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outLANI

Hang Nga Guesthouse aka Crazy owned by the daughter of the ex who studied architecture in Moscow. Unexpected twists and turns, roof like a fairy tale castle, has 'anima spider, no window is rectangular

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Why aren't the NRIs taking any interest in the upcoming projects of realty firms? Are they facing a financial crunch? What is going wrong, where? **ET Realty** does a reality check

## Drifting away from the roots

**A**part from biting cold weather of the capital, lack of enthusiasm among overseas Indians to buy properties in India has further dampened spirits of some of the realty firms, as well as around half a dozen banks, which put up impressive stalls outside the venue of the recently concluded Pravasi Bhartiya Divas (PBD) at Vigyan Bhavan.

Of course, realty firms were trying to woo the 'pravasis' to buy their products while banks were ready to clear their home loans, then and there. But, both got a rude shock. In a way, it was a departure from earlier PBD meets when a large number of NRIs used to book their properties in various parts of the country.

So, what went wrong this time round; why aren't the NRIs taking any interests in the upcoming projects of realty firms? Are they facing a financial crunch? After taking to several NRIs at the meet, one thing has clearly emerged - that a reallife version of "Khosla ka ghosla" is being played out with an increasing number of NRIs.

A furious Naresh Chopra, a NRI from America, said that he had booked one flat in Gurgaon in a project of a very well-known realty player. He had also been paying whatever money the realty firm was asking of him. Despite that, there was no progress on the project. The realty firm failed to deliver the flat to him, which they promised to hand over almost a year ago. While narrating his tale, he also said he would take up this matter with Vayalar Ravi, overseas Indian affairs minister.

Complaints of real estate deals going sour, illegal encroachment and unauthorized occupation of properties have flooded the officials of ministry of overseas Indian affairs during this PBD.

Property dispute is one of the most common complaints by NRIs. They are unable to protect their property due to long absences or lack of awareness of laws, Vayalar Ravi admitted. Moreover, some realty firms are not

delivering them their flats on time. The largest number of complaints is from major real estate markets like Delhi, Mumbai, Bangalore, and also from Andhra Pradesh, Kerala and Punjab. The nature of the complaints are mainly over protection of properties that have been forcibly occupied or encroached, disputes relating to division of property or inheritance, and cases where investors have been cheated by real estate developers.

Though there was a session on property disputes at the PBD, only assurances were given to harassed overseas Indians by officials. Navin Raheja, CMD of Raheja group, who had a stall at the PBD venue, admitted that the NRI response was rather cold. "They seem to be reluctant to invest here as some unscrupulous developers have duped them of their money by not delivering projects at all, or in some cases, projects have got inordinately delayed as well. These factors have contributed towards a comparative lack of interest on part of overseas Indians," he admits.

R K Arora, CMD of Supertech group, admits that NRIs are buying fewer properties now as compared to two-three years ago. "They buy properties in the range of Rs 60 lakhs to Rs 80 lakhs. They buy properties for purely investment purpose. There is hardly any emotional factor that is involved. As and when they get good appreciation on their properties, they dispose it off," he says.

After not-so-great response from NRIs last year, at the PBD held in Chennai, realty advisory Century 21 India did not put up its stall in Delhi this time. Sanjay Singh, marketing director of Century 21 India, says that NRIs can again start buying properties in India provided authorities ensure that their interests are not compromised. "It is also not true that they are not buying properties here at all. They are still buying, but not in a big way. My advice to them would be to stick to

metros and major cities only, as Tier 2 and Tier 3 cities still face uncertainty on the over-supply situation," says Sanjay. Samir Jasuja, CMD of PropEquity, has a word of caution. "They must see to it that they invest with developers with a proven track record and not be taken in by glitzy ads or aggressive media campaigns," he says. According to him, unlike the general perception, NRIs do not invest in properties in a big way. "Indian realty market would not crash if they desert it. There are basically two types of NRIs who invest in realty market. One, those who buy property from a purely commercial angle. Two, those who send money from some European country or US to their parents or close relatives to buy properties. In both cases, the number is not that really big," he says.

Chandrasekhar Tiwari, an eminent scholar on Indian diaspora affairs, says that perhaps only those NRIs are buying properties in India who have migrated to other countries during the last 25 years or so. They are still very much close to their roots. "I am pretty sure that those who had shifted before 25 years or so are not buying properties. Only the first generation NRIs are coming back to India. All

stakeholders should see to it that NRIs keep their ties with India intact. We should create a situation which is ideal for them so that they keep on investing here," feels Tiwari.

Ashish Jindal, regional head (North) at Knight Frank India Pvt Ltd, says that the current situation is right for NRIs to enter the market as the market has started its upward movement and prices would definitely harden over the next few months.

Experts also say that NRIs have always been active in the Indian real estate sector. They have always bought into built up units in major cities or purchased land in their ancestral city or town. The global boom till 2007 witnessed a lot of investment by NRIs in India. The global recession, which also hit India majorly, saw some NRIs scout Indian cities for distressed assets sale. An officer of Punjab National Bank admitted that there were not many NRIs looking for home loan from them during PBD. "As economic slowdown has also badly hurt them, it is possible that when things started looking up again, they would start to buy properties here," he says.

Till recently, NRIs from the US, the UK, Canada and Gulf were the cynosure of realty sector. Among NRIs settled or working in these countries, Punjabis and Malayalis used to buy properties in a big way, every year, in all the major parts of the country. It is a well-known fact that Malayalis and Punjabis have migrated in hordes over the years. Some of them are also buying commercial space.

Samy Velu, a leader of the Malaysian Indian Congress and former minister in his adopted country, said that the purpose of PBD would be defeated if the government only looks at the dollars part of overseas Indians and fails to address their genuine woes and issues. He was referring to the speech of Prime Minister Manmohan Singh at the PBD in which he urged NRIs to invest in India.

### FOCAL POINT

- Complaints of real estate deals going sour, illegal encroachment and unauthorized occupation of properties have flooded the officials of ministry of overseas Indian affairs
- Property dispute is one of the most common complaints by NRIs. They are unable to protect their property due to long absences

