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“EFFECTS OF DEMONETIZATION ON REAL ESTATE SECTOR IN INDIA”

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ABSTRACT

In 2016 the Indian Government decided to demonetize the 500 and 1000 rupee note. These high value notes which amounted to 86% of currency in circulation. The demonetization of currency notes was supposed to be an attack on black money. The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities and promote a cashless economy.

KEYWORDS: Adolescence, psychosocial maturation, social skills, Self – awareness.

INTRODUCTION:-

The cashless aim or demonetization initiative caused a sudden breakdown in India's commercial ecosystem and trade and transaction of many sectors as like agriculture, small business, small scale industries. The economic impact of millions of people standing in line or hours to exchange pr deposit cancelled banknotes rather than working or doing business. The government take a some steps to move of the government affects some sectors in economy the Real Estate sector is one of them.

This research paper focuses on the effect of the demonetization on Real Estate sector in India. After demonetization in last three years the people discussed about the effects of demonetization on various sector. Some sector are resulting good but some sectors are break down which are of the Real Estate sector not performing well. So purpose of this article to focus on the what causes for slowdown in Real Estate sector demonetization or other any factors affecting behind this situation.

OBJECTIVES OF THE STUDY :

- 1) To understand the what is demonetization and cashless economy.
- 2) To study the effects of demonetization on various sectors.
- 3) To study the demonetization and effects on Real Estate sector.
- 4) To focus on the problems of Real Estate sector.

METHODOLOGY :

The present study is based on secondary data. The sources of data and facts released by various reference books, reports and newspapers and published documents of various research papers and experts etc.

REAL ESTATE SECTOR AND INDIAN ECONOMY :

The real estate sector is a prime sector in India. This sector generates employment directly and indirectly. Housing projects and construction of commercial buildings generates employment and income directly as well as cement industry, steel industry and building material. Industries depend upon the development of real estate sector. Overall total share of real estate sector in India GDP is near about 13% . The place of real estate sector in Indian Economy is very important. Rapid urbanization and increasing income of the people as well as the union governments project of 100 smart cities and permission given to FDI in real estate sector this thing to boost development of real estate sector in the economy. But some questions arising. Now a days about the slowdown because of the demonetization in real estate sector is it true or false, it is discussed in next explanation.

IMPACT OF DEMONETIZATION ON INDIA'S REAL ESTATE SECTOR :

One approach is the negative impact on real estate sector of the demonetization. The impact is visible and some experts in the real estate sector express their views after three years of demonetization. Kumar Naresh the real estate expert says after the demonetization transaction in cash it disrupted the whole market badly and it also affects in construction and Real Estate market. Other some study's shows that the real estate sector facing a problems of slow growth after the demonetization. There is a high impact on real estate sector as compare to other sectors. Because of demonetization the black money cash all of sudden wiped out of the market that's why the prices of real estate decreases near about 25 – 30%. In 2016 REAA Act was passed and then demonetization process starts. So the benami transactions reduces that's why the poor sale of flats and plots in Urban area. The legal and small transactions not affected but the segments affects big projects. The big projects or properties dealing sale rate is down and 25 to 30% sellers of their type of properties struggling for liquidity after the demonetization.

The some experts explain that the after demonetization 47.4% New Housing Units launching dropped compare to last two years. Another report observed the 9 major cities in India the prices of housing increases near about minimum 1% to maximum 17%, as follows Bangalore 3%, Mumbai 3%, Pune 2%, Ahmedabad 1%, Kolkata 1%, Noida and Chennai study and only Gurgaon 3% fall in prices of housing. Looking this data after the demonetization the real estate sector is recovering in big cities.

The positive impact of demonetization through the real estate sector the Govt. Revenue increases, black money decreases, more transaction done through the banks. After the demonetization and implementation of RERA Act, the benami transactions reduces and real estate transactions transparent and affordable prices.

CONCLUSION:

- 1) The legal and small transactions or real estate not affected by the demonetization.
- 2) After demonetization Big New housing projects announcements declined.
- 3) Rental yields in India are low 2% to 3.84% because of unemployment and demonetization compare to other countries so the progress of housing not progressing well.
- 4) Only demonetization is not a cause of slowdown in the Real Estate Sector the Government policies, RBI's monetary policy, urbanization status, employment and income of the people affects on Real Estate demand.
- 5) Now RBI reduces the bank rate and repo rate, Government's 100 smart city projects, Prime Minister Awas Yojan, and FDI in Real estate gives the boost to the real estate sector in future.

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