

# TRANSPARENCY CALLING

Kailash Agarwal, Chairman, Avighna Group elaborates on the many hurdles that the realty industry is facing today

Kailash Agarwal,  
Chairman,  
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## How will single-window policy bring in transparency in the sector?

The current system requires 56 approvals in order to get the Commencement Certificate. When we ask for legitimate approvals, some feel that even studying the background of a case is doing a favor. Before one understands all different aspects of a case, they are transferred and you are back to square one. Single-window policy will work wonders if implemented correctly.

## What are the pain-points of the sector?

The realty industry in Mumbai is primarily based on redevelopment schemes and people in general don't quite understand the intricate and difficult efforts involved to bring such schemes to fruition. Rather they only see huge margins and therefore aren't willing to understand the pain points that our industry faces. The main pain points in our industry are:

- Red tape and bureaucracy - The process of getting approvals is extremely painful, slow and expensive. The repercussions of this are far greater than what most people realize - since this process is slow and expensive, the number of projects one is able to complete is limited, therefore he/she tries to maximise profit on select number of projects. This drastically reduces supply and also forms very high barriers to entry. Large turn-around times further increase

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- Uncertain Global economic conditions - like most industries, one of the key driving forces in realty industry too is the health of India and rest of the globe. Uncertainty delays people's decision to buy homes, Indian corporate to expand, multinationals to venture overseas etc. Unhealthy, macroeconomic indicators further increase borrowing costs; a depreciating rupee makes imports more expensive and at times uneconomical. These ultimately lead to comprised quality and higher costs.

- Heavily taxed - Moreover, no concessions are offered. This invariably leads to higher cost that are ultimately passed on to the end user.

- Very high borrowing rates - The banking sector charges the real estate sector significantly higher borrowing rates compared to other industries. This higher cost is again ultimately passed on to the end user.

Being a developer generally has a negative connotation attached - acts of a few have made it difficult for all others. Besides being a large employer in the country today, our industry also supports many others industries - steel, cement, sanitary, machinery etc. are all heavily dependent on our industry.

## The RBI in its April-June quarter monetary policy left the key policy rates unchanged. Your comments...

The primary focus of the RBI monetary policy has been to control inflation in order to secure a sustainable growth path over the medium term. It was important to see some support for our industry from RBI by perhaps lowering rates for home loans to stimulate

activity in the real estate industry that would ultimately have a cascading effect on other industries.

## Elaborate on the Avighna projects.

As a policy, Avighna undertakes one project at a time - quality over quantity and function over form are two guiding philosophies that we operate by. We stand to deliver more than what we commit in a timely manner. Current project on hand is One Avighna Park in Lower Parel.

One Avighna Park is Mumbai's largest cluster redevelopment project that will rehabilitate more than 700 families (approx. 6,000 people). This 4 million sq. ft. development comprises:

Phase 1: Seven 23 storey Rehabilitation towers, Two 64 storey Residential Towers.

Phase 2: One 40 storey Commercial Tower, One 35 storey Hotel.

The twin 64 storey towers promise to be one of the most sought after residential addresses globally - the development has already won five prestigious awards including 'Best Residential High Rise Development in Asia Pacific' at the HSBC sponsored International Property Awards held in Kuala Lumpur in Apr'12. Whilst luxury living in a high-rise tower is something that others too offer, One Avighna Park truly attempts to enhance the quality of life.

Construction of the rehabilitation towers has been completed and the 46th floor of the residential tower is currently in progress. Delivery is planned in the end of 2013, when we will commence Phase 2 of our development.

Besides having a the best team of internationally renowned consultants on board, we are also using the best construction materials imported from Germany, UK, Italy, Norway, UAE etc. We have also hired international contractors to relocate 300+ workers from the GCC to execute our Mechanical, Electrical, Plumbing, Elevators etc to ensure workmanship is of the highest standard.

