

EXPLORATION OF BUSINESS OPPORTUNITIES FOR AN ENTREPRENEUR IN REAL ESTATE SECTOR OF SATARA

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Abstract - Indian Construction Industry has wide scope of expansion with present developmental trends in the country and world over particularly in developing nations in Asian region. 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 India 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. 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.

Satara is developing town between Pune and Kolhapur cities of Maharashtra. Hence there is scope of business in field of construction. Its need of hour that organizations have to 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. Satara is very well known as Pensioner's City. The city is within its developing stage and its surrounding is very calm. That's why people always prefer Satara as residence option. As well as with the influx of professionals entering the city to meet the demands of the ever-growing industry and job sectors, the city has been witnessing a fast-changing consumer spending pattern. 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 greater number of people in the City.

Key Words: Construction Industry, SWOT Analysis, Minimize weaknesses

1. INTRODUCTION

Construction sector plays a pivotal role in the economic growth of a nation, especially in an emerging one like India. The market size of Indian construction industry is around Rs 248,000 crore (\$37.6 billion) and it currently employs a workforce of nearly 32 million, the second largest sector after agriculture.

Linkage with the development of other sectors, the construction sector generates substantial employment and provides growth impetus to several sub-sectors to manufacturing like cement, bitumen, iron and steel, chemicals, bricks, paints, tiles, etc. whose combined value is Rs192,000 crore (\$29 billion) annually. The construction equipment market is valued at Rs 105,000 crore (\$16 billion). It is roughly estimated that 40–45 per cent of steel; 85 per cent of paint; 65–70 per cent of glass and significant portions of the output from automotive, mining and excavation equipment industries are used in the construction industry.

1.1 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.

1.2 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.

2. PROBLEM STATEMENT

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 Satara and sustain himself?

3. NEED OF STUDY

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 unfavourable 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

4. OBJECTIVES

- Study the existing scenario of Indian construction sector, with particular reference to real estate development in Satara
- 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 analyse the risk in real estate sector of Satara from entrepreneur's perspective based on pilot study of residential building & construction sites.

5. SCOPE

This project considers on investigating the existing scenario of construction industry in Satara. It will start with literature review and understands the statement of problem. Further, the critical factors affecting the business growth in Satara will be

identified through a questionnaire survey. Through the pilot study, the threats and risks will be highlighted to analyze the business opportunities for an entrepreneur in Satara.

6. METHODOLOGY

A questionnaire was preferred as the best effective and suitable data-collection technique for the study. A questionnaire in a web-survey format comparatively requires less duration and saves cost for the researcher while permits respondents to response the questionnaire at their personal ease. However, for this approach the reply rate is usually lower as compared to face-to-face interviews. Data was collected from literature reviews from books, journals, articles, seminar conferences, and websites which emphasize Business Opportunities for an Entrepreneur in Real Estate Sector of Satara. A survey questionnaire was given to employees from different positions involved with the construction project.

7. SURVEY WORK AND DATA COLLECTION

The data collection to determine the most influential factors on development of construction firms was done through a survey by explorative questionnaire to the respondents involved in daily activities of construction firms in various regions in the Satara city of India. The questionnaire was designed so that respondents can give the rank to their answers based on the Likert scale. The analysis of these data was done using Microsoft Excel and Relative Importance Index.

According to the targeted City and Stakeholders, the total no. of available population for survey was 30 from 15-20 construction firms. Table-1 represents the distribution of the sample population among the city considered for the study. The number of construction firms for Satara is taken from the list of registered contractors of Building Department of Maharashtra and from the list from yellow pages.

Table 1: Study Population

Project	Location	Name of the Lead Firm	Selection Criteria
Rajasi Shop Avenue	Powai Naka	GhargeSalunkhe Associates	Random selection
Satara Business Centre	Radhika Road	Kangralkar Associates	Random selection
Sangam Garden	SangamMahuli	Shah Pawar Associates	Random selection
Amar Laxmi	Karanje	Ganesh Developers	Random selection
Jadhav Paradise	Yashoda Nagar	Mangalmurti Developers	Random selection
Madhushree Park	Khed	Parshwa Associates	Random selection
Shree TuljabhavaniVandan	Bombay ResturantChowk	Mangalmurti Developers	Random selection
7 Star Multiplex	Sadar Bazar	MahendraChavan& Associates	Random selection
AadarshKritika	ShahupuriSatara	AadarshVastuNirmiteePvt. Ltd.	Random selection
Aadarsh Empire	Wai	Aadarsh Builders & Developers	Random selection
Rudraksh Towers	Tamjai Nagar	Kangralkar Builders & Developers	Random selection
Gram PanchyatBhavan	Khatav	Deshmukh and Associates	Random selection
Panorama	Sadar Bazar	Siddhivinayak Developers	Random selection
Samarth Residency	KondhweSatara	Ajinkya Builders & Developers	Random selection
Balaji City	KondhweSatara	Chorge Brothers	Random selection
Magnolia Residency	Uttekar Nagar	Suyog Development Corporation	Random selection

8. SWOT ANALYSIS

Summary table for SWOT analysis after comparing the analysis:

For the preparation of SWOT Table, the prime factors listed by the RII index are considered as of significant importance for the district of Satara. Hence to simplify the analysis and focus on the main influential factors the factors ranked up to the RII ranking 7 are considered in the survey.

Table 2: Summary table for SWOT Analysis

Sr.no	Strengths	Weakness	Opportunities	Threats
1	Impact of RERA	Input and output of Cash Flow	Provision of Training Institutions	Market Instability
2	Climatic Conditions	Training Facilities	Development of Commercial Places, Industrial Contracting	Low Demand High Production Rate
3	Agricultural Output	Availability of Special Equipment's	Low Cost Housing	Low Market for Luxurious Ventures
4	Lack of Competition	Availability of labours	Providing Skilled Labours	Effects of Uncertainty in Sector
5	Growing Urbanization	Experience and Qualification of Employees	Brick Manufacturing and Crusher Business	Availability of river Sand
6	Favorable Land Conditions	Change of Government policy	Equipment Handling and Rental Service Providers	Corruption in the Industry
7	Growth of Industries	Lack of Infrastructure	Renewable Resource Generation	Change of Government Policies

9. RECOMMENDATIONS AND CONCLUSIONS

Recommendations and Discussion:

The real estate firms in Satara are the bungalow developers, villa builders, Apartment developers, township developers who are playing a major role in developing infrastructure. Under the sincere efforts of these real estate developers, Satara have witnessed a rapid growth in the construction of residential and commercial projects. It is due to the innovative efforts and elegant constructions of these real estate builders, that Satara have witnessed commendable facelift. But whether it is a residential property or commercial property real estate firms in Satara should always be up with new innovative ideas and designs to meet the future demands of urbanization and modern product deliveries.

In this paper with the help of survey, the factors that hinder the growth of business opportunities in Satara are listed out. This work mainly aimed to provide guideline and recommendations to the new entrepreneurs and encourage them to build new business ventures in Satara. This work will help them to understand the probable problems they need to face while developing new business and to plan appropriately. This will also guide them to select the suitable venture that may run successful in Satara.

In order to achieve the successful growth in developing new business in real estate for Satara following critical factors for success have been listed out and recommendations are made which will help in elimination of the threats and weaknesses and convert them to possible opportunities:

10. CONCLUSIONS:

In Satara, 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 conditions in the region and legislative enforcement measures are always threats to construction industry in India.
- 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 start-ups. 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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