



“Ease Of Doing Business” Ranking Announcement By World Bank on 1st Nov



**Mr. Anshul Singhal, CEO,
Embassy Industrial Parks**



“India's GDP continues to expand at the fastest pace among major economies, with growth forecast at 7.6 per cent last year. India's economy has benefited from the large terms of trade gain triggered by lower commodity prices and inflation has declined more than expected. Furthermore, by 2021 India's GDP will rise up to 8.1 percent. Talking about the changing economic diaspora, Anshul Singhal, CEO, Embassy Industrial Parks, highlights, “In India, there are three to four classes of real estate – residential, commercial, hospitality and retail – which are the main focus areas of private developers. Globally, there is another class called industrial real estate. In fact, in Europe, US, Japan and China, industrial real estate is one of the largest classes of real estate. In India, it is still at a premature stage. However, people have realised that the implementation of GST, Make in India, providing infrastructure status and policy-level changes in government, industrial real estate is now opening up to be a profitable sector and a lot of foreign investment is coming in. Take our joint venture for example. We have a 70:30 JV with Warburg Pincus with Warburg investing `1,000 crore of equity out of the total `1,600 crore of equity investment. This means we can raise another approximately `4,000 crore as debt, our investment alone will be `6,600 crore in this sector. This totals to \$1 billion.” So we see a huge boom has entered this industry.

Additionally, GST has had a positive impact. The introduction of E-way bill has conveniently accelerated the shift towards organized warehouses with Embassy Industrial Parks being a direct beneficiary of this shift. Since e-way bills are being stabilized, the savings from reduction in travel and turnaround time will increase gradually. Most companies have started consolidating their warehouses, thereby moving towards a hub and spoke model, with a large hub efficiently servicing multiple different spokes. Post the introduction of GST, trucks are able to cover longer distances everyday with an improved turnaround time ensuring that the transporters can successfully carry out their business

with a consolidated fleet. Companies would now need to carry small levels of inventory to support the same level of sales, leading to greater financial savings. The biggest advantage of the GST has been the reduction in inventory. The savings generated due to reduction in overall inventory levels is expected to surpass savings in real estate costs, as a result of consolidation of warehouses. The industry will move from unorganized players into larger, modern and technologically advanced warehouses. We are on the right path and the sector is poised for a brighter future.”

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**Mr. Rakesh Reddy, Director,
Aparna Constructions**



“India has seen numerous major policy interventions over the past few years. These reforms have resulted in India improving 23 places to rank 77th in the World Bank Ease of Doing Business ranking. Many of the key reforms have had a direct impact on the real estate industry. This is evident in India's current ranking in the ease of granting construction permits which has improved 129 places since last year. The Real Estate Regulatory Act (RERA) has the potential to be the most significant among these reforms. The overall goal of RERA is to protect the interests of home buyers in an efficient and transparent manner. It introduces a unified process and formality to the real estate industry that has long been fragmented and unregulated.

The successful implementation of RERA will inspire home buyer confidence and be a key driver in the revival of industry. Other important reforms include the Goods and Services Tax (GST) and the Benami Transaction (Prohibition) Amendment Act which seek to lessen the economic burden of black money. For the real estate industry, the shift towards a cashless economy has brought transparency to the valuation of properties since people can no longer buy property using unaccounted cash. This has allowed property prices to stabilize considerably. The real estate industry has benefited greatly from the information symmetry and transparency provided by these reforms. However, there are more changes required to sustain this momentum and reach our maximum potential. While RERA has required the real estate industry to maintain high levels of compliance, we still need to streamline processes and lessen opportunities for project delays. Registering real estate, seeking approvals and enforcing contracts are cumbersome processes. A single window clearance mechanism and the full implementation of RERA across India would address these concerns and accelerate improvements. An efficient and accessible system with transparent communication would result in a revived demand for new projects in the market.”

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