



Union Budget: Infrastructure & Real Estate Impact



The Union Budget reflects government's intent to infuse investment in infrastructure, create job and fuel consumption demand. It was already envisaged in the Economic Survey report that the government will push infrastructure spending and also try to attract private investments in the sector. The announcement of setting up investment clearance cell is in line with that strategy. The allocation of Rs 1.7 trillion for transport sector, Rs 22,000 crore for energy sector, adding 104 more airports under UDAN scheme and announcement of completion of Delhi-Mumbai expressway and two other projects by 2023 will catalyze further economic activities and employment generation. Important concern will be to sync them with the existing programs and roll out the implementation without any delay. Announcement of developing five archaeological sites was needed to ensure continuity with the on-going large scale infrastructure projects such as Smart Cities, AMRUT, as these projects have longer gestation period.

The real estate sector was expecting more favorable announcements in terms of input tax-credit; passing additional tax-rebate to buyers in some form; industry status of RE sector and provisions on single-window clearance. Moreover the suggestion of Survey on slashing property prices may not be significantly possible by developers, as the input costs have been escalating. Overall, we see it a quite balanced budget that should put the economy back on recovery curve. Caution points will be to keep check on the fiscal deficit front. However, I feel that there will be more policy reforms which will be introduced in follow-up announcements. Faster rollout of these announcements are key to improve cash flow in market.

Pradeep Misra ,CMD – REPL, (Rudrabhishek Enterprises Ltd.)