

Highlight of Union Budget 2011-12 Relevant to Real Estate Sector

Boost to Housing Sector Finance

Various steps have been taken in this year's union budget to give a boost to housing sector finance. The existing scheme of interest subvention of 1% on housing loans has been liberalized by extending it to housing loan upto Rs. 15 lakh where the cost of the house does not exceed Rs. 25 lakh from the present limit of Rs. 10 lakh and Rs. 20 lakh respectively.

On account of increase in prices of residential properties in urban areas, it has been proposed to enhance the existing housing loan limit from Rs. 20 lakh to Rs. 25 lakh for dwelling units under priority sector lending.

To provide housing finance to targeted groups in rural areas at competitive rates, the budget proposes to enhance the provision under Rural Housing Funds to Rs. 3000 crore from the existing Rs.2000 crore.

The Union Finance Minister Sh. Pranab Mukherjee while presenting this year's budget has also proposed the creation of a Mortgage Risk Guarantee Fund under Rajiv Awas Yojana. This would guarantee housing loans taken by Economically Weaker Sections and Low Income Group households and enhance their credit worthiness.

To prevent frauds in loan cases involving multiple lending from different banks on the same immovable property, the Government has facilitated setting up of Central Electronic registry under the SARFAESI Act, 2002. This Registry will become operational by March 31, 2011.

Surcharge on Corporates Lowered to 5 Per Cent Mat Increased Marginally : SEZ Developers Brought under MAT

In the General Budget 2011-12, surcharge on domestic companies has been reduced to 5 per cent from the present 7.5 per cent, continuing with the process of phasing out the surcharge. Rate of Minimum Alternate Tax (MAT) has been increased from the current rate of 18 per cent to 18.5 per cent of book profits to keep the effective rate of the MAT at the same level.

Presenting the Budget in the Lok Sabha today, the Union Finance Minister, Shri Pranab Mukherjee said that, MAT would be levied on developers of Special Economic Zones as well as units operating in SEZs.

Bharat Nirman Allocation increased by Rs.10,000 Crores Rural Broadband Connectivity to all 2.5 Lakh Panchayats Planned in three Year

The Union Minister of Finance Shri Pranab Mukherjee, while presenting the Union Budget for 2011-12, has announced that Bharat Nirman package consisting of 6 flagship programme has been allocated Rs.58,000 crore, which represents an increase of Rs.10,000 crore from the current year. Bharat Nirman package includes Pradhan Mantri Gram Sadak Yojana (PMGSY), Accelerated Irrigation Benefit Programme, Rajiv Gandhi Grameen Vidyutikaran Yojana, Indira Awas Yojana, National Rural Drinking Water Programme and Rural telephony.

Shri Mukherjee emphasized that the Government's flagship programmes have been the principal instrument for implementing its agenda for inclusive development.

With a view to take INTERNET at the grass root level, the Finance Minister said that a plan has been finalized to provide Rural Broadband Connectivity to all 2,50,000 Panchayats in the country in three years.

Exemption Limit for Individual Tax Payers Raised to Rs.1,80,000 Qualifying age for Senior Citizens Lowered to 60 Years Senior Citizens above 80 Years to Get Exemption upto Rs. 5,00,000

The exemption limit for the general category of individual tax payers has been enhanced to Rs. 1,80,000 from Rs. 1,60,000 in the General Budget 2011-12, presented by the Union Finance Minister, Shri Pranab Mukherjee in the Lok Sabha today. The measure will provide a uniform tax relief of Rs. 2,000 to every tax payer of this category, besides moving closer to Direct Tax Code (DTC) rates.

Qualifying age for Senior Citizens has been reduced from 65 years to 60 years and exemption limit for Senior Citizens has been enhanced from Rs. 2,40,000 to Rs. 2,50,000. A new category of Very Senior Citizens, 80 years and above, has been created who will be eligible for a higher exemption limit of Rs. 5,00,000.

RS.2,14,000 Crore Allocated for Infrastructure Sector Rs.30,000 Crore Tax Free Bonds to be Issued ifcl to Achieve Disbursement Target of Rs. 25,000 Crore by 2012

Announcing the General Budget 2011-12 here today, Shri Pranab Mukherjee, Finance Minister, proposed an allocation of Rs.2,14,000 crore for infrastructure sector, which is 23.3% higher than current year. This amounts to 48.5% of the Gross Budgetary support to plan expenditure.

The Finance Minister, stated that in order to give a boost to infrastructure development in railways, ports, housing and highways development, it has been proposed to allow tax-free bonds of Rs.30,000 crore to be issued by various government undertakings in the year 2011-12. This includes Indian Railway Finance Corporation Rs.10,000 crore; National Highway Authority of India Rs.10,000 crore; HUDCO Rs.5000 crore and Ports Rs.5000 crore.

Shri Mukherjee informed that India Infrastructure Finance Company Limited (IIFCL) is expected to achieve a cumulative disbursement of Rs.25,000 crore by March 31, 2012. Under the take out financing scheme, seven projects have been sanctioned with a debt of Rs.1500 crore. Another Rs.5000 crore will be sanctioned during 2011-12, he informed.