

Critical Strategies For Secured Investment In Real Estate

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Abstract - The Real Estate is one of the most globally recognized biggest sectors in any part of the world, and India is no exception. The expected growth of real estate sector, India has been estimated one third of the total growth of the country over the next decade. Also, this sector will be expected to incur huge non-resident Indian investments. Because, it is a culture of every Indian to have a house on their own. Owning a house is a dream of every human in general. Real Estate sector can help to fulfil of every Indians dream. If, the investor wanted to do investment wisely, Real estate is one of the safest investments environment in the world. Indeed, real estate is the best form of investment, it needs critical thinking of the investor. Investor has to have clear understanding about the different facts of the Real estate industry. History revealed that people have faced success as well as failure in real estate sector. The number of success stories are very less, because of poor knowledge and information about real estate management. Investing in the real estate can transform into one of the most beneficial endeavours of an investor's life. Investing in real estate has proven mostly maximum number of times to be an excellent vehicle for building wealth, only if the investor is a savvy investor. Therefore, an investor should have a thorough knowledge and information analytics towards the security aspects. In this article, let us explore maximum essential factors that an investor should have to have secured investment particularly while procuring a dream house.

Key Words: Strategies, Real Estate, Investment, Construction, Investment.

1. INTRODUCTION

It is the human tendency that everyone wants to invest in a property either for their own, or speculation. But, how safe the investment is really matters in any investment, and the real estate is no exception, rather one should have thorough knowledge, study about the critical strategy, and how secure the investment would be.

1.1 Real Estate Investment

The Indian real estate sector has well witnessed higher growth. This growth in recent times becomes too big with the rise in demand for office as well as residential spaces. Apart from local investment, this sector in India has received

foreign direct investments in volumes. Recent initiatives of government of the respective states has taken many innovative initiatives to encourage huge development in this sector. The smart city project in India is a prime opportunity for corporate companies in real estate. Apart from this, every individual is interested to have their investment in property as an investor.

2. SECURED INVESTMENT

Many investors would have gone through the bitter experience of staying in the rented house. Through their bitter experience and worse environment, they are made to have or go towards an own house as per their dream. After undergoing various enquiries, investors used to find a house builders or promoters of a construction organization. They register to procure a house. Also, the investor used to have an assumption that the construction organization will provide a finished house within 6 months as promised. The time passed by this confident level will diminish and the dream will never become true. Because, none of the construction company fulfilled the commitment to their customers in the aspect of money as well as time.

Construction companies tried to postpone the Commitment in the aspect of construction and handing over the documents. In many cases buildings are never constructed as per the plan committed. Like this, there are many challenges an investor has to undergo. The investor get frustrated and murmur as if they were unable to find the solution for the real estate issues.

In India, recently government enacted a law in the year 2016 named Real Estate Development and Regulation Act 2016. The bill was passed on May 1st 2016, as a law. It has given time limit to enact the State Government up to 30th April 2017 to implement this act and to appoint a Regulating Commission as well as Real Estate Tribunal. This law may build the confident level of the investor and may provide solution to all those issues in the industries. But as per this law, new construction can be applicable only if the construction completion certificate is issued after 1st May 2016.

Real estate Regulation and Development Authority may provide solution and help them in many ways. Builders should register their residential construction plan properly

and mandatorily. Before publishing their plan and marketing commencement, they should have fulfilled the registration, and approved formalities. As per this law, it is strongly emphasised and permits to sell the houses only after completion of registration.

If any builder failed to register about the building plan of the construction, 10% of project cost is applicable as penalty as per this law, as in provision.

If any builder failed to pay penalty for violation of registration before advertisement or marketing, then he will be eligible for minimum 3 years imprisonment as per the provision under this law. Also, violation of this law can be treated as criminal offence, as per this law. Any construction plan for a house within 500 Sq.ft or an apartment with 8 houses, or a plan for renovation are eligible for exemption from the registration process. At present, any dispute in buying a house has been handled by the consumer court. If the real estate regulation and tribunal were formed, then investors need not worry and wait for legal solutions for their disputes. If needed, they will be permitted to go for an appeal as per this law with help of real estate tribunal.

The primary issue in the real estate business especially in apartment investment is delayed delivery of completed house, as is the biggest challenge in the present real estate industry. But this law can sort-out the delayed delivery issues and minimize the volume of disputes in this regard. Also, the next issue is misusing the financial allocation by the promoter for some other unknown project is a biggest challenge. It is also strictly prohibited in the present law. Therefore, handing over the completed houses on time will thus be sorted out by this law.

This law also has provision to observe or audit the financial transactions as per this law; the customer need not pay more than 10% of the total value of house as registration fees. Promoter should not demand more than 10% at the time of registration. If any promoter makes any wrong information or falls commitment the organisation will be penalized by 5% of the total plan value as penalty. Promoter should not deviate the Blue print, approved by the Regulating Authority.

The construction should be strictly as per the approved Blue print. It is very strongly emphasised by the new law.

Similarly, if there is any damage found in the building within 5 years from the date of property handing over, the promoter has to rectify, or repair the defects within 30 days. Also, he should make or claim any charge for the service rendered by him within the stipulated period. Failing, or violating this condition is bound for penalty of 5% of the planning cost as per the legal provision of the law. Not like earlier they cannot sell the area of the super-built-up while specifying the area of the apartment, and as per this law, only

carpet area can be sold. This condition is very strongly emphasised in this law.

An organization in construction cannot fledge the total project as per the law and it has been prohibited. Similar such provisions are there to control construction companies to protect the rights of the investors. Thus, this new law builds confidants and provide secured feelings to have their dream house. Hence, the investors need not get confused or worry, and can have peaceful investment in the real estate sector with secured feelings.

3. STRATEGIES

Strategies used to help to promote the business or investment. Strategies will help to focus the investment in order to increase the sales to attain the profits. Strategies should be time oriented to utilize. Strategies can help to increase the sales to promote the business effectively. Successful strategies may help the user to do secured business. In general, real estate business came across an environment that has no security but recent laws created a secured environment to protect the investment of investors. So, in this study various strategies have been narrated that can help the investors to invest in secured manner in all legal aspects as per the law of the land. Also, in this article, the legal responsibilities of the investor have been narrated as a strategy in various aspects that can help to have maximum secured investment in India.

Apart from legal provisions, investor should have more responsibility to do secured investments. So, to win the transaction and to have the secured house, investor has to have the clarity about following essential factors. They are:

- Investor should verify and ensure the parent document of the last 30 years and flow of title and its map perfectly.
- The original document of proposed property should be legally validated and to be cross checked in the aspect of originality.
- Patta and TSLR (Town Survey Land Record) contents should be verified both manually as well as online.
- Approval of the layout should be verified as per regulating authority's legal formalities. Also with the size of the land, whether the settlement to the local body has to be complete or not has to be verified.
- FMB (Field Map Book) sketch has to be verified related to the schedule of the property.
- If the builders are not the apartment owners the agreement between the builder and the land owner and its agreement should be verified. Also, if there exists a power of attorney document, that power of attorney document should be well verified in the aspect of percentage of saleable area as per the power has to be well verified. Also in the process, as per the power document the land owner's existence has to be confirmed, that is, they should be alive.

- The document submitted by the property owner has to be compared with the sub-register office to check the genuinity of property owner and original document along with its genuinity can be ensured.

- Encumbrance should be verified for the last 30 years and it should also be referred from the website of the sub-register and its data.

- The construction plan and its approval have to be verified before they settle the advance, for the number of houses as per the blue print. The number of kitchen has to be tallied and every resident should have one house one kitchen is the rule. Hence, the number of kitchen marked in the blue print can help the investor to estimate the approval for number of houses in the apartment.

- The undivided share (UDS) has to be divided properly to the buyer and the builder cannot have any rights in the top floor and cannot have any agreement as a clause to construct a building in his construction agreement.

- If the unstructured building is procured any loan from bank, or from any financial institutions those debts has to be closed before commencing apartment sales, or he should have no objection certificate from the bank or financial institution.

- In this situation, the investor has to settle the account only in the bank or the financial institution where the builder procured the loan.

- Completion certificate has to be collected by the investor after completion of the apartment construction from the approving authority with proper verification. Also water, drainage and electricity connections have to be verified properly with the concerned authorities for the purpose of security. If the built-up area exists 20,000 sq.m. and less than 15,000 sq.m. the completion certificate has to be obtained from the authority of environment department.

4. CONCLUSIONS

Any investor can do investment in Real Estate Industry easily. But, investment should be secured and good enough to generate Return on investment. Today earning a property, or investing in a property is so easy in the real estate industry but how far it will be secured or will be worth for return on investment is a difficult question to answer. Hence, an investor should follow certain critical factors to ensure his investment in security aspects that has been well collected and defined in this article.

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BIOGRAPHIES



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