

Greetings!!!

The real estate sector is one of the most globally recognized sectors. In India, real estate sector is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. It comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term.

The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP). It has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. The real estate sector in India is expected to attract investments worth US\$ 7 billion in 2017, which will rise further to US\$ 10 billion by 2020. India has been ranked fourth in developing Asia for FDI inflows as per the World Investment Report 2016 by the United Nations Conference for Trade and Development. According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.54 billion during the period April 2000-June 2017.

The Real Estate (Regulation and Development) Act, 2016 (RERA) initiated by the Government w.e.f. May 1, 2016, was passed by parliament last year to bring clarity and fair practices that would protect the interests of buyers and also impose penalties on errant builders. This brings for the first time ever, transparency, governance and accountability in the sector whose functioning has been considered opaque and where information asymmetry and potential money laundering fraud has had maximum scope. The law will eventually segregate quality developers from casual operators, giving consumers a sigh of relief from corrupt practices in the sector. The bill, which provides for the establishment of a Real Estate Regulatory Authority (RERA) in each State/Union Territory, will bring in much-needed professionalism by regulating both commercial and

residential transactions, all of which will be overseen by the RERA. The bill also establishes a fast-track dispute resolution mechanism through adjudication and a Real Estate Appellate Tribunal. While safeguarding the interests of the buyers and investors, developers will now have to comply with a host of new norms.

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform which will help in allowing all kinds of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US\$) in the Indian market over the years. Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralised processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering. The growing flow of FDI into Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

This issue presents a good number of articles on the cover story theme 'Governance in Real Estate' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.

