

Realty wish-list for UNION BUDGET 2020



The year gone by was a year of mixed fortunes for the real estate sector. While commercial leasing and transactions continued to show growth, volumes in the residential sector were low and the overall sentiment remained poor. Measures announced by the Government did help in improving things to some extent but a lot still needs to be done to bring the struggling sector back on the rails. The Union Budget 2020-21, to be presented by Finance Minister Nirmala Sitharaman in Parliament on February 1, provides the first opportunity in the New Year do so. The realty sector, which is the second-largest employer and contributes 8 per cent to the country's GDP, has multiple hopes from the Budget in terms of addressing the sentiment and perking up demand.

First and foremost, it is hoping that the Government would go for immediate deployment of the ₹25,000-crore Alternative Investment Fund (AIF) announced towards the end of last year. The sector is also expecting that the FM will make more disposable income available in the hands of taxpayers by way of income tax relief in order to create more demand. As realty purchase requires higher investment, the sector also expects some relief for middle-income groups in the form of removal in surcharges, which would help in clearing unsold stocks and enable the real estate players start new projects. The industry also hopes that the Government would take initiatives like higher deduction on payment of home loan interest u/s 24 of the Income Tax Act. It is also hoping that the Budget would also look at including input tax credit benefit in Goods and Services Tax (GST). Providing homebuyers relief for under-construction units for the next three to four years will also be beneficial to the real estate sector. In order to push banks into lending for real estate projects, it is being hoped that the Government would consider relaxing the risk weight age norms for such real estate lending temporarily so that banks can earmark a higher percentage of funds for realty projects. Finally, there are the long-pending demands of industry status to the entire real estate sector and introduction of single-window clearance.

In the following pages, Realty & More reproduces the edited version of the Union Budget wish-list presented by major stakeholders of the real estate industry:



"We hope that the Government in this Budget will take a call on single-window clearance, which is long pending and is the best solution to expedite the development process. If not single-window clearance, then the permission granting authorities should be brought under the ambit of RERA. The Budget is expected to be in line with the goal of 'Housing for All by 2022'. The Government should announce sops to the developers for affordable housing and attention should be paid towards Input Tax Credit (ITC).

We wish for re-introduction of input tax credit in GST, which has been withdrawn recently. With the input tax credit benefit, property prices will remain under control. Also bringing stamp duty and registration charges in the ambit of GST will be highly appreciated if the Budget addresses it. We also expect the Budget to increase the income tax exemption limit from the current ₹2.50 lakh to at ₹5 lakh, which will encourage people to go in for their own residential premises."

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