

From Tax Reforms to Infrastructure Push: What Budget 2025 Means for Real Estate

Category: Business

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The Union Budget 2025 has set the stage for sustained economic momentum, with significant allocations for infrastructure, tax reforms, and urban transformation. For the real estate sector, it brings both opportunities and areas for further contemplation. While the government's thrust on capital expenditure, tax reliefs, and liquidity enhancement has instilled confidence, industry leaders are keen to see how these measures translate into on-ground impact.

Balancing [Growth and Stability](#)

The [budget underscores the government's dual focus on economic expansion and fiscal prudence](#). According to **Manoj Gaur, CMD, Gaurs Group & Chairman, CREDAI National**, *"Budget 2025 underlines the Central government's commitment to economic expansion, infrastructure advancement, and financial stability, thereby fostering a conducive environment for [real estate](#) growth. Measures supporting start-ups and job creation, coupled with much-needed reductions in income tax slabs, are set to enhance liquidity and stimulate demand in the sector. While the focus on overall growth is encouraging, we look forward to further initiatives that will accelerate affordable housing development, ensuring inclusive progress for the country."*

This balanced approach resonates with **Ashwinder R Singh, Vice-Chairman & CEO, BCD Group & Co-Chair, CII Real Estate Committee**, who sees the [budget as a well-calibrated economic](#)

stimulant. "Budgets are about choices, and this one strikes a fine balance-between growth and discipline, consumption and investment. By putting more money in the hands of the middle class, the government has recognized demand as [India's economic engine](#). Infrastructure investments will expand urban corridors, unlocking [real estate](#) opportunities. While sector-specific incentives could have added momentum, the broader framework fosters stability and confidence. The focus now is on swift execution to turn intent into impact."

Infrastructure and Urban Development: A Game-Changer

The real estate sector stands to benefit from the increased capital expenditure on infrastructure, particularly through initiatives such as the Rs.1 lakh [crore Urban Challenge Fund](#) and Rs. 1.5 lakh [crore interest-free loans](#) to states. These measures are expected to [accelerate urban transformation](#), boost connectivity, and generate employment, thereby indirectly fueling real estate demand.

Gurpal Singh Chawla, [Managing Director](#), TREVOC, believes this emphasis on infrastructure is a positive signal for long-term growth. The [budget effectively balances development priorities with financial](#) stability. The emphasis on infrastructure growth, including the Rs. 1 [lakh crore Urban Challenge Fund](#), lays a strong foundation for long-term progress. Additionally, [key tax revisions enhance market](#) liquidity, ultimately creating an optimistic roadmap for the real estate sector.

Ashwani Kumar, Pyramid Infratech, echoes this sentiment, highlighting the PPP model's [role in expanding opportunities for developers](#). The [Union Budget25 announcements reflect the constructive growth](#) plan chalked out by the government. The emphasis given to the PPP model for infrastructural development and proposing an outlay of Rs. 1.5 lakh [crore for the 50-year interest-free loans](#) to states for capital expenditure will create various opportunities for private players to contribute to economic development significantly.

Tax Reforms: Boosting Affordability and Investments

One of the most discussed aspects of the budget is the revision in tax slabs, which enhances disposable income and boosts home affordability. The exemption of tax on annual incomes up to Rs. 12 lakh is expected to increase demand in the residential [real estate](#) segment, particularly for mid-income and affordable housing.

Rajjath Goel, Managing Director, MRG Group, believes the revised taxation structure will encourage [real estate](#) investments. *"The allocation for infrastructure development, urban transformation, and SWAMIH Fund 2, along with tax reforms that will improve liquidity, lays the foundation for the country's continued economic progress. Steps such as nil tax for two self-occupied properties and rental income up to Rs. 6 lakh will enhance the lucrativeness of [real estate investments](#). We are hopeful that these measures will [lead to sustained](#) real estate expansion, benefiting homebuyers and investors alike.*

The revised Tax Deducted at Source (TDS) threshold on rental income, raised from Rs. 2.4 lakh to Rs. 6 lakh, is another welcome step, particularly for the affordable and mid-segment rental [market](#). **Manit Sethi, Director, Excentia Infra,** appreciates this move, stating, *"The increase in the TDS threshold limit on rent from Rs. 2.4 lakh to Rs. 6 lakh is a significant [boost for the rental housing market](#). This move will ease compliance for those in the affordable and mid-segment rental sector."*

[Goa and Tourism-Centric Real Estate to Gain](#)

The budget also holds promise for tourism-led real [estate growth](#), particularly in locations such as Goa. By classifying hotels under Infrastructure HML, the [government has opened doors for increased hospitality investments](#), which will indirectly fuel demand for commercial and residential properties.

Ravindra Gandhi, Founder and [Managing Director of Tirasya Estates](#) views this as a transformative measure. *The revised tax slabs, which offer increased rebates and lower tax rates, will enhance disposable income, encouraging greater investment in the overall [real estate sector](#), particularly in second homes and vacation properties. The extension of tax benefits for investments in [infrastructure and real estate](#) further strengthens Goa's position as a lucrative destination for both domestic and international investors. With Goa identified as a top-tier tourism hub, the inclusion of hotels in the Infrastructure HML and the Rs. 1 lakh crore Urban Challenge Fund will facilitate world-class hospitality projects."*

SWAMIH Fund 2: A [Step Towards](#) Housing Revival

The Rs. 15,000 crore allocation for SWAMIH Fund 2 is another critical move aimed at addressing the stalled housing projects [across India](#). This will not only ensure the completion of delayed [projects but also restore confidence among homebuyers and developers](#). **Manit Sethi** believes this is a much-needed intervention, *"The Rs. 15,000 crore SWAMIH Fund 2 is another transformative step in addressing [India's housing](#) shortage. Besides, allowing taxpayers to claim the annual value of two self-occupied properties, instead of just one, is a major relief for property owners."*

The Road Ahead: Turning Policy into Progress

While Budget 2025 sets a positive tone for real estate, its real [impact will depend on swift implementation](#) and effective execution. The focus on infrastructure, taxation reforms, and liquidity infusion has been well received, but sector leaders continue to seek more targeted incentives for affordable housing and commercial [real](#) estate.

The coming months will be crucial in determining how these budgetary measures translate into real growth, [shaping India's real estate landscape](#) in the years to come.

