



**NAREDCO**

## **National Real Estate Development Council**

### **PREAMBLE**

National Real Estate Development Council (NAREDCO) is the apex body at National level representing all spheres of stakeholders engaged in various aspects of real estate development. NAREDCO's mission is to improve the confidence level of lenders, investors and consumers by bringing in professional and ethical practices in real estate sector on a voluntary basis and eliminate unscrupulous operators in the industry. NAREDCO works to create and sustain an environment conducive to the growth of real estate industry in India, partnering Industry and Govt. alike through advisory and consultative processes.

The Honøble Minister for Housing & Urban Poverty Alleviation is the Chief Patron of NAREDCO. The Council has representation from government, private and public sector developers, promoters, housing finance institutions and real estate agents.

NAREDCO appreciates and welcomes the major initiatives of the Central Govt. in development of housing and real estate sector. Fiscal incentives for housing sector provided in successive budgets together with liberal investment and credit policies and reforms have brought the housing and real estate sector to the centre stage of Indian economy, recording 25-30 percent annual growth and 2-3 percent jump in its contribution to Gross Domestic Product (GDP). The sector, however, has witnessed unprecedented slow down in recent past due to on going global financial crisis, impacting demand and supply severally. The worst seems to be over and there is stabilization after deep correction in prices and Govt. help in tackling liquidity through three stimulus packages announced between December 2008 and March 2009. Finance Bill 2010 is expected to give further boost.

NAREDCO, as a premiere organization of real estate industry, has been putting up its suggestions on fiscal and financial issues, pertaining to housing and real estate sector, for consideration and incorporation in the successive finance bills. For Financial Year 2010-2011, the set of recommendations formulated by NAREDCO are submitted herewith in the form of **NAREDCO's "Pre-Budget Memorandum for year 2010-2011"** for consideration and inclusion in the finance bill 2010.



**NAREDCO**

**NATIONAL REAL ESTATE DEVELOPMENT COUNCIL**

**PRE – BUDGET MEMORANDUM FOR 2010-2011**

**A1. INCENTIVE FOR HOUSING DEVELOPMENT**

**1. Restructuring of Developers Debt.**

Housing and Real Estate industry is passing through worst recession because of global economic crisis. Real estate stocks had eroded 80-90 percent from its peak. Now there is some upward movement but still there is a long way to go. There is shortage of liquidity even now and demand for office and commercial real estate has declined substantially. Developers are facing difficulties in generating working capital and in servicing debts taken from various financial institutions. RBI, as part of stimulus package, had allowed restructuring of developers debt, upto June 2009.

As the economic stabilization is likely to take longer, may be till 2010, the real estate development activities, in full swing, would start only thereafter and then only the developers would be in a position to generate adequate capital to service existing debts. It is, therefore, suggested that the existing debt of developers, whenever required, be restructured till March 2011.

**2. Section 80-IA**

Section 80-IA of the Income-tax Act provides that where the gross total Income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any of the business referred to in sub-section (4) then a deduction equal to 100% of the profits and gains derived from such business shall be allowed for ten consecutive assessment years.

Sub-section (4) covers the business of either (i) developing or (ii) maintaining and operating or (iii) developing, maintaining and operating any infrastructure facility which fulfills all the conditions laid down in the said section.

The Explanation in the said Sub-section defines 'infrastructure facility' as under:

- (a) a road including toll road, a bridge or a rail system;
- (b) a highway project including housing or other activities being an integral part of the highway project;
- (c) a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;
- (d) a port, airport, inland waterway or inland port.

Housing Development companies are engaged in undertaking large scale urban development projects including purchasing raw land and developing it for the purpose of construction of houses, multi-storied buildings, creation of infrastructure and social facilities such as laying of roads, systems for water supply, water treatment, sanitation and sewerage, solid waste treatment and also to create educational, medical and recreational facilities as an integral part of development of satellite townships, in accordance with the elaborate rules and regulations and with the specific approval from the State Governments. Such projects tend to reduce the pressure on existing cities by providing low priced alternatives and value for money to the customers.

While according the approval, the State Governments specifically direct that these infrastructure facilities shall ultimately be handed over and shall not remain with the developer.

After purchasing agricultural land, these companies provide and create most of the infrastructure facilities mentioned in the Explanation.

It is only by creating all these infrastructure facilities that the raw land gets converted into developed land, fit for construction of houses and multistoried buildings for residential and commercial purposes, thus augmenting the housing stock of the nation.

It is presumed that the activities of these companies are already covered by the definition of 'infrastructure facility' but the position has become debatable as such activities are not covered by a specific clause.

### **Suggestion**

**We, therefore, suggest that in the definition of 'infrastructure facility' the following clause may also be added:**

- (e) **“An integrated township and group housing development on area more than 10 acres involving provision of residential, educational, medical, community, commercial or institutional buildings and creation of required facilities including roads, water supply, water treatment, sanitation and sewerage systems and solid waste treatment and management systems”.**

**This will meet the long outstanding demand of housing to be treated as infrastructure.**

### **3. Section 80 IB (10)**

The above section, as amended vide Finance Bill 2004-2005 and 2009-2010, is as under ó

õ(10) The amount of deduction in the case of an undertaking developing and building housing projects approved before the 31<sup>st</sup> day of March, 2008 by a local

authority shall be hundred percent of the profits derived in the previous year relevant to any assessment year from such housing project if, -

(a) such undertaking has commenced or commences development and construction of the housing project on or after the 1<sup>st</sup> day of October, 1998 and completes such construction within four years from the end of the financial year in which the housing project is approved by the local authority.

Explanation ó For the purposes for this clause ó

- i) in a case where the approval in respect of the housing project is obtained more than once, such housing project shall be deemed to have been approved on the date on which the building plan of such housing project is first approved by the local authority.
- ii) the date of completion of construction of the housing project shall be taken to be the date on which the completion certificate in respect of such housing project is issued by the local authority.

(b) the project is on the size of a plot of land which has a minimum area of one acre:

Provided that nothing contained in this clause shall apply to a housing project carried out in accordance with a scheme framed by the Central Government or a State Government for reconstruction or redevelopment of existing buildings and such scheme is notified by the Board in this behalf;

(c) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the cities of Delhi or Mumbai or within twenty-five kilometers from the municipal limits of these cities and one thousand and five hundred square feet at any other place; and

(d) the built-up area of the shops and other commercial establishments included in the housing project does not exceed five per cent. of the aggregate built-up area of the housing project or two thousand square feet, whichever is less.ö

### **Comments**

For projects sanctioned before 31<sup>st</sup> day of March 2008, a developer has to comply with following three conditions to avail the benefit of deduction u/s 80IB(10).

- (a) Project should be completed with in 4 years from the end of financial year in which it was approved by local authority.
- (b) Project is planned on a minimum area of one acre.
- (c) Built up area of shops and other commercial establishments should not be more than 5% of the aggregate built-up area of the housing project or 2000 sqft, which ever this less.

Since a large number of projects, approved between 2004-2008, are held up due to liquidity crunch and/or lack of demand, consequent to global economic slow down, it will not be possible for these projects to comply with the condition of 4 years time frame from the date of approval specified for the completion. To tackle this extra ordinary situation created due to global economic crisis and to save developers from refund of concession already availed and levy of penalties, it is necessary that completion period of projects sanctioned after 31<sup>st</sup> March 2004 be made 6 years, to off set two years of recession.

Another condition for claiming deduction u/s 80IB(10) is restriction of commercial space to 5% of the aggregate built up area of the housing project or 2000 sqft, which ever is less.

Byelaws of most States cater for a minimum of 5% of aggregate built up area of housing project to be used for commercial purposes and there is no ceiling of 2000 sqft, as prescribed u/s 80IB(10)(d). The projects are accordingly approved by the States for execution. It would thus imply that all projects beyond 40,000 sqft built up area will not qualify for concession u/s 80IB(10)(d).

Further, condition 80IB(10)(b) prescribes one acre minimum land area for the project to qualify for concession under this section. Taking minimum FAR of 1.5, as available in most States, the commercial space @ 5% of one acre ie 43560 sqft will work out to 2178 sqft and hence even one acre project as per State By laws will not qualify for concession u/s 80IB(10).

To make section 80IB(10) in harmony with State by laws, the ceiling of 2000 sqft for commercial space prescribed under condition (d) need to be removed and left only to 5% of aggregate built up area.

### **Suggestion**

**To generate interest of developers in smaller housing, as envisaged in Rajiv Awas Yojana, it is suggested that section 80IB(10) be reintroduced and ceiling of 2000 sqft for commercial space, prescribed under condition (d), be removed. Also, the period of four years prescribed for completion of projects under condition (a) be relaxed by two years for projects sanctioned between 01<sup>st</sup> April 2004 and 31<sup>st</sup> March 2008 to off set recessionary period 2007-2009.**

#### **4. Section 80C**

Section 80 C allows a deduction of up to Rs. 1 lakh from annual income on consolidated payments or deposits specified in sub section (2) which interalia includes payments on purchase or construction of a residential house property through installment or part payments or repayment of amount borrowed from Govt. / Banks and stamp duty, registration fee and other expenses for the purpose of transfer.

As sub section (2) caters for payments on account of numerous essential savings such as Pension, Provident Fund, Insurance etc, there is no or very little scope left under this section to accommodate payments of principal amount borrowed for purchase or construction of a residential house.

### **Suggestion**

**It is, therefore, suggested that the ceiling of Rs. 1 lakh u/s 80C be increased to Rs. 2 lakh and Rs. 1 lakh out of it be exclusively reserved for payment of principal borrowed for the purchase of a residential house. This will help in boosting housing stock. A separate limit for payment towards purchase of a house or repayment of principal on housing loan was available earlier u/s 88.**

## **5. Section 24**

Under Sec. 24, deduction on account of interest payment on housing loans is permissible to owners of rented dwelling units to the fullest extent. In case of owner occupied houses the limit is set at Rs. 1.5 lakh. Also, the deduction is available after acquisition or construction is completed and it should be within three years from the end of the financial year in which capital was borrowed.

### **Suggestion**

**It is suggested that the deduction on account of interest payment available under section 24 should be made applicable from the year in which capital was borrowed as for principal u/s 80C and should be to the extent of full interest paid at least in respect of one house. In case this is not agreed, at least the limit of Rs. 1.5 lakh should be raised to Rs. 3 lakh for owner occupied houses. Also, three years period for acquisition / completion from the year of borrowing should be dispensed with. This will provide much needed impetus to housing sector which is badly impacted by recession.**

## **6. Section 54**

At present, capital gain arising from transfer of any capital asset is exempt from tax in cases where the sale proceeds are invested in acquiring one residential house. Such a restriction is a deterrent to the object of boosting the housing sector, and hence needs to be removed. **Thus, it is proposed that this restriction should be removed and the scope be broadened by allowing the exemption as long as the entire capital gain is invested, whether in one or more houses.**

## **A2 INCENTIVES FOR PROMOTING RENTAL HOUSING**

### **1. Tax on Rental Income**

In view of the housing shortage in the country and the objective -Shelter for All and in view of the fact that not all can afford ownership housing, we need to give

a big boost to Rental Housing. The following incentives are suggested (for companies / partnership / HUF / Individuals):-

- a) **Income from renting of properties be taxed at a flat rate of 10%.**
- b) **Provision of rental housing on a large scale will require the services of Property Management Firms. In order to make property management a viable activity, income of firms which are wholly engaged in maintenance / repair and other specified management services for rental housing blocks may be brought within the ambit of Section 80 IB (10) and Section 10 (23G).**
- c) **High cost of houses and high property taxes lead to a low rate of return (ROR) from rental housing making renting out an un-remunerative proposition. To improve the effective ROR from renting, it is suggested that the deduction from rental income under Section 24 be increased from 30% to 50%. This will promote rental housing. For women and Senior Citizen, the deduction could be 100%, keeping social requirements and empowerment of women in view.**

## **2. TDS on Rental Income**

Tax at source from rental income is deducted @ 15% in the case of individual and HUFs and 20% in other cases out of the gross rental income. The tax deduction at source as above is exorbitantly high because of the reasons that out of the gross rental receipts followings outgoings are deducted resulting in the excess payment of tax in many cases which is claimed as refund from the Department.

- a) House tax ranging from 20 to 30% of rateable value is levied by the Municipal Authorities in most of the metros and towns.
- b) An amount equivalent to 30% is allowed as deduction u/s 24(a) for repairs/maintenance, collection charges, insurance etc.
- c) Interest payment on the borrowed capital.

Due to above outgoings, the remnant taxable rental income works around 40% to 50% of the gross rental income where there is no claim of interest on borrowed funds. In cases where there is claim of interest on borrowings then it would be much less and in many cases it is negative. As such rate of tax deduction at source far exceeds the maximum income tax chargeable in such cases.

### **Suggestion**

**Deduction @ 15% in case of individual and HUFs and @ 20% in other cases out of gross rental income is very high and should be reduced to 7.5% in case of individuals and HUFs and 10% in other cases. This will also reduce the workload of the income tax department in processing the refund applications.**

### 3. Deduction for Irrecoverable Rent.

In computing the house property income, certain important deductions are not allowable. Such deductions in no way can be said to have been included in statutory deductions of 30% for repairs etc. Such deductions are as under: -

- a) Ground rent being approx. 2 ½ % of the value of land. Land value in metros is very high and as such ground rent is very high.
- b) Annual value under Income-tax Act is determined by excluding the rent which the owner cannot realize. No provision u/s 24 has been made to allow deduction of irrecoverable rent which the owner has included in the annual value as rent receivable but due to circumstances beyond his control the same could not be realized. Tax having been paid on such income in earlier years, the deduction u/s 24 should have been provided for irrecoverable rent. It may be mentioned that special provision has been made u/s 25AA and 25B to tax the unrealizable in earlier years. **Therefore, in all fairness, deduction for irrecoverable rent accounted for in earlier years should be made u/s 24 of I.T. Act.**

### A3. INCENTIVE FOR HOUSING FINANCE

#### 1. Section 36 (1) (viii)

The section, as amended vide Finance Bill 2007, allows deduction of amount **not exceeding twenty percent of the profits** derived from the business of providing long term finance (computed before making any deduction under this clause) for residential houses and **carried to Special Reserve.**

This provision enables HFCs to re-capitalise themselves as they have small capital base. Reduction in benefit will result in higher tax outgo and make the capital costly.

#### **Suggestion**

**It is suggested that deduction of 40% of profit derived from business of providing long term housing finance, as applicable before 2007 budget, should be reintroduced. This will improve the thin margins of HFCs and increase their lendable resources.**

#### 2. Section 36 (1) (viiia)

**Provisions for bad and doubtful debts:** The present section allows deduction to only banks equivalent to 10% of the value of the assets that too for doubtful and loss assets.

Housing Finance Companies as per the directions of NHB and banks as per the directions of RBI are required to make provision for bad debts ranging from 10%

to 100% besides derecognition of interest. The bad and doubtful debts are of three categories. Sub-standard assets where the default is for three months, doubtful assets which have remained substandard for 1 year and loss assets where the asset has lost its realizable value.

There are two points. One the section is only applicable to banks and not to HFCs although both are making provisions and derecognising interest as per the directions of the Regulators. Secondly, the deduction is not applicable for sub-standard assets where bulk of the provision is made and interest derecognised.

The provision for bad debts and interest derecognition is done as per international norms of presenting the balance sheet in the most transparent manner. The disallowance of deduction and considering interest on bad debts on accrual basis for the purpose of tax does not take into account the accounting concept of a Going Concern. In case the deduction is allowed and the amount is recovered in coming years then automatically that income will be offered to tax although deduction was earlier allowed. In the long term there will be no loss to the I T Department.

### **Suggestion**

**It is suggested that the Provision of this section should be extended to Housing Finance Companies like for banks and all the bad debts should be considered for deduction on provisions made and interest derecognised as per the Regulators' directions. This will go a long way for the sustained growth of the Housing sector.**

### **3. Extension of Sec.10 (23G) to Housing Finance:**

Sec.10 (23G) which exempted income from investments made by a financing company in enterprises wholly engaged in the business of developing/ Operating/Maintaining specified infrastructure facility (the definition of infrastructure facility includes housing projects) has been omitted by Finance Act 2006 wef 01-04-2007.

### **Suggestion**

**It is suggested that Section 10 (23G) be reintroduced to help Housing Finance Companies working on thin margin.**

### **4. Section 54 EC**

Capital Gains bonds under Section 54 EC allowed to NHB has been withdrawn. In view of rising cost of money for housing finance and more than 65% increase in home loan interest in last two years, it is suggested that capital gain bonds under section 54EC to NHB be reintroduced and the same extended to HUDCO as well.

## A4. FUNDS FOR HOUSING

### 1. **Dedicated Affordable Housing Fund.**

Govt. should consider a Dedicated Affordable Housing Fund in line with infrastructure Fund exclusively for construction of EWS / LIG housing and lend it to developers at low rate of interest.

### 2. **Assess to Pension, Insurance and PF Funds.**

Housing Finance is a long-term investment and asset liability mis-match is a major problem for housing finance companies. Access to long-term funds such as Provident, Insurance and Pension funds will ease the situation. **Investment in HFIs should be an eligible investment for pension funds, Insurance funds and Provident Funds.**

### 3. **Assess to Bank Incremental Deposits.**

In order to improve affordable housing finance for the lower and middle-income groups, it is important that housing finance be made available at cheaper rates. For that it is important that housing finance companies get low cost funds. **It is suggested that banks may increase their allocation for housing from the present 3% to 5% of their incremental deposit. The additional 2% incremental allocation may be earmarked strictly for canalizing it through housing finance companies registered with NHB.**

### 4. **Real Estate Mutual Fund (REMF) / Real Estate Investment Trust (REIT).**

REMF approved by SEBI should be encouraged. In addition, REITs should also be encouraged and necessary guidelines finalized at the earliest. These together will boost supply of fund to housing and real estate sector and enable equity participants reap the fruits of high yielding real estate sector.

### 5. **External Commercial Borrowing (ECB).**

ECBs in housing and real estate sector except integrated townships is totally prohibited and sector placed on negative list of RBI for bank debt, thus, leaving the sector mainly to private debts. This has led to increase in cost of fund for private developers and together with increase in land cost has made properties unaffordable to average Indians. There being huge shortages in housing and real estate stock in India, opening of ECB in real estate sector will help reduce cost of fund and property prices. Also, opening of ECB in the development of SEZ would help smooth development of this capital intensive sector.

**It is, therefore, suggested that ECBs be allowed in all spheres of housing and real estate development, as also in SEZ projects.**

## **A5. SERVICE TAX ON RESIDENTIAL CONSTRUCTION TO BE TAKEN OUT OF SERVICE TAX NET.**

12.5% Service Tax on residential construction included in finance bill 2006, when Govt. is providing all incentives to boost housing, is like a deterrent. This combined with rise in excise duty on cement and steel would raise the unit cost by about 4 to 5 percent. **Residential construction, therefore, should be taken out of service tax net.**

## **A6. OTHER FISCAL AND REGULATORY ISSUES**

### **1. Measures to down market housing finance to poorer sections of society.**

Housing finance today addresses the need of only middle class population. The Banking industry and the HFCs should work out mechanism which can address the needs of poorer sections as well as the rural households by subsidising interest rates, pooling funds and relaxing mortgage requirements as also through instruments such as micro financing, community pool funding, agricultural land mortgaging, annual installments for loan repayment, etc.

### **2. Graded scale of Grant/subsidy/loan for Social Housing**

There should be graded scale of grant, subsidy and loan in such a way that lowest strata of poor get maximum subsidy and Economically Weaker Section and Low Income Group people get a combination of subsidy and affordable loan.

### **3. Bank Finance**

Presently RBI discourages Banking System from making construction finance available to the developers. It is pertinent to note that in the absence of debt from the Banking System the developers have to depend on private sources of funding which pushes up the cost to the detriment of ultimate buyers. It is, therefore, suggested that construction finance should be made available by the Banking System to the developers. This will enable them to complete the projects faster and hand over possession to users in time.

Banks should also provide construction advances / working capitals to developers on the lines of institutional loans.

### **4. Farm Houses land and Agriculture land proposed for non agricultural purposes in Master Plan should be brought under the SARF AESI Act 2002 to enable Banks and HFCs to consider them as securities.**

### **5. Housing Finance Companies may be allowed to open Saving / Current Accounts.**

To reduce cost of funds, the HFCs may be permitted to open low cost deposits (Saving / Current Accounts) for their clients.

**6. Parity of TDS in case of Housing Finance Companies.**

TDS on Fixed Deposits, in case of HFCs is applicable where amount of interest earned is more than Rs.5000/- while in case of banks it is Rs. 10000/-. It is recommended that it should be made Rs. 10000/- in case of HFCs also.

**7. Risk Weightage on Housing Loans.**

Risk Weightage on housing loan, as applicable now, is 50% for loans upto Rs. 30 lac and 75% for loans above Rs. 30 lac. For loans on commercial real estate, it is 150%. It is suggested that risk weightage on housing and commercial real estate be brought down to 50% and 100% as it was, earlier. Provisioning requirement should also be as for other industrial loans.

**8. Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Bill.**

The enforcement of Security Interest and Recovery of Debts Laws (Amendment) Bill, passed by Parliament in December 2004, arms HFIs and Banks in recovering dues from defaulting borrowers. The Doors of Debt Recovery Tribunal (DRT) should be opened for HFCs also to enable them to file suit with DRT.

**9. Industry Status to Real Estate Development.**

Real Estate Development should be given special status at par to industry.

“Industry Status” will bring about major transformation in the outlook and nature of the sector. It will enthuse investments, attract large companies and most importantly inculcate corporate culture and industry discipline, which will immensely benefit economy in general and consumers in particular.

“Industry Status” will also help the sector access bank lending at average interest rates at low collateral as against high risk rates prevailing at present. Further, it will help sector access central / state subsidies in case developers are building in backward regions / north eastern regions and raise ECBs.

**10. Setting up of Mortgage Insurance Companies.**

Setting up of Mortgage Insurance Companies under Mortgage Credit Guarantee Scheme should be speeded up to encourage secondary mortgage market.

**11. Time bound incentives for first time home buyers.**

Principal cost of the house upto Rs. 15 lakh may be exempted from tax over a 5 years period. This will incentivise low income group and middle income group people and help them in acquiring houses for themselves as also give an immediate boost to the economy.

**12. Sale of property to NRIs to be given status of deemed export.**

Sale of property to NRI should be given the status of deemed export and 100% Income Tax exemption be available to builders on income earned by sale of property to NRI and money earned in foreign exchange.

**13. Self-Occupied Property**

Owners of self-occupied property should be allowed depreciation and deduction for repair/maintenance, renovation and house tax up to Rs. 10,000/- per year.

**14. Stamp Duty**

In order to reduce transaction cost of housing and to discourage black money deals in housing it is important that stamp duties are reduced to 2-5 percent. Reduction in stamp duty will generate more revenue to State Govts. by increasing transactions and help in reducing cost of securitisation of housing loans.

**15. Voluntary Disclosure of Unaccounted Money**

To promote social housing, amnesty for deployment of unaccounted money as one time measure for a limited period could be considered.

**A7. MISCELLANEOUS ISSUES**

**1. Incentive for Certified Green Building**

Incentive in terms of 50 % reduction in Property Tax for the certified Green Buildings from recognised institutes should be provided. This will encourage End User to go for a Green Buildings. This will in turn also encourage construction of more environmentally friendly buildings and reducing Environmental Impacts with respect to Energy Consumption and Green House Gas emissions.

The incentive program should also allow a developer to apply for additional FSI of 5% if the project achieves a Green Building Certification or Rating. This should apply to all types of building projects, residential or commercial.

**2. Urban Land held as stock in trade [Section 2 (ea)]**

In a major change effected during April 1993, most of the assets were taken out from the levy of wealth tax except for a few items like jewellery and bullion, motor cars, boats, yachts which were excluded from such levy so long as they were held as stock in trade have been exempted from the purview of wealth tax, there is no reason for taxing urban land held by a developer as its stock in trade.

**Suggestion:**

Hence, we recommend that a similar exemption be granted to urban land held by an assessee as stock in trade by inclusion of the following proviso under Section 2(ea) (i) (v) after the word 'urban land'

**Provided that where such urban land is held by an assessee as stock in trade, who is engaged in the development of vacant urban land in pursuance of permission granted by a competent authority of the state/central government, such land shall be deemed to be excluded from the assets specified in this sub clause.**

3. The land should be made available by the Govt. agencies in different States of India for the development of residential housing projects at concessional rate. This will help in reducing cost of housing units which has shot up 50 ó 100 percent in last two years.
4. The entire set up of District Town Planning (DTP) Organisations should be re organized to make it simple, transparent and accountable.
5. **Environment clearance for housing projects.**

All housing projects exceeding certain parameters require environmental clearance. This is a major irritant for the industry. Therefore, if the master plan of a city / town, whenever prepared by the concerned Town Planning Department, involves environment authority at approval stage itself and clearance from them is obtained then it would be very helpful to the industry. For any Group Housing project or plotted colony project, taken up within the designated residential sector of approved / published Master Plan, further environmental clearance should not be made mandatory.

6. **External Development by Govt. Agencies.**

Govt. collects external development charges from the developers but external development does not keep pace with the project as a result project completion and occupation gets delayed and developers besides loosing huge amount due to delay has to cough up substantial amount on extension of licenses etc. External development should, therefore, be made time bound and completed before the completion of project by the developers. Alternatively, external development could be entrusted to developer and no EDC charged.

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