

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3274
ANSWERED ON:01.08.2014
REAL ESTATE SECTOR
Kodikunnil Shri Suresh

Will the Minister of FINANCE be pleased to state:

- (a) the contribution of real estate sector to the GDP growth during the last three years;
- (b) whether the Government is taking any steps to create an investor-friendly environment in economy of the country; and
- (c) if so, the details thereof, sector-wise including real estate sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN)

(a) As per Central Statistics Office, the share of real estate and ownership of dwellings in India's GDP was 5.8 per cent, 5.8 per cent and 5.9 per cent in 2010-11, 2011-12 and 2012-13 (the latest year for which data is available) respectively. However, the share of real estate sector for the three years 2010-11, 2011-12 and 2012-13 was 0.4 per cent, 0.5 per cent and 0.6 per cent respectively and its contribution to GDP growth was 1.0 per cent, 1.5 per cent and 2.7 per cent for these three years, respectively.

(b) & (c) The government has been taking steps to create an investor friendly environment in the economy. Recently, the measures announced in the Budget 2014-15 include, among others, raising the cap on FDI in Defence and Insurance from 26 per cent to 49 per cent; allowing manufacturing units to sell their products through retail including E-Commerce platform without any additional approval; commitment to provide a stable and predictable tax regime; and setting up eBiz platform to create a business and investor friendly eco-system by making all business and investment related clearances and compliances available on a 24X7 single portal with an integrated payment gateway.

For the real estate sector, there are many proposals in the Budget 2014-15 which include, among others, incentives for Real Estate Investment Trusts (REITs) and the proposed Infrastructure Investment Trusts (InvITs); encouragement to develop Smart Cities by relaxation in requirement of the built up area and capital conditions for FDI; increase in allocation to National Housing Bank (NHB) to expand and continue support to Rural Housing; and increase in the deduction limit on account of interest on loan for self-occupied house.