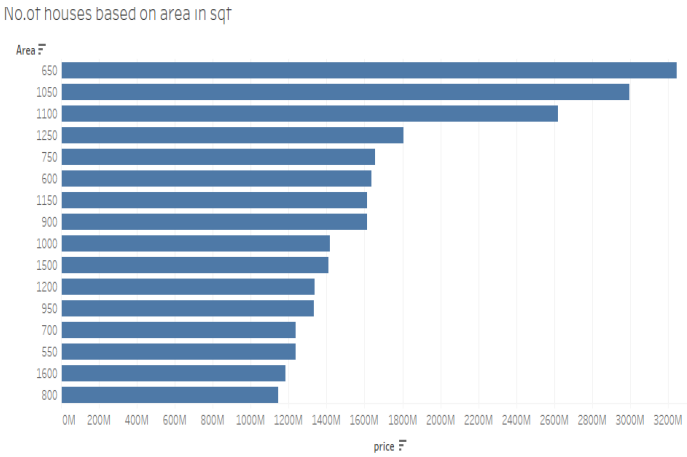


Brain Storm

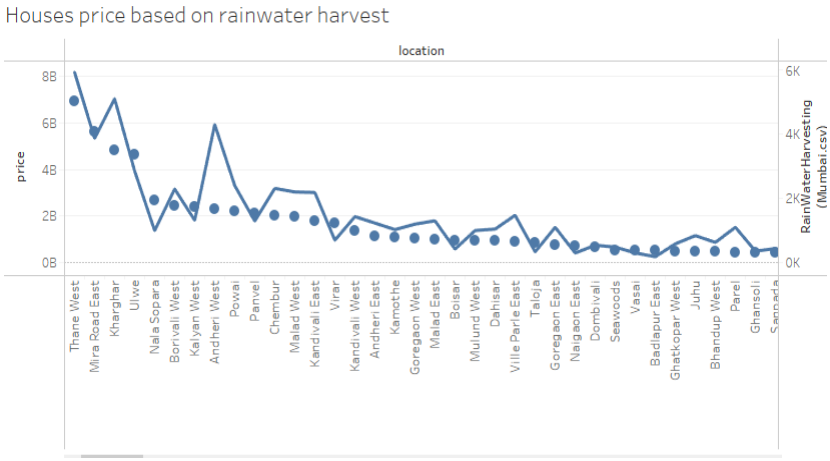




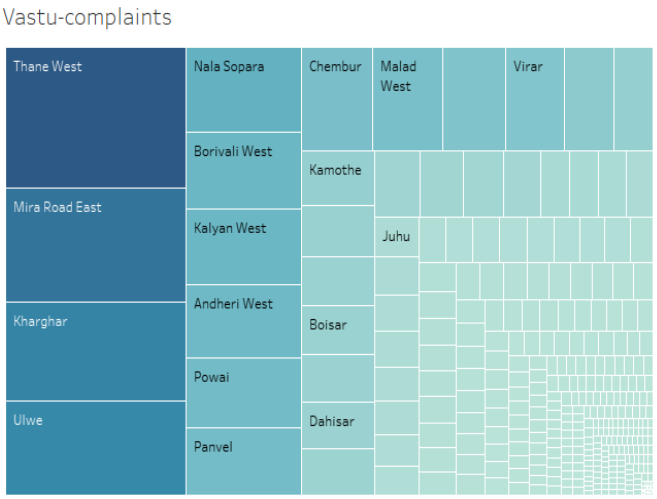
Number of houses based on area in sq



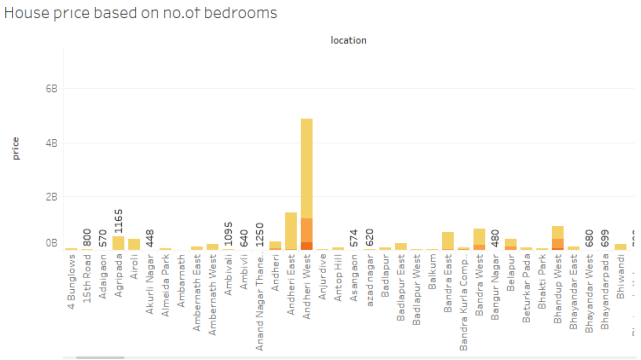
Houses price based on rainwater harvest



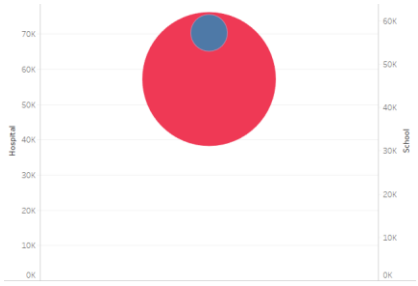
Vastu-complains based on location



House price based on Number of Bedrooms

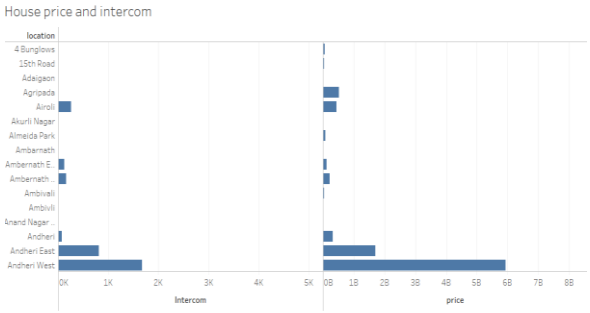


Hospitals and schools near the Houses

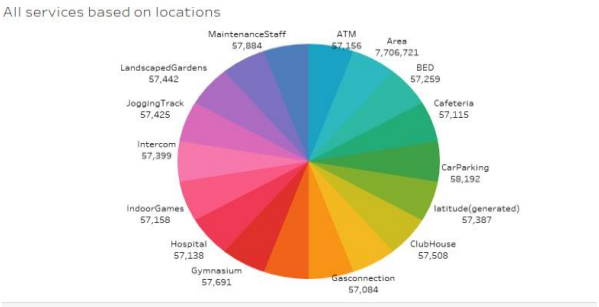


Maintains staff in houses prices

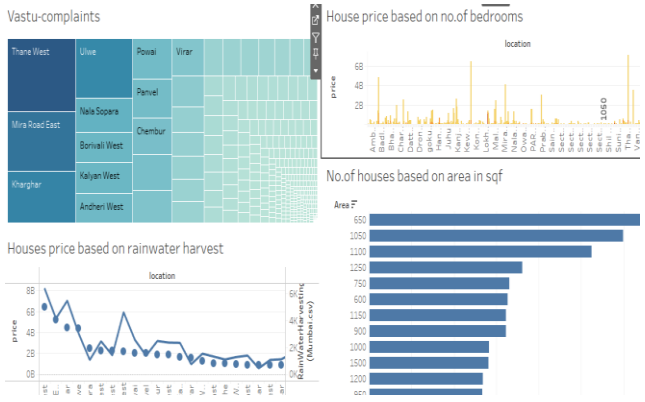
House Price and Intercom



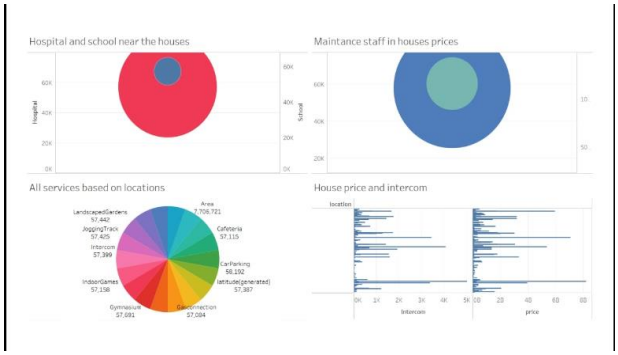
All Services based on locations



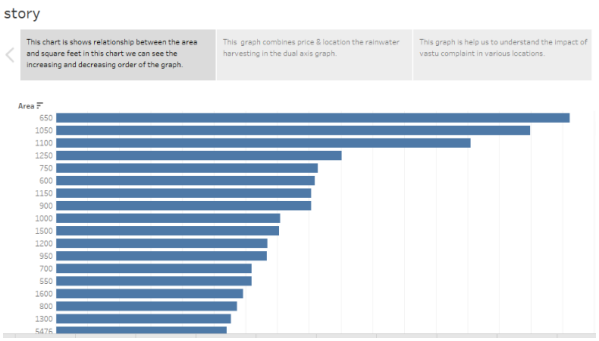
Dashboard 1



Dashboard 2

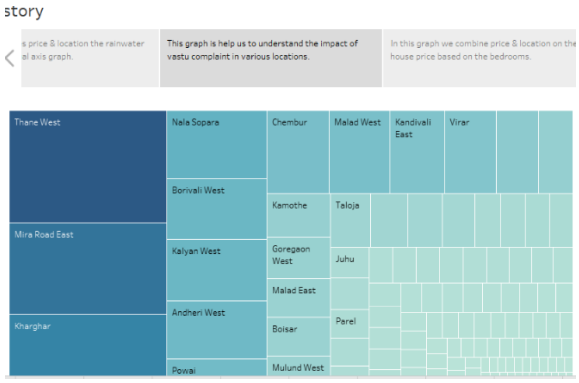


Story 1

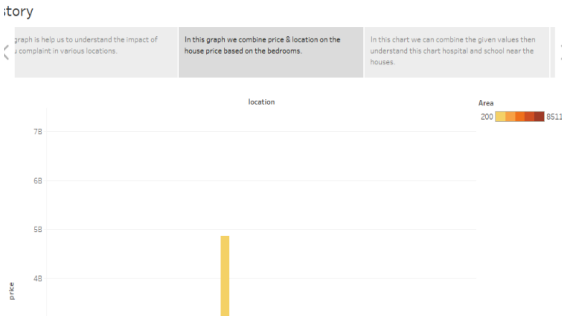


Story 2

Story 3



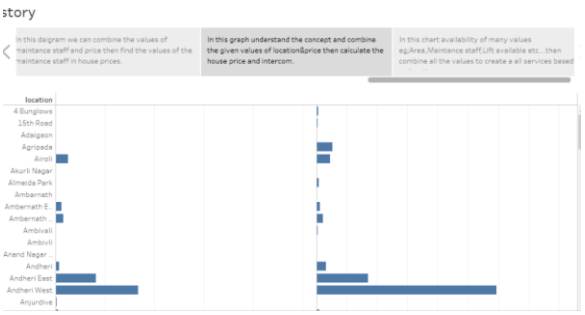
Story 4



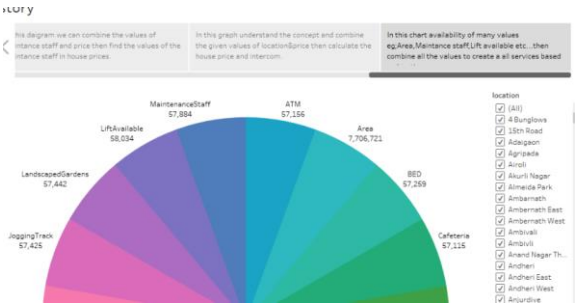
Story 5

Story 6

Story 7



Story 8



CONCLUSION

This paper analyzes whether the Law of One Price (LOOP) holds in the housing market of fifteen metropolitan areas in India, namely Delhi, Mumbai, Bengaluru, Kolkata. house prices in the 15 metropolitan cities do not converge to the LOOP. This implies that the housing markets in the different areas operate as segmented independent local markets. Therefore, house prices in one location in India cannot impose a competitive constraint on house prices in other location, and as such a home owner can freely set the price of his house.