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BUILD IN INDIA: INSIDE THE GREAT CONSTRUCTION BOOM

Growth in housing, transport infrastructure and warehousing projects is creating opportunities and jobs



A general view of residential building and the central road construction work in Mumbai on December 6. The site has been open for a long time and is expected to be completed in the next few months. (Photo: Anurag Kulkarni/Anurag Kulkarni)

INDIA'S CONSTRUCTION BOOM

A drive from Kolhapur to Mumbai, the road is a blur of concrete and steel. The highway is a testament to the country's construction boom, with new roads and bridges being built at a rapid pace. The drive is a testament to the country's construction boom, with new roads and bridges being built at a rapid pace.

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and then, during the pandemic, real estate activity came to a standstill. The post-pandemic recovery has been strong, with the construction sector showing a robust rebound in 2023. This is due to the government's focus on infrastructure development, which has led to a surge in public works and infrastructure projects. The government's focus on infrastructure development, which has led to a surge in public works and infrastructure projects.

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WHAT
India is witnessing a significant construction boom, with the sector showing a robust rebound in 2023. This is due to the government's focus on infrastructure development, which has led to a surge in public works and infrastructure projects.

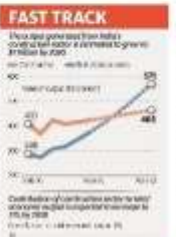
WHY
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CONCLUSION
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IMPACT
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Build in India: Inside the great construction boom

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rashtra have also seen growth in the building of independent houses.

Between 2017-18 and 2022-23, JK Cement has more than doubled its capacity—from 10 million tonnes per annum (MTPA) to 20.7 MPTA.

"Government housing programs like Pradhan Mantri Awas Yojana (a scheme that facilitates access to affordable housing), favourable demographics and a lot of activity in infrastructure projects have propelled this demand further. Cement demand in 2023-24 is expected to end with 10-11% growth given the pre-election momentum and this has also played out in the first half of the year," Khandelwal said.

WILL THIS CONTINUE?

The question is if the momentum in construction can continue next year.

Some experts said that the pace of construction may see a blip next year, as fresh investments and project sanctions may be put on hold for some time due to the general elections. Highway construction activity could slow.

"Next year, highway construction activity is likely to slow down as the National Highways Authority of India



File photo of labourers at a construction site of the Ahmedabad-Mumbai High Speed Rail corridor in Ahmedabad. REUTERS

has been asked not to award any new project till the revised approval for Bharatmala Pariyojana is in place," Deloitte's Singh said.

Bharatmala Pariyojana is the central government's umbrella programme to develop the highways sector.

Second, metro rail projects are likely to slow down as well. While many cities have ongoing metro rail projects, no new projects have been announced in the last three years, Singh said. "There is a consensus that these projects are a costly affair. However, there are rapid passenger transport projects and new proposals to improve connectivity being floated," he added.

On the other hand, some market watchers remain hopeful, particularly about the continued growth of the housing sector. Liasis Foras' Kapoor estimates that India has added nearly 1,000 new developers in the last two years, implying that the market is only expanding. Thakur from Anarock said that in the first half of 2023-24, nearly 25-30% of cash collected by most listed developers in India has gone into business development—land acquisition for future launches.

The implication? Construction activity will continue at the same pace. The more optimistic would tell you that the pace will further accelerate.

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Housing sales register a decade-high record in 2023: Report

Sales across top-7 cities registered 31% annual surge

SHAKSHI JAIN
 BENGALURU, DHNS

Amid a strong rally in the Indian real estate market, 2023 registered the highest housing sales in at least a decade, across the top seven cities, a new report by property consultancy Anarock revealed on Thursday.

With approximately 4.77 lakh units sold across the seven biggest cities in 2023, the residential segment registered a 31% year-on-year growth over the 3.6 lakh units in the previous year.

"The last peak in the decade was seen in 2022, after 2014, when approximately 3.43 lakh units were sold in the top-7 cities," the report highlighted.

"2023 has been phenomenal for the Indian housing sector, despite global headwinds, rising domestic property prices and interest rate hikes over the first half this year," Anarock Group Chairman Anuj Puri remarked.

The report credited unchanged home loan rates in the back half of the year for sustaining the overall positive consumer sentiment.

The sales momentum was



led by the western markets of Mumbai Metropolitan Region and Pune, which sold around 1,53,870 and 85,680 units, respectively. Kolkata stood at the bottom of the chart with approximately 23,030 units sold during the year.

At the same time, fresh supply of newly built homes saw a 25% year-on-year growth with around 4.6 lakh units launched

in 2023, against 3.6 lakh units in 2022. About 31% of the overall supply of residential units in 2023 ranged in the Rs 40-80 lakh bracket. With 51% of launches in the Rs 80 lakh-plus bracket, affordable housing - comprising homes priced below Rs 40 lakh - secured the smallest share of the pie at 18%.

Industry players blame difficulties in sustaining profit mar-

gins for the declining share of the budget housing segment.

As per the report, the annual jump in housing prices across the seven geographies ranged between 10-24% - driven by demand and increased input costs. M Murali, chairman and managing director of Bengaluru-based Shriram Properties cited a 5-8% increase in expenditure on raw material, cost of capital and labour.

Unsold inventory, on the other hand, saw a 5% year-on-year decline towards 2023-end, despite a strong supply of new units during the year.

According to the report, housing demand is expected to remain undeterred in 2024, even with a likely average price hike of 8-10% across the top-7 cities. "The Indian economy remains bullish, and this directly correlates to residential demand," Puri said.