“A STUDY AND ANALYSIS FOR ASSESSMENT OF FACTOR IMPACTING THE EXPANSION OF REAL ESTATE BUSINESS IN KOLHAPUR REGION, MAHARASHTRA, INDIA”

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ABSTRACT
The Construction Industry of Kolhapur has wide scope of expansion with present developmental trends in the country and world. The adage “Survival of the fittest” is applicable too to construction industry. For survival in this competitive era, there is a continual need of introspection and evaluation of its standing with respect to its competitors in the environment and keep updating and improving the performance is an essential aspect of survival. The Construction industry of Kolhapur is an important indicator of the development as it creates investment opportunities across various related sectors. The industry is fragmented, with a handful of major companies involved in the construction activities across all segments; medium-sized companies specializing in niche activities; and small and medium contractors who work on the subcontractor basis and carry out the work in the field. Kolhapur is one of the developing cities of Maharashtra. Hence there is scope of business in field of construction. Its need of hour that organizations have took look into its strengths, weakness, opportunities and take step to minimize weaknesses and to exploit opportunities ahead in next decades. SWOT analysis may prove very useful in deciding priorities for action. SWOT analysis is an acronym for strengths, weaknesses, opportunities, and threats and is a structured planning method that evaluates those four elements of an organization, project or business venture. A SWOT analysis can be carried out for a company, product, place, industry, or person. As a result of all this, retail companies and shops are finding it a potential market for high end lifestyle products resulting into better and quality shopping complexes. It is just like a global market for the peoples in surrounding villages in the district. Different brands and malls are also coming in the city attracting the more number of people in the City. Hence, in this study attempt have been made to explore the opportunities for an entrepreneur by performing SWOT analysis on the survey performed by visiting the entrepreneurs in the real estate sector of Kolhapur.

Keywords— Real State, SWOT Analysis, Dealership, RERA, GST, Material price, Government Policies

I. INTRODUCTION
The real estate business and niche have been one of the most interesting economic faucets for many entrepreneurs. If you’re like many other entrepreneurs who see the same opportunities, you will admit that real estate does look and sound very promising. Just like the other niche, real estate has
been evolving from year to year. Now, it is on the entrepreneurs to value and assess the opportunities by 2020. If you are still seeking, seek no more. Here are the top 10 real estate opportunities for entrepreneurs in 2020.

Successful entrepreneurs have a tendency to reinvest in their own startups and other businesses. That makes sense as those options have the ability to be directly affected by time and effort as opposed to uncontrollable stock market cycles. Once their time is maxed out, I have seen successful entrepreneurs who understand the enormous level of risk they’ve been taking become quite conservative investors.

An example would be one entrepreneur client who is in either startups or cash-like instruments such as FDIC-insured CDs or highly rated muni-bonds. There is no one, correct way to go about it, but successful entrepreneurs should stop improvising their personal finances and commit to a well-thought-through plan, whether that may include stocks, real estate, impact investing, alternatives or any of the above-mentioned strategies.

Both these developments have driven a rise in the demand for, and relative importance of, the infrastructure required to support digital connectivity, storage and processing power. This includes the fixed-line fiber optic networks that transmit internet communications to businesses and homes, as well as the data centers that offer storage and computation on demand, playing the same role to data-intensive businesses that the national grid does to energy-intensive ones. Capital flows into these assets had been growing significantly pre-coronavirus and, once again, the trend has accelerated in the past three months, as investors have reckoned with how the crisis will reconfigure the global economy and responded accordingly.

Perhaps the most telling response comes from the specialist funds and institutional investors that target ‘real assets’. This term has, historically, encompassed real estate and physical infrastructure, which account for trillions of dollars’ worth of investment globally each year. But data centers and fiber optic networks are becoming an ever-larger component of the investment perimeter of both infrastructure funds that manage third-party capital and those pension plans, sovereign wealth funds and other institutions that make direct investments into the asset class.

Growth of construction industry and its share total output: The construction sector in India is the second largest contributor to the GDP. The contribution of this sector to GDP was averaged at around 7.5 per cent between 2009-10 and 2013-14, but with the shift of National Income

- Accounting to gross value added (GVA) based measures, its share increased to an average of 8.6 per cent during the last four fiscals ended 2014-15. During 2015, construction industry grew by 2-3 percent and hit volumes of 48,000 units. By 2018, the industry is expected to hit volumes of 74,000 units.
- The construction Industry is an important sector with its contribution of 10 percent to India’s GDP.
- In India, the sector accounts for second highest inflow of FDI after the services sector and employ more than 35 million people.
- Around 100 Smart Cities and 500 AMRUT Cities will invite investment of Rs 2 trillion in the next five years.
- Apart from the Smart Cities project, the Government's ‘Housing for All by 2022’ is also a major game changer for the industry.
- The construction sector is climbing up the growth ladder, with 100 per cent FDI and an expected investment of $650 billion in the coming 20 years.
- The major export destination for India’s construction sector includes US, UAE, Saudi Arabia and UK.

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

Market Size: The Indian real estate market is expected to touch US$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country’s Gross Domestic Product (GDP). In the period FY2008-2020, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India’s growing needs.
Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times. The office space absorption in 2016 across the top eight cities amounted to 34 million square feet (msf) with Bengaluru recording the highest net absorption during the year. Information Technology and Business Process Management sector led the total leasing table with 52 per cent of total space uptake in 2016. Mumbai is the best city in India for commercial real estate investment, with returns of 12-19 per cent likely in the next five years, followed by Bengaluru and Delhi-National Capital Region (NCR). Builders of budget housing now have access to cheaper sources of funds, thanks to the newly-granted infrastructure status. As per statistics, the shortage of housing currently stands at around 1.87 crore homes, and nearly 95% of the shortage is in the affordable segment. Now, developers can and will focus more on launching projects in this segment, where most of the demand lies. The end-user is the biggest beneficiary out of this budget. While individuals falling in the lower income slab of up to Rs. 5 lakhs have been given tax benefits, the massive push to affordable housing also ensures that the dream of owning a home will soon become a reality for many more.

Real Estate is a factor of production, and the interplay of real estate with capital, human resource, IT and entrepreneurship is the cornerstone of most businesses. In recent years, there has been a seismic shift in the link between property and technology; the former being redesigned and engineered to accommodate the latter. In this regard, the Journal of Property Investment & Finance announces a call for papers for a special issue devoted to Prop-Tech and Entrepreneurship - Innovation in Real Estate. Suggested areas are:

- The role of Property in Entrepreneurial Decisions
- Innovations in Property and Development
- Using Real Estate to mitigate risk within a business
- Entrepreneurship opportunities in the Real Estate sector
- Decision making - the Application of Technology in Property Decisions
- Property within the business
- Future innovations and trends in Real Estate Development

Artificial Intelligence and its impact on commercial property investment
Big Data Analytics
Business analytics and Business intelligence
Smart buildings, smart cities, smart transportation
Block-chain and its impact on commercial property investment
The content of the paper must conform to the terms of reference of the Journal of Property Investment & Finance
All papers submitted will be subject to the normal double blind refereeing process undertaken by the journal
Submitted papers must not be under review by any other journal.

Papers should have a strong focus on Commercial Real Estate (that includes income producing residential properties). Articles must be analytic and rigorous, not merely descriptive

II. HISTORY

SWOT Analysis: Historical Background

The origins of the SWOT analysis technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from many top companies. The goal was to identify why corporate planning failed. The resulting research identified a number of key areas and the tool used to explore each of the critical areas was called SOFT analysis. Humphrey and the original research team used the categories “What is good in the present is Satisfactory, good in the future is an Opportunity; bad in the present is a Fault and bad in the future is a Threat.”

A SWOT analysis is a planning tool used to understand the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business. It involves specifying the objective of the business or project and identifying the internal and external factors that are supportive or unfavorable to achieving that objective. SWOT is often used as part of a strategic planning process. SWOT or TOWS is an acronym for Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis is great for developing an understanding of an organization or situation and decision-making for all sorts of situations in business, organizations and for individuals. The SWOT analysis approach headings provide a good framework for reviewing strategy, position and
direction of a company, product, project or person (career). Doing a SWOT analysis can be very simple, however its strengths lie in the flexibility and experienced application of a SWOT analysis. Remember the SWOT capture is only part of the picture.

- **Strengths** need to be maintained, built upon or leveraged.
- **Weaknesses** need to be remedied, changed or stopped.
- **Opportunities** need to be prioritized, captured, built on and optimized.
- **Threats** need to be countered or minimized and managed.

A SWOT analysis can be very subjective, and two people rarely come-up with the same final version of a SWOT analysis. It is an excellent tool however, for looking at the negative factors first in order to turn them into positive factors. Use a SWOT analysis/framework as guide and not a prescription.

### Reasons to Invest in Indian Construction Industry:

- In the 12th Plan, it is estimated that Indian infrastructure industry requires an investment of $1 trillion during 2012-17 in order to take economic growth to double digit on a sustained basis. Around 40 per cent of these investments are projected to come from private players. Now, 45 percent of this infrastructure investment will be channeled into construction activity and 20 per cent set to modernize the construction industry.
- The Indian government has undertaken a number of measures to ease access to funding for the sector.
- The construction industry in India has seen sustained demand from the industrial and real estate sector.
- An estimated $650 billion will be required for urban infrastructure over the next 20 years.
- 100 per cent FDI through the automatic route is permitted in townships, housing, built-up infrastructure and development of construction projects.

Construction is the second most attractive sector of India after services for foreign direct investors with 10 per cent share in cumulative FDI during the last 15 fiscal years ended March 2015. Forecasts for the market size of construction industry for the 12th Plan period indicate that the aggregate output of the industry during the period 2012–13 to 2016–17 is likely to be Rs.52.31 lakh crore ($793 billion) increasing from Rs 7.67 lakh crore ($116 billion) in 2012–13 Rs13.59 lakh crore ($206 billion) in 2016–17. As the growth of construction industry is very much linked to the growth of infrastructure and building industry, emphasis of the govt. on both in the 12th Plan is expected to drive the growth of the construction in the days ahead.

The ‘Make in India’ initiative by the Prime Minister Narendra Modi aims to increase production and export from the Indian manufacturing sector by inviting more foreign investors to produce from India. Construction is selected as one of the 25 sectors included in the initiative and therefore, the growth of this sector is inevitable in the years to come.

### III. LITERATURE REVIEW

**Prof. V Srinivasa Raghavan1, Karthik Kumar (2005)** Construction becomes the basic input for socio-economic development of any country. The construction industry generates substantial employment. Various research has been carried out in order to find out the problems faced by contractors in the field of finance, technical and management skills, business planning and strategy, health and safety issues which influence the success or failure of the contractors. The aim of this study was to identify the major problems that are faced by small scale construction contractors in India. Within this context, a survey was carried out among the small scale contractors in India. Analysis and ranking of the factors are done by using Statistical Package for the Social Sciences (SPSS) software. Based on the result, delayed payments by clients, fluctuation in material cost, owner’s involvement in construction phase, cash flow management and increased competition in the construction field are found to be the major problems faced by small scale construction contractors in India.

**Gadekar and Pimplikar (2014)** carried out survey among construction companies and state that the critical factors leading to construction company success have been investigated through interviews among top-level managers and owners of the companies. According to the results cash flow management characteristic identified as the most important main factors to success among large size firm. Insufficient capital was considered as the most
important factor among medium size and all size firms, inadequate sales was considered as the most important factor among small size firms. Organizing and planning was perceived to be the most important item contributing to company success when considering the importance of the factors. The findings in the study should be interpreted with caution since the research was limited with only 30 firms.

Pimplikar and Desai (2016) say working capital plays an important role in any organization and to raise working capital, investments are to be made. To make such investment in any sector the knowledge of portfolio is necessary as it not only predicts returns on investment but also it evaluates the associated risk with the investment. People / companies are investing lot of money on construction industry to gain more and more profit on the investment but at the same time they have to bare some high risk which causes loss or at worst case heavy loss. ARR (Average ARR is calculated as:

\[ \text{ARR} = \left( \frac{\text{Net Profit}}{\text{Average Annual Investment}} \right) \times 100 \]

Net profit = Σ net income or gain – Σ net outcome or expenditure

This study helps in determining the risk -return characteristics for various businesses and the outcome of the results gives the best strategy for the firm/ company where to invest the money. How much to invest? What are probable risk factors associated with the investment to be made? What is the significance of the risk?

Xuan Zhou, Shoujian Zhang and Shijing Yang (2015) say that customer satisfaction of the products and service is an important source of competitive advantages of enterprises in the marketing of the pension real estate. This paper discussed the basic meaning of customer satisfaction. The customer satisfaction representative variable system based on the pension real estate market study was given, and a framework equation model was established. Then a survey of the pension real estate market customer satisfaction was designed, and the empirical analysis based on data and background of a project was conducted. The paper then discussed the intrinsic links among influencing satisfaction factors and their contributions to customer satisfaction.

Kadam, Desai, Gupta and Jadhav (2016) studied about key Drivers for Real Estate Growth in Sangli. The real estate and construction sector plays a crucial role in the overall development of India’s core infrastructure as well as India’s economy. As housing is one of the basic needs of human, it accounts high percentages of national transactions every year. Sangli, an important city in Western Maharashtra, has witnessed a high rate of growth in past few years. Increased demand for housing and investment in properties has led to increase in the rates of real estate. An attempt has been made and it examines the prominent key drivers that influence the Investors in Sangli city to invest in the Real Estate Market. Among all these various key drivers that affect the tendency of investors to invest in the real market, certain key drivers are greatly responsible for the growth in real estate investment at greatest extend while others at least level. From this study it is revealed that Hospitality, Sugar industries and the Retail market sector are most promising key drivers responsible for boom in real estate in Sangli city. As Sangli and Kolhapur are developing cities same principle applies for the both.

Nan Yang (2010) focuses on customer relationship management model of the real estate enterprise in China, this paper studies the e-commerce. The purpose of customer relationship management is to extend the management, and improve the competition capability of the enterprises. The paper discusses the foreground of the real estate enterprise and the course of developing the information technology. It analyzed the contents and essentiality of the customer relationship management.

IV. AIM & OBJECTIVES

“Based on current scenario of the real estate sector in Maharashtra, what are the possibilities for an entrepreneur to enter in the real estate business of Kolhapur and sustain himself?”

- Study the existing scenario of Indian construction sector, with particular reference to real estate development in Kolhapur
- Compare industry reports on SWOT analysis of Indian Construction Sector.
- Identify critical success factors for business growth, based on literature review.
- Explore Business opportunities and identify threats and analyze the risk in real estate sector of...
Kolhapur from entrepreneur’s perspective based on pilot study of residential building & construction sites.

V. METHODOLOGY

VI. FUNDAMENTAL DIVISION OF COST

In addition to the three types of business opportunities listed above, there are four other categories you should be aware of:

- **Dealer.** Similar to a distributor but while a distributor may sell to a number of dealers; a dealer will usually sell only to a retailer or the consumer.
- **Trademark/product licenses.** Under this type of arrangement, the licensee obtains the right to use the seller’s trade name as well as specific methods, equipment, technology or products. Use of the trade name is purely optional.
- **Network marketing.** This is a generic term that covers the realm of direct sales and multilevel marketing. As a network marketing agent, you would sell products through your own network of friends, neighbours, co-workers and so on. In some instances, you may gain additional commissions by recruiting other agents.
- **Cooperatives.** This business is similar to a licensee arrangement in which an existing business, such as a hotel or hardware store, can affiliate with a larger network of similar businesses, often for the sole purpose of advertising and promoting through a common identity.
- **Distributorships.** A distributorship involves entering into an agreement to offer and sell the product of another, without being entitled to use the manufacturer's trade name as part of the agent's trade name. Depending on the agreement, the distributor may be limited to selling only that company's goods or may have the freedom to market several different product lines or services from various firms.

Real estate agency will never die: In nowadays world, becoming a real estate agent is still and will always be prevalent. Some folks might tend to flip or invest their money for REITs or mutual funds. But it is not wrong at all to walk in the common path as an entrepreneur. Becoming a real estate agent will require you formal education and certification. You will want to be prepared for it too. The career path of real estate agency is more promising as time goes by. The more you get involved in the real estate world, the more miles you will reach.

VII. SWOT ANALYSIS

**Aim of a SWOT Analysis**

- Reveal your competitive advantages
- Analyze your prospects for sales, profitability and product development
- Prepare your company for problems
- Allow for the development of contingency plans

The construction industry is the second largest industry of the country after agriculture accounting for 11 percent of India’s GDP. Indian construction industry employs 32 million people and its total market size is estimated at Rs. 2,48,000 crores (35,640 million €). The level of a country’s development is reflected by its infrastructure and the desperate need for infrastructure development has increased the demand of the construction industry in India. The activities of the construction industry include working on new structures as well as additions, alterations, and repairs to existing ones.
Market Research on Construction Industry in India by Mr. Shashank Sisodia

Strengths:
- Employment and training opportunities in the field of construction.
- Private sector housing boom and commercial building demands Construction of the multi building projects on the feasible locations in the country.
- Good structured national network facilitates the boom of construction industry.
- Low cost well-educated and skilled labour force is now widely available across the country.
- Sufficient availability of raw material and natural resources in the country is supportive for the industry.
- Real estate development is on high and it is attracting the focus of the industry towards construction.

Weakness:
- Distance between construction projects reduces business efficiency.
- Training itself has become a challenge.
- Changing skills requirements and an ageing workforce may emphasize the skills gap.
- Improvement in long-term career prospects is highly required to encourage staff retention and new entrants.
- External allocation of large contracts becomes difficult.
- Lack of clearly defined processes and procedures for construction and its management.
- Huge amount of money needs to be invested in this industry.

Opportunities:
- Continuous private sector housing boom will create more construction opportunities.
- Public sector projects through Public Private Partnerships will bring further opportunities.
- Developing supply chain through involvement in large projects is likely to enhance the chances in construction.
- Renewable energy projects will offer opportunities to develop skills and capacity in new markets.

More flexible training delivery techniques are now available.
Financial supports like loan and insurance and growth in income of people is in support of construction industry.

Threats:
- Long term market instability and uncertainty may damage the opportunities and prevent the expansion of training and development facilities.
- Current economic situation may have an adverse impact on construction industry.
- Political and security conditions in the region and Late legislative enforcement measures are always threats to any industry in India.
- Infrastructure safety is a challenging task in construction industry.
- Lack of political willingness and support on promoting new strategies.
- Natural abnormal casualties such as earthquake and floods are uncertain and can prevent the construction boom.
- Inefficient accessibility in planning and concerning the infrastructure.
- Competitors are emerging in the industry by leaps and bounds.

Table 01: Data Analysis
A STUDY AND ANALYSIS FOR ASSESSMENT OF FACTOR IMPACTING THE EXPANSION OF REAL ESTATE BUSINESS IN KOLHAPUR REGION, MAHARASHTRA, INDIA

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities in Field of Construction</td>
<td>Construction projects reduces business efficiency</td>
<td>Continuous private sector housing boom will create more construction opportunities</td>
<td>Current economic situation may have an adverse impact on construction industry.</td>
</tr>
<tr>
<td>Boons for housing and commercial building demands</td>
<td>Training itself has become a challenge</td>
<td>Renewable energy projects will offer opportunities to develop skills and capacity in new markets</td>
<td>Safety is a challenging task in construction industry.</td>
</tr>
<tr>
<td>Availability of low cost skilled labours</td>
<td>Huge amount of money needs to be invested</td>
<td>Financial supports like loan and insurance and growth in number of people in support of construction industry</td>
<td>Natural disasters and floods are unexpected and can prevent the construction boom</td>
</tr>
<tr>
<td>Availability of sufficient raw materials</td>
<td>Improvement in long-term career is highly required for new entrants</td>
<td>Government policies for low cost housing Competitors are emerging in the industry by leaps and bounds</td>
<td></td>
</tr>
<tr>
<td>Implementation of RERA and GST</td>
<td>Corruption in the industry</td>
<td>Local and Political Threats</td>
<td></td>
</tr>
<tr>
<td>The number of people living in urban areas is likely to grow significantly</td>
<td>As a result of the overall financial weakness, cash flow management and debt levels will affect real estate development</td>
<td>Tight liquidity in the current scenario can give new investors a great pricing advantage</td>
<td>India’s nationalism is a growing threat to India’s constitutionally envisaged secularism</td>
</tr>
</tbody>
</table>

VIII. CONCLUSION

In Kolhapur, through the structured questionnaire analysis the following points are concluded:
- Long term market instability and uncertainty may damage the opportunities and prevent the expansion of training and development facilities.
- Current economic situation may have an adverse impact on construction industry.
- Political and security conditions in the region and Late legislative enforcement measures are always threats to any industry in India.
- Infrastructure safety is a challenging task in construction industry.
- Lack of political willingness and support on promoting new strategies.
Natural abnormal casualties such as earth quake and floods are uncertain and can prevent the construction boom.

Inefficient accessibility in planning and concerning the infrastructure.

Competitors are emerging in the industry by leaps and bounds

To be successful entrepreneurs, they need to be continually innovating and looking for opportunities to grow our startups. Here are four ways to identify more business opportunities:

1. Listen to your potential clients and past leads.
2. Listen to your customers
3. Look at your competitors
4. Look at industry trends and insights

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