

## Dubious foreign investments in Goan real estate under security scanner

A recent report of the National Security Council Secretariat (NSCS) on questionable Russian and other foreign investments in real estate projects in Goa has prompted an inquiry by the state government into the larger ramifications of these deals.

'We know there have been huge investments in Goa over the last couple of years. Many entities and individuals are picking up agricultural land and developing it for the hospitality business. We are trying to find out the real source behind these investments,' a top home ministry official told IANS in New Delhi.

According to intelligence reports, the bigger motive behind Russian groups pumping money into purchase of tracts of land was to get into lucrative rackets later that could include drug trafficking, gunrunning and prostitution.

So far, one instance of 19,000 square metres of agricultural land brought by two Russians in Morjim, north Goa, has come to light.

The government is now investigating the validity of 482 land deals made by foreigners in the past three years. Among the cases under review are 55.5 acres bought by an American in the north Goan village of Pilerne, 20 acres bought by a Swiss national in Sucorro and 16 acres bought by a Briton in Sangolda.

'On the face of it, running luxury resorts may seem perfectly respectable business but there is a bigger game being planned and that is worrisome,' said an intelligence official who spoke only if he was not identified.

'Tourists from Russia, especially those staying in Goa on long visas, are coming under increasing scrutiny after allegations that East European drug cartels are attempting to turn Goa into a base for their activities,' said the home ministry official.

People from Britain, Italy and some other countries have also picked up land and houses in interior areas of Goa like Morjim, Mandrem, Assagao and Poinguinium, using front companies.

In the last two years, real estate prices in this picturesque coastal state have rocketed. Land prices in north Goa, especially Arambol and Morjim, have hit the roof costing anywhere between Rs.4,000 and Rs.5,000 (\$90-\$110) a square metre.

Calangute, for instance, has become one of the most expensive real estates in Goa, with prices touching Rs.20,000 per square metre near the beach. In state capital Panaji, land could cost upwards of Rs.30,000 a square metre in select areas.

The soaring prices in the north have now forced investors to zero in on Palolem, Colva, Agonda and Benaulim in the south, which have also witnessed a boom.

'The property market has fired up in Goa. Everyone seems to want a piece of the place. Buyers are pouring in on a frantic buying spree, almost like an invading army bent on a second 'liberation' of Goa from the Goans,' says a real estate developer, referring to what is called the 'liberation' of Goa

from Portuguese rule in 1961.

The NSCS document clearly points out that the flow of unverifiable investments from criminal gangs operating from other countries poses a security threat as foreign direct investment (FDI) into real estate comes under the automatic approval route. Moreover, unlike investments in the financial markets, deals in real estate lend the much-needed anonymity that tax evaders need to keep out of the tax net.

Over the last three months, the state government has deported 26 foreigners, most of them Israelis and Russians linked to the drug trade and what is called the Russian land mafia.

According to deputy inspector general of police Ujjwal Mishra, some foreigners were running discotheques and beach shacks under falsely registered companies.

Coincidentally, Transaero Airlines based in Russia began operating its scheduled flights from Moscow to Goa just this week. The airline will operate on a regular schedule round the year from both Moscow and St. Petersburg.

Reports also indicate that quite a few politicians in Goa have made fortunes by doubling up as realtors and with direct linkages in the property market.

*Murali Krishnan and Frederick Noronha ( © IANS / India eNews)*