

What does the real estate sector expect from the upcoming Budget 2022?

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The Union Budget is around the corner, and speculations about the financial decisions are much anticipated by many industries. One such market that waits with bated breath is the real estate industry, witnessing a slight glimmer of hope post the pandemic impact but still has a long way to go.

The COVID-19 effect on real estate has been substantial since the loss of incomes and debts forced homebuyers and commercial property owners to change their course. Co-living spaces that saw some boom before the pandemic witnessed a steep decline.

Interestingly, 2021 saw missed opportunities in the form of no reduction in stamp duty, lack of funds for the infrastructural development and funds for real estate development in tier 2 and 3 cities, considering remote jobs sent the population back home.

However, post the second wave, real estate is witnessing a revival, especially in the residential segment. Tier 2 and 3 cities also, are coming into notice as these budding regions have the potential for growth and development.

In order to optimise these opportunities and streamline the market to be more consumer-centric, the pioneers of the real estate market have the following expectations from the current Government.

Demand Boost

The idea is to make it easier for the salaried audience and our major clientele to purchase homes. For instance, banks can cover 90 percent of the housing cost instead of 70-80 percent to attract home loans. Second home purchases can be made less stringent for the consumers to boost further home purchases. Registration charges can be subsidised, and to ensure transparency, they can come under GST with an input credit option for the residential properties. Tax exemptions would be beneficial when it comes to boosting demands.

Taxation

Taxes like Goods and Services Tax (GST) complicated a great many procedures for real estate developers. The current stakeholders expect a simplification and revisitation of the GST Input Credit and GST on joint developments. Enhancement on the tax-holiday schemes too would be beneficial for the sectors and should be taken into consideration by the Government.

Managing cashflow

The conventional 30-60-90 credit is not feasible for the real estate sector, considering the dynamism of the market. The financing plan should not be based on conventions but on the projects and can be made much less stringent. This will help ensure that the projects are not halted due to lack of working capital and will be in due for timely completion. Escrow accounts can also be made more tangible for all the stakeholders, and the rigorous implementation should be simplified.

The upcoming Budget will help shape the future of an entire for the time to come. The real estate sector has witnessed some green shoots of recovery in the present times and hopes the growth continues further.

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