



What Does Realty Sector Expect From The Union Budget 2017?



The realty sector hopes that the Union Budget for 2017-2018 which comes just a few months after demonetisation plus a lacklustre year shall help realty recovery. Need of the hour is a sweeping change in the existing tax structure to reflect the present property prices. Restructuring of the Income Tax slabs, a rise in tax rebate on interest amount paid as home loan and additional incentives for the first time home buyers are 3 of the biggest expectations from this

budget.

Tax incentives along with liquidity in the consumers' hands would encourage them to invest in the [realty sector](#). There should be a completely separate deduction applied to the principal instead of just lumping it under the broad investment avenues of Section 80C. This shall not only encourage more people to invest in properties, thereby stimulating the sector, but also motivate people to invest in other long term savings such PPF, ELSS and others.

The industry also needs clarity on the GST - Goods and Services Tax. It is meant to simplify the taxation system with one single tax however stamp duty will not be a part of it. Stamp duty should not be charged separately and be a part of the



GST. Also, the Real Estate Regulatory Act was passed in the year 2016, but its full impact is yet to be felt.

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India's realty sector suffered a revenue loss of Rs 20,000 cr after demonetisation. Developers refrained from announcing any new launches and buyers turned extremely cautious before committing on purchases. The year 2016 would have been marginally better than the year 2015 had there been no demonetisation, as the sales numbers for the first 9 months were showing a positive trend, said market analysts.

Currently, demand revival is very critical for the realty sector. Lowering of interest rates, already corrected prices, likely incentives in the general budget and improvement in income levels are expected to revive demand. However, uncertainty is likely to be witnessed in the market for over the next 2 quarters (January to June), said analysts. They further added that enquiries had begun pouring in for affordable homes and sales had started once again.

Demonetisation has cost realty sector of Ahmedabad - Rs 500 crore:

The realty sector in Ahmedabad took a beating in the October-December period as a fall in sales of residential units on account of demonetisation resulted in an expected revenue loss of Rs 500 cr to developers. The city's residential market



saw sales and new launches dip by 43 per cent and 69 per cent, respectively during the fourth quarter of 2016.

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