

Date: 28th January 2017

Budget 2017: What the real estate industry wants from Jaitley



The real estate sector has been plagued by many challenges, including delays in projects owing to funding issues, complicated government diktats, unclear records and land titles and delays in obtaining approvals. The passage of R The real estate sector has been plagued by many challenges, including delays in projects owing to funding issues,

complicated government diktats, unclear records and land titles and delays in obtaining approvals. The passage of the Benami Transaction (Prohibition) Act and the recent demonetisation of high value currency notes, have added to the short-term uncertainty in the market. This makes the upcoming Union Budget 2017-18, all the more critical for the sector. "The upcoming budget must take into consideration every possible hurdle and reverse the negative sentiments and current economic velocity. This includes the factors that depress consumer spending, as well as those that are creating indecisiveness and doubt in the minds of domestic and foreign investors," feels Ramesh Nair, COO business and international director, JLL India. He adds, "For the real estate sector, the budget must have announcements that clearly indicate that the worst is over and that the government is dedicated to kick-starting a revival in the sector." Budget should provide more savings for home buyers Kishor Pate, CMD of Amit Enterprises Housing Ltd echoes similar sentiments. "Indian real estate needs a highly consumer-friendly budget, this time around. The common man needs financial encouragement, to get off the fence and invest in a home. This can be achieved, by announcing special home loan rates for first-time buyers and revising the income tax slabs, so that more savings ensue," he says.

According to Ajay Jain, executive director investment banking and head real estate group, Centrum Capital, the budget should focus on providing sops, after taking into consideration the current industry scenario, as well as inflation. "The current tax deduction limit for housing loans is Rs 2 lakhs. This is insignificant, given the ticket sizes in cities like Mumbai, where most houses cost at least Rs 1 crore. Hence, the government should increase the tax deduction limit for housing loans," he maintains. Government should provide faster approvals and more funding sources for realty Developers have repeatedly complained that their projects are dependent on a number of government approvals. Consequently, delays in obtaining approvals, results in a scenario where they are unable to complete the project within its stipulated time. Hence, they insist that the government must strive to provide single-window clearances, to remove bureaucratic delays. A simplified tax norm for real estate investment trusts (REITs), will also improve the flow of funds into the sector and benefit buyers, they add. See also: Budget 2017: Reforms that the realty sector needs the most Clarity on GST structure needed While more clarity on the GST structure is still awaited, most developers find it imperative to introduce and implement the GST at the earliest. Explaining the positives of GST, Jain says, "The real estate sector has been burdened with multiple taxes like VAT, service tax, stamp duty, etc. The implementation of GST, will remove this multiplicity of taxes to just two – GST and stamp duty. GSTs on the real estate sector, will depend upon the final tax rate. "GST could also lead to lower compliance costs and input costs for builders, which in turn, could bring down the overall cost to end-users. The relatively unorganised sector will see greater transparency, once the Real Estate Regulation Act (RERA) and GST are in place and this will increase private equity flow into the system."

Consult the experts, before framing policies "It is not possible for any ministry, no matter how well-informed, to have a holistic and incisive insight into how every industry works and what it requires to work optimally. All major industries contribute to the country's economy and only a deeper understanding of each industry's dynamics, can result in faster economic growth. This is why the government should consult industry experts and heed their advice, while formulating policies," Pate concludes. By: Housing.com/news