

# GUJARAT

*The Land of Innumerable Possibilities*



# Foreword



## CONFEDERATION OF INDIAN INDUSTRY (CII)

The implementation of the Real Estate Regulatory Act (RERA) has gone a long way in formalising the sector and inspiring consumer confidence in India. In the pre-RERA era, the sector was highly fragmented and unregulated. Lack of regulation made investing in real estate an intimidating experience. But with the onset on RERA in the country and stricter rules and guidelines, only credible and reputed developers will last in the market. While the policy reforms have helped bolster buyer sentiment, developers have also welcomed the new era of transparency in their businesses.

The resulting transparency due to RERA has forced developers and approval authorities to maintain high levels of compliance. Moving forward if project approvals are brought under RERA, they will be quicker, resulting in reduced construction costs, thereby substantially reducing property costs. Approval authorities will have to correct inefficiencies that exist in the system since there will be less opportunities for project delays with RERA in place. An efficient, fair and transparent system would result in a revived demand for new projects in the market.

Importantly, as transparency in the sector becomes the norm, information asymmetry is no longer a differentiator for performance. Developers and buyers will have to mutually align their goals. This synergy will bring much needed accountability to the sector, which inevitably boosts buyer confidence and increases investor activity in the market.

In the coming years, we will witness further traction towards infrastructure which will infuse growth and create more opportunities for the sector; medium to long term investment will increase which will create a remarkable difference for the real estate market. The future for the sector looks very promising with the regulation of the new reform and way of doing business.



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Gujarat's economy has been on the rise for the past several years which is evident from the impressive performance of key metrics such as Gross State Domestic Product (GSDP), FDI and per capita income.

In addition to the economic indicators, more importantly, it is the spirit of the people that makes the state invincible. The prowess lies in its capacity to be resilient and recover from a plague epidemic in 1994, the devastating earthquake in 2001 and the infamous riots of 2002. Despite these major calamities, Gujarat has been able to establish itself as one of the fastest growing states in the country.

Today, the state is a leading producer of ceramics, pharmaceuticals, processed food, dairy products, automobile and auto ancillary, textiles, engineered goods and diamonds of global repute. The infrastructure of the state has been augmented tremendously to enable such notable growth and it is still being improved on a continuous basis. The vast expanse of the Kutch and the longest coastline, coupled with the cultural multiplicity of the state also makes it a favourable tourist destination.

The investor summit is not a new concept here, rather it is a recognized iconic event happening after every two years and is aptly christened as 'Vibrant Gujarat'. The state government's investor-friendly policies and initiatives have been successful in attracting numerous investors across the globe. Real estate - highly dependent on the growth and proliferation of other industries - surely possesses a great opportunity in Gujarat. This lays open a window of opportunity for development of various real estate asset classes ranging from commercial, organised retail, residential to hospitality, healthcare and education.

Today, we see Gujarat possessing an industrial affluence which has resulted in an enduring economy. Gujarat welcomes you with its opportunities that are in abundance and promising enough to explore, venture and expand in the booming state.

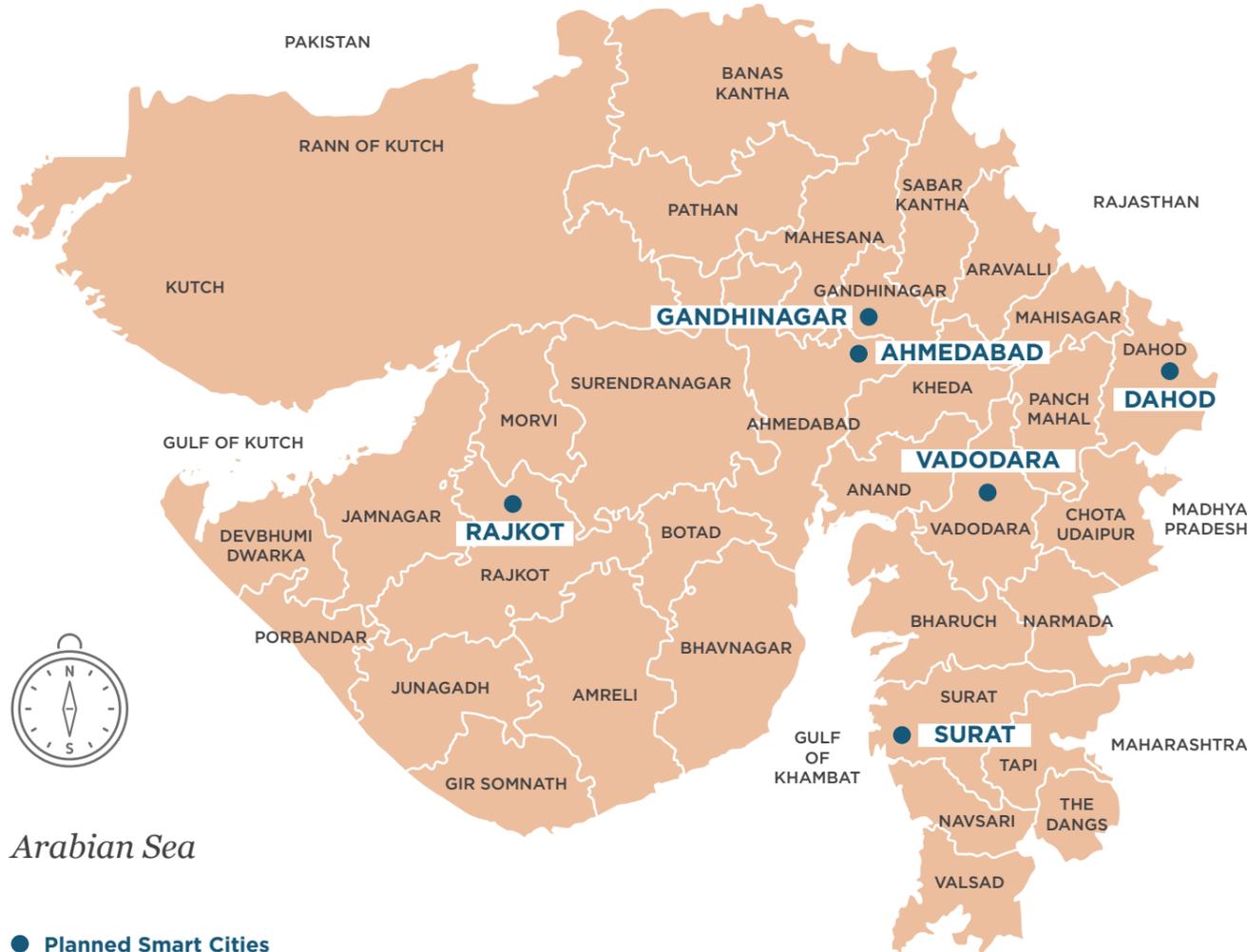


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*'Vibrant' is the perfect term used to describe a state like Gujarat. With a fair share of natural resources, culture, demographics and geographic spread, the state really possesses an edge over others.*

# 1. Gujarat: An enduring economy



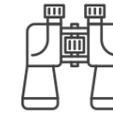
Arabian Sea

Gujarat located on the western coast of India and has the longest coastline of 1,600 km in the country. The state is bordered by Rajasthan, Madhya Pradesh, Maharashtra and the Union Territories of Daman & Diu and Dadra & Nagar Haveli.

*Being referred to as a Land of Festivals, Land of Legends and Land of Opportunities, Gujarat is one of the most vibrant and shining states of India, as evident from the economic growth and developments being undertaken by the state.*

*It has 6 planned smart cities- Gandhinagar, Ahmedabad, Surat, Rajkot, Vadodara and Dahod, which the government plans to develop and make them comparable to its global peers.*

Gujarat is widely known as a trade hub and centre for commerce and business has garnered significant interest from investors across the world. It has influenced several global platforms which have excelled in areas such as social, cultural, academic and political. Yet, the evolution of the state as a vibrant economy owes its origin to the growth of the industrial sector in the state.



## Gujarat Key Highlights

### Strategic Location

Located on the western coast of India, it has the longest coastline in the country spanning 1,600 km which provides ample trade opportunities with other countries

### Fastest Growing Economy

GSDP grew at a CAGR of 13.5% during 2011-12 to 2016-17

Contributes a quarter of India's exports

### Robust Infrastructure

42 ports  
18 domestic airports  
1 international airport

2,200 km gas grid powering the industrial areas

### Business Friendly Policies

The Government has framed policies in almost all key sectors: Ports, Agriculture & Minerals

The Garment & Apparel policy introduced in 2017, aims to create 1 lakh job opportunities



## Gujarat Fact File



State Capital  
**Gandhinagar**



Geographical Area  
**196,063 km<sup>2</sup>**

Districts **33** Talukas **226**

Towns **242** Villages **18,618**



Population  
**60.4 M**

Sex Ratio  
**919**

Population Growth (2001-11)  
**19.3%**



GSDP  
**7.6%**



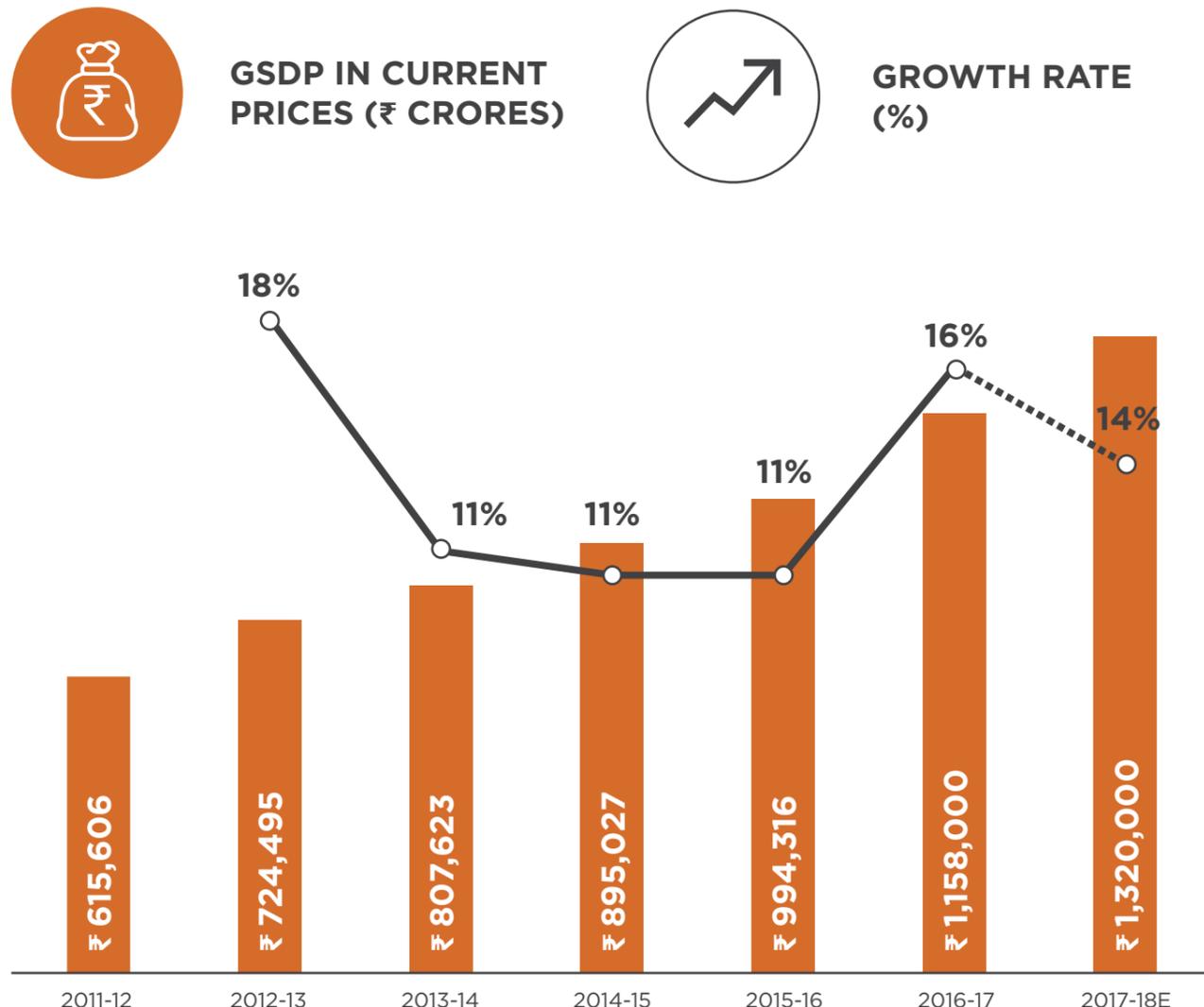
Literacy Rate  
**78%**



**2<sup>nd</sup>** in terms of India's most industry-friendly state, according to a study by the Planning Commission

# 2. Socio-economic profile

Socio-economic profile of any state is largely based on factors such as education, poverty, per capita income and investment, amongst many others. Gujarat's economic growth has been faster in recent years while sustaining a double-digit growth for a considerable period.



Source: Economic Survey

### Per Capita Income

The per capita income increased from ₹87,481 in 2011-12 to ₹1,56,691 in 2017-18 registering an impressive annualized growth of over 12% during the period. The state ranks 3<sup>rd</sup> in India in terms of per capita income at constant prices in 2017-18.

### Secondary Sector

Highest Contributor to GDP, it has been a key driver indicating that industries are the enablers led by manufacturing, textile and food processing.

### Foreign Direct Investments

The land of opportunities has managed to attract over ₹65,432 crores of FDI over the last 5 years accounting for 5% of the total investments in the country.

### Literacy Rate

Gujarat's literacy rate as per census 2011 was around 78%. In rural areas, the literacy rate was 71.7% and in urban areas it was 86.3%. This presents a massive opportunity for skill-based services sector to flourish in the state.

### Health Profile

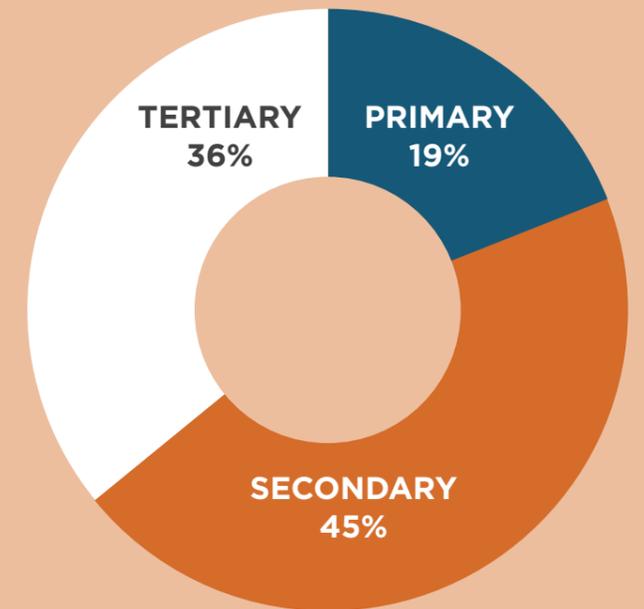
The state boasts of improved birth rate, decline in death rate and reduced infant mortality rate by 3.6%.

### Public health Management in Gujarat

The state has 364 community healthcare, 1,393 primary healthcare and 9,156 sub-care centres across the state and in 2017 additionally 81 primary health centres and 75 sub centres were approved indicating the state's focus of the health issues.



### SECTOR WISE CONTRIBUTION TOWARDS GSDP

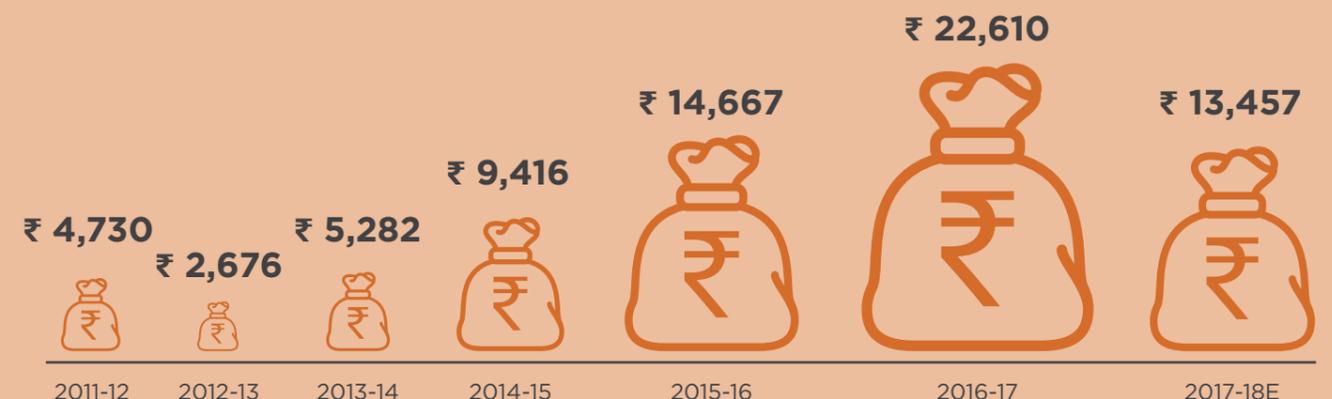


Source: Directorate of Economics and Statistics, ANAROCK Research



### GUJARAT FDI (₹ CRORES)

Gujarat has attracted ₹65,432 crores of FDI over the last 5 years accounting for 5% of the total investments in the country



Source: Economic Survey

**Fiscal Management**

The economic health of the state has been firm, which indicates the capability to chart the growth path of the future.

**Population Growth**

The population growth rate rural and urban Gujarat was 9.3% and 36.0% respectively.

Revenue Deficit:  
 ↓ **1.6%** (2009-10) to **0.5%** (2016-17)

Revenue Receipts:  
 ↑ **17.5% CAGR**  
 (between 2009-10 & 2016-17)

**SNAPSHOT OF GUJARAT'S FINANCES**

YEAR	REVENUE RECEIPTS (₹ CRORE)	REVENUE SURPLUS DEFICIT / GSDP (%)	GROSS DEFICIT / GSDP (%)
2009-10	41,672	1.6	3.5
2010-11	52,364	1.0	2.9
2011-12	62,959	-0.5	1.8
2012-13	75,229	-0.8	2.3
2013-14	79,976	-0.6	2.3
2014-15	91,978	-0.7	2.0
2015-16	97,483	0.2	2.2
2016-17	1,09,842	0.5	1.4
2017-18 (RE)	1,31,551	0.5	1.7
2018-19 (BE)	1,40,631	0.4	1.7

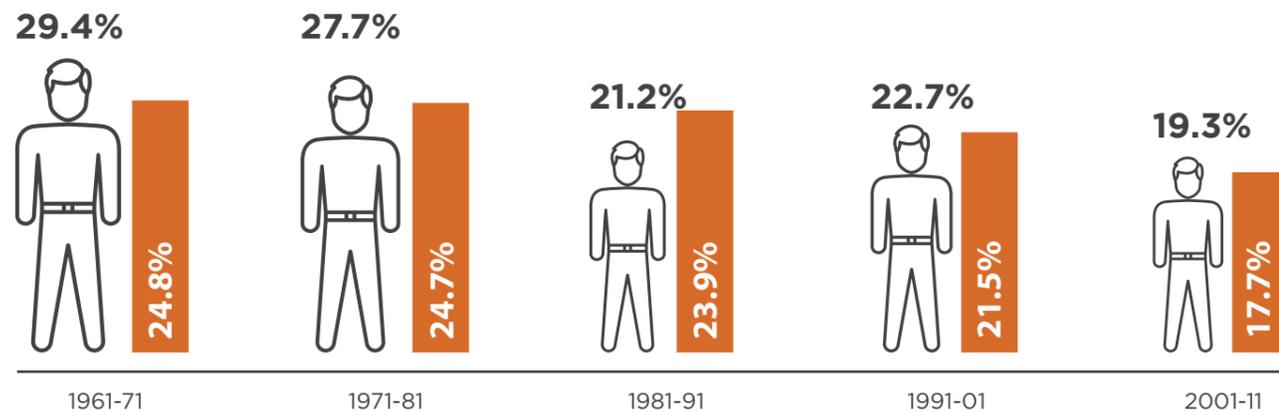
Source: IC Gujarat, ANAROCK Research



**GUJARAT'S DECENNIAL GROWTH RATE (%)**



**INDIA'S DECENNIAL GROWTH RATE (%)**



Source: Census 1961-2011, Economic Growth and Survey 2017-18

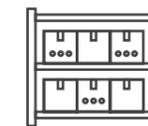
*Robust economic growth, high quantum of investments, impressive per capita income are major factors leading to rapid industrial development. The creation of a conducive environment is likely to establish Gujarat as a preferred destination for industrial expansion. The state has already advanced in this mission and is home to several industries which are flourishing and generating tremendous employment.*

# 3. Gujarat: At the crest of industrialisation

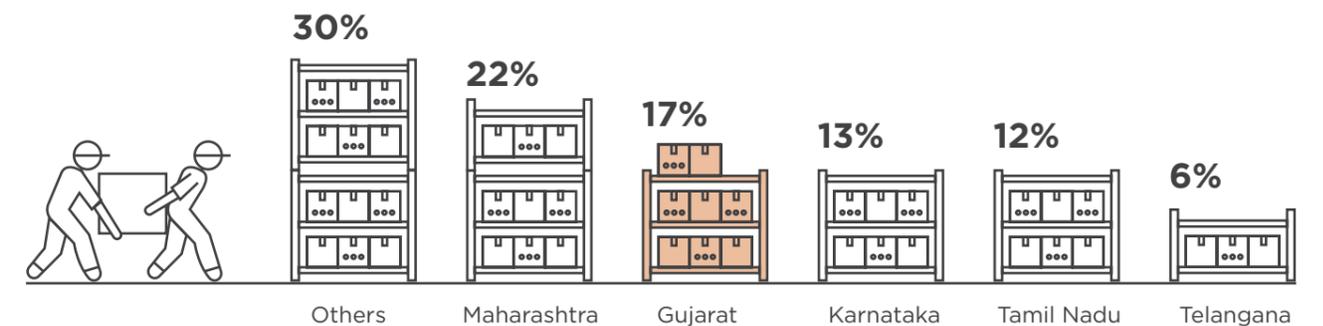
Gujarat is one of the most industrially developed state in the country with 18.4% share to India's industrial output and the 2<sup>nd</sup> among states in respect to the value of production and value addition in India's industrial sector.

*Gujarat has 419 industrial clusters, which employ more than 17 lakh people. South Gujarat alone has 132 clusters employing more than 10 lakh people.*

Thus, cluster-based development is encouraging as it improves the cost competitiveness of the industries by way of creating common facilities, developing market centres, brand names and promotion of skills.



**SHARE OF GOODS & SERVICES EXPORTS (%)**



Source: Social Economical Review 2017-18





Five major industries that contribute to more than 80% of the industrial output in the state are petroleum products, chemicals & pharmaceuticals, metallurgical, textiles & apparel and engineering.

15

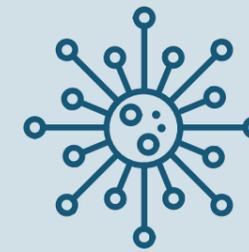
### MAJOR INDUSTRIAL CLUSTERS IN GUJARAT

(till May 2018)

No.	Industry Type	No. of Projects	No. of Employees
1	Chemical & Petro-chemical	4,207	273,790
2	Textile & Apparel	2,891	52,559
3	Metallurgical Industries	967	199,196
4	Other Engineering	928	52,816
5	Glass, Ceramics, Cements	923	79,975
6	Drugs & Pharmaceuticals	906	11,145
7	Food Processing	889	16,876
8	Electrical & Electronics	836	35,357
9	Infrastructure Projects	446	227,508
10	Industrial Machinery	302	43,761
11	Transport Equipment	62	28,421
12	Other	1,360	149,987
<b>Total</b>		<b>14,717</b>	<b>2,757,570</b>

Source: IC Gujarat, ANAROCK Research

### GIDC INDUSTRIAL ESTATES & CLUSTERS



SEZ  
47

Industrial Clusters  
419

GIDC Estates  
202



Soda ash & salt based industries, cement



Engineering & Ceramics



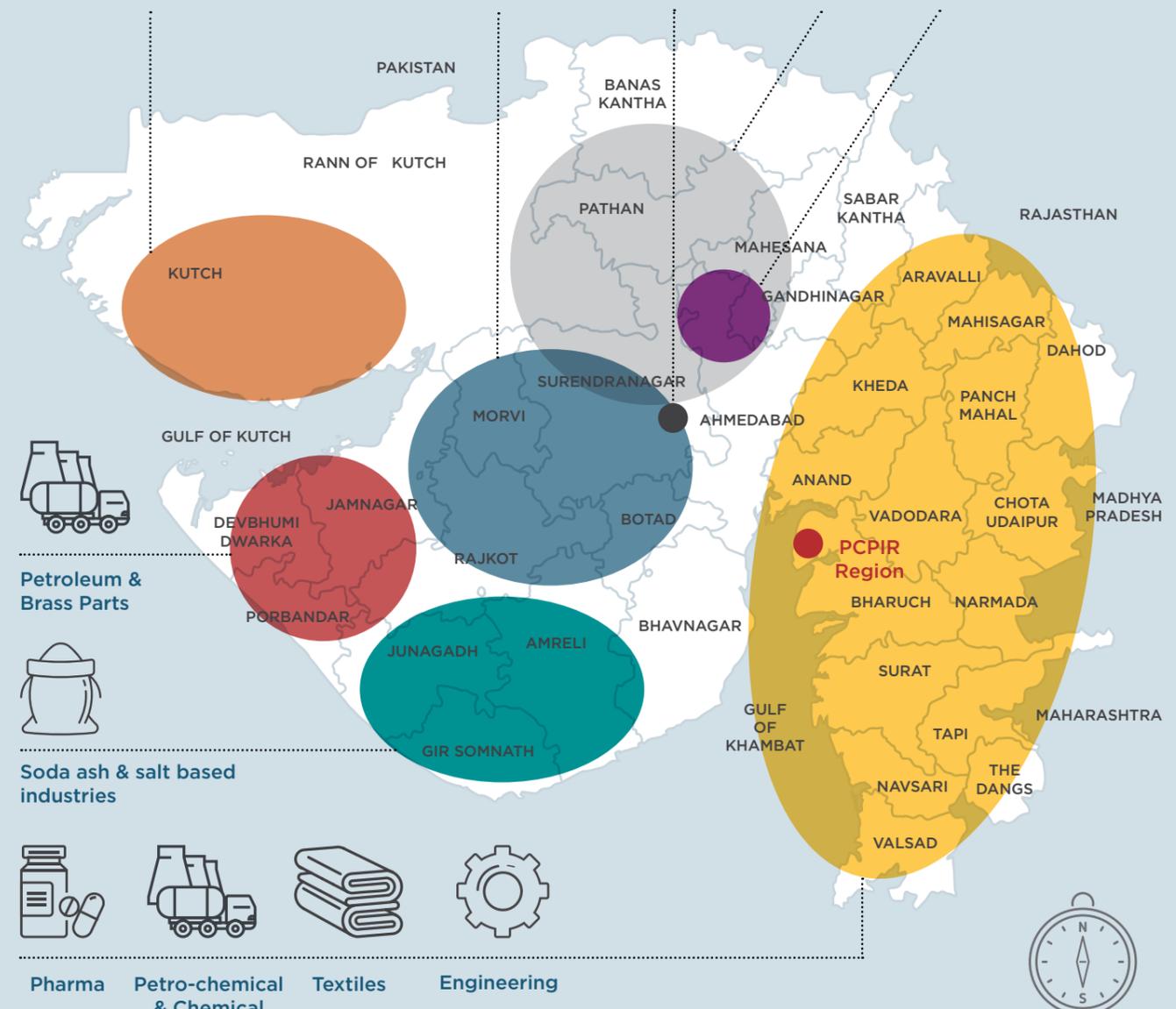
Automobile Hub (SANAND)



Dairy Cluster



Bio-Technology & Knowledge Cluster



Pharma Petro-chemical & Chemical Textiles Engineering



## AGRO & FOOD PROCESSING

Gujarat is a leading state in agriculture in India and there is a vast scope for the state in value addition and food processing due to the availability of natural resources, skilled labour, enterprising farmers and a strong marketing network.

### Horticulture

*Production of fruits, vegetables, spices and flowers in 2016–17 was estimated to be 89.53 lacs tonnes.*

Spices such as cumin, fennel, and garlic enjoyed a monopoly on seed spices. Policies to promote horticulture:

- Expand cultivable area under irrigation
- Insurance coverage and financial support to the farmers
- Increase the share of investment in agriculture through Rashtriya Krishi Vikas Yojana

### Dairy Sector

*Gujarat is the largest milk producing state, which contributes 7.75% share in the total milk production of the country.*

Backed by its assured market, good prices for milk supplied to the dairy and easy access to healthcare services offered by the co-operative dairy sector. Gujarat's dairy segment is majorly dominated by 17,846 cooperative societies and private players. Increasing presence of players and increased demand for milk and dairy products provides opportunity for new manufacturing units.

### Opportunities

**a) Agri / Horticulture Infrastructure Projects:** Onion cold storage, fresh fruits and vegetable pack house, mechanized grain handling and storage at ports, food parks, terminal markets, spices and Isabgol irradiation centre.

**b) Innovative Opportunities:** Organic milk and milk products, ice cream balls, castor derivatives base perfumery raw materials, banana fibre extraction and textiles production.

## PHARMACEUTICALS

*According to FDCA, Gujarat's share of the pharma production is estimated to be 31-32% in India's more than ₹2 lakh crore market. This share is expected to rise to 40–42% over the next five years.*

In Gujarat, the pharmaceutical sector contributes more than 20% to the sector's national turnover.

**4,000**  
No. of licenced manufactures

**80%**  
of world's Isoniazid (used for treatment of tuberculosis) is produced in Gujarat

**70%**  
of India's cardiac stents are produced here.

At present, Gujarat is the only manufacturer of Doxorubicin HCL Liposome injection in the world, along with being the only manufacturer of Vitamin C and Dapsone in India.

### Opportunities

The state is preferred by the manufacturers of bulk drugs, branded supplements and dietary formulations owing to the conducive environment of the state and the support infrastructure.



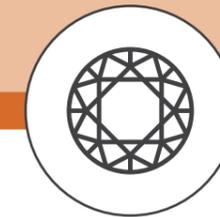
## OIL & GAS

*Gujarat is known as the chemicals and petrochemicals hub of India. It is the only state in India with a state-wide gas grid and multi-gas suppliers.*

Key Locations	Oil & Gas Companies
Jamnagar	Reliance Industries Refinery, the largest grassroots refinery in the world & Essar Refinery
Dahej	Petronet LNG's re-gasification Terminal
Hazira	Shell and Total's LNG Terminal
Vadodara	Indian Oil Corporation's Refinery
Gandhar	ONGC's gas processing complex

### Opportunities

Incentivised investments in the PCPIR SIR and several others for oil and gas refining and distribution across the state.



## GEMS & JEWELLERY

*Gujarat accounts for nearly 72% of the world's share of processed diamonds and nearly 95% of the diamonds exported from India.*

The state is home to over 10,000 diamond units located in major jewellery clusters of Ahmedabad, Surat and Rajkot.

Regions	Clusters			
	Gold & Silver Jewellery	Jewellery	Diamond Processing	Gemstones
Ahmedabad	✓		✓	
Surat		✓	✓	
Palanpur			✓	
Bhavnagar			✓	
Navsari			✓	
Rajkot	✓			
Khambhat		✓		
Valsad				✓

### Opportunities

Gujarat provides ample opportunities to leverage the existing infrastructure and the skilled forces to set up automate jewellery fabrication. Manufacture of marketable products of white gold, diamond and studded jewellery and other valued luxury products which require inlays of gold, precious and semi-precious stones such as watches, clocks and souvenirs.



## TEXTILE AND APPAREL INDUSTRY

*Gujarat, produces 65% of the denim fabric in the country, while its textile market is estimated to have reached \$25 billion by fiscal 2017.*

**23%**

of GSDP comes out of textiles in Gujarat

**25%**

of state-level employment, in both the large and small sector is also generated out of the textile sector

Growth is prominently observed in decentralized sectors e.g. power loom and textile processing, mainly in Surat, Ahmedabad, Saurashtra and Kutch.

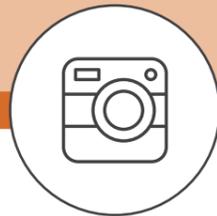
### SALIENT FEATURES OF GUJARAT'S TEXTILE POLICY 2017

#### 5% per annum

Interest subsidy for a period of 5 years to the garment and apparel industry

#### ₹1 per unit

Rate of subsidised power for a period of 5 years from the date of commencement of commercial production for readymade garments and apparel units



## TOURISM

*Gujarat Government has set a high target to attract investments in the tourism sector to the tune of ₹15,000 Crores by 2025 and provide employment to nearly 2.5 million. To achieve this, the government has offered several subsidies for investments in the sector in the form of tax holidays.*

Payroll assistance to new enterprises having minimum 150 machines will be at the rate of ₹4,000 per month for female employees and ₹3,200 per month for male employees for a period of 5 years

Plug-n-play sheds for apparel factories in selected locations

The state government shall provide financial assistance to individual units or parks for construction of dormitories for a minimum of 50% of the project cost (excluding land) with a ceiling of ₹5 Crores

#### Opportunities

A 15% subsidy, depending on the size of the project, will be awarded for setting up tourism projects in the state. Additional 5 % bonus will be added for investments to develop pilgrimage and eco-tourism projects.



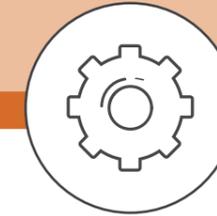
## AUTOMOBILES

The automobile production in the state grew rapidly in FY 2016-17 where nearly 1.1 million cars and two-wheelers were produced as compared to only 160,000 units in the previous year, leading to opportunities for the auto component manufacturers for greenfield developments or expansion.

*As per the state industries department estimates, the total quantum of investments over the next decade will be around ₹10,000 crores as evident from the proposals they have received, with the quantum of investments further increasing.*

#### Opportunities

Enabling infrastructure, fiscal incentives by the state and advantageous environment for the auto sector owing to the presence of several automobile manufacturers, makes the region a magnet for the auto industry giants.



## MICRO, SMALL & MEDIUM ENTERPRISE SECTOR (MSMES)

From just over 4,000 MSME units registered in 2006-07, the number rose more than 375,000 MSMEs units by October 2015 and over 603,000 units are currently registered in the state. This trend can be attributed to factors such as rising literacy rates and increasing awareness about the industry-related schemes and benefits offered by the government.

Gujarat is all set to launch 16 new GIDC estates in 14 districts which will accommodate more than 14,500 units spread over 2,460 acres of land. The total estimated investment of this project is ₹15,000 Crores which will further bring employment opportunities for 40,000 local youths.

*Gujarat government announced an incentive program for the industries (General) from 2016-2021 which provides reimbursement of VAT up to 90% over a period of 10 years for new and existing industrial units. As a result, a lot of domestic and foreign investment is expected to flow in the state over the next few years which would accelerate employment opportunities and drive economic growth.*

#### Opportunities

The sector possesses a huge potential for helping address socio-economic issues such as unemployment, regional imbalances and unequal distribution of income. Due to comparatively low setup costs and excellent forward-backward linkages with other sectors, MSMEs play a crucial role in the success of the 'Make in India' initiative. These initiatives taken by the government will make Gujarat a 'Complete Business Destination' and expedite the overall country's economic growth.

# 4. Special Investment Regions (SIRs)

## OVERVIEW

With an aim to create massive investment regions equipped with world-class infrastructure facilities and located along the DMIC route, the Government of Gujarat passed 'The Gujarat Special Investment Region Act' in 2009. SIRs can be developed as self-sustainable cities providing ample opportunities for businesses to establish and thrive. As large-scale employment opportunities are created, it has a positive ripple effect on the development of other asset classes including residential, retail, commercial, warehousing & logistics, etc.

*SIRs possess a massive potential of transforming the entire region by creating significant employment opportunities that bears a positive ripple on the economy of the entire region. The investment regions of Dholera, Dahej and Mandal Becharaji are likely to benefit Gujarat significantly in the years to come.*

Land acquisition is a mammoth task and so presently the Gujarat government is focussing only on three regions (of the planned 14).

## DHOLERA SIR

Dholera SIR, a greenfield industrial city, located approximately 100 km from Ahmedabad is planned to be developed at a total outlay of ₹57,000 Crores. The Government has been laser-focussed on the development of this region and has decided to showcase it in the upcoming Vibrant Gujarat Summit 2019, to attract global investors. Several national and international businesses have already expressed interest in setting up manufacturing facilities, one of them being Lockheed Martin - the American defence and aerospace giant.

### Key Drivers

#### Excellent Connectivity:

Dholera has excellent connectivity with NH 8 (Anand) and 8A (Bagodara), augmenting Bagodara-Bhavnagar, Bagodara-Surendranagar-Radhanpur links as a part of Golden Quadrilateral. The 500 km Mumbai-Ahmedabad-Vadodara Expressway also makes the region accessible.

#### World-Class Facility:

Dholera SIR has the world-class physical infrastructure, excellent civic amenities and a proactive policy framework to attract global investments. The region is likely to evolve soon as a global hub for manufacturing and trading.

#### Availability of Commercial & Industrial Hub:

The first phase of Dholera will come up as an industrial hub and later convert it into a smart city and may emerge to compliment Ahmedabad - the biggest commercial hub in the entire state.



### DHOLERA: THE BIGGEST NODE ON DMICDC

Total area	920 km <sup>2</sup>
Area under TP Schemes 1 to 6	442 km <sup>2</sup>
Area under TP Scheme 1 & 2	153 km <sup>2</sup>
Immediate development area	22.54 km <sup>2</sup>
Resident population	2.0 M
Total jobs	8,27,000

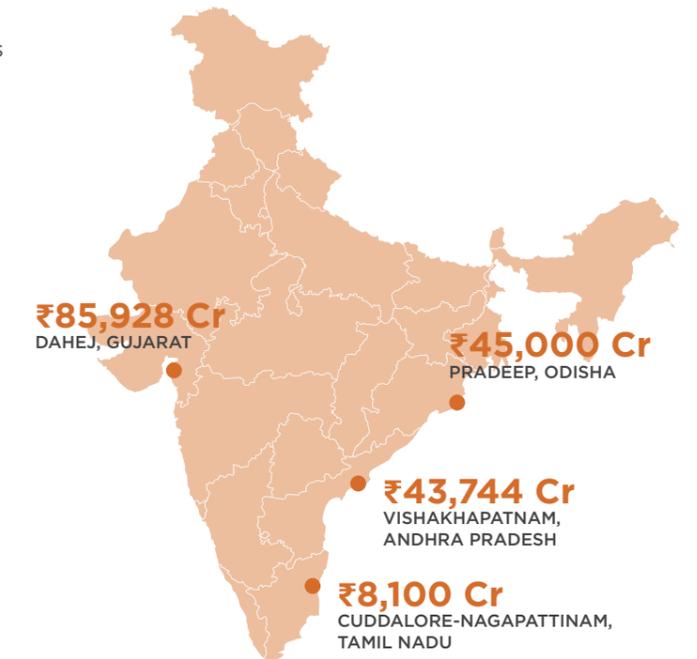
## PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGION (PCPIR), DAHEJ

Dahej PCPIR is spread over 452 km<sup>2</sup> and boasts of a strategic location with existing broad-gauge rail, NH 8, State Highways and other road connectivity along with sea and air connectivity. It has been identified as Node no. 14 of the proposed DMIC.

Of the total area, 51% is planned to be developed as a processing area, which will have medium and large-scale PCP industries (petroleum, chemical and petrochemical), engineering industries, port/shipbuilding, salt pans, warehousing, oil terminals and logistics companies. The remaining 49% will comprise of residential, commercial, institutional and recreational areas and other facilities.

### Key Drivers

In addition to its excellent connectivity through various modes, Dahej is the only PCPIR along the western region which enjoys proximity to the Gulf countries. As a result, it has received higher investments compared to its counterparts - Tamil Nadu, Andhra Pradesh, Odisha.



Source: Union Ministry of Chemicals & Fertilizers

## MANDAL BECHARAJI SPECIAL INVESTMENT REGION (MBSIR)

MBSIR, located 90 km from Ahmedabad and 85 km from Gandhinagar, is home to automobile, ancillary and manufacturing industries. The total area comprising of over 8 villages is about 103 km<sup>2</sup>. This SIR is likely to emerge as India's largest automobile hub.

### Key Drivers

#### Location and Connectivity:

The SIR is well connected to national highways as well as railways. There are 5 major roads that directly connect the SIR: SH 133 Connecting Ahmedabad Via Detroj, Kadi, Kalol and Andalaj; MDR - connecting Mehsana and Modhera; SH 7 - connecting Viramgam; SH 135 - connecting Sanand via Kadi and SH 55 - connecting Mundra via Radhanpur.

#### Best-suited for IT companies:

In accordance with the SIR policy, the proposed region should be non-polluting or less polluting. Thus, IT companies have huge potential for investments in this SIR.

#### Announced Investments:

Japan has announced the development of Indo-Japanese corridor at MBSIR, with a total outlay of ₹1,000 Crores.



# 5. Robust infrastructure

Gujarat has a sound, extensive and robust Infrastructure making it one of the fastest growing and most industrialised state in the country. GIDA (Gujarat Infrastructure Development Act) along with the Private Sector Investments enhanced the process of setting up infrastructure projects. Gujarat is a forerunner in mega infrastructure development in the Rail, Roadways, Airways and Ports.

## ROADS

The state has one of the highest networks of surfaced roads - over 95% compared to India's 57%. About 98.8% of its villages are connected to motorable roads. Gujarat government has launched an ambitious 6,000 km State Highway Development Program (SHDP) to address the core network's need for up-gradation and maintenance. The state has implemented several initiatives for the improvement of the road network such as the World Bank-funded roads, Pragati Path, Kisan Path and Vikas Path road development programs. According to Vision 2020, state roads in the transport sector to account for nearly 17.05% of the total planned investments amounting to ₹39,110 Crores.



*The state has implemented several initiatives for the improvement of the road network such as the World Bank-funded roads, Pragati Path, Kisan Path and Vikas Path road development programs. According to Vision 2020, roads in the transport sector to account for nearly 17.05 % of the total planned investments amounting to ₹39,110 Crores.*

### MAJOR ONGOING ROAD PROJECTS

PROJECT	LENGTH (KMS)	COST (₹ CR)	MODEL
Widening of Bagodara-Vasad Road (SH 8) - 6 Lanes	101.76	883.90	Public Private Partnership
Widening & improvement of Bhuj-Bhachau Road (SH 42) - 4 Lanes	77.00	256.94	Public Private Partnership
Construction of Road Overbridge near Village Dastan for Surat Bardoli Road	1.65	59.86	State Funded

## AIRPORTS

Gujarat owns 18 domestic airports and 1 international airport (located at Ahmedabad) - highest compared to any other state in the country.



Additionally, it has an upcoming International airport at Dholera, built with equity partnership between Airports Authority of India and the government of Gujarat. The estimated cost of this project is ₹2,000 Crores.

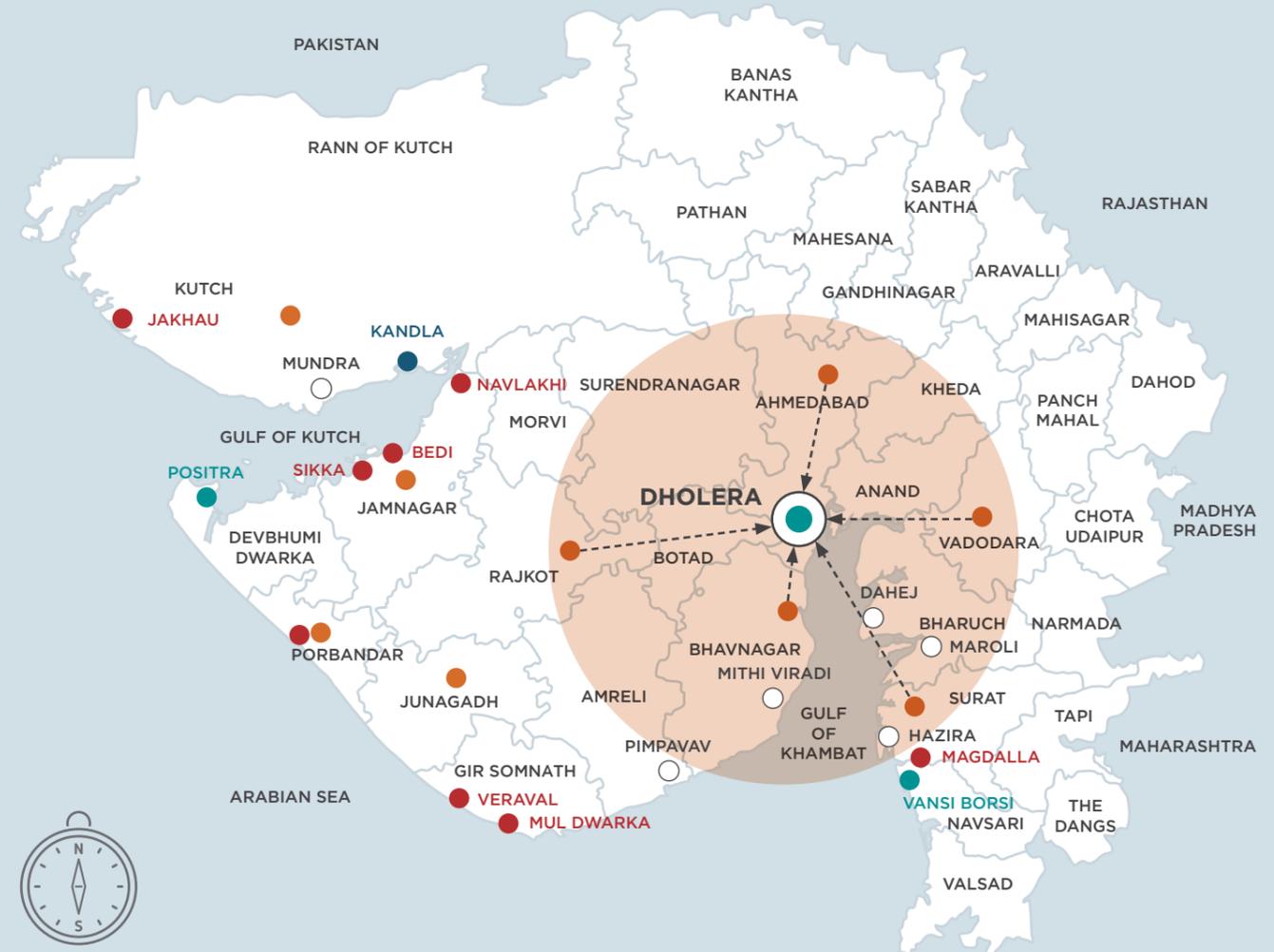
Located 9 km from Dholera and 80 km from Ahmedabad, the Dholera Airport project shall be built on 1,700 acres of land and is expected to have two huge runways on it. On completion it will uplift the heavy traffic from the Ahmedabad airport. Apart from Dholera, there is also a domestic airport planned for development at Rajkot which will cater to the Saurashtra Region.

### OPERATIONAL STATISTICS OF AIRPORTS IN GUJARAT

	2015-16	2016-17	2016-17*
Aircraft Movements	66,596	73,208	9.93%
No. of Passengers	81,90,104	93,75,398	14.47%
Cargo (Tonnes)	70,192	79,900	13.83%

Source: Socio Economic Review 2017-18 \* Annual Growth (%)

## Major Airports & Ports in Gujarat



- Airports within 150 km of Dholera
- Major Ports
- GMB Ports
- Other airports
- Developed Private Ports
- Proposed Private Ports

## PORTS

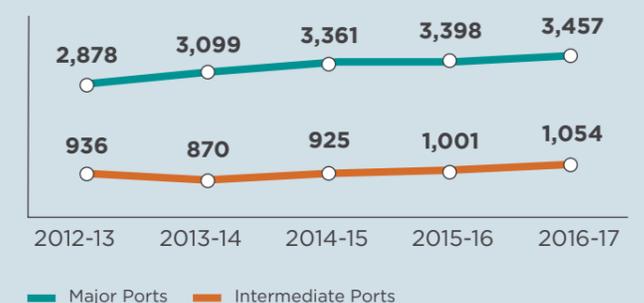
Gujarat has the longest coastline of India which admeasures 1,600 km and has the highest number of commercial cargo ports.

Kandala port located at the Gulf of Kutch in Gujarat is one of the 12 major ports in the country. Whereas, more than 60 non-major ports are located in Gujarat.

Key Growth drivers of the sector are positive regulatory environment, strategic location, industrial growth, and various initiatives like Special Economic Zones, Special investment Region, Dedicated Freight Corridor, and Industrial Corridor etc.



### CARGO HANDLED BY PORTS IN GUJARAT (IN LAKH TONNES)



Source: Socio Economic Review 2017-18

### RAILWAYS

The total length of railway line in Gujarat as of March 2016 was 5,258.49 km. The total route comprises broad gauge of 3,506.55 km, 1,193.04 km of meter gauge and 558.90 km of narrow gauge.

The railways in the state form part of the western zone and have 3 divisions - Ahmedabad, Vadodara and Rajkot.

*Gujarat Government is all set to come up with a High-Speed Rail passenger corridor from Ahmedabad to Mumbai with the collaboration of the Government of Japan. The length of the corridor is 508 km and total journey time for the train is estimated at 2.07 hrs with total estimated cost of the project is US\$ 14.92 billion.*

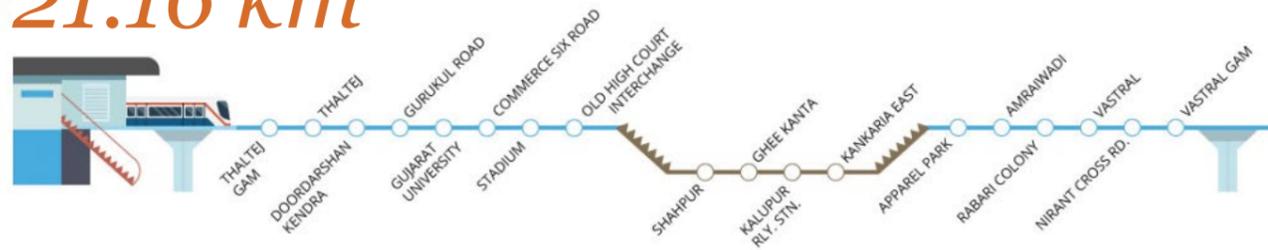
#### North - South Corridor

**18.87 km**



#### East - West Corridor

**21.16 km**



### METRO RAIL

*The Ahmedabad – Gandhinagar Metro rail project is being developed with the objective to provide safe, fast and an eco-friendly transportation system to the citizens, and that too at affordable rates. The total cost of the metro project is estimated to be ₹10,773 Cr.*

The metro rail network in the city will have two lines and provide connectivity in the four cardinal directions. This will stretch from Motera Stadium in the north to APMC in the south.

### BULLET TRAIN

The ambitious project also has several benefits which will be economically beneficial. It will not only save time to travel between the two of the busiest cities of Ahmedabad and Mumbai, it will also facilitate the growth of smaller cities along the way with the possibilities of development of economic centers.

The bullet train is going to generate employment opportunities and is expected to create approximately 4,000 direct jobs. Nearly 20,000 construction workers will also be required during the construction stages.



No. of stations  
**12**



Total track length  
**508 km**



Estimated Cost  
**₹ 1,10,000 Cr**



Maximum Operating Speed  
**320 km/hr**



Journey time (Limited stops)  
**2.07 hrs**

Journey time (Stopping at all stops)  
**2.58 hrs**



Date of commencement of work  
**Sep 14, 2017**

Planned Completion Date  
**Dec 2023**

8 STATIONS IN GUJARAT

4 STATIONS IN MAHARASTRA

# 6. Real estate overview

The realty market of Gujarat's major cities remains mostly stable barring a minor price correction in early 2017 due to demonetisation. Smaller size units appear to have maximum demand. Many A-listed developers believe that the luxury projects in major cities of Gujarat give better profit margins and are less affected by recession.

**Ahmedabad** is witnessing significant infrastructure growth and transition in realty space. The main factors fuelling the growth of the city are its proximity to DMIC & GIFT City and the proposed Ahmedabad-Dholera Special Investment Region. Both the cities are set to form the largest urban agglomeration in Gujarat. Since 2016 there has been a constant price movement within all the segments. While maximum price rise is recorded in the higher segment it clearly indicates market's appetite for such products.

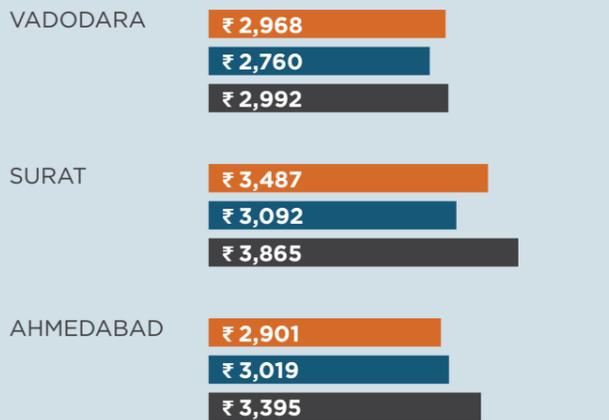
**Vadodara** which is known as the cultural capital of Gujarat will also gain from the benefits of DMIC passing through its borders. City is moving towards the knowledge centre with companies like L&T and Microsoft opening their knowledge city and digital experience centres respectively in Vadodara. The smaller size segments (area less than 646 sq. ft) are witnessing price appreciation at a rapid pace.

**Surat** saw a rapid increase in population over the previous decade which exerts undue pressure on the infrastructure and services. Among the major development, the Diamond Research and Mercantile City (DREAM City) coming up in Surat, is expected to fuel the residential development of micro markets in its proximity.

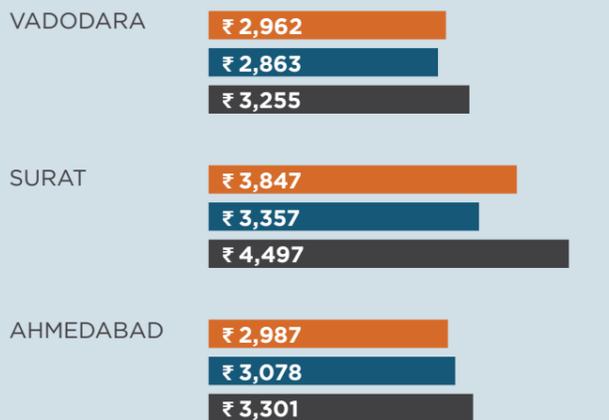


## HOUSING PRICE TRENDS BY SEGMENT (₹/sf CARPET AREA)

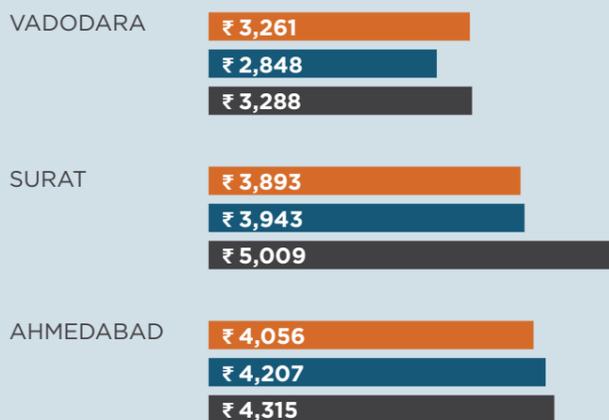
### < 60m<sup>2</sup>



### 60-110m<sup>2</sup>



### > 110m<sup>2</sup>



- MARCH 2016
- MARCH 2017
- MARCH 2018

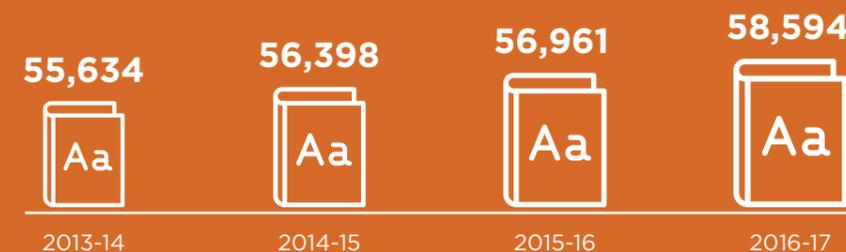
## EDUCATION INFRASTRUCTURE & STUDENT HOUSING

The state has institutionalized the mechanism for enrolment and retention, the government has now focused on quality of education since the last six years through Gunotsav programme. With this initiative the state is all set to achieve 100% institutional delivery which increased from 55.9% in 2003-04 to 98.9% in 2016-17.

The number of institutions increased from 55,634 in 2013-14 to 58,594 in 2016-17 together with the approval of additional medical colleges is expected to increase the student population in the cities significantly. Owing to significant demand from the migrant student population across the state, this segment is growing at a rapid pace. These factors collectively create a huge demand for rental housing, student housing in large urban centres where rents are high.



## TOTAL NUMBER OF EDUCATIONAL INSTITUTIONS



## RETAIL MARKET

Gujarat, which has a strong middle-class population and one of the highest per capita income, is now becoming a preferred destination for the organized retail sector. The organised retail assets in the state are currently limited only to the major cities. The other cities are served through their main streets and commercial clusters. This phenomenon is anticipated to undergo a vast transformation in the coming future with rapid urbanisation and the industrial developments. The healthy per capita income and the projections of increased employment shall be instrumental in setting up the pace for the growth of the retail assets.



## HOSPITALS & HEALTH CARE

Gujarat offers holistic medical services and cost-effective treatment throughout the state. With more than 13 medical institutions and rising population, there is a huge potential for investors in community health centres and primary health care centres within the rural and urban areas of the state.

# 7. Issues and challenges

The state with one of the highest economic growth rates in the country and possessing impressive indicators of growth and prosperity also has several challenges which the state government is actively trying to address.

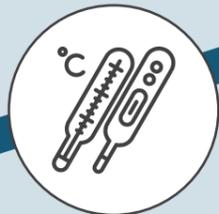


## EDUCATION

Although Gujarat has an impressive literacy rate of 78%, other parameters pertaining to education offer ample scope of improvement:

The student-teacher ratio in primary schools is only 28:1 and amongst the lowest in the country. Scope for higher education can also be augmented as the state has only 28 colleges per 100,000 people and will soon become ineffective given the rapid rate of growth in the population.

There has been a significant rise in the number of enrolments and reduction in dropouts across the primary and secondary education segments owing to the various policies and schemes to promote the education sector. The Gunotsav Program that institutionalizes the mechanism of enrolment and retention is yielding satisfactory results. Similarly, Vidya Deep Insurance scheme distribution of free textbooks and several others have been initiated by the government to provide quality education.



## HEALTH AND HYGIENE

In terms of health & hygiene too, the state ranks low as it has over 39% children underweight as compared to the national average of 36%. However, the state government has increased the cost allocation to this sector by 11.78% compared to the previous year and this may help to combat the issues.

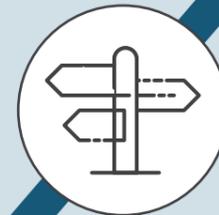


## WATER & POWER FOR AGRICULTURE

Despite being the largest cotton producing state and a significant focus on the food processing, the requirements for power and irrigation continue to be a major concern. However, the Government is trying to provide solutions via water resource management by creating additional storage. The total irrigation potential of the state is estimated to be 90.62% of which only 68.25% is utilized.

It has implemented the Sardar Patel Participatory Water Conservation Scheme in which check dams will be built across the state to enable a better supply of water for irrigation. In some areas where the construction of check dams is a challenge, the government has planned to deepen existing ponds and tanks to increase the storage capacity.

To supply uninterrupted power, the Government intends to develop small hydropower units on various branch canals of their canal network across Vadodara, Saurashtra, Kachch and Miyagam. The canal-top solar power plant at the Vadodara Branch Canal is already complete and has started power generation.

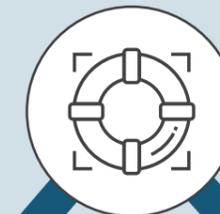


## GEOGRAPHIC DECENTRALIZATION

Major cities such as Ahmedabad, Surat and Vadodara are the most developed cities and witnessing massive influx of people owing to large-scale employment opportunities. Thus, the infrastructure in these cities is overburdened and needs immediate attention.

In order to decentralize the geographical regions, the state has planned multiple special investment regions which are going to evolve as the economic hubs equipped with the required physical and social infrastructure to support them. This initiative is expected to balance the stress on the infrastructure in the major urban agglomerations and create an environment for a holistic development.

Thus, the fastest growing state which promises a bountiful future comes with several challenges which may pose a threat to the progress of the state. However, it is heartening to see that the Government is aware of the impediments and has focussed to address them. While some of the schemes and initiatives are in their initial stages and have a long period of gestation, the results are expected to be favourable owing to the deep thought that has gone into the process of formulation. Fructification of these results and the support of citizens to bear the adversities during the period of implementation and execution will help to maintain the state's leadership position and ensure sustainable growth.



## SOCIAL IMBALANCE

The state has significant tribal areas which are yet to witness even basic development. This social imbalance may not be healthy for the growth of the entire state.

Thereby, the state government's concern for the tribal communities has resulted in the Vanbandhu Kalyan Yojana, a developmental scheme for the weaker sections. The latest measure was to constitute district-level Jilla Adijati Vikas Mandal for the formulation, implementation and coordination of the scheme at the district level. The Government has decided that about 90% of the outlay meant for Gujarat Pattern under Tribal Sub Plan for the schemes to be formulated and implemented at the district level and remaining 10% outlay for formulation and implementation of schemes by agencies at State level. An outlay of ₹12,559.34 crores has been made under Tribal Sub Plan Vanbandhu Kalyan Yojana for the year 2017-18.



## LABOUR ISSUES

Labour and workforce issues continue to be a cause of concern in this industrialized state. The state has been continually reporting strikes and worker agitations resulting in significant loss of man-days and production. Based on media reports, it is estimated that nearly 100,000 man-days were lost to strikes in Gujarat during 2017 with a production loss estimated to be ₹286 Crores.

## 8. Outlook

Gujarat is well poised to sustain the growth momentum it has obtained in the past several fiscal calendars. The state already has an impressive report card and it is quite capable of improving it further.

The economy led by the secondary sector is likely to lay a strong foundation of the growth trajectory that is anticipated to be charted in the short to medium term. Trade and commerce have been the key to the impressive growth of the state and it has been ably complimented by the supporting infrastructure. The social sector is also growing simultaneously showing the government's focus on the overall development and wellbeing of its citizens.

Currently the state has been witnessing progress and growth in selected cities, which is likely to change with the commissioning and execution of mega infrastructure projects. The DMIC and DFC are going to be the game-changers which is anticipated to unlock the potential of several urban and rural districts. Along the way there are several areas that are going to witness greenfield developments which will require large work forces. This is anticipated to create a multitude of employment opportunities for all sections of the society ranging from skilled, semi-skilled, unskilled work force and thus open opportunities for the services sector.

The sheer quantum of development in the urban and semi urban areas of the state is expected to create a demand for various asset classes in the real estate sector also. Since the economy in these areas are going to be driven by industrialization, we foresee a demand for affordable and mid ranged housing to gain momentum post the execution of the projects. Organised retail along with hospitality, education and healthcare are also likely to follow in the newly setup micro markets across the state. The demand for such assets is anticipated to rise as the physical infrastructure comprising roads and connectivity steps up.

The bullet train is expected to usher in a new era in mass rapid transportation system in the country. The real estate in the adjacent areas is expected to undergo a dynamic transformation post the execution of the project.

The quantum of investments the state is likely to witness soon or the commitments in the forthcoming edition of Vibrant Gujarat in January 2019, is expected to lay another milestone to the development of the state which is going to reinforce the faith in one of the fastest growing state of the country.



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**Confederation of Indian Industry**

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Published by Confederation of Indian Industry (CII), CII House, Gulbai Tekra Road, Near Panchavati, Ahmedabad - 380 006, Gujarat, India

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