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Housing starts slow down in Chennai, Bangalore & Kolkata

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This index, first of its kind in India, provides an indication of how many building permits were issued in a given period, and how much of them were started and when. File photo

The Hindu

New index for 27 cities reveals status of construction activity

Housing starts in large cities such as Kolkata, Chennai and Bangalore have slowed down, according to the Housing Start-Up Index, a new indicator of housing construction, released by the Reserve Bank of India and the Ministry of Housing and Urban Poverty Alleviation (MHUPA) on Monday. However, in cities such as Ahmedabad, Bhopal and Hubli, housing starts have increased.

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An increase in the number of housing starts, as the report accompanying the release describes, indicates improvement in demand and investment. This index is critical for both property developers and policy-makers. So far, about six countries such as the United States and Japan had developed such an index. In the last few years, the RBI and the MHUPA have been trying to develop one for the country. Though , methods for developing it were recommended way back in 2009, the pilot study was taken up only recently.

The pilot study of 27 cities, which focussed on building permits issued between 2007 and 2011, shows that most of the construction started in the same quarter as the building permission was granted. The delay in commencing house construction at the most stretched to a year. The new data confirm that increasingly more multiple housing units (MHUs) are being constructed. The bulk of the building permission given in 27 cities pertains to MHUs.

The southern region witnessed high house starts in 2009, but slowed down in 2011. But, the western region showed a high start in 2011. The overall reduction in the construction activity in the country coincides with the low GDP growth between 2009 and 2010.

The RBI will publish the housing starts index every three years based on the data collected by the National Buildings Organisation and the National Sample Survey Office.

The government plans to extend the study to 300 cities, and develop the house start index for each of them.

Keywords: [Housing Start-Up Index](#), [India real estate](#), [Indian metros housing stats](#), [Ministry of Housing and Urban Poverty Alleviation](#), [MHUPA](#), [housing starts](#)