During the recent years of the global financial crisis, the Industry sector in India dropped precipitously and has not regained its pre-crisis levels (fig. 1.1).

Although Manufacturing and Construction sectors showed positive growth rates in the last five years, these rates declined dramatically between 2008 and 2009, causing the overall Industry sector to perform below the GDP (fig. 1.2).
- The contribution of Construction to Industry sector growth in the last five years has ranged between 24% and 36% with a mean value of 30% (fig. 1.3). Construction contributed 29% to Industry growth during the year that ended in March 2011. The increases in interest rates and prices of key ingredients have dampened the sector to a small degree while population and income growth have continued to provide eager buyers.

- Investments in infrastructure and housing are the significant components in construction sector. INR 197 billion in loans were approved in the 12 months ending in March 2011, INR 31 billion more than the amount approved in the previous 12 months (fig. 1.4). Urban infrastructure loans accounted for INR 145 billion, which represented 73% of total loans approved during the referenced period.

- Urban Infrastructure loans showed a positive but consistently declining growth rate between March 2008 and March 2011. Housing loans, which had suffered a gradual decline between 2007 and 2009, registered a dramatic increase in the following years (fig 1.5).
Urban Infrastructure loans showed a positive but consistently declining growth rate between March 2008 and March 2011. Housing loans, which had suffered a gradual decline between 2007 and 2009, registered a dramatic increase in the following years (fig. 1.5).

The number of dwellings approved in India was 296,000 during the twelve months ending March 2011, two thousand units less than the number approved in the previous twelve months, and more than double the amount in 2008-9 (fig. 1.6).

The two largest cities of Delhi and Mumbai are not surprisingly the most expensive districts by far in terms of commercial property rentals in the country. In June of 2011, the monthly average rental per sq. ft. in Delhi and Mumbai were INR 181 and INR 153, respectively, while the other districts recorded prices below INR 76 (fig. 1.7). Rental prices have stabilized since June 2009.
Housing prices grew steadily until 2006, and turned volatile over the next three years, particularly in Bangalore (fig 8). The so called Silicon Valley of India recorded catastrophic price drops above 20% in 2008 and 2009, followed by a dramatic increase of 71% in 2010. Delhi also suffered a housing price decline in 2009. During the last 8 years, annual price increases in Mumbai never went below 8% or above 37%, making Mumbai the most consistent housing market among the selected cities.

![fig 1.8]

**Housing Price Increase Rates**

Source: CEIC data

DLF is the biggest real estate developer in India. In year ending March 2011, the company obtained revenues for INR 36.2 billion representing 41% of the market share in terms of total revenue (fig 9). A distant second and third players are Housing Development & Infrastructure Limited and Unitech Limited, with 14% and 10% of the construction market, respectively. The remaining 35% of the market is served by 13 developers. Thus the industry does appear to be highly concentrated.

![fig 1.9]

**Average Annual Percent Increase in Price for Selected Construction Materials**

June 2006 - June 2011

Source: CEIC data
• DLF is the biggest real estate developer in India. In year ending March 2011, the company obtained revenues for INR 36.2 billion representing 41% of the market share in terms of total revenue (fig 9). A distant second and third players are Housing Development & Infrastructure Limited and Unitech Limited, with 14% and 10% of the construction market, respectively. The remaining 35% of the market is served by 13 developers. Thus the industry does appear to be highly concentrated.

Forbes Magazine’s list of richest Indians in 2010 includes many who made their wealth (continue to make their wealth) in real estate. To the prospective home buyers, the traditional Indian mantra of get a job, get married and buy a house or flat has however become more of a dangerous leaning tower especially in cities like Bangalore.