



Real Estate Sector is Reviving Slowly But Steadily

The **Indian real estate sector**, which was already failing due to a number of issues, has now fallen into even harder times as a result of the [COVID-19](#) pandemic. At this point, the assistance of the central government and most of the state government would be very beneficial in helping the industry recover.

In the last few years, a number of [reforms in real estate](#) were introduced with good goals which came into force successfully, albeit with a few side-effects. For example, demonetization greatly improved transparency. However, it stole away liquidity, putting the developers in a credit crunch. The introduction of RERA, GST, and other tax reforms also experienced further roadblocks post-implementation.

The NBFC crisis created a new issue for the developers. As a result of the hurdles that resulted from the situation, they were unable to get the necessary credit to complete their projects, resulting in a large inventory of unsold properties. To get things moving again, the government had started to take steps necessary to help the [real estate sector](#) revive. These included a relief funding window to help the developers of stuck projects finish the construction and liquidate the properties.



However, just when it seemed that things were starting to take a turn for the better, COVID-19 struck. The pandemic brought along a number of issues for most industries, including real

estate. The most important among them is the migrant labor crisis. A majority of labor in the [real estate projects](#) are migrants from other cities. As most of them have returned home during the lockdown, the developers are facing a shortage of workforce. Besides a few builders who managed to retain their migrant labor force during the lockdown, most aren't able to resume construction activities at full pace.

Another major problem is the lack of raw materials. Most of the raw materials in the Indian real estate sector used to be imported from other countries, primarily China. Due to the lockdown, imports of these materials have been blocked. The domestic production isn't sufficient for all the [ongoing or new projects](#). As a result, the prices of these materials are on the rise as well, which is increasing the cost of production of the properties.

There are a number of ways in which the government can help the real estate industry. For example, [reducing the home loan interests](#) and providing subsidies would be of major benefit to the industry. The reduction in interest rates would serve as an incentive to the potential [homebuyers to buy properties](#) while the rates are low. Almost 11 banks including Sbi and Hdfc lower their home loan interest rate below 7%. Also, a major step taken by the state government like Madhya Pradesh government announces, lowering the registry stamp duty which automatically benefitted the buyers and sellers, similarly, the Odisha government recently announces affordable house for everyone.

The [Indian real estate sector](#) comes with more than 300 allied industries and creates over 5 crore jobs. It holds considerable importance in the economy of the country and hence it is important to make sure the realty sector thrives well.