

# PROPERTY MAIL

## SINGLE WINDOW MECHANISM EAGERLY AWAITED

*The government must fast-track this project approval system so that developers can launch more residential projects and increase supply, which will help in keeping prices down and enable robust infrastructure for revenue.*



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**T**he huge pile of unsold inventories and the lack of a regulatory body is a grave concern for the real estate industry these days. Currently, there are about 33 approvals required from various government authorities and departments which slow down and complicate the process considerably. We all know that real estate is a highly capital-intensive industry and delays only increase input costs for the developer, which ultimately have to be borne by the buyer. Experts are of the opinion that a transparent technology enabled single-window clearance system will speed up the process and reduce the consequent costs.

The realty industry has been raising the long-pending demand for this single-window clearance mechanism for project approvals to benefit developers across the country and that the new government must action on a priority basis. Experts are of the view that the prevailing

project approval process is very tedious and time-consuming which defer the timelines and scheduling of the projects. The process of project approval must be revised so that developers can launch more projects and increase supply, which will help in keeping prices down. They believe that the fast-tracking of single-window clearance system would give a boost to the whole sector and would also help in realising the dream of the government: 'Housing for all by 2022'.

Manoj Gaur, MD, Gaursons India and President CREDAI Western UP, believes, "Delayed clearances add cost to the project which ultimately leads to high price, if clearances will be expedited then housing cost will also rationalise to an extent." Also Abhay Kumar, CMD, Griha Pravesh Buildteck Pvt. Ltd., puts forward, "The centre and the states need to work closely in order to set up a single-window clearance system so that all regulatory approvals and permissions required by the developers are given fast."

Rohit Raj Modi, president, CREDAI-NCR, agrees too that this would allow developers to concentrate on the completion of their projects without worrying about getting various approvals. "This would also

encourage developers to plan new projects within the stipulated time frame thereby keeping a check on demand and supply," states Modi.

It is certainly a well-known fact that real estate is one of the major contributors to GDP, and this sector cannot perform optimally in a scenario where a bewildering multitude of agencies are involved in processing approvals for real estate projects. According to Kishor Pate, CMD, Amit Enterprises Housing Ltd., the lack of a streamlined projects approval mechanism is a symptom of India's retrograde bureaucratic machinery which causes untold losses to all stakeholders. The ill-effects are most visibly seen in huge realty markets like Maharashtra and Delhi-NCR, where the various constraints on real estate development have in fact played a big role reducing the pace of growth.

If we study the massive numbers

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of clearances and approvals that are required for residential projects in India, the challenges that developers have to face become very apparent. The old English proverb 'there's many a slip between the cup and the lip' is very fitting here. The extensive efforts that a developer in India has to put in before a project is even approved for construction are not well understood.

Moreover, the procedural complications only increase once a project is cleared for development. "A project can get road-blocked at any stage between construction commencement and completion because one or the other clearance or approval is being delayed by some government department or the other," informs Pate.

Developers face multiple repercussions because of these delays. In the first place, it affects the time it takes for returns to come in from a project. Secondly, delivery timelines play a big role in how attractive a developer's projects are to investors, and how much confidence end users will have in a developer. In other words, developers not only suffer financial loss because of approval delays, but also lose credibility because of this.

All eyes are now on Modi government, which has assured the Indian real estate fraternity that it

will pay due attention to its issues. "The new government with their nuanced working style has revolutionised many sectors of our sagging economy and provisions for single-window clearances for real estate projects will lead to smooth and efficient operations," avers Rajesh Goyal, managing director, RG Group. But it is difficult to see how this can happen when the currently employed multi-agency approach to project approvals adds as much as 40 per cent to the cost of constructing projects.

If the new government indeed provides single-window approval to housing projects, residential prices can come down by 30-35% as a result. Prashant Solomon, managing director, Chintels India, considers, "A single-window clearance mechanism will help in bringing down prices, accelerate manufacturing growth and enable robust infrastructure for revenue and employment opportunities in industries and trade as well." Also puts in Aman Singh Gehlot, director, Ambience Group, "It will benefit both the industry and consumers if the government ushers in single-window clearance system as it will drastically bring down the overall cost of housing sector projects." Sanjay Khorana, senior vice president, Tashee Group, the realty player in Gurgaon, updates too, "There is

a possibility of downward correction in property prices to at least 5 to 15 per cent, depending upon the location and cost of the land."

Rajiv Gupta, CEO, Wave Infratech, is of the view that a single window clearance system will help the developers get clearances and approvals within a reasonable time frame. "With this proposed impetus from the government the procedures would definitely get simplified by bringing down the average approval time from the current 200 to 45-60 days," enlightens Gupta. It will also bring about a reduction in cost and will ensure a prompt delivery of the projects in the sector. Pate further updates that the introduction of the single-window housing project approval system would not just help in addressing the country's massive requirement for housing but also increase the government's revenue collections from increased stamp duty and registrations.

Also, increased housing supply will mean healthier competition among developers, which will result in more rational and uniform pricing as well as boost innovation in project designs. These considerations combine to make a very compelling case for the government to finally make single-window approvals for housing a reality.