The Real Estate Of Odisha In A Public Private Partnership Way: A Critical Approach

Partha Patnaik
Ph.D Research Scholar, Utkal University
Odisha, India

Dr. Biswajit Das
Professor, KIIT School of Management, KIIT University, Bhubaneswar, India
Abstract

It is the real estate sector in Odisha which assumed prominence in the last three decades with the coming of liberalization of the Indian economy. Odisha is the hottest destinations for innumerable Multinational Enterprises because it is filled with iron ore and is a mineral repository. It underwent a wave of development to explore wealth and supported the interests of business tycoons and housing denizens. This eventually has driven the development of infrastructure growth base for the PPP industry and the migrated urban population. This unseen movements have resulted in the PPP and the research perspective. In deed the sector has turned in to a much needed platform for study due to drastic transformation in the housing industry heading through public private partnership. The purpose of this paper is to introspect with an analytical insight into real estate industry in Odisha and PPP perspectives.

Keywords: Real estate, urbanization, public-private-partnership, Odisha

1. Introduction

The scenario of real estate of Odisha has undergone a sea change. It circumstantially witnessed a paradigm shift from its traditional state of the environment. It has approached to the need high-tech infrastructure development and proactive private participated approaches. Odisha has become an ideal business centre due to deposition of mineral, has attracted business and has been hunted by multinational companies. It yielded mass migration of semi-rural and rural population to urban centres. The places meanwhile became urbanized. It has made the housing and infrastructure industries concerned with the world of real estate in Odisha as important. It has become so due to the different sectors like refineries, roads, power, infrastructure and ports etc. They are also needed to complement the development in the state. Moreover, it also encouraged sectors like the IT sector too. In short, the overall 'real estate scenario' in Odisha is more likely to surge in future through PPP.

2. Real Estate In India: A Prospect To Change

In fact, the real estate sector in India and particularly Odisha developed as a booming sector due to commercialization. It has become so because of the advent of liberalized economy and has become a study to undertake. It throttled the process of industrialization and situation specific it increased urbanization in places. Employees for engagement migrated and labour from rural remote migrated to the industrialized developed urban areas to obtain jobs and opportunities. It savored better employment prospect eventually. The resulting consequence is the gradual pressure on the cityscape building through construction, demand for commercial spaces and housing. The city needed the best of the commercially core infrastructure through construction and
facility. It ultimately is connected to growth and developments in housing, retail, hospitality and infrastructure. It also linked to all industries, economic services industry, information technology and ITES services and vice versa for their mutual growth and development.

Indian real estate shared and experienced the dominance of many small and medium regional players with relatively low levels of expertise, competencies and financial resource backups. Traditionally this sector has not gained from institutional capital in any way and has traditionally horned high net-worth individuals with scope to divert funds. Besides, other informal sources of financing as well led to low levels of transparency and fillip. This picture underwent a quantum process of change in sync with the sector’s growth. Today real estate industry’s dynamic speed mirror consumers’ expectations. It looks for a higher quality of products and services. India’s enhanced integration with global economy attracted PPP mechanisms.

During the period from 1995 to 2005, it underwent the initial growth phase of the economy. It settled with the residential real estate growth trend. After this phase and in between; global crisis for the “dot com” bust and 9/11 terrorist attack; rattled the economic stability. Yet, the economy of India was steady and the growth was reasonable. Indeed, the Indian economic activity, industry growth, urbanization and rising trend towards societal changes marked transformational. During the period later it spiked with a high growth phase. It showed demand for commercial and residential real estate. It meanwhile became incredibly high with the prices of housing. It rapidly increased due to demand. India’s growing population, migration, urbanization, nucleus family, disposable incomes, young earner and taxation provision have contributed. It also contributed for the rapidly growing middle class population. Never the less, the booming population, interest rates being lowest ever, incentives of FI’s for housing and private loans gathered momentum in business. Just after that for a year or two, abrupt slowdown and economic downturn led to an abrupt decline in the economies. It affected the business of government and associated private players in to the business of governance. Real estate firms with their investments entered the market of government monopoly. Slowdown in capital markets brought all together for innovative means of alliances in all aspects. Till today, it is in a stalemate and has not consolidated. Speculation is expected to make the capital values spike and is doubted. Yet supply of housing and growth in the infrastructure is unstoppable as it is a basic need.

3. Housing And Growth In The Infrastructure

Housing in urban areas has to cater to the migration. Growth seen in the last decade is shift and housing shortage will continue and PPP shall be needed to compliment the infrastructure and housing. Housing shortfall n India is calculated to be 78.9 million units and decline of the shortage shall be peculiar to calculate. These growth and developments over last 10 years have precipitated in real estate industry and commercial
development resulting in housing. Currently builders, financiers, companies, manufacturers, raw material providers etc. have grown with their activity. They challenged the global standards with quality and price. They maintained delivery time and services. Even the real estate valuation has become active. It is the boom and development of PPP models in real estate that has become a major area of business. Real estate needs huge investment of fund and they are differently prices at different places. Each piece is unique to sale. In fact, real estate industry has broadly classified in to three categories like commercial, residential and agricultural which are again influenced with the price tags for their costs. They are dependent on the physical characteristics of place, property rights of the person, geography location, speed of development as rate and need of the buyer. They also include the business like appraisal, brokerage, development, property management and managing a property.

4. Industry Trends Of Current Epoch

Residential real estate segment is immensely influenced by economies of the country. PPP therefore have a strong impact. Meltdown resulted in the fall in residential real estate market in India and procurement of investment from private players. Fall in demand and supply resulted in raising the capital. It also experienced a rise in demand across major cities. They attributed to improvement in economy which is actually not but for the obvious demand to maintain. Projects were made for mid-income groups. Developers launched to attract buyers and sale. Low interest rates are important for private and government to do business. Buyers purchasing plans are on hold due to the fall in affordability prices. Moreover job-related uncertainties have throttled non-booking of houses and real estate investments. CRISIL estimated around 668 million square feet of residential units to be constructed in 2009 to 2011 in top 10 cities like Mumbai, NCR, Bengaluru, Chennai, Kolkata, Ahmedabad, Kochi, Chandigarh, Pune and Hyderabad, who account for 20% of supply in urban India. They constitute the majors investments in India due to population pressure.

5. Real Estate Of Odisha In Bhubaneswar

German architect Otto Konigsberg designed the modern city Bhubaneswar in 1946, which has became the capital city of Odisha. The city is known as Temple City of India has innumerable Hindu Temples. The city is essentially designed to be residential city with industrial outer layer for commerce and trade. The city was sleepy till 2000 and was not with major investments. It was dominated by government, state and public sector undertakings, small scale industry and commercial complexes. Currently Bhubaneswar is ranked as the 2nd fastest growing Indian city in real estate business. It is also sacred because the towns of Puri and Konark are adjacent. They combined attract pilgrims and tourists. Today Bhubaneswar has well-groomed roads, flyovers, multistoried buildings and houses of all types. The headquarters of east coast railway is located in
Bhubaneswar for railway connectivity. It has trains to major Indian cities. Odisha’s only international and domestic airport, Biju Patnaik airport, has regular flights to important Indian cities.

These all vivid connectivity has grown real estate scene of Bhubaneswar considerably in demand. It is due to the booming city population. It also attributes to disposable incomes of people wanting to buy house. In Bhubaneswar price of land has grown northward and the price of land has risen to 500 %. These all booming environment in real estate is due to the increased investments in odisha at Bhubaneswar. The other reasons of boom is also due to high paying Information Technology (IT) companies coming to infocity, wherein big Information technology companies like TCS, Infosys and Wipro have established wings. The shortage of housing and urban infrastructure was inevitable. It also exists in residential segment in different category. This called for high-end residential homes and costly Stella’s. The retail formats of the MNC’s in segments are also growing phenomenal. The speed of growth in format malls have grown to facilitate the real estate process. The major focus are KIIT Institution area, Chandrasekharpur, Khurda and Jatni. Cuttack and Bhubaneswar are going to be twin cities of Odisha and shall entail real estate potential.

6. Market Value And Appreciation

Eventually rise in prices are a regular phenomenon in India, because of population and need for agriculture. The demand for retail commercial spaces is being complied and supplied. It has given the investor the scope to earn. It is a reasonable investment to relate. The average demand for houses in Bhubaneswar is around 3000-4000 annually, but the reliable supply is 1000 units. Presently Bhubaneswar has dearth of space in land, but flats are in plenty and the prices rise to as much as 8,000 per square feet. Single houses have negotiated price attached; if located close to the town. People have developed fascination for flats due to safety reasons. Though the Bhubaneswar property market is dominated by local builders, there are quite a number of regional players and national players like TATA’s, DLF and Unitech. They all have come up with residential and commercial projects. None the less, national real estate players like DLF, Assotech, Bhabani Ambuja, Rahejas, Unitech, Hiranandani, Parsvnath and Bipul have opened their office and business. A turnover of existing around Rs.500 to 800 Crore business will rise to Rs.1000 Crore. Evidently Patia, Daruthengo and Raghunathpur etc. on the Nandankanan Road offer good prospects for price appreciation.

7. Real Estate Trends In Bhubaneswar

Bhubaneswar is expanding rapidly and is stretching from Khandagiri and Udayagiri to Nandankanan wild life park. In both the sides of the road many builders have pitched in business. Builders like D.N.Homes has interesting projects for delivery to customers, which include Royale Garden. The project in the vicinity of AIIMS is growing. Savera Residency near Niladri Vihar is a vaastu-compliant apartment complex. The
Dreamz Villa is a luxurious duplex apartment complex. The group is working on 2-3 BHK luxury flats in Damana Square. First PPP was attributed to Chandrama Complex. It is the first project in Bhubaneswar jointly done by Orissa State Housing Board and B. Engineers and Builders Ltd. on a 4 acre property. Dharitri Projects is offering well-located duplex homes in Jaydurga Nagar, while similar properties in Baramunda are priced. Similarly plots for independent homes are available everywhere in and around Bhubaneswar.

8. Bhubaneswar Property Market

Bhubaneswar is the capital city and the biggest city of Odisha. It is one of the fastest growing eastern cities of India. It is an investment centric city with a scope to growth in real estate industry. Its greenery, simplicity and low price of land has made it an ideal city for property buyers and investors, rather than in FI’s. It witnesses quick development in construction, property and infrastructure. Demand has reasons for rapid development. These reasons include, growing population of the city and disposable incomes, heavy investments from iron ore business, IT and ITES industries, low pollution levels and greenery, strategic location being in coastline, rich minerals and natural resources for investment, encouraging behavior of government and tourism etc..

Moreover, Government of Odisha has been promoting the all round development of Real Estate Industry in the Public-Private-Partnership (PPP) mode. This was set up in line with the Policy document 2007 of the state. Therefore large number of private players entered in to the industry in Odisha. Number of builders and developers are listed for the twin city, planning for mega residential projects and flyovers. The rise in property demand affected the category of business of independent bungalows, simplex, duplex, villas and low-rise apartment complexes etc.. Real estate buyers have also expressed concern over usage of land. They asked to streamline the development and create habitable atmosphere. The purpose of BDA (Bhubaneswar Development Authority) has been commendable to restrain erratic development. RTI is a good cleaner of rules. Buying land or house without plan approval is risky. BDA comes to the rescue of people. This can be encased by real estate investors who can grab the opportunity and go ahead with investing money in property. Leading property developers like Sahara India Pariwar have launched their housing schemes in the city. It also include SEZ.


Vision 2030 Comprehensive Development Plan (CDP) designed by the Department of Architecture and Regional Planning, IIT Kharagpur, has integrated the two cities of Cuttack and Bhubaneswar into a single 720 sq. Km Urban Complex by 2030. It aims at changing and transforming Cuttack and Bhubaneswar into a world-class urban center. This can be possible by creating scope for PPP and attractive private and
government investment opportunities from India and abroad. This CDP tries to develop textile parks and prime urban centers mainly. It envisages to facilitate mass transportation networks through better railway network. Also promote tourism through film city projects, theme parks and travel circuits such as art villages and nature trails. It also suggested for theme oriented city development in toeing with education, health and software etc.. A Special Tourism Park is also expected to facilitate tourism in the Bhubaneswar-Puri-Konark Corridor. It also wish to make a talent pool of around 50,000 general and 20,000 technically qualified graduates for approx. $1000 million business.

10. Conclusion

The important projects of IT SEZs, retail, MNCs and big realty players have painted a rosy picture for the city of Bhubaneswar. International airport, Agri-Tech Park, Diamond Park and Air Cargo complex demonstrate the roadmap of Bhubaneswar which shall facilitate real estate markets. Capital city is set to breakaway with real estate projects, including drawer technology in residential units by promising an ecological living with eco friendly landscape. When German architect Otto Konigsberg planned the city in 1946, it was one of the coolest of cities in modern India, like Chandigarh. Today due to population pressure it is getting polluted yet PPP projects are percolating each day. Assocham ranks, Odisha as second among the favorite destinations of India Inc’s investment plans, compared to Gujarat and Tamilnadu. To culminate with a welcome gesture Odisha government has given special importance to PPP with reality players, IT majors from overseas and steel giants. In the ever changed scenario of Odisha real estate investment is bound to flow heavily. Odisha is also ready to transform for a prospective progress. The CDP is preparing to accommodate about 30 lakh people in the city by 2030. Around 10,000 acres have been identified for developing dwelling units for the estimated population in Bhubaneswar city. This availability of land in the proposed twin city is a rarity. This proposal has attracted and allured few of the colossal players in real estate development to Bhubaneswar. However, insufficiency in the availability of residential units has propelled the property prices northwards. Some places it has also gone down due to the ripples of the crisis. National players in reality space, known for benchmarking quality in their developments, have a strong position in the city. The process can have a seamless access through the models of public private partnership.

11. Reference

1. Crisil Research: India Real Estate Overview; March 2010, https://www.google.co.in/#q=Crisil+
11. Research%3A+India+Real+Estate+Overview%3B+March+2010
14. www.investopedia.com
15. www.odisha.gov.in