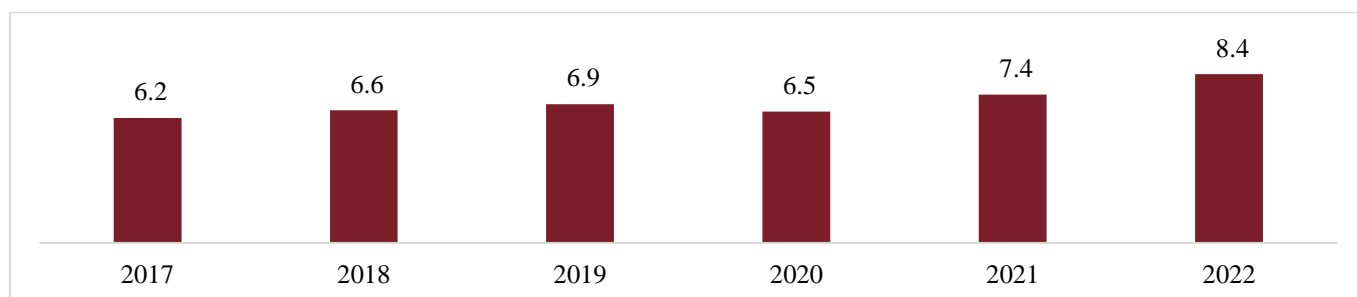


Note: Housing loan penetration calculated as Housing loan outstanding over state GSDP (at constant prices) as of Fiscal 2023; GDP taken as GSDP at constant prices, Base Year: 2011-12., * GDSP taken for Fiscal 2022, Source: CIBIL, RBI, MOSPI, CRISIL MI&A

3.3.2 Rise in per capita income to drive the growth of mortgage penetration in India

Between 2017 and 2022, the per capital income of India has increased to USD 8,379, which is also one of the major reasons for rise in mortgage penetration in India.

India GDP per capita in PPP (in 000 USD) has increased to 8.4 in 2022 from 6.2 in 2017



Source: World Bank, CRISIL MI&A

3.3.3 Mortgage-to-GDP ratio in India to grow to 14-15% by Fiscal 2025

In Fiscal 2023, India's mortgage-to-GDP ratio stood at 12.3%. Though low compared with other developing countries, it has significantly improved from 6.5% in Fiscal 2009. The factors that contributed to the improvement are rising incomes, improving affordability, growing urbanization and nuclearization of families, emergence of tier-II and tier-III cities, ease of financing, tax incentives, and widening reach of financiers. Given the expected steady growth from Fiscal 2023, CRISIL MI&A projects the ratio at 14-15% by Fiscal 2025.

3.3.4 Factors affecting mortgage-to-GDP ratio in India

Mortgage penetration in India is far lower than other emerging economies owing to lower per capita income and higher proportion of informal employment in India. However, CRISIL MI&A believes rising urbanization, growing disposable income, favorable demographics and government measures will lead to higher mortgage penetration going forward.