

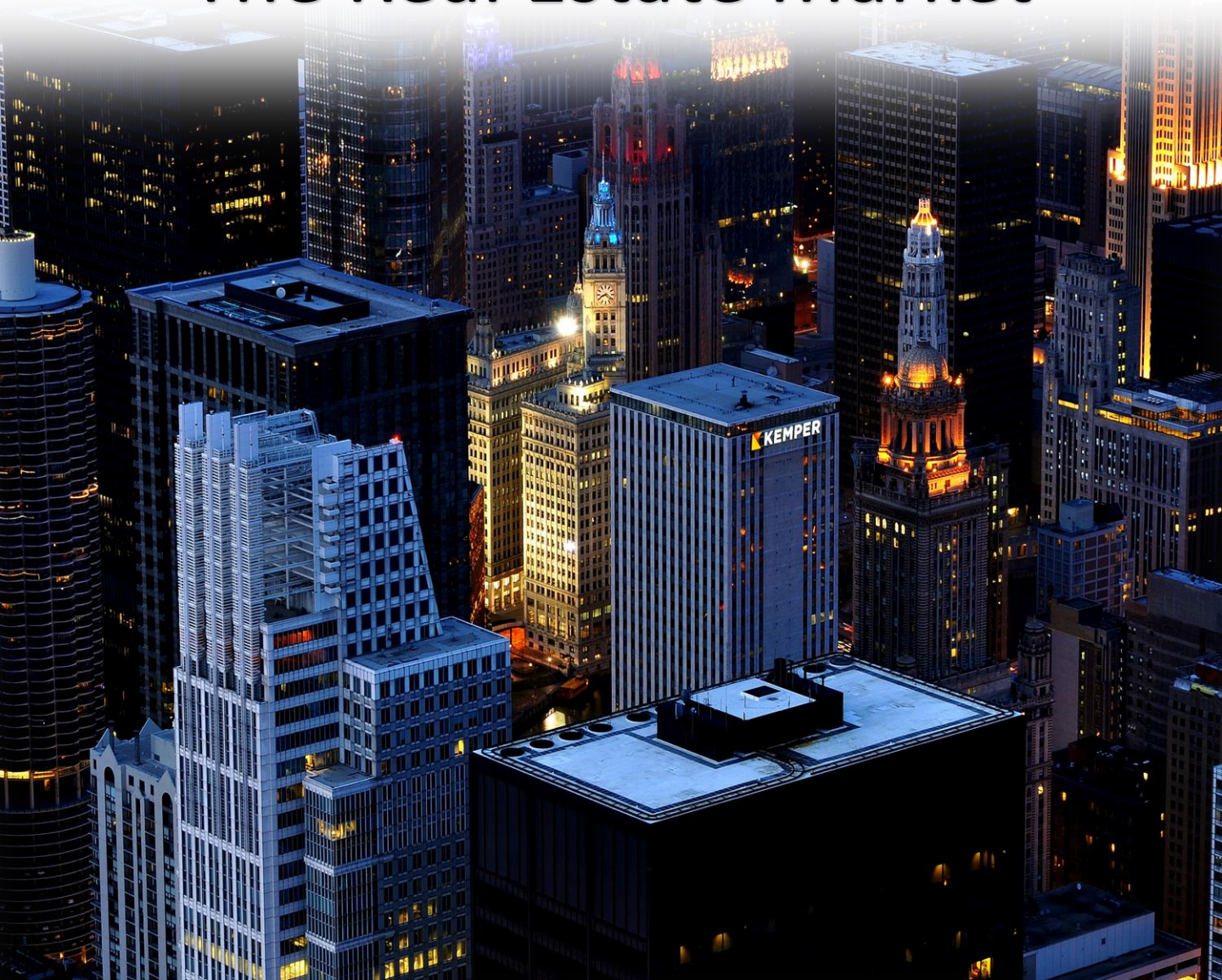


“Expansion Always, In All Ways”

May , 2020

| ISSUE - 0 4

REPORT on Rebooting The Real Estate Market





Time To Reboot The Real Estate Sector Post Lockdown

As we are completing more than three months of lockdown, everything is centered on how economy of the country can regain its pace.

Both Real estate, and construction & infrastructure spending is pledged around 16% of the country GDP. They are also known as second largest employment generation in the country, after agriculture.

The sector would result in providing large scale income to the unskilled sector; hence it is important for the both Union and State to focus on regaining this sector post lockdown.

We listed down few moves to regain the sector to spearhead economic rise.



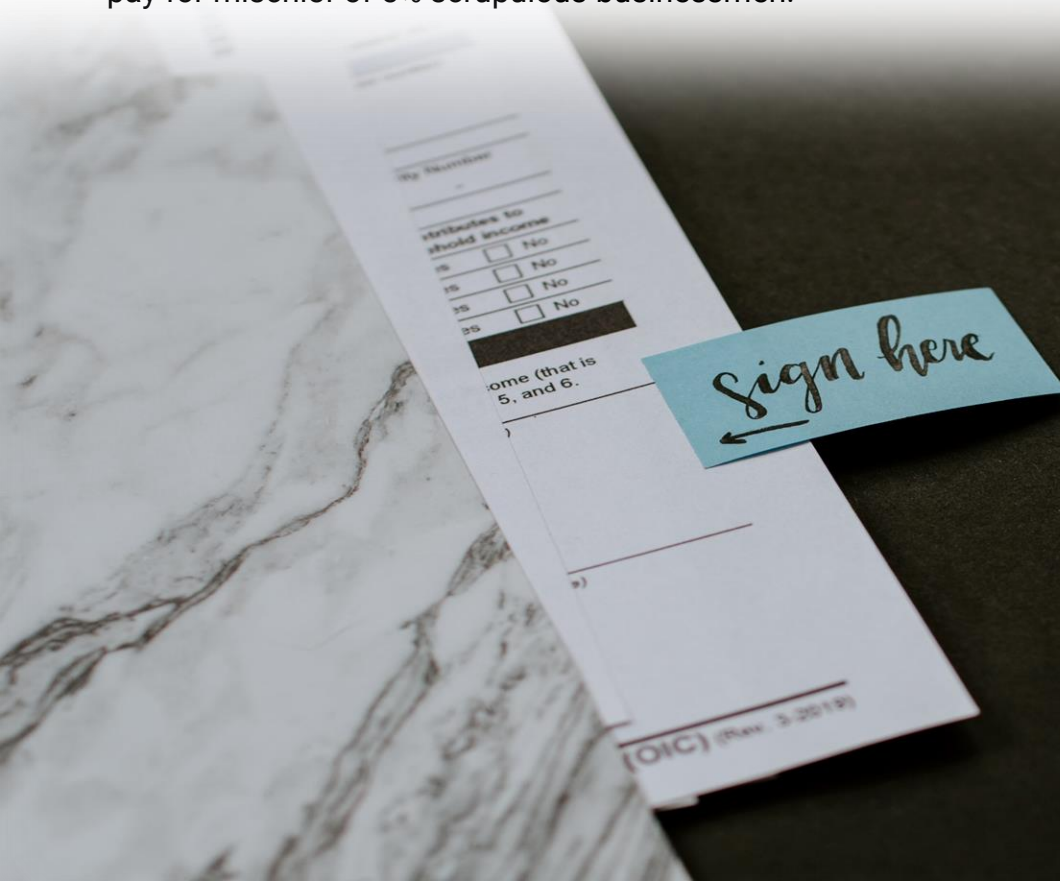


Removing The Practice Of Excessive Paperwork And Improve Ease Of Doing Business

This is the time administration should start a series of radical changes and address the issue of deferrals and expanded expenses emerging because of authorizations, endorsements, clearances, licenses, and so forth required to begin a task – be it in infrastructure or real estate sector.

Consents should be given dependent on affirmations by experts, like architects, civil engineers and so on. Laws and methodology should be corrected to make a lot of decides that a real estate and infrastructures developers needs to follow and expose to accreditation by the civil engineer, architect and other consultants, auto authorizations must be granted immediately on filing the application.

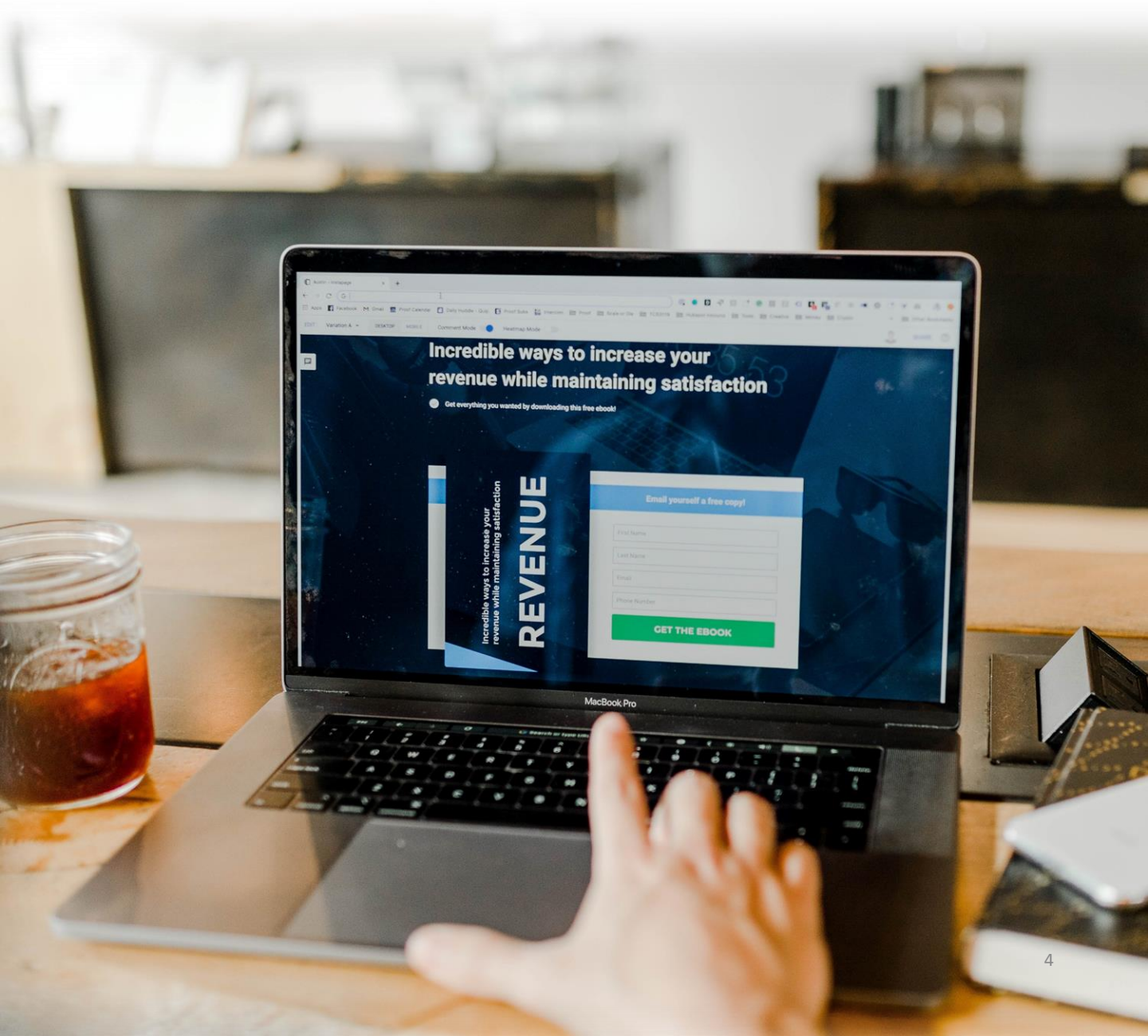
To ensure there is total compliance based on declarations and certifications, the government can create flying squads to verify the projects and in case of violations, strict punishment and stiff penalties must be imposed on violators. It is time the government started trusting the industry and 95% honest businessmen don't have to pay for mischief of 5% scrupulous businessmen.





Increase Income Tax Benefits For The First Home Buyers

In present situation, Income Tax benefits extended to home buyers are limited to Rs 2.5 lakh deduction for interest paid on home loans under Section 24(2) and Rs 1.5 lakh deduction for loan repayment under Section 80C. This is inadequate for first home buyers in metro cities like Bangalore and Delhi. These two deductions must be allowed on actual amount of the interests paid and loan repaid, to offer more benefits to the home buyers and incentivize him to buy his dream home.





Government Must Introduce Stamp Duty Payment On Instalments

Under construction projects, payment of Stamp duty on a single installment increases the pressure on home buyers. Whereas developers are demanding for the reduction of rates, they fail to assess the negative impact on the State's finance.

In such a situation, instead of having to incur a loss of tax revenue arising from reduction in stamp duty, governments can collect Stamp Duty in installments on every progress payment, instead of one single bullet payment.

In Karnataka stamp duty has cut down from 5% to 3% for properties up to ₹35 Lakhs and 2% for properties up to ₹20 Lakhs





Enhance PMAY Eligibility Criteria

In few metro cities it is difficult to buy even a small house for 45 lakhs. As a result, middle income group people cannot buy home. It is imperative for the Government to increase the threshold value for the affordable houses in tier 1 cities.

Loan and Subsidy limits in metro cities must be increased to cover the middle group people in PMAY and support them in buying their first home. This helps the industry in selling unsold inventories and get buyer support.

SWAMIH Fund Must Fund In The Industry

Special Window for Completion of Construction of Affordable and Mid-Income Housing Projects (SWAMIH) fund is lending minimum of 100 Cr and maximum developers who are need of just 10 to 50 crores for completion of their projects. The SWAHIM cannot lend such small amount for two reasons:

1. Majority of small developers who need money lack proper corporate governance and management systems in their organization and worst is lack of transparency.
2. Asset management and monitoring of such huge number of accounts becomes extremely difficult and can cause bigger problems of mismanagement.

SWAHIM must lend money to large developers with respected brands, credible track record of delivering projects on time, and strong balance sheets.

These developers can use the funds advanced by SWAMIH to take over and complete projects of smaller developers that are stuck midway.





Interest Rates By SWAMIH Must Be Lined Up With The Market Rates

Rate of interest charged by SWAMIH Fund needs to be competitive with the rates in the market. After factoring risk of scale and developer risk, cost of funds for smaller developers would be extremely high for them to borrow and ensure project is viable.

Funds are advanced to large developers based on their credit rating, and those funds deployed in completing projects of smaller developers, would ensure real estate sector gets funded and is able to complete stuck up projects and hand it over to customers, and thereby building customer confidence for the industry.

Facilitate Ease In Availing GST Input Tax Credits On Purchase

Today it has become extremely tedious for developers to chase vendors and force them to pay the said tax to the exchequer, to claim ITC. Reconciliation in GSTR 2A is the area of compliance that requires simplification to enable ease of doing business.

Hence, developers who have opted for the GST Scheme that allows Input Tax Credit (ITC) need to be allowed to avail input tax credit, if they have made the payment, irrespective of whether vendors have paid the said tax.





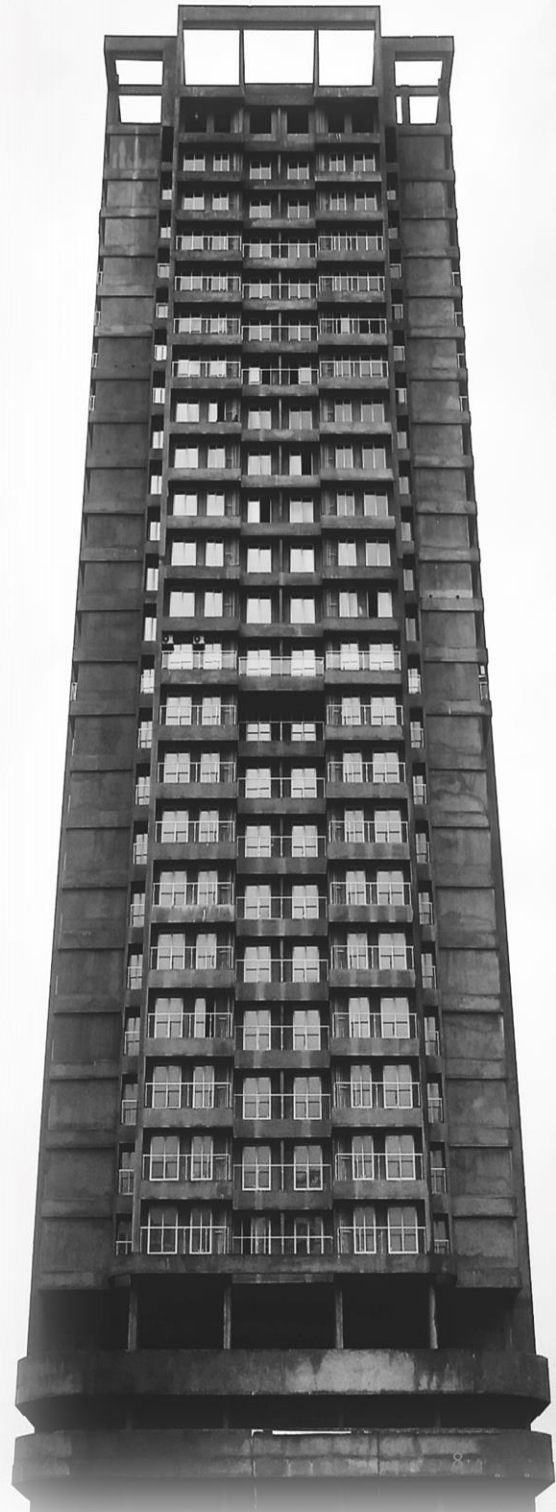
Increase In FSI And Ground Coverage To Make Projects Visible

Local bodies would also gain from this move by being able to charge a reasonable premium on the additional FSI. This would result in developers getting more area for sale and thereby reducing cost of land.

Along with higher FSI, local bodies must allow for higher ground coverage so that developers don't have to go for high rises. Taller the building, the longer it takes to complete the project and increases the project cost. Higher construction cost and project duration would make many projects unviable or would force developers to pass on increase in construction cost on the consumer.

Make in India and Design in India

This will ensure that real estate and infrastructure industry acts as a catalyst driving job creation in India in all allied sectors. To enable this, Government can make it compulsory for Indian developers to buy services of local service providers only. At the same time, Indian developers must ensure that they buy services of local civil engineers, architects, designers, landscape consultants, etc.





Investment In Infrastructure To Enhance Job Opportunity And Economic Growth

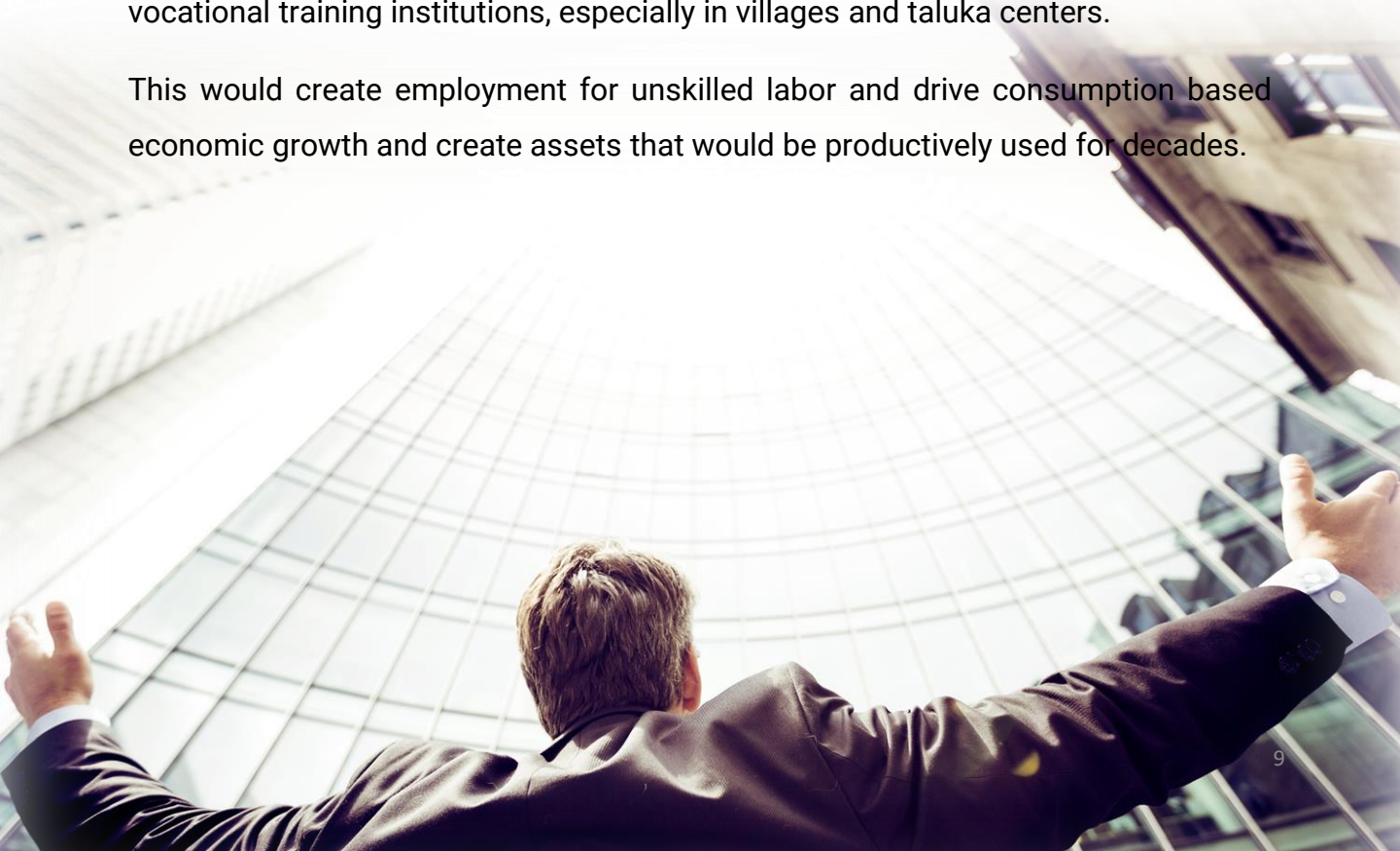
The government has announced a Rs 1 lakh crore investment in infrastructure. This would be the biggest trigger driving economic growth after lockdown is lifted.

COVID-19 has highlighted the grave situation of healthcare infrastructure in the country. India has 0.9 beds per 1,000 persons, as against WHO standards of 3 beds per 1,000 persons. India needs to aggressively invest in building new hospitals and primary, secondary, and tertiary healthcare facilities across the country from major cities to small villages.

The government needs to focus on building and expanding roads, invest in new ports and upgradation of existing ports to improve their efficiency and reduce logistics costs. Equal attention needs to be paid on developing urban and social infrastructure.

India is suffering from lack of proper educational institutions. Like health care, government must invest in building school and colleges, and technical and vocational training institutions, especially in villages and taluka centers.

This would create employment for unskilled labor and drive consumption based economic growth and create assets that would be productively used for decades.





Prices And Expectation Gap Analysis And Interpretation

The residential properties across key markets have declined to 2-9% since lockdown came into effect. Among tier 1 cities, Pune and Bengaluru witnessed the least decline in the buying sentiments due to uncertainty caused by outbreak of COVID-19.

As we observe there is decline of maximum 9%, the price drop may encourage those who are planning to invest.

Few tier 1 cities, already had sluggish market sentiments before the lockdown and comparatively low consumer buying intent.

It can be suggested as the plan of launching new projects at higher prices cannot fill in the gap between the home buyers or sellers. The only way to surpass the present pandemic by selling the left-over inventories at optimum price and meet the expectation of the buyers to generate revenue as well as to develop the real estate market.





Engaging Buyer Motive To Buy More

Due to COVID- 19 buyers are worried about their financial issues, to attain their attention by giving them offers. The offers may include the payment slab and schemes, discounted prices, optimizing online platforms, 3D virtual, providing interior designing as well as few compliment elements in new homes and many more. This helps to motivate the buyers to buy the property and boosts the real estate residential market in the country.

Affordable Housing And Millennials Push To Buy

Pushing the millennials to buy an affordable housing as it is their first home and up to 50 lakhs properties. As per reports 70% of India’s properties buyers are interested in buying within 50 lakhs. Credit Linked Subsidy Scheme (CLSS) under PMAY has led to increased buyer’s interest in the affordable housing and lower segment houses.

The developers must launch new projects post pandemic which focuses on affordable housing along with that they must push the buyers to buy by offering few premium offers.

Buyers need to do a complete due diligence while buying flats in the affordable housing projects. The project must be RERA registered and have all approvals from government authorities.

The government has been pushing affordable housing though PMAY to provide affordable housing by 2022. Only 1% GST is levied on affordable projects costing up to RS 45 lakhs.





Last But Not Least

Buying Over Rentals

As the pandemic COVID-19 is playing a major role in real estate market and can observe the decline in price and government are encouraging for affordable housing, the buyer must seek out in purchasing new property rather paying rentals. The buyers will get a sense of security and pride of ownership. You will not have to face increase rentals. When you buy a house with a loan, you will be already aware of EMI required to be paid over the long term, hence future cost prediction will be stable. There is less likely hood of interface in your life, when you live in our own home.





“Expansion Always, In
All Ways”

About DEB Infra Homes

We are DEB Infra Homes, a young Property service provider company that caters services across all verticals of real estate namely Residential, Commercial, Rental & Investments not only in India but abroad too. We proudly say we are powdered by customer service. We believe real estate is not just buying and selling but it's about building relationships. Our homebuyers are verified and properties are handpicked. Our India's services apart from Home Buying include aiding in procuring commercial properties, assisting Home Loans, Interior Designing, Tenant and Property Management, Project Mandate Marketing, legal services, documentation and investment instruments too. We provide hassle-free personalized

services throughout the Housing Experience. DEB Infra Homes engages with buyers and sellers across India connecting them on a holistic realty network. Initially, our team takes a careful note of a home buyer's requirements. After a detailed and thorough understanding of the various criteria, our professional consultants carefully list a variety of suitable options. From then until the moment our clients live in their new abodes, our customers are assured of a stress-free process. Providing value added services such as Home loan assistance, Interior consultation, Property Rental management services, Reselling have been our latest initiatives along with commercial strata sales.