

# Derived benefits for realty sector

Although the Union Budget addressed several important issues, yet missed out on key real estate sector demands. But industry experts believe that it will provide indirect boost to the sector in the long run.



**TOP STOREY**  
Kausar Firdausi

The Union Budget evidently missed out on key real estate sector demands, but in the long run it provided indirect boost to the sector with enhanced capital expenditure and gift to the salaried class by providing increased disposable income at hand with the higher tax rebate.

Industry stalwarts are of the view that the budget remained a testament to the government's commitment to inclusive growth majorly focussing on strengthening the country's infrastructure, empowering the rural sector, and driving innovation for a better tomorrow. "A steep rise in capex to 3.3% of GDP continues to be the guiding force of the budget, providing a strong impetus to infrastructure and allied sectors. Commercial real estate and manufacturing sector will get derived benefits with focus on green technologies in automotive sector," says Anurag Mathur, CEO, Savills India.

To Anshuman Magazine, chairman & CEO - India, South-East Asia, Middle East & Africa, CBRE, the budget seemed scoring



well on many fronts including its focus on developing infrastructure, meeting green goals, providing tax relief to the middle class and boosting the MSME sector. "Measures such as an increased outlay for affordable housing, enhanced focus on tourism and development of unity malls in key cities across the country would give a fillip to the real estate sector, which will be further aided by the tax relief to citizens which should boost consumption appetite," states Magazine. Let's have a look at how the budget impacted the realty sector.

## BOOST TO AFFORDABLE HOUSING

The 66% increase in outlay toward Pradhan Mantri Awas Yojna (PMAY) to ₹79,000 crore will directly impact the development of affordable housing and pare the housing gap that the country faces. "It is a great measure to increase the outlay towards PMAY which will help continue the momentum in the affordable housing for the country. It will help in expediting the housing for all programme," says Shishir Bajjal, CMD, Knight Frank India.

Further elaborating on it, Sandeep Runwal, president, NAREDCO Maharashtra opines, "PMAY is a lofty initiative by the central government, aiming to bring affordable housing for all. The staggering 66%

increase in funding for the scheme to ₹79,000 crore for the next fiscal year is expected to address more than 55% of the estimated deficit in funds for projects under the scheme, providing a huge impetus in providing housing to those in need."

Avneesh Sood, director, Eros Group points out that the extension of the Credit Linked Subsidy Scheme (CLSS) will give homebuyers the financial flexibility to make their purchase, thereby helping to achieve the government's goal of completing 80 lakh houses under PMAY. "The hike in funding for PMAY is a positive development in the affordable housing market and an important step towards creating a more inclusive society," adds Sood.

## BIG PUSH TO INFRASTRUCTURE

The government continues its commitment to infrastructure development of the country. The significance of the budget allocation is that it covers all major segments including a record allocation for railways, transit-oriented developments (TODs), urban infrastructure, waterways, ports, airports etc. Abhaya K Agarwal, national leader, government and public sector infrastructure, EY India believes that grants and aids to states including continued support in the form of 50 year-

interest free loans with an enhanced outlay of ₹1.3 lakh crore will further spur investment in infrastructure.

In order to convert cities from manholes to machine holes, an urban infrastructure development fund of ₹10,000 crore will be set aside every year for urban development. "This fund will help enhance India's urban living environment besides modernising the county's cities and towns," highlights Pradeep Aggarwal, founder & chairman, Signature Global (India), Ltd. Applauding the move, Santosh Agarwal, CFO and executive director, Alpha Corp, too says, "This is likely to give a huge push to the realty markets of tier 2 and 3 cities and can the fund can be used to build sustainable infrastructure in these cities.

## RELAXATION ON THE TAXATION FRONT

The change in income tax slabs, from ₹5 lakh to ₹7 lakh has been greatly applauded by real estate players. "The increase in income tax rebate to ₹7 lakh will help demand in the affordable housing segment as people will have more disposable income at hand to realise their dreams of having their own homes," observes Harsh V. Bansal, MD, Unity Group, and chairman, CII Delhi panel on UD, RE & infra.

Furthermore, as S.K. Narvar, group chairman, Trident Realty, puts in, "With higher disposable incomes, more people would be in a position to buy a home in tier 2 and 3 cities, which in turn will increase housing demand and boost the emerging real estate markets."

## GREEN DEVELOPMENT

The emphasis on green growth with renewable energy, environmental conversation and

matters of reforestation specially of the coastal areas are critical to note. "As the pioneers of green buildings and sustainable construction in the country, we are particularly pleased to see the government's commitment to transitioning to green energy and reducing emissions. By taking this important step towards sustainable development, India is further up on its path to meeting its commitment to net zero developments," proclaims Arvind Subramanian, MD & CEO, Mahindra Lifespaces. Also, Kamal Singal, MD & CEO, Arvind SmartSpaces welcomes this move which will create awareness regarding the importance of green buildings and environmentally 'conscious' construction activities, further enabling the country's ambitious sustainability goals.

While the budget has addressed some key issues, there are currently several grey areas where the government should have provided a helping hand. "It could have been a better budget for the real estate sector which is also the second largest employment generator after agriculture," feels Pritam Chivukula, co-founder & director, Tridhaatu Realty and treasurer, CREDAI-MCHI.

Furthermore, Surendra Hiranandani, CMD, House of Hiranandani, says that being one of the most significant sectors in terms of the country's economy, the industry anticipated for some additional investment and focus on the deployment across the commercial and residential sectors, as well as a focus on luxury with affordability.

Overall, the realty fraternity believes that the union budget has ushered in a balanced combination of reforms and regulations, which will, in turn will contribute positively to India's growth story.



## Realtors' Forum

The Reserve Bank of India increased the repo rate by 25 bps which marks the sixth consecutive increase over the last year. Let's see what industry stalwarts have to say on this...



**DR. NIRANJANA HIRANANDANI**  
Vice Chairman, NAREDCO

"The outrageous hike of 250 basis point since May 2021, needs to be warranted before it turns negative for the ascending Indian economic growth curve. The impact of home loan interest rate hike will be highly deterrent in the affordable housing segment as it will impact the price sensitive homebuyers and fatigue the supply of the developers."



**AVNEESH SOOD**  
Director, Eros Group

"The latest repo rate hike by the RBI to 6.50% marks the sixth consecutive increase over the last year. With interest rates breaching the 9.5% mark, home loan interest rates are likely to continue to increase, adding to the financial burden on homebuyers, there may be a decrease in sales volumes in housing markets also."



**PRITAM CHIVUKULA**  
Co-founder & Director, Tridhaatu Realty

"RBI's decision to hike the interest rates to tackle the inflation and ensure domestic economic recovery was a no-brainer. But a rate cut would have been a big booster for the realty sector which was overlooked in the budget. The sharp acceleration of rates in a short period will have a short-term effect on the sentiment of homebuyers."



**ROHAN PAWAR**  
CEO, Pinnacle Group

"The high rate of retail (CPI) inflation, now stands between 5.6% and 5.9%, which is being brought under control through continuous effort. Inflation has shown signs of moderation and the worst is now behind us, as the Indian economy remains resilient. There are concerns about core inflation. Monetary economic growth will continue to be robust financially."

## IN SPOTLIGHT

### Lamrin Tech Skills University launches first-of-its-kind real estate course

Aiming to provide skilled professionals in the backdrop of the RERA, Lamrin Tech Skills University (LTSU) Punjab, joins hands with real estate veteran Vineet Nanda to launch 'Stellar School of Real Estate' which will offer the first-of-its-kind course 'RESEED' (Reinforcing Skill Education for Employability Development). Vineet Nanda, chairman, regional urban infra committee, FICCI and director, sales & marketing, Krisumi Corporation has been honoured as member of the board of management of LTSU. Bhaswar Paul, a

real estate professional who has been instrumental in curating the course comes on board as professor of practice, LTSU.

The Stellar School of Real Estate is aimed at providing the new age knowledge and skills to the young workforce aspiring to join the real estate industry and working professionals already in this high growth industry.

Speaking on this initiative by the university, Dr. Sandeep Singh Kaura, chancellor of university said, "A highly acclaimed professional team is put into action to actualise this dream to shape into reality. We believe that the Stellers School of Real Estate will play a key role in shaping the future of the real estate industry."

On the occasion, Vineet Nanda, said, "Few people working in the unorganised real estate sphere bring a lot of disrepute to the industry. To revamp the image of the real estate industry, it is essential that the professionals working in the industry are equipped with knowledge of legal and government regulations, soft-skill

development, digital and technical domains of the sector."

Detailing the objective of the course from customers' point of view, Akash Bansal, senior director & India head - strategic consulting, JLL India said, "When small investments in a mutual fund, equities, or insurances are regulated and involve certified experts, then a lifetime, higher value investment in real estate, merits more attention and expertise."

Parul Mahajan, head advocacy - government & international relations, National Skill Development Corporation (NSDC), who was guest of honour at the event, also stated, "RESEED is a highly focused real estate education programme to develop the skills of real estate professionals."

The school will offer various programmes from certificate level to diploma to degree and postgraduate level. Right now, RESEED starts with a three-month certificate course including a wide range of topics covering every aspect of realty business ecosystems.

### CRC Group pledges over 800 cr. under Invest UP Programme

The developing company through its SPV IT Infrastructure Park Pvt. Ltd. would invest in constructing an international level integrated IT/ITES commercial project in Noida. The land has already been acquired. This project would be one of the best IT/ITES business parks in this part of the world and will create most efficiently operated sustainable campus.

One of the NCR's fastest growing realty developers, CRC Group, announced its pledge to invest ₹810 crore under Invest UP Programme. The upcoming project features a total constructed area of approx. 25 lakh sq.ft. It will be located in Noida's Sector 140A and is expected to create around 9000 employment opportunities.

Invest UP is an investment promotion and facilitation agency powered by the

state government of UP. "We are happy to announce our pledge to invest ₹810 crore under Invest UP Programme. Our group is committed to working in close partnership with the state government and strengthening its commercial and residential infrastructure. This investment will also reinforce our position as one of the state's leading real estate developers providing world-class infrastructural solutions to meet its needs while generating a huge employment opportunity," said Salil Kumar, director, marketing & business management, CRC Group.

CRC Group is a well-established real estate company based in Noida, known for its reputation as the best in the area. The company has so far delivered several projects spread cumulatively over approx. 15 lakh sq.ft. in the last five years. Approximately 35 lakh sq.ft. is under construction.