

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2779

ANSWERED ON:17.12.2008

FINANCIAL CRUNCH IN REAL ESTATE INDUSTRY

Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Thakkar Smt. Jayaben B.;Yadav Shri Anirudh Prasad (Sadhu);Yaskhi Shri Madhu Goud

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Indian Real Estate industry is facing financial crunch at present;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Reserve Bank of India (RBI) has taken any steps in this regard; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) & (b): According to data made available by the Reserve Bank of India (RBI), there was a sharp deceleration in the half yearly credit growth in the real estate and housing sector during the current financial year. This was partly on account of the liquidity crunch following the ongoing financial crisis.

(c) & (d): The RBI has taken a number of steps to improve liquidity for the Real Estate Sector. These measures include reduction in risk weight on exposure to Commercial Real Estate from 150% to 100%, reduction in provisioning requirement for all type of sub-standard assets to a uniform level of 0.4%, refinance facility for National Housing Bank (NHB) for an amount of Rs.4,000 crore and concessional treatment to the commercial real estate exposure restructured upto June 30th 2009.