The Global Realty

Real estate developers welcome measures announced by Nirmala Sitharaman

By TGR Team   September 14, 2019   Comments Off

NEW DELHI: The real estate sector has welcomed the new measures announced by Finance Minister Nirmala Sitharaman to revive the economy especially announcement of Rs 20,000-crore fund to complete stalled projects. Interestingly, the government has not announced measures to create demand, which is necessary to rid the sector of unsold inventory and persistent cash crunch.

Of the 12.76 lakh units, the top eight cities, including Mumbai Metropolitan Region, National Capital Region, Bengaluru, Hyderabad, Chennai and Pune alone account for 9.66 lakh houses, according to a report.

The fund comes with many riders that most projects, especially in the National Capital Region (NCR), will not stand to gain anything. Of the Rs 20,000-crore funding, the government will provide Rs 10,000 crore, while the rest will come from other financial institutions. It will provide the last mile funding for projects that are not non-performing assets (NPAs) and have not been referred to the National Company Law Tribunal (NCLT).

Manoj Gaur, MD, Gaurs Group & Chairman, Affordable Housing Committee, CREDAI

Announcements by FM to boost housing sector is indeed welcome. Several mid-income and affordable housing projects which are witnessing slow progress due to lack of funds, will be expedited as the result of setting up of special window having a corpus of Rs 10,000 crore. It should help faster delivery of close to 3-3.5 dwelling units. The fact that the special window will be managed and monitored by professionals from housing and banking sector is another step in right direction. Also, govt decision to link housing building advance with yield on 10-year T-bill is likely to reduce effective interest rate for government employees, which should encourage them to buy new homes. Relaxation of ECB norms for affordable housing should also boost housing demand as the cost of funds will reduce for HFCs as a result of the move.