

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

STARRED QUESTION NO:506

ANSWERED ON:19.05.2006

PROPERTY PRICES IN URBAN AREAS

Chowdhury Shri Adhir Ranjan;Nikhil Kumar Shri

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether the activities of builders, building contractors and real estate agents have resulted in sky-rocketing the prices of property in the country particularly in urban India;
- (b) if so, whether the Government proposes to enforce control over such activities by enacting a suitable law;
- (c) if so, the details thereof; and
- (d) if not, the manner in which the Government proposes to control such activities?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI AJAY MAKEN)

(a)to(d): A Statement is laid on the Table of the Sabha.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 506 FOR 19-5-2006 REGARDING PROPERTY PRICES IN URBAN AREAS.

(a): This subject matter comes under the jurisdiction of State Government. However, Town and Country Planning Organisation of this Ministry has recently conducted urban land price studies of selected metropolitan cities in India namely Lucknow, Thiruvananthapuram, Hyderabad and Delhi. The above mentioned studies have revealed that in majority of the urban areas, the prices of land have been increasing for the following reasons:-1

Scarcity of developed land in the urban area.

Rise in the income pattern of household.

High level of accessibility of various infrastructural facilities in urban areas.

Increase in urban population due to natural growth and migration from rural areas.

Better employment opportunities in urban areas.

Inherent value of the land for investment purposes .

Provision of intensive use of land also increases its price.

Further as per information collected from other sources factors like increase in cost of raw material such as steel, cement etc. and decline in interest rates on housing loans, rapid growth of IT/BPO and other service industries requiring lot of space are also responsible for increase in property prices.

(b)to(d): Framing of a suitable model legislation for adoption by the State Governments, is under consideration of the Government.