



## INDIA'S REAL ESTATE INDUSTRY

In India, the real estate sector covers everything ranging from the construction of commercial properties like shopping malls, hotels, business spaces, medical centres; residential housing like apartments, villas, and single-family homes; to the industrial buildings, namely, industries, factories, and warehouses. This sector also includes the activities of sale, purchase, and development of land. Currently, the real estate industry of India has a worth of about US \$12 billion and has a significant role to play in contributing to the overall growth, success, and development of the economy. Furthermore, the real estate sector in India ranks second largest in the world when it comes to generating employment opportunities for its citizens and contributing to the overall Gross Domestic Product (GDP) of the country. At present, the real estate sector accounts for 5 percent of India's GDP, and in the following five years, it is relied upon to ascend to 6%.

Undoubtedly, India's real estate industry is flourishing at a quick pace. Throughout the years, the industry graph has demonstrated an upward pattern. The industry has significantly shown a growth rate of about 30 percent every year. The on-going surge in Indian outsourcing business houses, involving medical transcription, call centres, and consultancy services has established about 10 million square feet of growth in the real estate.

Today, many global enterprises and Multinational Corporations have indicated incredible trust in putting resources and investing in Indian real estate sectors for its promise to tremendously increase returns on investments. Another reason why foreign investors are so interested in investing in the real estate sector of India is the cheap and easy availability of the talented workforce and the impressively low cost of operations, thereby adding up to higher returns on investments.

The phenomenal development in the real estate industry of India is fuelled by two significant powers. To start with, the fast expansion of the industrial sector in India has created an increasing demand for setting up manufacturing units and office buildings. Secondly, the liberalization policies of the Indian government have streamlined the investment process by lessening the requirement for licenses and permissions in beginning any large construction project. The government, in this way, has opened the doors for foreign investors in the real estate industry of India, which





has given a further push to the improvement and development of this sector in the country.

The prime reason for the Indian government to permit Foreign Direct Investments (FDI) in the real estate industry was to make this sector increasingly organized and infuse a feeling of professionalism. Because of the FDI, the villages abutting the cities have experienced an upsurge in the land costs, which in turn has forced several farmers to sell their land and get a great amount of money in return.

By driving the overall economic growth of the country, the real estate industry in India is, therefore, witnessing an unparalleled development and has brought about several regulatory changes. Favourable demographics, simpler financing alternatives, high industrial growth, the rising purchasing power of people, a sharp increment in global liquidity, consistent development in equity markets, and looser credit policies along with the government's relaxation of FDI policies, have brought about an upswing in the real estate sector by making this industry an attractive investment option.

