

Budget 2017-18: Hiranandani reactions on Jaitley's speech in Lok Sabha

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House of Hiranandani CMD Surendra Hiranandani

NEW DELHI (INDIA): House of Hiranandani CMD Surendra Hiranandani said that I would term it as a reform oriented budget where the expenditure was well directed towards economic growth and development, especially in the rural areas. It also reflected the government's concern and priority to improve the investment climate with a view to stimulate growth. The massive push for improvement in infrastructure including record capital expenditure for roads, railways will indirectly benefit the real estate sector in the long run.

"We welcome the move to grant infrastructure status for affordable housing as it will act as a 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. Along with tax rebates for the salaried class which will lead to higher disposable income and interest subventions this can be a potential winner in the long run. However, the government should redefine affordable housing clearly keeping in view the different geographies in India," said Hiranandani.

"Similarly, the decision to increase the qualifying unit area for affordable housing from built up area to carpet area will lead to an increase of around 20% per unit for the end user. Also, increasing the time frame for completion to 5 years indicates that the government acknowledges the practical and operational difficulties faced by developers in this category," he said.

"The decision to tax capital gains on Joint Development Agreement upon completion of the project is a significant move. However, more clarity is required to avoid litigation which is bound to happen given the current ambiguity. The tax break of 1 year post receipt of the completion certificate, for the unsold stock, and reduction of long term capital gains to two years will provide respite to investors and developers alike," he added.

"While these initiatives are noteworthy we need to remember that Deregulation will be the key to the success of various government initiatives. A major impediment to real estate development in India remains the approval process. While the government has done a lot to ease the functioning of the real estate sector and protect the consumers, it must get the statutory authorities responsible for clearing the projects within the purview of law," said Hiranandani.

"The other major concern remains that corporate taxes and dividend distribution tax remains the highest in the world. We hope this is addressed in the future to attract more investments in the corporate sector," added Hiranandani.

The Union Minister for Finance and Corporate Affairs, [Arun Jaitley presented the General Budget 2017-18 in Parliament](#) here today. This is the first of its kind which included the Railway Budget. This year's Union Budget also does not have Plan and Non-plan classifications and has been advanced by a month to the beginning of February.