

Budget 2013: Realtors seek tax breaks, UPA pitches for housing for the poor

Housing is one sector where it is not just industry players who are lobbying for budgetary sops, finance minister P Chidambaram has also been getting requests from some of his cabinet colleagues.

While developers are looking for sops like lower interest rates, infrastructure status, tax breaks and easier external commercial borrowing (ECB) norms, the UPA government seems to be formulating plans to use housing as a plank in the run up to the general elections next year by launching lakhs of houses for the poor, tweaking the Rajiv Awas Yojana that again offers homes to the very poor, introducing the next edition of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for urban infrastructure projects and speeding up slum rehabilitation schemes.

"With infrastructure status, funds will flow into the sector, project financing will be relatively easier, resulting in lower finance cost and overall expenses can come down, helping us keep affordable units actually affordable," Lalit Kumar Jain, national president of the Confederation of Real Estate Developers Associations of India (CREDAI), says.

Ajay Maken, the housing and urban development minister, has not only supported granting infrastructure status to housing budget, but has also written to the finance ministry to extend income-tax relief under section 80 IB (10) to developers building affordable housing projects beyond March 2013 and to projects approved after March 2008, and provide [service tax](#) exemptions.

Maken has also said that while housing loans up to 25 lakh is treated as priority sector lending, a separate sub group for loans up to 5 lakh should be set up. "A mandatory requirement of 3 per cent incremental bank deposits in housing stock should be exclusively directed only for the sub-group of housing loans up to 5 lakh," he said. India is estimated to be short of 18.7 million houses and around 90 per cent of this shortage is in the affordable housing segment. Jain of CREDAI says, "If we manage to bridge this gap, it will arrest price rise as more supply will be in favour of consumers."

If the finance minister grants these wishes, it would benefit scores of less-privileged Indians to buy their own houses.

Also easier ECB norms, infrastructure status and lower interest rates will help builders raise funds at reasonable terms to complete their pending projects, bringing relief to hundreds of homebuyers waiting for delivery of their homes.

It could be good news for middle class people who find residential prices just too high because loan rates may fall and even home prices may soften as developers' cost of fund falls.

Geetambar Anand, CMD of ATS Infrastructure says the only formula to rationalise prices is to unleash supply, which will benefit both economically weaker sections and middle class.

(Economic Times)