

BHARATMALA TO LIFT REALTY SENTIMENTS

This highway-building programme is bridging critical infrastructure gaps and also creating massive demand for real estate and allied industries



BY
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The development of any nation depends on the transportation networks and the ways in which they are being maintained. The same holds true for the development of a huge and populous nation like India. For connecting the areas and maintaining smooth flow of traffic, the construction of new and developed roads are a must. The same will be achieved with the implementation of the Bharatmala Pariyojana. Under the programme, a host of new roads will be laid down in the nation.

The Rs 7 lakh crore highway-building programme announced by the centre should give a big boost to the real estate sector and allied industries. Its spin-offs would be higher in demand with construction materials such as steel and cement and massive job growth in the construction sector.

Coming at a time when the economy is going through a soft patch and jobs are growing at a snail's pace, this move is nothing short of a stimulus. The manufacturing and tourism industry too will benefit from faster flow of goods and passengers projected from implementation of the project. The central government has the plans of finishing the scheme within a span of five years (launched in 2017). Thus, all is set for finishing the first phase before the end of 2022.

However, the government will have to ensure that possible delays are avoided and the project is completed on time if intended benefits are to be reaped. The experience gained from the construction of Golden Quadrilateral earlier might come in handy for the government. The project that began in 2001 was delayed by some eight years. It was to be completed by the end of 2003 but its implementation extended till January 2012.

To complete the project, 128 separate contracts were awarded. In total, 23 per cent of the work was completed by the end of 2002, 80 per cent by the end of 2004, 95 per cent by the end of 2006, and 98 per cent by the end of 2010, according to a study undertaken by Harvard University. The delay is attributed to issues in key areas of the project implementation like land acquisition, financial closure and award of contracts.

The implementing agencies will have

the benefits of learning from the Golden Quadrilateral project. The similar hurdles can be well anticipated in advance and necessary measures can be taken to avoid the time lag.

Development of highways creates possibility for manufacturing hubs, townships and commercial centres in the vicinity. Land value automatically shoots up on expectations of increased real estate activity. The Yamuna Expressway is a classic example of how highway development yields spin-offs for the real estate industry benefits. The expressway has reduced travel time between New Delhi and Agra by half. Besides, it has spurred construction and industrial activity in surrounding areas. In coming days, it is expected to have a significant impact on economic activities of neighbouring states of Rajasthan, Haryana and Madhya Pradesh as well.

Encouraged by economic boom in the region, the government has announced plan to build an international airport in Jewar along the expressway, the second in the Delhi and NCR region, which should further give a big boost to warehousing development in the region. In other words, the airport might well prove an inflexion point for Noida and its extended surroundings and ignite revival of home sales, creating a virtuous cycle of real estate and infrastructure development. Property prices will automatically go up. All these benefits will flow from the Yamuna Expressway development.

The Golden Quadrilateral improved connectivity and market accessibility of districts lying close to the highway, compared to those more remote. Non-nodal districts located within 10 km from the network experienced substantial increases in productivity, attracting more firms, according to the Harvard University report titled, 'Highway to Success: The Impact of the Golden Quadrilateral Project for the Location and Performance of Indian Manufacturing'.

Significantly, just 5,846 km of highways was built under the Golden Quadrilateral, compared with construction of over 83,000 km envisaged in the Bharatmala programme. So, both challenges and benefits would be commensurately bigger. We expect it to give a much-needed boost to economic and industrial growth, which would automatically create massive demand for real estate.

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