FINANCE

Interim budget & feasibility of realty appeasement

By **Track2Realty** — January 24, 2019 **No Comments**

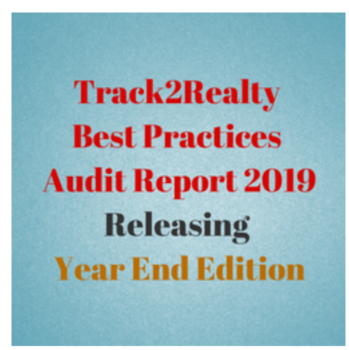
Share Tweet Google+ +

Bottom Line: Interim Budget has mostly been populist in a democracy where the outgoing government wants to please all & appease all in order to reap its benefits in the upcoming elections. The interim Budget 2019 of Narendra Modi Government at the Centre is hence anticipated to be no different.

With criticism ranging from alleged corruption in the defence deals to slow moving economy, the government that came to the power with these two major planks of fighting corruption and accelerating the economic growth is under pressure. The government is, therefore, left with no option but to present a budget that gives a feel good factor.

It is in this backdrop that the expectations are sky high within the built environment of real estate as the developers as well as the home buyers have a lot to look up to with this budget. The ground realities, however, do not support any major gains beyond the symbolic sops being announced with the interim budget.

Most of the demands of the builders and the home buyers, often contradictory in nature, are in sync this time around. That is nonetheless not in sync with the economic feasibility standpoint of the government.



SUBSCRIBE US ON YOUTUBE

What is being asked to the government is lower GST for house purchase, stress asset fund for the stalled projects, easy finance to sector, more job creation to ignite housing demand, single window clearance, tax incentives to home buyers with increase in limit of interest deduction, paid on home loan, from 2 lakh to 3 lakhand Stamp Duty within the GST. Last, but, not the least, is the oft-repeated demand of the sector for industry status.

> ***Now let's see what is feasible and what is not feasible with the demands:***
>
> ***Lower GST on home buying possible***
>
> ***Tax incentives to home buyers feasible***
>
> ***Stamp Duty within GST not that that easy***
>
> ***Single window clearance not that easy***
>
> ***Easy finance to sector not feasible***
>
> ***Stress asset fund not feasible***
>
> ***More job creation to ignite housing demand not feasible***
>
> ***Industry status not feasible***

The industry stakeholders nevertheless sound optimistic. Amarjit Bakshi, Chairman & Managing Director, Central Park maintains that considering the last few strong budgets, the upcoming Interim Budget is expected to ensure stability and growth for India Inc.Currently, the Goods and Services Tax (GST) for under-construction property or ready-to-move-in flats would give the real estate sector a fillip if reduced to 5 per cent from 12 per cent. Government's 'Housing for All' would gain significant momentum this year in case more incentives are announced in addition to the Credit Linked Subsidy Scheme (CLSS).

"Real estate has been one of the key contributors to GDP and the fourth-largest employment generator in India. We are hopeful that the government will understand the long standing need to accord industry status to the real estate sector which would help in overall growth of the sector as developers will be able to raise funds at lower rates, says Bakshi.

Dhaval Shah, Joint Managing Director, Parinee Group opines that the industry has witnessed many changes in the last couple of years and has seen a drastic decline. Last quarter has been reasonably better and we hope that we will soon see it reviving from the slump.

"The resurgence of the industry requires a plethora of practices and executions by the government in the many ways – easy finance for both developers and buyers, lucrative tax slabs and for home buyers that should boost real estate investments and any new inclusions in policies to boost the real estate sector. Thus, we look forward to a budget which will ease everyone associated with the industry, says Shah.

Aditya Kedia, Managing Director, Transcon Developers points out that the stakeholders participating in the Indian property market will be looking forward to constructive methods

BEYOND HEADLINES

JANUARY 11, 2019

Square Yards registers 75% growth in international property biz

JANUARY 11, 2019

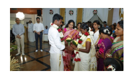
Flipspaces raises USD 3.5 million from Carpediem Capital

DECEMBER 24, 2018

Smartworks leases new facilities in Pune and Chennai

DECEMBER 13, 2018

NCLT Delhi Court issued contempt of court Notice to Rohtas Goel, CMD, Omaxe



DECEMBER 5, 2018

SOBHA organises dowry-less social weddings in Palakkad, Kerala

SUBSCRIBE TO OUR NEWSLETTER

Name *

Email Address *

Subscribe!

that will enhance housing demand by affordability in housing options for buyers and condensed costs for developers. The expansion of the income tax deductions offered to buyers has a scope of incentivizing the first-time buyers, thus supporting demand growth.

“Surplus deductions in the income tax for customers who are keen on investing in housing units that fall under the classification of inexpensive housing can offer targeted support to this section where affordability remains a major constraint on demand. Further, the realty industry might benefit from any decline in the whole tax outgo due to relaxation in income tax slabs, thus boosting the capability of the salaried class to invest in properties,” says Kedia.

Beyond the optimistic overtones of the sector on the eve of an Interim Budget that is expected to please all, the fact lies that many of the demands do not stand a chance from the feasibility standpoint. The budget is hence expected to be 50:50 for the sector, even if the government goes all out with largesse to appease all. Rest of the promises would be just that, promises; something that the next budget with a new government would have to deal with.

Ravi Sinha

> **About Track2Realty**
>
> ***Track2Realty is an independent media group managed by a consortium of journalists. Starting as the first e-newspaper in the Indian real estate sector in 2011, the group has today evolved as a think-tank on the sector with specialized research reports and rating & ranking. We are editorially independent and free from commercial bias and/or influenced by investors or shareholders. Our editorial team has no clash of interest in practicing high quality journalism that is free, frank & fearless.***
>
> ***Now you can subscribe our YouTube Channel @ https://www.youtube.com/channel/UClwlWQn4MUB7uVbQKsNEJzg***

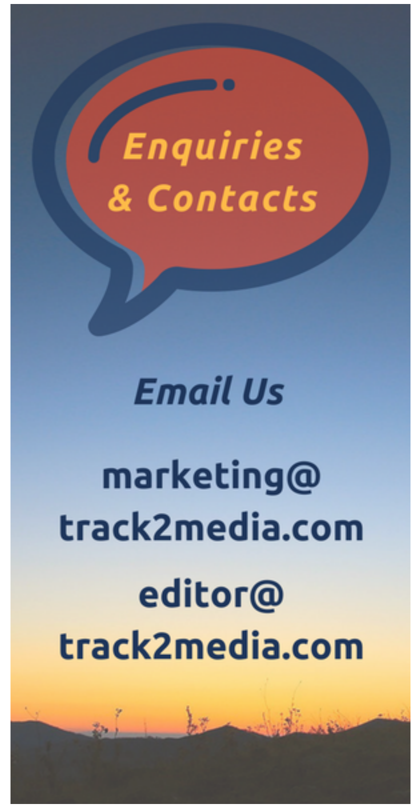
Budget 2018-19 | Home buyer budget | Interim Budget of Modi Government | Real estate budget expectations | Track2Realty Newsletter | union budget

SHARE.

PREVIOUS ARTICLE
Office leasing touches 50 million square feet in 2018: Colliers

NEXT ARTICLE
Sobha strengthens its best practices, Embassy jumps into top 3

RELATED POSTS



LATEST TWEETS

Tweets by @track2realty

Track2Realty
@track2realty
Sobha strengthens its best practices, Embassy jumps into top 3 track2realty.track2media.com/sobha-strength…

Sobha strengthens its best pra…
In the second edition of evaluatin…
track2realty.track2media.com

Jan 26, 2019

Track2Realty
@track2realty
Interim budget & feasibility of realty appeasement track2realty.track2media.com/interim-budget…

Interim budget & feasibility of r…
With criticism ranging from allege…
track2realty.track2media.com

Jan 26, 2019

Track2Realty
@track2realty

Embed View on Twitter