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The inflow of Private Equity (PE) funds has boosted the Indian realty market, believe experts



THE PE DYNAMICS

P rivate Equity (PE) has consistently helped in the growth of the realty sector with timely funding and their due-diligence support. Home-buyers and investors also, look for a project in which there is PE participation.

THE ROLE OF PE:

- "PE funds have brought a new dimension to the financial angle, particularly in real estate - since the time RBI restricted new construction financing to the sector, post the global financial crisis of 2007-08. Post-liberalisation, PE funds became active investors and from 2008 to March 2017, PE funds have invested more than INR 2,240 bil-

lion / USD 40 billion in the sector through equity, debt and other forms of deals," explains Siddhart Goel, senior director - research, India, Cushman & Wakefield.

PE funds have played a pivotal role in making the real estate market more transparent and organised, thereby helping the developers too.

SUPPORT TO THE INDIAN REALTY MARKET:

- Helps small developers to raise project funding;
- Certainty of monitoring and completion of the projects;
- Maintaining the market rates of property and therefore, increasing consistency for both, developers and investors;
- Replacement of bank debt with long-term equity;
- Increase in

transparency; Better corporate governance."

HOW SHOULD HOME-BUYERS LOOK AT PE INVOLVEMENT IN A PROJECT?

"Since PE funds consider completion, delivery and sales risk to be able to recover their investments with expected returns, they work closely with their investee companies' promoters to ensure stakeholder satisfaction and meeting of declared objectives. Most PE funds demand stringent compliance with the regulatory, tax and contractual obligations, thereby benefiting the consumers more so in the current RERA and GST environment," opines Amit Goenka, MD & CEO, Nisus Finance.

Legal and statutory compliance gains prominence, when the PE fund is at the helm of the project and hence, the developers have to abide by all the stipulated rules and regulations. The PE participation ensures a positive scenario for home-buyers and investors

Markets of NCR, Hyderabad, MMR, Pune and Bengaluru were most benefitted by PE infusion because of which mega projects were undertaken in these geographies

GET IN TOUCH:

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