



Budget 2016: Top 10 Demands of the Real Sector

February 24, 2016

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Industry experts as well as players in the real estate sector are optimistic that there will be positive announcements in this year's budget, especially in terms of support to promote the affordable housing segment.

There is a strong sentiment in the real estate market that this year's budget will be crucial for the growth of the sector, especially after the announcement of the 'Smart City' and 'Housing For All' schemes last year. Consequently, the realty sector is expecting some big announcements from the government during Budget 2016. According to experts, the top 10 demands of the realty sector are:

1. Granting of 'industry status' to the real estate sector
2. Increase the interest exemption limit and tax savings on housing loans
3. Additional allocation of funds for infrastructure development
4. Quick implementation of the GST (Goods & Services Tax Bill)
5. Reforms in the process of granting approvals, to facilitate speedy execution of projects
6. To pass the Real Estate Regulatory Bill and its quick implementation
7. Reduce the interest on home loans for first-time home buyers
8. Initiatives to promote skill development in the realty sector
9. Special incentives for the affordable housing segment
10. Urgent steps to promote REITs (Real Estate Investment Trusts) and FDI in the real estate sector

Elaborating on the demands, Surendra Hiranandani, Chairman and Managing Director, House of Hiranandani, says that the granting of industry status has been a long pending demand of the real estate sector. "It will help developers to avail of finance at cheaper rates from financial institutions. This will spur economic growth. The government must allocate an amount, exclusively for developing infrastructure and improving connectivity in the peripheral areas of cities, especially the metros," opines Hiranandani.

Taxes

We expect the Finance Minister to liberalise the sector by incentivising or relaxing interest rates, as this will boost the home buyers' sentiments, adds Dhaval Ajmera, Director of Ajmera Realty. "The government needs to provide incentives on income tax, and benefits on VAT and service tax. Further, the government needs to effectively implement section 80 IA. Keeping in mind the current rate and taxation, this will aid in lowering costs, which in turn, will result in benefits trickling down to the consumers," he suggests. Moreover, with the real estate sector supporting over 200-odd industries, it is important to have these kinds of benefits, he points out.



"In order to encourage customers and to provide a boost to the affordable housing segment, home loans should be given at the rate of 6%, for houses ranging from Rs 50 lakhs to Rs 75 lakhs," Ajmera maintains.

His comments are echoed by the real estate fraternity, which is optimistic that there will be positive announcements in the budget, especially in terms of

supportive steps to promote the affordable housing segment. Apart from tax incentives, there should be a special focus on lowering the interest rates for first-time home buyers and buyers in the affordable housing segment, they say. With the budget getting closer, expectations are likely to further soar. For home buyers, in the meantime, it is important to remain realistic and stay away from the hype created by some property sellers.

Affordable housing, infrastructure development and granting of industry status to the realty sector are the buzzwords doing the rounds prior to this year's union budget. Most are hopeful that these demands will be met.