

**GOVERNMENT OF INDIA
HOUSING AND URBAN POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3130
ANSWERED ON:24.04.2012
POLICIES FOR DEVELOPING REAL ESTATE SECTOR
Rao Shri Nama Nageswara

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

- (a) whether the National Real Estate Development Council has demanded few changes in the Government policies for development of realty sector and increase in supply of housing units;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

Answer

THE MINISTER OF HOUSING & URBAN POVERTY ALLEVIATION (KUMARI SELJA)

(a)&(b): National Real Estate Development Council (NAREDCO) had given their suggestions mainly on the following issues:

1. Real Estate (Regulation & Development) Bill, 2011 - NAREDCO had welcomed regulation of real estate sector and made recommendations with respect to certain provisions of the draft Bill. 2. Recommendations for fiscal and financial incentives to housing sector included among other things :

(i) According infrastructure status to housing sector under Section 80 IA of Income Tax Act, extending the time limit for sanction of housing projects to avail benefits under Section 80 IB of IT Act and inclusion of cost of land and building construction cost as part of capital expenditure under section 35 AD of IT Act.

(ii) Incentives for promoting Rental Housing : income from renting should be taxed at flat rate of 10%, deduction from rental income under Section 24(a) should be increased from 30% to 50% etc.;

(iii) Incentives for Housing Finance Companies (HFCs) under Section 36 (1)

(viii) of Income Tax Act to improve their lendable resources and provisions for bad and doubtful debts available under Section 36 (1) (viii a) should be extended to HFCs;

(iv) External Commercial Borrowings (ECBs) should be allowed in all spheres of housing and real estate development, as also in SEZ projects.

3. Streamlining building plan approval process and introduction of single window system to avoid delays.

(c): Reactions of the Government with respect to the above recommendations of NAREDCO are as under:

- 1. NAREDCO has been associated in the process of formulation of the Real Estate (Regulation and Development) Bill, 2012. 2. Important recommendations in respect of fiscal and financial incentives have been recommended by this Ministry for consideration of Ministry of Finance. Affordable Housing has been given necessary thrust in the current year's budget proposal of Government of India.
- 3. This Ministry has constituted a Committee with representatives of NAREDCO among others to examine the feasibility of streamlining building plan approval process and exploring ways to introduce single window mechanism for the same.