



**Anil Kothuri, President & Head, Retail Finance, Edelweiss**



**Budget provides thrust to Housing and Infrastructure**

While it is a placeholder till a full budget is presented in February next year, the budget establishes the intent of the government to kickstart the economy and lays down the foundation for its economic agenda. It broadly address four objectives – fiscal prudence, tax and financial sector reform, a commitment to the social sector

and the creation of housing and infrastructure. There are several announcements that should provide a fillip to the creation of new housing, especially in semi urban and rural India. These include the development of satellite cities, incentives for REITs, an increase in allocation for Rural Housing to the NHB and an increase in the tax exemption for interest paid on home loans.

**Nitin Shah, CMD, Nitin Fire Protection Industries Ltd**

We appreciate the budget of the new Government, its focus on providing GDP growth of 7 to 8% which includes long term lending to infrastructure sector, setting up of 100 smart cities as industrial corridor along with opening of FDI in certain sectors shows a positive move. With some concessional custom duty in raw material input of manufacturing sectors, is also appreciated. We look forward for reducing the fiscal deficit and achieving the growth as targeted by the new Government.



**Bijal Ajinkya, Partner, Khaitan & Co.**

**Infrastructure investment trusts and REIT**

The Government has very clearly shown its focus on the infrastructure and real estate sector by making a proposal to provide a tax pass through to Infrastructure investment trusts and REITs. This was one of the biggest uncertainties and bottlenecks which prospective real estate and infrastructure trusts were facing for the set up and the tax clarity will see the creation of many such REITs. The REITs platform provides an attractive option to exit some investments and will give developers a new avenue to raise funds and conduct development activities in the country.



**Pon Ravichandran, Director, Green Tree Homes & Ventures Pvt Ltd**



Today's home buyer's capability to buy a home has reduced because of the Inflation, India as a country has a maximum population as middle income group. With the interest rates going high, the people who are the frontrunners in this field are made to suffer the burden of the Inflation. The government's decision to increase the tax exemption interest component on housing loan raised to Rs 2 lakh from Rs 1.5 lakh is very much needed for the customer who buy their dream homes. The proposal for setting up 100 smart cities at a cost of Rs 7060 crores is well planned by the government. This will have a tough competition for the developers to raise the bar for the execution in the Industry.

**Girish Kadam, VP, Co-head, ICRA**



The stated intent of rationalisation of coal linkages for the projects which have been commissioned or will be commissioned by end of FY 2015 will help ensure adequate coal availability & improve the viability of their operations. The proposal for encouragement of banks for accessing long term liabilities would help the power sector by way of improved availability of cost competitive long term funds. Further, extension in eligibility date for power projects to avail of tax holidays till FY 2017 will benefit the power projects which are scheduled to be commissioned till then. Moreover, new rural power scheme announced is expected to improve power supplies for rural households as well as enable the loss reduction for the distribution utilities. However, hike in coal cess and a marginal increase in customs duty on steam coal would lead to a rise in cost of power generation by about 2.5 paise/unit which will put a pressure on retail tariffs.

Higher budgetary allocation & duty rationalisation are positive for the clean energy sector. The announcement of ultra mega solar projects in four states is expected to facilitate a large sized solar capacity addition in the country & would also encourage domestic manufacturing of solar projects. Duty measures announced for wind and compressed bio-gas projects are also a positive which will help to reduce the capital cost and hence tariffs. In addition, focus on facilitation of evacuation of renewable energy through faster implementation of Green Energy Corridor Projects is expected to further encourage capacity addition.

**Venkatesh Gopalkrishnan, EVP & CIO, Shapoorji Pallonji Real Estate**

Overall a very well balanced budget keeping in minds growth, deficit and inflation. Meeting the fiscal deficit targets could be challenge, tax reforms and rationalization, driven by realizations led by higher growth will help achieve the deficit targets. Budget with propel GDP growth which will in turn spur real estate demand over the medium term. Specific measures relating to reduction in area for FDI and REIT's will increase liquidity in the sector and as such reduce the dependence on the banking system. With the current incentives in the budget, Affordable housing will become even more attractive from a developer's perspective.



**Daksha Baxi, Executive Director, Khaitan & Co.**

**Provision of Pass Through Tax Status to Business Trusts**

This is a major change in tax policy. Deferring the capital gains tax in the hands of the sponsor upon transfer of assets to REITS, according the same tax treatment to sale of REITS units as given to equity shares traded on stock exchanges and providing pass through tax status to the REITS and Business Trusts will provide the needed clarity to bring success to the much needed REITS regime which is awaiting notification by the SEBI".



**Real Estate Sector:** "Another good boost to the real estate sector is reduction of the minimum built up area from 50,000 square meters to 20,000 square meters and reducing the minimum capitalisation from UD 10 million to 5 million for eligibility of FDI."

**Manufacturing Sector:** "To boost the manufacturing sector, especially the SME sector, the 15% investment allowance has been extended to investment in plant and machinery of Rs. 25 crore if made within the next 3 years. This, along with certain other changes to labour laws, should provide a boost to the manufacturing sector. Going away with MAT to SEZ units and SEZ developers would have boosted manufacturing sector further."

**Sachin Agarwal, CMD, Maple Shelters**

The budget has reduced the FDI norms for minimum built-up area for affordable housing. Additionally, Rs. 4000 crore have been allocated towards the creation of low-cost housing. This is extremely promising for the affordable housing sector and we will see an increase in housing development for the under-privileged in the peripheral areas of cities like Pune. The relief provided on individual income tax and interest on housing loans is very significant for the budget homes sector, since these measures have greatest pertinence to the more financially sensitive home buyers. I am happy with this budget, in which the Financial Minister has shown great foresight and set the path for economic revival.



**Tushar Mehendale, Managing Director, ElectroMech Material Handling Systems**

The thrust on setting up newer industrial clusters is a step in the right direction. The government has also promised to review all the retrospective tax imposition cases. This coupled with overall increase in investments in highways and tax holidays for power plants will definitely contribute in kick starting the capex cycle in various industries.



**Arvind Jain, Managing Director, Pride Group**

It is a satisfactory budget with good implications for real estate. Significantly, the budget has included slum rehabilitation under the ambit of corporate social responsibility. We will now see greater involvement by India Inc in this very important sector and give a boost to supply in the inner parts of our major cities. The FM has given much-needed relief to individual tax payers by raising the income tax exemption limit by 50,000 and has also raised the limit of the interest part of home loans from Rs. 1.5 lakh to Rs. 2 lakh. The combined effect will definitely be renewed interest in home purchase by Indians.



**Kishor Pate, CMD, Amit Enterprises Housing Ltd**

The reduction of personal income tax ceiling and the raising of home loan interest deduction will definitely increase demand for homes in cities like Pune. True to his promises, the Finance Minister has made significant allocations towards infrastructure projects in the country. The allocation of Rs. 37,850 crore into the National Highway Authority of India will result in vastly improved road networks, which will in turn result in new vibrancy in the real estate sector. The National Housing Bank has received an allocation of Rs. 8000 crore for this program, which will have. I am especially enthusiastic about the Rs. 7060 crore allocation towards the government's program for creating 100 smart city projects.



**Vineet Agarwal, Director, KPMG in India**

There is an increase in interest exemption of Rs 50,000 for loan availed on self-occupied house property. This will give a savings of Rs 5,150 to individuals annually and Rs 5,665 for superrich. The finance minister also mentioned about providing thrust to low cost housing sector which should be win-win situation for individuals availing loan to buy property for themselves.

