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## Sector calls for immediate action on reforms

The real estate industry has called for immediate support of the government in infusing construction funds in the system. Quick action on the disbursement of the proposed AIF, restructuring of loans, rationalization of tax on developers, and a stronger promotion of affordable housing along with support to consumers are some of the key demands

The real estate sector is hopeful of full support from the government and stakeholders are looking up to the forthcoming Union Budget 2020-21 where the government can turn the fortunes of the sector with additional sops and support measures.

Industry experts and developers have raised concerns over the liquidity challenges that the sector is currently facing and expect the government to bring further clarity in the disbursement of the proposed **Alternative Investment Fund (AIF)**.

"The clock is ticking and the government must act immediately. The allotted stress funds must be utilized to full potential without delay. Completion of stressed projects will improve homebuyer sentiment and boost demand. Any further delay will have a domino effect and add more stressed projects," **Anuj Puri**, chairman of Anarock Property Consultants, said.

Naredco, an industry body of the real estate sector, in its pre-Budget memorandum to the ministry of finance and ministry of housing and urban affairs, government of India, said the real estate industry is facing serious challenges related to liquidity and needs bold fiscal measures for resurrecting the reeling industry.

"Growth of real estate and urban infrastructure is imperative to provide an impetus to India's overall economic growth. A fiscal stimulus to the real estate sector will have a manifold effect on 269 allied industries with multidimensional impact on enhancing the GDP growth, inclusive of employment creation," **Niranjan Hiranandani**, national president of Naredco, said.

"In Budget 2020, the Indian real estate sector expects a holistic solution rather than the piecemeal solutions that have been offered so far. The problem of liquidity is complex; what is needed is a resolution with speed in execution — there is a need for 'acceleration'," **Hiranandani** says.

Others echo similar sentiments.

"The government has been working alongside the industry to infuse liquidity



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into the system. The time is ripe to execute the disbursement of the proposed fund to the troubled developers and offer much-needed sops to the sector. This said,

there is a need to boost housing sales through a slew of measures. Strengthening the hands of real consumers, who wish to buy bigger and better homes for self-use, will help the sector in the long term. Easier access to funding and loans to consumers across categories, along with a higher tax relief, should be the focus of the government in the forthcoming Budget," **Ankush Kaul**, president (sales and marketing) of Ambience Group, says.

**Reforms, recovery in sales:** The government has introduced several reforms in the last few years, including RERA, GST, and Alternative Investment Fund (AIF), to regulate and help the sector in its revival.

**Shishir Baijal**, chairman and managing director of Knight Frank India, says: "After a slew of policy measures like RERA, GST, and demonetization, the developers' community is steadily coming to terms with this new normal and finding its footing, which is evidenced from the recovery in the volume of apartments launched since the

first half of 2018."

Rising share of affordable, mid-income housing: Affordable and mid-income housing have led the recovery so far.

"Affordable and low-cost housing, which have largely been the focus of regulatory and financial measures by the government, will continue to be focus areas for builders, as they align themselves with the needs of homebuyers," **Baijal** says.

Considering the high demand in these categories, developers have sought more support for homebuyers and stakeholders. A personal tax relief, either by a cut in tax rates or favourably readjusted tax slabs, will help homebuyers reach the buying decision. "The last increase in the deduction limit under Section 80C (to Rs 1.5 lakh a year) was in 2014 and an upward revision is long overdue," **Puri** of Anarock says.

"We expect this year's full-Budget to increase the income tax exemption limit of the Income Tax Act, 1961, from the current Rs 2.50 lakh to Rs 5 lakh, which will encourage people to go in for their own residential premises," **Manoj Gaur**, MD of Gaur's Group and chairman of the Affordable Housing Committee of Credai, said.

"The government should ensure land availability for affordable housing and the approvals related to the projects," **Gaurav Gupta**, president of Credai Ghaziabad, said.

—Devesh Chandra Srivastava

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