

Expectations riding high on the union budget

With few days left for the union budget, developers talk about their expectations from the newly-elected government



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The Indian real estate sector which has long been witness to the flipside due to the economic slowdown, lack of transparent policies for the sector and fence-sitting buyers for a really long time, now seems to be buoyant over the upcoming general budget of the newly-elected government at the centre. There is absolutely no doubt in the fact that a stable government at the centre after about three decades is euphoric for the entire country but the sector especially seems to be optimistic before the newly-elected government brings its first budget to the table. Even when the government has indicated that a few tough steps are needed to bring the economy back on track, industry players are hoping that the budget will surely be a turnaround for the developers.

While talking about the budget expectations from the newly-elected central government, Neeraj Gulati, MD, Assotech Realty Pvt Ltd, says, "There is no denying the fact that the real estate sector has been

over-shadowed by the slowing economy and lack of clear policies to maintain complete transparency. The biggest expectation, therefore, from the government is to ensure that the sector gets institutionalised and gets an industry status. Another thing that needs to be looked into is complete FDI across segments, as it would help in widening route for accessing more funds for development and mobilisation, which presently, are at a standstill."

The developers are unanimous on the need of well-structured government bodies which would be instrumental in laying down a strong foundation for a sustainable and secure ecosystem for the sector. Nikhil Jain, CEO, Ramprastha Group reckons the same sentiments while talking about the expectations from the upcoming union budget. "Given the sluggishness in the economy in the last few years, it is imperative that the government introduces policies that will be beneficial for the sector. Reforms in the form of extending the tax exemption of home loan from the current ₹1.5 lakh to ₹5 lakh would also add



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to the efforts as more and more middle-income people would be attracted to buy property," says Jain.

Seeing the earlier budgets, which did not attract too many buyers due to lack of transparent policies, the players are in a dilemma whether the current government will deliver on its promise or not.

Harindra Nagar, managing director, Paras Buildtech, stresses

the need of a single-window clearance system. "It will be a harbinger of growth to the sector, thus creating innumerable jobs for the youth of our country. Specialised funds, environmental clearances and high interest rates also need attention," says Nagar.

"The previous budgets have offered mixed results for the sector and we continue to face challenges including increased interest rates and economic slowdown. Reforms are the need of the hour and we hope that the newly-elected government will not overlook this fact. There is a huge opportunity for the real estate sector in mixed-use townships. The government should, additionally, announce guidelines in order to avoid ambiguity on point of levying service tax on under-construction projects. Issues like government approvals, FDI and liquidity need to be addressed at the earliest. The government also needs to provide better clarity on the indirect taxes being levied on the developers," says Arjun Aggarwal, managing director, Bhartiya Urban, who believes that the budget should give signals of fast-tracking policies that are presently stuck at various levels due to technical restrictions.

Anil Mithas, CMD, Unnati Fortune Group, looks forward to the union budget 2014-15 for a change in the status of the real estate sector. "Only a few days are left for this year's budget to be brought to the table. The present government has got a clear mandate and, therefore, is not under any pressure from the associated parties. It is much easier for this government to provide an industry status to the sector and I believe it will work towards that. The government should also provide for a single-window clearance system. As an industry player, I foresee the budget to create new structural reforms and make firm and decisive policy decisions for a propelled growth for the real estate sector. A well-defined land acquisition policy and rationalisation of direct and indirect taxes in the real estate industry would enable competitive pricing for the end-user. Implementation of the real estate regulatory bill, affordable land availability, quicker land acquisition and easy and low-cost fund availability are some of the thoughts that we hope will be driven into reality," says Mithas.

A large number of industry players feel that as the sector contributes greatly to the GDP of the country, the newly-elected government will definitely shift the spotlight to this sector and bring in the changes imperative for a better and uniform growth for the sector. It is important that the new government, which has been in the office for slightly more than a month, takes on the onus and brings some relief to the sector.