

Business Standard

Builders welcome govt's move to revive stalled projects, seek more funds

Measures not enough to encourage buyers, claim real estate players

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Industry players, however, said similar measures were needed for private sector employees

Real estate players welcomed the moves announced by Finance Minister **Nirmala Sitharaman** on Saturday to boost the sector reeling from several setbacks but said these would help only in the short term and more was needed to encourage **homebuyers**.

Sitharaman said a fund with Rs 10,000 crore would be set up to revive stalled and delayed projects. Private and public investors such as Life Insurance Corporation of India, banks, sovereign funds, and development finance institutions would also contribute an equal amount to the fund that would be managed by professionals from the **housing** and banking sectors.

This would help finish 350,000 units in the affordable segment that are 60 per cent complete but stuck due to a funds crunch. The corpus will, however, not be utilised to finish projects that have been sent to the National Company Law Tribunal (NCLT) or have been

declared as non-performing assets (NPA).

Some developers such as Signature Global, Omaxe, Mahagun Group, and ABA Corp welcomed the measures but not everyone was happy. Some said these may not be enough to get the sector out of the rut.

"The criteria for availing the proposed fund beat ground reality," said Manoj Gaur, managing director, Gaur Group. "Projects stuck because of the funds crunch have been left out."

Gaur, who is also chairman of the affordable **housing** committee, Confederation of **Real Estate** Developers Association of India, said, "Projects that are 60 per cent complete may not find it too difficult to find funding despite defaulting on loan repayment."

He added that since most large projects were already in the NCLT or had been declared NPA, the scheme did not really address the problem.

Sector players also pointed to some other problems.

"These moves are welcome, but the government could have done more in terms of liquidity and restructuring of loans. Interest rates should have been cut and the rate of goods and services tax should have been brought down at all levels," said J C Sharma, vice-chairman, Sobha.

Anuj Puri, chairman, Anarock Property Consultants, said excluding projects that were in the NCLT or had been declared NPA left many **homebuyers** out.

According to Anarock's estimates, the number of stalled or delayed projects in top markets such as Delhi, Gurugram, Pune and Mumbai would be close to 600,000. The total number of stalled and delayed projects could be 1.3 million.

FM Sitharaman made a few other announcements. To bring in more capital, the external commercial borrowing norms will be relaxed for affordable home developers after consultation with the Reserve Bank of India. Government employees will also get loans at cheaper rates to build houses.