EC Powerpoint
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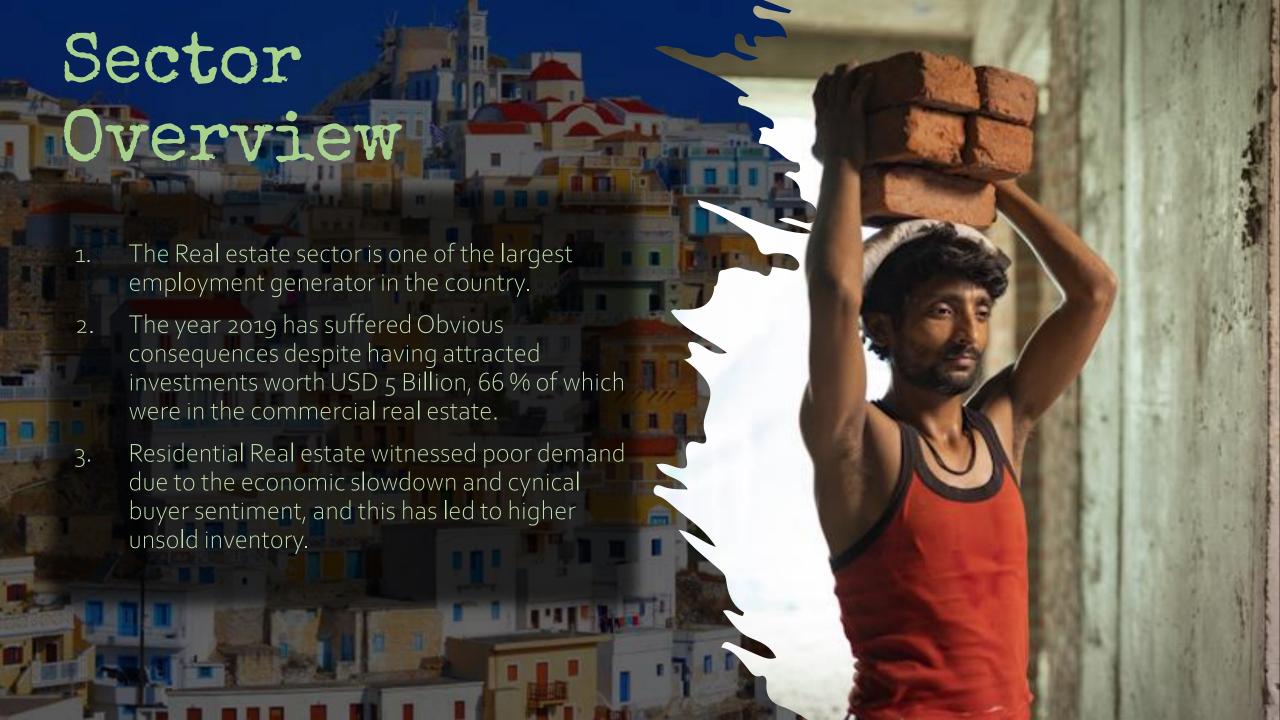
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Impact of Covid-19 on The Building and Construction Sector



## Current impact on the Real Estate Sector.

- Price variations of key raw materials is high and overall halt in the manufacturing sector activity including cement, steel and other building materials is been observed.
- Impact on Production Shutdown is also high, as a result, profound impact on sourcing of building material and labor is observed.
- Lockdown impact on Cash flow constraints is considerably high thus weakening sale velocity

- and restricted travel would *impact the cash flows* in the residential, hospitality and retail segments is observed.
- Parameter for consumer sentiment are a lot higher and comments are FDI within commercial segment to be on hold on account of limited new leasing activity due to the exisiting industry shutdown and potential change

## Potential impact

- A significant decline in the new launches in housing sector is expected
- As the US and *European* economies have slowed down, the existing demand for commercial real estate may get reduced extensively or postponed till H2 of this year
- Retail sector may continue to see the slowdown with impact on supply chain and logistics along with the short term impacts due to the current lockdown

- Hospitality sector is one of the earliest and most impacted sector due to the pandemic and will face huge financial and employment issues
- *liquidity pressure* on real estate developers is expected due to the postponement of REIT launching
- New equity investments in country's real estate sector may slow down will all other sectors going through turmoil.

What Policies were introduced?

• For short term GST tax holiday for the tourism/hospitality sector is for one year has been introduced, while Relaxation for project delays in the residential segment is for a maximum of six months.

 For Easing financial stress in the sector, There is no interest repayment for developers for three months. Lending rate for realty projects to be fixed at a lower repo rate, and NPA classification are to be extended beyond 90 days for stressed projects.

• For Others For short term One year government subsidy on basic salaries for tourism/hospitality sector have also been introduced.



## Thank You

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