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One of the most critical issues currently faced by the real estate is the liquidity crunch. (Photo: AFP/Representational image)

Real Estate is one of the most important sectors of the Indian economy. Besides contributing majorly to the GDP, it is also one of the biggest employers in the country. The sector has been instrumental in the economic growth and stability of the nation. It has also been critical in rejuvenating the economy after the Covid-19 shock. Being heavily dependent on the government policies and regular cash flows, the sector constantly requires policy support for its recovery and smooth functioning.

One of the long-standing demands of the real estate sector is to be provided with the industry status. It will help in fundraising for projects from various schemes.

The sector also hopes that the [budget](#) will introduce GST reforms by bringing back the Input Tax Credit. This will help in bringing down the cost of construction thus reducing the property prices. Furthermore, the sector expects GST waiver for under-construction properties in the housing sector. These reforms will push the demand in the sector and ease the prevailing financial crunch.

Higher tax relief for the home buyers would also be a demand. The cap of Rs 2 lakh on housing loan interest under section 24(b) of IT act should be extended up to Rs 5 lakh. This will give more dispensable income in hands of people and subsequently drive demand.

One of the most critical issues currently faced by the real estate is the liquidity crunch. Due to this, there are delays in project delivery, high project costs and inflated property prices. The government should relax the fundraising norms and ensure the implementation of alternate investment funds. More importantly, the government should incentivise the private sector to invest in the affordable housing sector.

In order to give relief to homebuyers of stalled projects, SWAMIH fund has been created in Sept 2020 to provide last-mile funding to affordable and middle-income housing projects. SWAMIH funds need to be continued and more capital is required to be allocated to ensure a larger number of projects across Tier II and III towns to get benefitted.

The Union Budget 2021 is coming at a time when India is recovering from the pandemic. Therefore, this budget has the potential to become a roadmap for the economic development of the nation.

The GOI has launched several reforms and schemes which have extensively benefitted the sector in recent years. The list of expectations is very long however even if the above-mentioned demands or expectation are met in the Union Budget 2021, the Indian Real Estate sector will gain significant boost for many years to come.

(This article has been authored by Zulquer Nain, VP - Real Estate Advisory, REPL (Rudrabhishek Enterprises Ltd). Views expressed are personal)