

Budget 2024: What does real estate sector expect?

The upcoming budget might include measures to boost the real estate sector, which is crucial for jobs and GDP.



Budget 2024 is expected to be presented on July 22 or July 23.



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In Short

- Real estate sector seeks tax reforms
- Homeownership demand remains high
- Tax benefits needed for homebuyers

Finance Minister Nirmala Sitharaman will present the full budget for 2024 in a few weeks. The real estate sector is looking forward to reforms that will benefit taxpayers.

The real estate sector is important for the economy, providing many jobs and contributing greatly to the GDP.

Therefore, the upcoming budget could introduce measures that will strengthen this economic sector.

The Indian real estate sector continues to grow in 2024, driven by positive market feelings, economic growth, urbanisation, changing lifestyles, rising disposable incomes, better job opportunities, increased business activity, and government policies.

Homeownership demand

The desire for homeownership remains strong among consumers, with residential sales continuing to reach new highs. This year, the demands go beyond the usual expectation of single-window clearance and industry status, which could unlock financial advantages and streamline project approvals.

Tax benefits needed

"There is a clear need for more tax benefits for both homebuyers and investors. The government should raise the deduction limit for interest payments on home loans from the existing Rs 2 lakh a year to Rs 5 lakh. This will boost housing demand, reduce GST on under-construction properties, and adjust raw material pricing," said Ramani Sastri, Chairman & MD, Sterling Developers Pvt. Ltd.

He further added that for many people, affordability remains the biggest challenge and hence, expanding the definition of affordable housing would increase benefits for homebuyers and boost demand.

Any tax exemption from rental income will also encourage greater investment in residential real estate.

Ease of doing business

"Announcements to enhance the ease of doing business for developers would create a positive climate for real estate investment. We also seek strategic fiscal measures that stimulate demand for homebuyers and developers, address liquidity concerns, and simplify regulations. These initiatives would not only drive growth in the real estate sector but also boost demand in about 250 related industries, thereby creating jobs across these sectors. Overall, we hope to see policy measures that promote sustainable growth and address key challenges facing the industry in the upcoming budget," said Sastri.

Reviving schemes

"The Indian real estate sector is expecting the Union Budget 2024-25 to improve liquidity, such as enhanced funding for the Special Window for Affordable and Mid-Income Housing (SWAMIH) fund, which has been crucial in reviving stalled projects. We also expect the government to revive the Credit-Linked Subsidy Scheme (CLSS) under PMAY, which expired in 2022," said Pradeep Misra, CMD-REPL (Rudrabhishek Enterprises Limited).

He further added that the scheme previously benefited EWS/LIG homebuyers and supported the conversion of 'kaccha' homes into 'pucca' ones under PMAY (Rural).

Reintroducing a 100% tax holiday for affordable housing developers under Section 80-IBA and updating the definition of affordable housing to reflect current market dynamics are crucial.

Streamlined approvals

"To promote SM REITs, long-term capital gains on SM REITs should be exempted for the investment made in the year. Additionally, streamlined approval processes and digitisation in land records can significantly reduce project delays, benefiting both developers and end-users. On the commercial front, incentives for green building practices and sustainable infrastructure development will drive urban regeneration and attract investments," added Misra. ■