OUTLOOK initiative

The budget is expected to create win-win situation for all

Industry stakeholders look forward to a budget which not only addresses immediate concerns but also lays the groundwork for a thriving real estate landscape, where both homebuyers and developers can flourish.

TOP STOREY
Kausar Firdausi

In anticipation of the 2024-25 budget, there is a growing sentiment of optimism within the real estate sector, which is expected to be a significant benefactor of the new fiscal policies. After a year of remarkable performance, the industry emphasises the need for additional support to maintain this growth trajectory.

The real estate industry invariably presents the finance ministry with a very ambitious wish list every year before the union budget. The National Real Estate Development Council (NAREDCO) has recently suggested the finance ministry to come up with the second tranche of the Special Window for Affordable and Mid-Income Housing (SWAMIH) fund with ₹50,000 corpus in the upcoming budget. As the ultimate beneficiaries of the fund are the homebuyers who have been able to take delivery of their long-stuck homes, extension of the lending scheme would be a win-win scenario for both the industry and buyers.

Elucidating the tax burden due to the concept of notional income from housing property held as stock in trade after two years, G Hari Babu, president, NAREDCO suggested the amendment of Section 23(5) to either abolish 'notional income' or increase the timeline by five years for considering the notional income.

In a bid to help realty projects get better liquidity, the industry body has also recommended MSME status to projects with the required parameters and also allowing priority sector lending for real estate projects.

While the luxury segment grew exponentially in the last couple of years the sales of affordable homes saw decline. Affordable housing is defined as a house or apartment valued upto ₹45 lakh, with a carpet area of upto 90 square metres, located in non-metropolitan cities and villages, and 60 square metres in large cities. "The government needs to take a hard look at adjusting the qualifying cost of properties within cities' affordable housing segment. Although the units' defined size of 60 square metres is reasonable, the prices of upto ₹45 lakh make them unaffordable to a huge share of the target clientele," says Anuj Puri, chairman, Anarock Group.

He gives an example that a budget of <₹45 lakh is irrelevant for a metropolis like Mumbai; it should be increased to at least ₹85 lakh. The budget should be raised to at least ₹60 to ₹65 lakh for other large cities.

One of the key things that will turn favourable for the sector is tax rationalisation. "The reduction in the prevailing capital gain tax will not only create optimism among the retail investors who are looking for simplification but will also incentivise more investments in REITs and infrastructure investment trusts (InvITs)," advises Bhavesh Kothari, founder and CEO, Property First.

Now that inflation is under control, Aditya Kushwaha, CEO & director, Axis Ecorp hopes that repo rates will remain consistent this year. "This would significantly enhance prospects for both residential and commercial real estate markets, establishing a favourable setting for sustained sectoral growth," says Kushwaha.

As per S K Narvar, group chairman, Trident Realty, another key area for the government to consider is to continue focusing on tier 2 & tier 3 cities and to provide more infra development funds to ensure that a larger number of projects in these cities benefit. Also agrees Mohit Jain, MD, Krisumi Corporation that the government should continue its thrust on the infrastructure as it has multiplier effect on the economy as a whole and real estate too stands to benefit from it.

As a new-age developer in the growing real estate sector of India, Mohit Malhotra, founder & CEO, NeoLiv expects from the budget, "We are optimistic that the budget will carry provisions to empower new-age developers with strong financial backing and transparent policies, and promote the growth of the housing sector in the country."

Furthermore, as Vikas Garg, JMD, Ganga Realty directs that under the climate of a bevy of projects getting incessantly delayed, the government should consider coming up with some other newer channels of project investment sourcing to help the sector regain demand and pace.

Rebate on home loan interest rates could be a major growth catalyst. "It is necessary to increase Section 24 of the Income Tax Act's ₹2 lakh tax rebate on home loan interest rates to at least in the range of ₹5 - 7 lakh," points out Amit Mamgain, director, Yugen Infra Pvt. Ltd.

Amrita Gupta, director, Manglam Group and founder president, CREDAI Rajasthan Women's Wing raises a concern, "As we shape the economic landscape, let's not overlook the importance of gender-sensitive and sustainable policies which not only fortify our economy but also empower women to thrive in a positive environment."

As per Samyak Jain, director, Siddha Group, a key focus is needed to be on enhancing the access of first-time homebuyers to affordable housing, particularly in metropolitan cities. "We are hopeful for an upward revision of the cap in the credit link subsidy scheme, along with the introduction of tax benefits for first-time homebuyers," says Jain.

Besides, industry status for the housing sector and single-window clearance for housing projects are standard asks and remain in place this year, as well.

In essence, we look forward to a budget that not only addresses immediate concerns but also lays the groundwork for a thriving real estate landscape, where both homebuyers and developers can flourish."

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> **G HARI BABU**
> President, NAREDCO

ON THE SPOT

Our portfolio encompasses nine world-class projects

In an exclusive interview, VISHAL GOEL, Managing Director, Rx Propellant, talks about how being a healthcare real estate provider they are supporting the development of the next generation of life science hubs in India. Excerpts…

How important is India's life-science market compared to global operations?
Globally, India is among the top 12 destinations for biotechnology and third largest in the Asia-Pacific region. Its bio-economy valued over $92 bn. in the year 2022 and played a significant role during Covid-19. By 2030, India's life-sciences sector is likely to grow by a compound annual growth rate of 13 per cent, to US$ 427 billion.

What role do MNCs play in fostering innovation within the country's life sciences sector?
Multinational corporations (MNCs) play a pivotal role in propelling innovation within India's life sciences sector at various levels. Firstly, they bring substantial investments and cutting-edge technologies, elevating the overall research and development landscape, bringing it at par with the global level. This is because MNCs follow global best practices and stringent quality standards.

How are companies leveraging their footprint in India to serve local markets and assist principals in expanding their business to India?
As a healthcare infrastructure company, we are in a unique position to witness how this is happening. With the pandemic highlighting the strengths of India's healthcare sector, there is keen interest from both the industry and the government, as a result there is an increasing demand in well-equipped infrastructure. In recent years, with the country aiming to emerge as an R&D hub, world-class infrastructure has played a key role in attracting companies to both establish and expand their footprint in India, increasing the value of its bio-economy by eight-fold from US$10 bn. in 2014 to US$ 80 bn. in 2022.

Looking ahead, where are you seeing the most innovation and R&D right now in the Indian pharmaceutical industry?
India is a global pharmaceutical hub which supplies ~40% of generic demand in the US and ~25% of all medicines in the UK. According to The Economic Survey 2022-23, as a producer of pharma products, India ranks third in the world by volume and 14th by value. Between FY18 and FY22, the Indian pharmaceutical industry grew at an average rate of 9.47% to US$ 42.34 billion, mainly driven by increasing exports and rising demand in the domestic market. The sector is poised for strong growth as it is expected to reach US$ 120 billion by 2030.

How is RxP supporting the development of the next generation of life science hubs in India?
As a life sciences real estate provider, currently our portfolio encompasses nine world-class projects covering a total development potential of more than 6.5 mn. sq.ft. in major Indian cities. In Bengaluru, Bengaluru Lifesciences Research (BLR) District spreading across 50 acres is an iconic destination for R&D and innovation for startups as well as established corporations, we have developed a total of 2.5 mn. sq.ft., divided into five districts. In Hyderabad's 25 sq.km. wide Genome Valley, Rx Propellant has five projects with a total area of about 2 mn. sq.ft. consisting of state-of-the-art lab spaces. We are also developing an integrated campus for research, light manufacturing and corporate offices in Navi Mumbai Research (NMR) District in Mumbai that is spread over an area of 16 acres.

(As told to Kausar Firdausi)

In Spotlight

TARC Limited launches ultra-luxury project 'TARC Kailasa' in New Delhi

TARC Limited, New Delhi based luxury realty company has recently launched its ultra-luxury project 'TARC Kailasa', centrally located in New Delhi on main Patel Road.

A 1.7 million square feet development, spread over a strategically located 6-acre land parcel, the high-rise project comprises 5 high-rise magnificent towers beautifully designed by renowned architectural practice Andy Fisher Workshop (Singapore). The company has thoughtfully chosen Arabian Construction Company as its construction contractor considering their expertise in high-rise construction in both India and UAE.

While announcing the launch, Amar Sarin, MD & CEO, TARC Limited expressed his views on the meticulously designed project and its amenities which the buyer community has been longing for in New Delhi. "Be it the expansive spread, the high ceilings, the three-side open design for light and ventilation, high-end specifications, private lift lobbies and the all-weather pools, Kailasa has been designed to provide the solace and tranquil we all long for. The 170,000 sq.ft. entertainment areas, the seven-tier security, the concierge services and the large apartment formats at Kailasa have something and more for each member of your family," stated Sarin.

The project has a revenue potential of over ₹4000 crores, and the company reported garnering a tremendous response. It has a total of 418 apartments with proportion of 40% 3-BHK and 60% 4-BHK in between 3440 sq.ft. and 4246 sq.ft. The prices range from ₹9 to 12 crores.

TARC Limited recently got a new brand identity, which in consonance with the values and traditions that are adopted by the company is 'Inspired by India'.