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Quote from Murali Malayappan, CMD, Shriram Properties. – Construction and Architecture Magazine



“Over the last eight years, the Government of India has done a commendable job working towards its noble mission of ‘Housing for All’. To further scale up efforts, the government needs to encourage the participation of the private sector in affordable housing through effective incentives. Additionally, the digitization of land records which is long overdue, must be expedited. Approval processes are a major challenge nationwide, and the Government of India must impress upon state governments to implement a simplified single-window clearance system in its true spirit. From a buyer’s perspective, addressing the crucial issue of GST by placing it in the lowest slab and stabilizing interest rates for home loans are essential to make housing more accessible. Furthermore, we urge the government to reintroduce input tax credits for mid-market and affordable housing, enabling builders to pass on benefits to customers. Real estate is a crucial economic driver, and with the significant involvement of India-manufactured materials and labor, advancing ‘Atmanirbhar Bharat’ in this sector will generate widespread economic benefits, positively impacting a larger segment of society.”- Murali Malayappan, CMD, Shriram Properties.

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Real Estate Sector Seeks Tax Breaks, Infra Boost In Budget 2024-25

Developers and industry bodies are advocating for policies that will stimulate demand, such as tax incentives for homebuyers and relaxation of GST rates on under-construction properties



As the Union Budget 2024-25 approaches, key players in the real estate sector are voicing their expectations and recommendations, hoping for measures that will address their challenges and support the industry's growth. Developers and industry bodies are advocating for policies that will stimulate demand, such as tax incentives for homebuyers and relaxation of GST rates on under-construction properties. There is also a call for increased allocation towards affordable housing projects, which would not only provide homes for millions but also boost construction activity and employment.

Furthermore, the sector is looking for reforms in land acquisition processes to make it more streamlined and transparent, thus reducing project delays. Real estate experts emphasise the need for enhanced infrastructure development, including better urban planning and smart city initiatives, to create sustainable living environments.

Simplify GST And Stabilise Raw Material Costs Pavitra Shankar, Managing Director, Brigade Enterprises, highlights the real estate sector's significant contribution to economic growth and hopes the Union government will consider their recommendations. Shankar calls for the simplification and rationalisation of GST, pointing out that the current 28 per cent GST on cement is burdensome for essential infrastructure and housing projects. Additionally, Shankar stresses the need for measures to stabilise raw material costs, such as steel and cement, to provide relief to developers and reduce property prices. She also advocates for granting industry status to real estate, which would streamline regulatory processes, enhance investor confidence, and provide easier access to institutional financing. Reintroducing input tax credit is another key demand to facilitate smoother benefits transfer to end customers.

Boosting Affordable Housing And Streamlining Approval Processes Murali Malayappan, CMD of Shriram Properties, commends the Government of India's efforts towards the 'Housing for All' mission over the past eight years. He emphasises the need for

private sector participation in affordable housing through effective incentives and calls for the expedited digitization of land records. Simplifying approval processes with a true single-window clearance system is crucial. From a buyer's perspective, placing GST in the lowest slab and stabilising home loan interest rates are essential to make housing more accessible. He also urges the reintroduction of input tax credits for mid-market and affordable housing to pass on benefits to customers. Highlighting real estate as a key economic driver, Malayappan notes that advancing 'Atma Nirbhar Bharat' in this sector will yield widespread economic benefits.

Expansion Of Tax Exemptions And Increased Capital Expenditure BS Nesara, Chairman, Concorde, emphasises the need to expand the income tax exemption slab to Rs 10 lakhs to boost personal consumption. He suggests rationalising capital gains tax between real estate and equity markets to encourage investment diversification and free up capital for new investments. He also advocates for a 30 per cent increase in capital expenditure on infrastructure and social programs to create jobs, improve connectivity, and fuel housing demand in newly developed areas. B.S. calls for a reduction in GST rates, highlighting the potential for increased affordability and higher sales volumes for developers, which could ultimately lead to increased tax revenue for the government.

Streamlined Approvals To Boost Affordable Housing Nitesh Kumar, MD & CEO, Emami Realty stresses the need for the budget to address affordable housing by offering incentives to developers and homebuyers, including tax breaks for developers focused on affordable projects and subsidies for first-time buyers. He advocates for raising the home loan interest rate rebate under Section 24 of the Income Tax Act from Rs 2 lakh to a minimum of Rs 5 lakh. Kumar also calls for the introduction of a single-window clearance system to streamline project approvals and fast-track land acquisition processes. He emphasises the importance of standardising the definition of affordable housing across government schemes and financial institutions.

Enhanced Social Infrastructure To Boost Real Estate Rohan Khatau, Director, CCI Projects, suggests increasing the tax deduction limit on home loan interest to Rs 5 lakh to alleviate the financial burden on homebuyers. He also highlights the importance of substantial budget allocations for social infrastructure, such as educational institutions, healthcare facilities, and recreational spaces, to improve the quality of life and drive real estate demand. Khatau calls for simplified FDI norms and tax incentives to attract both domestic and international investments. He also urges the government to introduce policies promoting sustainable development, offering tax rebates and incentives for green building practices.

Favourable Capital Gains Tax, Increased Infrastructure Investment Vedanshu Kedia, Director, Prescon Group, advocates for rethinking the GST structure for the real estate industry, allowing input tax credit to help developers manage cash flows and rationalise prices for end users. He suggests revising capital gains taxation to make it more favourable for real estate transactions and calls for increased funds towards infrastructure development to enhance property values and attract investments. Kedia highlights the significant role of NRIs in the Indian real estate market and recommends policies that simplify regulations, provide tax benefits, and ensure hassle-free repatriation processes. He also

stresses the need for incentives to support millennial homebuyers and senior living solutions. As the Union Budget 2024-25 approaches, the real estate sector hopes that the government will consider these recommendations to foster a conducive environment for sustainable growth and development, addressing affordability, transparency, and regulatory challenges to boost investor confidence and market activity.

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Budget 2024: Why Property Moguls Want Tax Breaks for Middle-Class Indians



That the Indian real estate sector is booming is true. The financial year that ended March 31, 2024 saw 4.93 lakh residential units sold, the highest-ever, according to an estimate by the Mumbai-based Anarock Property Consultants. Yet this truth hides a reality that reveals the contrasting nature of economic growth that India has seen the last few years, where the super rich are buying uber luxury homes while the middle- and low-income groups give up their homebuying dreams.

And now, an unlikely bunch of people are standing up for the Indian middle-class: realtors.

Realtors, by and large, are calling for the Indian government to reduce the tax burden on the middle- and low-income groups to stir up home-buying. Robust property sales in India cannot sustain if affordable housing does not get a fillip, says Anuj Puri, chairman of Anarock. Puri is calling for measures in the Union Budget that would increase the purchasing power of homebuyers in the middle- and lower-income brackets.

Make Housing Affordable Again

While property sales in India have been on the rise, the share of affordable housing units in the properties sold has seen a steady decline. The demand for affordable housing took a hit in 2019 when the share of such houses sold dropped to 38 per cent of the total number.

Since then, the share has only dropped, going down to 20 per cent at the end of the last fiscal.

Affordable housing is defined in India as a residential apartment or house with a carpet area of up to 90 square metre (or 968.7 square feet) in major cities or towns. In the metros, homes of 60 square metre (645 square feet) or those valued up to Rs 45 lakh qualify as affordable housing.

Ahead of the Union Budget 2024, set to be read in Parliament on July 23, Puri of Anarock says, "Expectations are high for tax relief and other sentiment boosters. The future of the overall [real estate] industry depends on unfettered infrastructure development to support and improve urban living standards as well as develop and promote new areas."

Home of One's Own

India's middle- and lower-income groups have been struggling to buy homes over the last few fiscals. In a bid to curtail inflation, the Reserve Bank of India (RBI) has increased the benchmark interest rate or repo rate cumulatively by 250 basis points to 6.5 per cent between May 2022 and February 2023. The rate hikes have translated to higher interest rates on housing loans.

Murali Malayappan, chief managing director of Shriram Properties, says, "Stabilising interest rates for home loans is essential to make housing more accessible." While stabilising interest rates is in the purview of the RBI, realtors expect a return of the credit-linked subsidy scheme (CLSS) in the Union Budget.

Bring Back the Subsidies

A component of the Pradhan Mantri Awas Yojana (Urban), the CLSS initiative was introduced in January 2017. Its goal was to provide affordable housing to the urban poor.

The initiative offered interest subsidies on housing loans to economically weaker sections (EWS), low-income groups (LIGs) and middle-income groups (MIGs). Subsidies ranged from 3 percent to 6.5 percent on housing loans.

These subsidies were discontinued in 2021 for MIG and 2022 for EWS and LIG as the Union government prioritised fiscal consolidation and checked expenditure wherever it could. But now, with a bumper surplus of Rs 1 lakh crore from the RBI and various industry bodies calling to give consumption a bump-up, realtors hope the Centre will have a change of heart.

Ashok Singh Jaunapuria, managing director and chief executive of real estate developers SS Group, says, "The property sector looks forward to the Budget with anticipation of tax reforms, more incentives for affordable housing, higher investment in urban infrastructure and streamlined regulatory processes."

Along with a return of CLSS, builders are now calling for an increase in the interest deduction limit on home loans from Rs 2 lakh to Rs 5 lakh. "Increased deductions on home loan interest can make owning a home more financially viable for many, potentially leading to a surge in demand for residential projects," says Jaunapuria.

Several industry groups are calling on the government to provide some relief to taxpayers in a bid to give consumption a fillip. Earlier, the fast-moving consumer goods (FMCG) sector also called on the government to provide relief to citizens to stir demand, especially in the rural markets.

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Union Budget 2024: Tax breaks and ease of doing business - top asks of the realty sector



Bengaluru: While it has been a boom time for realtors pan-India, with the luxury segment taking off big time and gushing investment inflows, affordable housing remains a thorn in their side. With the Modi 0.3 government announcing its push for the segment on its first day at work, the industry has upped its persistence for some tax breaks and other considerations to make the proposition more viable. They are looking at the upcoming Union Budget this week to make a difference on this and several other counts.

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Affordable housing

“We recommend expanding the cost, size, and income criteria to make the scheme more inclusive,” urged Anshuman Magazine, Chairman and CEO, India, South East Asia, Middle East and Africa, CBRE, a real estate services and investment firm, on making affordable housing more feasible.

It may be recalled that the interim budget presented on February 1, had an announcement of ‘a scheme to help deserving sections of the middle class “living in rented accommodations, slums, chawls and unauthorised colonies” to buy or build their own houses’. It talked of 3 crore rural and urban houses under Pradhan Mantri Awas Yojana (PMAY). On this, Magazine said, “We eagerly await further details.”

Amit Prakash Singh, co-founder and Chief Business Officer of fintech company Urban Money, said, “While government’s focus on affordable housing under PMAY is commendable, recalibrating strategies in light of escalating construction costs is imperative for sustained inclusiveness and effectiveness.”

Infrastructure consultant Rudrabhishek Enterprises Limited CMD, Pradeep Misra, said, “We also expect the government to revive the Credit-Linked Subsidy Scheme (CLSS) under PMAY, which expired in 2022.”

Offering an alternative path, Shishir Baijal, Chairman and Managing Director, property

consultancy Knight Frank India, added that the government should create a regulatory framework to support long-term rental housing which will protect the rights of owners and occupiers, plus financial support for such development.

Tax breaks

Most stakeholders argued that it is high time the government revisited the tax slabs and exemptions relevant to retail realty investment. Shrinivas Rao, CEO of real estate services firm Vestian and a FRICS, coaxed, "Demand for residential units is expected to increase further, if the government increases tax exemption limits for home loans."

Magazine rallied, "With the rising prices of residential units, we recommend increasing the interest deduction limit of Rs 1.5 lakh per annum to at least Rs 4 lakh per annum."

Navin Kumar, Director of real estate developer Navin's agreed, "Revisions in Section 24B of IT tax act – which provides the deductions in terms of money spent on interest payment of home loans – was set at 2 lakh rupees, in 2014. Inflation adjusted, that number is significantly higher today. Same applies to 80C which was also set in 2014."

Lobbying for lower GST

Though the incidence of the Goods and Services Tax (GST) is decided by the GST council, in the run-up to the Union Budget, the industry reiterated its demand for lowering the burden. Ramani Sastri, Chairman and MD, Sterling Developers Pvt Ltd, underscored, "A moderate reduction in GST rates for the real estate sector would also make homes more affordable and spark demand. We also expect the maximum tax rate of 30 per cent to be reduced to improve the individual's buying power."

Amrita Gupta, Director of real estate group Manglam Group and Founder President of CREDAI Rajasthan Women's Wing, noted, "The reintroduction of GST with an input tax credit can catalyse construction activities by reducing the overall project costs, which ultimately benefits buyers."

Murali Malayappan, CMD, Shriram Properties, insisted, "From a buyer's perspective, addressing the crucial issue of GST by placing it in the lowest slab and stabilising interest rates for home loans are essential to make housing more accessible."

Ease-of-doing-business

That the industry is flourishing is evident in the rush of investments flowing its way. Colliers reported it to be \$2.5 billion in the second quarter of the present calendar year. Even so, the industry looks to the government to iron out a few issues. Mohit Goel, Managing Director of real estate firm Omaxe urged, "Addressing liquidity concerns, simplifying regulations, and introducing enhanced funding for affordable and mid-income housing are necessary to revive and promote sustainable growth."

Kaushal Agarwal, Chairman of The Guardians Real Estate Advisory said, "Granting 'industry

status' to housing and implementing a streamlined single-window approval system will further boost efficiency and attract more investments.”