

RECENT TRENDS IN REAL ESTATE SECTOR OF INDIA WITH SPECIAL REFERENCE TO DEMONETISATION

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Abstract

Demonetization refers to withdrawal of a particular form of currency from circulation. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be removed and substituted with a new currency unit. The currency was demonetized first time in 1946 and second time in 1978 in India. On November, 2016 the currency is demonetized third time by the present government. This is the bold step taken by the government for the betterment of the Indian economy and to check on the black money. In real estate sector includes a huge amount of black money and after demonetization this sector has almost down from the previous stage. In this paper we want to discuss the impact of recent demonetization on the real estate sector. We discussed about the recent trends in real estate sector after demonetization and future suggestions.

Keywords: GDP, Demonetization, Real Estate Sector, Recent Trends, Black Money, Corporate Environment.

Introduction

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The real estate sector has been a significant contributor in the country's GDP. But the real estate sector is crowded by the unorganized market players and involves major use of black money. The government has been using various measures to curb the black money and one of the influential measures to tackle this problem is demonetization. The proposal by the government involves the elimination of these existing notes from circulation and a gradual replacement with a new set of notes. In the short term, it is intended that the cash in circulation would be substantially squeezed since there are limits placed on the amount that individuals can withdraw. The sector where one expects to see effects in the very short run is the real estate space. With contraction in demand from one set of agents - say agents who have earned unaccounted incomes and placed them within the real estate space - either price within this segment would fall or transactions would cease to happen. While of itself, this would be considered a positive development and evidence of a correction in the unaccounted incomes, it could lead to a compression in investments in the construction sector which can have adverse income and employment consequences for the economy.

Objectives

- To study the recent trends in real estate sector of India
- To study the demonetization of currency and its likely impacts on the real estate sector of India

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