

BUILDING A FRAMEWORK

With expectations riding high on the new government, real-estate experts draw up a wishlist of key reforms for the sector, including an industry status, speedy approvals and a strong housing regulator

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As the new government is formed at the Centre, the realty sector is awaiting a turnaround too. Expecting a stable government to bring consistent policies and to streamline regulatory hurdles, realty experts and developers say that the Modi regime will have to address some key issues as priority to bring back excitement into the dull market.

For the last several quarters, the real-estate sector has witnessed subdued activity. Inflation, a slowdown in economic activity and the general elections had impacted investor sentiments and overall transaction volumes witnessed a dip.

According to Anshuman Magazine, chairman and managing director, CBRE South Asia, a real-estate consultancy, political dynamics will need to drive clarity and consensus on long-term policies before India's economy can approach its strong performance of previous years. "The economy will not only need a clear vision and competent manage-

ment, but also proactive and industry-centric decision-making and reforms to deliver faster growth," he says.

In addition, he says that it is imperative for the new political order to be proactive from the outset in implementing such reforms, while promoting measures to boost foreign investments into the country.

"To enable the real-estate sector to meet its massive capital requirements, and capitalise on opportunities for large-scale developments, the sector needs investor-friendly, streamlined policies from the government," says Dhruv Jaywant, chief marketing officer, Ahuja Constructions, a real estate developer.

Here's a look at some key areas that real-estate experts hope the government will work on, to revive the real-estate market.

ON THE WISHLIST

"A single-window clearance system should expedite the process of granting approvals. The government can look at creating a model of best practices for quicker clearances and persuade state governments to adopt the same," says Jaywant.

Moreover, enacting the Real Estate (Regulation and Development) Bill, 2013, which promises greater transparency and regulation, could also revive trust in the sector, say experts.

"We need to make green housing projects more viable for developers as well as buyers. Apart from this, enacting Real Estate Regulatory Bill could help make the Indian real estate sector more attractive to foreign investors," says Srinivasan Gopalan, chief financial officer and chief operation officer, The Wadhwa Group, a construction firm.

"If we have an effective clearance scheme and if the real-estate sector is granted industry status, it will become easier for developers to raise funds from financial institutions and banks, instead of resorting to private sources with higher interest rates," says Manju Yagnik, vice-chairperson, Nahar Group, a construction company.

According to Anita Arjundas, managing director and CEO, Mahindra Lifespace Developers, with manufacturing as a focus area for job-creation, the BJP government must take steps to reduce

the cost of home ownership, by rationalising multiple taxes levied on real estate. "Presently, we have a situation where the same transaction is treated as immovable property, a manufactured product and a service rendered — all these added-up costs are eventually passed on to consumers."

BEST WAY FORWARD?

Experts are divided over what the most sensible and practical approach to reforms should be.

Kamal Khetan, CMD, Sunteck Realty says that collective reforms is the need of the hour, right from speedy project approvals to reduced home loan rates. "This will have a trickle-down effect in the long run, by creating supply and ensuring that property rates remain rational."

"The business community is hoping to see positive results by the second half of this fiscal. Considering the high expectations, the best way would be to address each agenda point individually, instead of trying to do too many things at once," says Shishir Bajaj, chairman and MD, Knight Frank India, a real-estate consultancy.

THE AGENDA

- Industry status for the construction and real-estate sector
- Single-window clearance for projects, especially large townships and infrastructure projects
- Opening of key sectors to FDI, especially retail and insurance
- The enactment of the Real Estate Regulatory Bill
- Public-private partnership (PPP) projects, especially in core infrastructure sectors such as highways
- Liberalisation of supply-chain management
- Clarity on land acquisition procedures

FDI

PPP

LIBERALISATION

LAND ACQUISITION

REGULATION

expert speak

A SINGLE-WINDOW CLEARANCE SYSTEM COULD EXPEDITE THE APPROVAL-GRANTING PROCESS. THE NEW GOVERNMENT CAN CREATE A MODEL OF BEST PRACTICES FOR QUICKER CLEARANCES AND PERSUADE STATE GOVERNMENTS TO ADOPT THE SAME.

DHRUV JAYWANT, chief marketing officer, Ahuja Constructions

IF THE REAL-ESTATE SECTOR IS GRANTED INDUSTRY STATUS, IT WILL BECOME EASIER FOR DEVELOPERS TO RAISE FUNDS FROM FINANCIAL INSTITUTIONS AND BANKS, INSTEAD OF RESORTING TO PRIVATE SOURCES WITH HIGHER INTEREST RATES.

MANJU YAGNIK, vice-chairperson, Nahar Group

THE BJP GOVERNMENT MUST TAKE STEPS TO REDUCE THE COST OF HOME OWNERSHIP, BY RATIONALISING MULTIPLE TAXES LEVIED ON REAL ESTATE. CURRENTLY, THESE ADDED-UP COSTS ARE EVENTUALLY PASSED ON TO CONSUMERS.

ANITA ARJUNDAS, MD & CEO, Mahindra Lifespace Developers