

# Spl fund for completion only for houses up to 2,150 sq ft

## FinMin Caps Investment In A Project At ₹400cr

*TIMES NEWS NETWORK*

### **New Delhi:**

Apartments and villas with a carpet area of up to 200 square metres, or around 2,150 square feet, will be eligible for funding from the Rs 25,000-crore fund to revive stalled real estate projects, the government said on Thursday. The floor area ceiling is in addition to the price ceiling to ensure that they benefit low and middle-income projects that have come to a standstill due to a liquidity crunch.

Apart from restrictions on the size of the house, the investment fund will cap the exposure to a project at Rs 400 crore and there will also be a cap on the amount of assistance that can be provided to a builder or even a city to avoid any concentration risk.

In a set of frequently asked questions, the finance ministry said the floor area restriction will be in addition to the price cap that it had announced on Wednesday, capping it at Rs 2 crore in Mumbai, around Rs 1.5 crore in Delhi-NCR, Kolkata, Chennai, Bengaluru, Ahmedabad, Hyderabad and Pune, and Rs 1 crore in other parts of the country, excluding the club and parking charges. Carpet area or the net usable area, used under Rera law, does not include external area, areas under service shafts and balconies and verandas, it clarified.

The cap on floor area and pricing has created a bit of confusion as there is a possibility that some apartment blocks could have a few flats which won't be part of the eligibility list. Besides, the move will come as a setback for developers in states such as West Bengal, Arunachal Pradesh, Meghalaya, Sikkim, Nagaland and Lakshadweep since only Rera-registered projects can be taken up. These states have not notified Rera, making homebuyers ineligible for assistance from the fund.

Besides, the fund will not invest in cases which are pending before the high court or the Supreme Court, ruling out Jaypee Infratech, Amrapali and Unitech-developed projects. The fund, being set up by SBICAP Ventures, will issue detailed investment guidelines.

### **WILL ENABLE COMPLETION**

#### **Homebuyers must repay rest of loan**

The six-page FAQs also made it clear that homebuyers will be required to work with their lenders to honour their obligation and provide the remaining instalment of loans to enable early completion. The fund is part of a move to construct around 4.6 lakh houses in 1,509 stalled projects across the country with the government saying that nearly 90% of these projects are in the affordable and mid-income segment. The fund will provide debt to viable projects only for construction purposes through an escrow account with a project manager and investment manager keeping a close eye on the use of funds.

## CONDITIONS FOR AID

<ul style="list-style-type: none"> <li>➤ Carpet area excludes balconies, service shafts and external wall</li> </ul> 	<ul style="list-style-type: none"> <li>➤ Price caps* don't include charges for club, parking, taxes and levies</li> </ul>
<ul style="list-style-type: none"> <li>➤ Investment manager can ask for change of builder</li> </ul>	 <p>* Up to ₹2cr in Mumbai, ₹1.5cr in Delhi-NCR, Kolkata, Bengaluru, Chennai, Pune, Hyderabad &amp; Ahmedabad, and ₹1cr in other cities</p>
<ul style="list-style-type: none"> <li>➤ Exposure to a project won't exceed ₹400cr</li> <li>➤ Cap on no. of projects in a city and of a developer</li> <li>➤ No funding in states without Rera, like Bengal</li> </ul> 	

While the Cabinet decided to expand the coverage of the fund to include projects that have been classified as nonperforming asset by lenders or have been referred to the National Company Law Tribunal, the ministry clarified that cases where the insolvency resolution plan has not been approved or rejected by the committee of creditors are eligible for funding, the idea being that they are very close to completion.