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Union Ministry to present interim budget on Friday, industry expectations ride high

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Interim finance minister Piyush Goyal will present the last budget for the Narendra Modi led government on Friday.

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With the elections round the corner, this will not be a full budget, the Union Ministry of Finance clarified on Wednesday, according to media reports.

This Vote on Account budget will highlight the income and expenses of the outgoing government, media reports said.

However, expectations from various corners are pouring in.

Amit Ruparel, Managing Director, Ruparel Realty said, "We are hopeful that the finance minister grants infrastructure status to housing sector which will be encouraging for developers. Infrastructure status will ensure easier access to institutional credit and help in reducing developers' cost of borrowing for affordable projects. It will further reduce the approval processes and increase transparency in the sector. Last year, we faced a tight spot of credit squeeze through the year at various intervals. "

He said, "While the consumer sentiments turned positive regarding investment when the government introduced subsidy (CLSS) for home loans under PMAY, the atmosphere of uncertainty was recreated with the increase in stamp duty. Hence, the upcoming union budget should be in favour of both homebuyers and developers regarding adequate funds to support and elevate the market. Furthermore, it will be an ideal situation if the GST is revised for real estate to make it more attractive and affordable. Even though the government has been showing signs of considering the proposal, nothing is approved yet. Getting timely approvals remains one of the biggest challenges for real estate developer which further delays the delivery of projects. Having a single window clearance is what we look up to which will be beneficial for both the developers and the consumers. Furthermore, we feel that the interest paid on loans taken for purchasing a residential property capped at Rs. 2 lakh under Section 24(b) can be increased for self-occupied properties which will lead to increased interest in home buying."

H P Rama Reddy, Chairman, Reliable Developers, said, "As we near the end of a financial year, we look forward to the budget with great anticipation as it plays an integral part in all our lives. Similarly, the real estate sector, which is key to overall development of a country, has its expectations from the government."

According to Reddy, real estate is a crucial sector in India and it contributes to 6-7 per cent of the GDP while generating employment opportunities in the country.

He said, realty in India currently provides livelihood to over 50 million people residing in the country and is expected to witness dynamic growth in the next four-to-five years.

"However, over the last two years the Indian real estate has witnessed some dynamic reforms hitting the sector which has elicited mixed results for the sector," said Reddy.

"While demonetization substantially slowed the sector by reducing the cash flow in the economy thus reducing the purchasing power of the consumers, the RERA ACT strengthened the consumers' footing," he said.

On a macro level, according to Reddy, the industry needs more stable and consumer friendly policies which will strengthen demand and boost the sector further.

He said, "Introduction of GST, capital gains tax, stamp duty et al have hampered the perception of the consumer towards the sector. It would thus, not be wrong to say that an additional tax rebate would help raise the confidence of the new home buyer. Further, multiple tax elements on purchasing a property like GST, registration, stamp duty etc., further increase the cost of the property resulting in consumers stalling their purchase decisions. Tax rebates on this front will help the sector immensely."

"Real estate developers want rationalization of GST for properties that are already under construction. Post GST implementation, the Goods and Services Tax has risen to as much as 18 per cent, discouraging home buyers and investors while stunting profit margins. The ideal slab concluded by realty players is 12 per cent," he said.

Members of the healthcare, tech, AI, and logistics sectors are also looking forward to the interim budget.

Akshay Singhal, Founder, Log 9 Materials, and working in the nanotechnology domain said, that electric mobility is extremely important for India. However, the adoption has been rather slow due to high cost of vehicles and challenges with daily use.

According to Singhal, this high cost is primarily driven by imports of technology and components for these vehicles.

Therefore, India needs to develop its own indigenous technologies which are better suited for the Indian ecosystem, he said.

"Current Li-Ion technology for electric vehicles is a big strategic disadvantage for India as it does not have any reserves of lithium or cobalt. Hence, today instead of being dependent on imports for petroleum, India is headed towards dependence on other nations for lithium and cobalt in future. It is commendable that significant steps have been taken towards indigenous manufacturing of li-ion batteries in India, but it is vital from strategic standpoint to stress and allocate funds for indigenous development of energy technologies better suited for the Indian climate and ecosystem. One such technology is Aluminium-air batteries which not only gives you long driving range without the need for huge charging infrastructure but is also powered by Aluminium. India is the third largest producer of Aluminium in the world. Further, it is our expectation that nanotechnology is given boost by setting up grant schemes for start-ups which are coming up with innovative technologies for future readiness," he said.

Siddharth Angrish, Founder, Jiyyo.com, an Artificial Intelligence based Patient Care Coordination Platform, expects easy funding opportunities for startup growth in India from the 2019 budget.

He said, "The Modi government has shown good interest in an upcoming startup with initiatives like Start-Up India & Digital India. Startup India has been quite a success. As an entrepreneur, I am expecting more. Also, we hope that start ups are given more relaxation in GST and decreased regulatory interference while applying for various tenders."

Sachin Haritash, Founder, Mavyn Digital Trucking, also highlighted the pre budget expectations of the Start-up ecosystem.

He said, "The impetus that the current government has made under the leadership of Prime Minister Mr. Narendra Modi for cultivating ecosystem to encourage start-ups in India is noteworthy. By relaxing the rules for self audit of books for first three years, the government has not only supported the growth of existing start-ups but also generated opportunity for young entrepreneurs. Our request to the government for this budget would be to nominate an independent institute/entity who will be responsible for valuation of start-ups."

According to Sachin Haritash, this will result in creating a system of fair market valuation as per the standards of international market.

"Government validated valuation system will give confidence to international investors to invest in Indian start-up. Creation of a single system for clearance and valuation will further boost the start-up ecosystem in India. We are eagerly looking forward to this announcement in the upcoming budget."

Highlighting on the logistics and transportation industry, Haritash said, "We are expecting that Industry status will be awarded to the transport and logistics sector. Although transportation and logistics industry is a key component of the industrial makeup of India, but the lack of a dedicated ministry has severely impacted the growth of the sector."

He said, the sector has been demanding industry status for the past three decades.

"We are hopeful that in this budget the sector will be awarded the status. If this happens, the sector will be able to contribute to the GDP growth of India in an effective manner; it will help channelize investments especially in logistics start-ups and improve India's ranking from 35 in World Bank 'Logistics Performance Index' and enable India to become part of the global supply chain,"he said.

Siddharth Jain, Co-Founder, Vaahika, an online marketplace venture focusing on intercity goods transport believes the seamless highway is the need of the hour, to make logistics more efficient and profitable.

He said, "It is understood that the government has been looking for solutions to reduce traffic snarls on highways; which has now become a major hassle for transporters. It is very much expected that the government should share a detailed outline or implementation vision on 'Toll-plaza free' seamless highways in this budget. It is also expected that the government will address the need of one nation - one permit in this budget; which has been suggested by the Logistics committee as well. "

A newly-elected government presents the full budget typically in July.

Image Credit: PIB-Twitter and others

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