

# INTERVIEW ON AFFORDABLE HOUSING

BY

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### Q.1 :- What should be the approach towards building affordable housing in India?

→ To make affordable housing successful in India their needs to be change in the approach of looking towards it. Special Economic Zones were created to facilitate exports by offering package of incentives for both developer & occupier. The result was that large developments were undertaken in IT & ITES sector and the loss in revenue due to taxes was compensated by increased inflow of foreign exchange & employment generation. In a similar fashion Affordable Housing Zones needs to be created wherein a similar package of incentives should be offered. This will generate employment &

also make the houses affordable as we are all aware the tax both direct & indirect account to over 30% of the cost of construction. Their also need to be rationalisation in development control rules more particularly increase in ground coverage & reduction in parking norms.

### Q.2 :- How you look at the “Infrastructure Status” given to Affordable Housing segment by the central government?

→ Infrastructure status has been awarded but the Benefits in the true sense is yet to percolate down. Necessary notification from RBI also needs to be issued for relaxations of Interest rates. Taking one step forward, Financial Institutes should consider Affordable Housing Scheme as independent Infra project & finance should be made available for even purchase of Land.





**Q.3:- How do you view the Affordable Housing Sector, especially in Maharashtra under PMAY? How has the sector evolved in terms of infrastructure?**

→ Affordable housing sector in Maharashtra is still at a very preliminary stage. It is yet to be evolved the way it should have been. Clarity of thought with the nodal agency like MHADA is still not there.



**Q.4 :- As per your view, how conducive are the rules and regulation, taxes regime, etc in Maharashtra for the real estate sector to push affordable housing? How have RERA and GST impacted the sector in terms of safeguarding both the sector and consumers?**

→ Rules & regulations in Maharashtra are still not as conducive as they should be and the major hindrance is the parking norms. The stamp duty & Taxes & charges still need to be rationalised for e.g. if Govt allotment & free sale component are both identical then the stamp duty benefit need to be similar to both. There should be no GST for affordable housing projects.





**Q.5 :- Considering the huge demand for Affordable Housing what makes Magarpatta group well-positioned to capitalise on this opportunity?**

→ We have already entered into this sector and are already constructing about 1100 affordable houses under the Social housing scheme which is mandatory for Townships at Nanded City, one of our group companies is also planning to do 5000, 30 Sq. meter tenements under the PMAY scheme & we are awaiting Govt. approval.



**Q.6:- What are some of the initial challenges which you may face while foraying into this new venture?**

→ Approach of the Nodal agencies is a challenge. They need to understand roles of each other's. The developer doing business for Profit & it has to be respected. More over after RERA the responsibilities of the developer not completing the scheme should not be relevant any longer.



**Q.7 :- Do you think having a in-house construction arm is additional – big advantage while entering into this new venture particularly when margins in affordable housing are minimal?**

→ In house construction capability is a prerequisite while doing affordable housing project. Cost optimization is extremely important.



**Q.8 :- What is your message to aspiring developers who wants to foray into Affordable Housing ?**

→ The future is good but one needs to study the plan, work on the costing, increase efficiency & keep proper budgetary consideration to be successful in affordable housing .



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