



Real estate remains unorganised and the response to relaxation in FDI norms has been lukewarm

There are a number of issues and trends in the real estate sector today. So, what do these trends foretell for the future of real estate in India?

## A bubble waiting to burst?

**T**he past two years have witnessed a boom of sorts in the real estate market in the country. Prices have risen consistently and it seems that this buoyant run of real estate shall continue for some time to come.

But this rosy picture will not last forever. During the last few months, various industry pundits have hinted about a possible real estate industry correction. This could be taken as a euphemism for a pending crash in capital values. We've heard veiled hints about how the market is overheated; how too much money is being loaned out to the sector, and how interest rates going up may pull demand down, etc.

The two recent downturns in the stock market, in quick succession, have come as a warning. Yes, we have a great future, though we need to feed and house our millions, and

in India. The lukewarm response to FDI norms (despite repeated relaxation) since the last year or so should be an indicator of how true this statement is. Foreign players are used to more transparent regulations. They do not understand the black/white economy as Indians do; and, in any case, do not subscribe to such business practices.

**Pundits**  
are hinting about a possible correction in the real estate industry

In India, we have little or no regulations. Recently, the Ministry of Urban Development (MoUD), and the committee of experts appointed

when these ideas bear fruit is another matter.

### Future imperfect

Many real estate companies are now coming out with IPOs. The dictat of the Securities and Exchange Board of India specifies that there should be reasonable transparency in information given to the intending investor. But this is not enough. Often, such companies have promised customers certain things and then delivered. There are no mechanisms in place to ensure that the customer gets what he pays for; how he checks the specifications of his product; when he gets it in hand; and whether the infrastructure promised shall become available on the day he moves into the promised abode. A customer is hardly aware of what services are meant to be

fingers before in other mutual funds and the real estate sector, on account of being largely unorganised is even more slippery.

Causing more apprehension is a new trend visible in every weekend paper. Pick up the classifieds or property supplements and behold adver-

**aerial**  
view

Sudhir Vohra



tisements ranging from the small to the large. Many are of hitherto unheard of groups, often without any details except mobile phone numbers and site addresses. The Finance Ministry is introducing the DIN system (Director's Identity Numbers), and shall soon make it mandatory. With