

GOVT WORKING ON REFORMS TO BOOST AFFORDABLE HOUSING

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

NEW DELHI : The Centre is working on reforms to remove bottlenecks and ensure a convenient and smooth regulatory environment to fast-track construction and delivery of affordable housing projects, two government officials said.

The ministry of housing and urban affairs plans to hold consultations with state governments on issues hindering affordable housing projects, including land acquisition and environment-related clearances, among others, the people cited above said on condition of anonymity. So far, the government's effort was to boost demand by offering incentives, including tax rebates and credit-linked subsidy, to homebuyers, said one of the two officials. Going forward, the Centre will focus on creating a more conducive regulatory environment for affordable housing, he added.

The government may also come up with a single-window clearance system to fast-track construction and delivery of projects across India.

Vikas Wadhawan, group chief financial officer, Housing.com, said if the process of land acquisition and permissions for low-cost housing is more efficient, it will help save both time and money for the developers, which will translate into additional cost benefits for homebuyers.

"Apart from single-window clearances, another way which is increasingly being looked at as a viable option to address land acquisition issues, is the public-private-partnership route instead of outright purchase of land parcels. State governments, too, can help in this process by providing reduction or waivers of taxes like property tax," Wadhawan said.

Queries emailed to the ministry of housing and urban affairs spokesperson on Wednesday morning remained unanswered till press time.

Land acquisition and project clearances are state subjects, with delays happening at the local level. The lack of uniformity in rules causes delays in projects. Developers have urged the Centre several times to come up with a standard set of guidelines for states and local administrations to remove the barriers in the clearance process.

In her budget speech, finance minister Nirmala Sitharaman stressed on the need to fast-track clearances for affordable housing. "The central government will work with state governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for the middle class and economically weaker sections in urban areas. We shall also work with the financial sector regulators to expand access to capital along with reduction in cost of intermediation," she added.

The increasing focus on improving the regulatory environment will be key as the window for some demand-boosting incentives, such as the credit-linked subsidy scheme for the middle-income group, and low-income group, and the economically weaker section, will end on 31 March. Additional tax benefits of 1.5 lakh on the interest paid on home loans for the purchase of affordable homes may not also be extended beyond the current fiscal year.

The government did not extend or announce any incentive scheme or tax benefits to boost

demand in the affordable housing segment in the Union budget for FY23. However, finance minister Nirmala Sitharaman allocated a higher amount of 48,000 crore for the flagship Pradhan Mantri Awas Yojana (PMAY). The target for 2022-23 will be to complete 8 million houses.

So far, 5.5 million units have been completed under the PMAY Urban, while 9.2 million low-cost homes are under construction, against the sanctioned 11.4 million homes for FY22.

Never miss a story! Stay connected and informed with Mint. [Download](#) our App Now!!

Log in to our website to save your bookmarks. It'll just take a moment.

Oops! Looks like you have exceeded the limit to bookmark the image. Remove some to bookmark this image.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

This is a subscriber only feature [Subscribe Now](#) to get daily updates on WhatsApp

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS