

RUN-UP TO THE BUDGET: REALTY

In need of some big measures

The Centre has taken steps to revive the sector, but more needs to be done

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Three consecutive bad years have left real-estate developers looking forward to some strong measures in the upcoming Budget that will revive the sector.

From the long-pending demand for industry status to streamlining regulatory approvals and bringing in tax exemption schemes, the real-estate sector, which has been sitting on inventory worth ₹70,000 crore, says it is pinning its hopes on the government.

In spite of steps such as foreign direct investments norms, finalisation of the Real Estate Regulatory Bill and amendments to the REIT regulations, the real-estate sector is still going through a rough patch.

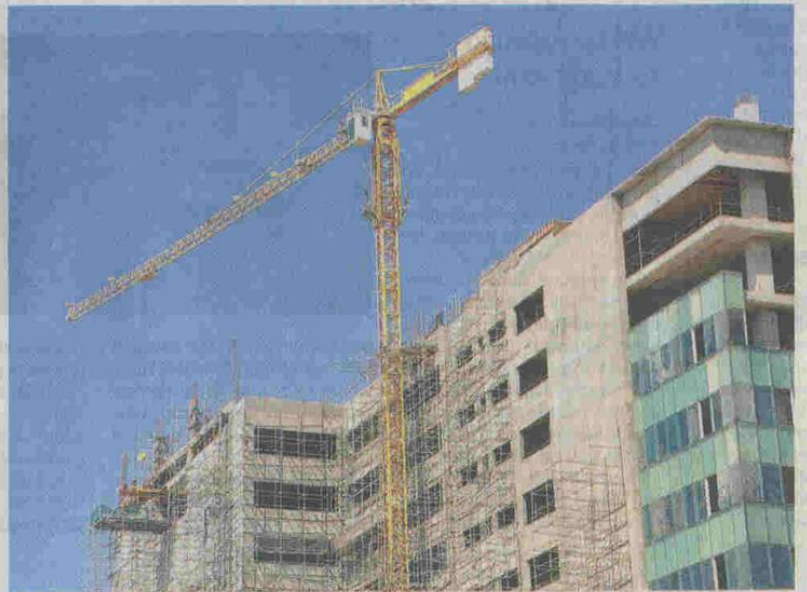
Deep Kantawala, Head-ICS Corporate Advisors, says: "To make REITs a success and to ensure broad-based participation, that is, not just limited to institutional investors, but also involving the domestic retail investors, a few more critical steps are required. These include allowing and encouraging Indian pension funds and insurance companies to invest in such securities."

Others demands such as granting industry status too have been long pending.

Surendra Hiranandani, CMD, House of Hiranandani,

points out, "Getting industry status has been a long-pending demand of the real-estate sector as developers can get finances at cheaper rates from financial institutions that will spur economic growth. Additionally, tax concessions on house insurance premiums can be introduced to encourage end users to insure their homes." With affordable housing gaining momentum in the country, players hope for tax exemption on such projects.

According to a recent report by Knight Frank India, despite the downturn in the residential real-estate market, affordable houses did relatively well and saw more launches in the last half of December. In Ghaziabad, almost 79 per cent of the new projects were affordable and mid-segment launches. Mehul Doshi, Director, Doshi Housing, says introduction of Special Residential



Zones on the lines of SEZ for affordable housing and exemption from all taxes and duties will benefit the players as they account for nearly 25 per cent of the cost of a house.

Shishir Bajjal, CMD, Knight Frank India, says: "The last Budget had a focus on 'Housing for All', but did not have a game-plan attached to it. We hope that sops and exemptions for home buyers are announced this year."

Dhaval Ajmera, Director, Ajmera Realty says, "Service tax and VAT needs to be looked into, as the developer has to charge service tax to the con-

sumer which we feel isn't fair."

Sam Chopra, Chairman, RE/MAX India, says, "Real-estate is suffering from the demand and supply mismatch and the high property prices are one of the core reasons for the same. With government enabling faster project approvals, there will be a change in the current state of real estate."

Implementation of GST

David Walker, MD, SARE Homes, says, "The implementation of GST bill will eliminate multiple levels of taxation and further reform the lengthy approval process that would fa-

cilitate speedy project execution."

Anuj Puri, Chairman of JLL India, says, "On purchase into an under-construction property, buyers can only claim tax benefits of ₹2 lakh after possession if construction is completed within three years.

"The benefits reduce to ₹30,000 if the builder delays construction beyond this — and they pay higher interest. First-time home buyers purchasing properties for self-use additionally pay rent."

(With inputs from Swathi Moorthy)

Wishlist

- Pension funds must be allowed to invest in REITs
- The sector must be granted industry status
- Tax exemption for affordable housing projects
- Tax concessions on house insurance premiums
- Service tax for the sector must be brought down