

Budget 2024: Transit-oriented development, Digitisation in urban sector



Khushboo Kumari

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NEW DELHI: Finance Minister Nirmala Sitharaman, in her Budget speech, put forth urban development as one of the nine priorities of the Modi 3.0 government. She announced an investment of ₹10 lakh crore in Pradhan Mantri Awaas Yojana (PMAY) Urban 2.0. Rudrabhishek Enterprises Limited (REPL) has worked on various projects like Pradhan Mantri Awaas Yojana (PMAY) and Smart City projects in Indore and Varanasi. Prabhakar Kumar, Head of Urban Sector at REPL, in an interview with Khushboo Kumari of The New Indian remarked that it is a promising start.

Kumar highlighted the increased budget allocation and its implications for ongoing and future projects. He said, "This year's provision has increased by approximately 8-10% compared to last financial year's provision." The interview concluded with reflections on the stock market's response to the budget and the effects of capital gains tax adjustments on the real estate sector.

Here is the excerpt from the interview:

Khushboo: Would you like to tell us about some major projects you have worked on?

Prabhakar: REPL is mainly involved in planning, architecture, real estate, and infrastructure development consultancy work. We have worked on various government-sponsored and central government-sponsored large projects, including PMAY (Pradhan Mantri Awaas Yojana), particularly in UP.



We had a target of 15 lakh housing for the urban poor, and we were a major player in achieving that goal, contributing to over 2 lakh houses through DPR PMC. We are proud to have contributed 2 lakh housing units in the urban poor sector. Similarly, in the Smart City project across India, we have worked on 9 Smart City projects, starting from scratch to completion, including DPR planning, DPR PMC work, and delivering the project.

One of our more prestigious projects is the Indore Smart City, which has consistently ranked number one in the country. We have also worked on projects in the Honorable Prime Minister's constituency Varanasi, as well as Kanpur, Moradabad, and some hilly regions. We have diverse experience in Smart City projects and various large-scale infrastructure projects. REPL has successfully delivered projects under the central government scheme, including the Jal Ghar scheme in the Bundelkhand region, which is the driest and most drought-prone area.

Khushboo: Now if we talk about the budget that was tabled on July 23 by Sitharaman, she put forth 9 focuses, and one of them was urban development and skilling of Indian youth. So, what do you think about the budget? Is it a beneficiary budget? Is it in favour of urban development? What is your take on that?

Prabhakar: Yeah, when I see the budget as a whole, considering all the 9 priority sectors, and if I recall the statement of our Honorable Prime Minister, "Viksit Bharat," "Samridha Bharat," and "Sabka Saath Sabka Vikas," this budget comprises all these aspects. Without infrastructure development, a combination of rural-urban development, skill development, and industrial development, no region can be developed. So, in this budget, every aspect has been covered. Agriculture, which is the base of the Indian economy, is already covered, and industrialization is covered as well.

This budget is oriented towards complete development and achieving the goal. The question of regional balance has also been raised. It has been noted that Bihar, Orissa, and Andhra Pradesh have been given more importance this time. If those regions are deprived and increasing at a very slow rate, it is the priority of the Prime Minister and Finance Minister to address this. Since this is the first budget of Narendra Modi's government tenure 3.0, there will be more budgets to come over the next 5 years. Starting with regions that need more boosting is important. Previously, the focus was on the Central, West, and a bit of the North. The East needs to be re-looked at and given proper participation in making India a developed country.

Unless the whole region is developed, India cannot be developed. So, I think this budget is a start, and it will be phased in. In the first year, they will focus on certain areas and sectors that are very deprived, and in the second and third years, other priorities will be addressed. Overall, I think this budget is oriented towards achieving the goal of development.

Khushboo: 10 lakhs for urban development—do you think it is sufficient, or should there have been more budget allocation?

Prabhakar: See, whether the budget is sufficient or insufficient is very comparative and subjective. It is unquestionable that if I say it is not sufficient, it is because the government has to consider all development aspects equally, including the gaps and the potential. Based on that, they make the budgetary provision. If the gap is larger or if the potential is higher, then the allocation is more. If the gap is less but the potential is still significant, then the allocation is adjusted accordingly. So, 10 lakh crore over 5 years is a good start because, if you compare the last financial year's provision with this financial year's provision, it has increased by 8 to 10 percent.

Thus, the budgetary provision has increased, and while there is no limit to investment or budget allocation, maintaining a balanced approach is important. I think this is a good start.

Khushboo: So, do you think, in terms of ground reality, PMAY Phase 1 has worked well and achieved the targets that were set?

Prabhakar: Yes, I think PMAY Phase 1 was a very successful model because the introduction of DBT (Direct Beneficiary Transfer) was not included in the previous terms. Previously, under the slum-free city plan of action or any Awas Yojana, the direct beneficiaries did not receive their money directly into their accounts; it was channelled through government processes.

There was a challenge and a lack of awareness about this, but in PMAY Phase 1, the best part was the Aadhaar-enabled DBT, which was then modified to family Aadhaar-enabled DBT. The actual beneficiaries received direct payments from the government and constructed their houses. Payments were made in a phased manner, so once you completed one phase, you received the payment for the next.

Misuse was minimal with Aadhaar because it is difficult to claim 100% utilization. However, in my opinion, even though it was the first time DBT was used in PMAY, it achieved its goals and was a successful model for the urban poor.

Khushboo: For skilling youth, they are providing internships at 500 top companies. Do you think this is the best option? Could it benefit the youth?

Prabhakar: Definitely. In skilling, you must have observed that skilling is oriented towards the industry, whether it is private companies or industries. The courses, if you look at the Skill India curriculum and courses, are designed for those who will be absorbed into industries, manufacturing, or private sectors.

All training and internships provide practical knowledge. Internship means they receive training and gain practical experience. This is the best part.

I am an urban planner. I studied planning at SPA Delhi. What we were taught in class and studio was theoretical, but after doing an internship, our approach changed. We learned that it's not only about bookish knowledge but also about understanding ground realities and practical implications. This internship experience helped us adapt our approach and made us more competitive in the market.

Khushboo: People who are earning more than 12 lakhs or 15 lakhs still fall into the same tax slab. Do you think there should be some concession?

Prabhakar: Definitely, as a taxpayer, everyone feels there should be relaxation. The initial slab is being changed, but as India grows and per capita income increases, the income of individuals also rises. So, the slab needs to be adjusted. There is much debate and thought needed not only to change the slab but also to reconsider the pattern of taxes. Personally, though not professionally, we feel that we are paying GST, toll tax, and income tax, among others.

Many taxes are being paid, so streamlining and possibly introducing a single tax system could be considered. A single tax type could increase the satisfaction of individual taxpayers.

Khushboo: If we look at the budget, can you break it down for our viewers to understand what more has been done in the field of urban development, like TOD and the digitization of land records?

Prabhakar: Yes, the TOD (Transit-Oriented Development) concept is very new, and India is adopting it. It was very good that the budget specifically mentioned TOD because, many times, if you do not emphasize such terminology in the budget, it can fade away in urban development discussions.

In urban development, everything is covered, but emphasizing TOD is important. Nowadays, you see that any corridor or multi-modal corridor is essential because land is scarce, core urban areas are getting saturated, and metropolitan cities are under heavy load on various types of infrastructure, whether it is transport infrastructure and physical infrastructure. If people have the opportunity to access every node quickly—whether they own a car or not—such as through rapid rail or metro, it greatly improves accessibility. This concept gave rise to TOD, and in this budget, it is emphasized that 14 large cities will develop TOD zones, which will aid in the development of industrial and commercial nodes.

Regarding the digitization of land records, this is a very good initiative by the central government. In India, we have various master plans and development plans, and when we review records from the revenue department, many land records are confusing. The digitization of land records is essential because many lands are unknown, under litigation, or ownership dispute. Transparency is often lacking, so when purchasing land, there are concerns about whether it truly belongs to the seller. Sometimes, the same land is sold multiple times to different buyers. This initiative will help stop such issues, bring transparency, and ensure accurate ownership records.

This step is crucial because it will also improve real tax collection on land records. If I own multiple properties, they will be recorded, and I can see them on the map. The government can also see this information and take appropriate actions. They can identify government land, railway land, or district land and plan accordingly. Often, master plans overlook railway or defence land within cities, and sometimes even the railways are unaware that the land belongs to them.

Khushboo: Yes, digitization is key to success in a world where digital progress is vital. To achieve Viksit Bharat (Developed India), it is very necessary to digitize land records.

Khushboo: So, considering that your company is listed as well, how has the stock fared after the budget? Was it upward or downward? How is the stock faring right now?

Prabhakar: No, definitely it will move up because, see, in the budget, as per our company's potential and eligibility, we see that under PMAY, a 10 lakh crore budget has been sanctioned, and 1 crore urban poor houses need to be constructed and provided to the urban poor. This is our forte. We are already working in UP and in Pune, Maharashtra, and we plan to expand to other regions as well. So, we have ample opportunity to grow our business both regionally and in terms of volume.

Secondly, in infrastructure, approximately 11 lakh crore has been sanctioned, and we are strong in infrastructure. Thus, our business will expand both regionally and in volume.

Third, in skill development, 20 lakh youth need to be skilled, with a budget provision of around 1.5 lakh crore. So, 1.5 lakh crore needs to be invested in skills, employment, and education. We are also involved in creating a functional plan for the entire NCR region, including education.

We are engaged in both the skilling and education sectors as well. These three areas will provide us with ample opportunities. If we capture 10% to 15% of that particular budget and expand ourselves, then, because we are a listed company and we are expanding in multiple sectors and regions, the stock price will rise, and the company will grow.

Khushboo: But if we talk about capital gains tax, which has been decreased in real estate, how do you think that will affect people?

Prabhakar: People will not stop buying real estate because, even in the stock market, you can see that in multiple sectors, if they feel that although the capital gains will decrease, the overall potential will increase, they will still have faith. Various steps have been taken by the government to boost the real estate sector, such as through RERA and MSME protection, which build confidence in the private sector to invest.

Consumer behaviour has changed and confidence has increased. If I am investing in a particular real estate sector stock, I believe it will deliver. If faith remains in the market, it will grow. So, I think that, although I am not a core real estate market expert, as a general investor, if I have to invest, I will invest.