

Demonetization accompanied by Deregulation will produce great results for real estate

Mumbai, November 28, 2016: Demonetization is undoubtedly a landmark event in the history of our economy. It is bound to cause widespread disruption in the short term, but will re-shape the way of commerce and economics in the future. I feel confident that these kind of policy directives will move India into a new era, **says Surendra Hiranandani, Chairman & Managing Director, House of Hiranandani.**

The primary reason behind this massive decision is to take down the menace of unaccounted money circulating in the economy. In my view this move will be effective with initiatives taken by the government in weeding out corruption. Layers upon layers of regulations breed inefficiency and give way to corrupt practices. Demonetization accompanied by Deregulation will produce great results.

As per syndicated reports, black money constitutes 25-30% of India's GDP indicating that the size of the parallel economy could be about Rs 28 lakh crore. Demonetization is expected to bring a substantial amount of funds into the system. It will also bring a larger number of people into the banking system.

Since 2010 there has been a lot of pain in the market where developers sold properties at low prices and then were hit by severe inflation, resulting in a large number of projects being uncompleted. Construction and approval costs spiraled out of control. This was coupled with very high interest rates as borrowings are essential for construction projects. Most projects sold in that period resulted in heavy losses on the balance sheets of developers

Demonetization is expected to reduce inflation and interest rates considerably which would make projects viable. Developers will be able to have a handle on costs through the life of the projects.

The primary residential market and projects undertaken by credible and reputed builders will not be affected, **says Mr. Hiranandani.** Transactions in these markets are broadly financed through legal channels of banks and housing finance institutions providing home loans to buyers. Projects in cities where there is a cash component will only be affected. Here also the benefits will be that the market will adjust to more open transactions making the projects viable for funding.

In the past one year, there have been some positive and potentially long-lasting changes in the Indian real estate. The passing of RERA (Real Estate Regulation and Development Act 2016), the Benami Transactions Act in addition to the demonetization move will only ensure that a higher degree of transparency enters the industry. Players who conduct their business with transparency will thrive. These policy initiatives will not only ensure more credibility to the industry, but also make it attractive to global investors. Our population growth and the consequent need for more development will only grow. Investors shall be able to trade with more confidence and not be wary of the security of their investments. The Indian real estate sector will only emerge stronger, healthier and poised for sustained growth.

A major impediment to real estate development in India remains the approval process. The Government has rightfully laid great emphasis on improving India's ranking in the World Bank Global Ease of doing Business Index. It continuously monitors the same and is looking at improvements its ranking there. The same World Bank released an Ease of obtaining Construction Permits Index where it ranked India a shocking 183 out of 187 countries. We are in the same club as war torn countries where institutions have collapsed and offices which accord approval have been bombed to rubble. It would be welcome if the Government can look into this as well and take pride to improve our rank on this index also.

The benefits of low inflation, low interest rates and transparency will give a big boost to real estate development in the country, only if it is coupled with deregulation.

About House of Hiranandani

Since inception into the urbane terrains of India, House of Hiranandani has altered the way living spaces are designed, thereby transforming the ethos and aesthetics of real estate in India. Pillared by a unique approach to designing and planning, the company invest heavily in research and development ensuring that each of its developments surpass industry benchmarks and redefine value engineering and design. The buildings and supporting infrastructure are designed to ensure low maintenance, yet add value to the lives of our residents. The selection of materials is robust to ensure longevity and is passed only after stringent quality checks.

Today, House of Hiranandani has carved a niche for itself and is synonymous with innovation, transparency, quality construction, superior design and customer satisfaction.

House of Hiranandani has a national presence with projects in Mumbai (Hiranandani Gardens -Powai, Hiranandani Meadows-Thane, Hiranandani Estate- Thane, Hiranandani Business Park - Powai & Thane.), Bengaluru (Hebbal, Devanahalli & Bannerghatta), Chennai (OMR) and Hyderabad (Shankarpally).

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