



The 14th NAR-India annual convention held at Bengaluru Palace on August 6 and 7 drew over 2,000 realtors across the country



President-elect, NAR-India, C R Shivakumar stressed the importance of networking with fellow members at the national level, at the APPCC AGM



GST
An insight into the impact of GST on renting of residential building

Surge in Demand for Chennai's Resale Properties

With the primary market apartment rates going up and in some cases with considerable delays for occupation, demand for resale properties is inching a new high in the city areas. It is not only the end users who are evincing keen interest, but investors as well who are analysing market gyrations and the long-term accrued benefits for future generation.

A section of homebuyers prefer resale units less than 10 years old. Whereas there is another segment of buyers who have no hesitation in betting on buildings above 25 years for investment. This is because in areas like Besant Nagar, HIG/MIG units come with higher UDS ranging from 900 sqft to 1200 which fetches a higher land value even in the current market scenario, said N K Raymond, CEO, First Property Consultants. "Units in the price range of Rs 50 lakh - Rs 60 lakh are driving substantial demand as investors feel that in addition to rental income, future resale opportunities are hassle free for such categories. Moreover, resale units of yesteryear developers like Alacrity, Rams and Alsa are driving consistent demand. There is a twin advantage for any investor while investing in such units. While they can enjoy rental income for the next 10 years after which if they wish to sell, the UDS land value alone would fetch a much better return on investment," said Raymond.

It is said that in new units, loading is said to be in the range of 20-30 per cent and under RERA regulations, upto 30 per cent it is allowed. Areas like Tiruvanmiyur, Adyar, Alwarpet, Anna Nagar and T Nagar continue to drive demand for resale units. The end users who are looking for homes are laying much thrust on immediate occupation of homes or a firm assurance of timelines for occupation. In some of the new projects, it is not happening even with developers who have already implemented a number of projects. It is the resale unit that is driving demand under such circumstances as people who are already paying rent can occupy instantly without affecting their EMI payment.

According to realtor V Krishnan of PropToday, there is a substantial demand for resale apartments below six years in utility. While NRIs prefer quality apartments below 10 years, there are others who are keen to invest in gated community projects. "While 25 per cent wish to invest in 4-storey buildings, 50 per cent invest in apartments which are 10-15 years old. Investors who are keen for high-rise apartments prefer OMR as the destination for investment. Still a segment of resale unit buyers lays much emphasis on higher UDS and opt for smaller buildings," said Krishnan.

Besides apartments, investors are also keen for resale plots in areas like OMR, Vandalur-Kelambakkam road and ECR. While land investment is considered on the rise due to improved connectivity levels and infrastructure development, landowners holding smaller parcels are divided in their approach towards development option. An estimated 50% opt for

Today's investors are doing their home work meticulously and they could predict the perceptible difference between resale properties and new units for cumulative benefit on resale value, reports V Nagarajan.

joint venture development with developers having a track record while others wish to go for outright sale. Resale apartments within city areas from Anna

Nagar to Adyar are driving demand in the area range of 1-10 grounds. The Covid-19 pandemic has shifted investment pattern among investors in that they in-

variably opt for larger apartments taking into account WFH option and also the propensity to invest in home towns, according to realtors.



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An indomitable realtor convention for better days

The 14th NAR-India annual convention held at Bengaluru Palace on August 6 and 7 drew over 2,000 realtors across the country to interact and learn from the industry experts on the current market scenario, emerging trends and network with fellow realtors. The convention was organised by CREA (I) President and convention chairman Pradeep Joe. The convention was also attended by international delegates from other countries.

NAR-India President Samir Arora, inviting the delegates and international delegates who have specially flown to attend the occasion, said that real estate is the second largest employment generator and contributor to GDP. "The knowledge partner, IIM-Bengaluru, has been extremely happy to be associated with NAR-India," said Samir Arora.

It has been estimated that by 2030, real estate market is expected to reach US\$1 trillion market size. Retail, hospital and commercial real estate are growing significantly providing much needed infrastructure for India's growing needs. The central and state governments have taken several initiatives to encourage development of real estate sector on which realtors depend on. The development of 100 smart cities is a huge opportunity for realtors.

Credai National President, Harsh Vardhan Patoria, expressed gratitude to realtors for overcoming the Covid-19 pandemic challenges. "We are looking at revival in sectors like residential, commercial, warehousing, retail and other sectors. Nowadays, people prefer larger homes. The sector is witnessing figures crossing pre-Covid levels across micro markets, a clear indication of the very high growth set for the next 2-3 decades. Real estate market size will touch US\$1 trillion by 2030 contributing to 15% of the GDP and 250 industries are dependent on the sector both directly and indirectly," said Patoria.

According to Patoria, real estate sector has become organised, transparent, generated trust and confidence among all stakeholders and customers. "There is a major change in the business model and it is now mainly customer driven. There are challenges like hike in input costs, interest rates but it may be a short-term blip. First, the industry has to be more sustainable. Second, the use of technology in all aspects of business and need for continuous product improvement, community development approach, safety and security of all residents," said Patoria.

NAR-India chairman Ravi Varma thanked title sponsor Prestige group and all other sponsors for supporting the convention. He was proud to see a world class event organised at short notice. "NAR-India has membership with all professional industries and organisations like FICCI, CII, etc. The association has represented at most levels in the government and delegation is already happening and I am sure we will march into the future," said Ravi Varma.

The 2-day event saw panel discussions on a wide range of topics including new era of investments in real estate, strengthening the developer-realtor bond, residential market dynamics post-pandemic, future of real estate 360 degree, Indo-US partnership for growth, legacies

14th NAR-India Annual Convention in Bengaluru Palace

and commercial real estate-future of workspaces. This is apart from breakaway sessions covering a wide range of topics including differentiate or die, real women realtors, mindset of high achieving entrepreneurs, data assimilation, innovations in the realty space, social media, how to sell to introvert personalities and quiet customers, RICS, financial speaking – macro to micro, power of first impressions, 360 degree marketing and self branding, Oops moment in business-key learning from the veterans, how to scale up your business, hacks in business panel session, digital strategies practically and growing beyond boundaries.

It was a fun-filled event for 50 APPCC members who have travelled from Chennai together and there is no dearth of hospitality during the 2-day convention by the organisers in Bengaluru.

A significant highlight of the event is the depiction of meteoric rise of a school dropout auto driver Annadurai at the convention who has established ingenious ways of driving customers to create a lasting impression among customers. In a straightforward narration of his arduous journey, the delegates at the auditorium were spellbound and gave Annamalai a well deserved standing ovation for his entrepreneurial journey. He has made customers wait for him unlike his peers who are waiting for customers for business.

There are lucky draws at periodical intervals and entertainment with musical extravaganza during the convention which have all created an indelible impression among the delegates and will linger on in memory for months if not years together.



Revolutionising Home Loan Products

A number of HFCs and banks provide home loans to homebuyers. The quantum of loan and repayment period varies depending on the eligibility criteria such as income, liabilities and capacity to repay the loan. There is a fierce competition among HFCs, nationalised, private and scheduled banks as every institution prefers to get a slice of the market pie. Not all institutions are flexible when it comes to question of fixing eligibility criteria and rarely an institution is keen to go that extra mile to accommodate the home loan borrower's peculiar needs.

For instance, while most of the institutions wish to opt for guideline value as the criterion for loan eligibility, very rarely a bank like Federal Bank is keen to go that extra mile and consider the market value of the property to accommodate the borrower's enhanced request. Federal Bank is a sponsor for the APPCC's AGM event held at Hotel Radisson Blu. Unlike industrial and corporates borrowing, the home loan market NPA is still less than 1% as people are conscious of their responsibility as for anyone home attaches a significant value in his life.

There is no denying to emphatically say that amidst multiple options in the home loan sector, Federal Bank has virtually revolutionised the home loan concept and displayed its eagerness to go that extra mile to accommodate a borrower's request. It is not an exaggeration to say that any home loan borrower is bound to get attracted towards the institution which is willing to bail a borrower at times of crisis. The flexibility, combining family members to scrutinise the quantum of loan, plot loan at market value are some of the factors that will nudge more home loan borrowers towards its fold in the coming months.

With a pan India presence of 1,200 branches and 155 branches in Tamil Nadu alone, Federal Bank is keen to reach 200 units in the state in this financial year. "According to Jagadish L, AVP & Head, Retail Sales, (Chennai & Bengaluru Zone), Federal Bank Ltd., the bank provides funding on the market value. "Customer's EMI repayment starts once he gets of the apartment. Unlike in other cases, even 5 per cent upfront payment is accepted. While considering the criteria for eligibility, nine types of relatives within the same family are considered for clubbing of income," said Jagadish.

Federal Bank also offers plot loans upto 75 per cent of the market value unlike guideline value taken into consideration with other players in the market. For commercial property also, the same yardstick applies based on the market value of the property. The lending rate varies from 7.35 to 7.5 per cent. The bank has extended under the EMI held scheme to developers in Chennai to the extent of Rs 120 crore. It is said that the developer also can leverage his asset to lure the buyers under the scheme so that it is a win-win situation for both the stakeholders.

While agricultural land loan is available based on the documented value of the property, in Karnataka where rules have been eased to enable anyone to buy agricultural land, 75 per cent of the documented value has been provided as loan to the borrowers. However, the lending rate is higher at 9.75 per cent with 7-year repayment term. EMIs can be paid either quarterly, half-yearly or yearly basis. — V. Nagarajan.

APPCC AGM highlights Scope and Potential for Realtors



The annual general body meeting of APPCC was held recently at Hotel Radisson Blu. NAR-India President-elect, C R Shivakumar was the chief guest.

Delivering the inaugural address, Chairman Nazeer said that APPCC has received awards from NAR-India last year. A number of educational programmes were held during the year to educate the members.

Welcoming the women members in the APPCC President, K Ramkumar wished that inducting more women member would enhance the gender mix in the association. "It was a proud moment to see the membership double from 45 to 90 members. It is necessary that every member should take efforts to introduce new members to the association," said Ramkumar.

While welcoming the executive committee members and their contributions for the growth of the association, Secretary B Prabhu, said after Covid-19 pandemic disruptions, varied programmes were organised including rules redefining Realty Conclave (26 August 2021), educational and networking meeting (November 11), EGM and educational programme (29 March 2022),

NAR India general body and AGM (23 March 2022) and World Realtors' Day designed by NAR-India (21 March 2022). "Even though a minimum of 4-5 quality programmes are held every year, more such programmes would be possible with the support of sponsorship," said Prabhu.

The audited accounts pertaining to FY 2021-22 have been displayed and taken as read and passed. While Mr Rajendran proposed it, Mr Shivakumar seconded it.

The APPCC is the largest contingent in the realtors association across the country to participate in NAR-India annual event in Bengaluru on August 6 and 7.

Chairman Nazeer gave a presentation on the criteria for listing and transactions to ensure that interests of members are protected. The need to mention specific details of any listing was stressed as it helps avoid unnecessary commuting and communication back



and forth that consume disproportionate time among members. Nazeer also gave a format of APPCC grievance and redressal mechanism and explained how it would operate given the circumstances. Any APPCC member interacting with NAR-India member in other states would get 30% success fee for just referring a potential client.

President-elect, NAR-India, C R Shivakumar stressed the importance of networking with fellow members at the national level as the volume of business generated in certain circles would be astonishing. "In Siliguri, 170 people participated in the event and they have gen-

erated a volume of Rs500-600 crore businesses in the last 3-5 years. In a related development, NAR-India has acquired Indian Institute of Real Estate. I am glad to note that APPCC has been growing by leaps and bounds," said Shivakumar. He said that technology cannot take away the role of realtors but will only enhance the role of realtors.

In order to encourage APPCC members who do the transaction among members during the year, award distribution was held and Shivakumar who specifically flew to attend the function, distributed the awards to the winners under varying categories.



Realty Data

LOGISTICS SECTOR PERFORMANCE ABSORPTION & SUPPLY IN H1 2022 (CITYWISE SHARE)

City	Absorption	Supply
Bengaluru	13%	9%
Chennai	11%	6%
Pune	12%	9%
Mumbai	9%	16%
Delhi-NCR	19%	24%
Hyderabad	9%	3%
Kolkata	3%	3%
Ahmedabad	4%	3%
Tier II and Tier III	20%	27%

Source: Savills India Industrial Research

SUPPLY & ABSORPTION BY GRADE – H1, 2022

	Supply	Absorption
Absorption	36%	64%
Supply	35%	65%

ABSORPTION BY SECTOR IN H1-2022

Sector	%
FMCG / FMCD	4%
Retail	14%
Manufacturing	17%
3PL	37%
E-commerce	13%
Others	15%

Source: Savills India Industrial Research



Federal Bank Retail Loan Scheme

- **Plot Purchase Scheme**- 75% of Agreement Cost or market value which ever lower
- **Home Loan** – 85% funding on Sale agreement + Registration Cost Funding
- **Market Value funding & Guideline Value Registration Option** available
- **Plot Mortgage or open Plot Mortgage** up to 10000 sqft
- **Home Loan Take over and unlimited Top up Loan**** up to Rs 4Cr in Chennai & Rs 3Cr in ROTN
- **TNHB Flat Purchase Loan*** – 85% of Agreement cost Funding
- **Auction Property Home loan Purchase scheme**
- **100% Income of 9 Relationship** can added for home loan & Mortgage Loan
- **Eligibility** - Father/Mother/Spouse/Brother/Sister/Father-in-Law/Mother-in-law/Son in law/Daughter in law
- **100% Agriculture Income** can be added for Loan eligibility
- **Vendor Balance transfer & Seller BT** permitted

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Contact Details of our Team Leaders

Name	Designation	Location	Mobile
Sarath Kumar	Territory Manager	Chennai	8825856849
Mukul Anand N	Territory Manager	Chennai	8220351517
Ananthakrishnan	Territory Manager	Chennai	9633669309
Sai Krishnan M	Territory Manager	Coimbatore	9716347150
Ranjitkumar S	Territory Manager	Salem & Madurai	9677405580

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Deputy Vice President 1 & Head – Retail Sales
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jagadishl@federalbank.co.in

*TNHB Flats Subject to valuation ** Combined LTV Capped at 75% of Market Value

TAXATION



GST on Rent of Residential Dwelling

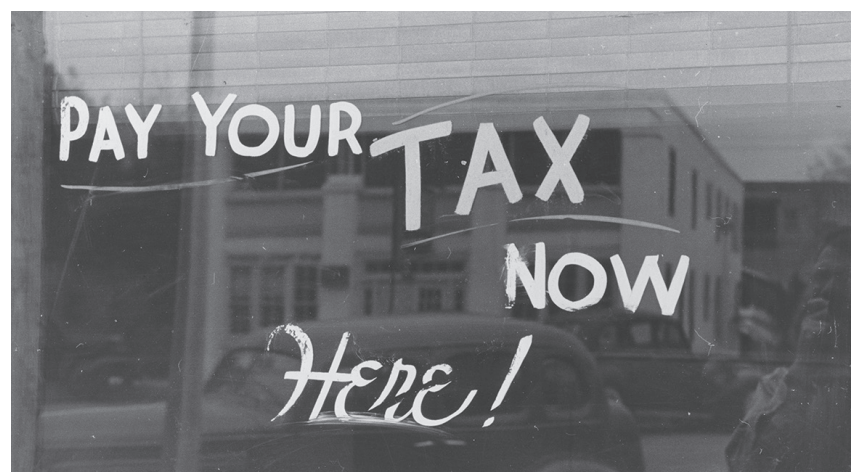
By C A Kunal Jain

As per sub-section (1) of section 11 of Central Goods and Services Tax Act, 2017, the services by way of renting of residential dwelling for use as residence (under Heading 9963 or Heading 9972) were exempt under GST.

With Effect From 18.7.2022.

The Central Government has issued a Notification (04/2022- Central Tax (Rate) dated 13.7.2022, amending the Notification 12/2017 dated 28.6.2017, against "Serial number 12 in column (3)" after the words "as residence", the words, "except where the residential dwelling is rented to registered person" shall be inserted.

Sr. No	HSN / SAC	Description of Services	Rate	Conditions
12	Heading 9963 or Heading 9972	Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to registered person	Nil	Nil



Further, Notification 05/2022-Central Tax (Rate) dated 13.7.2022, states that the services by way renting of residential dwelling for use as residence to be covered under Reverse Charge Mechanism (RCM) at the rate of 18% under entry 5AA. "Services by way of renting of residential dwelling to a GST registered person for either residential or commercial purpose shall attract GST and is to be paid under RCM in the hands of the GST Registered person who is the recipient of such services."

Sr. No	Category of supply of services	Supplier of services	Recipient of services
5AA	services by way of renting of residential dwelling to a registered person.	Any person	Any registered person

The below tables clearly show analysis of the above notification:

SCENARIO 1:		Where residential property is rented out for residential purpose by registered supplier	
Applicability	To unregistered recipient	To registered recipient	
Taxability	Exempt under GST	Exempt under GST	GST @ 18% under RCM
ITC	NA	NA	ITC may be denied by the department considering such supplies are used for personal consumption of employees under section 17(5) OF CGST Act, 2017.
Notification no.	Notification 12/2017 dated 28.6.2017	Notification 12/2017 dated 28.6.2017	Notification (04/2022 –Central Tax (Rate) dated 13.7.2022 NN-05/2022

SCENARIO 2:		When residential property is rented out for Residential purpose by unregistered supplier.	
Applicability	To unregistered recipient	To registered recipient	
Taxability	NA	Upto 17.7.2022	WEF from 18.7.2022
		Exempt under GST	GST @ 18% under RCM
ITC	NA	NA	ITC may be denied by the department considering such supplies are used for personal consumption of employees under section 17(5) of CGST Act, 2017.
Notification no.	NA	Notification 12/2017 dated 28.6.2017	Notification (04/2022 – Central Tax (Rate) dated 13.7.2022 NN-05/2022

SCENARIO 3:		When residential property is rented out for commercial purpose by registered supplier	
Applicability	To unregistered recipient	To registered recipient	
Forward charge @ 18%		Upto 17.7.2022	WEF from 18.7.2022
		Forward charge @ 18%	GST @ 18% under RCM
ITC	ITC can be claimed	ITC can be claimed	ITC can be claimed by recipient
Notification no.	Notification 12/2017 dated 28.6.2017	Notification 12/2017 dated 28.6.2017	Notification (04/2022 – Central Tax (Rate) dated 13.7.2022 NN-05/2022

SCENARIO 4:		When residential property is rented out for commercial purpose by unregistered supplier	
Applicability	To unregistered recipient	To registered recipient	
		Upto 17.7.2022	WEF from 18.7.2022
		NA	GST @ 18% under RCM
ITC	NA	NA	ITC can be claimed by recipient
Notification no.	NA	NA	Notification (04/2022 – Central Tax Rate) dated 13.7.2022 NN-05/2022

Courtesy: www.taxguru.in