

# “Boon or Bane”



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Ar. Sheila Sri Prakash

Union Budget for fiscal year 2015 brought smile on some lips and for others, grimace on face. Although industrial and infra-sector look much greener in budget light, real estate sector look dim and dingy. Every cloud has a silver lining; so does this year's budget with some sunshine and some rain.

**B**udget 2015-16 was out after a lot of expectation and speculation. The overall picture of the budget gives some positive vibe for the industrial growth and investment. One of the most talked topic in the recent budget was tax exemption, hike in service-tax and excise duties. The major move by the Finance Minister was to remove the wealth tax and replace it with tax which will be applicable on assets worth above INR 1 crore. The green-field infra projects look good in the budget light but real estate sector seems to have been overlooked.

How budget 2015-16 will impact architectural world? What will be the game changer? And what the country's design fraternity think about the budget? We interacted with eminent personalities of the design fraternity to bring out the essence of the budget. Ar. Prashant Deshmukh of Prashant Deshmukh & Associates (PDA) and Ar. Sheila Sri Prakash of SHILPA Architects, share their insight with Architecture Update on budget 2015-16.

## IMPACT ON ARCHITECTURAL PRACTICES

According to Finance Minister, Arun Jaitley, there is something for everyone in the current budget. "The Budget is exciting, however needs to be studied in depth. A clear strategy and approach for overall growth is seen," remarks Sheila Sri Prakash. This year, the focus of the budget emphasizes on increasing liquidity, kick-up investment and catalysing growth in various sectors. Prashant Deshmukh comments, "the Finance Minister has done a fine job by prioritizing the wish-list based on the impact on growth and inflation". He further states that the government aiming at high growth will boost investment especially where infrastructure development like roads and railways sector are concerned.

The itinerary of the budget is a two faced coin. However, it is inclined towards positive side of the architectural practises. Sheila states, "the budget seems prudent and progressive for the development, in addition to the profession". While Deshmukh suggests, "the parameters of affordable housing changes from city-to-city and hence

should be segregated into the State Government Level, for a responsive architecture."

## IMPACT OF HIKE IN SERVICE - TAX

Service-tax has always been a cold sweat for all. "The increase of nearly 2 per cent in service tax is going to increase the overall costs to home buyers and those availing services from the real estate sector including architects," acknowledges Sheila.

"The hike in the service-tax reflects on the design cost, thus architects should manage the expenditure efficiently. However its less major concerned for architects handling infrastructure projects over the one practising residential, institutional or commercial projects" points Deshmukh.

## INFRASTRUCTURE PROJECT- A GAME CHANGER?

The union budget announced plug-and-play model for large infrastructure projects, adding tremendous progress to the national growth. INR 70,000 crore push towards infra projects will increase the job openings.

Sheila asserts, "although the real estate sector looks grimy, the corrective measures by the government in the form of tax-free government bonds, curbing black money transaction and reduction in wealth tax will revitalize the real-estate industry".

On the other hand, "Public Private Partnership (PPP) will bring opportunities to young minds to contribute to the development of the nation. Incorporating new building technologies like PEB (Pre-Engineering Buildings) along with large scale projects like city development, designing streetscape for effective lighting systems, underground drainage systems, and creating landmarks for the city; is a throttle to the nation's growth, increasing tourism and furthermore, to the country's GDP," explains Deshmukh.

## SMART CITY- A SCOPE FOR INVESTMENTS

With new government's kick-off statement on the proposal of 100 Smart Cities, has called for lots of speculation and curiosity. Will this protocol calls for

higher investments? Or a mere false hope? Deshmukh explains, "Smart Cities would prove expensive in the beginning but in a long run it will have minimum maintenance cost." And suggests, "besides, aiming at techno-friendly city, it is more important to focus on sustainable and efficient design which would preserve the culture, economy and ecology of the city. Requirement of the built-up area and capital expenditures for FDI is to be reduced from 50,000 sqm to 20,000 sqm and from USD 10 million to USD 5 million respectively for the development of Smart Cities. Moreover, the design proposal should cater to the requirement of the city and its people. And the focus should be on the 'potential' cities rather than 'developed' cities." While Sheila Sri Prakash pin points on the scope of investment for the smart cities, emphasises for a network of intelligent transport and surveillance systems, fibre optic connectivity for efficient communication services, waste recycling system and adapting renewable energy for sustainable living.

With the increasing demand for a better lifestyle, a lot of anticipation and speculation has creped in the minds of the people. In a diverse, chaotic urbanism, an effective and efficient system is the need of the hour. And the 'budget' is a means to cater to the necessity of the people within the constraints of national economy. ▲

*Ar. Prashant Deshmukh, Principal Architect and Founder of Prashant Deshmukh & Associates (PDA), has been associated with exemplary works in architectural editorial from his academic days and has worked with some well-known industry leaders like Taj Group of Hotels, Werner International. And accoladed with many National and International Awards.*

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