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Budget 2023-24: Reactions from Corporate and Real Estate Experts

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Union Finance Minister Nirmala Sitharaman presented the Union Budget 2023-24 of the BJP government before the upcoming Lok Sabha Elections. This time the budget has raised expectations for the realty sector, as several declarations are about to influence the sector optimistically. Reactions to Union Budget 2023-24 have started flowing in from real state and corporate sectors.

Here are post-budget reactions from real estate and building industry veterans on the major Budget announcements, underscoring the hits, misses and key takeaways.



Mr. Puneet Dalmia, Managing Director, Dalmia Bharat Ltd.

" The Union Budget 2023 is the providential threshold for creating the India of the Amrit kaal. As eloquently portrayed by the Finance Minister as the "Saptrishi" or 7 priorities, the Budget has created a very purposeful direction and vehicles to capture India's rightful place amongst the 'Top 3' major economies of the world."



Mr. Thirumal Govindraj, Senior MD, RMZ Corp

"The Government's continued emphasis on promoting "Green Growth," "Green Credit," and sustainable cities demonstrates a strong commitment to achieving India's climate objectives. The drive to increase infrastructure investments will further contribute to growth and job creation. The commercial real estate sector stands ready to collaborate with urban planners and state governments to realize Prime Minister Modi's vision of "LiFE" (Lifestyle for Environment) and encourage the adoption of environmentally conscious lifestyles."



Mr. Bijay Agarwal, MD, Sattva Group

"We appreciate the government for articulating its long-term aims for urban infrastructure development in its forward-looking budget. The effort to enhance the focus on sustainable development and scientific management of dry and wet waste in urban areas is notable. The National Housing Bank will oversee managing the 10,000 crore per year Urban Infrastructure Development Fund, which is said to have been established because of a shortage in lending to the priority sectors and will be used by government organisations to build urban infrastructure in Tier 2 and Tier 3 cities. An investment of Rs 79,000 crore towards the Pradhan Mantri Awas Yojana (PMAY) was announced, which is a noticeable hike of 66% from the previous year. The adoption of reforms in property tax governance and ring-fencing user charges will strengthen the creditworthiness of urban entities for financing municipal bonds."

"Further, we anticipate that this will positively affect the cities' rising residential and commercial demands. Further, a 33 percent increase in capital investment outlay to Rs. 10 lakh crore was announced along with increase in shares of cement and metal producers which will help important EPC firms active in sectors including road, water, and urban development. The demand for building and construction supplies is encouraged by this announcement."

" Moreover, the growth in digital UPI by 91% demonstrates a high level of digitalisation, and India can expect great growth through this. The hike of capital investment by 33% amounting to Rs 102 crores will be a big boost to the economy while generating employment and huge business opportunities."



Mr, Anand Srinivasan, Managing Director, Covestro

"The Union Budget 2023 has taken a significant step towards green growth with its focus on green hydrogen, clean energy storage and transmission. This is a welcome move that will help India transition to a low-carbon economy and reduce its carbon footprint. We at Covestro India, are committed to supporting the Government in its efforts to promote green growth and are looking forward to working collaboratively with all stakeholders to develop innovative solutions for a sustainable future."



Sudarshan Lodha, Cofounder & CEO, Strata

"Reducing the highest tax slab to 39% will channelize increased investments in the high-value asset classes, including infrastructural avenues. A massive infusion of INR 10 lakh crore for infrastructural development will boost last-mile connectivity by strengthening inland transport and supporting infrastructure, complementing MSME manufacturing and generating increased employment."

"It will certainly increase the commercial real estate market momentum, creating more demand for state-of-the-art manufacturing and warehousing facilities. Additionally, this will likely create a pumped-up demand for sophisticated office spaces beyond Tier I cities. Such measures also add to the development of new commercial hubs reducing the pressure from the metros and tier-I cities. This rise in demand, fuelled by the positive taxation relief, will increase the disposable income for average investors, thus improving their investible funds. This will have a robust impact on the spur in private investment and commercial real estate being one of the most promising investible avenues and will bolster India's real estate industry by helping it inch towards its dream of becoming a \$ 1 trillion market."



Mr. Aryaman Vir, Founder and CEO, MYRE Capital

"The FM has presented a largely inclusive, pragmatic, and a balanced budget under the current macroeconomic conditions. The budget lays great emphasis on boosting economic growth and job creation, by allocating a substantial amount towards capital expenditure and also has announced various incentives to support MSMEs, Tourism, boost Regional connectivity and startup sector.

"Infrastructure and Investment remains a key priority that will guide us to Amrit Kaal. The Government has provided a strong focus on boosting capex and infrastructure projects with an increased investment to Rs. 10 Lac crore (up 33%), PM Awas Yojana is enhanced by 66% to Rs 79,000 crore and supporting state-driven infra development by offering 50 years interest-free loan to states. The next leg of growth of the markets and the economy will be driven by the impetus on digitisation. The Budget is facilitating secure online storing and sharing of documents via. Entity Digilocker with the business ecosystem. This secure expansion of scope of documents will make the system more transparent and accessible for multiple groups."

" The announcement of 50 additional airports, heliports, water aerodromes, and advanced landing zones to be revitalised will benefit the local communities and lead to development of commercial and residential real estate in these cities."



Mr. Ashwin Reddy, Managing Director, Aparna Enterprises Ltd.

"The Union Budget 2023–24, the first Budget of Amrit Kaal included announcements which were bold and focused towards growth. The Union Budget announced Government's keen focus towards seven priorities - Infrastructure Investment and Green Growth being among the seven key focus areas. The guiding force of the Budget will be the steep rise in the Capex to 3.3% of GDP and will provide a strong push to infrastructure and allied industries which comprises the construction and building material industry as well."

"The reduction in the income tax slabs of the salaried employees can be eyed as another welcome move encouraging the home buyers to buy new homes thus giving the imperative push to the real estate sector including the construction industry and overall the building material segment which aims to provide sturdiest end products to the buyers. This can help in some way to meet the burden of the rising cost of raw materials, delayed projects owing to cash crunch, etc."

"The focus of the Union Budget towards Green Growth will enable the implementation of sustainable and green infrastructure in the overall real estate and construction industry thus providing a valued opportunity for the sector to adopt more innovative, sustainable, and environment-friendly business solutions and practices."



Ajay Rotti, Partner, Dhruva Advisors

"REITs / InvITs are mandatorily required to distribute their cash surplus upto certain limits as per SEBI regulations on a quarterly basis. The distributions generally consist of interest, dividend or repayment of debt. The law provides for a pass-through status or single-stage taxation of the receipts. The receipts are either taxed in the hands of the Trust or the unit holders. Not both. However, repayment of debt was not taxable in the hands of both. This double non-taxation has been addressed. From April 1, 2023, all distribution by a REIT/InvIT representing repayment of debt is taxable as "other income" in the hands of the unit holders."



Mr. Kamal Khetan, Chairman & Managing Director, Sunteck Realty Ltd

"The 2023 Union Budget appears to be balanced and encouraging. The PMAY budget, which has been increased by 66 percent to Rs 79,000 crore from Rs 48,000 crore, will help to significantly increase affordable housing and achieve the goal of housing for all. The budget also focuses on Green Growth which will lead to sustainable ecosystem development promoting efficient transportation systems and energy storage systems leading better housing infrastructure. The budget has focused on capital expenditure as well consumption. Overall, it is a progressive budget that will undoubtedly encourage the real estate sector's expansion."



Sandhya Naidu Janardhan, Founder & MD, Community Design Agency

"It is encouraging and timely that the Government of India has included sustainable cities of tomorrow and developing key infrastructure in Tier 2 & Tier 3 cities as an important part in the 2023-24 Union Budget. In the backdrop of India's presidency of the G-20 summit this year, and our crucial role in negotiations around climate change and adaptation funding for developing economies at COP 27 last year, we see incredible opportunities for inclusive and integrated approach to building climate resilient and sustainable green cities."



Mr. Sandeep Runwal, President, NAREDCO Maharashtra.

"The budget is a fine balance between sustainable growth and financial stability. The Pradhan Mantri Awaas Yojana (PMAY) is a lofty initiative by the central government, aiming to bring affordable housing for all by 2022. During her speech, the honourable finance minister declared a staggering 66% increase in funding for the scheme, increasing it to Rs 79,000 crore for the next fiscal year. This improved subsidy will ensure that urban and rural homes are constructed within the allocated time frame and according to the set standards.

Income Tax Reforms ensured more disposable income in the hands of citizens to accelerate demand based growth. Increased Capex funding will ensure job growth in the short term and economic competitiveness of the Indian

Economy in Long Term. The benefits accrued from this reform will help in ease of Living and improving the quality of Life of citizens, Ease of Getting Approvals and doing business by Technology led transformation of Common Property Identifier, Green and Sustainable Cities, signaling an era of Net Zero Movement in India and access to finance by extending ECLGS Scheme of 2 Lakh Crore."



Mr. Sunil Mathur, Managing Director and Chief Executive Officer, Siemens Limited, India

"The inclusive, growth-oriented Budget builds on the foundation of previous years and is consistent with the Government's efforts to maintain macro-economic stability while focusing on growth. The increase in investments in capital infrastructure, including 'Green Growth', sustainable cities and railways & transport infrastructure will give the necessary boost to the domestic economy. I also welcome the enhanced support for MSMEs, exports, domestic manufacturing and value-add, technology and youth, which are all imperative to maintain India's economic growth."



Mr. Dinesh Doshi, President, NAREDCO Progressive Neral Karjat Unit

"A positive Budget Speech by the Hon'ble Finance Minister, best described as 'balanced and pro-growth', has a major positive for real estate comes in form of enhanced outlay for PM Awaas Yojana by 66 percent to over Rs. 79,000 crore. Mumbai 3.0', the Green credits scheme will support sustainable homes and carbon-neutral development. Disposable income is expected to go up due to positive steps in income tax, including exemption for income up to INR 7 lakh and the new tax slabs. The Budget has a clear goal - capital expenditure loans to be spent on developing urban planning and infrastructure will boost development of affordable, carbon neutral cities in locations like Neral Karjat and Mumbai 3.0 would benefit."



Mr. Gautam Thacker, Chairman, NAREDCO Progressive Neral Karjat Unit

"This budget will ensure the push to develop Affordable Housing. In sync with this, real estate industry will look forward to CLSS scheme also being reintroduced, which will ensure a larger impact. We are glad that the Indian Government is taking steps towards creating Carbon Neutral Development, which dove-tails into growth prospects for Mumbai 3.0. It is a welcome first step, and we have a long way to go. The budget focuses on Infrastructure development and job creation, which will ensure economic growth and Real Estate Development."



Mr. Ramesh Nair, CEO, India and Market Development, Asia, Colliers

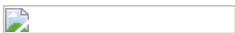
"The capital outlay for infrastructure at INR10 lakh crore, or 3.3% of GDP is significant as it can lead to multiple effects across sectors and set a strong footing for resilient growth. This includes aspects such as the urban infrastructure development fund at INR10,000 crore per annum. A dedicated investment of INR 10,000 cr through the urban infra development fund will result in the creation of quality urban infrastructure thereby improving quality of life. This will also translate into higher demand for housing and commercial real estate.

For the real estate sector, the government has increased the allocation for Pradhan Mantri Awas Yojana by 66% to about INR79,000 crore. The increase in outlay will go a long way in bridging the gap between demand and stock in affordable housing. This will provide opportunities for associated stakeholders such as construction companies, contractors, etc. Further, expected changes in income tax slabs will result in higher disposable incomes, boding well for prospective homebuyers, mainly in the affordable and mid-segment."



Piyush Gupta, Managing Director, Capital Markets & Investment Services at Colliers India

"The slew of tax measures in personal tax indicates to provide more disposable income for the middle class and will boost consumer spending. With increased allocation to PMAY, the government's emphasis on providing housing to all, especially the urban poor, significantly boosts real estate spending. Real Estate housing demand continues to remain strong, and consistency in policy framework shall keep the momentum."



Mr. Amit Goyal, CEO, India Sotheby's International Realty

"The Union Budget has laid out a long-term path of growth and capital investment and that is extremely positive for the Indian economy. The increased allocation to housing projects under PM Awas Yojana by 66% to Rs 79,000 crore will certainly help the affordable housing segment. Rationalization of tax slabs and enhancement of tax rebate is going to benefit the middle class which will boost domestic consumption and should aid in keeping demand for homes strong."

"However, the proposed cap on deduction from capital gains on investment in residential houses under sections 54 and 54F to Rs 10 crore can be a big deterrent for the housing industry. We sincerely appeal to the government to reconsider this limit."



Mr. Pradeep Aggarwal, Founder & Chairman, Signature Global (India), Ltd.

"This year's budget touched upon the most critical issue for the revival and growth of the affordable housing segment. PMAY's budgetary allocation increased by 66%, which is good news for affordable housing. The new allocation of Rs 79000 crores in the budget 2022-23 will help countless Indians realise their home aspirations."

"Also, in order to convert cities from manholes to machine holes, an urban infrastructure development fund of Rs 10000 crore will be set aside every year for urban development. This fund will help enhance India's urban living environment besides modernising India's cities and towns."



Mr. Girish Kousgi, MD & CEO, PNB Housing Finance

"As our nation marches towards Amrit Kaal, the intended infusion of Rs.79,000 crores towards affordable housing is a positive move. It's a win-win situation fortifying our nation's rural infrastructure and adding power to lower and middle-income groups. The wheels are set in motion towards inclusive and sustainable economic growth and this 66% increased commitment will bolster higher rural participation".



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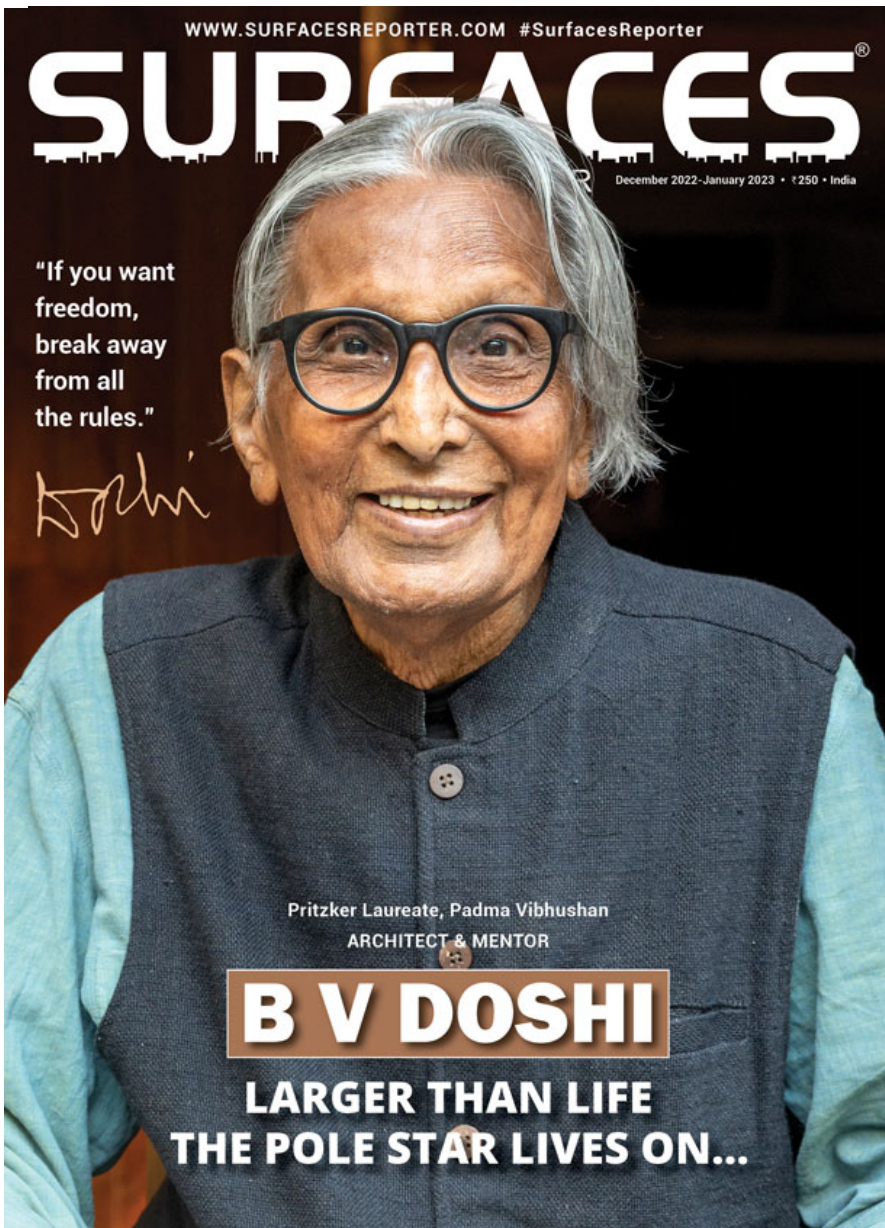
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