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Budget 2022 to improve ease of business, make real estate more transparent

The Union Budget 2022 has underscored the government's focus on affordable housing segment through increased allocation to the flagship PMAY.

Written by [Sanjeev Sinha](#)

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Developers say while the Budget 2022 is directly or indirectly expected to give a boost to real estate, it remains to be seen how the sector will actually benefit from it.

The Budget 2022 failed to announce significant demand-side boosters for homebuyers at large. It, however, remains committed to bringing in more transparency in the real estate sector and improving ease of business.

From a real estate perspective, according to Colliers India, the Budget 2022 continues to commit towards affordable housing. Increased infrastructure spending on urban transport, highways and multi-modal logistics can modernize and spur investments into logistics. However, incentives to homebuyers especially to the lower and mid income groups were largely missed in the budget.

Industry experts say the Budget 2022 has underscored the government's focus on affordable housing segment through increased allocation to the flagship Pradhan Mantri Awas Yojana (PMAY) as per revised estimates for FY2022 and budget estimates for FY2023 as compared to the initial budget estimate for FY2022.

"The target is to complete 80 lakh houses in FY2023 with an allocation of Rs 48,000 crore, largely same as Revised Estimate of FY2022, but higher than the Budget Estimate of Rs 28,000 crore for FY2022. At the same time, there was no expansion in the income tax deduction on housing loans, nor extensions in some of the concessions announced in earlier budgets, which could have provided a significant boost to the industry from the demand side," said Kapil Banga, Assistant Vice President & Sector Head, [ICRA Ltd.](#)

ICRA, however, expects that the industrial real estate segment is expected to get significant boost through various measures for logistics and manufacturing entities, including but not limited to Multimodal Logistics Park, Production Linked (PLI) scheme, and tax benefit for new manufacturing entities. Additionally, the proposed overhaul of SEZ legislation may have significant bearing on the commercial real estate sector. Proposal to have one-nation-one-registration in the country is an important structural reform for the real estate sector and will facilitate land transactions and sale deed registration from anywhere in the country.

Whatever be the case, developers have welcomed the budget boost for affordable housing.

Commenting on the same, Santosh Agarwal, CFO and Executive Director, Alpha Corp, said, "With a visionary growth in the affordable housing sector, the FM has announced the allotment of Rs 48,000 crore for the construction of 80 lakh houses under PMAY, and reduction of time in construction-related approvals. This will provide a much-needed impetus to the housing demand in the affordable segment. On the other hand, the facilitation of Tier II and III cities would help realize the potential in these regions with opportunities for all in terms of employment and sustainable living. The emphasis given on the infrastructural development through a national highway network for multi-model connectivity will help in seamless connectivity. The PLI scheme will definitely incentivise the MSME sector and thus give impetus for the setup of new MSMEs as well as upgradation and shifting of existing MSMEs to industrial townships with proper support infrastructure for industrial units."

The government's goal to create 6 million jobs over the next 5 years will give a boost to office space demand.

"The Union Budget 2022 is progress-oriented. The government's goal to create 6 million jobs over the next 5 years is great news, not just from the employment perspective but also for the commercial real estate sector. It's going to be a nucleus in the growth of the office space demand, in the coming years. It gives a stamp of trust and approval to the earlier reports predicting the market size of co-working spaces to double over the coming 5 years," said Vineet Taing, President, Vatika Business Centre.

"We see a good boost to the affordable housing market with the announced initiatives like better coordination between the Center and the states for approval processes. The equal focus on Tier 1 and Tier 2 cities along with the megacities, in terms of creating mass transit systems, will help bridge the gap between the two. Moreover, the government's goal to create 6 million jobs over the next 5 years is going to act as a fillip in the growth of the residential as well as commercial sector in the near future," said Ashok Jaunapuria, MD & CEO, SS Group.

The real estate sector will also benefit from urban planning.

"In the Budget 2022, Urban Planning took the center stage. A high-level committee for urban planners and institutes to frame policies for urban development will provide an impetus to the real estate sector. We are glad that the government has a balanced focus on Tier 1 and Tier 2 cities, creating mass transit systems will bridge the gap between megacities and smaller ones. The aim to provide affordable housing for the middle class and economically weaker sections is commendable, and the allocation of Rs 48,000 crore for the same shows their commitment towards the cause. Single-window environmental approvals and better coordination between the Center and the states for approval processes are welcome steps and will help achieve this goal," said Manish Jaiswal, Group COO, Eldeco Group.

Mukul Bansal, Director, Motia Group, said, "The Budget 2022 has emphasized urban planning across Tier 2 and 3 cities which will further give impetus to the realty sector growth. The dedicated allocation of Rs 48,000 crore for PMAY for the fiscal year 2022-23 reflects the government's strengthened commitment to Housing for All by 2024. Besides, the government's impetus on digital transactions will infuse more transparency into the real estate transaction system."

Moreover, the roadmap of the proptech for the year ahead is a two-way street derived from the blend of significant technology and real estate industries.

"The Union Budget 2022-23 is expected to bring a mix bag of growth and fiscal consideration ahead of the Coronavirus pandemic. With the scaling employment in proptech the need for skill upgradation to meet the technological revolutions is enhancing the pace of self-reliant India and therefore the government should bank on policies and measures that not only uplift the sector but develop such a financial structure that pushes sustained growth of the proptech industry. Delay in administrative decisions leads to delay in delivery of projects which in turn multiplies the cost of the project and also the timely review of the RERA Act by the authorities is the need of the hour and is expected from the Union Budget 2022-23," said Shashank Vashishtha, Executive Director, eXp India.

Some developers, however, say that while the Budget 2022 is directly or indirectly expected to give a boost to real estate, it remains to be seen how the sector will actually benefit from it.

"The budget has filled us with optimism as the government has tried its best to uplift the economy. The focus on bringing a paradigm shift towards a usual business approach will change the industry landscape at a greater level. There was a clear focus on affordable housing and government support has been promised on land and construction-related approvals. However, more clarity is awaited as to how the real estate industry will actually benefit from the Union Budget 2022," said Rahul Singla, Director, Mapsko Group.