



THE NEED TO FAST-TRACK LAND POOLING POLICY





PREVIEW

Month of July has been a period of transition where real estate community is still coming to the terms of RERA and GST implications. July being the deadline for getting their under-construction projects registered, most developers were seen making a beeline for getting their projects compliant besides making calculations about benefits to be passed on to the buyers under GST's input tax credit facility. Sentiments are settling down gradually on GST as well as RERA as both, developers and buyers getting some clarity on their implications with time

In the meantime, the glare is back on the languishing Delhi's Land Pooling Policy (LPP), after the state Govt's notification of 95 rural villages as "Urban Areas", paving the way for DDA to implement the policy fast to meet Delhi's requirement of 24 lakhs for the projected population of 2.3 Crore as per Delhi Master Plan-2031

The ball is clearly in the DDA's court now to move fast on LPP get the land together and prepare the zonal and master plans at the earliest for timely development of infrastructure in pooled land. The cohesiveness and preparedness of DDA, Delhi government departments, MoUD and other agencies is yet at preliminary stages and will hold the key to the success. Encouraging private sector participation must be the way forward as govt agencies doesn't seems to have enough bandwidth to bridge the widening demand-supply gap

It is also advised to the buyers from making any investments in identified zones before pooled land is further allotted or given back to land owners/developers with sanctioned plans & other approvals.

Month of July also saw some significant allocation to infrastructure including centre approving Rs 67,523 Crore for urban infrastructure in Maharashtra, State Govt's package Rs 11,000 Crore package for Bengaluru infrastructure, centre approving 30,000 affordable homes on private land others. Beside there were key developments including state govt allowing use of defence land for infrastructure projects, Maharashtra govt handling over land for Navi Mumbai airport and Tamil nadu govt, approving 7-fold expansion in Chennai's metropolitan limits

Arun Nigam

Senior Manager Consulting and Valuation, Liasis Foras Real Estate Ratings and Research Pvt. Ltd

NEWS OF THE MONTH

The Need to Fast-track Land Pooling Policy

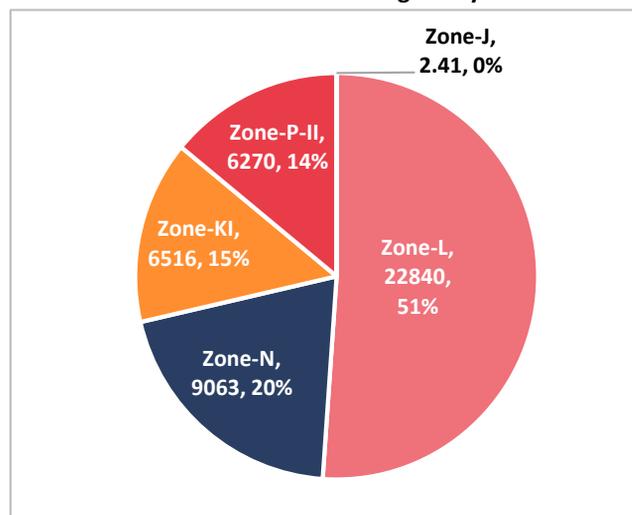
The glare is back on the Delhi's ambitious Land Pooling Policy (LPP), after it remained in abeyance for nearly 2 years. Earlier in May, 2017, the lieutenant governor of Delhi has notified 95 rural villages as "Urban Areas" and has been declared as "development areas", paving the way for the DDA for operationalization the languishing policy. The policy, which aims at expanding the urban limits of Delhi, was first approved by DDA in July, 2013 and was notified by ministry of urban development (MoUD) in September, 2013, while the operational rule were also approved by the MoUD in May 2015.

Since then, the policy has been gathering dust due to an unwarranted dispute between DDA and Delhi govt as the latter was demanding a share of 10% from DDA's share of the pooled land to develop hospitals, schools, etc. But, finally common sense has prevailed as the final notification was issued by the Land and Building Department under Section-12 of the DDA Act, which pertains to the declaration of development areas, meaning DDA can start making zonal & master plans of identified zones

The villages come under the 1957 Delhi Development Act in 5 zones including Zone K-1, Zone L, Zone N, Zone P-II, and Zone J. These zones have 20, 30, 21, 23, and 1 village, respectively.

This notification will result in unlocking of 44,691 hectare of land for development, which has a potential to provide land for approx. 24 lakhs affordable homes over the next 10 years, as per DDA estimates.

5-Zones Notified under Land Pooling Policy



Source: DDA

How the land pooling work..?

Under the land pooling policy, individuals or a group of land owners living in notified villages can pool their land either themselves or with the help of private developer, and hand it over to the DDA, which will be responsible for developing basic public infrastructure like roads, before returning a pre-fixed portion back to the owner.

The land owners offering between 2 and 20 hectares of land for development will receive 48% of their land back, while those giving away 20 hectares of land would get 60% of their pooled land back after development. The remaining land will become a property of DDA, under the Master Plan 2021. DDA can further develop the retained land themselves or further rope in private players to development If any developer chooses not to do so, then there are penal consequences, to be decided by Anti-profiteering Authority



The Mechanism – Process of Land Pooling Policy:

Land Pooling	<ul style="list-style-type: none"> • A group of land owners with small parcels of land will come together and give their pooled land to the DDA for development of basic infrastructure e.g. roads, parks, power supply, sewage treatment plants, utilities etc.
Categories of land Owners	<ul style="list-style-type: none"> • Category I: Land owners with land parcel of over 20 hectares • Category II: Land holding between 2 and 20 hectares <p>Once the authority develops the requisite infrastructure on the land, the land owners would get 60% and 48% of the land pooled for Category I and II respectively</p> <ul style="list-style-type: none"> • After getting their share of pooled land, land owners can partner with private sector developers to come up with residential projects
Land Use	<p>Category I: 60% = Residential (53%) + Commercial (5%) and Public/Semi Public (2%)</p> <p>Category II: 48% = Residential (43%) + Commercial (3%) and Public/Semi Public (2%)</p>
Use of retained portion by DDA	<ul style="list-style-type: none"> • The DDA would use the retained portion of the pooled land for creating the associated infrastructure, sale to private development as well as for public and semi-public areas.
Other Norms	<ul style="list-style-type: none"> • Once the land is returned to the land owners/developers for construction of housing units, the developer will be allowed to avail increased FAR of 400 for construction purposes • Land owners/developer will pay Rs 5 Crore per hectare as EDC to DDA. Those land owners unable to pay the EDC will have to return an additional 8% of the returned developed land • Those who opt out of paying EDC, will get only 35% of developed land as residential • Land owners/developers will get the developed land within 5km radius of pooled land • As per the norms, buildings of up to 20 storey may be constructed • Developers/land owners will have to construct a minimum of 15% units for EWS • The housing and commercial projects will have to be developed within 7 years. Additional time will be given only on payment of a penalty
Self-imposed Penalty by DDA	<ul style="list-style-type: none"> • In case DDA delays the development of the pooled land, it will pay penalty to the landowners/farmers of 2% of the EDC for the first 2 years and 3% for the period thereafter in case of delay beyond the completion of the project or 5 years

It's the beginning though...

Although, notification of urban areas is a crucial step, it is still a long way to go for land pooling policy to realise the said potential. It's actually first of the many steps that need be taken by the multiple authorities to actually operationalize it. Now the ball remains in DDA's court to get the land together and prepare the zonal and master plans at the earliest for timely development of infrastructure in pooled land. The cohesiveness and preparedness of DDA, Delhi government departments, MoUD and other agencies is yet at preliminary stages and will hold the key to the success. It is estimated that DDA would further take another 18-24 months just to get the land pooled from various notified areas. Further as per estimates, DDA will need at least Rs 2,500 Crore to create the envisaged infrastructure development under LPP. DDA now has a mammoth task at hand

It is imperative to note here there is no question of any legal housing projects to come up unless the pooled land is returned back to land owners/developers (read fresh land allotment) with approved zonal & master plans. A project cannot be launched without the land parcels being identified as residential and duly approved under LLP with sanctioned plans and project registration with the recently implemented RERA. Still many projects have come-up, particularly in L-Zone in Dwarka/Najafgarh area are being sold on the premises of memberships in housing societies. Buyers must refrain themselves from committing their hard earned money under any such scheme



Cost of prolonged delays & why it needs to be fast-tracked.

The standoff between Delhi govt and DDA has cost Delhi the vital 2 years, within which a lot could have been achieved on implementation front. Delhi is already reeling under acute housing shortage and the gap between demand and supply is only widening with vital time being wasted. As per the Master Plan of Delhi (MPD) 2021, population of Delhi is projected to go up to 2.3 Crore by 2021. Delhi would require about 24 lakh new dwelling units to accommodate the population. The figure includes the backlog of ~4 lakhs units comprising of 1 lakh net shortage (From 2001 Census) and rest by dissipated structure requiring replacement.

MPD further state assess that ~40% (9.6 lakhs units) of housing needs can potentially be met through re-development/up-gradation of existing areas of Delhi, while the rest (14.4 lakhs units) to be provided in the new areas.

In comparison, off late, what DDA and other govt. agencies have been delivering may be termed only a drop in ocean. DDA started its housing activities in 1967 and till January, 2007 allotted 3.7 lakhs flats. Till date DDA has constructed 11.39 lakh residential units. DDA's last 2 housing schemes 2014 and 2017 respectively, have seen subdued responses over smaller BHK sizes, poor reviews from existing residences & lack of civic amenities & infrastructure. The ongoing scheme, offering 12,069 flats including a significant chunk of 1BHK/LIG (11,197) and Janta Flats (384), have seen only 5,000 applications (as on 31st July) and hence DDA is contemplating extending the last date for the scheme by 15 days. Below is the summary of major housing development agencies in recent past:

Summary of Govt. agencies activities in immediate past

DDA	<ul style="list-style-type: none">• Since inception in 1967, DDA has allotted 3,67,724 flats and constructed 11.39 lakh residential units.
DMRC	<ul style="list-style-type: none">• DMRC is developing 2 plots near Metro Stations in Okhla & Janakpuri, offering 93 & 350 units respectively. They will be allotted through draw of lots• DMRC has Earlier Constructed Residential Apartments in Dwarka, Yamuna Bank, Saket & Shastri Park for its Employees
NBCC	<ul style="list-style-type: none">• NBCC is currently Constructing 6,252 Units in Delhi NCR & 28,965 Units are in various Stages of Planning. <p>Notably, NBCC is developing a greenfield project for DDA in Karkardooma (75 Acres -8,600 units) & in Sanjay Jheel (25 Acres- 3,000 units)</p> <ul style="list-style-type: none">• It Plans to Construct 166 Units in Faridabad's Sector 41 & 3 Projects in Ghaziabad 1 in Govindpuram with 152 Units & 2 in Koyal Enclave, with about 200 Units.• The NBCC Model of Housing is Redevelopment as is the case with the Government Housing Project being Constructed in East Kidwai Nagar. Revenues Generated by Selling Commercial Space in the Netaji Nagar, Sarojini Nagar & Nauroji Nagar Redevelopment Project will be utilized for Construction• Last year, NBCC had constructed ~1,500 Units in Gurgaon's Sector 37 & Sector 89

So, essentially, the requirement of 24 lakh Units for Delhi, as per Delhi's Master Plan 2021 seems to be quite a Task for DDA and other agencies in operations. In such a Scenario the only Solution to the Housing Shortage can be offered by fast tracking the Languishing Land Pooling Policy & the huge redevelopment potential that exists within the Capital

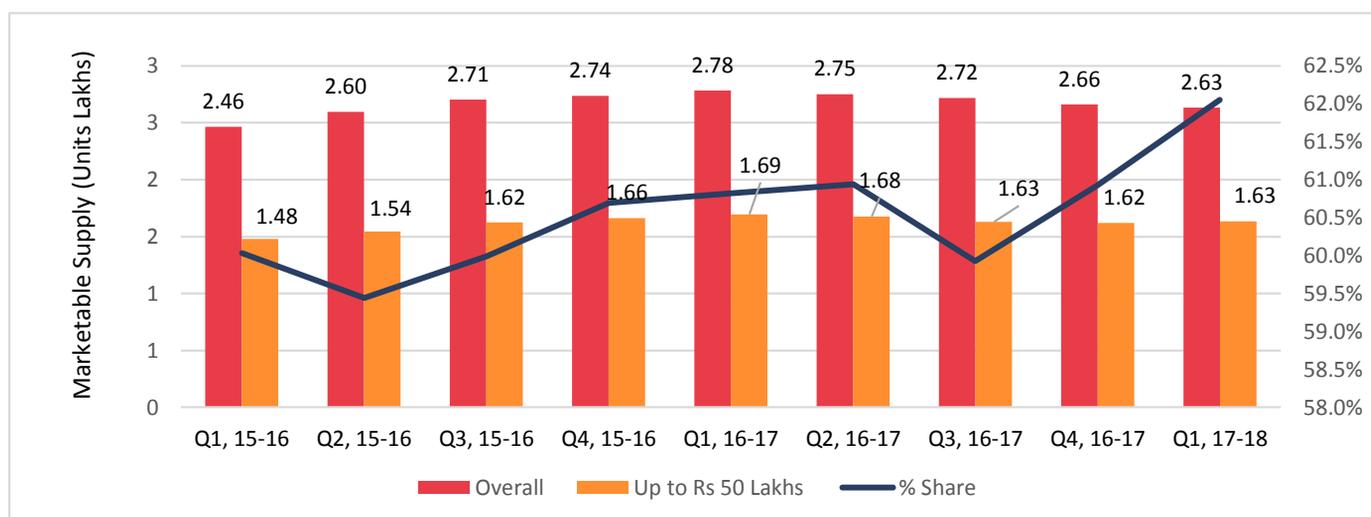
What is required is a significant surge in supply of affordable housing stock & that can come only in a freely competitive market and hence LPP needs to be fast tracked. Private sector needs to come into the picture as soon as possible. The earlier, the better.

Probable Impact on Demand/Supply Scenario

If implemented in time bound manner, This LLP, has the potential to change the dynamics of the residential market in NCR by boosting the supply of affordably priced apartment units within the geography of Delhi city.

Consider this: The total land notified under all 5 zones is 44,691 hectares, while the total area in Noida is 20,316 hectare, so, one can imagine the number of residential units this much area under LLP can accommodate. If housing stock consistently flows in it can have a significant bearing on the prices in whole NCR region due to influx of such huge inventory of affordable homes. Developers in areas like New Gurugram, Dharuhera, Kundli etc. may perceive the upcoming stock as a competition and thus, may be forced upon to rationalise the prices and product as a whole

Marketable Supply in Delhi NCR



Source: Lias Foras Research, NCR Constitutes Delhi, Gurugram, Noida, Greater Noida, Faridabad, Ghaziabad, Bahadurgarh, Kundli (Sonepat) and Dharuhera

The current vacancy rates in Delhi's existing colonies (~25%) may fall as they become more affordable due to likely reduction in prices. However, it may happen only 3-5 years before the supply starts coming into the market. Thus, any short-term impact on prices in Delhi or nearby towns is unlikely.

For Q1, FY'17-18, Delhi NCR market has marketable supply of 2.63 lakhs units, up 7% from 2.46 lakhs in Q1, FY'15-16. Of the said supply, 1.63 lakhs units were priced below Rs 50 lakhs and constituted a share of 62% - which increased from a share of 60% (1.47 lakhs units) for Q1, FY'15-16.

Plus, fast development under LPP will help in a holistic development of NCR market in the long term. Carving out new areas to make satellite townships can provide a better alternative for people from low-income groups who are live in the cramped areas of the city. It will not only improve on their living standards, but also help in wealth creation as a developed land with requisite infrastructure in the near vicinity will help steady price appreciation in the long run. Development with private participation will also help channelize billions in institutional investments into land and future developments, so it should deepen financing activities in the organised segment at both developer and consumer levels.

The Way forward

The aforesaid positive impact of LPP on Delhi or nearby area comes with a big rider i.e. active landowner participation, which will depend on fair and timely implementation and allotment of developed land. If this is missing, then again the LPP will lose its sheen and whole purpose is defeated. There are challenges like acquisition of left out land pockets, political risk, execution risk, issues due to differences in land valuation and timely development of basic infrastructure by the authority.

They need to be dealt with cautious and quick enough. Govt, need to quickly assess that average per capita land holding in Delhi would be less than half a hectare, and the only way to aggregate ~46,000 hectares will be through the incentives route. Hence, all possible incentives need be extended to gain faster possession of pooled land to roll out the new infrastructure. Land for



affordable housing needs to be treated like a basic ingredient. For development, DDA should become a regulator facilitating this development & track the private sector's delivery Record.

MPD 2021 is the last phase of development of Delhi and 100% land is likely to be consumed for development. DDA and the government needs to put a cohesive efforts to make it a success.

SECTOR/REGULATORY/POLICY UPDATE

Kochi most prosperous among India's first 20 Smart Cities: ADB

As per a recent study conducted by the National Institute of Urban Affairs (NIUA) on behalf of Asian Development Bank (ADB) Kochi tops the list of most prosperous cities in the country. The ranking is given under the 'Multi-Dimensional Prosperity Index. While Kochi came first with 329.8 points under MPI, New Delhi came second with 248.3 points, followed by Ludhiana, Davanagere and Coimbatore to round off the top-5. Jabalpur, Solapur and Kakinada were at the bottom of the ranking as these cities have weaker systems and hence they would require investing strategically to create local systems or institutions that can effectively support their Smart City aspirations, as the report points out.

The Study studied 4 verticals and generated 4 indices such as Household Amenity Index, Physical/Finance Infrastructure Index, Social/Health Index and Community Asset Index. All the four indices were then combined to generate the Multi-Dimensional Prosperity Index (MPI)

RBI calls for single-window nod to affordable housing

Reserve Bank of India (RBI) have called for a separate single window mechanism for clearance of affordable housing projects as many are stuck at state government bodies. At present, approval time usually ranges from 6 to 12 months. The process and time required for permissions is the same for all projects including affordable, middle income or luxury.

Housing prices up 10.5% in Jan-Mar 2017: RBI

According to recently released RBI data of quarterly House Price Index (HPI), Housing prices increased by an average 10.5% during January-March quarter of last fiscal across 10 major cities of the country compared to the year-ago period. In terms of cities, According to RBI data, housing prices in Mumbai appreciated by 17.25% in January-March period as compared to the corresponding period of 2015-16. Prices shot up by 27% in Kochi, 16% in Lucknow, 17% in Kanpur and 15% each in Bangalore and Ahmedabad. Kolkata witnessed a price increase of 9%, while rates in Delhi rose by 3.5%. Jaipur saw marginal rise. Chennai was the lone city to witness fall, though slightly.

The all-India HPI recorded a sequential increase of 0.8% during January-March quarter with six of the 10 cities recording a rise in sequential terms. Kochi recorded the highest rise at 18.3 % whereas Chennai witnessed significant contraction of (-6.7 %)

RBI cut key interest rates to six and half year low, trigger hope for higher growth

In the recent, bi-monthly monetary policy review, The RBI has cut the repo rate by 25 basis points (0.25%) to 6%, triggering hopes of lower borrowing costs for households and companies ahead of the festival season. Consequently, the reverse repo rate under the LAF stands adjusted to 5.75%, and the marginal standing facility (MSF) rate and the Bank Rate to 6.25%. This was the first rate cut in 10 months' time, after the rate was cut in October, 2016.

The 6 member monetary policy committee (MPC), headed by new RBI governor, were of the view that the moderation in price trends have persisted long enough to warrant lower loan costs, necessary to engineer a quick industrial turnaround and good people to spend more

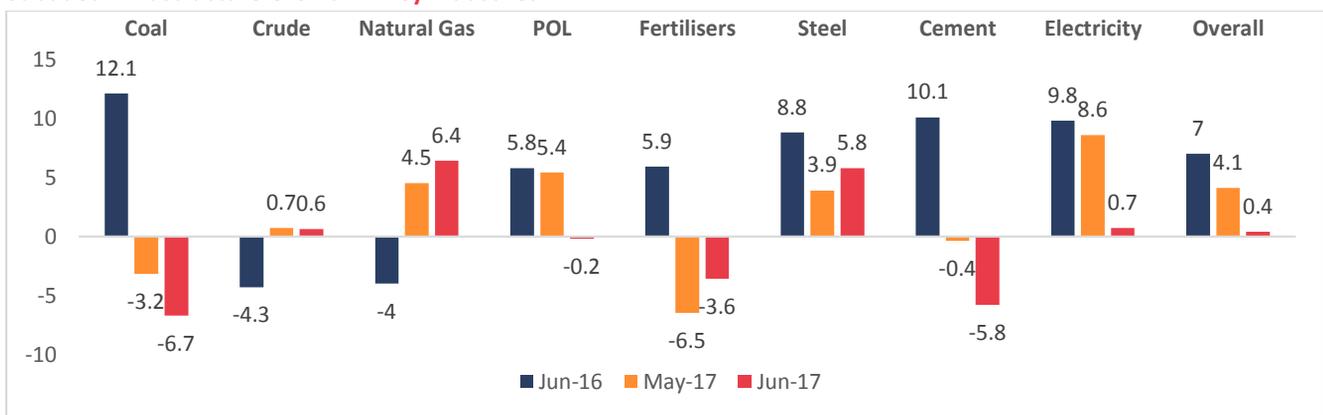
The new repo rate at 6% is the lowest in six and a half years i.e. November 2010

INFRASTRUCTURE UPDATE

Infrastructure sector growth slows down to 19 month low in June

As per recent IIP data, released by central govt, India's infrastructure sector growth slowed to a 19 month low in June, strengthening the case for an interest rate cut to support the economy as inflation fell to record lows. Reduced output of cement, electricity and coal slowed the pace of expansion of the country's 8 infrastructure sectors in June to 0.4%. The core sector had expanded 4.1% in May and 7% in June last year, indicating that high base of last year has also muted the growth

Subdued Infrastructure Growth in Key Industries:



The 8 infrastructure sectors of coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity constitute 40.27% of the total industrial production. Muted core sector could further dent industrial growth that was placed at 1.7% in May

India will need \$4.5 trillion for infrastructure by 2040

According to a report released by "Global Infra Hub" in their report 'Global Infrastructure Outlook', India has an infrastructure investment need of \$4.5 trillion by 2040, making it the second largest infrastructure market in Asia after China. Report further adds that rising income levels and economic prosperity is likely to drive significant demand for infrastructure investment in India over the next 25 years. Taking sustainable development goals (SDGs) into account, the country is predicted to need an additional \$888 billion by 2030 to provide universal household access to electricity and water. In absolute terms, the total investment needed to meet the SDGs is greatest in India - a total of \$1.3 trillion of investment is needed by 2030, more than China, which is \$257 billion.

Government clears Rs 3,691 Crore highway project in UP

The Centre today approved a highway project involving 6-laning of Chakeri-Allahabad section of NH-2 in Uttar Pradesh. The cost of the project is estimated to be at Rs 3,691.09 Crore, including cost of land acquisition, resettlement and rehabilitation and other pre-construction activities. The total length of the road to be developed is approximately 145Kms. The project will help in expediting the improvement of infrastructure in Uttar Pradesh and in reducing the time and cost of travel for traffic, particularly heavy traffic, plying between Chakeri and Allahabad

The development of this stretch will also help the socio-economic condition of this region in the state. Important towns and urban settlements enroute are Kanpur Nagar, Ruma, Chaudagra, Malwa, Fatehpur and Kaushambi. This project on NH-2 is also a part of Golden Quadrilateral between Delhi and Kolkata

REGIONAL

DELHI NCR

Your first house in Noida to get interest subsidy

First-time home buyers in Noida, Greater Noida and Yamuna Expressway can now avail the benefit of around Rs 2.5 Lakh to buy a house under the Prime Minister Awas Yojana (PMAY). These places, till date, did not qualify for the interest subsidies because they were not considered towns eligible under the PMAY guidelines. In the existing guidelines, a home buyer cannot avail the interest subsidy under PMAY for the purchase of a house in an area notified by development authorities such as Noida or Greater

Under the scheme launched on January 1 this year, the central government provides an interest subsidy of 4% for loans up to Rs 9 lakh for those having household income up to Rs 12 lakh, and an interest subsidy of 3% for loans up to Rs 12 lakh for those with household income up to Rs 18 lakh

The scheme also stipulates an interest subvention of 6.5% on loan of up to Rs 6 lakh for home buyers in the economically weaker section and low-income group earning less than Rs 6 lakh a year. The entire benefit is given up front to a buyer.

Noida. Only statutory towns under Census 2011 and towns notified by the state governments are eligible for coverage under PMAY. There are over 4,000 such towns in the census.

Because of this oversight of the ministry of housing and urban poverty alleviation, buyers in Noida, Greater Noida and Yamuna Expressway could not benefit from PMAY. The government has so far distributed Rs 750 Crore to over 43,000 home buyers under the scheme.

GDA to sell its properties at lower rates

In its bid to become financially viable, GDA has decided to sell its unsold properties and downsize its existing plots and lower property rates to attract buyers. To start things, A Zonal plan is being formulated to carve smaller size plots instead of bigger ones. Earlier the plot sizes were of 2,000 square meters, demand for which is pretty low in current stagnant market situation, hence authority has decided to bring them in smaller size in our newly developed Transit Oriented Development (TOD) routes. Further to promote sale of unsold residential properties, we are cutting down interest rates for which a committee has been constituted to study the viability

Haryana to link old parts of Gurugram with metro

State govt. of Haryana, has decided to link parts of old and new Gurugram through the metro rail corridor, connecting HUDA City Centre with Gurugram railway station. According to the feasibility report prepared by the DMRC, the 17.1km metro corridor would comprises of total 15 stations and will be completed at a cost of Rs 3,739 Crore. State govt now would try and get Haryana funds for the metro project along with other development works, through the National Capital Region Planning Board (NCRPB)

Completion certificate applications of 24 real estate projects rejected

GDA has rejected the applications for 'completion certificate' filed by various developers for 24 real estate projects after terming them 'incomplete' after inquiries by its enforcement wing found several shortcomings in the projects. As per the findings none of the projects had been completed in accordance with the sanctioned plans, layout plans and specifications as approved by the GDA. The inquiry conducted revealed several shortcomings in the projects. GDA have now asked the developers to reapply for the certificates after completing all pending works. The list mostly includes group housing projects in several areas of Ghaziabad.



No circle rate hike in Noida this year

The district administration has decided not to increase the circle rates of property under the 3 authorities namely Noida, Greater Noida and Yamuna Expressway, for the Financial Year 2017-18. The decision reflects the ground situation as real estate is in recession, believed to be fallout of demonetisation. Because of this, the revenue generated was not impressive, and hence authorities did not see any merit in hiking circle rates. Also, to make the decision, the administration considered feedback from 9 market surveys: Noida (7), Greater Noida (1), and Dadri (1). Many applicants requested the officials to decrease circle rates due to the slowdown in the real estate sector, besides pointing out that circle rates in some areas were higher than the market rate.

Meanwhile, the authorities are expecting the upcoming Jewar airport in Greater Noida to give the realty sector a boost. This might help make up for the revenue deficit.

Gurugram: Hero Honda underpass to get completed by December 31

After several delays due to litigation, the NHAI is now looking to complete construction of the Hero Honda Chowk underpass by the end of this year. Once functional, the underpass is expected to decongest the junction by creating a 1 km passage for commuters to travel between Sectors-10 A and 37. Construction for

The Hero Honda Chowk underpass was conceptualised in 2007. However, due to multiple delays and litigations in acquiring land for the project, it remained in a limbo. In 2014, the Haryana government transferred eight acres of land belonging to the HUDA to NHAI for building an underpass and a flyover at the Hero Honda Chowk.

the project started last year but had to be stalled for more than 6 months due to a restaurant coming in its way. Recently, the Punjab and Haryana high court passed a judgment in favour of NHAI allowing it to resume construction 2 months ago

MMR

Centre has cleared record Rs 67,523 Crore for urban infra in Maharashtra

Central govt. has approved a total investment of Rs 67,523 Crore to improve urban infrastructure in Maharashtra over the next 3 years. The approved investments include Rs 19,100 Crore for 7 smart cities in Maharashtra, the highest in any Indian state. Around 218 projects are under implementation and tendering in Pune, Solapur, Kalyan-Dombivli, Nagpur, Nashik, Thane and Aurangabad which are among the 60 smart cities selected. Besides, an investment of Rs 20,100 Crore has been approved for Nagpur and Pune metros. For the said approved sum, Central assistance of Rs 8,712 Crore had been sanctioned to Maharashtra.

Another underground Metro corridor planned in South Mumbai

South Mumbai is set to have a second underground Metro corridor, between Wadala and CST. This Metro-8 corridor is an extension of the Wadala-Thane-Kasarvadavli Metro-4 corridor. Once complete, it will offer added seamless connectivity between Thane and CST. The detailed report for the extension of Metro-4 is in final stages of preparation

As per the current plan, the Metro alignment will start from Thane and via LBS Marg, and heads to Wadala through the Eastern Express Highway. From Wadala, an extension (Metro-8 corridor) will pass through Rafi Ahmed Kidwai (RAK) Marg towards CST, and will connect the eastern waterfront. While the 32-km-long Metro-4 corridor is being funded by Asian Infrastructure Investment Bank, the MMRDA has decided to take loans from domestic banks for the Metro-8 extension arm of Metro-4, as it is in planning stage

Land acquisition for Mumbai-Nagpur expressway starts

The Mumbai-Nagpur Prosperity Corridor, a pet project by Maharashtra govt. has kick-start with the commencement of land acquisition for the project. The expressway will pass through 10 districts, 7 of them in economically backward regions of Marathwada and Vidarbha, and connect 14 most backward districts in the state with ports and national highways. Along the



700km corridor that aspires to bring down travel time between Mumbai and Nagpur from 16 hours to 6, land will be acquired in and around 380 villages. The state govt. plans to complete the project by 2020.

The 700-km-long and 120ft wide expressway is estimated to cost Rs 46,000 Crore and needs around 10,000 hectares of land. MSRDC is the nodal agency for the project

Centre approves 30,000 affordable homes on private land in Maharashtra

The Ministry of Housing & Urban Affairs has approved construction of 30,000 affordable houses for urban poor on private land at Sholapur, Maharashtra, under PMAY. Central assistance of Rs 450 Crore has also been approved for this project. The project is unique in the sense that it is the first project under PMAY on a private land.

Raynagar Cooperative Housing Federation, Sholapur submitted a proposal to build 30,000 affordable houses for its members comprising of beedi and textile workers and other urban poor belonging to EWS at a total cost of Rs 1,811 Crore under PMAY (Urban). The state government after due examination agreed to provide an assistance of Rs 300 Crore for the same and forwarded the proposal to the ministry in March last year. The ownership of the land area of 189 hectares is with the Federation which has acquired this land for building the houses and it will be the implementing agency. All the proposed beneficiaries have been AADHAR linked.

Centre to partially fund waterways project in Thane

Thane Municipal Corporation (TMC)'s ambitious water metro project which aims to restore the ancient water route linking Thane-Bassein (now Vasai)-Ghodbunder-Kalyan and Navi Mumbai, got a boost after the Centre has agreed to partially fund the initiative.

The waterways will largely help residents of Kalyan, Dombivli and Bhiwandi as they will get a faster connect with Mumbai and Thane that will not only be economical but also faster and less polluting

The TMC will submit a preliminary project report detailing the route map, distance between these cities and how it would drastically reduce the travel time. In fact, the water transport would cut the pressure on the roads and trains and help mitigate pollution. The project is likely to be executed in three phases.

Maharashtra to hand over forest land for Navi Mumbai Airport

The Maharashtra government has decided to hand over 250 hectares of forest land in Raigad district to the CIDCO, for the development of the Navi Mumbai International Airport (NMIA). Of the total forest area, 108.607 hectares is under mangroves, while 141.4565 hectares is reserve forest land. The revenue and forest department, on July 11, 2017, issued a government resolution in this regard.

. However, Liasis Foras feels that could have been more appropriate on the part of the government to completely withdraw the increase for the whole year and set the record in right direction



OTHER CITIES

BENGALURU

Bengaluru Metro Phase II gets Rs 3,650 Crore boost

Namma Metro's Phase II has received a loan of about Rs 3,650 Crore (500 million Euros) to second international lender to fund the 72-km project. Bangalore Metro Rail Corporation Ltd (BMRCL) is expected to use this money for the construction of the 23-km Gottigere-Nagawara line, which consists of 12 underground and 6 elevated stations. The total cost of Phase II is an estimated Rs 26,404 Crore. Of this, the Centre and the State are granting Rs 5,281 Crore and Rs 8,983 Crore respectively. BMRCL has to raise Rs 12,140 Crore in the form of debt.

The deal was approved on July 14 with a repayment period of 20 years. In 2015, French funding agency Agence Francaise De Development (AFD) extended an Rs 1,500 Crore loan for Phase II.

Rs. 11,000 Crore package for Bengaluru infrastructure

State govt of Karnataka has announced an Rs 11,000 Crore package under the "Nagarothana" scheme to improve the city's infrastructure, including white-topping of several roads. TenderSURE project will be taken up at a cost of Rs. 659 Crore on 12 main roads (16.57Km) and interconnecting roads (25Km), including Modi Hospital Road, KG Road, Siddaiah Puranik Road, and Jayanagar11th Main Road. Another Rs. 50 Crore has been set aside for building 1,000 public toilets. A total of 93.47 km of roads will be white-topped. This includes 29 roads and six junctions

State govt. also announced that a feasibility study was being done by the Railways for a rail link from Yesvantpur railway station to Kempegowda International Airport

Defence set to unlock land for infra projects

In a major move expected to fast-track infrastructure projects stuck for want of land in the city, the Bruhat Bengaluru Mahanagara Palike and the defence ministry have agreed in principle to swap land to clear the way for the projects. The defence ministry will part with 62 acres of its land parcels in different parts of the city, and BBMP will compensate them with 207 acres in a single parcel near Anekal in Bengaluru Urban district. The move will remove hurdles in 23 long-pending infrastructure and development projects. Some key projects which will benefit are: road construction between Ejipura Inner Ring Road and Sarjapura Main Road, elevated corridor by integrating Ejipura Ring Road and Kendriya Sadan, widening of Laskar-Hosur Road, land for JC Nagar Government School, road widening from Gangamma Circle to MS Palya in Yelahanka zone, approach road from Koramangala Ring Road to Challaghatta village.

Embassy Group to invest Rs 100 Crore on ORR metro station

Embassy Group, a prominent real estate company in Bengaluru has signed the first MoU with BMRCL to become the first corporate to invest Rs 100 Crore for the construction of Kaudbeesanahalli metro station along Outer Ring road. The station is going to come up in front of Embassy Tech Village along the booming IT corridor. As part of the agreement, Embassy will maintain Kadubeesanahalli Metro Station including housekeeping and maintenance along with all the equipment as per specifications laid by the corporation.

BMRCL has taken up the construction of 17km metro line connecting Silk Board and KR Puram along the ORR facilitating the techies, corporates working here to access the metro network. The project has been taken up under the second phase of the Namma Metro project and is pegged to Rs 4200 Crore. This line will have 13 stations.

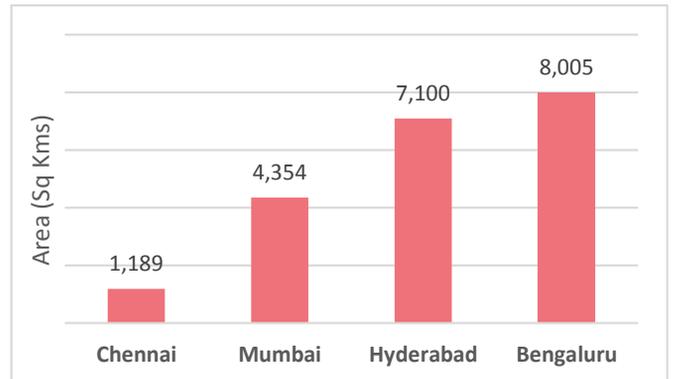
CHENNAI

Chennai finally set for 7-fold expansion in metropolitan limits

In an attempt to boost infrastructure and maintain uniformity in development, the state government has revived a 5-year old plan to expand metropolitan limits. As per the plans, state govt. is contemplating a 7 fold increase of the original size, covering 8,878sqkm of Chennai, Kancheepuram and Tiruvallur districts and Arakkonam division of Vellore district.

The move is to ensure a balanced development of the region. Owing to unscientific land use, development is haphazard in the urban landscape. The city's peripheral areas have seen land parcels being sold by farming community to developers at throwaway prices for promoting housing colonies in the last 2 decades. Basic amenities remain below par in most outlying areas

A Comparison of Metropolitan Limits



Source: Liasis Foras Research

PUNE

Pune has planned an Rs 75,000 Crore revamp in Infrastructure

City of Pune has is lining up an infrastructure revamp worth a significant Rs 75,000 Crore over the next 5 to 6 years including construction of a new airport, a new Metro link, and a Ring Road, among other projects.

- Work on a DPR for the Rs 10,000 Crore Chhatrapati Sambhaji Raje International Airport at Purandar would start after a nod from the Centre. Land acquisition for the purpose has started and if the 1,200 hectares needed are handed over on time, MADC could build the airport by 2019-20
- A 128km long, 8-lane Ring Road has just been approved by the state government at an estimated costs of Rs 17,412 Crore. the project would be funded through the Town Planning Scheme wherein land parcels along the Ring Road are to be developed and monetised
- PMRDA is also building the third Metro line in Pune, connecting the Hinjewadi IT-BT hub to the heart of the city. Three consortia of companies have qualified to bid for the 23.1-km project. The Centre has approved in principle 20% Viability Gap Funding for the project, making it more attractive to investors. To be built on a PPP basis, the line is expected to cost Rs 7,500 Crore
- PMC will also invest Rs 18,000 Crore in the city's traffic and transport system over the next 4 years. Some of these investments are part of Pune Smart City initiatives and would fund BRTS, HCMTR, NMT cycle tracks, etc.

MOHALI

Rs 1,794 Crore push for IT City in Mohali

In a boost to realising its "ghar ghar naukri" promise of the Punjab govt. as many as 46 IT firms will invest Rs 1,794.6 Crore in the upcoming IT City in Mohali. This will generate at least 3,700 jobs, besides allied employment. All these 46 IT/ITES entrepreneurs from across the country had already been allotted land and many of them have also begun work on setting up shop in Mohali. With this, Mohali is expected to emerge as the next IT hub of the country after Bengaluru, Pune, Hyderabad, Mumbai, Chennai and Gurugram

At present, the TriCity region has 170 IT/ITES units predominantly in the SME sector. IT/ITES units Exports from the region were worth Rs 3,866 Crore (2016-17), creating employment opportunity for ~35,000 professionals.



Chandigarh to get a new power substation

After much delay, the Power Grid Corporation of India has started setting up a 220KV substation at Hallomajra to keep Chandigarh's electricity infrastructure abreast with growing needs. To be built at a cost of Rs 3 Crore, the substation will be spread over 3 acres and is expected to be functional by mid of next year. At present, Chandigarh is struggling with its ageing power infrastructure, which includes one 220KV substation, 13 66KV substations, and 5 33KV substations. As per the norms, each substation has a life span of 25 years; seven of the 66 KV substations have outlived their time span.

JAIPUR

Underground parking to come up at Badi Chaupar

The Jaipur Metro Rail Corporation (JMRC) will develop an underground parking for 150 cars at Badi Chaupar metro station in the Walled City. This will be the first underground parking that will be developed under the Metro phase I (B) project in the heritage Walled City. As per the sources, the parking will be developed on the reversal line between Badi Chaupar and Ramganj area & as the reversal line will be constructed using cut-and-cover method, the JMRC has decided not to fill the trench and develop parking and shops in the space. The JMRC estimates to develop parking and shops in 6,000 square metre area. While parking will be developed on second level, shops will be on the first level.

The state government has given in-principal approval for construction of market and retail shops. We are working to estimate the cost of the project, which is expected to be completed in 2018

MACRO ECONOMIC TRENDS

GST sends services activity plunging to 4 year low in July

As per an industrial survey, activity in India service sector contracted at the sharpest rate in nearly 4 years in July after the new Goods and Services Tax policy sowed confusion and sent new orders into free fall. Initial confusion on the national goods and services tax (GST) led July's Nikkei/IHS Markit composite Purchasing Managers' Index, which measures both manufacturing and services activity, to sink to 46.0 - its lowest reading since March 2009 - from June's eight-month high of 52.7. The PMI for India's dominant service industry dropped to a near 4 year low of 45.9 in July from 53.1. June's reading had been the highest since the central govt. banned high-value currency notes in November.

India's GDP growth rate will remain in 6.5-7.5% range over next 12-18 months

According to a Moody's poll, India's GDP growth will remain in the range of 6.5-7.5% over the next 12-18 months and GST will support the momentum for faster growth. The view is in keeping with the signs of economic recovery after the short-term negative impact of demonetisation. Given economic and institutional reforms in India and further changes that could follow, India will likely grow faster than similarly rated peers over the next 12-18 months despite a short-term drag caused by demonetisation

India on track to meet 3.2% fiscal deficit target: UBS

As per a recent UBS report, The Indian government is on track to achieving the fiscal deficit target of 3.2% of GDP in the current fiscal year. The Centre's fiscal deficit has already reached 81% of the full-year target in the first quarter (April to June) of 2017-18. Accordingly, the cumulative fiscal deficit reached 2.6% of GDP FYTD. Report believe the Central Government will be able to achieve the fiscal target of 3.2% of GDP in FY18

The Centre's fiscal deficit narrowed from a peak of 6.5% of GDP in 2009-10 (after the global financial meltdown) to 3.5% of GDP in 2016-17 and is estimated to fall further to 3.2% of GDP in 2017-18.



June Retail Inflation for India slowest in more than 5 Years

India's annual retail inflation eased in June to its slowest pace in more than 5 years, as food prices fell, building pressure on the central bank to cut interest rate. As per recent data released by Ministry of Statistics, the consumer price index rose 1.54% in the 12 months through June, down from an increase of 2.18% in the previous month and slower than the forecast of economists in a Reuters poll.

Economists in a Reuter's poll had predicted inflation to ease to 1.7% last month. This is the lowest inflation rate since India started releasing retail inflation data in January 2012 based on a combined CPI index for rural and urban consumers.

INVESTMENT ACTIVITY

Private Equity Investments

Investor(s)	Target	Stake (%)	Amount (Rs Crore)	Business	Strategy
Motilal Oswal Real Estate	ATS Grandstand	NA	120.0	Residential Development	SPV
L&T Finance	BPTP Ltd	NA	190.0	Construction Finance	SPV
IFC	Aavas Financiers	NA	130.0	Affordable Housing Finance	PIPE

Source: Liases Foras Research

Land/Development Rights Transactions

Buyer	Seller	Location	Deal Value(Crore)	Strategy
Godrej Properties	BPTP Ltd	Sector, 106 Gurugram	NA	To develop a high-end residential project
Ascendas-Singbridge Group	NA	Kharadi, Pune	200.0	To develop an IT Park
TATA/ Standard Chartered PE	MIDC	Thane-Belapur Industrial Area	325.0	Industrial Development

Source: Liases Foras Research

Key Trends/Activities:

Blackstone in talks to buy \$525 million IL&FS real estate fund

The Blackstone Group, the US-based global private equity firm, is in talks to acquire ILFS India Realty Fund I, a \$525 million real estate fund owned by IL&FS Investment Managers Ltd (IIML), IIML is a unit of Infrastructure Leasing & Financial Services Ltd (IL&FS). ILFS India Realty Fund I, one of the first real estate focused funds in India, was launched in 2005. It made about 17 investments, out of which it exited 6 portfolios. Major portfolios of ILFS India Realty Fund I include ETL Infrastructure Services Ltd, (\$48 million invested in 2006) and QVC Realty Ltd. (\$100 million invested in 2008).

Blackstone is a leading owner of office space in India, spanning over 30 million square feet across all major cities

IL&FS in talks to sell majority stake in QVC Group

Home-grown private equity fund IL&FS PE is in talks with global PE funds Brookfield, ISquared Capital and Macquarie to sell its majority stake in Bengaluru-based real estate developer QVC Group. The company that is around 75% owned by IL&FS PE is being valued at about Rs 400-500 Crore. IL&FS PE had picked up around 75% stake in QVC Realty for \$100 million in 2008. The company that was formed in early 2007 was the first VC-backed real estate firm formed by Prakash Gurbaxani.

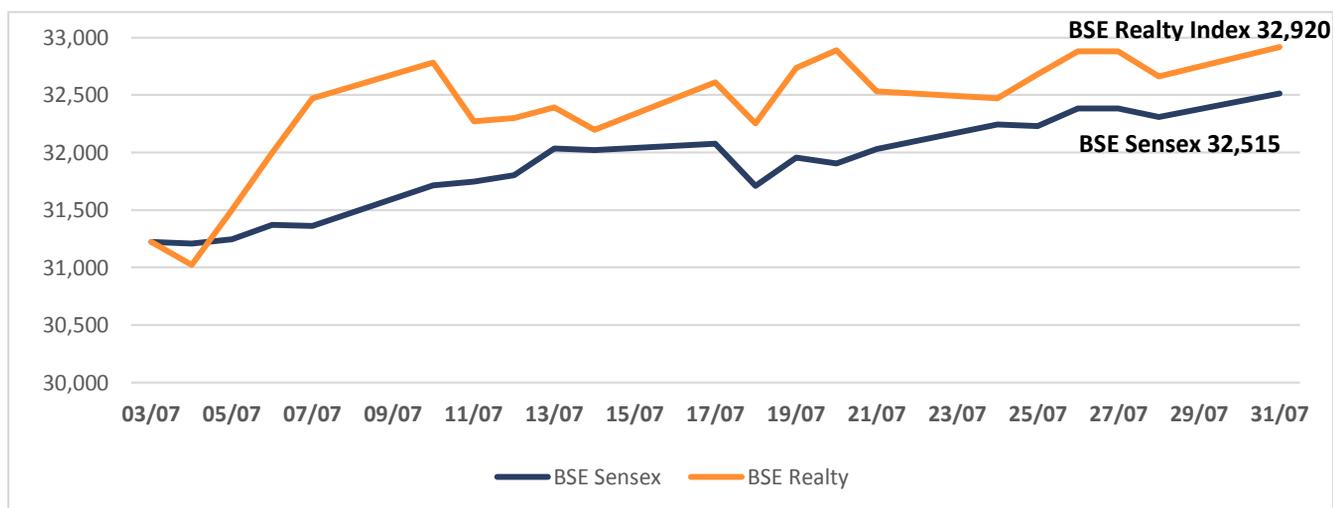
With the stake sale, IL&FS PE is eyeing a return of 2x on the 10-year old investment it made in the company. The enterprise value of the company stands at Rs 450-500 Crore

Goldman Sachs may invest Rs 300 Crore in Ozone Group's real estate project

Investment bank Goldman Sachs is planning to invest as much as \$50 million (about Rs 325 Crore) in a real estate project of Ozone Group, a Bengaluru-based developer. However, the talks are at an initial stage and propositions could change. Ozone has in the past raised significant sums of capital in the form of structured credit to fund its projects as well as to provide exits to earlier investors in its projects. Last year, it raised Rs 360 Crore from Piramal Fund Management Ltd for its 150-acre mixed-use Urbana township project in north Bengaluru, to refinance existing loans

STOCK MARKET UPDATE

BSE Sensex vs. BSE Realty Index



Source: BSE Sensex. BSE Realty Index is rebased to BSE Sensex

Commentary

- During the Month of July, BSE Realty Index clocked a growth (mom) of 5.4% - Comfortably outpacing BSE Sensex Index growth of 4.1% during the corresponding period.
- Clarity over GST rates, progress on RERA and positive news about specific constituents companies have propelled the BSE realty index during the month of July



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About Us

Strategic Partner: **dmg** information

Liases Foras: The Pioneer in Scientific Research in Real estate

Founded in 1998, Liases Foras is a non-brokerage research centric firm that offers data and advisory services. Our works on industry and scientific prognosis of the local market is highly regarded. We have an organized and structured data source on real estate and property trends in India, which is updated on quarterly basis by primary market survey.

In 2015, DMG information, UK acknowledged us as their strategic partners.

Data & Coverage

Liases Foras has a geographical coverage of more than 125000 projects all over India. As of today, we monitor more than 18,000 ongoing projects every quarter spanning 55+ cities in India, which comprises 80+ Census cities. We have tracked over more than 50 billion sq ft of Residential, Commercial and Retail supply over time.

PRODUCTS

 <p>Ressex Ressex, our online data interface, provides structured solutions to day-to-day questions pertaining to real estate markets and projects.</p>	 <p>Comparables Comparables is a first of its kind, web based property value validation tool.</p>	 <p>Developer's Rating Extensive analysis of on-ground performance of more than 9000 developers across 62 cities in India.</p>	 <p>Business Intelligence and Risk Analytics With our razor-sharp analytics, we help banks, HFCs and corporates to identify the potential opportunity and underlying risks.</p>	 <p>Crystal Crystal is a valuation workflow system which streamlines the interaction between lenders, valutors, and surveyors in carrying out valuations using automation and mobile devices.</p>
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ADVISORY SERVICES

 <p>Highest and best-use analysis Every structure belongs to its location and time. The analysis scans various options to find out the one which gives the highest/maximum development realisation.</p>	 <p>Valuation advisory Liases Foras offers transparent, scientific, data-driven and unbiased valuation solutions.</p>	 <p>Urban planning services We prepare City Development Plans outlining the vision and development strategy for unlocking land in a city.</p>	 <p>Preparing A design brief Extending beyond the best-use prognosis, we write uncluttered, contextual design briefs for Master Planners/Architects.</p>	 <p>Consumer survey & profiling We specialise in the field of real estate-specific consumer surveys.</p>
 <p>Product viability study This study is to ascertain whether the envisaged development and product plan of the developers are correct or risky.</p>	 <p>Risk Reports Risk Reports are carried out primarily to assess the state of the market and measure the price correction during oversupply scenario or default risks in the market.</p>	 <p>Portfolio Optimization Strategy Every structure has an opportunity cost. We analyse organisational functions, manpower and real estate assets to arrive at an optimal cost and an effective portfolio.</p>	 <p>Location & Entry Strategy This study understands the growth patterns of a city and real estate developments, to arrive at an ideal location for projects and establishments.</p>	 <p>Marketing Strategy Partnering with the developer to formulate a marketing plan keeping in mind the target audience, positioning, product and pricing.</p>

