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JLL India reacts to the Union Budget 2025-26

- More money in the hands of taxpayers set to boost domestic demand with immediate benefit to the housing sector
- Focus on manufacturing, GCCs, urban development and circular economy to enhance the growth potential in the economy

Samantak Das, Chief Economist and Head of Research & REIS, India, JLL, “India’s Union Budget is set to unleash animal spirits in the Indian economy. A wide-ranging push on people, industry and quality of life improvements across different sections of the population makes this a citizen-centric budget. The biggest announcement on personal income tax relaxation was a long-time coming and now provides enhanced liquidity in the hands of the middle-class, creating a perfect storm for reviving consumption demand. This will have a direct bearing on the housing sector with higher buying capacity supporting homebuying activity at robust levels.”

Key takeaways

The removal of all conditions for holding two self-occupied properties without any tax implications will spur fresh investments in the residential market, further supporting the ongoing momentum. This announcement is further supported by the increased threshold for TDS exemption on rental income to INR 6 lakh.

The focus on enhancing India’s ambitious manufacturing push through higher allocation, sectoral expansion and taxation benefits builds on previous announcements to make India the ‘factory to the world’. Higher fiscal support for MSMEs and startups as well as the focus on clean tech sector manufacturing are the right steps in this direction. These are accretive employment generation announcements and will spur overall and widespread income growth.

GCCs have been clearly identified as key growth drivers to India’s services sector progress. GCCs account for over 1/3rd of all occupied Grade A office stock in the country and India accounts for over 50% of global real estate demand from GCCs. The plan for a national framework to help states expand GCC footprint to Tier-II cities is a forward-looking step towards tapping India’s vast talent pool outside the major cities. This will help in fostering inclusive economic growth beyond major metropolitan areas.

The push for nuclear energy capacity augmentation (clean energy) as well as inter-state power transmission reforms will be key to meeting India’s power needs and has direct linkage to the growing data centre sector.

Increased allocation to new SWAMIH Fund 2 of INR 15,000 crores is the appropriate measure for consumers of stuck residential projects to the tune of additional 1 lakh units, further reducing buyer stress and supporting the Housing for All initiative indirectly.

With FDI limit in insurance increased to 100%, given premiums to be invested fully in India, more global firms entering the sector and allowing for greater institutional capital flow to real estate as one of the sectors is another positive for the sector.

50 tourist development sites through challenge mode and modified UDAN scheme for linking 120 additional destinations allow for greater hospitality and support infrastructure services creation, both relevant for economic development and employment opportunity generation in new urban hubs.

The focus on Ease of Doing Business through a ‘light-touch’ regulatory approach and easing of processes is key to greater corporate efficiencies, transparency and faster clearances.

Finally, the fiscal prudence through tight fiscal deficit targets for both FY 25 and next year makes for a well-rounded, growth-oriented blueprint for the Indian economy.

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