

Economic crisis takes toll on Kolkata realtors

The economic downturn has affected almost every sector in the country with realty being no exception. Though the city proper has avoided a steep fall in prices so far, realtors in Kolkata's suburbs have begun to feel the heat of depressed prices.

'Sales are definitely down in the city but there is no price cut yet. But there is a drop in prices by at least 25 percent in Rajarhat,' Pradip Chopra, chairman and managing director of infrastructure developer PS Group Realty Ltd, told IANS, referring to the fringe township to the north east of Kolkata.

Rajarhat, a hotspot for non-resident Indians, has so far been a thriving market for realty majors.

'The flats, which were in the range of Rs.4,000 per square feet are now selling at around Rs.2,700 per square feet,' said Chopra, adding that the economic crisis and its effect were the major factors behind the drop in sales that triggered the price cut.

Added Indrajit De, chairman of realty firm Eden: 'There are a lot of investors in Rajarhat who have invested with the hope that prices will shoot up. Now they are selling land at the purchased price or even at lower rates.'

Construction work is almost stalled at Rajarhat projects, he said.

Asked about the status of PS Group's projects at Rajarhat, Chopra said: 'We have sold 80 percent of the flats as we started selling six months back when the fear was not this acute.'

However, De said prices were steady in [Kolkata](#) despite the economic gloom. 'The builders have lowered profit targets, but there is no such price correction till now,' he said.

Eden Group's project at Maheshtala in South 24 Parganas, 13 km south of the city, is on schedule as it is targeted at the middle-income group.

'Following (then) Finance Minister P. Chidambaram's advice to realtors, we are trying to reduce prices so that buyers' benefit is optimised,' De said.

Hemant Kanoria, director of Bengal Shristi Infrastructure Development (BSID), said: 'Real estate prices, which are very high, will definitely reset at reasonable levels.'

He expects a price cut of 20-25 percent for the high priced properties.

But Kanoria ruled out any fall in demand due to the economic crisis.

'There are a lot of buyers who genuinely need housing. But investors who looked at real estate as assets will definitely stop buying as there is a liquidity crunch in the market and they won't get buyers if they want to sell,' he said.

BSID is currently implementing a 50:50 public-private venture, jointly promoted by the West Bengal government, the Asansol Durgapur Development Authority and the Shristi Infrastructure

Development Corp.

Asked about BSID's projects, Kanoria said: 'We are working in the outskirts of the city, where there is a genuine need for housing. These are demand driven projects, so there is no slowdown over there.'

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