

## Industry reactions on the Govt's 25000cr real estate rescue fund



08/11/2019 , by Realty Plus, in News/Views

### Highlights

The Centre has announced a Rs 25,000 crore stimulus package for the ailing real estate sector.

The Centre will infuse Rs 10,000 crores into the real estate market.

SBI and LIC, the sovereign and pension funds have also agreed to invest in the market.

Government plans to revive over 1600 stalled housing projects covering 4.58 lakh units.

If the developer has not declared liquidation, they can avail the cover.

### Here's what the industry had to say:

**Niranjan Hiranandani, President (National), NAREDCO and MD, Hiranandani Group,** "The vexed problem of delayed and stalled real estate projects appears to have found a solution, with the Hon'ble Finance Minister announcing Cabinet Approval of the scheme to provide 'last mile funding' for such projects, which she had proposed earlier. The funds will be used to provide priority debt financing for the completion of stalled housing projects in the Affordable and Middle-Income Housing sector, providing relief to developers with unfinished projects as also ensuring delivery of homes to buyers."

**Jaxay Shah, CREDAI National Chairman,** "It's a very welcome change from the initial announcement. Now the only criteria for eligibility is net worth positive projects. This will ensure that the fund is actually deployed to complete incomplete projects which are even NPA or also in NCLT. We are certain that a majority of stuck homebuyers will benefit from the announcement of a 25000 crore stress fund which is going to be increased in value if needed. Quick deployment of money and efficient decision making for qualification of projects will solve the long pending problems of home buyers. The establishment of an alternative investment fund is also welcoming."

**Ramesh Nair, CEO & Country Head, JLL India,** "The Cabinet's approval of a special window is an extremely positive move. This move by the honourable FM is likely to become a game changer as it now includes projects, which are NPA or are under NCLT, a major pain point that was left unaddressed in the last announcement. This will be a respite to homebuyers, whose dream of owning their own house have been long shattered owing to uncertainties in project deliveries. At the same time, it protects the interests of the private investors who are expected to contribute nearly 60% to this proposed fund."

**Sanjay Dutt, MD & CEO, Tata Realty and Infrastructure Limited,** *"The real estate sector is one of the largest contributors to the Indian GDP and the growth of this sector heavily relies on conducive Government policies, we are pleased to see the Government and Reserve Bank are working together to address the challenges plaguing the industry. This is a much-required boost to bring the real estate sector back on its feet and alleviate the concerns of homebuyers that were facing the burden of unfinished projects. However, the deployment time of this initiative holds the key to its success."*

**Sankey Prasad, Chairman & Managing Director, Colliers International India,** "This is definitely the need of the hour, especially to bring back the confidence of both developers and end buyers in the residential segment. Government should consider increasing the AIF (Alternate Investment Fund) allocation to also cover few critical infrastructure projects which require immediate intervention. We see the impact of this to the banking level, as the NPA's reduce leading to faster revival of the ecosystem".

**Anuj Puri, Chairman – ANAROCK Property Consultants,** "Much in line with her promise to bring relief to the realty sector, the FM announced that an INR 10,000 crore fund has got the Union Cabinet nod. To be used for last-mile funding of stuck affordable and mid segment projects, this is a critically important move which eliminates the ambiguity which surrounded the timelines for setting up the fund, and its actual implementation. Finally, countless aggrieved homebuyers will see the light at the end of the tunnel. This move couldn't have come at a better time because the delay was causing serious apprehensions."

**Shishir Baijal, Chairman & Managing Director, Knight Frank India,** "The inclusion of developments under NPAs and NCLT into the gamut of eligible projects, albeit these are net positive projects, into the Special Window Funding is a welcomed decision. The extension of this benefit to mid income beyond the affordable housing segment is a critical step forward. We welcome these changes and feel that this will help create greater momentum in stock movement. There are many projects which are near completion but have not been able to garner last mile funds will benefit from this move. This step will definitely create greater confidence and credibility and may, in due course, encourage private segments to extend their support in last mile funding, helping the beleaguered sector to go over this period of slowdown".

**Bijay Agarwal, Managing Director, Salarpuria Sattva group,** "This is a welcoming move by the cabinet and the fund will help provide relief to more than 4.5 lakh home buyers. This step proposes to bail out many housing projects and revive hope for the home buyers. The extension of fund to mid-income projects is reassuring step forward. Faster implementation of the funds will only enhance the sector further."

**Manju Yagnik, Vice Chairperson Nahar Group and Vice President NAREDCO, Maharashtra,** "Cabinet's approval for funding of stalled Affordable and Middle-Income housing projects will enable home-buyers to get delivery of homes locked in stalled housing projects. This will also restore trust between buyers and developers and boost the sentiments of the housing sector. Besides, revival of the sector will also lead to demand of Cement, Iron & Steel Industries giving further impetus to generate more employment."

**Anshuman Magazine, Chairman & CEO – India, South East Asia, Middle East & Africa at CBRE,** "We welcome the government's decision to set up a new alternative investment fund to complete stalled housing projects. With the 25,000 crore fund, close to 1600 projects with 4.58 lakh units are expected to benefit , especially in the affordable and mid income category. This move will go a long way in building confidence into the real estate sector not only from the end user perspective but also from an investor's perspective."

**Nayan Shah, president, CREDAI-MCHI,** "This is very welcome mood atleast finally the government has acknowledged that something drastic needs to be done for real estate. As real estate alone impacts no less than 270 or industry sector data reliant on real estate alone. However having said that the current permission are not going to help last mile funding for thousands of projects and more than lakhs customers who waiting there.homes to be delivered. As the current provision applies only to their project. Which have been declared NPA or whichever referred to NCLT with the condition that they net worth to be positive."

**Rohit Poddar, Managing Director, Poddar Housing and Development Ltd and Joint Secretary, NAREDCO Maharashtra,** "This stimulus package has been announced majorly for the NPA projects under RERA. The funds will bankroll the stalled projects in the affordable and mid-income housing segment and keep the needle moving in the micro markets. It will also revive the demand for construction materials and assuage the stress in other major sectors in the economy."



**Kiran John, Joint Managing Director, Terapact,** *"This will create a new avenue of relief and will help restore some buyer confidence. Most of the benefit will be felt in Mumbai and NCR. One question still unanswered is whether the programme will be expanded to include a wider range of eligible projects, as the current definition does limit the inclusion of a vast number of projects that could benefit."*

**Koshy Varghese, MD, Value Designbuild Pvt Ltd.,** *"The fact that the Union Cabinet is trying to reach out to the ailing realty sector is heartening. However, if we take into consideration the value of loans and bad debts, the amount approved by the Union Cabinet is miniscule. Taking into account that 90% of the total debt is currently owed by only 10% of the developers, mainly the larger ones the question remains as to how the Government will ensure that the intended financial boost trickles down smaller developers? Additionally there is no stipulated deadlines. It would have been a much better option for the FM to provide incentives to the public to purchase housing units. Furthermore, the Government must seriously consider giving the real estate sector the much needed industry status."*

**Anandeeep K Chadha, Chief Financial Officer, Assetz Property Group,** *"This will be a good initiative taken in the interest of the home buyers and it will help resolve the financial stress faced by them. There would be a considerable release of funds in the sector which is gasping for liquidity to complete projects."*

**Avneesh Sood, Director Eros Group,** *"We welcome the Government initiative to provide a structured method of infusing liquidity into stuck projects, and thereby seek to address the key issues of project funding, completion and delivery. The fund is expected not only to support the real estate sector but also generate commercial return for its investors."*

**Sunil Mishra, CEO, Trespect,** *"The Government's move to allocate Rs 25,000 Cr to stuck residential projects is no doubt, a very welcome move for the real estate industry, and for the larger economy too, with collateral benefits spilling over to steel, cement, paints, and of course, to the larger employment levels too. As these 450,000 buyers move into their apartments, there will also be a good demand for movers & packers, interior design and furnishing sectors. The implementation of this investment would take anything from 6 to 24 months, and hence this is not an overnight steroid."*

**Rohinton Sidhwa, Partner, Deloitte India,** *"Getting stalled real estate projects moving through Government sponsored funding will breathe life into the housing market. The sector is still reeling from the impact of over-stretched developers and incomplete projects. There is probably a recognition that there are several projects available that can be viable provided there is completion funding. The AIF 2 structure is a pass through for tax purposes, the fund does not pay tax on its investment income and hence will facilitate the financing activities in a tax efficient manner."*

**M Murali, CMD, Shriram Properties Ltd,** *"The infusion of funds for affordable and mid segment projects will positively impact the normal home buyers. I am certain that this coupled with other measures such as the support extended to NBFCs will serve as a stimulus to help the economy get back on track and aid an additional 1.5 to 2 percent growth. It is great to see that projects declared NPA or those not declared liquidation-worthy by NCLT will also benefit from this initiative. I feel that AIF will immediately benefit around 50,000 units."*

**K.T. Jithendran, CEO, Birla Estates,** *"As this special window is targeted to help the stalled housing projects in the mid and affordable segments, it will majorly benefit small/ mid-level builders than the real estate giants. The release of substantial amount of funds in these stuck and stalled projects is going to boost many related industries such as Iron, Steel, Cement etc., as well. This coupled with the earlier measures announced will help contribute towards a positive growth and reinstate the confidence in the economy."*