



Expectations from interim Budget 2019

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Industry wants the government to strengthen the hands of homebuyers, incentivize project development, push sales by rationalizing GST, and focus on affordable housing supply in its interim Union Budget 2019.

Delayed and stressed assets, poor sales, liquidity crunch — primarily across the residential segment — remain a key concern for the real estate sector.

The industry has given a wish list to the government before the interim Union Budget 2019 is presented on February 1.

In their submission, the industry has cried out loud for some immediate measures to help the sector increase sales, seeking the government to incentivize the sector through various positive measures.

Naredco, an industry body of the real estate sector, in its pre-budget memorandum to the Union ministry of finance and ministry of housing and urban affairs said though reforms introduced in the past 2-3 years, including the RERA, demonetization, GST, and Insolvency and Bankruptcy Code, have given some structure to the market, the sector is going through a tough phase.

"Measures to improve liquidity and rationalization of GST for properties under construction will help the sector," **Niranjan Hiranandani**, President of Naredco and MD of Hiranandani Group, said.

Naredco's key demand is to rationalize GST rate on properties under construction by bringing it down from 18% to 8% slab with land abatement. This will reduce property values and increase sales.

Developers have also demanded that the scope of GST be widened. "Bringing stamp duty and registration charges in the ambit of GST will be highly appreciated if the interim Budget addresses it," **Manoj Gaur**, Vice-President Credai, National, and MD of Gaur's Group, said.

While a reduction in GST rate will help in pushing sales, developers say it will be helpful to strengthen the hands of homebuyers through tax sops. "Additional income tax deduction will encourage more homebuyers to invest in the affordable housing segment," **Sumit Berry**, Managing Director of BDI Group, said.

Anuj Puri, Chairman of ANAROCK Property Consultants, suggested that a number of tax sops including the reduction in income tax slabs, and (or) higher relief on housing loan rates, and (or) increase in the deduction limit under Section 80C from the current Rs 1.5 lakh a year can be applied. "Keeping the trend of promoting affordable housing alive this year, the major demand in the Budget is an extension of income tax exemption applicable to current affordable housing units," **Ashish Sarin**, Director, and CEO of Alpha Corp, said.

Industry leaders also expect the government to include projects approved on or after the June 1, 2015, under Section 80IBA, when PMAY (Pradhan Mantri Awas Yojana) was launched, instead of the prescribed date of June 1, 2016, and its applicability be extended to projects up to 200 square meters carpet area, instead of the current limit of 30 square meters for the four metros and 60 sq meters for other cities. This way the scheme will cover all segments of homebuyers.

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