

Delhi NCR Region Weekly News Snapshot

Coverage 1

Additional tax benefit for first-time home buyers from April 1

Media

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Additional tax benefit for first-time home buyers from April 1

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First time home buyers will get additional tax benefit for purchase of residential properties of value up to Rs 50 lakh.

NEW DELHI: First time home buyers from tomorrow will get additional tax benefit for purchase of residential properties of value up to Rs 50 lakh.

The government's proposal coming into force from tomorrow is aimed at promoting its 'housing for all' scheme and bolster the real estate sector which is facing a huge slowdown for last three-four years.

The Finance Bill 2016, which is likely to be approved by Parliament during the second half of the Budget session, provides for up to Rs 50,000 tax benefit on loan up to Rs 35 lakh taken for residential house.

"In furtherance of the goal of the Government of providing 'housing for all', it is proposed to incentivise first-home buyers availing home loans, by providing additional deduction in respect of interest on loan taken for residential house property from any financial institution up to Rs 50,000," said the Bill, presented to Parliament by Finance Minister Arun Jaitley.

This incentive is proposed to be extended to a house property of a value less than Rs 50 lakh in respect of which a loan of an amount not exceeding Rs 35 lakh has been sanctioned during the period from the April 1, 2016 to March 31, 2017.

"It is also proposed to extend the benefit of deduction till the repayment of loan continues," the Bill said.

The proposed deduction is over and above the limit of Rs 2 lakh provided for a self-occupied property under section 24 of the Act.

Realtors' apex body CREDAI Getamber Anand said the tax incentive will encourage first-time home buyers and increase the demand significantly.

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Coverage 2

Real Estate Bill to build trust

Media

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Regulation and transparency in realty sector is an idea whose time has finally come. The Real Estate Bill is landmark legislation as it promises to secure the interests of homebuyers and developers in equal measure and remove corruption and inefficiency from the sector.

A total of 76,044 companies are involved in realty sector. Real estate is the second largest employer in the country, next only to agriculture and accounts for about 11 per cent of GDP. The construction sector supports 250 ancillary industries. The Bill is, therefore, crucial to ensuring better regulatory oversight and orderly growth in the industry which is believed to account for about a third of India's black money deals.

Building trust has been one of the most difficult challenges for India's real estate industry to surmount. Hiding in the haze of a massive construction boom are the grumbles of millions of consumers about opacity in transactions and incomplete project disclosures.

Previously, in the absence of a regulatory authority, real estate deals were largely done on faith or based on the experience of friends and family. The Bill, which was amended to reflect the "views and suggestions of various stakeholders and political parties," according to Minister for Parliamentary Affairs and Urban Development Venkaiah Naidu, won approval from lawmakers across the political spectrum.

The Bill provides for punitive measures for misbehaviour. It makes it mandatory for all commercial and residential real estate projects where GOVERNMENTthe land is over 500 square metres or eight apartments to register with the proposed regulator before launching a scheme.

Prime Minister Narendra Modi said the Bill was "great news" for aspiring homebuyers. The PM said the Bill envisages effective regulatory mechanism that will lead to orderly growth of the sector and give a strong impetus to his government's vision of 'Housing for All'.

Over the last few years, several developers have gone back on their commitment of delivering projects on time because of various reasons ranging from economic slowdown to delay in project approvals. So far, homebuyers had no forum to approach except consumer courts as the sector was devoid of regulation. Also, an equal rate of interest has to be paid by promoters and buyers in case of default or delays.

Some real estate companies have expressed concern over not including the government authorities that sanction projects under the purview of the Bill. The sector holds these authorities responsible for delays in projects in several cases.

Though the sectoral people and experts have broadly welcomed the passage of the Bill, they are protesting against bringing ongoing projects under it. They are also upset that their demand for a single-window clearance has not been addressed.

The Confederation of Real Estate Developers' Associations of India (Credai) President Getamber Anand said bringing ongoing projects under the legislation would mean stopping the work and ensuring the compliance of these with the new legislation. "This will be time consuming and if a project has already been sold up to 50 per cent and construction is underway, it is practically impossible to make the rest of the project compliant with the Act. Also, making the project fully compliant would be absurdly inconvenient and expensive," he said.

Even certain consultancy firms have expressed concern on some provisions of the Bill. But, in the ultimate analysis, experts say the Bill will help change the overall negative image of the sector as it intends to protect the interest of the buyers, developers and investors. It is not just that the legislation seeks to make "the consumer the king"

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Coverage 3

Logix develops Rs 600-crore project in Noida, to earn Rs 80 crore rent per year

Media

ET Reality.com

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NEW DELHI: Realty firm Logix has developed a mixed-use project comprising a 6 lakh sq ft shopping mall in Noida at an investment of Rs 600 crore and expects to earn an annual rental income of about Rs 80 crore.

Noida-based Logix group is also in the process of giving final exit to Bahrain-based TAIB Bank from its Logix Techno Park project for about Rs 102 crore, company's Chairman and Managing Director Shakti Nath said.

"We have come up with a 6 lakh sq ft shopping mall and a 4 lakh sq ft office building in Noida at an investment of about Rs 600 crore," he said, adding that the mall 'Logix City Center' was opened last week.

PVR has launched its largest and most premium concept 'Superplex' in the mall that would cater to an audience of 1,539 across 15 screens.

The company expects an annual rental income of about Rs 60 crore from the shopping mall, Nath said.

In office complex, Logix has sold half of the space and the remaining has been leased with an expected rental income of about Rs 20 crore.

The shopping mall and office tower is part of the 6 acre project. The company would also develop a hotel and service apartments in this project.

"The total development in this entire project will be 18 lakh sq ft at a cost of about Rs 1,000 crore," Nath said.

He further said the company has decided to give final exit to its FDI investor TAIB for about Rs 102 crore in its UT park project in Noida.

In 2008, TAIB Bank had acquired 49 per cent of Logix TechnoPark located in Noida.

Logix group has completed development of 4 million sq ft of office space for IT sector. It is also developing three housing projects.

The company has recently formed joint ventures with ATS Infrastructure for the development of two housing projects in Noida. The land would be provided by the Logix group for both the projects while ATS would be responsible for construction and marketing of the projects.

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Coverage 4

Budget

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