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Budget

Expectations of realty players from Budget 2022

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Almost two years after the outbreak of COVID-19, the real estate industry is coming to terms with the way the pandemic has realigned the way people live, work, and interact. The government must acknowledge the vital role played by the sector and make deep policy reforms to accelerate growth in realty demand. It is expected that the Union Budget 2022 will play an enabling and supporting role.



Real estate is one of the critical pillars of the Indian economy, contributing to about eight to nine percent of the overall GDP. We marched into 2021 with a pandemic affected economy. The real estate sector was quick to lay the groundwork for a quick turnaround by adapting, learning, and making a recovery faster than expected, with a new phase of growth, innovation, technology and investment trends. Consumer mindsets have undergone a dramatic change and brought segments like affordable housing and mid-segment homes into the forefront. Besides residential and commercial real estate, warehousing and data centres have also gained a lot of traction in recent times and will also be in focus in 2022.



Few key relaxations in taxes to boost the real estate sector and rise in FDI inflow are among the other expectations from the [Budget 2022](#) by the industry. A multi-dimensional approach centred on improved & low-cost credit availability through priority sector lending is also expected.

Holistically, the current industry scenario has made real estate development costlier, and it is challenging to manage the cost and the funding thereof from time to time. Hence, few changes in GST become imperative for creating a positive impact on all real estate asset classes. The mandatory changes expected from Budget 2022 is waiving of GST on Transfer Development Rights (TDRs) (both government allotted and privately purchased) and Joint Development Agreements (JDAs), new provisions for encouraging rental housing, ease of tax holiday provisions, and cost definitions in affordable housing, single-window clearances, input tax GST credit for [commercial real estate](#) and additional interest rate deduction on home loans.

We are also hoping to see some relaxation in provisions for REITs in commercial real estate and reduction of the income tax burden on long-term capital gains. Furthermore, granting infrastructure status to the real estate sector would help build liquidity in the industry and decide supply-side costs.

Overall, we are very optimistic about the budget and that the government and regulators will continue to provide fiscal and policy support to the industry. We hope for positive policies, thereby enabling better recovery and further industry growth. Several dynamics impact the real estate industry, some being: prices, buyer behaviour, demographic shift, cost of raw materials in general. Therefore, it can be said that self-sustaining, affordable properties with a consumer experience-centric approach, are the future of the real estate industry.