

**Real Estate Brokers in the Rental
Housing Market: A Study of Vijay
Nagar, a Student Area near Delhi
University**



Submitted by:

Rishav Thakur

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Abstract

This paper is a study of brokers as intermediaries in the rental housing market in Vijay Nagar, a North Delhi student area. The study attempts to give an account of the different types of brokers, their social background, operating characteristics (like getting business and commissions charged), role in discrimination, interactions with the government and forms of cooperation between them. The study finds that the usual commission charged from the tenant is half a month's rent whereas the landlord does not pay anything. Tenants choose brokers based on recommendations by acquaintances or by noticing their offices and landlords notify brokers who operate close-by. Also, even though tenants dislike brokers, they prefer how brokers work as compared to a web-based intermediary. Rather than the broker, the landlord is found to be the major source of discrimination faced by tenants in finding houses.

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1. Introduction

The institution of real estate brokers is understood by people primarily to the extent that their own experiences allow them. This collective understanding of the broker is fragmentary and people use these little pieces of information to form opinions, the aggregate of which impacts the direction of policies.

The general image of the broker has never been very appreciative.¹ What is unseen or ignored by individuals here is that the broker plays a very positive role: he uses his knowledge of the local real estate market to match the demander (a prospective buyer or tenant) to the supplier (a landlord or builder) for a fee. By specialising in this function the broker becomes a naturally-occurring solution to the problem of dispersed information.²

In this paper, therefore, I have aimed to collect these fragmentary pieces of information and form a cohesive whole which gives an accurate picture of the broker, as they operate in the rental housing market in Vijay Nagar, which is a student locality in the North Campus of the University of Delhi. This locality faces a high demand for rented housing from the students of the university. The findings in this paper are based on interviews with tenants, landlords and intermediaries (in the process of house-search) of Vijay Nagar and my own experiences as a tenant in the area.

I have identified three types of intermediaries in the study: the broker, the informal information provider and the virtual broker (who operates through the internet). An intermediary is any agent who provides information of vacant or to-be vacant houses to prospective tenants or information about prospective tenants to landlords. The focus throughout will be on the broker in his capacity as an intermediary who finds houses on rent for tenants (locally called 'renting'), though he may carry out other real estate related activities.

¹ Adrian Masters, "Unpleasant Middlemen," *Journal of Economic Behavior and Organisation* 68, no. 1 (2008):74-75.

² Friedrich August Hayek, "The Use of Knowledge in Society," *The American Economic Review* 35, no. 4 (1945):520.

The broker has been found to be the main source of finding houses on rent in Vijay Nagar. The brokers here have always been males and he is usually a Sikh or a Hindu from the Khatri caste, a Punjabi trading caste. Even though most brokers are the first in their families to do the business, being a broker is usually not their first occupation. All streets of Vijay Nagar have a number of brokers operating side-by-side. The competition between them, however, does not prevent mutually beneficial forms of cooperation from emerging. In renting, the tenant pays a commission of half a month's rent to the broker and while the landlord pays no commission. The broker has been found to be generally disliked by most, but most also prefer how he functions as an intermediary over property websites.

The economy of Vijay Nagar is visibly geared towards meeting the needs of this rental economy: the many home-delivery services, the innumerable shops and eateries, and the market for second-hand electronics, books and furniture. In addition, many families count the rent they earn from letting-out their property as a primary source of sustenance. The proximity of the area to the university definitely forms the base of this economy, but the brokers' role too cannot be belittled.

2. Methodology

2.1 Site of study

The area chosen for the study is Vijay Nagar which is located very close to the University of Delhi, North Campus (see Appendix 1 for maps). Vijay Nagar, because of its proximity to the university, faces a high demand for housing by students. It consists of two parts – the Double Storey and the Single Storey. Housing in the Double Storey is usually of poorer quality than housing in the Single Storey which is reflected in the difference in rents. Many of the families in Vijay Nagar had come from Pakistan after the Partition.

2.2 Data collection

The formal analyses of this paper are based on the data collected through personal interviews from the following sets of informants:

- i. A set of 26 tenants of Vijay Nagar, who were asked the questions listed in Appendix 2 (Tenant set one).

- ii. A set of 27 tenants of Vijay Nagar with one each of Gupta colony , IndraVihar and Kamla Nagar, which are nearby localities, who were asked the questions listed in Appendix 3 (Tenant set two).
- iii. A set of nineteen brokers of Vijay Nagar, who were asked questions listed in Appendix 4.
- iv. A set of sixteen landlords who rent out houses in Vijay Nagar, who were asked questions listed in Appendix 5.

The sampling technique used was non-random. Especial care was taken to include more diversity into the sample rather than focusing on making the sample big and homogenous. The selection of individuals has been purposive to that extent.

3. Who are these intermediaries?

The search for a rented apartment (and the parallel search for a tenant) in Vijay Nagar is mediated by three different types of middlemen.

The first type is called '**the broker**' and this consists of all those who are identified as a broker, both by themselves and by others. After getting hired by the prospective tenant, the broker shows them houses, engages in negotiating with the landlords and after successfully housing the prospective tenant (this is when he gets paid), does the tenant verification and also makes the rent agreement, if required.

The brokers' work does not end here: if the tenant faces any trouble with the landlord, then the broker may be called to intervene. Similarly, if the landlord is unhappy with the tenant, he may seek the counsel and help of the broker.

Earning a greater proportion of income from participating in the real estate brokering services is not a necessary condition to be called a broker; for many small brokers may earn more or more regularly from a side-business. Having an accepted identity as a broker is sufficient to be a member of this group.

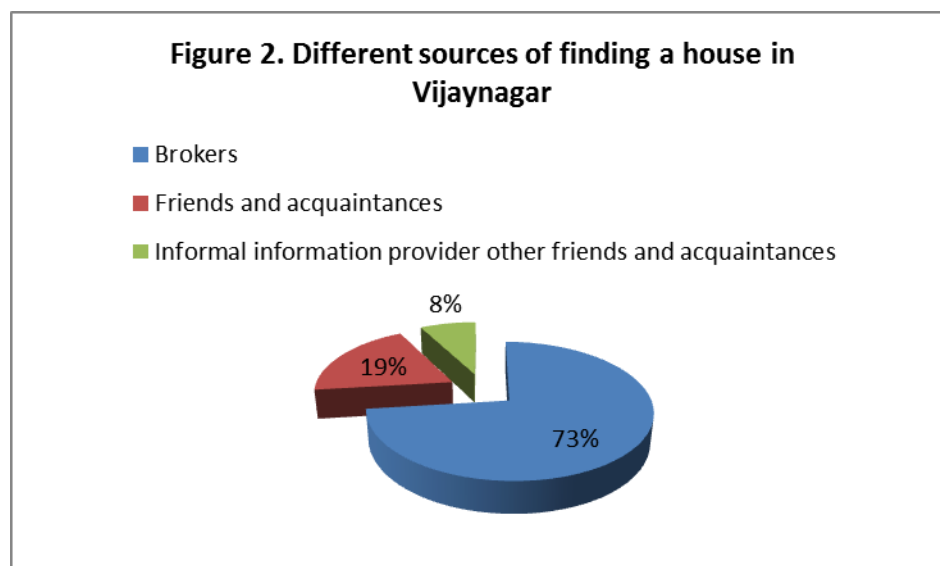
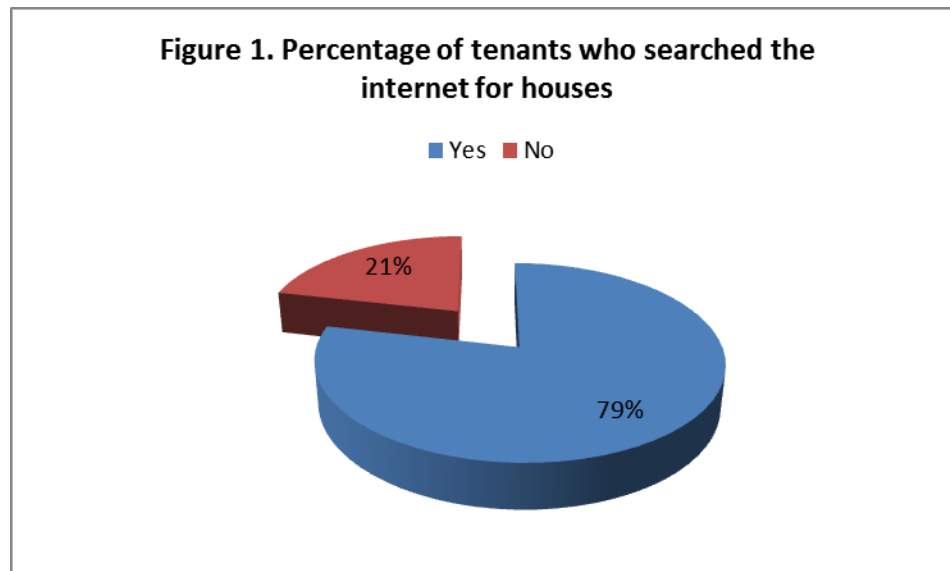
The second type is called '**the informal information provider**' and this includes anyone who provides information of vacant or to-be vacant houses to prospective tenants and information about prospective tenants to landlords. They, however, do not consider themselves as brokers or are identified as one. Like the broker, they too are paid (if they are paid) when the prospective tenant is successfully housed by them, but their commission is inevitably less than that of the broker. Unlike the broker they do not

carry out the tenant verification or make rent agreements. In addition, they are viewed as a source of future help by both the landlord and the tenant only to a lesser extent as compared to the broker. This type includes maids, shop-keepers, and security guards among others whose knowledge pool of houses is usually much smaller than that of a broker. The current or past tenants of the locality who may help their acquaintances find houses by contacting their landlords or other tenants are also included in this group.

The third type is 'the virtual broker' and is a new entrant to this business. They do not operate out of a physical office space, but their internet websites provide a virtual equivalent of an office. The broker may also invest in a website, but this is no substitute for his office. Also important is how this type is very new in Vijay Nagar and how they have emerged very consciously with the motive of providing an alternative to the broker. That has come to mean that their revenue models and service ideals are often at variance with what goes on in the world of the broker.

I have included two websites in this category, findyourpg.com and www.homehunter.in, while ignoring a whole plethora of more well-known property websites like 99acres.com, magicbricks.com because I have found that their use is limited when it comes to finding houses for rent in Vijay Nagar. The two selected sites have been specifically started to cater to the North Campus area. One more aspect that distinguishes the chosen sites from the other sites is how they work as an intermediary – the other sites usually act as a platform to access information about property which can be uploaded by a broker or a landlord. The selected sites, on the other hand, act as brokers collecting information about the availability of rented housing and paying guest accommodations, and their revenue is a function of their success in placing tenants. Advertisement revenues and fee charged to put up information is how the property websites earn their mainstay which limits their involvement in the process of house-search to only that extent. Once this stage is crossed, the onus is on the prospective tenant to meet the person who had uploaded the information. The selected websites on the other hand go a step forward and see the transaction through to the end, which as I noted, is one of the sufficient conditions to be a broker. This does not detract from the possibility that they might also end up earning the major part of their revenues from advertisements and may also charge a fee for listing (in fact, findyourpg.com does have a plan where paying guest accommodation owners pay a certain amount so that their accommodation

would be profiled in the showcase of the website), but what significant is that they act as virtual brokers and not just as facilitators.



The broker in Vijay Nagar is the most visible and the most important intermediary in terms of the volume of tenants' housed. This gives the rationale for focusing on this group throughout the paper while touching on the other types of intermediaries wherever required to explain some aspect related to the broker.

4. The Broker

The broker in Vijay Nagar is predominantly male, because of which I will use the male pronoun to refer to this mediator. Female brokers are unheard of in Vijay Nagar and only one landlord mentioned that he had known a few women who carried out brokering activities informally from home. It is unclear if these women are identified as brokers, if they see a transaction through to the end or even bear the responsibilities of the broker – hence, given the current data about them, they may be classified as a broker or an informal information provider or as an entirely new category in themselves.

The typical broker may carry out the following types of real estate related activities:

- i. Helping prospective tenants find suitable houses and concomitantly find tenants for landlords. This is popularly termed as '**renting**'.
- ii. Collecting the rent and looking after a house when allowed by the landlord, usually when it is not possible for the landlord to carry out these activities. This happens exclusively in renting and I term it as **caretaking**.
- iii. Engaging in sale and purchase of property where the commission usually does not exceed two percent of the final sale price of the property which is divided by the brokers representing both sides. This is known as '**sale-purchase**' or '**buying-selling**'.
- iv. Providing finance for landowners to build the optimum number of floors on a piece of land where the payment is usually such that the broker keeps a part of the house for himself. This is called '**collaboration**'.
- v. Investing money of a client in the real estate market. This is termed as '**finance**' or '**financial advising**'.

The informal information provider does not usually have the experience, expertise or the trust of clients to engage in anything other than renting. The virtual broker, on the other hand, can potentially do all of the above real estate related activities conducted by the broker, however the two selected websites are currently focusing on housing students in paying guest accommodations.

5. Types of Brokers

I have subdivided the broker into three subgroups:

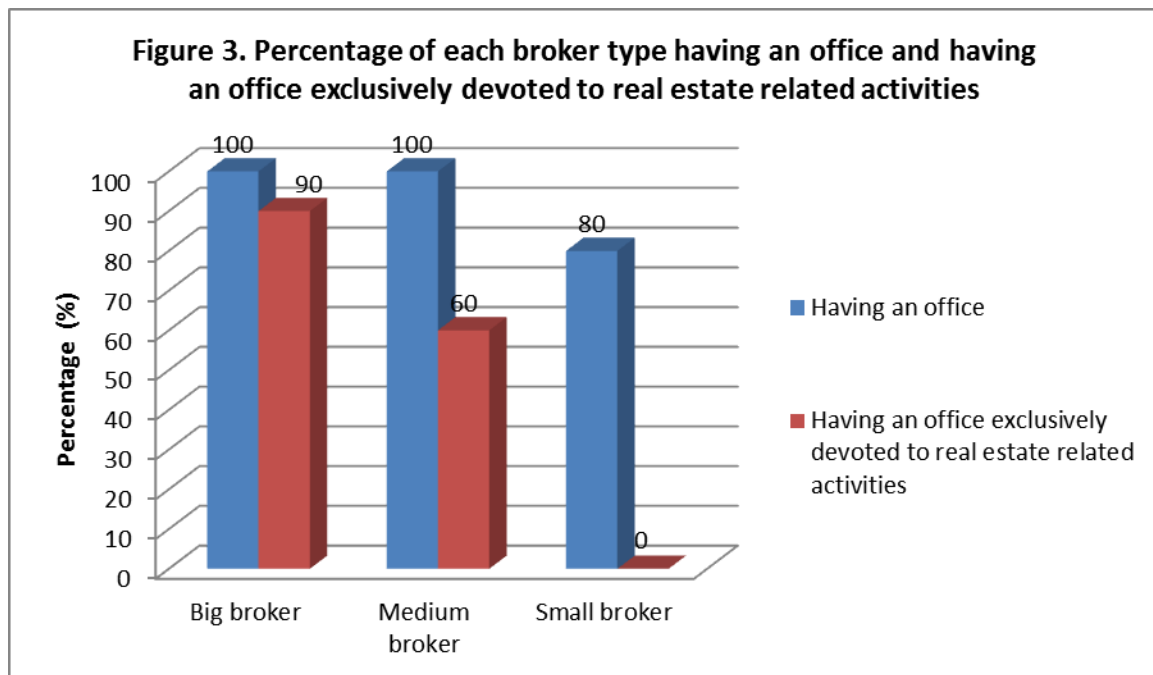
- i. **The big broker**, who has a membership with the North Delhi Property Dealer's Association and who conducts the activities of renting, buying-selling, and collaboration. He may also be involved in finance. The most important criterion is the membership of the association.
- ii. **The medium broker**, who does not have a membership of the association and who operates from an office and conducts at least one real estate related activity besides renting.
- iii. **The small broker**, who does not have a proper office and usually conducts only renting operations, even though they might be open to doing other real estate related activities when the opportunity may arise (which is why their signboards would mention other activities besides renting).

To illustrate each category with an example:

- Jolly Properties is one of the oldest brokering firms operating out of Vijay Nagar and their office is an air conditioned space, tastefully filled with costly furniture and decorative items. They employ quite a number of people in various capacities and are involved in collaboration and construction. They also act as financial advisors to clients who want to invest in real estate. They exemplify the brokers who belong to the first type.
- Rainbow properties is a husband-wife firm and is run out of a small office. The office is dusty and has no grandeur of the Jolly office. The office also doubles as a photocopy outlet. The husband sits in the office throughout the day and when he is out showing houses to prospective tenants or buyers, the wife fills in. Even though Rainbow Properties has been in operation for around ten to fifteen years, it does not have the association's membership.
- Tariqhas newly entered the business and runs his operations from his father's CD shop. He operates under the banner of Poonam Properties and a signboard in front of his father's shop directs business to him. He is in this alone and has only been involved in finding houses for prospective tenants. Business is tough, he says, for there are so many brokers in the area. He tells me that sometimes he may depend on the big broker to outsource some of his renting operations to him (see section 9.3).

The essence of the differences between each type cannot be contained in any single definition or illustration. The following aspects would help sharpen the boundaries which encase each type.

5.1 Office space and focus activity



All big and medium brokers have an office from where they carry out their operations or where landlords and prospective tenants can find them. This percentage reduces for the small broker.

This office may even be a part of their residence. Malhotra Properties (a big broker) and Guru Kirpa Properties (a medium broker) have their offices in their houses.

The differences between the broker types are even more apparent when one considers the percentage of brokers of each type having an office which is exclusively devoted to real estate related activities. The percentage reduces as one moves from the category of the big broker to the small broker, indicating that the medium and the small broker are more likely to feel the need to carry out at least one other non-real estate related activity from the same office space. The big broker might also have some side-business, but this is not carried out from the same office.

The prime thrust behind starting a side-business for the broker types is also different. The big broker may carry out a side-business because he has the money to invest in these other ventures. The medium

and the small broker, on the other hand, may feel the need to *supplement* this income earned from real estate operations. Such supplementation is necessary especially in case of the small broker as indicated by the fact that none of the small brokers' offices are exclusively devoted to real estate related activities. This may be due to the exclusive concentration of the small broker in renting operations which peaks during April to August. This is started when those tenants who are already staying in and around Vijay Nagar start looking for new houses to move in. The demand reaches a crescendo around the months of June and August when the fresh admissions to Delhi University begin. The brokers say that business in renting for the rest of the year is small due to a slack in demand which sees only a small increase during the winters.

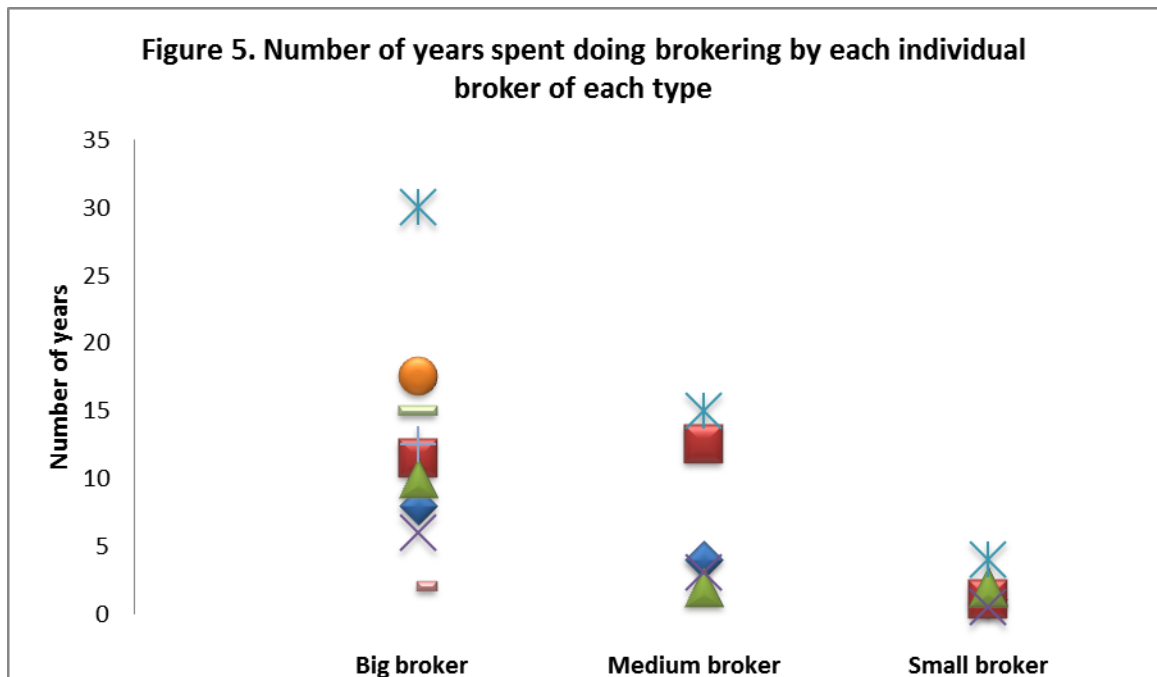
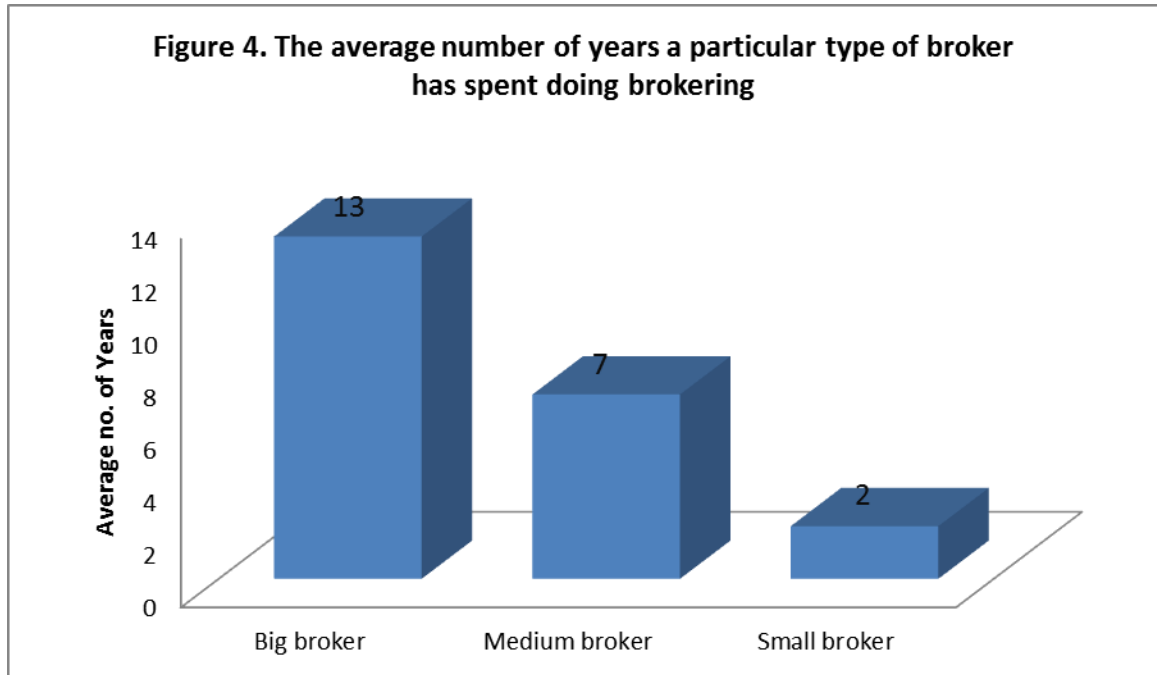
The big broker carries out the more profitable operations of sale-purchase and collaboration. Even one successful deal pays enough to keep the business running for a year. According to landlords, all of these big brokers carry out the activity of finance and financial advising, even though only a few will advertise or talk about it openly.

5.2 Business card

When it comes to having a business card, all of the big and the medium brokers had one. It seems that having a business card is a very important not only for obvious operational convenience, but also to create the image of being established as a broker. Whereas all the big and the medium brokers had a card, only twenty percent of small brokers had one.

5.3 Number of years spent doing brokering

The average number of years that the broker has been in the business (as opposed to when they started their own operations) depicts another source of distinction between the types.



From the above plot one can see that a clustering of points for small brokers occurs at smaller values of the years in business as compared to the big and the medium broker. The points for the category of big

brokers show that though one or two big broker may have started brokering very recently, but as a group, the big brokers have been doing brokering for a much longer time than a medium or a small one.

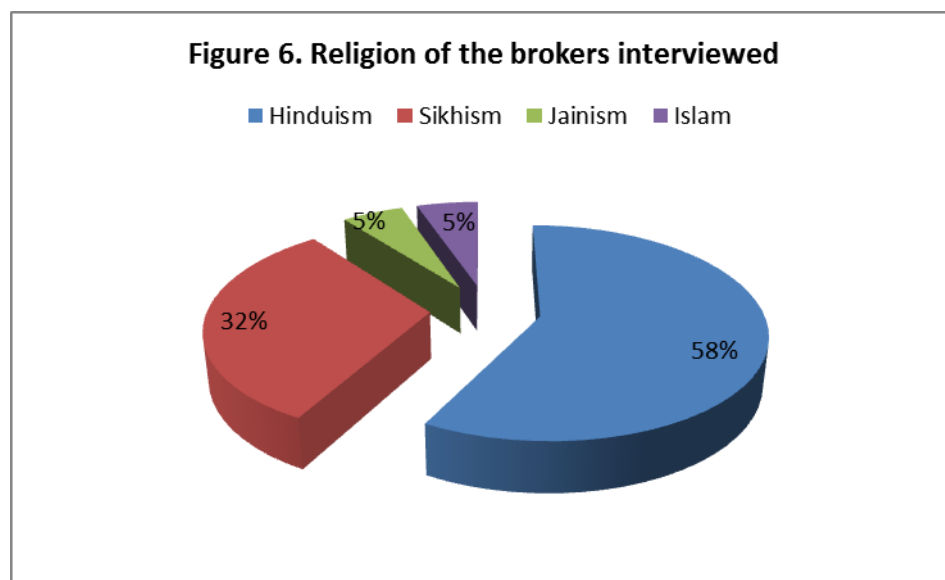
5.4 Partnership

The most common big and medium brokering firm is a partnership between two men. This partnership is between father and son, brothers or friends. It might be between a Sikh and a Hindu. The small broker is most commonly a one-man business.

6. Background of the broker

6.1 Religion

I have classified all the partners of the broker firms surveyed according to religion.



The sample of brokers selected had one Muslim broker and it was only after much searching that I came across one. The population of brokers in Vijay Nagar would contain a far lesser share for Muslim brokers than the five percent share shown in the pie above.

6.2 Caste

The modal caste of the Hindu brokers is *Khatri*. There might be the existence of caste-like classification in case of the Sikhs. However, this is ignored in case of this paper.

Sociologists distinguish between the four-fold *varnasystem* (of *Brahmana*, *Kshatriya*, *Vaishya* and *Shudra*) with the region-specific *jati* system.³ Here, *Khatri* is a *jati* or a region-specific sub-caste. Khatri are thought to be a trading caste originally from Punjab and it is significant how they have emerged to be modern-day broker entrepreneurs in Vijay Nagar today. The economic history of India is replete with such examples where the trading communities of “the *bazaar*” have been pre-eminent as modern day industrialists and entrepreneurs.⁴

6.3 Place of residence

I have found that seventy-nine percent of the brokers interviewed are residents of Vijay Nagar. There is little variation between the different broker types. All the small brokers stay in Vijay Nagar except for one who stays in Gupta Colony, a locality adjoining Vijay Nagar. Similarly, all medium brokers stay in Vijay Nagar except for one whose residence is in Outram Lines, a locality which is around a kilometre away from Vijay Nagar. Amongst big brokers, there are two who are non-residents of Vijay Nagar and they stay in Derawala and Muktinagar, two areas located even further away from Vijay Nagar. These two brokers, interestingly, were already well established when they opened their offices in Vijay Nagar whereas most of the other brokers had begun brokering in Vijay Nagar itself.

For a broker knowing landlords and having a wide net of acquaintances creates an informal information network which is already present in the area where he has spent some time living. Thus, for a broker, if the area where he has spent time living (and building social connections) is also an area where demand for housing is high, he would be opening his office in that area itself.

6.4 Level of education

According to the responses, I have identified three relevant education levels: higher secondary, bachelor's and master's. I classify a particular broker in the highest level he had gained admission to but may not have completed.

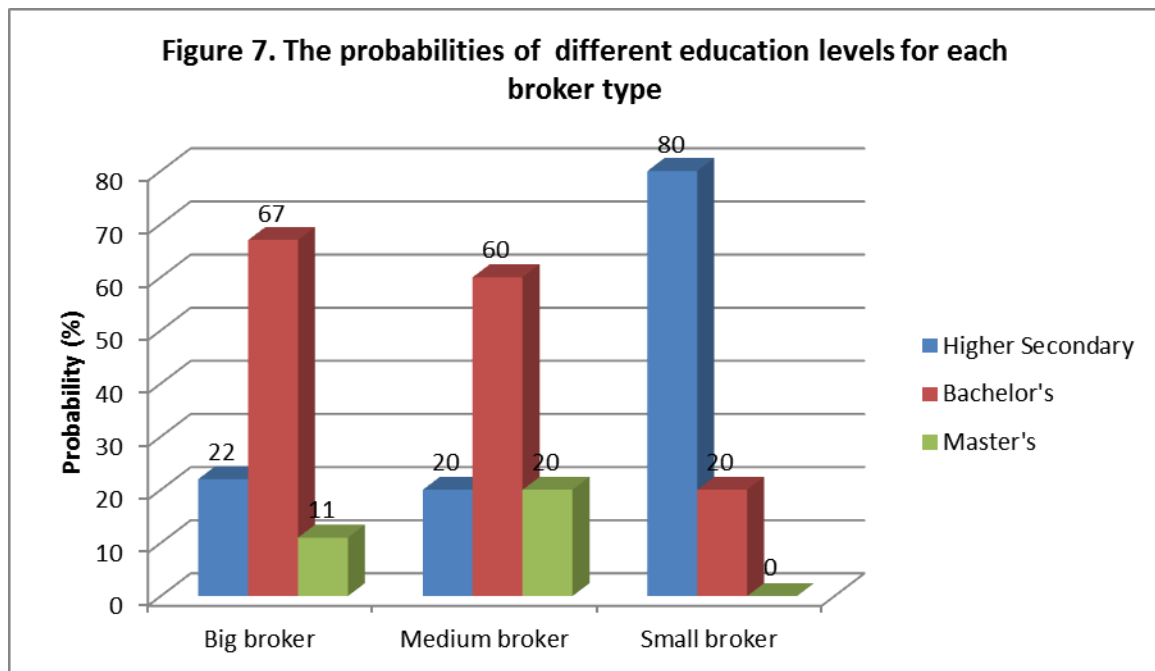
³ A.M. Shah, “Can the Caste Census Be Reliable?,” *Economic and Political Weekly* 33, no. 39 (September 26-October 2, 1998): 2498.

⁴ Rajat K. Ray, introduction to *Entrepreneurship And Industry in India, 1800-1947*, by Rajat K. Ray (Delhi: Oxford University, 1992), 1-69.

The modal level of education for both the big and medium brokers is a bachelor's level education. For the small broker the most common level is high school

Table 1. The probabilities of different education levels for each broker type

	Admitted to higher secondary		Admitted to bachelor's level		Admitted to master's level	
	Number	Probability of being higher sec educated	Number	Probability of being bachelors educated	Number	Probability of being masters educated
Big broker	2	2/9=21%	6	6/9=67%	1	1/9=11%
Medium broker	1	1/5=20%	3	3/5=60%	1	1/5=20%
Small broker	4	4/5=80%	1	1/5=20%	0	0%



Clearly the small broker is most likely to have had an education up to higher secondary than the other broker types. The big broker is most likely to have had an education up to bachelor's level and this likelihood decreases for the medium and the small broker. The medium broker is most likely to have an education up to master's level closely followed by the big broker.

The three broker types differ from each other on the basis of education.

6.5 First occupation of the broker

For sixteen percent being a broker was their first occupation. The remaining eighty-four percent were engaged in their family businesses, shop keeping, factory work and other such informal sector jobs before they became brokers. Many of them have preserved their links with their first occupations. Only two brokers out of the sample seemed to have worked in the formal sectors of the economy – one was a retired government employee and the other worked at a private bank.

6.6 Father's profession

Five percent of the brokers interviewed said that their fathers were also brokers or worked in the real estate sector. Being a broker is a new profession which has gained popularity in Vijay Nagar since only the past twenty years.

7. How does the Broker operate?

7.1 Getting prospective tenants

7.1.1 Advertising by brokers

It is an interesting finding of this study that the broker gets most of his tenants in the renting business by not making any conscious effort beyond putting out a signboard in his office.

All the big and medium brokers have signboards in their office and at construction sites where they are collaborators or builders and sixty percent of the small brokers also have signboards. Putting up posters having contact details is the second most popular form of advertising. Around twenty-two percent of big brokers, forty percent of medium brokers and sixty percent of small brokers put up posters.

Advertisements in newspapers and television are less common: seventy percent of big brokers and twenty percent of medium brokers have advertised once in print media and eleven percent of big brokers have advertised in local channels. These advertisements are related to the broker's operations in sale-purchase, collaboration and finance, which may explain the absolute absence of small brokers in advertising in television and newspapers.

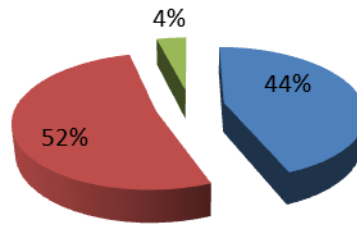
Also, very few brokers have a website and a few are listed on property websites and sites such as just-dial.

7.1.2 Does advertising get business to the broker?

I asked the second set of tenants surveyed about how they came across the broker who got them their current houses. The answers are categorized in the following pie chart.

Figure 8. How did the tenants get to know of their current broker?

■ A known person recommended the broker
■ Came across the broker's office and walked in
■ Other



Clearly, the most effective forms of drawing business are increasing the visibility and attractiveness of the office and gaining the favour of past tenants so that they may recommend their broker to friends and acquaintances. The 'other' category includes the response of one tenant who said that she got in touch with her broker through Just-Dial. Another good way to get business for the broker is to make their presence felt in social forums popular amongst the student community – like Facebook and college events.

7.2 Getting landlords to notify them of vacant property

Nearly every broker interviewed said that they enlist a property only when the landlord notifies him that the property is vacant or will be vacant. And even though twenty percent of landlords interviewed put up 'to let' signs, all of them finally notified brokers to find them tenants. These landlords who put up the signs said that many brokers get to know of the vacant property seeing these posters.

Why does the landlord always notify the broker?

- i. It is only rarely that the landlord pays a commission (see figure 10).
- ii. The people which the broker brings are viewed as more credible.
- iii. The broker usually takes care of the verification of tenants and making rent agreements for a nominal fee, which saves the landlord some effort.

- iv. In case the landlord is unable to make his tenants vacate his property (even after informing the tenant one month beforehand), then the broker is obliged to come and help them. Honoring this obligation is important for better future relations with the landlord.

If the landlord gets so much by giving almost nothing, then it is only rational to notify a broker of vacant property.

Also, because of this, the landlords have a preference over prospective tenants who are brought by a broker: forty-six percent of the landlords said that they will not take in tenants who come without a broker.

Almost all landlords will not take in someone who comes without a reference from any source like previous tenants, other landlords, guards and cooks. In absence of references, a prospective tenant might still be considered if the landlord performs a background check and finds it satisfactory. Factors such as enrolment in a reputed college would reflect positively on the tenant.

It is possible that a prospective tenant may find a perfect house without any intermediary but might still not be able to rent it because the landlord, unsure of the prospective tenant's qualities, may decide not to go forward with the transaction.

In such a situation, where the demand for rental housing is so high, the landlord does not face any significant costs for being choosy about whom he rents out his property to. Here the intermediary plays the role of being a "guarantor of quality"⁵ which is distinct from his role of searching for housing. He does this by giving the landlord an assurance that he has known the prospective tenants and has gone through their backgrounds. Sometimes this assurance is implicit and not explicitly stated. The role of the intermediary as a guarantor of quality is augmented in the case where the intermediary is a broker, by the obligation that if the landlord has trouble with the tenants then he may count on the broker for support.

⁵ Gary Biglaiser and James W. Friedman, "Middlemen as guarantors of quality," *International Journal of Industrial Organization* 12, no. 4 (December 1994): 509.

7.2.1 Criteria for selection of the broker by landlords

The modal criterion that I could gauge from my interviews with landlords is that they prefer to notify those brokers who have offices close to their residences or close to the house that the landlord wants to rent out. What is not clear is that the nearby broker might actually be known to the landlords and hence 'proximity' and 'familiarity' as distinct criterion for choosing a broker cannot be separated? One landlord mentioned that he notifies those brokers whom he thinks are most likely to get him tenants. Indeed, the neighbourhood brokers seek assistance of other brokers and hence it does not make much of a difference even if the landlord notifies every broker in Vijay Nagar (further discussion is in section 9.1).

7.2.2 Number of brokers notified

It only makes sense for the landlord to notify as many brokers as possible given the constraint of the time and energy that they are willing to expend.

Most landlords said that they did not know the exact number of brokers they notify usually. However, most agreed that notifying more brokers is better and most landlords notify at least two brokers.

8. Commission Charged

8.1 Commission from the tenant

8.1.1 The accepted rate

After housing the prospective tenant, the broker charges a minimum of half a month's rent as commission. This is the accepted minimum rate in North Campus area as the brokers said that this rate does not vary with locality. They speak of this rate as if it is a universal truth, to be stated in simple present tense.

It seems that this was the rate since they began their operations.

8.1.2 Variance in commission

Those who search for rented housing for the first time are more likely to pay more than the accepted rate, not only because they may not be as familiar with it, but also because the experience of house-search is a harrowing one and they may not want to bargain with the broker (who is viewed as more knowledgeable) in expectation to earn his full support. Of the few cases where tenants have paid a full month's rent as commission, most have been first time searchers.

C. Snehaa, a first year student in Delhi University, said that she agreed to pay Malhotra Properties a commission of a full month's rent because the flat which the broker showed her was worth that extra money. However, Joseph Thomas, another first time searcher, was asked to pay the same rate to Jolly Properties for an apparently ordinary flat. Jolly finally settled for a commission equal to seventy-five percent of the monthly rent. Both these brokers, when interviewed, mentioned, with a very straight face, that they charge the usual half a month's rent.

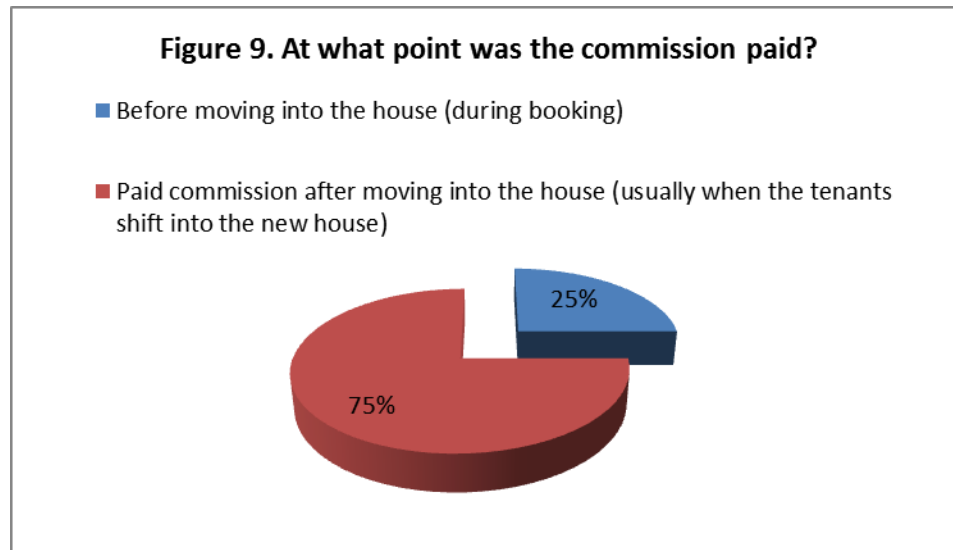
Sometimes tenants pay less than the usual amount. The small broker is more likely to succumb to accepting a lower rate in desperation to finalize a deal. Intense competition and low profitability of renting, especially in the Double Storey area where the rents are usually lower than Single Storey can be a possible reason for this.

Sunny from MP Properties mentioned that they may charge less from a poor prospective tenant so as to make a transaction possible, when the tenant may not take a house just because the half a month's rent as commission makes the total cost prohibitively high. So by accepting a lower rate the broker is actually making a profit as he would earn some positive amount as compared to nothing if he insisted on the usual rate.

8.1.3 In what form is the commission paid?

All of the brokers interviewed said that they accept their commission in the form of cash only. All of the tenants interviewed who got their houses through a broker said that they paid the commission in cash and all those landlords who paid commission also paid in cash. However, where the insistence on cash may cause the broker to lose business, he will accept commission in a taxable form.

8.1.4 When is the commission paid?



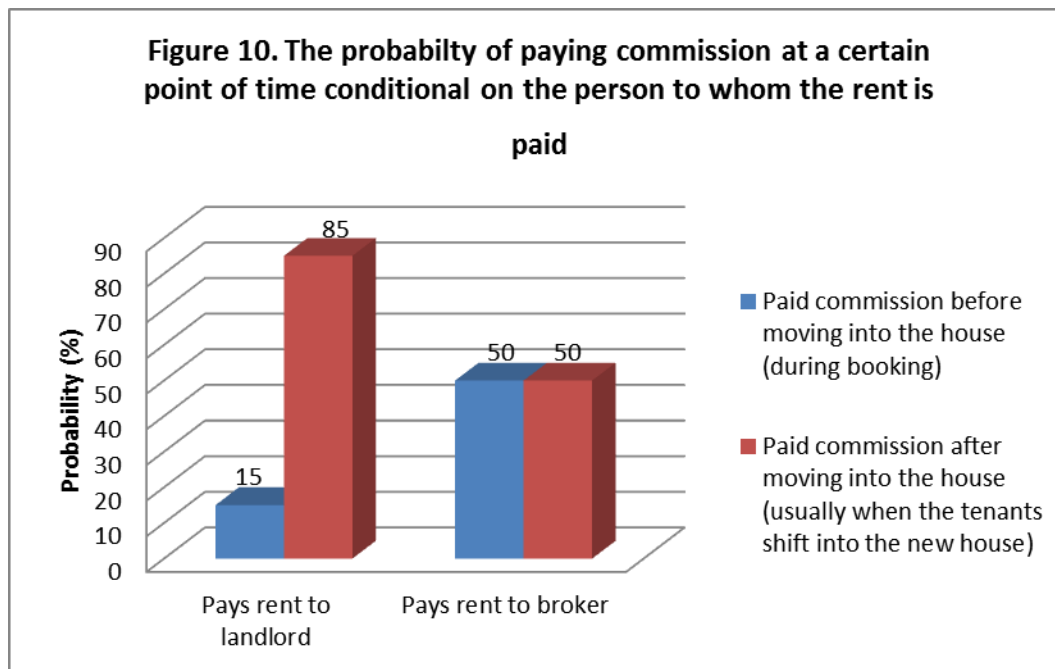
All brokers have replied that they take the commission only when the tenants have moved into the house, that is, when the deal is done.

However, tenant responses show that a quarter of them have paid the commission before they moved into the house, usually at the time of booking. 'Booking' means the payment of some token amount to the landlord or some representative of the landlord so that the house is taken off the market. The token amount is subtracted from the first month's rent.

Of the tenants who paid before they moved into the house, sixty percent pay their rent every month to the broker. This may mean that the broker is a caretaker appointed by the landlord or may own the house himself. Here, the same amount serves a *dual purpose* of 'booking' the house and forming a part or the full commission. The remaining forty percent of the tenants who paid before moving into the house were either first time searchers or the broker was given the responsibility of collecting the booking amount by the landlord or a combination of the two.

Table 2. Probability of paying commission at a certain point of time conditional on the person to whom the rent is usually paid

	Pays rent to landlord	Probability of paying commission at a certain point of time conditional that the rent is paid to the landlord	Pays rent to broker	Probability of paying commission at a certain point of time conditional that the rent is paid to the broker
Paid commission before moving into the house (during booking)	2	$2/13= 15\%$	3	$3/6= 50\%$
Paid commission after moving into the house (usually when tenants shift into the new house)	11	$11/13= 85\%$	3	$3/6= 50\%$



It is much more likely that the prospective tenant pays commission after moving into the house if they are to pay the rent to the landlord. However, it is more likely that the prospective tenant pays commission before moving into the house if they are to pay the rent to the broker (here the commission charged serves the dual purpose of booking and payment for the brokers' service).

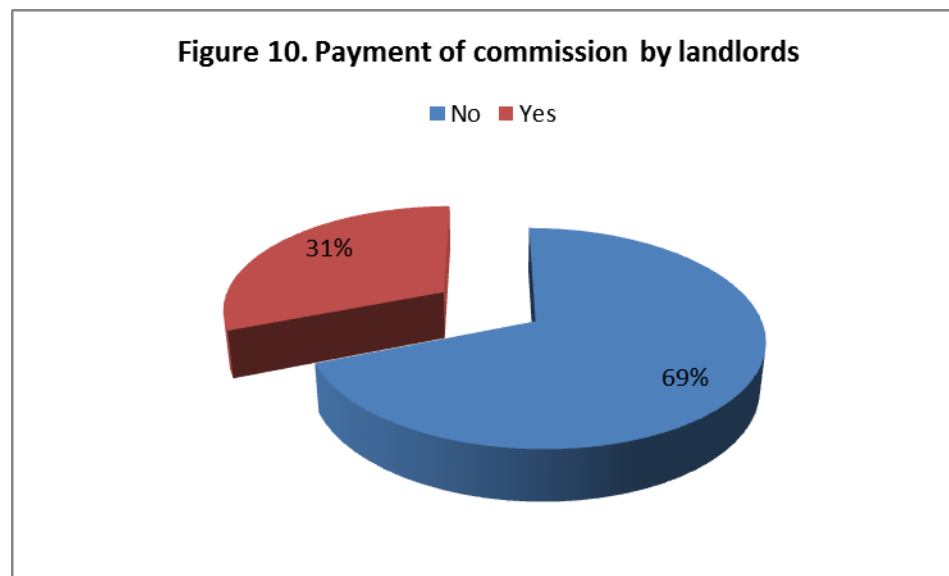
8.2 Commission from the landlord

The landlord comes across as a powerful side of the market having a lot of bargaining power over the broker.

According to the responses of the brokers interviewed, the landlord usually does not pay anything to the broker when notifying brokers of their property and after tenants are housed in their property by brokers.

The reason for this can be the large number of brokers: if one of them charges the landlord an amount then the landlord can approach another one who is willing to charge a lesser amount. This can go on till the landlord finds some broker who charges zero. Over the years, this has meant that the zero commission paid by the landlord has become some sort of an acceptable rate to the broker.

Sometimes the broker may have to pay the landlord when he gets the landlord tenants. This happens inevitably when the landlord himself is a broker or an informal information provider.



However, the survey of landlords yielded the result that thirty one percent pay some commission(usually half month's rent) .Eighty percent of these landlords who do pay commission live in the relatively well-off Single Storey. For them, paying some commission to the broker is not as costly as it will be to a landlord from Double Storey where for many families their only source of sustenance is the money they get as rent.⁶

In addition, because of the excess demand for rental housing, the landlord will usually get tenants even without a broker. So then the broker has to offer certain other services to make them an attractive source for finding tenants. This is still better than earning nothing because the broker will still earn some money by successfully housing prospective tenants.

⁶This is common knowledge in Vijay Nagar.

8.3 Incentives

The broker gets paid only when a deal is finalised. If efforts were translated perfectly to results, then a broker being able to finalise a deal would depend only on the effort he puts in. However, in real life the broker may spend days showing houses and still earn nothing if the prospective tenants do not decide to move into one of houses shown by the broker. Thus, the broker would want to expend as little effort as possible and still finalise a deal. This might mean that the broker would show those houses which match the prospective tenant's preferences first and then move on to other houses. This may lead to an inbuilt mechanism which reduces the time spent looking at houses for prospective tenants.

Sometimes, even after finding a perfect match the broker may still not be able to finalise the deal because the landlord refuses to accept a lesser rent and the tenant refuses to pay more. In such a situation, there have been cases where the broker may agree to pay the difference to the tenant. One of the tenants surveyed said that his broker gave him that assurance but then after paying the difference for the first two months, he stopped. This is to be expected: if the broker cares about making a profit from a deal, he will pay the difference such that the total money paid over the months equals the commission earned minus the cost of his efforts.

Certain problems and deficiencies can only be gauged after staying at a house and the broker may gloss over those in an attempt to finalise a deal. Similarly, he may sweet-talk the landlord into accepting tenants whom they otherwise would not have accepted. Brokers are also known to lie to prospective tenants about the date when the old tenants are to vacate the house.

9. Forms of Cooperation

It may seem that competition and cooperation are two ideas which may not only go together, but also are opposed to each other. However, when one is talking about market competition, that is, competition between different actors who meet for mutually beneficial exchange— this common notion is challenged heavily.

Markets can work better when there is a broad observance of norms or “rules of the game” which reduce the costs of transactions.⁷ If the perpetrator faces no repercussions when stealing some other person’s private property like the inventory of items in a shop then the incentive to open such a shop would reduce as the costs of operating it would rise. Indeed, customers instead of buying may also start considering stealing as an alternative. The ideas and the practice of free exchange often will facilitate the cropping of forms of cooperation and voluntary associations⁸ which exist only because they are mutually beneficial to the participants.⁹

9.1 Broker networks

It is common knowledge in Vijay Nagar that brokers work in ‘chains’. They have widespread links and networks which span not only the whole of North Campus, but even the blurry boundaries of the city.

It is most profitable for the broker if he can house a prospective tenant directly without going through another broker. Usually since landlords inform the neighbourhood brokers, then these preferred houses are near the brokers’ office. If he exhausts this pool of houses (that is the prospective tenant who enlists his services does not like them), then he talks to other brokers and asks them if they have a house which meets the requirements of these prospective tenants. Then the tenants are shown these other houses and if the tenant decides to move into one of these, then the commission is divided (usually on an equal basis) between the two brokers. If the houses under the second broker also fail to impress the prospective tenants, then there is no expectation of division of commission. A third broker comes into the picture if the second broker leads the prospective tenants to another broker. However, the first broker would be better off if he approaches other brokers independently of the second broker, for then the commission is divided amongst just two brokers.

⁷ Jean Dreze and Amartya Sen, *India: Development And Participation*. (Oxford University Press, 2005), 59.

⁸ Ibid.

⁹ Milton Friedman, “The Social Responsibility of Business is to Increase its Profits,” in *Morality of Markets*, ed. Parth J. Shah (New Delhi: Academic Foundation in association with Centre for Civil Society, 2004), 180.

9.2 Sharing the office space

A broker's job involves a lot of running around and time spent in office is usually less during peak seasons. Arrangements have come out of the need to utilise the office to the optimal level whereby the broker who owns the office lets another broker operate out of it when he is not around (or even when he is around, if there is space). The second broker pays half of the commission he earns by housing the tenants he gets when he is operating out of this office. The obligation to pay a percentage out of what he earns, only if he earns, manages to preserve the marginal incentives of the second broker compared to a situation where he is operating independently. This probably would not have worked if the first broker demanded a fixed rent which would have meant that the burden of risk the second broker takes is higher and falls squarely on him.¹⁰ Here the risk arises because regardless of business the second broker must pay a fixed amount each month to use the office space.

9.3 Outsourcing

Another form of cooperation emerges because of this time-intensive aspect of renting operations of the broker. Big brokers may not find it profitable enough to engage in renting (as compared to buying-selling, investing or collaboration) and yet since they do not want to turn away prospective tenants who come to them because of their big offices or reputation – they outsource this work to smaller brokers who pay them a part (usually half) of the commission earned. This allows the big brokers to concentrate on the more profitable activities. This is again preferred over employing another broker by paying fixed wages regardless of business.

9.4 The North Delhi Property Dealer's Association

North Delhi Property Dealer's Association is the association of real estate dealers and builders in North Delhi. It was started by four-five brokering firms in 2001. One of their main objectives was to create a sort of "family"¹¹ which can be relied upon by members if he is not paid his due commission in sale-purchase or collaboration. The association only admit brokers who have a proper office and a good

¹⁰ Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, 8th ed. (New Delhi: Affiliated East-West Press Pvt. Ltd., 2010), 735.

¹¹Chander Pal (current president of NDPDA) in discussion with the author over telephone, 17 July, 2012.

reputation in the market. Membership fees in around eleven hundred rupees yearly and a new member pays twenty-one hundred rupees as a onetime cost. Every year around *Holi*, elections to the posts of the president, vice president, secretary, joint secretary and cashier are held. Around the same time they hold the annual party (which is funded by the membership fees) where all members get together to bond.

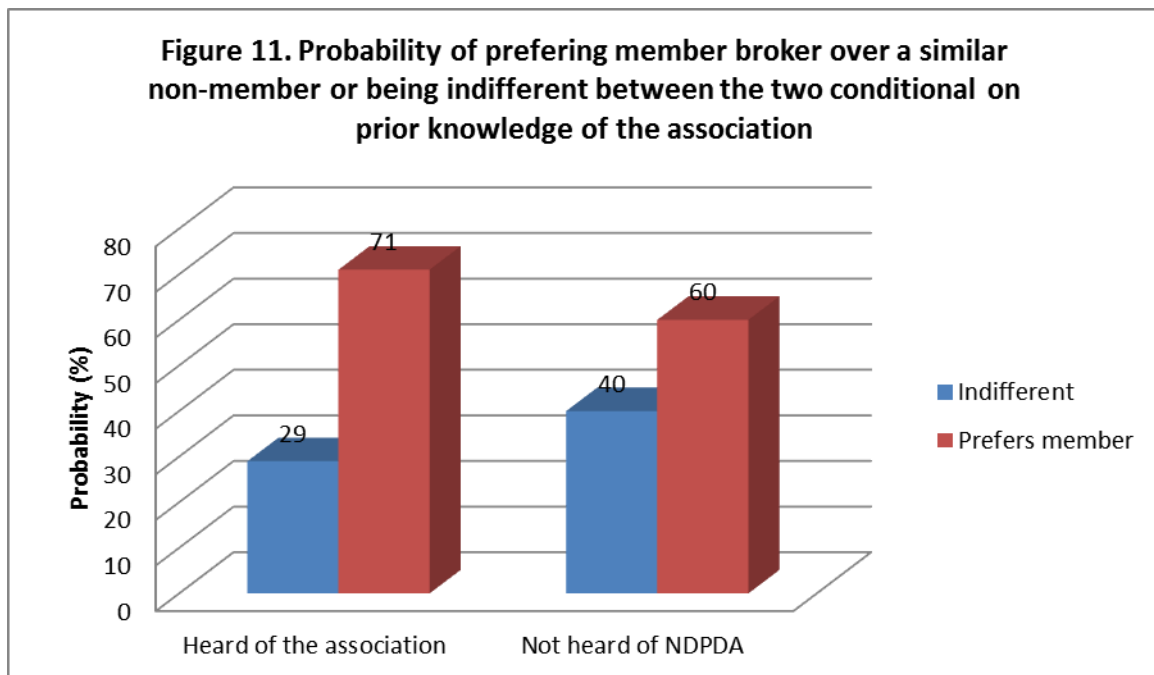
The big brokers, who are members of this association, were asked what benefits they get from being a member in the renting business. The most common answer was that the prospective tenant seeing the certification in the office that the broker is a member would be assured of the quality and the integrity of his services. However, some of the medium brokers, who are non-members, said that this association is a collective of rich brokers who have gained their wealth through unfair means.

The data collected from the second set of tenants showed that only thirty percent of tenants had heard of the association. Most recall seeing the membership certification in the offices of the brokers they hired and this is how they got to know about the association.

Table 2. Probability of preferring member broker over a similar non-member of being indifferent between the two, conditional on prior knowledge of the association

Tenant has	Probability of	Tenant has	Probability of
heard of the	preferring	not heard of	preferring
association	member or	the association	member or
	being		being
	indifferent		indifferent
	conditional on		conditional on
	knowing about		not knowing

	the association	about the association
Tenant is indifferent between the non-member and the member	2 $2/7 = 29\%$	8 $8/20 = 40\%$
Tenant prefers the member over the non-member	5 $5/7 = 71\%$	12 $12/20 = 60\%$



The tenant prefers the member over the non-member regardless of prior knowledge of the association. Being a member and letting the prospective tenant know of it, thus, increases the broker's credibility to a great extent.

10. Role of the Broker in Discrimination faced by Tenants

It has been found that real estate brokers in USA discriminate against the African-American and Hispanic Whites by treating them less favorably as compared to Whites. The study has concluded that they discriminate on the basis of their own prejudices and the prejudices of landlords.¹²

However, the US study deals with discrimination in buying and selling of houses, whereas, I am focusing on brokers operating in rental housing market where the commission earned is much lower than in buying-selling of property. In addition, in Vijay Nagar, the typical tenant is a student and they look for houses in groups which have mixed linguistic, religious and regional characteristics.

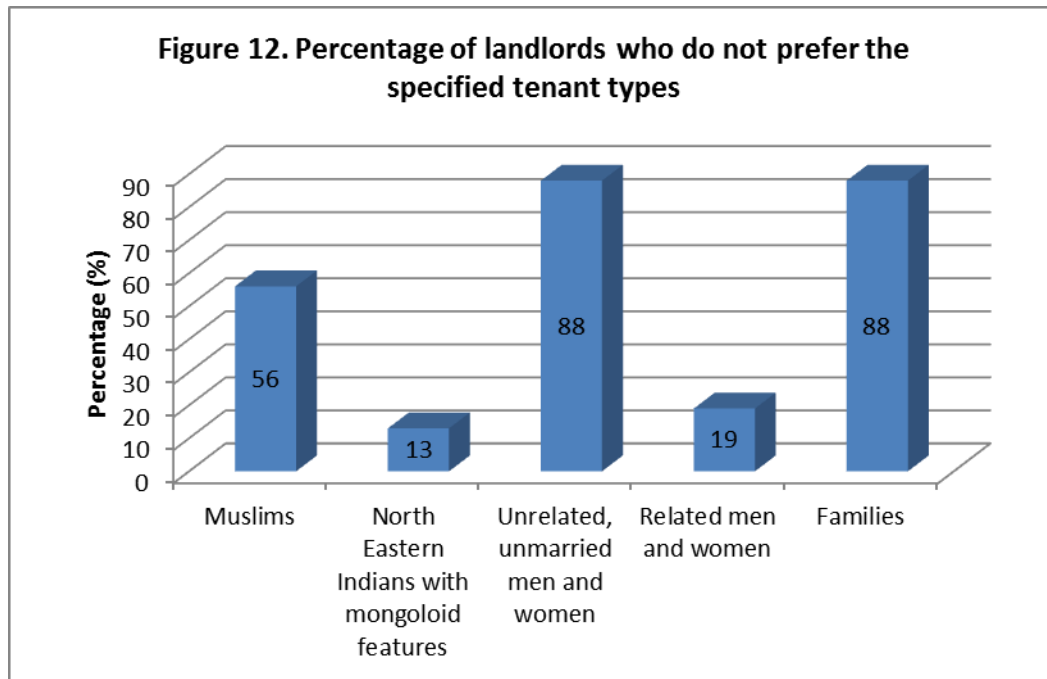
The above reasons may reduce the incentive for conscious discrimination by the broker. However other factors like low education level and the strength of stereotypes which differs from culture to culture may work to increase the likelihood of discriminatory behaviour.

10.1 Brokers' response

Most of the brokers interviewed have said that they do not prefer a particular community or type of tenant over another; they just want their commission. If we take the broker's words astrue, then they do not consciously discriminate against tenants of certain communities. Most brokers went on to say that landlords sometimes have preferences regarding who is to stay as tenants in their property and the broker cannot do anything about it.

¹² Jan Ondrich, Alex Stricker and John Yinger, "Do Real Estate Brokers Choose to Discriminate? Evidence from the 1989 Housing Discrimination Study," *Southern Economic Journal* 64, no. 4 (April 1998): 880.

10.2 Landlords' preference



Most landlords would not even consider unrelated, unmarried men and women who want to live together. This is especially true where the house that is to be rented is close to the residence of the landlord. The other group particularly looked down upon as tenants are families. Landlords in Vijay Nagar prefer to keep students who are unlikely to stay on for years and who do not demand much from landlords. Landlords fear that the families would take over the property (termed as *kabja* in Hindi) and it is easier to raise rents by greater increments when new tenants move in. The third least preferred group is Muslims. Vijay Nagar landlords are almost exclusively Hindus or Sikhs. The reasons they gave for their preference for non-Muslim tenants related to the fact that Muslims have beef. Some also said that Muslims are unhygienic whereas others feared that they might have terrorist links. Many however would consider or keep Muslim tenants if they are from a good college or in a respectable job like a teaching post at the university.

One of the tenants surveyed was asked to vacate her apartment the day she finished moving in her luggage as the landlord 'discovered' that she was a Muslim. Their broker had not told her that her landlord did not want Muslim tenants. Another tenant surveyed told me of the time when he and his

sister had to hide their Muslim mother's identity when searching for apartments in Vijay Nagar because their broker advised them to do so.

Few landlords have a problem with renting their property to related men and women provided they furnish proofs of their relation or if their parents validate the claim.

Landlords prefer tenants from the North Eastern part of the country despite the evident difference in racial, ethnic and linguistic characteristics. They are preferred because they are known to pay rent on time, stay on as tenants only for short periods and not cause much trouble with neighbours.

Clearly, one source of discrimination in finding houses is the preference of the landlord.

What came across as unexpected is that many landlords told me how they do not rent their property to people from Haryana and also, to a lesser degree, to people from Rajasthan and Uttar Pradesh. It seems that they do not pay rent on time, are more likely take over the house that they are renting and misbehave with neighbours. One broker said that a *Haryanvi* finds it even more difficult than a Muslim to find housing in Vijay Nagar.

Do landlords who are wary of tenants that come without a broker more likely to engage in discrimination with respect to the specified tenant types?

The extent of discrimination is measured by the number of categories of the specified tenant types that the landlord admits to not preferring. The average number of not preferred categories among landlords who would consider people who come independently is 2.77, which marginally exceeds 2.42, the number for a landlord who would not consider people who come without a broker. This finding might not seem to make sense as a landlord who would rent out his property to people who come independently on an average is choosier with respect to the specified tenant types. Clearly, a landlord who is open to tenants coming independently would have to take the pains of verifying their backgrounds himself and would assume a more direct role in choosing of tenants. But this is what a person who is choosier about the specified tenant types would do, even if a broker is involved—that is, the cost of not engaging a broker is less for such a landlord. A less choosy landlord would have his work considerably reduced if he hired a broker.

10.3 Tenants' feelings

Some or a few tenants interviewed said that they have faced discrimination in finding houses in Vijay Nagar (maybe because the tenant sample was a mixed group) and none of them felt any differential treatment from the broker. This evidence of the feelings of the tenant is important because discrimination is something that cannot be measured directly.

11. Perceptions

11.1 The tenants' perception of the broker

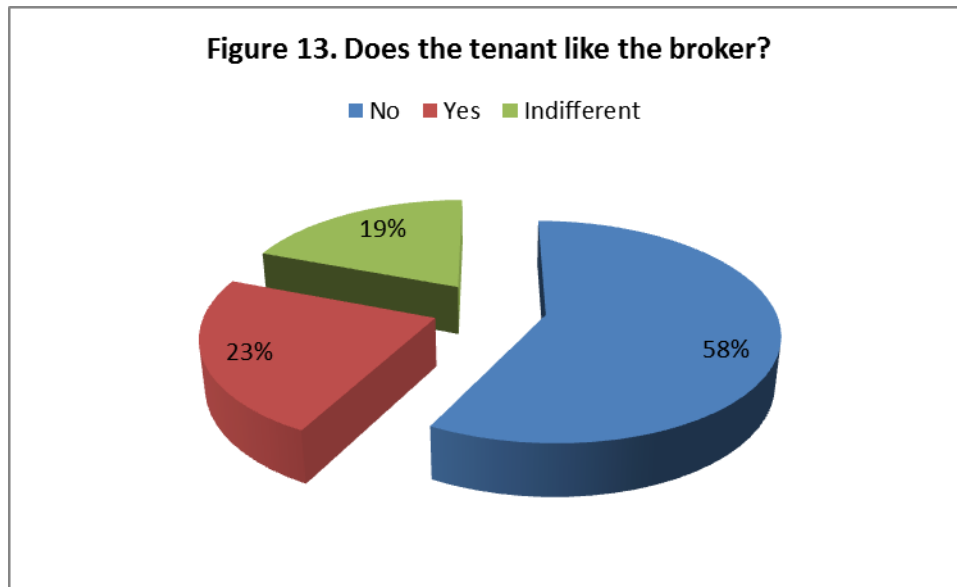
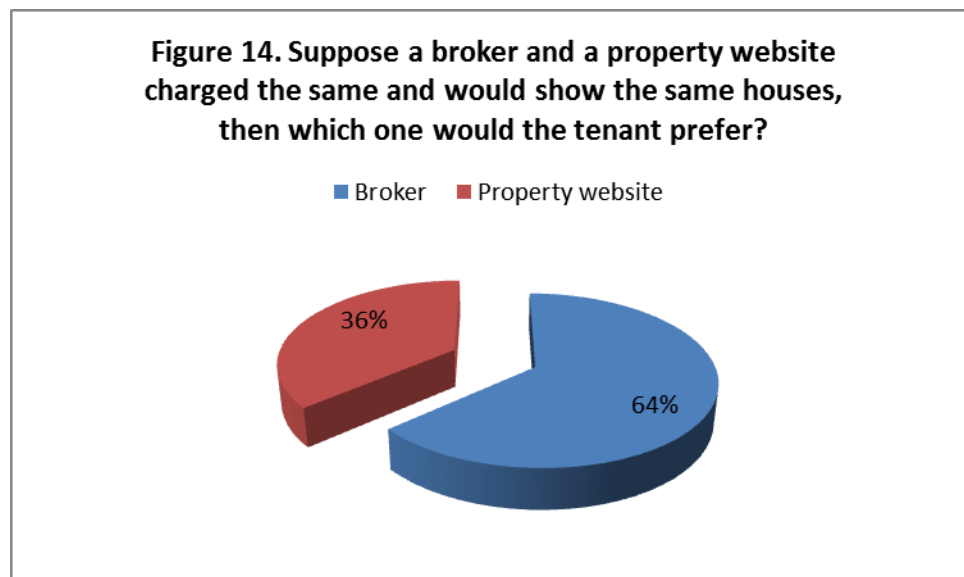


Figure 13 is based on the response of a subset of twenty-four tenants from within tenant set one.



Despite the fact that most tenants have said that they do not like brokers, a majority would prefer brokers in a hypothetical example where there exists only two ways of finding a house (a property website and a broker) and both would charge the same and show the same houses. That is, the difference between the two modes is reduced to how they operate: the website would run a search as per the specifications of the prospective tenant and the tenant chooses from the list of results. The prospective tenant would then go to each house and negotiate with the respective landlords and finalise the deal accordingly. The broker, on the other hand, would show the houses and would be there in the negotiation process with the prospective tenant. In the hypothetical choice posed to the survey respondent there is no possibility of the broker providing additional services like tenant verification and making rent agreements.

In this situation, the majority prefers the broker. Possible reasons for this can be:

- i. The expectation that a broker, being a person who is involved throughout the process, may provide an additional service like answering new queries, if required. This possibility is not open in case of the website.
- ii. The broker saves the prospective tenant the difficulty of searching for houses alone in an unknown area but the website allows for the possibility of the tenant filtering from the search results.
- iii. The broker makes it easier to interact with landlords, especially when there is a language barrier.
- iv. A human relationship forms in case a broker is chosen which may be perceived to be of some help in the future.

Table 3. Percentage of tenants who dislike the broker divided according to the primary reason for dislike

Even though most dislike the broker, most have also found their houses through a broker (figure 2).

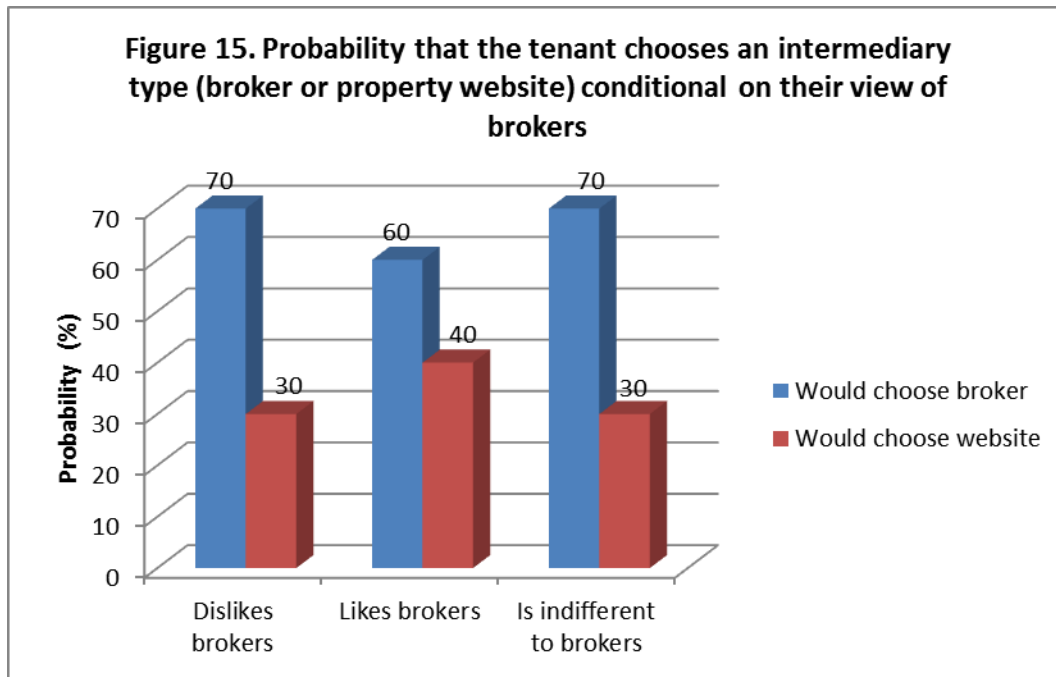
Reasons given for dislike of the broker	Percentage of tenants (%)
Not worthy of commission; commission too high	40
Withholding information; trying to make house more attractive; cheating by taking more commission; taking advantage of lack of fluency in Hindi	7
Not helpful to meet different needs	33
Low perceived level of intelligence	7
Did not keep promises; change in behaviour after getting paid	13

Thus, the main source of finding a house is disliked by most and at least for fifty-three percent of the tenants who dislike brokers gave reasons relating to deception, cheating, unhelpfulness, non-fulfillment of promises by the broker. These may be considered legitimate reasons for dislike as compared to reasons like the broker being deemed unworthy of commission, the high rate of commission charged, the low perceived level of intelligence of the broker which stem from the tenants' normative judgments and a problem with the very institution of the broker. This percentage of tenants who dislike brokers due to unfair practices or inefficiencies can be reduced by improving the integrity and the quality of the brokering services. Thus, if the broker improves then fifty-three percent of dislikes will vanish (they may

become likes or indifference) and the total percentage of tenants who dislike the broker will fall to forty-one percent.

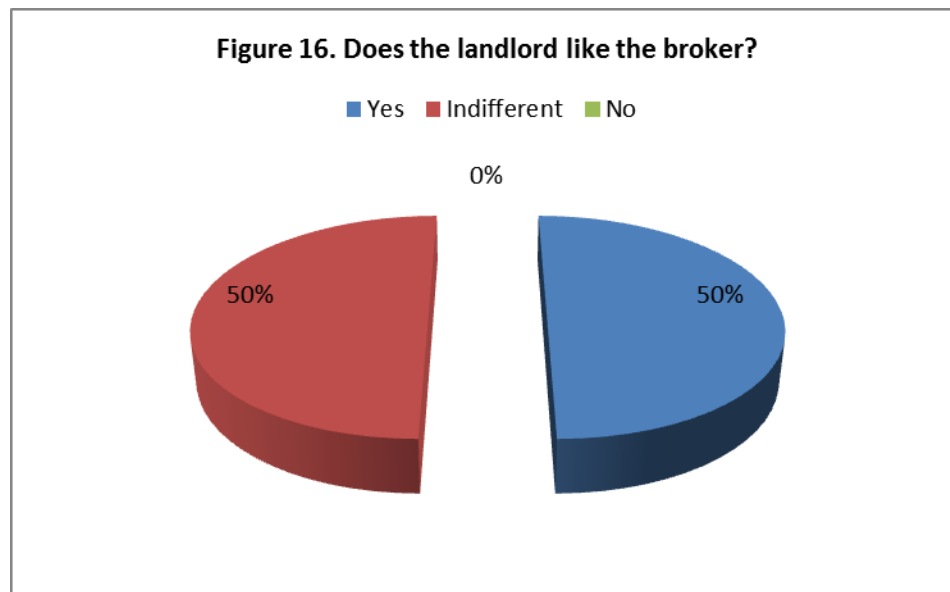
Table 4. Probability that the tenant chooses an intermediary type (broker or property website) conditional on their view of brokers

	Would choose broker and website were equally efficient	Probability that the tenant chooses the broker conditional on their view of brokers	Would choose broker and website were equally efficient	Probability that the tenant chooses the website conditional on their view of brokers
Dislikes brokers	9	$9/13 = 70\%$	4	$4/13 = 30\%$
Likes brokers	3	$3/5 = 60\%$	2	$2/5 = 40\%$
Is indifferent to brokers	4	$4/6 = 70\%$	2	$2/6 = 30\%$



11.2 The landlords' perception of the broker

Landlords on the other hand either like the broker or are indifferent to them. They do not have much reason to dislike the broker (at least no economic reason) for they get the brokers' service and usually do not pay for it (figure 10).



11.3 The brokers' perception of competition

11.3.1 From internet

All brokers interviewed do not consider the virtual broker to be a serious source of competition in renting in Vijay Nagar. Indeed, they have only begun operating in Vijay Nagar in the past few months and are concentrating in housing students in paying guest accommodations. Property websites are also not considered much of a competition, at least in renting, because they are not very active in the area.

11.3.2 From informal information provider

Most brokers consider this type of intermediary to be fraudulent and they feel that they are giving a bad name to the business. Quite a few brokers also feel that the informal information provider cannot be stopped if they are not cheating people. There is no perception of threat from this type of intermediaries.

11.4 The brokers' perception of the establishment

11.4.1 Licensing

Most brokers who were asked if they would be in favour of licensing of the brokers answered in affirmative. It was not explained to them what the standards would be that they would be required to adhere to or what fees that they would have to pay. Most answered implicitly assuming that they themselves would meet these criteria and would have no difficulty in acquiring licenses. Most big and medium brokers said yes with this understanding.

Two reasons why brokers may want licensing are:

- i. Licensing would make the brokering activities of the informal information provider illegal.
- ii. A license would also improve the credibility of a broker who acquires the license.

The big and medium brokers stated that licenses would stop the informal information providers and the small brokers without an office from operating. The small brokers on the other hand did not have much to say when asked the reason for their support of licensing. They think that licensing would stop the fraudulent brokers and informal information providers from operating.

11.4.2 Police verification and rent agreement

It is very common for a broker to submit the Delhi Police Tenant Verification.

Most brokers carry out this activity after they house prospective tenants whereby the broker collects the tenant verification form from the tenants and submits it to the area's police station (which is the Maurice Nagar Police station).

The rent agreement is also usually made by the broker after housing a prospective tenant. The broker usually takes a minimal fee of around three-four hundred rupees for this. Sometimes, the fee for making the rent agreement may be included in the commission.

Section-wise Summary

3. The Intermediaries

There are three types of intermediaries: the broker, the informal information provider and the virtual broker. The informal information provider can be anyone who provides information about vacant or to be vacant houses to prospective tenants and the virtual broker includes web-based firms who act as brokers (unlike property websites which only host information).

4. The Broker

The broker can potentially do five types of real estate related activities of finding houses for tenants, collecting rent and acting as caretakers of property, mediating the sale and purchase of property and investing money of investors in real estate.

5. Types of Brokers

The broker can be further classified into the big, medium and the small broker. The big broker has the membership of the broker association whereas the other two do not. The broker types differ from each other with respect to the following characteristics (5.1 to 5.4).

5.1 Office space and focus activity

Almost all brokers operate out of an office space but when one looks at having an office exclusively for their real estate related activities, this percentage reduces. The percentage also reduces along with the broker size.

5.1 Business card

All big and medium brokers have a business card whereas only twenty percent of small brokers have one.

5.2 Number of years spent doing brokering

The average number of years spent brokering is the maximum for the big broker and reduces for the medium and the small broker.

5.3 Partnership

The most common big and medium broker firm is a partnership between two or more people, but the most common small broker firm is a one-man business.

4. Background of the Broker

6.1 Religion

The overwhelming majority of brokers are Hindu and Sikh and only a small percentage is Jain and Muslim.

6.2 Caste

The modal caste of Hindu brokers is Khatri, a Punjabi trading caste.

6.3 Place of residence

Most brokers are residents of Vijay Nagar, though the few exceptions live further away from the locality as the size of the broker increases.

6.4 Level of education

The most common level of education for the big and the medium broker is admission to bachelor's level and for the small broker it is high school level.

6.5 First occupation of the broker

Very few of the brokers had their first occupation as a broker.

6.6 Father's profession

A small percentage of brokers had their fathers working as a broker or in real estate which indicates that being a broker has become a job option only in the recent past.

5. How does the Broker operate?

7.1 Getting prospective tenants

Most brokers advertise in some form or the other but the prospective tenant chooses a broker based on the recommendations of their acquaintances or by simply noticing their office and walking in.

7.2 Getting landlords to notify them of vacant property

The broker takes on a property when the landlord notifies him that the property is vacant (or will be) and all landlords finally engaged brokers to find them tenants.

7.2.1 Criteria for selection of the broker by landlords

The landlord chooses a broker who has his office close to the house which the landlord wants to let-out or who has his office close to the landlord's residence.

7.2.2 Number of brokers notified

The landlords notify at least two brokers and most agree that notifying more brokers is better.

8. Commission charged

8.2 Commission from the tenant

8.2.1 The accepted rate

The accepted rate in Vijay Nagar is half a month's rent.

8.2.2 Variance in commission

New tenants are more likely to pay more than the accepted rate and small brokers are more likely to charge less. Also the broker may reduce the commission if the accepted rate makes the cost of the transaction prohibitively high for the prospective tenant.

8.2.3 In what form is the commission paid?

Cash is the only accepted form, though the broker may accept other forms of payment when absolutely necessary.

8.2.4 When is the commission paid?

The commission is most commonly paid the day new tenants move into the house which they got through the broker.

8.3 Commission from the landlord

The landlords usually do not pay any commission. The landlords have bargaining power over the landlords because of the large number of brokers and high demand for rental housing.

8.3 Incentives

The broker gets paid only when a deal is finalised, so he would be better off if he could finalise deals without expending much effort. This makes him show the best matches to the prospective tenant's preferences first. However, he may also gloss over the deficiencies of a house and hype the credibility of the tenant to the landlord.

9. Forms of Cooperation

9.1 Broker networks

Brokers work in chains so that when they exhaust the pool of houses for which they were notified, they take the prospective tenants to another broker. The second broker might also take the prospective tenants to a third one and if they are housed by the third broker then each broker gets one third of the commission (that is the commission is divided equally).

9.2 Sharing the office space

A broker who does not have an office may enter into a sharing arrangement with another broker. The broker who uses the office pays half of the commission he earns on housing prospective tenants who hire him while sitting in the office as usage fee.

9.3 Outsourcing

Big brokers may outsource their renting work to smaller brokers who pay them half of the commission earned.

9.4 The North Delhi Property Dealer's Association

This is the association of brokers in North Delhi formed to retrieve the commission earned by its members in sale-purchase or collaboration. Its membership can be acquired upon payment of a small fee by those brokers who have a proper office and a reputation in the market.

In renting, this membership is useful as the tenant is found to prefer the member broker over a similar non-member.

10. Role of the Broker in Discrimination faced by Tenants

10.1 Brokers' response

Brokers say that they have little economic incentive to discriminate.

10.2 Landlords' preference

Landlords' preference is one source of discrimination. The worst preferred tenants are people from Haryana, unmarried and unrelated groups of men and women, families and Muslims. However, the landlord may still keep these types as tenants on a case by case basis. The landlord who is open to tenants who come independently (without a broker) is more discriminating in terms of the specified tenant types.

10.3 Tenants' feelings

Tenants feel that brokers do not discriminate against them.

11. Perceptions

11.1 The tenants' preference of the broker

Majority of tenants do not like the broker. However, in a hypothetical situation where the broker and a property website are the only ways of finding houses and both are equally costly and both would show the same houses, the tenants prefer the broker. That is, the tenants prefer the way the broker operates.

11.2 The landlords' preferences of the broker

The landlord either likes the broker or is indifferent to them.

11.3 The brokers' perception of competition

11.3.1 From the internet

The broker feels that the informal information provider gives a bad name to their business.

11.3.2 From the informal information provider

The broker does not feel threatened by the virtual intermediaries or property websites which are not very active in renting operations in the locality.

11.4 The brokers' perception of the establishment

11.4.1 Licensing

Most brokers are for licensing and two of the major reasons they give are that this will make the activities of the informal information provider illegal and the brokers who have a license will be perceived to be more credible.

11.4.2 Police verification and rent agreement

Brokers also submit the police verification form of tenants and make rent agreements when required.

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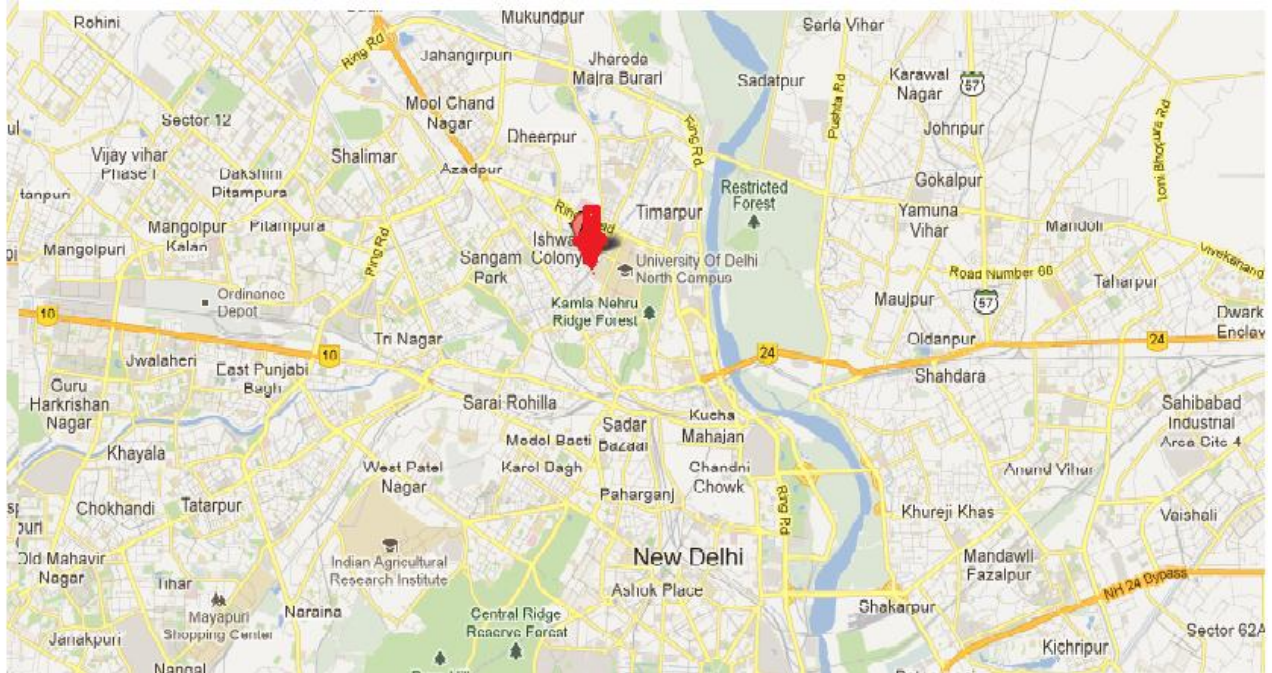
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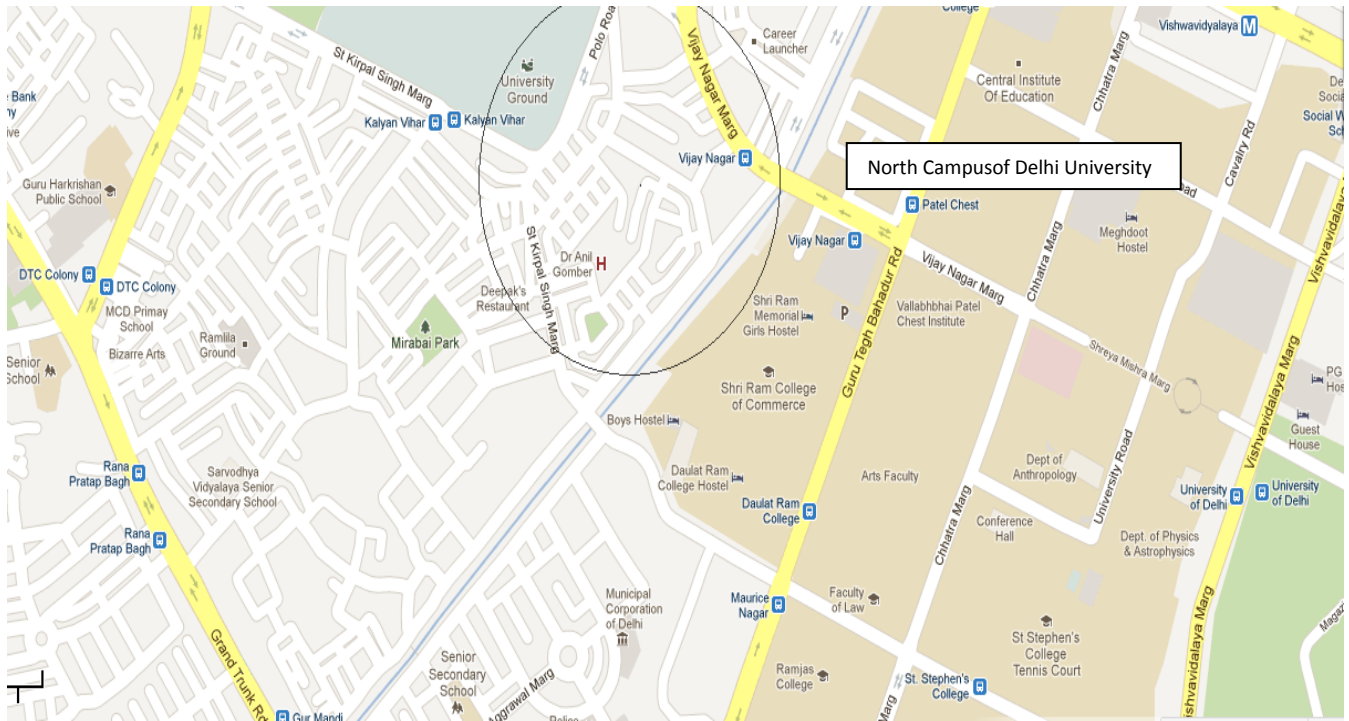
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Appendix 1: Maps

Locating Vijay Nagar in the map of Delhi



Map of Vijay Nagar



Maps have been generated using Google Maps

Appendix 2: Questions to tenant set one

Name

Occupation

SexAge

Current address (no need for details):

Home town

1. Describe your house

No. of rooms

Furnished

Other features

2. When did you start living in your current house?

3. When do you plan to vacate the house?

4. How much rent do you pay monthly?

5. Do you pay rent in cash? Yes No (then specify)

6. To whom do you pay your rent to?

7. Does the rent rise periodically? Yes (specify by how much and at what interval) No

8. How much security deposit do you have to keep with the landlord?

9. How did you get to know about your current place of residence in Delhi?

Friends

Landlord

Security guard, *paanwala*, *dabbawala*

Broker

Internet website (specify)

Others (specify)

10. Did you pay a commission to the information provider?

Yes (specify amount and form of payment like in cash, cheque or kind) No

11. How did you get your place of residence in Delhi?

Broker

Security guard

Directly contacting the landlord

12. If you got your house through a broker, do you still keep in touch with him/her?

Yes (for what purpose) no (why)

13. Can you give the name and contact no of the broker?

14. How much commission were you asked to pay?

15. When did you pay the commission?

Before moving into the flat

At the time when you moved into the flat

After settling in the flat

16. What other services does your broker provide?

Making rent agreement

Submitting tenant verification form

Paying electricity and water bill

Other services like providing gas connection, drinking water supply, etc

17. To book your flat did you pay the landlord some token money or booking money?

Yes

How much?

At what point did you pay?

In what form did you pay? Cash other

18. Was the booking money deducted from your rent? Yes no

19. Suppose you have paid a booking amount and then you back out, then do you get back your money?

Yes

No

20. Suppose you go directly to the landlord to get a flat but then the landlord had already told brokers to find people, then do you have to pay the broker even though you didn't get the information from them?

Yes No

Why?

21. Did you submit a Delhi Police Tenant verification form? Yes No

22. Did you ask for it? Yes No

23. Did you make a rent agreement? Yes No

24. Did you ask for it? Yes No

25. Who made the rent agreement?

You

Landlord

Broker

Others (specify)

26. Did you face any trouble getting your flat/room/pg because of your ethnicity, religion, gender , free entry of the opposite sex ?

Yes (do you think the differential treatment stemmed from the broker or from the landlord?)

No

26. Do you like brokers?

Yes No Indifferent

Reasons

27. Have you tried the internet to find houses on rent?

28. If there were only two ways of finding houses – the broker and a property website—and both would show you the same houses and charged the same and the only difference between them is how they operate , then which option would you choose?

Broker Website

Reasons

29. Which option do you prefer?

Dealing directly with the landlord

Getting a flat through a broker or another intermediary

Appendix 3: Questions to Tenant set two

Name

Occupation

SexAge....

Current address (no need for details):

Home town

1. How did you come to know of your current broker?

2. Have you heard of the North Delhi Property Dealer's Association?

Yes (how)

No

3. If there are two brokers who are exactly similar except one has its membership, then which one would you choose?

Appendix 4: Questions to brokers

Name

Office address

Business card (if any)

Size

When did you start / when was the firm established?

In which localities do you operate in?

Contact numbers?

Who is the boss? How many people do you employ?

What type of work do you do? (Other than what is mentioned in the card or signboard)

Commission

How much do you charge the tenant and landlord for your services?

How much do you charge the seller and the buyer for your services?

Variance in commission

By locality

By no. of rooms in house (for rent or for sale)

By rental price or sale price of property

By nature of client

Getting business

Do you invest in advertisement in newspapers, radio, tv?

Do you paste posters in nearby areas?

Do you spread the word that this property is up for grabs?

How do you get to know of a flat?

How do you get to know of potential tenant and potential buyer?

Do you have signboards in any other place?

Social connections

What was your previous occupation?

What was the occupation of your father and grandfather?

What was the previous place of residence?

What was the place of residence of father and grandfather?

Up to what class did you study?

Competition

What is your perception of competition from security guards, paanwalas, dabbawalas?

Why do you think you have an edge over them?

What is your perception of competition from internet people?

What is your edge over these people?

Client preference

Do you prefer to deal with Tenants or buyers?

What sort of tenant according to you is good?

Non-paper based nature of transactions

Do you take cheque, money transfer, demand draft, promissory note?

Receipt upon getting commission money? Yes No

How much is the commission amount?

Interference by government

Have the police given you any trouble? Yes No

Do you want licensing? Yes No

Appendix 5: Questions to landlords

Name

Address

1. What type of tenants would you prefer?

Unmarried, unrelated boy and girl

Related boy and girl

Students over family

Tribals

Muslims

2. Do you raise rent on a periodical basis?

Yes No

3. Do you raise rent only when new tenants move in?

4. Do you insist on tenant verification?

Why?

5. How do you find tenants for your flat?

Advertisement (where)

Word of mouth

Broker

Why?

6. Suppose tenant has given notice that they will leave your house, then how early do you start looking for the next tenants?

7. Which are the brokers do you prefer (mention criteria) ?

8. How many brokers do you inform?

9. Do they charge you a fee for their service?

10. Do they help you decide the rent?

11. Suppose you inform a broker, but a tenant party comes to you independently, then can you finalise the flat without the broker?

Yes

No (why?)

12. What other services does the broker provide to you?

13. Would you prefer or consider prospective tenants who come without a broker?

14. Do you like broker?

Yes

No

Indifferent

15. Have you ever tried the internet to get tenants?