

## The real estate sector is highly taxed with an uneven percentage rate of GST and stamp duties.

**J C SHARMA**

Vice Chairman and Managing Director, SOBHA Limited



To augment growth in the real estate sector, the government should introduce a fixed tax rate on construction supplies which will benefit the developers as well as the homebuyers. The government's support towards enabling funds for developers below 10% will help keep the overall cost at a minimum," states **J C Sharma, Vice Chairman and Managing Director, SOBHA Limited**. Excerpts from the interview...

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### **What are the key continuing challenges which you foresee impacting the economy as a whole, and the real estate sector post easing out of lockdown in stages?**

While the pandemic has slowed the pace of the economy, it has also shaped the future of real estate in India in few ways. With the lockdown having been lifted in different parts of the country, we notice a slow and gradual revival of the economy. Over the last quarter, there has been an increase in the demand due to reduced home loan rates and attractive offers made by various developers. Today, the living spaces are re-designed to make work-from-home more relevant and useful. The futuristic designs are more flexible, structured, and adaptable to cater to the rising requirements. Digital intervention in marketing and sales processes have been increasing keeping pandemic protocols in mind. This has helped assure the buyers.

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on construction supplies which will benefit the developers as well as the homebuyers. The government's support towards enabling funds for developers below 10% will help keep the overall cost at a minimum. If the government continues to support the real estate industry and takes positive steps it will go a long way towards strengthening the economy as well.

### **What is the expected time frame for the economy to be back to normalcy?**

We are optimistic that real estate sector is on its path to bounce back to normalcy very soon. The key developers are already performing at par or even better than the last quarter. The office and retail space are likely to take slightly longer to recover. The government should be prompt in the approval process which will save valuable time and help in delivering homes to the customers on time. RERA can provide the much-needed transparency and timely guidance to the developer community as well. Approval of bank loans will also be beneficial to the developers. By streamlining the GST and stamp duty, it will facilitate a quicker recovery of residential property market post pandemic.

### **Post gradual opening-up, how do you see the impact on the investment scenario in realty sector?**

Residential real estate is an evergreen investment. Besides providing safety and shelter it is traditionally considered to be the safest investment. REITs are also gaining popularity in the Indian market. Many developers are

coming together, forming partnerships to develop properties. Private equity deals are also gaining attention in the market. The commercial and residential spaces are the main points of investment today. The challenges one may face with office space, will be low turnover for a considerable duration due to WFH. Homebuyers are keen on purchasing ready to move in homes and township properties. At Sobha we have residential projects in 10 different cities in the country. While on the one hand we are focused on completing the projects and delivering it on time, on the other we have planned for few new launches in the next coming quarters. We have noticed that discerning buyers always prefer quality homes delivered on time with transparency and this has been Sobha's strength and differentiating USP.

**What further measures should the government undertake towards the migrant labourers and employment creation in the realty sector?**

The developers have taken it to themselves to provide shelter and medical assistance to the migrant labourers working at their construction sites. Offering food and clean working and living conditions have helped developers reach 60% of their labour capacity post lockdown. The government can provide travel concession to the migrant labours during such times. Upskilling unemployed migrant workers and the informal sector workers post lockdown will help. Government can make amendments in the Employees provident fund for the migrant workers and benefit the industry.

**Post pandemic era how do you envision the transformation of design / construction processes, marketing and supply chain management, especially with the advent of disruptive technologies?**

The advancements in technology have eased the process of selecting a home. Now people can easily check the features, dimension, and have an almost real time site visit experience of the project from any corner of the world. Most developers including Sobha have already shifted the focus to online sales, however, the site visits are slowly coming back on track. In terms of the property, changes are being brought about in the floor plan, designs are getting tweaked to provide for a study/office space with good lighting and WIFI conditions. Creating provision for co-working spaces and amenities in the complex, automated doors and lights and greener spaces is our priority.



**How have you been able to realign the business creating value through different strategies during this pandemic?**

Keeping consumers at the centre of our business, we at Sobha have introduced various unique tech-based innovations to showcase our luxurious state-of-the-art projects. This strategy was adapted to embrace the new normal, yet, making a differentiated offering and making the home buying process safe, contactless, and convenient for the customers.

Sobha introduced a 360-degree Matterport based virtual 3D technology to provide real time site visit experience, like a physical walk-through of a property. The technology is interactive and allows the customer to have an immersive view of the spaces. The special 4K camera creates schematic floor plans and 3D virtual environments of any physical space including the interior and exterior of their home. Homebuyers can get an idea of the actual size of the property and visualize how their furniture can be arranged, and interiors can be laid out.

**What is your outlook for next couple of years and how geared up is Sobha Limited?**

The next couple of years are promising for the real estate. People are realizing the value of having a safe and secure shelter. As economy stabilizes and sentiments rise, home buying will increase. We are optimistic about Sobha Ltd's performance in the years to come. With the adoption of new technologies and government's assistance we are confident to be placed in a better position going forward. Townships, plotted developments, and luxury housing will see an uptake. Southern markets are likely to see a substantial increase in the foreseeable future while markets in other parts of the country will pick up too.

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