

Make rental housing tax free



SUNIL MANTRI, CHAIRMAN, SUNIL MANTRI GROUP LISTS DOWN THE FIVE EXPECTATIONS OF REALTY SECTOR FROM THE UNION BUDGET

1. 80 IB Tax benefit continuation

Tax benefit under 80 IB, which had actually boosted the housing activity to a very great extent, expired in March 2007. I hope that the Government will continue the tax benefit under 80 IB to create huge housing stock particularly in budget size across the country. This may help in the creation of approximately 10 million housing units in five to seven years time, which is almost 50 percent of the Government housing shortage as on date.

2. Lending to developers for priority sector homes

Presently, retail customers for loans up to Rs 30 lakh is being treated as priority sector. However, developers who are undertaking such projects under priority loan are not treated as a priority segment which will help serve, particularly the low income / middle income group. It will boost huge creation of the affordable housing if loans to these projects are considered on priority.

3. Rental as tax free

In European countries, 80 percent of the houses is created on the rental housing model. At present Charitable Trusts, Public Trusts, High Network Individuals (HNI), Companies having surplus cash flow are depositing their entire money in the banking system. If the rental housing and the rental house project is given tax free shelter, huge number of rental housing across India can be created. If this concession is given, it will boost rental housing across India in all the segments and at least 2-5 mn rental housing can be created which is almost 10-20 percent of housing shortage in India in a span of five-seven years. The funds, REIT and REMF will also invest in this sector.

4. Residential SEZ

SEZ creation has boosted a lot of activity in the industrial and production centres. In a similar way, if affordable housing for residential SEZ can be created on the large sizes of the project which is above 25 acres, it will reduce substantially the construction costs as well as help in creating satellite townships which will reduce the burden and pressure on the cities. Only government needs to give SEZ concession (which would be called Residential SEZ) and would create a large number of the houses across the country.

5. Sale to NRIs / Foreigners to be treated as exports

At present the Sales to NRIs and foreigners is having no incentive when receipts come. If the same is treated at par with the hotel industry and categorised as export income, it will boost huge investment of the NRIs / foreigners in India. If we create this incentive it will benefit the developer to focus more on NRI sales and attract more foreign investment in terms of dollars throughout the country. This will create huge employment particularly for the Indian manpower industry as well.