

Demonetisation effect on real estate

Akshay Dewani, Director, Assetz Property Group

The demonetisation is a valiant move towards the greater good for the Indian economy. Apart from curbing the flow of black money and bringing in transparency, it will create a conducive environment for businesses across industries and sectors. That will see more inflow of capital into the economy

Bijay Agarwal, MD, Salarpuria Sattva Group

It's a welcome positive reform by the government in line with RERA and GST, and create positive sentiment among end-users and investors. There might be a slight disruption till this process is streamlined, after which we expect it to be business as usual. Especially in the context of Bengaluru's customer driven market with the majority from IT and corporate sectors paying taxes and financed through bank loans.

Neha Hiranandani, Director, House of Hiranandani

This is a progressive move and will be far more effective than RERA and other statutory impositions placed on the sector in weeding out corruption. Layers upon layers of statute breed inefficiency and give way to corrupt practices. This is the move we have been waiting for. There will be a lot of short-term pain and confusion, but these policy directives will move India into a new era.

Ashish Puravankara, MD, Puravankara Projects

This move is a game changer for the nation. It will fundamentally push for "Uniform pricing" in real estate, thereby boosting consumer confidence, transparency and trust in the sector. We are happy to note that is in alignment with our organisation's core values of corporate governance and transparency.

Sachin Sandhir, Global MD – Emerging Business, RICS

With progress of time, it will not be surprising to see prices go up as sellers come to terms with the fact that capital gains tax has to be paid on monies. Sellers are likely to factor that liability into the sale price. A closer look at the primary market would indicate that there are several components of informality within the production chain – such as purchase of land for onward development of a project.

Twenty-four hours earlier, a landowner could enter into an agreement with a developer where part of the consideration paid would be unaccounted. Now, since the landowner can no longer do that – he would either sit out on the land, stalling the entire development project, or charge a higher premium to maintain the same cash margins after tax.

The same principle also works between developers, contractors and sub-contractors. All of this included, the input costs of developers will go up, and the only way then can respond will be by raising prices – which will affect a market already strained.

M. Murali, MD, Shriram Properties

This measure will give a boost to all formal channels of payments.

There may be transitory deflationary impact on the economy but for the long term growth the present step is a boon.

Unorganised trade and services, less organised sectors with high cash economy will face the immediate impact.

In the long term this revolutionary step will bring in several benefits with larger amount of money flowing into the mainstream economy. In real estate, the less organised segment will only be affected.

Abhishek Lodha, MD, Lodha Group

The professional, well organised companies in real estate will significantly benefit from this move and the scourge of black money will eventually vanish from the sector.

Over the next 12 months, lot of money will flow into financial instruments and hard assets like real estate, since people will be encouraged to disclose their earnings willingly.

This is likely to improve liquidity and lowering of interest rates, all of which will help boost the economic growth.