

Govt to Give Tax Benefit to First-time Home Buyers

GAME CHANGER Scheme expected to be notified shortly and will be effective from Jan 1 '17



Sitting from left: Sanjay Joshi, Pankaj Bajaj, Mahendra Singh, Nandita Chatterjee, Getambar Anand and Shrikant Paranjape; Standing from left: Sanjay Malhotra, Akshay Sethi, SD Gupta, Gourav Bhutani, SK Gupta, Amit Bhagat, Sanjaya Gupta and Manoj Gaur, at The Economic Times India Infra Summit 2017 —Photo: Amrendra Jha

Our Bureau

New Delhi: The government will give a benefit of ₹2.4 lakh to first-time home buyers with taxable income below ₹18 lakh a year, which would be a game changer for the sector, Housing and Urban Poverty Alleviation Secretary Nandita Chatterjee said.

The amount is equivalent to the total interest subsidy over a 20-year loan and will be given upfront to the housing financing company, through nodal agencies such as National Housing Bank and Hudco to reduce the outstanding loan. For a 15-year loan, the value of the benefit would be ₹2.2 lakh.

The secretary said the scheme is expected to be notified shortly and will be effective from January 1, 2017. "This is the first time we are talking about the middle-income group. We were hoping that this scheme would be a game changer," Chatterjee told a gathering of real estate developers and housing finance executives at the ET Roundtable on Housing for All.

Industry executives agreed. PNB Housing managing director Sanjaya Gupta said this would make projects affordable as EMI fall. Amit Bhagat, CEO of ASK Property Investment Advisors said: "The move will increase the affordability and eligibility of more than 90% home buyers as taxable income of ₹18 lakh is significantly on the higher side."

The Pradhan Mantri Awas Yojana announced by PM Narendra Modi on December 31 gives homebuyers subsidy at different rates depending on their income.

For annual income below ₹6 lakh, the subsidy is 6.5 percentage points on a principal component of ₹6 lakh, regardless of their total loan. For income up to ₹12 lakh, the subsidy is 4 percentage points on a principal component of ₹9 lakh, and the highest income category, up to ₹18 lakh, its 3 percentage points on a principal component of ₹12 lakh.

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"For the last two years, the government has been trying to make an environment where affordable housing can be pushed ahead. Affordable housing has become an important sector," Chatterjee said.

Industry leaders said infrastructure status for affordable housing would ensure easy access to capital for such projects. "The infrastructure status makes life easier for us. The interest rate subvention will kick-start the demand," said Manoj Gaur, MD of Gaursons.

Getambar Anand, chairman of ATS Infrastructure, said there was a lot of ambiguity in defining affordable housing and said a uniform definition was needed.

HDFC's Sanjay Joshi said home loans should also cover stamp duties which are 10% of the cost. "It will make it very easy for homebuyers to acquire proper-

ty since there will have easy access to funds," he said.

SD Gupta of International Finance Corp said housing finance firms needed more long-term funds from banks to meet the huge requirement of affordable housing.

Developers such as Stellar Group's Akshay Sethi said the government must define 'carpet area' that qualifies for affordable housing in various metros. Eldeco MD Pankaj Bajaj echoed the view and added: "Developers should not be forced to use 90% of the Floor Area Ratio (FAR) if he is willing to give it up."

Emaar Group CEO Sanjay Malhotra sought harmonising of centre's and states' regulations. "There exists a lot of dichotomy between the Centre's directions and the way states act. Developmental restrictions like size of the housing project in a lot of states create anomaly," he said.

Shrikant Paranjape, chairman of Paranjape Schemes (Construction), said the government should help reduce construction costs and suggested SEZ-like structures for affordable housing. "When it comes to real estate developers, cost of land is insignificant for affordable housing. We want to reduce the cost of construction," he said.

Mahendra Singh, group CEO — cement, Dalmia Bharat Cement, and Sanjay Kumar Gupta, chief marketing officer of Ambuja Cements, proposed the Mexican model of setting up an SPV with private players, states, developers and other stakeholders for affordable housing.

COMPETING WITH THE BIG 4

Boutique Consulting Firms Offer More Incentives to Retain Talent

Cos like Mazars, BDO & KNAV offer more equity, hefty pay packages to partners

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Mumbai: Boutique consulting firms are now busy doing what they routinely advise Corporate India to do: Designing tangible career-growth opportunities and bulge-bracket pay packages for their crucial talent who may find competing Big4 offers too tempting to resist.

The hunt for talent for partners and directors has led firms such as Paris-based Mazars to be conspicuously generous in India: The firm, which is seeking to increase its number of partners to 70 from 27, is offering equity of the global parent to some of the incoming partners. The standard practice restricts such ownership only to India entities.

"The way our structure is currently, some of our partners have equity not just in the India firm but are also partners in our global firm," said Bharat Dhawan, Partner of Mazars India.

Mazars' generous equity-ownership offers follow December's unprecedented expansion by BDO, a Belgium-headquartered professional services firm that lured away about 400 executives, including 40 partners, from its competitors in the past one month. Apart from the traditional Big 4 — PwC, EY, Deloitte, and KPMG — none of the other firms have seen partner-level recruitments on BDO's scale.

The Big 4, as in most regulated global markets, dominate India's professional services business with about 1,200 partners and more than 100,000 professionals at various steps of the career ladder. With increasing changes in the regulatory landscape and stricter corporate governance, the demand for audit and oversight professionals is increasing in the world's fastest-expanding major economy, where the Big 4 are regular talent shoppers at marquee B-schools and finance programmes. Hence, boutique firms are taking to innovative structuring of compensation and career tracks to retain their best talent and expand the base.

"If one has to attract and retain best talent, then firms have to go the extra mile, including opening their doors for equity ownership and similar talent attraction incentives," said Rakesh Nangia, Managing partner, Nangia and Co.

Too Tempting to Resist

₹1 crore Average salaries offered to partners in Big4

1,200 Number of partners in Big4

₹10,000 crore Total revenue of Big4 — PwC, EY, Deloitte and KPMG

COMPETITION

Mazars, KNAV, BDO and other firms taking the fight to Big4 by offering more perks to employees



If one has to attract and retain best talent, then firms have to go the extra mile, including opening their doors for equity ownership and similar talent attraction incentives

RAKESH NANGIA

Managing partner, Nangia and Co

be part of something different," said Rakesh Nangia, managing partner of Nangia and Co — a New Delhi-based Indian full-service firm.

Among the incentives these firms now consider are higher equity, profit sharing from either the global or domestic pools, meatier roles, swankier offices and creative designations. And the innovations are not restricted to transnational audit and advisory firms.

KNAV, a firm founded by four Indians, is not only offering some partners equity, but also is creating a structure that ensures parity between the founders and latter partners.

"No one, including the founders, can continue to hold equity forever. Our mandatory retirement age is 65, unless all other partners vote to have a partner continue after retirement," said Nishita Sharma, managing partner of KNAV. This would mean that only talent and capability to generate revenue would become paramount in the firm.

In the next two years, recruitment programmes may become even more aggressive, as Corporate India seeks to comply with the biggest change in indirect taxation since Independence. Regulatory changes such as audit rotation and new accounting standards on the auditing side and taxation laws such as GST and GAAR on the taxation front are creating demand for professionals.

On India's revenue leader-board for professional services, the Big 4 make up the top four positions, followed by Grant Thornton, according to most industry experts. The ranking thereafter is unclear, with every major player claiming to be among the top 10.

The Big 4 alone have total revenue of around ₹10,000 crore a year from their India operations. While there is no clarity around the revenues generated by other well-known firms in India, it could be as low as 50% of the revenues generated by the Big 4.

"The regulatory changes in some way provide opportunity for some firms with strong knowledge base to directly compete with the Big 4. If they play their cards well, some of the smaller firms may see a huge jump in their top line in the next year or two," a senior partner with a Big 4 firm told ET.

INTERNATIONAL TOOLING SUMMIT 2017

DRIVING THE TOOLING INDUSTRY TOWARDS SELF SUFFICIENCY

'Make in India' has captivated the collective consciousness, and the Tool and Gauge manufacturing industry is playing a pivotal role in making this vision into a reality



(Left to Right) Rajeev Wasan, senior VP, Honda Motors; A Dayanand Reddy, president, TAGMA India; Rajiv Gandhi, executive director-production, Maruti Suzuki India Ltd.; S K Arya, chairman, JBM Group; Sree Prakash, vice president, TAGMA India; Michael Walter, managing director, Buderus Edelstahl GmbH, Germany

Tool and Gauge Manufacturers Association of India (TAGMA), the Apex Body of Indian Tooling Industry had launched the second International Tooling Summit 2017 on 9th February at The Grand Hotel, New Delhi.

The two-day summit brought together 300+ key policy makers, CEOs, MDs, manufacturing heads, purchase heads, business heads, etc. under one common platform, to discuss best practices and seek solutions to some of the most pressing challenges in the manufacturing industry. The Die, Moulds and Press Tool manufacturing industry has substantial multiplier effect on the domestic economy hence must be nurtured to become self-reliant.

Speaking on the inaugural of the summit, Gandhi said, "India is a country full of opportunities and is capable to unleash much more to the world. The manufacturing sector plays a significant role in India's GDP and for this sector to grow, the OEMs cannot do it all alone. There has to be an ecosystem where OEMs and suppliers support each other and co-exist so that the overall growth objective is met. Both the OEMs and suppliers (including tooling) have to work very closely to

"The Indian tooling industry is expected to grow further with government initiatives. Major OEMs in India are working on a plan for indigenisation of components getting into their main assemblies as per government guidelines. Policy reforms by government of tooling from indigenous sources will ensure growth in domestic production. Hence, to enhance the contribution of tool room industry to the growth and development of the Indian National Economy and to encourage members to be progressive, this two-day conference on tooling industry has been an excellent platform for industry experts to get together, and share their opinion with industry delegates."

— A DAYANAND REDDY, president, Tool and Gauge Manufacturers Association of India (TAGMA)

achieve the best results. I am sure it is possible by collaborating mutually and sharing the thoughts in a structured manner. Another important point which remains a challenge for all us is upgrading our capabilities to meet the global quality standards of the product — be it a tool or a car. Hence, we believe that this Summit will try to bring focus on all these important issues so that it mutually benefits all the stakeholders."

In his welcome address A Dayanand Reddy, president, Tool and Gauge Manufacturers Association of India (TAGMA) said, "The Indian tooling industry is expected to grow further with government initiatives. Major OEMs in India are working on a plan for indigenisation of components getting into their main assemblies as per government guidelines. Today, OEMs are procuring tooling from indigenous sources as importing from neighbouring countries is becoming expensive year after year. This will ensure growth in domestic production. Hence, to enhance the contribution of tool room industry to the growth and development of the Indian National Economy and to encourage members to be progressive, this two-day conference on tooling industry has been an excellent platform for industry experts to get together, and share their opinion with industry delegates. With the union budget presented last week for total transformation of India and the GDP growth of 6.5% this year and forecast of about 8% for the next year, with various pro industry policies of the Central Government including 'Make in India' programme, let's hope all of us are poised for good business in the immediate future and in the years to come."

Despite various challenges, the tooling industry has managed to surge ahead in the last 10 years with diversification into several emerging areas giving a new lease of life to the sector with an expectancy of 15-20% year-on-year growth.

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INITIATIVES FROM TAGMA IN DRIVING THE TOOLING INDUSTRY TOWARDS SELF SUFFICIENCY

TAGMA Centre of Excellence and Training (TAGMA CET)

A Common Facility Centre "promoted by TAGMA and Funded by DHI", is coming up at Chakan, Pune. The construction of facility is in full swing.

We invite Equity participation from the industry for these noble cause and promote the concept of cluster facilities for the growth of the Tool & Die industry



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