

# Sops, exemptions real estate sector seeks this Budget

## Synopsis

Analysts are expecting home loan interest for tax rebate limit to be raised to Rs 5 lakh from the present Rs 2 lakh. They also expect a reduction in the tax rate on capital gains.



'Industry' status to the sector, if granted, could help them avail cheaper credit facilities from financial institutions.

NEW DELHI: The [real estate sector](#) would be looking for various sops in the forthcoming [Budget](#), including relaxation in GST on under-construction properties, a GST reduction on key raw materials, a higher interest exemption for homebuyers and above all, the long-awaited demand of granting 'infra' status to the sector.

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Nirmal Bang Institutional Equities said it is looking towards a tax exemption on investments in REITs with a starting amount of Rs 50,000. Nirmal Bang's Amit Agarwal suggested expansion of affordable housing definition in non-metro and metro cities.

## STOCK ANALYSIS

Stock score of Oberoi Realty Ltd is 4 on a scale of 10.

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"The government should look at increasing the limit on the value of the house to Rs 75 lakhs in non-metro cities from Rs 45 lakh currently. In metro cities, the same limit should be increased to Rs 1.5 crores. The size of apartments under affordable housing should be increased to 90 sqm in metros from the current 60 sqm; and to 120 sqm in non-metros from 90 sqm," Agarwal said.

A separate tax deduction under section 80C could be offered for housing loan principal repayment, said Care Ratings in a note.

The rating agency noted that the Credit Linked Subsidy Scheme (CLSS) has benefitted over 3.3 lakh families and the extension since its implementation in 2017. Any further aid would be welcome, it said, adding that there could be a tax neutral business consolidation through merger or amalgamation to push some of stalled housing projects.

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Lastly, 'industry' status to the sector, if granted, could help them avail cheaper credit facilities from financial institutions.

The residential real-estate sector has seen some green shoots after the consolidation phase of over eight years, with listed players gaining good market share and were able to clock the highest-ever quarterly sales of late. Record low-interest rate at 6.5-7 per cent, relatively least adverse effects on regular salaried workers, falling real house prices, and various incentives provided by the centre and state governments have resulted in a strong pick-up in the residential real estate sector.

This is visible in strong trends in stamp duty and registration charges (SD&RCs). Analysts, however, believe that the numbers remain weak compared to pre-Covid trends.

Yash Gupta, Equity Research Analyst at Angel One, has [Oberoi Realty](#) **NSE -2.15 %** and [Sobha](#) **NSE 0.03 %** as top picks going into the Budget session.

"Considering the strong forward and backward linkages of the construction sector and the fact that it is the second-largest employer in India, any additional measures to boost the residential real estate sector would welcome. It could be either to grant it 'Infrastructure sector' status or to relax GST on under-construction properties or to reduce the GST on key raw materials or a higher interest exemption for homebuyers from the current limit of Rs 2 lakh," Motilal Oswal Securities said.

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