
Reaction on the Union Budget 2019-20

Bengaluru, July 05, 2019: Mr. J C Sharma, Vice Chairman and Managing Director, SOBHA Limited said, "We welcome the Union Budget 2019-20 presented by the Government, which is development-centric and focuses on the overall strengthening of the economy. It proposes to take the economy to the \$5 trillion mark in the next few years, which will augur well for the country.

Affordable Housing

The last few years have witnessed increasing focus on the affordable housing segment. It remains a key segment for the Government towards its mission of 'housing for all'. To provide further impetus to affordable housing segment, the Government has sanctioned **over 81 lakh homes under PMAY Urban scheme** with an investment of about 4.83 lakh crore. **Of these, construction of 47 lakh houses** has already begun. Besides this, an additional deduction of up to Rs. 1.5 lakh for interest paid on loans borrowed up to 31st March, 2020 for purchase of a home valued at Rs. 45 lakh has been provided. This will give the much needed fillip to the affordable housing segment. More importantly, this translates into a benefit of Rs. 7 lakh over the loan period of 15 years. Further, unavailability of land or high cost of land has been a hindrance to affordable housing projects. On this, the Government has proposed to make land parcel from public entities for such projects, which is a positive step.

Aligning the definition of affordable housing in the Income-tax Act with the GST Acts, the Government has proposed to increase the limit of carpet area from 30 square meters to 60 square meters in Metropolitan regions and from 60 square meters to 90 square meters in non-metropolitan regions. It is also proposed to provide the limit on cost of the house at Rs. 45 lakh in line with the definition in the GST Acts. Increasing carpet area was an important demand of the sector, which has been addressed appropriately.

NBFC

Further, the Government has announced that Non-Banking Financial Institutions (NBFCs), which are fundamentally sound should continue to get funding from banks and mutual funds without being unduly risk averse. For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs. 1 lakh crore during the current financial year, Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%. Due to RBI's limited regulatory authority over NBFCs, the Government has announced appropriate steps towards strengthening this and will be placed in the Finance Bill. This will help ease the liquidity crunch in the real estate market.



The regulation of housing finance proposed to be given to the RBI from the National Housing Bank (NHB). Through this long-term structural move, the Government is looking to enhance the supervision of housing finance companies. This is definitely a positive step.

Tax Slabs

Keeping the income tax slab rates unchanged despite the headwinds in the market, the Government has protected the interest of the tax payers.

Direct Taxes

Furthermore, the lower rate of 25 % has been only applicable to companies with an annual turnover of up to Rs. 250 Crore. This Government has proposed to extend this rate to companies with an annual turnover of Rs. 400 crore. This is a welcome move and will cover most companies in higher tax bracket.

As one of the major contributors to India's GDP, some of the demands of the real estate sector has been addressed with these announcements. We hope this will help improve the market sentiments."

About SOBHA Limited:

Founded in 1995, SOBHA Limited is one of the fastest growing and foremost backward integrated real estate players in the country. It means that the company has all the key competencies and in-house resources to deliver a project from its conceptualization to completion. SOBHA is primarily focused on residential and contractual projects. The Company's residential projects include presidential apartments, villas, row houses, super luxury & luxury apartments, plotted developments and aspirational homes. In all its residential projects, the company lays strong emphasis on environmental management, water harvesting and highest safety standards. On the contractual projects side, the Company has constructed a variety of structures for corporates including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres, and club houses. For more information on SOBHA Limited, please visit: www.sobha.com

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