
CHALLENGES ASSOCIATED WITH REAL ESTATE INVESTMENTS IN INDIA

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ABSTRACT

After India opened up its economy the FDI flow, Domestic Private Investment has grown by leaps and bounds in the Real Estate Market. But with increase in investment and growth of real estate sector in India, consumers were often defrauded with loopholes existing in the land laws. To address the concern of consumers and to instill accountability in the market the Government of India enacted the Real Estate (Regulation and Development) Act, 2016, which mandates compulsory registration of all residential and commercial real estate projects, promoters and real estate agents under RERA. The grievance mechanism has been made robust and both promoters, real estate agents and investors – allottees, lessors, etc can approach the State RERA Authority when any party or project is in contravention of the provisions of the RERA Act. However, the nation has seen massive scams in the real estate sector and investors should invest cautiously in real estate. The investment in this sector is profitable in long-term as there is illiquidity and price of land and property are rising all times. The Covid-19 pandemic has affected the Real Estate Industry hard post Covid recovery is facing labour shortage, reduced demand, and supply of raw materials at all time low. One of the biggest Property Giant in the world, Evergrande is on brink of bankruptcy with over US \$ 300 billion dollars of debt. If a company of such stature fails then the confidence of real estate investors would also go down and the economic spillover would be massive around the world. The Indian Government have proposed several schemes to revamp banks credit functioning and tax exemptions for the real estate investment. With economic recovery expected at 9.5% GDP by Q4 2021 and Q1 2022 the investors' confidence in the industry is expected to remain and India won't fall into the traps of 2008 like Recession.

INTRODUCTION TO REAL ESTATE INDUSTRY IN INDIA

Housing Sector was predominantly for individual families and for the Govt. Housing Schemes – under the Welfare State Mechanisms. The first planned city of India was Chandigarh and was a major success during 1970s. The need for a Real Estate Market was realized back in 1980s and the Union Government set up Housing & Urban Development Company, 1970; City & Industrial Corporation, 1971 and the National Housing Bank in 1988. It was the new Industrial Policy of 1991 incorporating economic liberalization, privatization and globalization made investors from domestic and foreign origins to invest in the Real Estate Sector in India. Prior to that the nation saw rapidly rising skyscrapers, commercial buildings, residential colonies and real estate urbanization. The immediate effect of such as migration of people from villages and small towns to cities and surging the rate of urbanization from 23.34% in 1980 to 25.72% in 1991. Another reason for rise in demand of real estate sector was decentralization of Indian families – earlier ‘Joint’ families went ‘Nuclear.’ Spencer Plaza, Chennai created an entire new dimension within the Indian Socio-economy – the concept of ‘Malls’ came up. There was a rapid demand throughout the nation and Metropolitan, Tier – II; and Tier – III cities saw growth of real estate. On 1st May, 2017 the Union Government notified the Real Estate (Regulation and Development) Act, 2016 (hereinafter referred as RERA) to safeguard the customers, investors and real estate agents; bring accountability and provide for regulatory authorities in the Real Estate Sector in India.

As referred by Russel Sage, *“Real Estate is an imperishable asset, ever-increasing in value. It is the most solid security that human ingenuity has devised. It is the basis of all security and about the only indestructible security¹.”* In India, the Real Estate Sector is subdivided into four sub-sector – housing, hospitality, retail, and commercial. The Construction Industry ranks 3rd out of the 14 Major Sectors when comes to direct, indirect and induced effects overall economy. The estimates by Ministry of Housing & Urban Affairs data tells us that the Real Estate Market will grow to INR 65,000 crores by 2040 which was INR 12,000 crore till 2019. The market cap of US \$1 Trillion is expected to rise within 2030 and would contribute 13% GDP by 2025. Out of total PE investments in real estate in Q4 FY21 the Commercial Office Segment acquired 71% of share, whereas, retail had a share of 15% and 7% by the residential and warehousing².

¹ Kāgaay, History & Development of Real Estate, <https://www.kagaay.com/blog/history-development-of-indian-real-estate-market/> (Published: 5th January, 2021) [Last visited: 13th October, 2021 15:40 IST]

² Indian Real Estate Industry, <https://www.ibef.org/industry/real-estate-india.aspx> (Last updated: 12th October, 2021) [Last visited: 13th October, 2021].

MODES OF REAL ESTATE INVESTMENT IN INDIA

Real Estate Investments mainly consists of Life Insurance Companies, Mutual Funds and other market security companies and following are some methods of investments discussed:

- Real Estate ETF: Exchange Trade Funds (ETF) are key to real estate investment, where the ETFs are in combination of stocks or bonds of an individual funds. Vanguard VNQ is one such prime ETFs in India which invests in stocks issued by Real Estate Investment Trusts (REIT) to purchase commercial properties, hotels, and so forth.
- Real Estate Investment Trusts (REITs): REITs are traded in stock markets alike any other stock and carries all attributes of secondary stocks such as dividend policies. It is the most attractive option to invest in the real estate market³. The interest and dividends received from REIT are exempt from tax⁴. Currently 3 REITs are functioning in India such as Embassy Office Park REIT; Mindspace Business Parks REIT; and Brookfield India Real Estate Trust. The concept of REITs is fairly new to Indian Real Estate Market as the SEBI Guidelines related to REITs provided on 2007 got approved in late 2014.
- Property Managers: Hiring property manager works at low risk and lower-stable return properties. The owner appoints such managers to act as intermediary between the landlord and the tenant, and a lot of individual properties function as real estate ones. For example, we find a lot of people having properties put them up for commercial (shop, tuition centers, etc) as well as residential uses (tenant, PG, etc).
- Renting: Renting is the most convenient, secure, customary and low return low risk real estate investment option. Although, when we speak about real estate we talk about big commercial spaces and multi-facility residential buildings, but renting out a part of house, or whole house for residential purposes is also a part of real estate investment⁵.

REAL ESTATE INVESTMENT: RISKS & ASSOCIATED CHALLENGES

In India the Real Estate Sector is the 2nd largest employer after agriculture and is projected to

³ Methods of Real Estate Investment, Nerd Wallet, <https://www.nerdwallet.com/blog/investing/5-ways-to-invest-in-real-estate/>

⁴ Everything You Need to Know About Real Estate Investment Trusts (REITs), ETMONEY, <https://www.etmoney.com/blog/everything-you-need-to-know-about-real-estate-investment-trusts-reits/> [Last visited: 13th October, 2021 18:30 IST].

⁵ Ibid, reference 3.

grow at 30% over the next decade⁶. Despite some setbacks due to economic cycles and at recent Covid-19 Pandemic the investment in real estate is still the safest option. The Gallup Poll 2016 showed 34% Americans believe that Real Estate is the best long-term investment only 7 years after 2007 – 2009 recession in which real estate had the largest part to play⁷. However, investment involves transaction with money and capital and there are always risks in financial markets, which an investor shall assess prior making an investment, and some are as follows:

General Market Risk: Market works within the ambit of economic cycles which include booms, market shocks, effect of inflation, fluctuating interest rates. This makes any and all investments made vulnerable to economic impacts. These impacts can't be stopped but diversified investment portfolios may reduce the distribution of risk.

Associated Challenge; The business cycle was going through normal ups and downs but since March 2020 after India declared lockdown citing Covid-19 Global Pandemic – the unprecedented halt on the economy brought down residential sales from 4 lakh units of 2019 – 2020 to 2.8 lakh units in 2020 – 2021 in top seven cities in India. India Ratings Report (Ind-Ra) 2021 shows overall decline in demand of residential real estate projects going down by 40% in H1 of FY21. Similarly, the commercial demand of real estate fell by 33%, with average reduction in commercial property price by 7 – 10%. The net leasing of office space reduced to 35 lakh sq. ft in Q1 of 2021 from 70 lakh sq. ft in Q4 of 2020. The retail mobility has declined to 55 – 60% in 2020 – 2021.

The Covid-19 Pandemic led to unprecedented lockdowns, death, closure of economic activity, and real estate wasn't spared. Even after the lockdown restrictions are being lifted and India achieved 100 crores vaccinations (30% of Adults Fully Vaccinated), the problem of labour is prevalent. Many projects are delayed due to unavailability of construction labour and return on investment over risk keeps reducing overtime⁸.

Idiosyncratic Risk: These kinds of risks are attached to the individual or collective properties

⁶ Ashiana, 5 reasons why real estate is the safest long term investment option, <https://www.ashianahousing.com/real-estate-blog/5-reasons-why-real-estate-is-your-safest-best-long-term-investment-option> (Published: 22nd July, 2021) [Last visited: 14th October, 2021, 20:40 IST].

⁷ Lyndia Saad, Americans Still Favour Real Estate for Long-Term Investment, <https://news.gallup.com/poll/208820/americans-favor-real-estate-long-term-investment.aspx> (Published: 21st April, 2017) [Last visited: 14th October, 2021, 21:15 IST].

⁸ Anirudh Singh Chauhan, Research Analyst, 99acres.com, <https://www.99acres.com/articles/impact-of-coronavirus-outbreak-on-indian-real-estate.html> (Last updated: 25th August, 2021) [Last visited: 16th October, 2021 21:40 IST].

and doesn't represent the entire real estate industry as a whole. Investment in real estate requires a lot of documentations, permissions, transfer of title, land related disputes, and so forth; and hence, every property bears construction risk, environmental risk, legal risk, etc. The collective of all such risks of a property is known as Idiosyncratic risk⁹.

Associated Challenge; Location of the real estate project is another idiosyncratic risk which in turn can profit in loads but any dispute regarding the location or any unprecedented anomaly which the real estate developer couldn't remove may let the project idle, long time in building, lack or no buyers and effect very hard on the long-term investment expectations of the investors.

Legislative Risk: The land laws in India are complicated. Most of the States don't have Digital Land Directories and various property dealers, builders, promoters of small real estate projects frauds common people investing either for purchase or as an investor. Furthermore, Rent Control Laws, hefty Registration Procedures, etc act as barriers¹⁰.

Associated Challenge; For example, in India it is often heard that a living landowner's residential house was sold not for once but twice and sometimes even thrice by fraudsters and ran away after scamming a lot of people. These scams happen due to misplaced land records and age-old government functioning. Although, the penal provisions are attracted once the accused is apprehended, the recovery of money is seldom done – leading to mistrust of investors.

Liquidity Risk: The real estate projects hefty investments and a lot of capital is fixed with such. The properties sometimes go through "High Vacancy Rates" due to poor marketing, location or other factors and the investors starts getting no return on investment as the real estate developer starts generating "Negative Cash Flows" – spending more in day-to-day income than the income whereas the primary capital is fixed and non-performing. The real estate companies have to deal with a lot of monetary expenses which includes taxes, registration, environment clearances, etc and lack of liquidity cause delay in the projects.

Associated Challenge; According to. R K Arora, President of Naredco-UP, "*There are around*

⁹ David Scherer, 8 Types of Risk Every Real Estate Investor Should Know About, <https://origininvestments.com/2017/12/12/8-types-risk-every-real-estate-investor-know/> (Published: 12th December, 2017) [Last visited: 16th October, 2021 16: 40 IST].

¹⁰ 5 Major Risks In Real Estate Investment You Must Consider, <http://nksharmagroup.com/blog/5-major-risks-in-real-estate-investment-you-must-consider/> [Last visited: 16th October, 2021 16: 55 IST].

100 projects in Gautam Budh Nagar (Uttar Pradesh) are stuck due to cashflow problems and need a cash infusion of INR 5,000 crore. The real estate projects are on the brink of collapse and unless the government supports the sector, the project will come to a standstill.¹¹”

From the above case we can identify how worse the real estate companies are being hit and small and medium sized investors are stuck with their capital in the projects due to negative cashflow and other associated detrimental economic factors.

Credit Risk: Here the credit is the monetary value one can earn from the credit of real estate property. Many times, high priced or high valued companies go bankrupt and placing of some commercial projects are so competitive that one property out of the two suffers less credit and reaps lower returns.

Associated Challenges; The positioning of Big Bazaar Mall, Chinar Park beside Spencer – both subsidiaries of the Future Group has reaped lower customers and returns. The reason for such was Spencer sells all items related to home needs along with food items and liquor but Big Bazaar sells every item similar to Spencer other than liquor. Hence, the consumers who have to purchase liquor and other home needs opt for Spencer and consumer psychology drives more people where the crowd interaction is greater. Thus, the profit intended from the real estate project was short lived because the Big Bazaar is going to shift their location.

Leverage Risks: The leverage on investment is a force multiplier. It simply means more debt on investment. This helps in faster completion of projects and higher returns. But once the return on assets starts declining due to stressed loans the investors lose money quickly.

Associated Challenge; For example, a real estate project puts capital with high debt in it. This helps in faster completion and increase in the rate of real estate project leading to final return on debtors higher. But if the real estate project is stuck or high vacancies let down sales, the reduction in price will stress the debtors expected return and reduce company’s period of paying debts back to investors.

REAL ESTATE SCAMS: CAUSE OF CAUTION FOR REAL ESTATE INVESTORS

¹¹ Sharmila Bhowmick, TNN, <https://timesofindia.indiatimes.com/city/noida/faced-with-liquidity-risks-builders-demand-bailout/articleshow/84537164.cms> (Last updated: 19th July, 2021, 09:31 IST) [Last visited: 16th October, 2021 22:10 IST].

*Bikram Chatterji & Ors. V. Union of India*¹², the landmark 'Amrapali Case,' was one of the prime examples of real estate frauds in India. The Amrapali Group delayed several of its projects where homebuyers were constantly deferred; they in connivance with the Land Regulatory Authorities got Conditional 'No Objection Certificates' (NOC) through which they secured loans of hefty amounts from banks. The company under the notice of the Revenue Authorities delayed premium payments and illegally leased and sub-leased mortgaged lands. The Hon'ble Supreme Court of India had a difficult legal position as Authorities, Banks and Homebuyers all claimed their right over the project. The Apex Court found that Authorities were negligent and 'Public Trust Doctrine' u/A 21 of the Constitution of India was not upheld in their functioning. Similarly, the banks applied very less due diligence and misplaced funds. The Apex Court held;

- I. The RERA Registration of Amrapali Groups stands cancelled and all the projects shall be completed by NBCC (India) Ltd;
- II. The Authorities and banks cannot sale flats already issued to homebuyers to recover their expenses by attaching the properties of Amrapali Group.
- III. The Authorities shall comply with the RERA and Land law dues and all the lease deeds related to the project stands cancelled.

Cooperative Housing Group Scam, also known as Rangamahall Cooperative Group Housing Scam (CGHS) involved 7 public officers, including Ex-Registrar of Cooperative Societies, Delhi; Joint Registrar; Assistant Registrar (Audit); Dealing Assistant Registrar, Inspector RCS and another Assistant Register forged documents and created false documents to provide land at subsidized rates to the Rangamahall Group. The scam was worth INR 4,000 crores and CBI enquiry led to the discovery the accused's have forged Delhi Development Authority (DDA) titled documents to defraud the customers¹³.

Karnataka Wakf Board Scam, involved INR 2 lakh crore where Muslim Charitable Trust, Karnataka Wakf Board which controls 27,000 acres of land to be utilized for the purpose of marginally lower income families were actually misappropriated to politicians and real estate.

WATCHOUT! BEFOFE INVESTING IN REAL ESTATE PROJECTS

¹² Writ Petition [c] No. 940/2017.

¹³ Siliconindia, 5 Multi-Crore Real Estate Scams in India, <https://www.siliconindia.com/realestate/news/5-multicrore-real-estate-scams-in-india-nid-129481.html> (Last updated: 18th September, 2012) [Last visited: 16th October, 2021 22:50 IST].

- **Title Deception:** This occur when the ownership of the property is not clear. Sometimes real estate builders forge duplicate documents in their name and sell such to others without their good knowledge. The most probable properties under such deception are those which are un-occupied for a long-time; properties whose owners are abroad; disputed properties, etc. Many times, the developers show different designs, locations, or change of project un-approved to defraud the investors and home-buyers.
- **Hurried Booking:** Sometimes the real estate developers promote the projects (undervalued) in such a manner that make investors and buyers feel that only few slots are left and tend to purchase such hyped properties at higher prices without much research.
- **Discount Claims:** Many projects are advertised with huge discounts on immediate investment. The possession and completion promised with such projects tend to appear contrary to what has been advertised during discounted investment advertisements. Buyback offers once possession not given are lengthy and heckling, leaving the investors interests in jeopardy.
- **Forced Cancellations:** Real estate projects are being fueled by lot of discounted investments at lower prices. Once the project prices go up, the developer delays the project, and try to sell the properties at higher prices. Long delays tend initial investors to draw back from the project and new investors buy the same at higher prices.
- **Guaranteed Returns:** In many real estate projects the developers advertise hefty returns – 12 – 15% from their projects. They tend to make the investors invest immediately and assure such with post-dated cheques. But these tactics are just lore and often those cheques tend to bounce leaving the entire investment and project at a hang.
- **Possession Delays:** The real estate builders delays possessions and it happens with both small and big companies. This is the most common mode of scamming people to take away their expected return on investment. Thus, before buying the property one must check the RERA website which shows date of possession of every project and hence the investors can plan investment accordingly.
- **Unauthorized Sales:** Real estate agents and companies often acquire investments at discounted rates but doesn't even get approved of construction. The investors should look to Change of land Use (CLU) prior investing in any property¹⁴.

¹⁴ Types of Property Frauds & Scams in Indian Real Estate Investing, <https://hookfish.in/info/property-frauds-scams-real-estate-investing/> [Last visited: 16th October, 2021 23:10 IST].

REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016: SOLUTIONS

The RERA Act has addressed various issues related to delay in project completion, cheating buyers within falsified information, getting away with poor-quality construction, etc and the investors should know the following rules:

- **RERA Registration:** All the commercial and residential projects where the land is over 500 sq. meters or eight apartments are present are compulsorily registered under RERA. No promoter, builder, or developer shall advertise or market any real estate property unless the property and the real estate agent is registered under RERA. The website contains all the sanctioned plans, location, carpet area, planned area, demarcation of land, area of garage, common area, date of expected possession, and many other related information about the project. This will help the investors and home-buyers to have a clear view of the project and malpractices by real estate agents and builders reduces¹⁵.
- **Quarterly updates:** The promoter have to upload project details which include progress of construction, number of units sold out, approval of government taken or pending every 3 months. Furthermore, the promoter has to upload documents of proceedings of any litigation ongoing related to the real estate promoter and his projects. This will help the investors to check the progress of the project and would be evidence if on ground work has been different¹⁶.
- **Escrow Account:** The RERA Act requires all promoters to deposit/ transfer 70% of all the money received from investors or allottees into a separate account. Such deposits can only be taken for the construction and other purposes of the project after approvals from certified engineers and Chartered Accountants. This provision is made to secure the investors capital by not letting the promoter to diversify the funds obtained in several other projects leading to delay in project completion¹⁷.
- **Maximum Advance:** Earlier the builders/promoters used to collect huge amount of advances and the investors lost their expected return on investment due to delays and other legal complications. But under the RERA Act, no promoter can charge more than 10% advance on the amount of cost of the project prior entering a valid agreement of sale with the investors or buyers¹⁸.

¹⁵ Section – 3, The Real Estate (Regulation and Development) Act, 2016.

¹⁶ Section – 11, RERA Act.

¹⁷ Section – 4 (1) (D), RERA Act.

¹⁸ Section – 13 (1), RERA Act.

- Defect Liability Period: Prior to the enactment of RERA Act, the promoters, builder got away with poor quality construction, structural defects, etc and the homebuyers were entangled within Consumer Commission processes. RERA has put on an obligation upon the promoter to rectify any structural defect or defect liability within 5 years after handing possession to the home-buyers. If the rectification is not done then the RERA Authorities can direct compensation on appeal by the aggrieved party – investor/home-buyers¹⁹.
- Possession Delays: The common tendency of real estate market to delay the projects have been addressed by the RERA. Which provides u/s 31 of RERA the right to the investor/home-buyer to file a complaint against the promoter who has contravened with timely possession clause. If the real estate project is delayed then the investor gets two options (i) terminating the agreement and take back the money along with interest; (ii) continue with the project and acquire compensation along with interest from the promoter for the delayed period²⁰.
- Obligations in case of Third-party transfer: Before the RERA enactment real estate builders used to transfer his stake, vested in form of rights and liabilities in a real estate project to the Third parties (Builders, Companies, Schemes by Municipal Authorities, etc) causing unnecessary legal complications for investors and long-term delays in completion of the project. The RERA mandates every promoter under obligation to take written consent from 2/3rd of the allottees and written approval of the State RERA Authorities before any transfer of his rights and liabilities of the real estate project to any Third-party²¹.
- Registration of Real Estate Agents: Section 2 (zm) of the RERA Act defines the term ‘Real Estate Agents.’ These agents are in simple language are middle person/ intermediaries who negotiates on behalf of one party by promotion, advertisement and other marketing tactics to conclude the transaction of sale with another party – ready to make any investment, and earn commissions or sometimes professional/service fees. The RERA puts an obligation upon all real estate agent to register u/s 9 (2) of RERA Act, by application made to the State RERA Authority. This ensures consumer and investor confidence against frauds.
- Grievance Redressal: An aggrieved person (investor, buyer, promoter, or agent) can file complaint u/s 31 of the RERA Act before the State RERA Department which will try to solve the dispute within 60 days, and appeal on such lies with the Appellate Tribunal, and further in High Court and the Supreme Court of India.

¹⁹ Section – 14 (3) RE.RA Act.

²⁰ Section – 18, RERA Act.

²¹ Section – 15, RERA Act.

COVID-19: IMPACT & INVESTMENT OPPORTUNITIES IN REAL ESTATE

After the 2008 Global Recession the Real Estate Sector has grown unprecedented and just before the Covid-19 Pandemic hit the real estate market was in stagflation. The pandemic lowered the value of stock markets around the world by 40% and the real estate sector is no good. The extensive price rises of properties predicts another 2008 like recession in several economies, where the recovery from properties left by bankrupt companies would reap much lesser than the exhortative pricing they were made to. The key outcomes post pandemic as apprehended are as follows:

- **Price Fall:** Although the real estate sector is illiquid and property prices haven't gone down, but the high-priced projects are remaining vacant due to lower demand. This tends in reduction of prices of projects and stakeholders in the projects gets less than their expected rate of return.
- **Rental Income Loss:** The Covid-19 pandemic has changed the business environment. The 'Work-from-Home' culture, lockdowns, travel restrictions have left commercial spaces used for warehousing, office, franchise, etc purposes are empty. Rental income is one of the key modes of real estate investment and income, and have been affected to the worst.
- **Project Delays:** The lockdown has started generating negative cashflows for the real estate developers, the demand went down, and most importantly the labour force in terms of construction labour is not available. The supply of raw materials went down and all these leading to delays in completion of real estate projects leading to further reduction of prices²².

EVERGRANDE CRISIS – Chinese Property Giant

According to Mark Williams, Chief Asia Economist at Capital Economics, *“Evergrande’s collapse would be the biggest test that China’s financial system has faced in years.”*²³ The rating agencies have downgraded the Evergrande’s economic and credit ratings; whereas, the HSBC and Standard Chartered banks have denied loans for uncompleted residential projects. The company owns more than 1300 projects over 280 Chinese cities, and now burdened with

²² Impact of Covid-19 on the Real Estate Sector, <https://www.managementstudyguide.com/impact-of-covid-19-on-real-estate-sector.htm> [Last visited: 16th October, 2021 23:45 IST].

²³ Weizhen Tan, China’s embattled developer Evergrande is on the brink of default. Here’s why it matters, <https://www.cnbc.com/2021/09/17/china-developer-evergrande-debt-crisis-bond-default-and-investor-risks.html> (Last updated: 11th October, 2021 9:55 PM EDT) [Last visited: 16th October, 2021 23:57 IST].

a debt of US \$300 billion. The company has failed to pay few debts and 3.8 million jobs are at stake. Economists believe if Evergrande fails the spill out would be monstrously worldwide.

OPPORTUNITIES FOR INVESTORS

Despite the harm and total economic stoppage caused by the Covid-19 pandemic the real estate sector is expected to grow by 4% IN Q4 FY2021 as reported by Colliers. The Covid-19 pandemic has affected people not just by deteriorating health condition and subsequent unfortunate deaths, but also created a psychological panic. The people who found difficulty in accessing medical help and appropriate infrastructure at small towns and villages are moving towards cities leading to urbanization. The process of quarantine and assimilation of large group of people broke many joint families and most of the people are looking for residential flats going nuclear. The IMF projected India's Real GDP Q4 2021 and Q1 2022 to be at 9.5% and Consumer Prices at 5.6%²⁴. This instils confidence in the minds of investors and real estate projects are getting liquidity.

The Central Government initiative to build 100 Smart Cities in association with the States is one prime example for real estate sector. The Union Budget 2021 – 2022 gives tax reduction up to INR 1.5 lakh on interest of housing loans and extended till Q4 of FY2021 – 2022. The Atmanirbhar Bharat 3.0 package announced provides income tax relief measures for home-buyers, real estate developers up to properties of INR 2 crore, valid between 12th November, 2020 to 30th June, 2021. The RERA Act has been notified in the Union Territory of Jammu and Kashmir from 27th October, 2020 and Indian citizens are entitled to buy land and develop property in the region. The Govt. has created an Affordable Housing Fund (AHF) within the National Housing Bank (NHB) with capital of INR 10,000 crores to revamp immediate requirement of lending capacity of banks and Housing Finance Corporation (HFC) as priority. Moreover, the 'Pradhan Mantri Awas Yojana' (PMAY) is aimed to build 20 million affordable houses by 2022, a very active scheme under the Ministry of Urban Affairs.

According to Anarock, the sale of residential houses increased by 29% and new housing project launches by 51% in Q4 2021 over Q4 2020. In May 2021, Blackstone Real Estate acquired Embassy Industrial Parks for INR 5,250 crores – a landmark investment by foreign real estate giant. With time the real estate sector is regaining its value and as property prices goes up with

²⁴ International Monetary Fund, India, <https://www.imf.org/en/Countries/IND> [Last visited: 17th October, 2021 12:10 IST].

the economy the Indian Real Estate Market will revive quicker than apprehended²⁵.

CONCLUSION

The Real Estate Industry has been the most significant contributor in employment after agriculture in India. The industry has seen constant rise in India after the liberalization, globalization, and privatization policies adopted since 1991. The major part of real estate industry are residential projects – includes housing, flats, apartments, etc; commercial projects – includes office spaces, malls, spaces for business in lease, etc; infrastructure projects – government projects under tender, construction of amenities, etc.

Prior to 1991 the cities in India saw rapid development of skyscrapers, high-rise buildings, flats and colonies. The private players came into the market and the property prices soared at various metropolitan cities. With increase of urbanization and improvement in the quality of living, the real estate sector spread its organs in small towns and Tier-II, and Tier-III cities. With new development came investing in the sector in form of home-buyers, commercial lessors, investors in companies, rental income, etc. With such came many agencies, individual who manipulated the existing laws to fraud the investors in the real estate. Many big companies delayed projects and consumers were often subjected to financial loss, and loss of property. The nation witnessed huge scams in the real estate industry such as the Emaar – MGF scam - currently under trial. The Union Government brought the Real Estate (Regulation and Development) Act, 2016 to address the prevalent problems in the real estate sector and restore investors faith. The RERA has been able to address most of the issues and chances of fraud have become very less, and only may happen in ignorance of law. The Covid-19 pandemic has caused a major setback to Real Estate Industry – already in stagflation but the markers of quick ‘V-Shaped’ recovery would not make the situation of real-estate in India falling in traps situation alike to that of 2008 recession. The property prices have not seen much dip because the investment is illiquid. However, the changes in lifestyle post Covid, has implicated lower demands in commercial office spaces. But on the other hand, the residential housing has seen extensive increase because of the health concern developed in the minds of people during the pandemic. Concluding everything we can say that investing in real estate is beneficial for long-term but diversified portfolios should be maintained to spread any shock of the market.

²⁵ Ibid, see reference 2.