

Budget 2016 disappointing for real estate sector

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The budget focused heavily on the rural population with funds for de-stressing rural economy and strengthening the infrastructure. However the budget maybe a disappointment for the real estate industry with very few initiatives taken towards reviving the sector.

Some of the measures which could have a positive impact on the realty sector include -

- Relaxation of DDT in REITs** - Hopefully, with the government taking steps to do away with the Dividend Distribution Tax (DDT) in the Budget, this could single handedly revive the real estate sector as well as provide a significant boost to the economy. This will remove the bottlenecks and could result in more REIT listings by developers in times to come. Eventually posing an opportunity to small investors at considering an alternative class of investments.
1. **Increase the limit of house rent deduction** – The Finance minister has increased the house rent deduction from Rs 24,000 to Rs 60,000, this will certainly benefit tax payers who fall in this category and will leave more disposable income in hands of common man/tax payers.
 2. **Service tax is proposed to be exempted for housing construction of houses less than 60 square metre.** This will reduce cost of property to end customer particularly in affordable segment. Many developers can work out feasibility of project considering this aspect. This is likely to boost demand.
 3. **For first home buyers** an additional deduction of interest of Rs 50,000 is proposed, provided value of house does not exceed Rs 50 lakh. This will increase in disposable income in hand of tax payer who is first home buyer.
 4. **100 per cent deduction on profit is proposed to undertaking for construction of affordable housing:** This will be a big boost to the developers in affordable housing as well as motivate and encourage