



JC SHARMA

MD, Sobha Developers

■ One per cent interest subvention for housing sector loans will ensure continued benefit to buyers

■ Hike in housing loan limit from Rs 20 lakh to Rs 25 lakh will ensure credit flow at relatively cheaper interest

# Real estate upbeat, awaits industry status

Real Estate is expected to be impacted as follows from provisions such as 1 per cent interest subvention for housing sector loans.

Housing loans limit raised to Rs 25 lakh from Rs 20 lakh. Increase in this limit is in line with the increase in the property price. Rural Housing Fund allocation of Rs 3,000 crore will provide the much needed impetus for the growth of housing in the rural centres. We feel that Pranab Mukherjee, the Union finance minister, has presented a growth oriented, progressive budget for 2011-12 especially in the midst of rising inflation, tight liquidity, high interest rate, industrial slowdown, delayed reforms and negative market sentiment.

A sincere effort has been made to foster growth with stability, while at the same time maintain

fiscal prudence and greater focus on tax compliance. Financial sector reforms, disinvestment proposals, liberalized FDI inflow which figured in the finance minister's speech are welcome steps. Social sectors have received good attention so also has education.

Supply side of the economy is well taken care of too. Containing inflation has assumed greater importance. Interest subvention of 1 per cent on loans taken for affordable housing segment up to a loan amount of Rs 15 lakh, investment based deduction u/s 35AB(8) (C), increase in tax threshold limit including senior citizen benefits, maintaining the excise and service tax rate at 10 per cent, increased focus on infrastructure are some of the positive features to the housing sectors.

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sions such as 1 per cent interest subvention for housing sector loans. The limit has been increased to cover housing loan of Rs 15 lakh from Rs 10 lakh, capturing house value of Rs 25 lakh from Rs 20 lakh. During the last one year, the prices of residential real estate have increased by 10-20 per cent across several cities. This enhanced limit for interest subvention will ensure continued benefit to the buyers of this particular segment.

Housing loans limit raised to Rs 25 lakh from Rs 20 lakh. Increase in this limit is in line with the increase in the property price. Priority sector tag to house loan up to Rs 25 lakh will ensure credit flow at relatively cheaper interest rate to this segment. Mortgage guarantee fund for housing loans to low income group (LIG) and economically weaker section

(EWS), banks and financial institutions were reluctant to lend to LIG and EWS segment on account of poor repayment capability. However, this provision will provide the required safety cushion to financial institutions which provide home loans to this segment resulting in higher fund flow to this segment.

Rural Housing Fund allocation of Rs 3,000 crore will provide the much needed impetus for the growth of housing in the rural centres. Investment linked deduction to businesses developing affordable housing including affordable housing projects under section 35AD is a welcome move as this will provide an incentive to the developers of these projects. Allocation to Infrastructure and higher outlay for rural centres will have a multiplier impact on the rural economy.