

Realtors demand lower circle rate in Delhi and Gurgaon

Synopsis

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Realtors in Delhi have demanded an extension of lower circle rates, or **floor prices**, by a fifth in the national capital and rollback of proposed increases by up to 90% in these tariffs for the satellite town of **Gurgaon**.

With the second wave negatively impacting the economic recovery, real estate experts believe the sector needs continued support from the **government**.

Delhi had announced a reduction in circle rates from March 1 to next six months while Gurgaon had raised rates from April.

“Revenue offices were closed for almost two months in Delhi due to the lockdown, so the benefit of reduced circle rates should also be extended by at least two months,” said Amit Goyal, the **India** chief executive at Sotheby’s International Realty. “There has been a lot of demand for high-end properties. The decision by the Gurgaon administration to hike the circle rate came at the wrong time, immediately before we were hit by the second wave.”

According to developers and property consultants, the decision to hike the circle rate by up to 90% by Gurgaon authorities will have a negative impact on the local real estate market and hurt recovery.

“Circle rate was increased in Gurgaon at a time when we expected some respite from the government in the form of real estate friendly measures,” said Anubhav Jain, CEO, Silverglades Group. “Since the pandemic, many states have either kept the circle rates unchanged or gone for a reduction in rates. This helped them in keeping the property prices low.”

The need to rationalise circle rates has further increased after the second Covid-19 wave.

“We request the government consider reducing the circle rates by 15-20% in various localities. The government should also consider reducing stamp duty rates to boost demand immediately,” Jain said.

The Gurgaon administration decided to increase the circle rate by up to 90% at

some of the posh localities of the city from Thursday.

For example, circle rates at the ritzy condominiums of DLF Camellias, Magnolias and Aralias have gone up from Rs 20,000 per sq ft to Rs 25,000 per sq. ft.

“Recent reports suggested that property transactions in prominent south Delhi areas were the highest in 2020-21. This reflects high demand for luxury properties. Some areas that were lagging started seeing queries after the government announced the reduction in circle rates,” said Pradeep Prajapati, head of luxury residential services at IQI India. “The Delhi government should consider extending the deadline for the sector to recover from the damage caused by the second wave.”

Areas such as **Maharani Bagh**, Panchsheel Park and New Friends Colony, where there were hardly any transactions in the past few years, have suddenly become active.

The circle rate moderation also translates to a 1% reduction in stamp duty and that's a relief for buyers. In some areas, both buyers and sellers had to bear the tax on the differential and that was discouraging transactions.

The sector has witnessed the positive impact of slashed stamp duty charges in **Maharashtra** on the property markets of **Mumbai** and Pune, which suggest that the state government's decisions have a direct impact on the sector.

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