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Supply & demand of affordable homes to rise on infra status

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Real estate developers, who have been badly affected by the [demonetisation](#) move, today said it's a "good Budget" for the sector that would boost supply and demand of affordable homes and thereby help in revival of the property sector.

The [government](#) has been accommodative of the concerns of the realty sector and [met](#) the industry's long pending demand to accord infra-status to affordable housing, they said.

Relaxation on long term capital gains, joint development agreements, [tax](#) rebates for builders on unsold stocks would provide a big relief to the real estate sector, which is facing a multi-year slowdown, developers and consultants said.

"It is a good budget. Infrastructure status to affordable housing will help in accessing cheaper funds for the development of low-cost homes," realtors' apex body

CREDAI President Getamber Anand told PTI.

He said more developers would enter into affordable home projects with the change in the eligibility norm to carpet area from built up area as well as clarity on applicability of 30 sq meter and 60 sq meter criteria.

Realty major DLF CEO Rajeev Tahwar said: "It is excellent and balanced Budget. For housing it is an unprecedented Budget. Infrastructure status to affordable housing will mean cheaper cost of funding and lower [tax](#) to developers. Supply of affordable homes will increase, so prices will be lower".

Emaar India CEO Mr Sanjay Malhotra said affordable housing segment getting the infrastructure status along with increased allocations under NHB and PMAY-Gramin would enable larger funding available to home buyers and developers at a lower cost and also make the sector eligible for various incentives.

Property consultant JLL India Chairman and Country Head Anuj Puri said the Budget gives a big boost to the affordable housing but missed out on giving any additional [income tax](#) incentives to first-time home buyers or providing higher [tax](#) savings on housing loans and house insurance premiums.

NAREDCO President Parveen Jain said: "Affordable housing being included under infrastructure will now be able to receive liquidity support from a variety of funds such as pension funds and insurance firms".

Knight Frank India CM Shishir Bajaj said, "It is positive that the real estate sector has come in the central spectrum of the Union Budget. The real estate sector, which was the hardest hit by [demonetisation](#) move, will be one of the major beneficiaries of this budget."

Providing infrastructure status to affordable housing will not only bring the cost of financing down but will also open up additional avenues for developers to raise funds, he added.

The shift in eligibility criteria for affordable housing from built up area to carpet area will increase the unit size by 20-30 per cent and would offer home buyers the benefit of owning larger units, Bajaj said, adding that this would also encourage leading real estate players to enter this segment.

CBRE India and South Asia Chairman Anshuman Magazine said the infrastructure status to affordable housing is indeed an important step to promote access to priority lending thereby spurring supply of low cost housing units.

DHFL's CMD Kapil Wadhawan said the infrastructure status

given to affordable housing will provide a boost in volume of construction activity across the country.

Puravankara MD Ashish Puravankara said the revision of built up area to carpet area is a great move to push for apartments in affordable housing category. "The infrastructure status to the affordable housing will boost investment in this category."

JC Sharma, Vice Chairman & MD, Sobha Ltd said the Budget measures would help in revival of the sector.

Omaxe CMD Rohtas Goel said that providing infrastructure status to affordable housing is a significant step and the move will lower the cost of funds for developers, benefits of which will ultimately be the end users.

RK Arora, Chairman, Supertech Ltd, said the budget would give much needed impetus to affordable housing in the country.

SARE Homes MD Vineet Relia said the infrastructure status to affordable housing would make it easier for developers to access low-cost funds via foreign direct investment (FDI), external commercial borrowings (ECB) and domestic banking assistance.

Wave Infratech spokesperson said the long standing demand of granting 'infrastructure status' to affordable housing is a historic move that would enable more participation from developers and investors in this segment and help government's vision of Housing For All by 2022.

Navin M Raheja, CMD, Raheja Developers, said, "At last, [government](#) gives infra status to affordable housing, which was a long pending demand from last few years. This move will help in cheap and long term funding to accomplish the dream of housing for all."

Prashant Solomon, MD, Chintels India, said the real estate sector will benefit from the Budget and hope it is the beginning of the end of isolation of the real estate industry.

Abhishek Bansal, Executive Director, Pacific Mall, said the government's initiatives towards digital payments will benefit retail growth in the long term.

"With the lending interest rates lowered and purchasing power increased, we will witness a steep rise in affordable housing demand across the country, which will now be well [met](#) with the upcoming supply," Signature Global Chairman Pradeep Aggarwal said.

House of Hiranandani CMD Surendra Hiranandani hailed the move to grant infrastructure status for affordable housing as it will act as an catalyst to the government's vision of 'Housing for All by 2022'.

"This will lead to higher participation by private players in this segment as they can have access to institutional funding and other [government](#) subsidies," he added.

Colliers International India MD Joe Verghese said:

"Capital gains on JDA (joint development agreement) to be taxed only at product launch, 1 year [tax](#) exemption from notional rental income from unsold inventory and reduction of long term capital gains [tax](#) period from 3 to 2 years provide respite to investors/developers of real estate."

"This helps especially those holding real estate inventory /stock. This is a great move to providing [tax](#) relief to developers in the residential sector where the sales have significantly dropped post [demonetisation](#) move," he added.

Anish Sanghvi, Partner, PwC India, said: "This budget did focus on reforms to the real estate sector and specially for affordable housing. Granting infrastructure status has been a long pending demand of the sector which has finally come through, although currently limited to affordable housing".

"Difficulties in claiming incentive for affordable housing have been removed with moving the goal post from built up area to carpet area and completion period enhanced to 5 years. Reduction of

period of holding to 2 years to enjoy long term gains rate as well as more avenues to save capital gains tax have been proposed. The litigation around joint development agreements may become history with clarity on timing of taxation at project completion," Sanghvi said.

Hemal Mehta - Partner - Deloitte Haskins & Sells LLP said: "Affordable housing is a priority for this government and it was expected to get an infra status. With the Infra status, developers can access foreign funds at a cheaper cost by way of debt and will be a priority lending for banks as well."

Ashoo Gupta, Partner, Shardul Amarchand Mangaldas & Co, said: "The government's decision to grant infrastructure status to affordable housing will spur the accomplishment of the objective of Housing to All by 2022. It will boost cement, steel, construction industries as well as employment and surge launches of new real estate products across the country."

"In a major relief to housing developers, the finance minister has changed the time period for calculation of notional rental on unsold stock held by developers for tax purposes, which will now kick in only 1 year after completion," Cushman & Wakefield India MD Anshul Jain said.

PropEquity CEO and Founder Samir Jasuja said, "One of the key demand of the real estate sector has been to get industry status to get preferential and lower borrowing rates from banks. This announcement will surely provide ample push for the affordable housing sector in India, a key initiative under housing for all."

Tata Housing MD and CEO Brofin Banerjee said, "Easy and dedicated access to institutional financing, higher limit on external commercial borrowings will attract more investments and assure sustained growth of affordable housing in India, making it the core driving segment for real estate."

"On the other hand, long term financing at lower rates will reduce costs of construction for developers allowing them to pass on benefits to consumers. The new status will increase the resource allocation for the sector, catalysing housing supply and reducing the supply gap," he said.