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## ‘₹25,000-crore realty booster inadequate to revive stalled projects’

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**THE CENTRE'S ₹25,000-CRORE** fund to complete about 1,500 stalled affordable and mid-income housing projects is not adequate, credit rating agency Icra said on Thursday.

India Rating and Research said that with stalled projects coming on stream, the demand-supply imbalance is likely to worsen. If overall housing demand does not witness a recovery, pricing pressure in the sector is likely to be exacerbated, it added.

The government on Wednesday approved a ₹25,000-crore fund to help complete over 1,500 stalled housing projects, including ones that have been declared NPAs or admitted for insolvency proceedings, as it looks to boost growth by steering consumption in real estate and associated sectors. The move is likely to help 4.58 lakh housing units across the country.

"While the revisions in eligibility criteria appreciably expands the project coverage under the fund, especially given the large number of stressed projects which have been referred to NCLT or classified as NPAs already, our initial concerns on the adequacy of the fund, the efficacy and timeliness of implementation, and demand risks for the unsold inventory associated with these projects, remain," said Shubham Jain, senior V-P and group head at Icra.

As per Icra estimates, around ₹35,000-45,000 crore would be required to fund the completion of the revised quantum of 4.58 lakh eligible dwelling units.

"Thus, even the enhanced fund size of around ₹25,000 crore may be insufficient to cover construction cost for all the eligible houses," Jain said.

Meanwhile, real estate developers and consultants welcomed the move and said the government's decision to include those projects which have been declared non-per-

forming assets (NPA) and facing insolvency proceedings is a positive move.

JLL India CEO and country head Ramesh Nair said this is an extremely positive move and 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. Nair said the decision has come at an opportune moment when the residential market is tackling the headwinds from the trickle down impact of the series of reforms and economic slowdown. "While it will boost consumer sentiment and enhance confidence, it will act as a strong catalyst in pushing the sales velocity," it added.

Salarpuria Sattva group MD Bijay Agarwal MD, said, "The extension of fund to mid-income projects is reassuring step forward. Faster implementation of the funds will only enhance the sector further." Sankey Prasad, CMD, Colliers International India said this is definitely the need of the hour, especially to bring back the confidence of both developers and end buyers.

M Murali, CMD, Shriram Properties, said the alternative investment fund (AIF) will definitely help to bring back the homebuyers' confidence.

"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," Birla Estates chief executive officer K T Jithendran said.

Anshuman Magazine, chairman and CEO, India, South East Asia, Middle East and Africa at CBRE, had said the move will go a long way in building confidence in the real estate sector not only from the end user perspective but also from an investors' perspective.