

# 'Uniform rules across India will boost affordable housing'

After the government announced initiatives for affordable housing, including Credit Linked Subsidy Scheme (CLSS) and infrastructure status for such projects, affordable housing has emerged as a favourite among property developers. Mahindra Lifespace Developers, the real estate arm of Mahindra Group, announced a tie-up with HDFC Capital Advisors for affordable housing. The company's managing director ANITA ARJUNDAS talks to Raghavendra Kamath about the company's plans. Edited excerpts.



**"From a revenue perspective, the share of affordable housing is just 10 per cent of our sales. The share of affordable housing will increase but the share of premium and mid-income housing will still be high"**

**ANITA ARJUNDAS**  
managing director,  
Mahindra Lifespace  
Developers

## What do you think about the government initiatives on affordable housing?

The government has done a lot for affordable housing in the form of 80IB and the CLSS but there is no clarity on the definition of affordable housing. Last month, the government had said the goods and services tax (GST) would be reduced from 12 per cent to eight per cent for low-cost housing.

The circular does not define low-cost housing. The government has said the GST will be reduced for affordable housing projects, which have been given infrastructure status. But nobody gives such status. They have said there is lacunae and they will solve it, but nothing has been done so far. If we charge eight per cent and the government says later the tax is 12 per cent, we cannot ask our customers to pay more. Similarly, if we charge 12 per cent and the tax is reduced, we cannot refund customers.

**In the Palghar project, the apartment prices start from**

**₹8 lakh. Many developers in the past have shunned the ₹10 lakh to ₹15 lakh category. Why are you getting into this?**

We have done these kind of apartments in Chennai and Bhoisar. Nobody is disputing that margins are lower but doing such projects is not impossible. When margins are thin, you cannot take long to finish the project. If we can enter and exit an affordable housing project in two-and-a-half years or three years, it makes sense.

With a margin of 15 per cent, if we rotate money twice as compared to once, in other projects, the return on capital employed will improve. The government is talking about housing for all. If we are going to take one year for approval how will they achieve the objective? Setting up a single-window mechanism for clearances will make a big difference. Rationalising rules across markets for affordable housing will benefit the segment.

Standardising rules for

affordable housing will help us move towards technology. We can work on uniform layouts and products without wasting time on design. Once we can work on designs faster, we can receive approvals faster and launch projects within three months of purchasing land.

The other problem at the state-level is securing land at an optimal cost.

**Is there a risk of people perceiving you as a low-cost housing company despite doing a lot of premium and mid-income housing?**

No. We have done about 14 million sq ft of development. Nine million sq ft is still to be executed. Of this, Happinest (Mahindra's low-cost housing brand) is 2.5 million sq ft.

**Can you give me a ratio between affordable and premium/mid-income housing?**

From a revenue perspective, the share of affordable housing is just 10 per cent of our sales.

The share of affordable housing will increase, but the

share of premium and mid-income housing will still be high.

For every one unit of a premium home, we have to sell more units of affordable homes.

**Analysts have raised questions about your scale. Are platform deals with investors, such as HDFC Capital, your answer for that?**

Platform deals are solutions for asset-light approach and sharing of risks and rewards. As a developer, we will be rewarded if we perform well. Besides giving access to capital, it will provide us access to more land parcels.

**What are your plans for new launches?**

Five projects are scheduled for launch this year — three in Mumbai and one each in Pune and Chennai.

**What are your plans with HDFC Capital?**

We have an initial commitment of ₹5 billion. We have moved our Palghar project under it. We launched the Palghar project on February 15.