

GOVERNMENT OF INDIA

MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION

LOK SABHA

UNSTARRED QUESTION NO. 3296

TO BE ANSWERED ON MARCH 22, 2017

REAL ESTATE SECTOR (INTEREST RATE)

No. 3296 SHRI RAMA KISHORE SINGH:

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

- (a) whether despite cut in interest rate, the demand in real estate sector has seen no substantial increase and is expected to fall further by 15 to 20 per cent;
- (b) if so, the details thereof and the reasons therefor along with of efforts being made to boost this demand;
- (c) whether there are nearly 8-10 million workers engaged in the sector who face uncertain future if the sector does not revive; and
- (d) if so, the details of the plans suggested for overcoming this potential crisis and the steps taken to reduce debt burden of developers?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF HOUSING & URBAN  
POVERTY ALLEVIATION

(RAO INDERJIT SINGH)

(a) to (d): Demand in real estate sector is market driven and depends upon demand and supply factors.

As per the Report of National Council for Applied Economic Research (NCAER) on "Impact of Investments in the Housing Sector on GDP and Employment in the Indian Economy" (April, 2014), the residential construction (housing sector) accounts for 1.24% of the total output of the economy; 1% of Gross Domestic Product (GDP); and 6.86% of the employment.

Government of India has taken several steps to boost the real estate sector. Some of these are as follows:

- The Real Estate (Regulation and Development) Act, 2016 is likely to improve governance and improve confidence of investors in the real estate sector.
- In order to facilitate higher investment in affordable housing, it has been announced during Budget 2017-18 that Affordable housing be given infrastructure status.
- During Budget 2017-18, it has been announced that under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted. The 30 Sq.mtr. limit will apply only in case of municipal limits of 4 metropolitan cities while for the rest of the country including in the peripheral areas of metros, limit of 60 Sq.mtr. will apply.
- An interest subsidy scheme for Middle Income Groups (MIG) has been announced on 31<sup>st</sup> December, 2016 under the Pradhan Mantri Awas Yojana (PMAY) (Urban), which contemplates an interest subsidy at the rate of 4% for loans upto Rs. 9 lakhs for those having household income upto Rs. 12 lakhs, and interest subsidy at the rate of 3% for loans upto Rs. 12 lakhs for those having household income upto Rs. 18 lakhs.