

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2429
ANSWERED ON:25.07.2014
REQUEST FROM CREDAI
Vichare Shri Rajan Baburao

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has received request from realtors body Confederation of Real Estate Developers Association of India (CREDAI) seeking tax incentives on development of affordable housing projects and interest rate reduction on home loans to below 7 per cent to boost growth in the sector and if so, the response of the Government thereto;
- (b) whether single-window clearance for the real estate project and industry status to the sector as also allowing tax (direct and indirect) concessions for affordable projects have also been sought by the CREDAI and if so, the response of the Government thereto; and
- (c) the other demands sought by CREDAI and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (NIRMALA SITHRAMAN)

(a) to (c): Requests seeking direct tax incentives on development of affordable housing projects have been received from realtors body Confederation of Real Estate Developers Association of India (CREDAI). The requests were examined during the budgetary exercise but were not acceded to as the specified business of developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government and notified by the Board in this behalf, is already eligible for tax benefit under section 35AD of the Income-tax Act, 1961.

So far as indirect taxes are concerned, low cost houses upto a carpet area of 60 square meters per house in a housing project approved by the competent authority empowered under the `Scheme of Affordable Housing in Partnership framed by the Ministry of Housing and Urban Poverty Alleviation, services by way of construction, erection, commissioning or installation or original works are exempted. Further, services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana, are exempted. However, CREDAI had represented that the present exemption may be extended to cover all affordable housing projects where the area is less than eighty square meters. Demand of CREDAI was examined but could not be acceded to. Certain other issues relating to service tax, made by CREDAI were in respect of construction sector which were also examined as part of Budget exercise, but could not be acceded to. With regard to interest rate reduction on home loans to below 7 per cent, no proposal was received from CREDAI by the Ministry of Housing & Poverty Alleviation. Since Land and Colonization being State subject, the issue of single window clearance for real estate sector has to be addressed by State Governments.