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Right Time for NRIs TO INVEST IN REAL ESTATE IN INDIA

Ten renowned real estate experts - Ananta Singh Raghuvanshi, Executive Director, Sales & Marketing, DLF Universal Ltd; Rajesh K. Gouri, VP Sales & Marketing, Homestead Infrastructure Development Pvt Ltd, Neelima Saxena, COO, Paarth Infrabuild Private Limited; Manju

Yagnik, Vice Chairperson, Nahar Group; Zaheer Majeed Memon, Partner, Zara Habitats; Ganesh Vasudevan, CEO, Indiaproperty.com; Brotin Banerjee, MD & CEO, Tata Housing; Naresh Bharde, Chairman & Managing Director, Excellence Group of Companies and Surajit Chanda, Regional

Head (Pune), Sobha Ltd; SS Bajaj, Vice-Chairman, Naya Raipur Development Authority – have expressed their opinion on various factors that impact NRIs' decision to invest in real estate in India. All of them are of the view that it is the best time for NRIs to invest in real estate market in India.



NRIs have made a significant contribution in the growth of Indian real estate in last few years. This is a trend prevalent all over India because skilled/semi-skilled people are migrating to different parts of the world in search of better growth avenues and in the process remittances have soared. As per the Assocham report, NRI investment in India is going to surge by 35%. Most of the people are looking for investment opportunities in their hometowns where returns are attractive with an added incentive of having a home of their own at a place with fond memories.

“In addition to this, their exposure to best housing conditions across the world has encouraged the developers to come up with options that are at par with global standards to give an overall push the quality construction across India. All this combines well to augment a very good future of real estate development in India,” says Neelima Saxena, COO, Paarth Infrabuild Private Limited.

According to Ananta Singh Raghuvanshi, Executive Director-Sales & Marketing, DLF Universal Ltd, “NRIs have a tendency to invest back home irrespective of market trends. When markets are down, they end up getting good deals, and when markets are high they are anyway willing to pay top dollar, since sentiment is high too.

Rajesh K. Gouri, VP Sales & Marketing - Homestead Infrastructure Development Pvt LTD quotes CBRE report and says that the contribution of NRIs is 8-10% in all over India and 10-12% in Delhi-NCR.

“There has been a significant contribution from the NRI community towards the growth of real estate sector in India. The NRI business ranges from 20% to 35% base on project type and location. NRIs over the years have been investing in property, but mainly across metro cities of the country as it ensures them the lifestyle they are used to and appreciation value and healthy returns,” says Manju Yagnik, Vice Chairperson, Nahar Group.

The recent economic slowdown and rupee becoming weaker as against US dollars has in fact a positive impact for the realty sector as NRI’s began showing a keen interest to invest in Indian realty.

Adds Yagnik, “Indians by their very nature are sentimental and have a propensity to save. Though working abroad, they definitely have plans to finally come down and settle in their country of origin. Therefore, they make investments among other things, primarily in property. It is a known fact that investment in real estate in one of the best investment options available, attracting healthy returns.”

According to Zaheer Majeed Memon, Partner, Zara Habitats, “From the past several years, the sector has been witnessing a major inflow of funds from overseas investors showing keen interest in Indian properties. NRIs have always driven a significant demand in the real estate sector in India either due to the growth potential of our country or their affinity towards their motherland. But surely NRIs have been a huge support in contributing to the demand of Indian real estate.”



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Manju Yagnik
Vice Chairperson, Nahar Group



Agrees Ganesh Vasudevan, CEO, Indiaproerty.com who says, "NRIs contribute close to 10% to the realty sector in India. NRI investments are more than 30% in Kerala, while in Hyderabad and Delhi they contribute close to 10%."

Adds Vasudevan, "Independent houses and villas seem to be the most popular property type amongst NRIs for end use. 43.9%, 53.9%, 51.7%, 45.5%, 56.2% of NRIs looking for a property in Chennai, Ernakulum, Hyderabad, Bangalore and Thiruvananthapuram respectively are seeking to buy a villa or independent house. But when an NRI is buying a property purely from investment perspective they prefer an apartment for higher ROI."

Brotin Banerjee, MD & CEO, Tata Housing is of the view that the Indian realty sector which comprises of residential, retail, hospitality and commercial verticals is expected to grow in double digits over the next decade touching a market size of around \$180 billion by 2020. "The growth story of Indian realty rides primarily on the growing economy and the ease of NRI's investing in Real estate in India. In fact The Reserve Bank of India has given permission to all non-residents who possess Indian passports as well as people of Indian origin to invest their money in the real estate sector (residential as well as commercial property). It has resulted in a surge in NRI's buying property in India. At Tata Housing, the share of overseas in the total sales pie is also increasing. Currently, NRIs contribute between 15-20 percent of our total

sales and this has been increasing since the last few years. We expect this to increase to 25-30 per cent in the next 3-4 years," says Banerjee.

Says Surajit Chanda, Regional Head (Pune), Sobha Ltd, "NRIs account for 8-10% of the total volume of housing transactions in the country. NRI contribution varies with different cities, it is as high as 30-35% in Kerala while about 10-12% in Delhi-NCR and Hyderabad."

Cities that attract most number of NRIs

Dubai, Kuwait, Singapore, London have always been excellent markets for Indian, attracting buyers to Delhi, NCR, Lucknow, Indore, Chandigarh, Chennai, Kochi, Bangalore, Kerala, Hyderabad etc.

Talking about the reasons for NRIs investing in these Indian cities, Neelima Saxena says, "We have seen a definite trend in this. People look for investment in metro as well as non-metro cities based on their investment capacities. According to Assocham survey, those related to IT jobs consider Bangalore as an ideal investment destination. Ahmedabad has continued to be the most stable market in terms of demand and absorption of both residential and commercial spaces. Pune takes the 3rd place with 30.5%, Chennai at 28% per cent assumes 4th position and Goa is at 5th position with 23%. While in Delhi, only 21% NRIs are interested in property purchase. Having said that, my personal experience suggests that NRIs also actively look forward

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Surajit Chanda
Regional Head, Sobha Developer



to attractive options in tier 2 cities like Lucknow, Bhopal, Indore, Patna, Jaipur, Chandigarh, Amritsar, Vishakhapatnam, Kochin as well.”

Manju Yagnik is of the view that generally, NRIs prefer to invest in properties located in city centric areas of metro cities of the country.

“Among metro cities, the Mumbai real estate market has been faring reasonably well in terms of appreciation value. This has come about due to stability in price and new initiatives planned by the government both at the central and state levels, giving a new thrust to the market. We have seen quite a few new launches in the recent past in Mumbai indicating that there is demand for the right product at the right location and price. Overall the market is stable in terms of demand and pricing. With several key infrastructural development projects underway connecting north – south and East – West of Mumbai, there is immense growth potential for the real estate sector to develop. For example Chandivali is one of the most sought after residential destination due to its green cover and luxury product offerings. It is also strategically located being accessible from the central and western suburbs. Looking at the future development prospects, Mumbai & Bangalore continues to retain top position as the most sought after city and will continue to attract interest among the NRI community going forward as well,” says Yagnik.

According to Zaheer Majeed Memon, “Although initially it was only the

metropolitan cities that intrigued the NRI investor, from the past few years these interests and demands have been focussed in other tier 2 cities and towns with growth potentials independent of a metro connection. Mumbai, Delhi, Noida, Pune, Bangalore, Nasik, Hyderabad are definitely few of the most sought after destinations preferred by NRI investors, keeping in mind the state of the art projects available and a constant improvement and development of Infrastructure in these cities which are promising factors.”

As per IndiaProperty.com data the top ten cities as per demand from NRIs in Q4 2014 are Chennai (21%), Ernakulam (11%), Hyderabad (9%), Bangalore (7%), Mumbai (6%), Thrissur (5%), Thiruvananthapuram (3%), Pune (3%), Navi Mumbai (3%) and Pathanamthitta (3%). The growth of IT sector is one of the biggest factors behind the NRIs investment in Bangalore, Hyderabad and Chennai.

According to Naresh Bharde, Chairman & Managing Director, Excellence Group, “The ever growing issue of traffic and crowd in the cities makes metros a deal-breaker for NRIs. NRIs today are better informed than earlier times and look to invest in upcoming localities rather than established ones. The property rates are lower and there is scope for better infrastructure planning & development. Today, NRIs prefer to invest in tier II & III cities such as Pune, Solapur, Karjat, Kochi, Indore, Hyderabad etc. The Pune market especially, is gaining momentum whereas realty is considered as it is a rapidly growing IT hub.”



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Zaheer Majeed Memon
Partner, Zara Habitats



“A large number of enquiries are coming from Indians residing primarily in the Middle East, followed by South East Asia, the US, Singapore, Australia, UK, Canada and South Africa. Middle East has an India diaspora of 26 lakhs people representing all corners of India. It includes workers at all levels with a diversified investment portfolio. This is the reason why most of the queries are coming from this market. In recent years, other places like the US and Europe have had tough migration policies therefor the only highly skilled people are finding job opportunities there. Hence the queries are relatively lesser from these places but the quality of queries is very high.”



Neelima Saxena, COO
Paarth Infrabuild Private Limited.

Says Surajit Chanda, “Bengaluru and Mumbai are the two top markets that attract NRIs, NRI property investors also consider Kochi, Chennai, Pune, Delhi, Hyderabad, Navi Mumbai, Goa and Ahmedabad. Each of these markets have their own set of demand drivers. For instance the major factors that drive NRIs to invest in Bangalore & Pune’s property market is the booming IT sector. In case if Ahmedabad NRI’s consider it a safe place to invest in, with lenient government regulations regarding property investments by NRIs.”

Some experts also claim that new cities like New Raipur have also started attracting NRIs for its world class infrastructure and new development. According to SS Bajaj, Vice-Chairman of Naya Raipur Development Authority, “We already have all the infrastructure ready which is required for a smart city. No other city in the country has this kind of infrastructure which could be used for making a city smart city. Whatever we have invested since the inception of the project, it was in tune with the smart city concept. We don’t need a lot of money to make New Raipur a smart city. We need money only to make the city IT enabled and make civic amenities and other facilities online for people. So we don’t need external funding on a large scale. If we get good funding, it is good but if we do not get it, we are still quite comfortable.”

Countries that show interest in Indian realty market

According to Ananta Singh Raghuvanshi, “While, Dubai, Kuwait, Singapore have been giving us steady business for the last two decades. We have stepped up our efforts in UK, Canada, USA and Hongkong.”

Rajesh K. Gouri is of the view that maximum no of NRIs that show nterest in Indian realty market are from American continent, Gulf counties and Asia Pacific counties.

Says Neelima Saxena, “A large number of enquiries are coming from Indians residing primarily in the Middle East, followed by South East Asia, the US, Singapore, Australia, UK, Canada and South Africa. Middle East has an India diaspora of 26 lakhs people representing all corners of India. It includes workers at all levels with a diversified investment portfolio. This is the reason why most of the queries are coming from this market. In recent years, other places like the US and Europe have had tough migration policies therefor the only highly skilled people are finding job opportunities there. Hence the queries are relatively lesser from these places but the quality of queries is very high.”

Talking about the reasons why some countries show more interest in Indian real estate sector Manju Yagnik says, “Generally, Indians working in the UAE show a higher propensity to save and invest in Indian real estate followed by NRIs settled in USA and Singapore. This is because the Indian Diaspora in these countries look at returning to India sooner or later and also as an investment instrument for better returns



for themselves and their families. Many of these NRI's buy property for their near and dear ones back in India."

According to Zaheer Majeed Memon, "Non-residents based out of countries like UAE and certain GCC countries, UK, South Africa, and U.S. have shown keen interest in the past few years in making significant investments in real estate in India. Many NRI's consider India as an avenue of investment primarily since this is their country of origin and they undoubtedly an affinity to their motherland, India surely has a preference over other destinations for their asset investments. Also, a large segment of NRIs look at India as an eventual retirement base where they would like to settle back. Having said that, most importantly, the return on investments are the most promising in the real estate sector in India in comparison to other options that they may have. ROI, in the past several years are self explanatory why NRIs would still prefer India as a safe and promising avenue to keep their investments in place."

Views Ganesh Vasudevan, "NRIs from Middle East countries, Canada, US, UK, Singapore, South Africa and Australia are the potential buyers in India. The maximum demand in all the top cities comes from NRIs living in UAE and other Middle Eastern countries. Residents of the United States of America and United Kingdom are also looking for real estate in Chennai, Hyderabad, Bangalore, Pune and Mumbai. 37% of NRIs who are looking for a property in Pune come from UAE,

followed by 25% from United Kingdom and 16% from the United States of America."

Brotin Banerjee is of the view that the highest demand for Indian property comes from NRIs in the United Arab Emirates followed by United States of America, United Kingdom, South Africa, Malaysia, Singapore, Hong Kong and Australia.

Says Naresh Bharde, "A considerable percentage of the Indian population migrates to other countries in search of better job prospects. Countries such as Singapore, UAE and USA are the most popular destinations for employment opportunities. Consequently, NRIs from these country show more interest as compared to others. Being away from home, the NRIs invest in their homeland as they believe it ties them with their motherland. The comparatively cheaper property rates and the rapidly growing infrastructure in the upcoming locales in India make it the ideal investment destination for NRIs. Additionally, these investments also bring regular returns through returns and of course, the quick appreciation of the property.

Surajit Chanda is of the view that NRIs residing in UAE, the US, Singapore, Australia, the UK, Canada and South Africa are interested in buying properties in India. NRI investments in real estate has gained momentum over time owing to stability in prices rupee devaluations and attractive long term returns.



"We already have all the infrastructure ready which is required for a smart city. No other city in the country has this kind of infrastructure which could be used for making a city smart city. Whatever we have invested since the inception of the project, it was in tune with the smart city concept. We don't need a lot of money to make New Raipur a smart city. We need money only to make the city IT enabled and make civic amenities and other facilities online for people. So we don't need external funding on a large scale. If we get good funding, it is good but if we do not get it, we are still quite comfortable."



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Factors that pull NRIs to Indian real estate market

According to realty experts stability in housing prices and favorable rupee movements are bringing back the NRIs in a big way to the real estate market. For the significant multitude of NRIs who have every intention of returning to India at some point, buying a property in India has much more personal connotations. The growing housing needs of their families need to be addressed, and they need to lay a strong foundation for their own eventual return.

Says Ananta Singh Raghuvanshi, "The factors that pull NRIs to Indian real estate markets are sentimental attachment, sense of security, family sentiment, options to come back at the later date, and of course investment."

According to Neelima Saxena, "There are two basic reasons behind this – primary reason is the lure of attractive returns and secondary reason is building an emotional connect with the place where one had spent the formative years of his / her life. India is one of the best performing economies across the globe. Global rating agencies have been optimistic about the growth of Indian economy which has prompted NRIs to invest in Indian real estate market."

Agrees Zaheer Majeed Memon who says, "Most importantly a safe investment haven with sound return on investments is generally the priority for most investors. Apart from that, a strong and solvent government at the centre

and investor friendly policies in favour of NRIs are definitely driving factors in creating a strong demand."

Ganesh Vasudevan is of the view that due to global uncertainties and high returns it has fetched in the past, India has been a hot bed for property investments by NRIs. "In reality NRIs invariably look for homes close to their native places or places of future economic growth. The former makes it easier for them to keep an eye on their property and also gives them mental satisfaction of owning a house they can come back to. The latter ensures a decent return as and when they need to unlock the investment. The government has made NRI investments in India easy. An NRI can avail Home Loans from the National Housing Bank (NHB) approved financial institutions like Indian Residents. Also, without much hassles and approvals from RBI, NRIs can rent out their residential properties," says Vasudevan.

He adds, "The consistently appreciating dollar value is another major factor for NRIs to invest in India. Also, they are confident about the new government which is stable. At 18%, 2013-14 fiscal year witnessed lowest interest from NRIs for real estate investments in India. The investments improved in 2014-15 fiscal year with 30% contribution from NRIs."

"Stability in housing prices, stable government at the centre and favourable rupee movements are bringing back the NRIs in a big way to the real estate market. However, the principal reason for buying a house

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Ananta Singh Raghuvanshi,
Executive Director-Sales &
Marketing, DLF Universal Ltd



in India is investment considering the strength of the dollar against the rupee and the subsequent purchasing power which the NRIs command when it comes to India,” says Mr. Brotin Banerjee.

Suggests Naresh Bharde, “With the new government and the increasing stability in property rates and the favorable movements of the rupee are an encouragement for the NRIs to invest in Indian Real Estate. What also acts in the favor of the NRIs are the RBI’s regulations on it which are fairly easy and do not require any prior permission from the authorities. Investing in property also has tax-saving benefits for NRIs as well. An NRI is entitled to all the tax benefits related to purchasing real estate and can claim a Rs. 1 lakh deduction under 80C.

According to Surajit Chanda, “NRIs are attracted to invest in Indian real estate for multiple reasons. Present generation NRI adults are still connected to the subcontinent and owning a property in the country helps them strengthen that bond. Secondly, the low value of the rupee vis-à-vis currencies such as the dollar and the pound make it possible for NRIs to purchase houses or even commercial real estate property that yields good returns. Thirdly, it could prove as an option for a retirement home if he/she chooses to. The new government’s focus on infrastructure and reforms and advent of world-class retail outlets, schooling and other facilities emerging in India is further encouraging NRIs to invest in Indian real estate.”

What happens when rupee depreciates

Realty market experts says that when rupee depreciates, investment of NRIs increases as depreciation of rupees increase inflow of rupees in India economy as remittance.

“The depreciation of the rupee provides a psychological boost to both NRIs and developers. Though it is commonly felt that with each depreciation cycle, NRIs will find it cheaper to invest in real estate in India. They will have more money to invest in the local markets as inquiries go up and developers concentrate their marketing efforts to attract more NRIs,” says Neelima Saxena.

According to Manju Yagnik, “The present government at the centre has taken initiatives in creating a perfect atmosphere to attract foreign investments into the country. Looking at the present global investment scenario, India seems to be an attractive investment destination for NRIs looking at investing in their home country. With the USD getting stronger against rupee; it has become a much preferable proposition to buy property in dollar terms in India; making good business sense. However there will always be speculation amongst the NRI that USD will go up further and there will be better ROI. Also, India has been successful in maintaining a status quo during the earlier turbulent global downturn and continues to do so in the current scenario where many developed markets in the western world are facing

“Stability in housing prices, stable government at the centre and favourable rupee movements are bringing back the NRIs in a big way to the real estate market. However, the principal reason for buying a house in India is investment considering the strength of the dollar against the rupee and the subsequent purchasing power which the NRIs command when it comes to India”.



Mr. Brotin Banerjee,
MD & CEO, Tata Housing



instability. A large number of NRIs, over 30%, who have invested in our projects have already experienced sizeable gains in terms of consistent high returns from the rentals and substantial appreciation. We have experienced increasing NRI participation at our flagship project Nahar's Amrit Shakti at Chandivali, Andheri (E), Mumbai."

Zaheer Majeed Memon feels that when rupee depreciates, the immediate effect for an overseas investor would be a cheaper acquisition of a property that he has been eyeing. It surely has a positive impact on the foreign investor who anticipates saving substantial in his cost of acquisition of an asset.

Says Ganesh Vasudevan, "When rupee depreciates properties in India become more affordable for NRIs. At IndiaProperty we have witnessed an increase in the number of enquiries from NRIs post falling rupee."

Agrees Brotin Banerjee, "The depreciation of the rupee is encouraging to the NRI community looking to invest in India. Indian developers are also capitalizing on the current depreciation cycle to attract NRI buyers. At current rupee levels and sluggish market conditions in many markets that are expected to remain for the next few months, NRIs could possibly benefit substantially from some attractive options available in the markets."

"Depreciation of the rupee definitely impacts the purchasing power of the NRI. While making hefty investments such as investment in property-commercial and residential, the

reduced value of the rupee sums up to a large amount. So when the rate of the rupee drops, NRIs act quickly and choose to make investments in real estate which also proves to garner good returns in the form of rent," suggests Naresh Bharde.

Right time for NRIs to buy properties in Indian?

Real estate experts believe that this is the most conducive time for NRIs to invest in Indian property market because the sentiments are right. Encouraged by the positivity in the overall business and political fronts, Non-Resident Indians are increasingly investing in the Indian real estate markets. The recent surge in NRI investments have much to do with the declining Indian Rupee, lower interest rates and the increasing price stability in the Indian real estate markets. According to market estimates, NRIs contribute nearly 8-10 per cent to the total residential property sales in India.

The real estate industry in India has a lot of potential with various foreign Real Estate and finance companies entering into Indian market. In addition to this, approval of 100 per cent FDI in real estate development is also an incentive for the NRIs. Financial institutions such as banks provide home loans easily and efficiently to NRI's as repayments are scheduled resulting in low NPAs and low debt ratio. Furthermore, if someone is already getting income in India from sources like rent or dividend, then people can directly repay the loan.

Growing economy with a rising number of residential housing, IT,

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Naresh Bharde
Chairman & Managing Director,
Excellence Group



ITeS, organised retail and hospitality industries, the sector will continue to see increased investment activity. The Indian real estate industry is likely to grow from US\$ 12 billion in 2005 to US\$ 90 billion by 2015. Foreign direct investment is also expected to jump six-fold to US\$ 30 billion over the next 10 years. Thus, it makes India a haven for NRI investments.

Says Ananta Singh Raghuvanshi, "It is always the right time for NRIs to buy in India. A lot of ready to move inventory, with no surprises instore is available with fairly attractive payment options from developers."

On the other hand Rajesh K. Gouri gives various reasons for NRIs to invest in Indian real estate. These are, price correction & stabilization in Indian real estate market, from current scenario price is bound to increase, stable govt. & encouragement for growth partnership in India in line the call of patriotism and favorable govt. policies such as ease in housing finance, FDI, widening the scope of real estate market. (SEBI released draft guidelines for investments by Real Estate Investment Trusts in non-residential segment, Upon implementation, this would widen the real estate market and boost funds entering the organized real estate sector.

Says Zaheer Majeed Memon, "There's a popular saying in Wall Street, "Don't try to time the market!" There is always a right time to buy real estate. Rule is no different for our NRI investors when it comes to purchasing their dream asset here in India. I feel no sector in the economy is immune to corrections or

bullishness. Your investment decisions cannot necessarily rely only on such speculations. However, like I said international economic conditions, exchange rate fluctuations, socio-economic and political atmosphere and other factors collaboratively does affect the macro buying pattern of investors."

Adds Memon, "Indeed, it is a right time for investors from overseas to focus in Indian real estate avenues, keeping in mind an array of investment options and opportunities, taxation sops, long term developmental plans for infrastructure growth in major cities and smaller towns and strings of attractive and feasible investment options offered by many real estate companies."

According to Ganesh Vasudevan, "The Indian realty sector has been stagnant for a while now and property prices have not moved up. The market is favoring buyers and developers are offering discounts and freebies. On the other hand, dollar has been consistently strong making properties in India more affordable for NRIs."

Agrees Naresh Bharde as he says, "It is definitely an ideal time for NRIs to buy properties in Indian real estate. With the government's initiative of 'Housing for all by 2022' and its encouragement for Smart Cities, there are a lot of investment avenues that have opened up for investors. Additionally, owing to the surplus of vacant homes, builders & developers are coming up with several offers and discounts. With the rapid urbanization and the flourishing IT sector, the real estate sector is forecasted to do well."

Reasons for NRIs to invest in Indian real estate are, price correction & stabilization in Indian real estate market, from current scenario price is bound to increase, stable govt. & encouragement for growth partnership in India in line the call of patriotism and favorable govt. policies such as ease in housing finance, FDI, widening the scope of real estate market. (SEBI released draft guidelines for investments by Real Estate Investment Trusts in non-residential segment, Upon implementation, this would widen the real estate market and boost funds entering the organized real estate sector.



Rajesh K. Gouri
VP Sales & Marketing - Homestead
Infrastructure Development Pvt LTD



Surajit Chanda says that it is the right time to invest in Indian real estate due to stability of prices, softer interest rates, depreciating rupee, better infrastructure and facilities, and the potential for high returns both in rental income or capital appreciation.

Steps the government should take to attract NRIs

Ananta Singh Raghuvanshi is of the view that circle rate corrections have been welcomed in the resale market and ease of transaction and ease of repatriation is extremely important.

However Neelima Saxena says that government seems to be taking a lot of positive steps in the right direction to attract NRIs in greater number to Indian real estate market.

“With the announcement of 100 smart cities, hassle-free airports across tier-II cities to improve connectivity etc measures like these clearly show the government’s intent. The Indian government has played a major role in supporting the growth of the real estate sector by allowing NRI investment in the real estate. The Government has opened the doors for the FDI in Housing and Real Estate Sector for development of serviced plots, construction of built-up residential and commercial premises including business centers and offices, development of townships, city and regional level urban infrastructure facilities, including both roads and bridges, investment in manufacture

of building materials, and investment in participatory ventures in the development of serviced plots and construction of built-up residential premises,” says Saxena.

According to Manju Yagnik, “The government needs to bring in major policy reforms within the realty industry as well as for creating a conducive climate for NRI investments into the country. The real Estate sector should be given industry status. This will bring in transparency and attract funds from NRI. The government has taken steps to address this issue by tabling the Real Estate (Regulation and Development) Bill, 2013 which is awaiting approval. Once approved, this hopefully should bring in more transparency and better corporate governance in the sector.”

Adds she, “Tax reform is required in terms of investment in real Estate and exiting from the same. Currently an NRI is liable to pay 20% to 30% capital gain tax on the sale of his property. When an NRI sells property, the buyer is liable to deduct TDS @ 20%. In case the property has been sold before 3 years from the date of purchase a TDS of 30% shall be applicable. The entry and exit for NRI investment needs to be simplified.”

Zaheer Majeed Memon is of the view that policies framed by the government to protect investor rights and creating a feeling of safety and transparency in the minds of NRI investors or home buyers would definitely help in bringing about confidence in markets. “Smoothering the processes of remittance, friendly taxation laws, would

certainly be an encouraging move to welcome NRI investors to invest more in Indian markets. Stronger and more investor friendly laws and intensive due diligence methods to protect rights of an investor is pivotal in providing comfort and security,” says Memon.

According to Ganesh Vasudevan, “The RBI approval procedures should be made easy. Digitization of property registration and records would reduce the property related frauds and increase the confidence of buyers.”

Brotin Banerjee says that NRI’s, being exposed to global lifestyle standards, demand homes that are an extension of their personalities and beliefs. “Developers are now becoming quite serious about sizing and pricing their products right, to make them attractive to a larger cross-section of customers. Townships are becoming a lot more prevalent, since this is becoming the residential option of choice for many returning NRIs looking for a better lifestyle for their families. Even in terms of construction technologies, designs are more sustainable, efficient and contemporary. Tata Housing has partnered with internationally acclaimed architects and design consultants to deliver world class products to India whether in the form of Myst in Kasauli – India’ first biophilic project or The Promont in Bangalore,” views Banerjee.

Surajit Chanda says that the government is already on the right track with measures such as relaxation of norms for FDI in real estate , thrust on infrastructure development, announcement of smart cities etc.





The Real Estate Regulatory Bill will be another positive step towards encouraging NRIs to invest in Indian Real Estate.

Does Indian real estate market live up to NRIs' expectations?

Real estate experts are of the view that India products are of International standards in terms of look, feel, safety, landscaping, layouts and other parameters. Also websites, walkthru's etc. provides a lot of assistance in decision making. International broking firms have also contributed by creating greater awareness.

Says Rajesh K. Gouri gives out various instances to claim that Indian property market lives up to the expectations of NRIs. These are, (a) With the help of wide range of offering from pent house to ultra-luxury homes, villas etc. (b) Introduction of Boutique Branded Residences, world class services & offering, world class living experience & concierge services. (c) End-to-end solution & international standard living experience for life time to name a few Michael Schumacher World Tower & Ballet By Sharapova.

According to Neelima Saxena, "We should appreciate the fact that India is a unique market with a lot of variations. It has a different positioning than any other market across the world and therefore it needs to be perceived and treated uniquely. Keeping this in mind, Indian real estate market has been very innovative and supportive to meet

NRIs requirements. It is an area where continuous efforts need to be made to keep the interest alive and am confident that the industry is taking conscious efforts in this direction."

"The real estate market has always given better returns on investment. The recent global meltdown was in fact a turning point which resulted in NRIs once again turning towards their home country to make investments. India, a growing economy coupled with a stable political climate currently is the preferred choice for NRIs when it comes to investing in property," says Manju Yagnik.

Zaheer Majeed Memon believes that as it has been in the past, Indian real estate market has always promised and delivered its best to the investors in its short and long run. We can expect stable and more calculative yet attractive returns on investments in the coming years from the sector. "NRIs have a wide option of choosing a city of their choice and projects to narrow down at, today. Lifestyles and end products have improved and the market has a lot to offer a quality conscious NRI investor in terms of value for his money and a guaranteed appreciation of his asset over a period of time. In comparison to other markets overseas, Indian real estate still remains the highest return yielding market assuring attractive returns," says Memon.

Ganesh Vasudevan is of the view that even though the realty market in India is currently moving at a slow rate, it is still favorable for long term investments. The buyer should invest at the right

location and with the right builders to reduce his risk on investment.

Says Brotin Banerjee, "NRIs these days feel confident about the real estate sector of India. This sentiment has been witnessed with huge investment from NRI's specifically in large Indian cities over the last few years. Among the main reasons for the change is the depreciating rupee that has made properties in India favorable for the NRI's."

Naresh Bharde says, "In my opinion, the real estate market does live up to the expectations of NRIs. As the rate of appreciation is high and the peripheries of large cities are also undergoing transformation, real estate proves to be a good investment option. A lot of developers, like us also offer online booking of plots which enhances transparency thus taking care of the fear of corruption and fraud in the minds of the NRI. "

Surajit Chanda is of the view that NRIs tend to invest in luxury residential projects as well as commercial real estate. "The real estate sector in India is evolving to cater to the demands of global consumers. Major organized players in the sector are able to meet the NRI customer expectations in terms of quality & the facilities & amenities provided in the project and of course has been successful in matching expectations in terms of good return on investment," says Chanda.



Steps that the real estate sector should take to attract NRIs

According to Ananta Singh Raghuvanshi, “Road shows, reaching out to overseas buyers regularly, rental services, housekeeping services, buy back options etc. would improve market sentiment, confidence and ease of managing assets.”

While according to Rajesh K. Gouri following are the steps that government should take to attract NRIs – (a) Clarity on legal rights, (b) Regulatory body to minimize dubious developers, (c) Completion of project within time frame and (d) ESCROW accounts implementation

According to Zaheer Majeed Memon, “Maintaining transparency in transactions, being of utmost importance, ethical business practices, Quality consciousness, overall infrastructural development, environment friendliness, sustainable development models, are some basic and yet most important requisites that need to be imbibed in functioning of the real estate sector as a whole would definitely help in attracting NRI investors in Indian real estate markets.”

Says Ganesh Vasudevan, “In past there have been incidents where NRIs felt cheated, as the end product delivered after endless delays were nowhere close to what was promised. Now they are extra cautious and aware of the developers and look for products which they feel is value for money and try and stick to known and credible brands.

They are also more comfortable with ready to move in or close to completion properties rather than fresh launches. Unlike earlier days, with an increase in the number of online real estate portals and complaint forums, now NRIs have better access to information. Indian Government could make changes to the conditional rules for property purchase by NRIs into easy procedures, which would make Indian Real estate sector NRI investment friendly. There could be government organised or supported property shows in NRI living countries to lure them to invest in India.”

Views Naresh Bharde, “For NRIs, the fear of engaging with fraudulent developers is very high, and understandably so. Being in another country, it is difficult to be able to make large investments. This lack of faith in the developers hampers the investments made in Indian Real estate. By adopting more transparent practices and streamlined process, developers can gain the trust of the NRIs thus encouraging investments. Developers must also offer the facility of ‘online booking and online payments in order to help the investors be more aware about who they engage with and invest with.

Surajit Chanda says that the real estate sector is gearing up to cater to the well informed clientele domestic or NRI.

“An increasing number of Real Estate businesses are becoming professionally managed, rather than family run businesses. Major real estate players are adopting technology and processes to meet the growing need for managing multiple projects across cities, material sourcing and other

enterprise functions. Increasing number of qualified professionals in areas like project management, architecture and engineering are being hired by the industry. The growing flow of FDI into Indian real estate is demanding increased transparency another important factor in attracting NRI customers. Increased transparency will help build further confidence and trust among the NRI buyer segment,” says Chanda.

Unethical practices hurting NRIs’ confidence

Real estate experts views that this could be true to an extent but overall NRIs have stayed very loyal and confident of their investment into Indian real estate market and with the proposed Real Estate regulation bill, this will get further boost in future.

According to Ganesh Vasudevan, “Lack of transparency, unethical practices followed by builders, complex legal procedures and increasing number of frauds are the key reasons why NRIs lack confidence in the Indian Realty Sector.”

Says Manju Yagnik, “In every sector there are fly by night operators which should not be applied to the entire sector as unethical. There are reputed developers who have been operative and delivering since many decades. Though the real estate sector has since long been considered unorganized, yet it has managed to attract NRI interest and investments which has appreciated for decades. The real estate regulator as planned by the government is a right move to control unwanted practice.





However, with changing market dynamics there has been a perceptible shift in the mind-set of the people and industry in the way business is conducted.”

Agrees Zaheer Majeed Memon as she says, “Lack of transparency at certain levels and unethical business practises definitely mar any industry and its growth. However, in the past few years we have witnessed a lot of effort on part of the government and statutory authorities to bring down violations, irregularities and keep unethical business practises in check. The widely debated and discussed Real Estate Regulatory bill at the centre level is pitched to be an effective legislation that may change the scenario for better for the real estate sector and bring about consistency, transparency and consumer protection which surely will have a very positive impact on investor sentiments as well.”

According to experts like Ananta Singh Raghuvanshi and Rajesh K. Gouri, buyers should take some precautions like taking the information from the company website directly, and dealing through the certified authorised agents. They must do the due diligence and then invest. “Regulatory bill on real estate must passed on priority. Industry lobby bodies need to be more vigilant in order to provide favorable investment environment, developers should be more responsible to address the issues & help maintaining healthy investment flow by avoiding misconducts and ESCROW accounts should be on priority,” suggest Gouri.

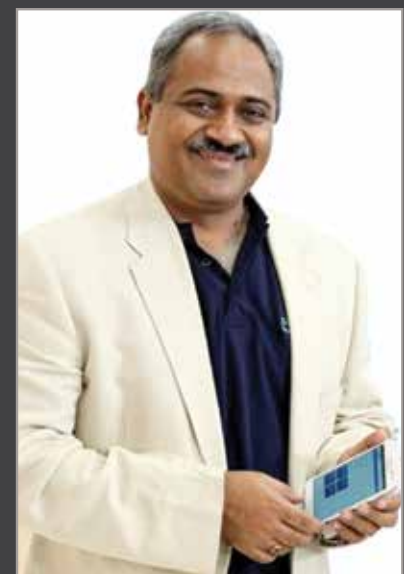
According to Naresh Bharde, “Unethical practices and the unorganized nature of this sector, NRIs are skeptical before investment, and rightly so. The upcoming Regulatory Bill however proposes to take measures to curb the use of black money and increase transparency. While government is forming policies to ensure transparency, the investors too must take certain measures from their end. While investing in a property in India, it is critical for NRIs to take care of the provisions mentioned in the Foreign Exchange Management Act as well as the Income-tax Act. All property related payments to developers and builders must be made through their NRE bank account. Doing so increases transparency in realty dealings but also helps keep a record of all property related payments. It is essential to understand the developer, assess their reputation, past projects, existing customers, etc before purchasing the property. It is very important to invest with a trustworthy partner as it involves considerable amount of money. Additionally, buyers must ensure that the builder/ developer has clear and full ownership of the land and there are no legal disputes over the concerned land. While purchasing an residential property, buyers must also make sure the project has an Intimation of Disapproval (IOD) as well as a commencement certificate in place.”

Surajit Chanda views that lack of regulation of the Indian real estate industry is a major cause for low trust amongst NRI buyers.

“The low confidence in India’s real estate is a result of bad business practices by a few developers. Developers who run well-managed and transparent businesses also suffer. The Real Estate regulatory bill will be a step that will bring about a sea change in the way the sector operates, it will help safe guard buyer’s interests and help boost confidence & trust back into the Indian Real Estate sector,” says Chanda.



“NRIs from Middle East countries, Canada, US, UK, Singapore, South Africa and Australia are the potential buyers in India. The maximum demand in all the top cites comes from NRIs living in UAE and other Middle Eastern countries. Residents of the United States of America and United Kingdom are also looking for real estate in Chennai, Hyderabad, Bangalore, Pune and Mumbai.”



Ganesh Vasudevan
CEO, Indiaproperty.com

