KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Amitabh Kant committee report

Published On: 30-08-2023

Why is in news? The Amitabh Kant committee, which was tasked by the Government with suggesting ways to revive stalled real estate projects, acknowledged the financial stress of real estate developers but recommended no direct support, an industry body said.

The 14-member committee, set up on March 31 and chaired by former NITI Aayog CEO Amitabh Kant, submitted its report to Housing and Urban Affairs Minister Hardeep Singh Puri.

The report has essentially suggested that all stakeholders — developers, financiers and land authorities — take "haircuts" to make the stalled projects financially viable.

Key findings of the report:

The first question before the committee was how many and where are the **legacy stalled projects located**.

The committee's report cited the Indian Banks' Association (IBA) as estimating that 4.12 lakh dwelling units of Rs.4.08 lakh crore were "stressed" and about **2.40 lakh (44%) of these were in the National Capital Region**.

Another 21% of the units were in the Mumbai Metropolitan Region.

The committee concluded that the **main reason for the stress** in these projects was the **"lack of financial viability",** which had led to **cost overruns and time delays**.

The committee said the way to solve the problem would be to **improve the Internal Rate of Return of the projects** in order to attract funding.

In order to make the projects viable, all stakeholders that is the developers, financiers, land authorities etc. — would have to **take a "haircut" or accept less than what is due to them**, it said.

Recommendations of the committee:

All projects with the following criteria **must be registered with State Real Estate Regulatory Authority** (RERA). Where the land is over 500 square metres orthe number of apartments to be constructed are more than 8.

The committee advocated to **de-link the grant of registration or sub-lease by the land authorities** to the homebuyers from the recovery of dues from developers. This would **benefit about 1 lakh homebuyers** for the immediate registration and execution of subleases in favour of homebuyers.

RERAs should identify projects where **no-objection and completion certificates** have not been issued. It should accelerate the process to grant certificates, irrespective of the developers paying their dues to the authorities.

It is the role of the State governments to **set up a rehabilitation package** to get **the stalled projects run again**.

Conditions: The developers should commit to complete the projects in 3 years. It includes Zero Period for 2 years starting with the onset of COVID pandemic. Developers would be allowed to get a co-developer on board to complete the work.

Partial surrender policy: The developers can give back some of the unused lands to the authority in exchange for a waiver on the dues for that land.

Outstanding payments: The RERA can directly collect these outstanding payments from homebuyers, bypassing the builders.

Occupancy: It suggests that occupancy or possession of substantially completed projects should be granted within the next 30 days.

Financial support: Bring stalled projects under the purview of priority sector financing. The Ministry of Housing and Urban Affairs should formulate a scheme.

The government should consider offering subsidized interest rates or a guarantee scheme similar to those available in the MSME sector. Improve the Internal Rate of Return of the projects in order to attract funding.

Judicial interventions, like the use of the Insolvency and Bankruptcy Code, should be the last resort.

Special Window for Affordable & Mid-Income Housing (SWAMIH) Scheme:

The Special Window for Affordable and Mid-Income Housing (SWAMIH) Investment Fund is a **social impact fund specifically formed for completing stressed and stalled residential projects**.

The Fund is **sponsored by the Ministry of Finance**, Government of India.

It is **managed by SBICAP Ventures Ltd**., a State Bank Group company.

It has **one of the largest domestic real estate private equity teams** focused only on funding and monitoring the completion of stressed housing projects.

It is a **Category-II AIF (Alternate Investment Fund)** debt fund registered with the Securities and Exchange Board of India.

Eligibility criteria:

Real estate project must be registered under the **Real Estate (Regulation and Development) Act (RERA) 2016**.

Project must be **classified as a non-performing asset** (NPA) or be under insolvency proceedings.

The project should have been **declared as a "stalled" or "delayed" project** by a competent authority.

The fund is available only for projects that fall under the affordable and mid-income housing categories.

RERA:

The Real Estate (Regulation and Development) Act, 2016 is an Act of the Parliament of India which **seeks to protect home-buyers as well as help boost investments in the real estate industry**.

The Act came into force from 1 May 2016 with 69 of 92 sections notified.

The Real Estate Act provides **transparency and accountability** in the realty sector.

Its objective is to make known the status of building approvals, to enable customers to make accurate decisions.

The Act aims to take steps to promote affordable housing for everyone.

Size of Real Estate market in India:

The real estate sector is one of the most globally recognized sectors. It comprises of four sub-sectors - **housing, retail, hospitality, and commercial.**

The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodation.

The **construction industry ranks third among the 14 major sectors** in terms of direct, indirect and induced effects in all sectors of the economy.

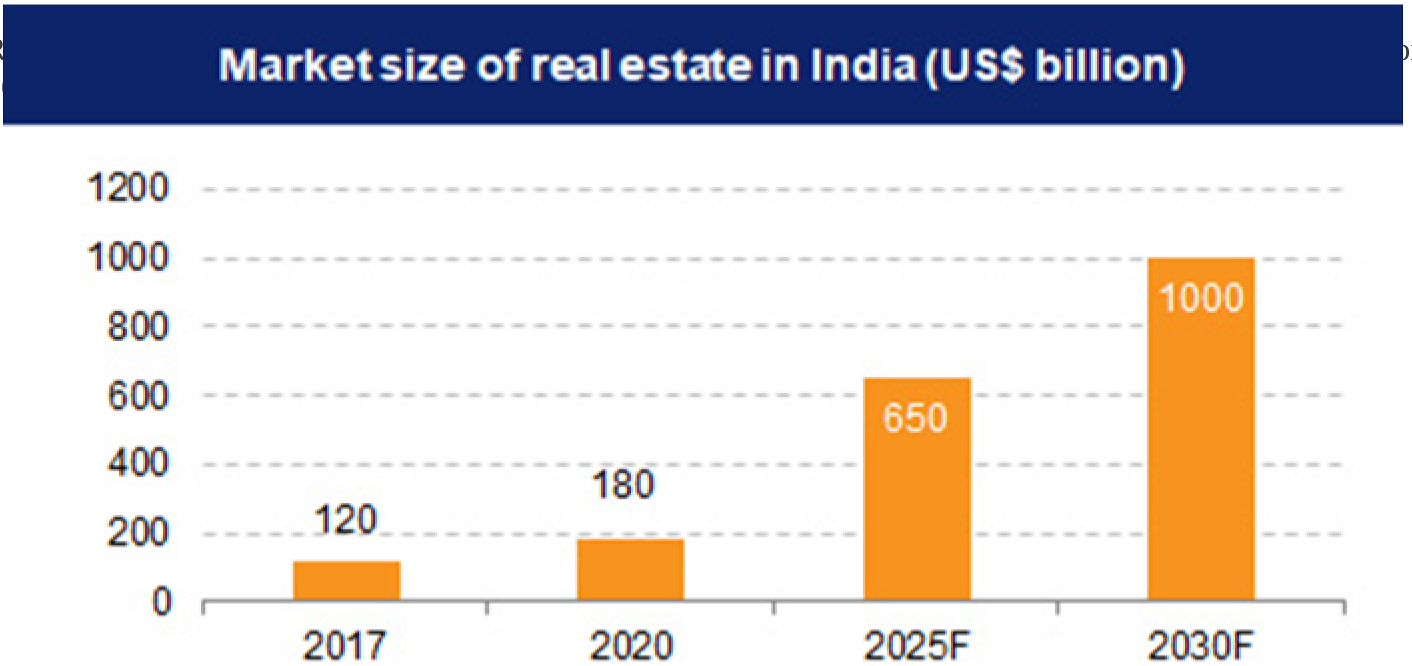
In India, the **real estate sector is the second-highest employment generator**, after the agriculture sector.

It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term.

Bengaluru is **expected to be the most favoured property investment destination for NRIs**, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

By 2040, real estate market will grow to Rs. 65,000 crore (US$ 9.30 billion) from Rs. 12,000 crore (US$ 1.72 billion) in 2019.

R on in
2



?