

*EC Powerpoint
Presentation by Group 2*

Members :

- 41. Karad Sourab
- 44. Devanshu Surana
- 45. Pranaav Suratwala
- 49. Varad Talegaonkar
- 54. Krishnaraj PT
- 56. Tirth Thesiya

Impact of Covid-19 on The Building and Construction Sector

Sector Overview

1. The Real estate sector is one of the largest employment generator in the country.
2. The year 2019 has suffered Obvious consequences despite having attracted investments worth USD 5 Billion, 66 % of which were in the commercial real estate.
3. Residential Real estate witnessed poor demand due to the economic slowdown and cynical buyer sentiment, and this has led to higher unsold inventory.



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 existing 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

