



## Realty Data

The construction material and labour costs have risen to a new high post pandemic



**The growth of urbanisation** in India has resulted in increasing pressure on the housing sector as well as the basic urban infrastructure and services.



## FENG SHUI

What are the general guidelines to rejuvenate your work place?  
SBS Surendran

# CM Stalin Launches Mega Plans to boost Realty Sector

By V Nagarajan

**I**naugurating the two-day Statecon 2021 held at The Leela Palace, MRC Nagar and organised by the Confederation of Real Estate Developers' Association of India (CREDAI) Tamil Nadu chapter, Chief Minister M K Stalin has assured real estate sector for improving housing stock in the state. He expressed his determination to make the Tamil Nadu state slum free by 2030 and focused on middle income group housing. Minister for Commercial Taxes and Registration Department, S Muthusamy also participated in the event.

After agriculture, construction sector is a growing industry. Buildings reflect the history as well. In Keeladi, excavations have revealed 3,000 years of rich history, city culture and Tamil culture.

"In Tamil Nadu construction industry plays a significant role and total revenue from the industry is 18.3 per cent to the state exchequer. In September alone, Tamil Nadu has got Rs 5,973 crore by way of registration revenue. The total number of projects registered upto November in TN RERA is up



by 17 per cent when compared to last year," said Stalin.

Office space absorption was 4.4 million sqft by way of lease when compared to last year. Data clearly indicates that the economy is growing. Each and every one of your contribution is there. The government and private sector will benefit, said Stalin.

According to CM Stalin, the government has taken a series of policy measures on export, IT and finance. The FinTech City to be built to world

class standards will come up in Nandambakkam on an area of 10 lakh sqft. We expect MNCs and Indian corporate will take part which in turn will contribute to the exchequer. A trade centre will be built at Pattinapakkam as well.

Chief minister Stalin announced that the government is planning to speed up the construction approval process. A single window system will be introduced for clearance of project approvals in 60 days time. Besides self-certifi-

cation and deemed approval methods would be introduced soon. Moreover, the building plan permission period will be extended from five to eight years.

According to Stalin, the archaic laws enacted decades ago will be reviewed and new changes incorporated in its place. Chennai's third Master Plan is getting ready which will cover the expanding city requirements for periods 2026-2046. This mega plan will take into account city's growing transport and housing requirements.

"There are plans to enhance the Koyambedu integrated market and bus stand, Madhavaram bus terminus and Sathangadu steel and iron market to global standards. Kilambakkam bus stand progress will be reviewed as well," said Stalin.

The government is keen to make Tamil Nadu a slum free state by 2031 and efforts will be taken to provide 9.53 lakh houses to poorer sections of the society and permission is being sought from the central government. Affordable rental housing complexes will be built in association with private sector. Migrant labours will continue to benefit out of this scheme. Tamil

Nadu Housing Board will also undertake redevelopment of projects on PPP model. I request Credai to participate in this sector, said Stalin.

In yet another move to display government's initiative to support the industry, Stalin was emphatic on improving housing stock for middle class people. "It is my request you should think of large scale complex for middle class people. Overall housing should be improved in the state. As the government cannot handle the mammoth exercise alone, it has been negotiating with several agencies based on the population needs. In fact every one should get a house in the state and we should work together to reach that objective. I want Credai's support and cooperation to achieve this task," said Stalin.

Credai Chennai President, Padam Dugar, handedover a copy of the quarterly newsletter Credai Times to the chief minister. The Chief Minister released the CREDAI TN CBRE report on the status of the real estate sector in Chennai. An MoU has been exchanged with the chief minister for the formation of five CREDAI chapters in Tirunelveli, Dharmapuri, Hosur, Salem, and Karur.

## Spurt in Realty Demand on ECR corridor

**T**here has been a sudden spurt in demand for land, villas and project development options on the entertainment corridor i.e. East Coast Road (ECR). While land development projects are on the upswing across select micro-markets in Chennai, in particular, land options are shrinking on ECR due to FSI restrictions and the unviability of buying land at prohibitive cost to undertake development.

Time was when the expatriates were major occupiers of sea facing villas across ECR. With restrictions imposed on the rental agreement to unequivocally carry details of building plan and site plan in the rental agreement, the tendency among property owners is in for a change. The employers are not keen to reimburse the rent if the legal compliance is not there. With the result a number of villa projects are lying vacant.

"There are property owners who have the holding capacity and are waiting for better days. Others are flexible in rentals and are willing to go the extra mile to clinch the transaction, said Venkatesh Viswanathan," an APPCC member

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and CEO of VSquare Property Consultants.

With rentals dipping by almost 30 per cent, property owners are now keen to give it to corporate executives as well and do not insist on the expatriates. While unapproved plots are shunned by investors, land developers are cautious in due diligence and compliance with statutory obligations before launching new projects.

According to Murugesh Kumar T, CEO of TKM Realty, in anticipation of tourism industry getting a boost on ECR corridor, there are indications that a number of boutique hotels and resorts might emerge in the coming months incorporating new concepts. This has triggered an investment trend among investors. Land rates are gradually inching high with demand exceeding supply. At the same time distressed sales are also happening due to tight liquidity situation prevailing in the market. Villas in the price range of Rs 1.5 crore - Rs 5 crore are offered depending on the location, developer, specification and



amenities offered in the project.

An estimated 35 new resorts are likely to come up in the coming months in anticipation of a surge in demand for weekend holiday homes. With continuing restrictions on international travels, local tourism is expected to get a boost in the coming months. A wide range of options may be planned to entice varied clients looking for a get away from the din and bustle of the metro life.

With more retail outlets and land development project launches, Chennai's coastal entertainment corridor is back on the investor's radar, reports V Nagarajan.

With the city expanding, there has been a gradual shift of people moving to suburban and peripheral areas in search of larger and better homes. With an alluring sea view along the Bay of Bengal, ECR continues to remain as a preferred destination for investor, said N K Raymond Thirupugazh, CEO of First Property Consultants. "The fact that 540 category registrations took place for varied categories of property during November alone this year is a clear indication of the sales uptick on ECR. Moreover, the number of land development projects is on the upswing, with developers seeking project options and investors evincing keen interest to invest for medium to long-term return on investment," said Raymond.

With retailers opening up more outlets on ECR and a number of city based schools shifting and expanding their premises on ECR, and the WFH option convincing employees to shift to suburbs, there will be a boost to the entertainment corridor in the coming months, say property consultants.

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### CONSTRUCTION MATERIAL COST SOARS

The construction material and labour costs have risen to a new high post pandemic compelling developers and infrastructure builders to revise their cost estimates in order to stay relevant and become competitive in the industry. While the material cost varies from 17% to 85% depending on the type of material, in some cases it has even doubled the earlier cost. Labour costs too have gone up from 36% to 80% (See table below). With demand gaining momentum, the developers may have to factor in additional cost in their future projects and revise their ongoing project cost accordingly.

Sl.No.	Description	Unit	January 2020	October 2021	Difference Jan 20 and Oct 21
<b>A MATERIAL</b>					
1.	Primary steel – 12mm (advance payment)	Ton	58,202	77,290	33%
2.	Secondary steel – 12mm (advance payment)	Ton	44,993	67,260	49%
3.	Cement-OPC	Bags	275	425	55%
4.	Aggregate-20mm	Cft	34	59	74%
5.	Aggregate-12mm	Cft	32	57	78%
6.	M. Sand	Cft	57	74	30%
7.	Electrical – 2.5 Sqmm 3 Core wires	Coil	76	89	17%
8.	Aluminium	Kgs	195	360	85%
9.	RMC	Per Mtr cube	4,500	6,200	38%
10.	Pvc Pipe-2"	Mtrs	48	216	350
11.	Upvc Pipe-2"	Mtrs	160	281	76%
12.	Paint-Tractor Emulsion Super white	Ltrs	90	112	243%
13.	Door accessories – Toilet cylindrical lock	Nos.	372	466	25%
14.	Sanitaryware – Closet	Nos.	2,892	7,163	148%
15.	Solid Blocks				
	200 mm	Nos.	40	46	15%
	150 mm	Nos.	35	41	17%
	100 mm	Nos.	29	34	17%
<b>A MATERIAL</b>					
1.	Mason	No.	944	1,416	50%
2.	Helper	No.	590	1,062	80%
3.	Tile Mason	No.	1,180	1,888	60%
4.	Helper	No.	590	1,062	80%
5.	Carpenter	No.	649	1,062	64%
6.	Fitter	No.	649	1,062	64%
7.	Labour charges for tile works	Sft	14	19	36%
8.	Plastering	Sft	12	18	50%
9.	Solid Block Work	Sft	13	19	46%

### EXTERNAL COMMERCIAL BORROWINGS (FEMA REGULATIONS OVERVIEW)

Particulars	Regulations
ECB framework	Framework comprises two options i.e. foreign currency (FCY)-denominated ECBs and Indian currency (INR)-denominated ECBs.
Commonly used forms of ECB Foreign currency	1. Loans 2. Securitised instruments (e.g. floating rate notes and fixed rate bonds, non-convertible, optionally convertible or partially convertible preference shares and debentures). 3. Buyers' credit. 4. Suppliers' credit. 5. Foreign currency convertible bonds. 6. Financial lease. 7. Foreign currency exchangeable bonds.
Available routes	The first six forms of borrowing mentioned above are allowed under the automatic route or approval route. Foreign currency exchangeable bonds are only allowed under the approval route.
Minimum average maturity period	<ul style="list-style-type: none"> <li>• 3 years for both FCY-denominated ECBs and INR-denominated ECBs.</li> <li>• 5 years, where ECB is raised from foreign equity holder and utilized for working capital purposes, general corporate purposes or repayment of Rupee loans.</li> <li>• 7 years, where ECB is raised for repayment of rupee loans availed for capital expenditure.</li> <li>• 10 years, where ECB is raised for repayment of rupee loans availed for purposes other than capital expenditure.</li> <li>• 10 years, where ECB is raised for working capital or general corporate purposes.</li> </ul>
Eligible borrowers (related to real estate)	All entities eligible to receive FDI.
All in cost	The benchmark rate plus 450 basis points.
End-use restrictions (related to real estate)	ECBs cannot be used for real estate-related activities, investment in capital markets or equity or to purchase land. However, they can be used for development of integrated townships or affordable housing projects.

### AFFORDABLE HOUSING - KEY REGULATIONS FOR CLAIMING TAX EMPTION UNDER SECTION 80-IBA OF THE INCOME-TAX ACT

Particulars	Conditions
Project approved by a competent authority	On or after 1 September 2019 but before 31 March 2021
Project completion	Within five years from the date of approval
Size of a plot of land	<ul style="list-style-type: none"> <li>• Not less than 1,000 sqm in cities such as Delhi, NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Mumbai (whole of MMR), Chennai, Hyderabad and Kolkata.</li> <li>• Not less than 2,000 sqm in any other place.</li> </ul>
Carpet area of a residential unit	<ul style="list-style-type: none"> <li>• Does not exceed 60 sqm in cities such as Delhi, NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Mumbai (whole of MMR), Chennai, Hyderabad and Kolkata.</li> <li>• Does not exceed 90 sqm in any other place.</li> </ul>
Stamp duty value of residential unit	<ul style="list-style-type: none"> <li>• Does not exceed Rs 45 lakh.</li> </ul>
Utilisation of the floor area ratio	<ul style="list-style-type: none"> <li>• Not less than 90% in cities such as Delhi, NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Mumbai (whole of MMR), Chennai, Hyderabad and Kolkata.</li> <li>• Not less than 80% for any other place.</li> </ul>

Note: While a tax incentive has been provided by means of a tax holiday, a company may have to pay MAT at the rate of 15%. Even an LLP which undertakes an affordable housing project, it will also be liable to pay AMT at the rate of 18.5% assuming it claims deduction under section 80-IBA.

Source: Transactions in the Real Estate Sector by pwc.



The growth of urbanisation in India has resulted in increasing pressure on the housing sector as well as the basic urban infrastructure and services provided in the cities. Substantial housing shortage looms in urban India and a wide gap exists between the demand and supply of affordable housing, both in terms of quantity and quality, according to a survey by **Knight Frank India**.

# India's Urban Housing Challenges

**I**ndia is the second-most populated in the world and more than 31 per cent of the total population of 1.25 billion (Census of India, 2011), i.e. about 377 million, live in urban areas. This population is living in 7,933 urban centres, including 53 cities with populations above 1 million and 3 mega cities with population above 10 million (Greater Mumbai, Delhi and Kolkata).

As per the National Commission on Population, by the year 2030 approximately 40 per cent of the total population of India would be residing in urban areas.

As per estimates from the UN, as of 2021, 35 per cent of urban population in India is living in substandard housing, which in absolute numbers is 170 million. Considering the current average household size of 4.8, this translates into 35 million households living in substandard housing indicating the need gap for adequate housing. The need gap for adequate housing in India is 11 per cent of the world's housing need gap in terms of population



living in substandard housing.

The Ministry of Housing and Urban Poverty Alleviation has indicated an urban housing shortage of about 18.78 million housing units in the country in 2012.

There are various supply and demand side challenges that hold back the process of bridging the need gap of affordable housing, especially in developing economies. The challenges clearly indi-

cate towards the market inefficiencies that are plaguing the sustainable development of affordable housing.

Among the supply side challenges include land acquisition and security title. The regulatory concerns such as restricted development regulations, i.e. lower FAR, restricted height, uneven population density distribution, etc. limits the healthy supply of

housing stock, resulting in high land values and income to affordability mismatch, resulting in housing shortage. An adequate financing structure and funding are critical to address the affordable housing shortage.

Private players tend to target luxury, high-end and upper mid housing segment owing to the higher returns that can be gained from such projects and the responsibility of provision of affordable housing mostly falls on the back of government and social impact organisations. Affordable housing developments are extremely cost sensitive, hence, the ability to efficiently manage costs is the key performance indicator for such development.

Among the demand side challenges include affordability and ability of urban population to rent a home or credit access to purchase a home. Most of the urban poor, especially in developing economies, are engaged in the informal sector and are faced with income uncertainties due to the absence of job security.

## OUTLOOK FOR REALTY SECTOR

After a prolonged period of falling and then stabilizing, residential prices are likely to start rising again. It is projected to grow around 5% in capital value for the residential property segment in the country in 2022, says a survey by **Knight Frank India**.

## Residential Trends for 2022

**A**fter a prolonged period of falling and then stabilizing, residential prices are likely to start rising again. It is projected to grow around 5% in capital value for the residential property segment in the country in 2022. Many of the supply and demand side factors, assessed over the last decade, have started putting upward pressure on house prices. Residential sales momentum is expected to continue in 2022 as prospective homebuyers' preferences for bigger homes, better amenities and attractive pricing will keep them interested to seal the deals.

A lot has happened over the last decade in the Indian residential sector. After facing a series of structural changes with the introduction of legislations on demonetization, GST and RERA during the second half of this decade, the Covid-19 pandemic arrived as a question mark on the survival of the sector.

KFI undertook a decadal analysis of 2011 to 2021 period to understand the trends in key underlying variables. Over the analysis period, launches and sales show a deceleration for a large part of this decade and stand lower by 41% and 54% respectively compared to the beginning of this decade. Unsold inven-

tory, after peaking in 2014, is now at its lowest level. Price index is up 39% during the 10-year period also captures the 6% decline over the last 5-year period. Initially, the pandemic had put further stress on residential prices, which were languishing over the last five years. However, a remarkable turnaround in consumer perception towards home ownership coupled with price trajectory of the last decade has stabilised the prices.

To assess future price trajectory as the objective, KFI has looked at supply side variables like land price, construction cost, ratio of prevailing residential capital value to commercial capital value in the same catchment, and sentiment of supply side stakeholders viz. developers and financial institutions.

Over the last decade (2011-2021), land price has nearly doubled in many markets. In the last five years, it has increased by 9% for land price indicator and in the last 10 years, it has increased by 92%. Construction cost has increased by 20% and 34% over the past five years and 10 years respectively. Relative pricing of residential v/s commercial development in a catchment plays a crucial role in determination of the kind of future supply that can be expected.

Over a longer period, this also determines the relative price nudges as property sub-segments play a price catch up. In KFI analysis, while they reckon that the residential capital value has commanded a premium over commercial, the magnitude of that premium has sharply receded in recent years as commercial property prices continued to increase even as residential prices languished during this period.

The structure and strength of the supply side ecosystem i.e. real estate developers and financial institutions, plays an important role in finished product prices. KFI have captured this indication with supply side sentiment index. In a short span of three years beginning 2016, supply side suffered a series of shocks starting with demonetization and followed by GST, RERA and the NBFC liquidity crisis.

In the meantime deleveraged balance sheets of real estate developers and focus on project execution have improved the standing of players. Besides, improved financial liquidity with capital providers and low interest rates has also helped the cause of improving supply side sentiment.

Demand side indications that appropriately capture the homebuyer



dimension of pricing has been assessed through household income, housing affordability, unemployment rate and sentiment surrogates of BSE realty/sensex ratio and gold price. Household income at the country level increased by 123% and 35% over the last 10 and 5 years respectively.

Many of the supply and demand-side factors discussed above have started putting upward pressure on house prices. KFI expects around 5% capital value growth for residential property segment in the country in 2022. With enhanced penetration of institutional players on development as well as financial side, price rise is expected to be gradual and timed by well deliberated project performance milestones.

## TAX PLANNING



Aggrieved parties such as home buyers, developers, or real estate agents can get their grievances solved under this forum

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# Income-tax Deduction in Respect of Rent Paid

By Yash Khiwasra

Income-tax Department has provided taxpayers with several deductions availing which they can reduce the taxable income thereby reducing tax liabilities. But there are several deductions such as section 80C, section 80CCD, section 80D, section 80G, etc which taxpayers know and avail while filing the income tax return. There are many other deductions knowledge of which is not available to the majority of taxpayers. One such deduction is section 80GG where taxpayers will get a deduction of the amount of rent paid during the year. This deduction is available to both Salaried persons and also to a self-employed person. In this article, we will discuss conditions fulfilling which one can claim the deduction, quantum of deduction available, procedure to claim it, etc.

### Condition to claim the Deduction

- 1) Individual/HUF** – Only Individual or HUF are eligible to claim these deductions
- 2) No HRA to be received during the year** – To claim deduction under section 80GG, taxpayer should not receive any part of House Rent Allowance in the salary.

If employer provide home rent allowance (HRA) as part of the monthly compensation to the taxpayer, he/she can claim deduction under section \_\_\_\_\_. But he cannot claim additional deduction under section 80GG.

**3) Does not own any property** – Another Condition to claim deduction is that the assessee or his spouse or his minor child does not own any residential property at the place where he ordinarily resides or where he perform office duties or causes his business or profession. It is worth to be note that the family of taxpayer should not hold any residential property at the place where he ordinarily resides, but can own property at any other location.

**4) All Owned Property to be declared as Deemed Let-out Property** – The assessee should not own any residential accommodation in his or her own occupation, at any other place, whose value is to be determined as a Self-Occupied Property.

### Amount Eligible for Deduction

Quantum of deduction shall be least of the following:-  
A) 5000 per month  
B) 25% of Adjusted Total Income\*  
C) Actual rent less 10% of

Adjusted Total Income\*

\*Adjusted Total Income = Gross Total Income except LTCG, STCG, 115A or 115D and all other deduction 80C to 80U to be excluded from income

Example – Mr. K, a businessman, whose total income (before allowing deduction u/s 80GG) for F.Y 2020-21 is INR 5,60,000/-. He paid a house rent of INR 12,000 per month in respect of residential accommodation occupied by him at Mumbai. What will be the deduction available?

### It will be computed as follows:

- Actual rent Paid – 10% of total income – (12,000\*12)- (10% \*5,60,000): 88,000
  - 25% of total income – 25% \*5,60,000: 1,40,000
  - 5,000 per month: 60,000
- Deduction available will be INR 60,000/-**

### Procedure to claim Deduction

You will be required to file Form 10BA with details of payment of rent. Form 10BA is a declaration that has to be filed by an individual who wants to claim deduction under section 80GG for rent paid on rental property.

### Frequently Asked Questions

### 1) Can one claim deduction if he/she is living with his or her parents in their house?

Answer – If an individual is living with his father and mother in their house, then he/she can claim the benefit of rent deduction as per the section 80GG. He/she will need to make a rental agreement with parents in order to get the rent deduction. However, the mother and father whoever own the house will have to show the rent as income in their tax returns.

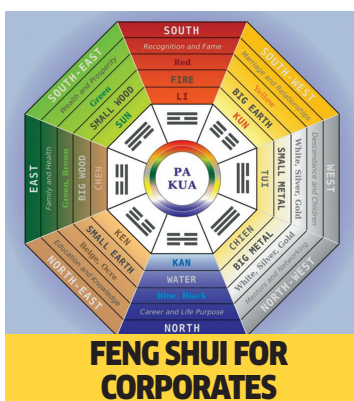
### 2) Can he claim deduction if the house is jointly owned by one's son/daughter and their parents?

Answer – If the house is jointly owned by the taxpayer's son/daughter and their parents then they cannot claim rent deduction benefit on their taxable income as all the criteria for claiming the deduction are not fulfilled.

### 3) Are Non-Resident Individual eligible to claim these deduction?

Section 80GG is applicable to both Resident and Non-resident. All Individuals and HUF including Non-Residents Individual are eligible to claim this deduction on satisfying above mentioned conditions. Hope this article will help you get complete knowledge of Section 80GG and hope this will help you use this deduction option to reduce your taxable income while filing Income-Tax Return and save Tax.

Courtesy: [www.taxguru.in](http://www.taxguru.in)



# Rejuvenating Place of Dwelling

By S.BS.Surendran

The process of controlling the movement of 'Chi' was conceived during the emperor days. When 'Chi' moves too quickly, it invites natural disasters like precipitous slopes that threaten avalanches in the winter or raging of rivers that overflow their banks in spring. Energy known as "Chi" in Feng shui enters structures in a variety of ways. It can seep in through cracks or vents, it can rush in through large windows, and it can be generated within a room by electric lights, a fireplace or even merely an argument with tempers running high. The surroundings and the environment have a great impact on our well being and frame of mind. Some places we visit make us feel restless and an urge to move away, yet some places have a feel of tranquility and calmness making you remain there for a time more than you would have envisaged. The environment we are living in can improve our well being by generating a good flow of energy in our homes and offices. The best way to achieve this is by arranging the five elements around us to where they belong.



The general recommendations for a house to sustain the good energy and enhance the luck are to re-charge or re-energise the space either by simply moving the furniture around, re-painting and re-furnishing or replacing the main door. For those who cannot follow any of these can still move out the stagnating energy by cleaning the space and moving the furniture.

The process of recharging the place to activate the energy and push away stagnation is very much part of the oriental system which is often referred to as "spring clean" or in other words "annual cleaning".

This not only ensures systematic clearing of clutter but through Feng shui analysis one can also ascertain the direction which could have bad energy sources for the year and accordingly take precautions to counter them.

The process of annual cleansing ensures that afflictions created unknowingly over a year can be countered and the Chinese zodiac afflictions which affect the individuals based on their personal date of birth is also mitigated and in turn brings in positive energy and a new feel to the environment through

subtle changes and empowers specific aspirations for the year. Say you wish to improve your career luck then placing a painting of fishes or even furniture which is blue in color towards the North sector of your living room would aid.

### The general guidelines for recharging your place are:-

- Keep the foyer and the area just inside your main door well lit, clean and fresh without furniture or obstacles in line with the main door.
- Place fresh flowers in a large urn of water close to the main door.
- Floral decorations with yellow flowers in the living room bring in fresh feel.
- Place green and healthy plants in the East and the Southeast sectors of your living room to enhance wealth luck.
- Replace wall drapes and curtains and re-align the furniture and ensure that the under surface of the beds and furniture are cleaned.

**Mr SBS Surendran**  
is an accredited master

Feng Shui consultant and traditional Vaastu

What are the general guidelines to rejuvenate your work place?  
**SBS Surendran** offers a few tips.