



UNION BUDGET 2019-20

Affordable boost Nothing much beyond

Real estate industry lauds move; yearns for more

Affordable housing, the buzzword during the first term of the Modi Government, got a further boost in Modi 2.0's maiden Budget presented by Finance Minister Nirmala Sitha raman to Parliament on July 5. Infrastructure development, which benefits the real estate both directly and indirectly, also gets significant focus in the Union Budget 2019-20. Calling the prevailing rental laws "archaic", the FM announced that the Government will soon come out with a modern tenancy policy, and that again is good news. Easing the registration process for small retailers and the proposal to launch a 'Study in India' programme to attract foreign students in higher education are expected to benefit the retail sector and student housing segment respectively. The list of goodies, however, ends here!

The real estate industry had huge expectations but its wish-list has been virtually overlooked by Sitha raman in her maiden attempt. Many of the industry's pressing concerns remain unaddressed and, in that regard, the Budget is a disappointment. The long-pending demands for industry status and single-window clearances for projects have, once again, been given a short shrift. The sector's expectation on rationalisation of taxes and subsuming of stamp duty within the GST has been belied. There is no mention in the Budget about creation of a 'stress-asset fund' to get work started on stuck projects. The industry, facing a significant funding crunch for a prolonged period, was also expecting easing of ECB norms to ensure steady inflow of capital from foreign investors. The Budget has provided no relief on that front.

Policy-making, however, is a continuous process and the Union Budget 2019-20 was the first opportunity before Modi 2.0 to make its intent clear. A good beginning has been made and the real estate industry is appreciative of the benefits that have accrued to it on various fronts. It is hopeful of getting a lot more in times to come.

Herewith, Realty & More presents an edited version of the feedback received from major stakeholders of the real estate industry:



The Union Budget 2019-20, in terms of real estate, has been heartening where Credai's longstanding proposals to reform archaic rental laws and promote public housing on Government land figure among the immediate policy agenda. With regulation of Housing Finance Companies returned from NHB to RBI, we hope the Reserve Bank of India would bring about the much-needed reforms for financing of real estate sector such as land, giving priority sector status to housing finance and lower cost of funding. Moreover, an additional deduction of Rs 1.5 lakh on interest on loans borrowed under affordable housing scheme has been announced, which means those purchasing affordable house will get tax relief up to ₹3.5 lakh on interest paid.

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