

It is an interesting phenomenon in East Godavari that even after bifurcation of the State and announcement of many national institutions, real estate business has not picked up.

Apartments, independent houses and group housing schemes, however, present a different scenario reporting a brisk business in places such as Rajahmundry, Kakinada, Amalapuram, Tuni, Ramachandrapuram and other small towns.

Before bifurcation, there was a real estate boom in and around Rajahmundry and Kakinada cities where prices rose abnormally. Kota Rambabu, who is into real estate business for the last 15 years, said farmers were quoting the land value at Rs. 40 lakh to Rs.1 crore an acre in areas of Gadala, Boorugapudi and Krishnunipalem, but there were no takers. "The affect of Seemandhra movement had left vacuum in the buying and selling activities. Transactions came to a grinding halt. There are no registrations for nine months," said Mr. Rambabu.

Most of the real estate owners expected an upward revision of prices after bifurcation and invested huge amounts on land deals. "I invested by selling entire gold and also took huge loans for high rate of interest", K. Rama Raju, a realtor, said.

About 50 p.c of realtors are facing 'harassment' from bank field officers as they have taken huge loans from the banks. "No bank is ready to sanction fresh loans to realtors and every bank is busy in collecting arrears," said Akula Rama Rao of Pragathi Real Estates.

Prices of apartments skyrocketing

According to Buddiga Srinivas of CREDAI (Confederation of Real Estate Developers Associations of India), non-availability of sand, rise in steel prices and labour cost had an impact on prices of apartments and individual houses in all important towns in East Godavari.

The prices of individual houses are skyrocketing in Rajahmundry and Kakinada as also other smaller towns as a result of steep increase in construction cost. Though there is good demand for flats, independent houses are commanding a premium. A double bedroom flat costs Rs. 25 lakh to Rs. 30 lakh and a triple bedroom flat is upward of Rs 40 lakh in prime areas.

On the other hand, a double bedroom independent house built in 120 yards costs around Rs. 35 lakh, a house constructed in 170 yards costs Rs. 45 lakh and a house constructed in 250 yard scosts Rs. 55 lakh.

In Kakinada and its surrounding areas, builders are doing good business, as the city is expanding towards Pithapuram where the proposed petroleum corridor and some other industries are coming up.