



Report of the Committee to examine the issues related to **Legacy Stalled Real Estate Projects**

July 2023



Acknowledgement

The issue of stalled real estate projects has been persisting for a very long time. Not only does it impact the economy adversely but also significantly affects the lives of countless homebuyers. A Committee had thus been constituted by the Ministry of Housing and Urban Affairs (MoHUA), Government of India to examine all the concerned issues holistically and recommend ways to complete the legacy stalled projects.


The task under the purview of the Committee was enormously diverse and multi-faceted and therefore required understanding the perspective of all the stakeholders in the real estate sector. The Committee has been successful in accomplishing this task and this could not have been possible without the efforts and intellectual inputs provided by all the stakeholders. This report has been made possible due to the dedication and support of numerous individuals. However, implementing the recommendations of the report would require collaboration with the relevant Ministries and, in several instances, the State Governments and the local authorities.

The Committee is thankful to the Government of India and, in particular to Shri Hardeep Singh Puri, Hon'ble Minister of Housing and Urban Affairs and Shri Manoj Joshi, Secretary, MoHUA for the trust reposed in us. Besides, all the members of the Committee provided unstinted support and the Committee was immensely benefitted by their views and analysis. The Committee would also like to express its profound thanks to Shri Ravi Mittal, Chairman, Insolvency and Bankruptcy Board of India for his untiring contribution and providing deep insights to the Committee.

Special thanks are due to the Member Convenor, Shri Satinder Pal Singh, Additional Secretary (Housing) and Shri Dinesh Kapila, Economic Advisor (Housing), Ministry of Housing and Urban Affairs. The Committee would also like to compliment the efforts of the entire team at Ministry of Housing and Urban Affairs.

The Committee wishes to place on record the valuable assistance provided by the representatives of Homebuyers Associations, Developers' Associations, Department of Financial Services and Indian Banks' Association.

In conclusion, the Committee would like to express their heartfelt gratitude to all those who contributed to the successful completion of this report. The journey of creating this document has been both challenging and rewarding, and it would not have been possible without the unwavering support, dedication, and expertise of numerous individuals. The Committee is hopeful that these recommendations will go a long way in resolving the legacy stalled real estate projects.


(Amitabh Kant)
Chairman -Committee

Report of the Committee to examine the issues related to Legacy Stalled Real Estate Projects

for 
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Investment Fund- I,
SBI Cap Ventures
Ltd.

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Shri Amitabh Kant, G 20 Sherpa

Report of the Expert Committee on Rehabilitation of Legacy Stalled Real Estate Projects

1. The Ministry of Housing and Urban Affairs (MoHUA) had constituted a Committee under the Chairmanship of Shri Amitabh Kant, G 20 Sherpa (Ex-CEO, NITI Aayog) vide its Order No. O-17024/1059/2017-Housing Section-MHUPA Part(9)/EFS-9138424 dated- 31.03.2023 (**Annexure A**) to examine all the issues related to legacy stalled Real Estate projects and suggest various ways to complete these legacy stalled projects.
2. The Expert Committee has held five meetings dated 24.04.2023, 08.05.2023, 29.05.2023, 19.06.2023 & 20.07.2023, in which presentations and inputs were sought from diverse entities ranging from State Authorities, Regulators, Real Estate Developers, Home Buyers, Financers etc. The minutes of the meetings of the Committee are enclosed (**Annexure B** – Minutes of 1st meeting on 24.04.2023; **Annexure C** - Minutes of 2nd meeting on 08.05.2023; **Annexure D** - Minutes of 3rd meeting on 29.05.2023 and **Annexure E** - Minutes of 4th meeting on 19.06.2023). The various recommendations were further discussed and deliberated in detail on 20.07.2023 and the report was finalised, thereafter.
3. Housing and Construction activities are important and significant components of GDP as these have strong forward linkages with other sectors including employment and job creation. The Indian Banks' Association (IBA) has estimated that 4.12 lakh stressed dwelling units involving ₹4.08 lakh crores are impacted in these stalled real estate projects. About 2.40 lakh stressed dwelling units of this are situated in NCR. If 75% of these stressed units are resolved, it will add about three lakh units to the housing sector. The resolution of these stressed units will assist the middle and lower middle class in getting houses for which they have already paid a substantial amount. In addition, it will provide a major impetus to economic activity and growth.
4. The Real Estate Regulatory Authority (RERA) performs administrative, quasi-judicial, penal, regulatory and compliance functions to regulate real estate projects. Section 37 of the RERA Act empowers the RERA to issue directions to the promoters or allottees or real estate agents for the purpose of discharging the functions under the provisions of RERA Act, which shall be binding on all the parties concerned.
5. The Committee concluded that the primary reason for stress in real estate projects is lack of financial viability of these projects. This has resulted in cost overruns, project and time delays. The Committee observed that the steps to improve the Internal Rate of Return (IRR) of these projects would attract more funding and judicial interventions such as Insolvency & Bankruptcy Code (IBC) should be used only as a last resort. The Project resolution should be a win-win situation for all stakeholders.
6. Both financial and operational creditors have to take a haircut under IBC, while the equity of the developers is generally written off. A recent study by Cushman and Wakefield has estimated that maximum recovery of Land Authorities is a mere about

27% of total dues. The Committee was of the view that all stakeholders including Developers, Financiers, Land Authority etc. will have to take haircuts to make the project financially viable. The haircuts should be on a *pari passu* basis.

7. The recommendations of the Committee have been categorised in following heads:

- I. Mandatory Registrations of Projects with RERA*
- II. Execution of Registration/Sub Lease Deeds for All Occupied Units*
- III. Occupancy/ Possession of all substantially completed projects*
- IV. Proposal for State Government's Rehabilitation Package for a promoter led resolution.*
- V. Framework for RERA and Administrator Led Revival of Projects*
- VI. Financing of Stalled Project*
- VII. Use of IBC for resolving projects as a measure of last resort*

8. The detailed recommendations are contained in the following paragraphs:

I. Mandatory Registrations with RERA:

- a. In order to establish an effective system of accountability and transparency for real estate projects, the Committee recommends mandatory registration for all real estate projects with the RERA. The RERA will facilitate registration by waiving pre-requisites and penalty/fines.
- b. According to section 3 of the RERA Act, all real estate projects are required to be registered under RERA, where the area of land proposed to be constructed exceed five hundred square meters or the number of apartments proposed to be constructed exceed eight. This provision needs to be strictly enforced. Registration with RERA offers a number of significant benefits.
 - i.* In real estate projects, the developer/promoter has multiple projects that are at different stages of construction. Under RERA, each project is registered separately. This facilitates project-wise decision making. RERA registration can be taken as a unit for resolution. All incomplete projects would be eligible for Rehabilitation package under Part IV.
 - ii.* Secondly, each project registered with RERA is given a unique identification number and is required to provide regular updates on its progress, including details of construction, finances, and legal matters. RERA registration enhances transparency. This requirement ensures that developers are held accountable for their actions and the commitments made to homebuyers. Such transparency in functioning can serve to deter fraudulent practices and foster trust among stakeholders, particularly homebuyers.

- iii. Thirdly, RERA registration facilitates systematic record-keeping. Developers are required to maintain and provide detailed records related to the project. These records, which include financial statements, legal documents, and construction status reports, can be instrumental in tracking the progress of the project, identifying potential issues, and facilitate informed decision-making.
- c. The Committee recommends that RERA will issue directions for opening of project-wise escrow account for all projects. All receipts and payments would be made from this account in accordance with Waterfall mechanism provided in para VI (c) of the report.
- d. In conclusion, mandatory RERA registration is an essential step towards ensuring a more transparent, accountable, and efficient real estate sector. By mandating that all projects seeking resolution under the proposed framework are registered with RERA, can significantly enhance the prospects of successful resolution and contribute to the restoration of confidence of all stakeholders in the real estate sector.

(Action: State Govt. & State RERA)

II. Execution of Registration/Sub Lease Deeds for All Occupied Units

- a. The Committee has examined the status of the pending Registration/Sub Lease Deeds. The prevalent delay in the execution of Registration/subleases, despite project completion, is largely attributable to instances of builders defaulting on their dues to the relevant authorities. This has adversely affected genuine home buyers, who have fulfilled their obligations but are yet to receive their legitimate rights.
- b. In light of these findings, the Committee strongly recommends immediate registration/execution of subleases in favour of these rightful home buyers. This should not be contingent on the recovery of dues from the builders. This would benefit approximately about one lakh home buyers.
- c. Simultaneously, rigorous and strict proceedings should be initiated to recover the outstanding dues from the defaulting builders. This should be done by invoking Revenue Recovery Act/Provision of the Industrial Authority Act and all other provisions of Law. This dual-pronged approach will ensure that genuine home buyers are not penalized for the shortcomings of the builders while holding the latter accountable for their financial obligations.
- d. Additionally, in scenarios where homebuyers are expected to remit outstanding dues

to the builders, the Committee suggests a modification in the current procedure. RERA should directly collect these payments from homebuyers, bypassing the builders. This amount can be paid based on the waterfall mechanism suggested in paragraph VI(c) of the Report.

- e. This streamlined approach would not only expedite the registration /sublease process for homebuyers but also ensure that creditors and authorities are able to secure some revenue from these transactions. This strategy would be doubly beneficial, as it would assist authorities in revenue collection and simultaneously enable homebuyers to gain rightful possession of their houses.

(Action: State Governments)

III. Occupancy/ Possession of all substantially completed projects

- a. The Committee has noted numerous instances where construction projects are substantially completed, yet possession remains undelivered due to varied administrative hurdles, like the procurement of No Objection Certificates (NOCs), Completion certificates, and similar necessary approvals. The Committee recommends that RERA should identify such projects on a crash basis for resolution within a period of the next thirty (30) days.
- b. The allottees may be given the option to take possession of these units on 'as is where is' basis. The allottees could get the interiors of their home finished from balance funds which they have not paid. Once identified, efforts should be undertaken to expedite the clearance process including Occupation and Completion certificates for these projects, ensuring that the necessary approvals are granted promptly and efficiently. This should not be contingent on the recovery of dues from the builders. This process should be completed within six months to avoid any further delays. Once units are handed over, registration/sub-lease should be done.
- c. In case the allottees do not want to take possession, this project can be dealt with recommendations as in IV or V below.
- d. Simultaneously, rigorous proceedings should be initiated to recover the outstanding dues from the defaulting builders under the provisions of Revenue Recovery Act, the Industrial Authority Act and all other provisions of Law. This recommendation aims to facilitate the smooth handover of properties to their rightful owners without unnecessary hold-ups due to administrative bottlenecks.

(Action: State Governments)

IV. Proposal for State Government's Rehabilitation Package

- a. The Committee recommends that State Governments may announce a rehabilitation package aimed at bolstering financially distressed, incomplete projects. The package should be designed to make the projects financially viable. Developers adopting this package would have to commit to a three-year completion timeline. The State RERA will set quarterly project targets and oversee progress as per the RERA Act. A model package suitable for Noida/Greater Noida is given below. Other State Governments are also encouraged to devise similar packages:
 - i. **Introduction of a "Zero Period":** To alleviate financial stress caused by extraordinary circumstances, the Committee suggest suspending interest and penalties due to events like the Covid-19 pandemic (01.04.2020 to 31.03.2022), and court orders suspending projects within a 10 km radius of the Okhla Bird Sanctuary (14.08.2013 to 19.08.2015). The State Governments could examine and provide further zero periods based on the local conditions/circumstances.
 - ii. **Interest Application:** The Committee advises applying interest based on the 3Y Marginal Cost of funds-based Lending Rate (MCLR) SBI of 1st June 2020 for fresh calculation under this package, to ensure a fair and consistent rate for all developers. The calculation should be done denovo from the date of allotment and delivery of land to the developer.
 - iii. **Inclusion of Co-developers:** For harnessing additional funds to ensure project completion, the Committee recommends allowing developers to induct co-developers, either for entire projects or specific parts thereof without any permission from Noida/Greater Noida and Land-Ownning Authorities. However, Land Authorities would be informed of such inductions. This will foster collaborative efforts and expedite completion times.
 - iv. **Partial Surrender Policy:** The Committee proposes a flexible policy that allows for partial surrender of land. This will give developers a greater degree of flexibility to adjust their commitments based on their operational capabilities. All dues on the surrendered land will be waived. The Authority may adjust money already paid for surrendered land with outstanding dues of the developers. Land costs have increased in the past ten years. The Authority will be more than compensated by selling the surrendered land to fresh allottees.
 - v. **Plan Approval/Extension Process:** The Committee recommends allowing plan approvals and extensions without requiring clearance of dues. A fresh three-year extension may be given to all projects at no payment to Authority. This would ensure continuous project development while addressing the financial constraints of developers.

- vi. Recalculation of dues:* All dues will be re-verified and recalculated by an Independent Chartered Accountant/Third Party.
 - vii. Non-cancellation of Lease deeds:* Land Authorities will not cancel lease deeds till implementation of the plan under RERA supervision.
 - viii. No additional cost:* No penalty/extra interest/extra cost will be charged from the homebuyers in projects where State Government's Rehabilitation package concessions have been availed.
 - ix. Current FAR for projects:* The Committee proposes granting the current Floor Area Ratio (FAR) applicable to similar projects as on 01.04.2023 to the project on payment of charges to the Authority and fulfillment of other necessary requirements. This increased buildable area can be used for additional development, which will also provide extra funding.
 - x. Additional resources from Excess Land (if any):* If a project has excess land, it can provide immediate resources for construction. This land could be used for shopping centres and other such uses. Land Authorities should permit this on payment basis. This optimization can provide financial relief and expedite project completion.
 - xi. Permission to mortgage* should be given by land authorities without insisting upon 100% clearance of dues so that builders can mobilize resources for completion of projects and payment of dues.
- b. The Committee recommends that developers pay 25% of the balance due to the Authority after the above concessions within sixty (60) days as a measure of commitment. The balance 75% would be paid over a three-year period with simple interest specified in para a(ii) above. If a developer fails to complete the project within the stipulated time frame or progress is found unsatisfactory by RERA, 20% penalty will be imposed, and the project will come under the direct management of State RERA as detailed in Part (V) below.
 - c. The Committee believes that this model package can be particularly beneficial for regions like Noida/Greater Noida and we encourage all other State Governments to consider similar adaptations.

(Action: State Governments)

V. Framework for RERA and Administrator Led Revival of Projects

The Committee recommends that projects where the developer does not take responsibility of completing the project under the above package or where he fails to do so may be dealt by a RERA led revival framework.

- i. Project Selection Criteria:* Projects which were started before 2018 and are more than two years delayed can participate in the State Government/RERA led resolution process.
- ii. Appointment of Administrator:* The Committee proposes that a competent, professional administrator, appointed by RERA, should manage the resolution process of these projects.
- iii. Comprehensive Project Study and Report:* The administrator will prepare a detailed project report. The detailed project report should include *inter alia* a comparison of completed work versus initial estimates, valuations, funding requirements, potential revenues, regulatory compliance status, strategic recommendations, risk analysis, stakeholder analysis, social and environmental impact assessment, and provision for regular updates.
- iv. Transparent Contractor Selection:* The administrator will select an EPC contractor through open and transparent competitive process. The EPC contractor will complete construction of the project on payment basis. In case, home buyers propose to complete the project themselves, they should be accorded preference.
- v. Equitable Haircuts by Stakeholders:* For stalled projects, the Committee suggests shared burden among all stakeholders. This is further elaborated in Part VI- Financing of Stalled Projects.
- vi. Current FAR for projects:* The Committee proposes granting current Floor Area Ratio (FAR) as in foregoing para IV(x).
- vii. Inclusion of Homebuyers in Decision-Making:* Genuine home buyers after following a transparent process should be included in major decision-making processes to ensure transparency, integrity and trust. Allowing them a voice in the process empowers them and encourages active participation. This inclusive approach aids in sustainable resolution and reduces the likelihood of future disputes.
- viii. Additional resources from Excess Land (if any):* This has been dealt earlier in para IV(xi) above.

- ix. ***Expedited Clearances and Support from Authorities:*** The Committee emphasizes the need for quick clearances and support from authorities to prevent project delays. A three-year extension may be given to all projects at no payment to Authority. This expedited support can ensure efficient project completion and avoid additional costs.
- x. ***Time-Bound Resolution:*** Lastly, a time-bound resolution process is recommended, where the process from administrator appointment to bid awarding is completed within not more than six months. This approach ensures swift resolution, reinstating trust in the system for stakeholders.

(Action: State Governments/RERA)

VI. Financing of Stalled Projects:

- a. ***Priority to new finance:*** The Committee recommends that financing for completing the projects may be treated as priority financing. The SWAMIH fund should proactively provide finance for completing these projects. The requirement of minimum IRR and first charge in this Fund may be reworked. In this regard, the MoHUA will prepare a detailed scheme and send it to Ministry of Finance.

(Action: MoHUA, Department of Economic Affairs)

- b. ***Subsidized Interest Rates or Guarantee Scheme:*** To encourage financial institutions to fund stalled projects, a scheme offering subsidized interest rates, similar to MSME, is recommended. Such a scheme would reduce perceived risk, stimulate financial support, and lead projects to completion. Additionally, the Central Government may consider Guarantee fund similar to MSME for such finances. The MoHUA will prepare a detailed scheme and send to Ministry of Finance, in this regard.

(Action: MoHUA, Department of Economic Affairs)

- c. ***Waterfall Mechanism:*** The revenues will first be used to complete the construction. The previous dues of the Financial Institutions and Land Authorities and other Authorities such as RERA should be treated on pari-passu basis for taking haircuts. No cash flows will be shared with the original promoter till the project is completed and entire dues of financial lenders and Land Authorities are paid fully.

(Action: State Governments and Department of Financial Services)

- d. ***Classifying additional funds as Standard Asset:*** The asset classification of additional disbursed portion from existing individual Home Loan accounts which are restructured/revived should be treated as Standard Asset by RBI. This is necessary to

reduce harassment to individuals whose accounts have been rendered NPA for no direct default. The MoHUA will send a proposal in this regard to Department of Financial Services.

(Action: MoHUA, Department of Financial Services, RBI)

- e. **Facilitating new buyers:** Banks/Financers should be permitted to finance fresh housing loans for new buyers who purchase unsold inventory of these projects. MoHUA will send detailed proposal on this subject to Department of Financial Services.

(Action: MoHUA)

VII. Use of IBC for resolving projects as a measure of last resort:

- a. The Committee noted that more than 30 projects have been resolved under IBC. However, due to huge backlog of cases with NCLT, this mode of realization is prone to severe delays. Projects which cannot be resolved using Parts (V) or (VI) alone will be referred under IBC by homebuyers or creditors. Therefore, the Committee suggests that the IBC should be employed only as a last resort in case of real estate projects.
- b. All stakeholders including Authorities should understand that IBC is a legal process and resolution would be strictly as per IBC rules. The Hon'ble Supreme Court in Civil Appeal No. 2222, 2367-2369 of 2021 has rejected the contention of Noida that it is a financial creditor under the IBC. Unnecessary litigation should be avoided by all parties (land authorities/buyers/bankers/builders) and all should abide by the Judgements of Hon'ble Supreme Court. The committee recommends and advises all State Governments to avoid further litigation where judgements of Hon'ble Supreme Court have been received.
 - i. Similar approach will be taken by all builders/bankers/buyers so that issues are settled amicably after judgements of Hon'ble Supreme Court.
 - ii. IBC provides project to successful bidder with a 'clean slate'. This will be respected by each and every stakeholder, and unnecessary litigation will be avoided.
 - iii. The Committee recommends allowing plan approvals and extensions for developers and co-developers without requiring clearance of dues. A three-year extension may be given to all projects at no payment to Authority. This would ensure continuous project development while addressing the financial constraints of the developers.

(Action: State Governments)

- c. The Committee recommends that concessions stated in paras (iii), (iv), (v), (vii), (ix), (x) and (xi) of **Part (IV)(a)** may also be extended to projects under IBC also.

- d. The Committee recommends that the IBC needs to be reformed to better accommodate the complexities of the real estate sector. Some of the recommendations with respect to reforms in IBC are:
- i. *Project wise CIRP* - All projects need to be pre-registered with RERA. Since RERA registration is project-wise, this can be adopted under IBC.
 - ii. *Transfer of ownership/possession to allottees*: The Committee proposes that the IBC may enable Resolution Professionals (RPs) to transfer the ownership and possession of a plot, apartment, or building to the allottees during the resolution process. An option may also be given to allottees to acquire such units on 'as is where is' basis or on payment of balance required to complete the unit during the process. Houses which are under possession of allottees should not be included in the IBC process.
 - iii. *Registration/Transfer of ownership where possession transferred*: Where possession of a plot, apartment, or building to the allottees have already been transferred, these transactions must be formalised through registration during a Corporate Insolvency Resolution Process (CIRP) or a project- specific resolution process under IBC.
 - iv. *Five additional Fast-track NCLT Benches*: To increase the efficiency and effectiveness of the insolvency resolution process, the Committee suggests the creation of five additional fast-track benches at the National Company Law Tribunal (NCLT), to expedite the cases including real estate cases. These benches should be created for a period of three years and should dispose of all pending IBC Real Estate cases on a priority basis.
 - v. Projects which are being revived under Framework IV and V above will be admitted under IBC only after the comments of RERA are taken.

(Action: Ministry of Corporate Affairs)

9. India's growth and progress is critically dependent on infrastructure creation. Housing is a very critical component of Infrastructure and will provide a major impetus to the Indian economy. Due to stalled housing projects, the middle class and lower middle class have been severely impacted, and their savings have been lost/stuck.
10. The foregoing measures will provide relief to the Home Buyers and will be a win-win situation for Lenders and Land-Owning Authorities. They will also provide a major impetus to India's growth and progress through revival of construction activities and completion of stalled projects.

No. O-17024/1059/2017-HOUSING SECTION-MHUPA-Part (9)/ EFS-9138424

**Government of India
Ministry of Housing and Urban Affairs
Housing Section**

Nirman Bhawan, New Delhi – 110 011

Dated: 31st March, 2023

Order

Subject: Constitution of the Committee to examine the issues related to legacy stalled projects.

The third meeting of the Central Advisory Council (CAC) was held on 12th April, 2022 under the chairmanship of Hon'ble Minister, Ministry of Housing and Urban Affairs. During the meeting, the Council deliberated on the issues related to completion of legacy stalled projects and it was decided that a Committee may be constituted to examine all the issues holistically and recommend various ways to complete the legacy stalled projects.

2. In accordance with the decisions taken during the meeting, a committee is hereby constituted with the following composition:


S. No.	Name	Designation
1.	Shri Amitabh Kant, G20 Sherpa (Ex-CEO NITI Aayog)	Chairman
2.	Infrastructure and Industrial Development Commissioner and Chairman, NOIDA, Government of Uttar Pradesh	Member
3.	Secretary, Department of Financial Services, Ministry of Finance, Government of India	Member
4.	Principal Secretary, Housing & Urban Planning Department, Government of Uttar Pradesh	Member
5.	Secretary, Ministry of Corporate Affairs, Government of India	Member
6.	Additional Chief Secretary, Urban Local Bodies and Town & Country Planning Department, Government of Haryana.	Member
7.	Chairperson, Insolvency and Bankruptcy Board of India	Member
8.	Managing Director, National Housing Bank	Member

9.	Dr. M. S. Sahoo, Distinguished Professor, National Law University, Delhi	Member
10.	Chairperson, Uttar Pradesh Real Estate Regulatory Authority	Member
11.	Chairperson, Haryana Real Estate Regulatory Authority (Gurugram)	Member
12.	Chief Executive Officer (CEO), NOIDA, Government of Uttar Pradesh	Member
13.	Chief Investment Officer, SWAMIH Investment Fund I, SBICAP Ventures Ltd.	Member
14.	Additional Secretary (Housing), Ministry of Housing and Urban Affairs, Government of India	Member – Convener

3. The Committee will deliberate on the issues of legacy stalled projects and suggest ways to complete and handover these projects to the homebuyers, in a time bound manner.

4. The Committee shall submit its report, within a period of six months from the date of its first meeting. The Committee may co-opt members, if needed.

5. This issues with the approval of Hon'ble Minister, Ministry of Housing and Urban Affairs.


 (Sailesh Jogiani)
 Under Secretary (Housing)
 Tel: 2306 2252

To,


1. **Shri Amitabh Kant**, G20 Sherpa (Ex-CEO NITI Aayog), G20 Secretariat, Sushma Swaraj Bhawan, Chanakyapuri, New Delhi – 110 021, Tel: 011-24156460, Email: amitabh.kant@nic.in, g20sherpaoffice@mea.gov.in.
2. **Shri Manoj Kumar Singh**, Infrastructure and Industrial Development Commissioner, Government of Uttar Pradesh, Picup Bhawan, Block A, 4th Floor, Lucknow, UP, Tel: 0522 - 2226126 Email: iidcup.84@gmail.com, chairman@noidaauthorityonline.com
3. **Dr. Vivek Joshi**, Secretary, Department of Financial Services, Ministry of Finance, Jeevan Deep Building, Sansad Marg, New Delhi, Delhi 110001, Email: secy-fs@nic.in.
4. **Shri Nitin Ramesh Gokarn**, Principal Secretary, Housing & Urban Planning Department, Government of Uttar Pradesh, Room No. 101, 3rd Floor, Lal

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5. **Dr. Manoj Govil**, Secretary, Ministry of Corporate Affairs, 5th Floor, A-Wing, Shastri Bhawan, New Delhi-110001, Email: secy.mca@nic.in.
6. **Shri Arun Kumar Gupta**, Additional Chief Secretary, Urban Local Bodies and Town & Country Planning Department, Government of Haryana, Room No. 303, 3rd Floor, New Haryana Civil Secretariat, Sector – 17, Chandigarh, Tel: 0172 - 2714 010, Email: fctcp@hry.nic.in
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8. **Shri S. K. Hota**, Managing Director, National Housing Bank (NHB), Core 5, India Habitat Centre, Lodhi Road, New Delhi 110 003, Tel: 2464 9031, Email: hotask@nhb.org.in
9. **Dr. M. S. Sahoo**, Distinguished Professor, National Law University, Delhi, Sector 14, Dwarka, New Delhi – 110 078, Email: mssahoo@nludelhi.ac.in
10. **Shri Rajive Kumar**, Chairperson, Uttar Pradesh Real Estate Regulatory Authority, Naveen Bhavan, Rajya Niyojan Sansthan, Kala Kankar House, Old Hyderabad, Lucknow – 226007, Tel: 0522-2781444, 0120-2326111, E-mail: contactuprera@up-rera.in.
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12. **Smt. Ritu Maheshwari**, Chief Executive Officer (CEO), NOIDA, Administrative Complex Sector 6, Noida - 201301, District. Gautam Budh Nagar, Uttar Pradesh, India, Tel: 0120-2422704, Email: ceo@noidaauthorityonline.com
13. **Shri Irfan Kazi**, Chief Investment Officer, SWAMIH Investment Fund I, A Wing, 12th Floor, Marathon Futurex, Mafatlal Mills Compound, N.M. Joshi Marg, Lower Parel, Mumbai 400013, Tel: 022-69112800, Email: Irfan.kazi@sbicapventures.com.
14. **Shri Satinder Pal Singh**, Additional Secretary (Housing), Ministry of Housing and Urban Affairs, Nirman Bhawan, New Delhi – 110 011, Email: as-mohua@gov.in.

Copy for information to:

1. PS to HUAM, MoHUA
2. PPS to Secretary, MoHUA.
3. PPS to Additional Secretary, MoHUA.
4. Sr. PPS to Economic Advisor, MoHUA.


(Sailesh Jogiani)
Under Secretary (Housing)
Tel: 2306 2252

Minutes of 1st Meeting of the Committee constituted to examine the issues related to Legacy Stalled Real Estate Projects held on 24.04.2023 under the Chairmanship of Shri Amitabh Kant, G20 Sherpa.

The First meeting of the Committee to examine the issues related to Legacy Stalled Real Estate Projects was held on 24.04.2023 at 4:00 PM under the Chairmanship of Shri Amitabh Kant, G20 Sherpa at Sushma Swaraj Bhawan, New Delhi.

2. Welcoming the Members to the meeting, **Additional Secretary (Housing), MoHUA** recalled the decision taken during the 3rd meeting of the Central Advisory Council (CAC) held on 12th April 2022 under the Chairmanship of Hon'ble Minister of Housing and Urban Affairs, to constitute a committee which would examine holistically all the issues related to legacy stalled projects and recommend ways to complete the stalled housing projects. Further, AS (H) requested the Chairman of the Committee to address the Committee members and sought his permission for commencement of the proceedings.

3. **The Chairman** welcomed all the committee members and opined that the overriding objective of the Committee is to suggest ways for completion of the stalled projects and handover the homes/flats to homebuyers in a time bound manner. In order to address this issue, he highlighted that the Committee should interact with all the stakeholders including homebuyers.

4. **Shri Sandip Garg, Senior Executive Director, Insolvency and Bankruptcy Board of India** informed that since the enactment of Insolvency and Bankruptcy Code, 2016 (IBC), around 340 cases have been referred to NCLT under IBC, out of which around 31 cases have been resolved till date. While alluding to the benefits of resolution of stalled real estate project, Shri Sandip Garg also highlighted the challenges in resolving such projects under IBC. The divergent interest of various stakeholders in a real estate project viz. acceptability of haircut, outstanding land dues payment to development authorities/agencies etc. make resolution challenging.

Shri Sandip Garg enumerated certain proposals for making IBC more attuned for resolution of real estate projects such as - empowering the Real Estate Regulatory Authority to initiate project wise Corporate Insolvency Resolution Process (CIRP), transfer of completed units with Committee of Creditor's approval, *empowering Real Estate Regulatory Authorities to take lead in resolving cases* and improve the value for homebuyers and Operational Creditors.

5. **Shri Irfan Kazi, Chief Investment Officer, SWAMIH Investment Fund** informed about the geographical breakup of stalled projects, wherein National Capital Region (NCR) and Mumbai Metropolitan Region (MMR) accounts for 44% and 21% of the total stalled units respectively across India, while Top 8 cities contribute to ~86% of the stalled units. He further briefed the Committee on objectives and role of SWAMIH fund in resolution of stalled housing projects with list of funded projects. He further informed that the SWAMIH fund has so far

delivered around 23,000 homes.

He concluded his remarks by suggesting certain enablers to ensure better functioning of the fund which are as under:

- i. Project level approvals like re-schedulement / building plan / OC to be awarded basis of clearance of proportionate land dues / license dues.
- ii. Defined investment and project cash flows waterfall.
- iii. Homebuyer refunds / penalties / compensations from various forums like consumer courts and RERA to be paid only after Investor exit.
- iv. RBI to allow banks to cede first charge to SWAMIH funded projects without additional loss provisions by the banks.
- v. Project wise resolutions for Real Estate companies.
- vi. Revoke land cancellation where SWAMIH funding has been made available.
- vii. Policy level decision on NCLT projects – authorities to provide approvals on NCLT approved projects, where SWAMIH funding has been secured.

6. **Shri S K Hota, Managing Director, National Housing Bank** stated that though the SWAMIH fund has been successful over the years, scaling up is an issue, considering the larger number of stalled projects. He further referred to the suggestion of IBBI regarding empowering the Real Estate Regulatory Authority and suggested that project wise administrator may be appointed at the state level, under the supervision of RERA, which could multiply the points of engagements in resolution of stalled projects. Shri Hota further stated that the existing lenders may be roped in to infuse additional funds, which would obviate the issue of ceding of charge over the project by the lenders, which is a bottleneck being faced by SWAMIH fund. He further emphasized that possible regulatory facilitation to protect the asset category of such additional funding and priority in waterfall mechanism, may be considered, to encourage the lenders to provide additional funding.

7. **Shri Rajive Kumar, Chairperson Uttar Pradesh Real Estate Regulatory Authority**, shared the overview, classification and recommendations related to the issue of legacy stalled projects. The key recommendations provided under each classification are as below:

❖ **Project Specific Relief:**

- New policy document to be drafted for a). Partial ongoing projects and b). Stalled projects, and a state level appointed Committee to be formed to oversee its implementation.
- For construction, apart from OC and CC, all approvals shall be granted to the projects based on their eligibility without any pre-requisite of no-dues certificate from the authority.
- An interest free moratorium period of 1 year on all the outstanding dues towards the authority on the allotted land where the construction activity has been started.

- The developer of the total allotted land will be given an option to either offload the unutilized part of the total allotted land by paying certain percentage of dues outstanding or pay full due for the part of the unutilized land that developer opts.
- Draft policy to give relief from burden of dues with payment of dues post revival of projects upon receiving some initial benefits.

❖ **Strategic Reliefs for Regional Development:**

- Modification in current schemes such as well-defined entry-criteria based on the experience of the developers & Continuous tracking and monitoring of the members of the consortium and revision in specific charges to make projects more viable
- Zero Period Policy (amendment) relief for projects launched between 2009-2013, proposing waiver on interest and penalty during the period.
- Re-auctioning of cancelled allotments, and reinvesting the surplus in stalled projects post adjusting the dues
- Financial Institutions including existing lenders may be allowed to provide last mile funding to stalled projects on the lines of SWAMIH fund.

❖ **Process Advancement:**

- Regional Investment Maps can be published to boost development in the region to attract more investment.
- Single window clearance system to provide the efficiency and transparency.

8. **Smt. Ritu Maheshwari, CEO- NOIDA & Greater NOIDA** shared with the Committee the status and issues related to various projects in NOIDA and Greater NOIDA Region. She further informed the committee about various policy measures taken by **NOIDA** such as reschedulement policy for allottees, per flat sub-lease permission, reduction in the rates of Time Extension Charges, calculation of time extension charges on the basis of proportionate area, free time extension in view of COVID Pandemic, permissible exemption in time extension charges, facility to pay one-time lease rent to the developer in four installments and rate of interest fixed as per SBI MCLR. Similarly, she also informed the committee about the various policy measures taken by **GNIDA** such as – reduction in interest rates, time extension during COVID period, reduction in time extension fee, sub-lease permission to completed units in proportion to the deposit amount, pro-rata payment facility, lump sum lease rent in 4 installments and sanctioning of map by depositing 10% of the due amount.

She further informed about the various measures undertaken by GNIDA for homebuyers such as Special Camp for sub lease deed, mortgage permission has been issued to 6 builders allottees under Swami Investment Fund so that home buyers will be able to get possession of buildings in these projects, tagging facility per flat to allow 7 allottees to execute sub-lease deed, time extension fee waiver, reschedulement Policy for due amount etc. so as to ensure the completion of stalled projects.

Smt. Ritu Maheshwari referred to different challenges that are being faced by the authority in projects such as Financial Creditor dues having priority over operational creditor (NOIDA) and the imposition of moratorium which virtually closes any scope of recovery of Authority dues. Thereafter, Mrs. Maheshwari alluded to certain suggestions for Projects referred to NCLT under IBC and proposed changes in applicable regulations pertaining to IBC and IBBI.

9. Shri Manoj Kumar Singh, Commissioner, Infrastructure and Industrial Development, Government of Uttar Pradesh pointed out that interference of too many stakeholders adds to the complexities in group housing projects and real estate projects. In this regard, he stressed upon the need for minimal involvement of various stakeholders, which in turn would also keep the costs of compliance at a minimum. He further highlighted that in order to make the projects viable, it is imperative that the issue of speculative investors/buyers may be addressed. In view of this, he stated that only key stakeholders involving homebuyers, developers and bankers/financers resolve this issue together.

Shri Manoj Kumar Singh further opined that at present land is witnessing an appreciation in value and therefore this is an opportune time for partial surrender of land by developers to the authorities, as suggested by Shri Rajive Kumar. In conclusion, he recommended that policies for completion of stalled projects should be linked to the stage of their completion. In this regard, he suggested that concessions like waiver and deferment of outstanding dues/penalties etc. should be linked to the time span proposed by the developers to deliver the flats.

10. The views of various stakeholders were noted by the Committee and the Chairman appreciated the comprehensive nature of the articulations. Based on the views expressed and discussions held in the meeting, the Chairman reiterated the need to hear all stakeholders and directed that the next meeting concerning the other affected stakeholders may be convened at the earliest.

The meeting ended with a vote of thanks to the Chair and Committee Members.

Minutes of 2nd Meeting of the Committee constituted to examine the issues related to Legacy Stalled Real Estate Projects held on 08.05.2023 under the Chairmanship of Shri Amitabh Kant, G20 Sherpa.

The Second meeting of the Committee to examine the issues related to legacy stalled real estate projects, was held on 8th May, 2023 at 4:30 PM under the Chairmanship of Shri Amitabh Kant, G20 Sherpa at Sushma Swaraj Bhawan, New Delhi.

2. Welcoming the Members to the meeting, Additional Secretary (Housing), MoHUA informed the participants that, as per the direction of the Chairman, this meeting is being convened, with the representatives of various homebuyers' associations, to understand the issue of legacy stalled projects across the country, from their perspective. Thereafter, Additional Secretary (Housing) requested the Chairman to address the participants.

3. The Chairperson welcomed all the Members of the Committee and the various representatives of homebuyers' associations. He apprised the members that in the 1st Meeting of the Committee held on 24th April 2023, the discussions and presentations made by various stakeholders viz., Insolvency and Bankruptcy Board of India (IBBI), Uttar Pradesh Real Estate Regulatory Authority, NOIDA / Greater NOIDA, SWAMIH Fund and others, were very insightful and would facilitate the Committee in its stated endeavor. He also observed that due to the stalled Real Estate Projects, affected Home Buyers have been subjected to various hardships and it is imperative to find a resolution for the same in an expeditious manner.

4. Thereafter, the representative of New Era Flat Owners' Welfare Association (NEFOWA) was invited to make his presentation. Shri Abhishek Kumar, President, NEFOWA expressed his gratitude to the Committee for providing NEFOWA an opportunity to present to the Committee, the various issues that are being faced by Home Buyers of legacy stalled Real Estate Projects and further deliberate on possible solutions. Shri Kumar also introduced his other colleagues from NEFOWA viz. Shri Dinkar Pandey and Shri Mihir Gautam.

Shri Abhishek Kumar submitted that stalled real estate projects could be categorized on the basis of financial progress, legal issues, progress of physical work, regulatory issues or a combination thereof. He stated that each stalled real estate project has its unique problem and accordingly various customized strategies would need to be adopted to resolve the languishing projects.

Shri Dinkar Pandey drew the Committee's attention to the plight of around 40,000 homebuyers in Greater NOIDA region. He stated that these home buyers, who are residing in their flats, have not yet received the ownership due to non-execution of Sub Lease Deed (SLD). He further stated that the SLDs are pending due to various defaults by the developers. He suggested that if the authorities allow execution of SLD, while initiating action against erring developers, then these homebuyers would get immediate relief. Thereafter, Shri Mihir Gautam,

suggested various strategies for resolving the stalled real estate projects like analyzing legal and structural issues, government policies, etc.

5. Shri Abhay Upadhyay, President, Forum for People's Collective Efforts (FPCE), expressed his gratitude to the Chair and the Committee for providing FPCE an opportunity to present to the Committee. He also introduced his other colleagues from FPCE viz. Shri M.S. Shankar and Shri O. P. Bangur.

Shri Upadhyay emphasized on the need for identifying & drawing up a list of stalled real estate projects and categorizing them under major broad heads viz. financially viable, financially unviable and other issues hampering project progress. Subsequently, he suggested that the projects which should be taken up for resolution in the first phase may include those projects which have least legal impediments / maximum affected homebuyers / ease of work initiation etc. He further added that success in such cases would be able to facilitate resolution of complex cases in the subsequent phases. Furthermore, he suggested formation of state-wise monitoring committees, comprising experts and representatives from Financial Institutions, Legal experts, builders and homebuyers' associations, etc., which would keep a track on the progress of work. Thereafter, he also suggested that for financially unviable projects, all possibilities must be explored to augment additional resources by undertaking extra FSI, additional construction, etc. In conclusion, he suggested that a separate corpus similar to SWAMIH fund may also be considered.

6. Shri Sanjay Lal, President, Federation of Apartment Owners' Association (FAOA) expressed his gratitude to the Chair and the Committee for providing FAOA an opportunity to present to the Committee. Shri Lal, while touching upon the major issues faced by home buyers in stalled real estate projects viz. financial burden on home buyers by way of rentals & loan liability, emphasized the need for expeditious resolution of stalled real estate projects. He also highlighted the need for enhanced monitoring by authorities/regulators to keep a check on unscrupulous developers as well as enforcement of relevant laws/rules. He also stated that even after the enactment of RERA, projects are getting stalled. In this regard, Shri Rajive Kumar, Chairperson, Uttar Pradesh Real Estate Regulatory Authority, clarified that one of the reason for these projects getting stalled is due to the litigations filed in NCLT.

Further, he cited a positive example in front of the Committee, regarding a project which was stalled for almost 8 years. He stated that in order to resolve the issue, the Resident Welfare Association intervened and with the joint effort of all the stakeholders, the project was started and there was no need for filing litigations in NCLT. In conclusion, Shri Lal submitted that it is possible to resolve and revive stalled projects only with participation and cooperation of all stakeholders.

7. The Chairman requested other Committee members to share their views/comments on the matter. Shri S. K. Hota recommended to invite Banks and Housing Finance Companies in the subsequent meetings as well. It was generally agreed by the Committee that the Committee shall first consider the views/submissions of all other stakeholders viz. builders/developers,

Banks, Housing Finance Companies etc. and thereafter the Committee shall deliberate further on the matter.

It was decided that representatives of Developers/Builders' Associations like NAREDCO & CREDAI, may be invited to present their points of view in the next meeting.

The meeting ended with a vote of thanks to the Chair.

Minutes of 3rd Meeting of the Committee constituted to examine the issues related to Legacy Stalled Real Estate Projects held on 29.05.2023 under the Chairmanship of Shri Amitabh Kant, G20 Sherpa.

The third meeting of the Committee to examine the issues related to legacy stalled real estate projects was held on 29th May, 2023 at 3:00 PM under the Chairmanship of Shri Amitabh Kant, G20 Sherpa at Sushma Swaraj Bhawan, New Delhi.

2. Additional Secretary (Housing), MoHUA welcomed all the Members of the meeting and informed the participants that, as per the direction of the Chairman, the meeting has been convened with the representatives of Association of Developers to understand their viewpoint on the issue of legacy stalled projects across the country. Thereafter, Additional Secretary (Housing) requested the Chairman to address the participants.

3. Welcoming all the Members of the Committee and the representatives of various Associations of Developers, the Chairperson stated that the main objective of the committee is to recommend practical measures for completion of the stalled project. Further, he stated the in the previous two meetings the committee had taken into account the views of the Regulatory / Development Authorities and the homebuyers. He emphasized the importance of considering the perspective of the Developer community to gain a comprehensive understanding of various issues concerning the legacy stalled projects. Thereafter, he initiated the proceedings and invited the representatives of Developers' Associations i.e. Confederation of Real Estate Developers Association of India (CREDAI) and National Real Estate Development Council (NAREDCO) to address the Committee.

4. **Shri Getamber Anand, Former Chairman - CREDAI and Chairman, ATS Infrastructure Ltd** informed the committee that the issue of stalled real estate projects predominantly exists in the Delhi NCR and Greater NOIDA region. He further stated that various problems are being faced by the real estate developers, leading to stalling of the projects. He specifically highlighted the major factors like the issue of prolonged litigation, farmer's agitations, time take by NCR planning board for approvals of master plan-21, ban on construction and sanctions by Hon'ble NGT (National Green Tribunal). Moreover, the Global COVID-19 pandemic also impacted the construction of the projects adversely, leading to prolonged delay in completion of projects, ultimately increasing financial distress for the developers.

He further apprised the Committee that there has been a lack of support from the Banks / financial institutions. Moreover, the policy of the development authority of capitalized interest, penal interest and time extension charges creates further complications. Therefore, it

has become almost impossible for the developers to make payment to the authority and complete the delayed project.

He further stated that the authorities acknowledged the issue and had come out with a “Zero Period Policy” wherein the interest was not charged for a specific period on a case to case basis. He suggested that the same ‘Zero Period Policy’ of NOIDA may be re-introduced for the time period which was affected due to farmer’s agitation and pendency of this dispute before the Hon’ble High Court etc. This would make many projects viable and would result in restarting of the construction work in many projects.

In this regard **Smt. Ritu Maheshwari, CEO, NOIDA & Greater NOIDA** clarified that earlier, the Zero Period was provided to real estate projects from 14.08.2013 to 28.10.2013 (77 days). Further, 3% penal interest was also waived off from 29.10.2013 to 19.08.2015. She further briefed the Committee about the exemption of time extension charges given to the Real Estate Developers by the Development Authorities of NOIDA and GNOIDA.

Shri Getamber Anand, CREDAI emphasized on the issue of time extension charges in NOIDA, imposed due to non-completion of projects within 5 years due to various factors. He suggested that this provision of levying charges for time extension may be relooked by the Authority.

He further highlighted the issues of capitalization of interest, penal interest, and time extension/reschedulement charges which make the projects unviable. If the aforementioned issue of capitalization of interest / penal interest is resolved, then such projects would become net worth positive, thereby making them eligible to get last mile funding from SWAMIH.

He further added that the breakup of the calculation of interest, penal interest and charges may be provided to the developers to review and understand it comprehensively. In this context, Smt. Ritu Maheshwari stated that the breakup of the calculations for the various charges and interest would be provided to the developers, if required.

5. Shri Manoj Gaur, Chairman, CREDAI stated that removal of provisions for capitalization of interest by NOIDA may help in making the projects viable. He further suggested to remove the condition of No Objection Certificate (NOC) for ceding of first charge by the existing lenders in favour of SWAMIH fund.

In this regard **Shri Dinesh Kapila, Economic Advisor (Housing), MoHUA** suggested that in order to address the issue of banks and financial institutions for last mile funding of the stalled projects, possibility of adopting equitable mortgage or a *Pari-passu* mechanism may be explored wherein all creditors are treated equally.

6. **Shri Rajan Bandelkar, President, NAREDCO** stated that the issue of stalled housing projects is limited to projects which were launched prior to the enactment of RERA and this problem has not surfaced in the new projects post the regulatory regime under RERA.

In order to resolve the issue of legacy stalled projects, he reiterated the suggestion of Shri Getamber Anand that the '*Zero Period Policy* ' of NOIDA may be re-implemented for the time period which was affected due to farmer's agitation, pendency of dispute before the Courts, COVID pandemic, etc. He further added that the Development Authorities should also be brought under the ambit of RERA so that the requisite approval of clearances is processed in a time bound manner.

7. **Shri Praveen Jain, Chairman, NAREDCO** briefed the Committee about the one - time settlement policy adopted by the State of Haryana to resolve its stalled projects issue. He stated that a similar policy may be replicated in Uttar Pradesh to resolve the issue of legacy stalled real estate projects. Under the said policy, 100% principal amount along with 25% of interest may be levied upon developers and 75% amount on account of interest may be waived off. He requested the Committee to review the aforesaid policy of Haryana.

8. In view of the above mentioned deliberations held during the meeting, it was observed by the Committee that following key issues have been highlighted by the Real Estate Developers in the meeting:

- i. Re-implementation of 'Zero Period' (as already defined by Government of Uttar Pradesh) for approximately 2 years on account of delays which occurred due to orders of NGT & NCR Planning Board and COVID-19.
- ii. 'Waiving of time extension charges' imposed due to non-completion of projects within 5 years due to various factors.
- iii. 'Non - capitalization of interest / penal interest / time extension charges / reschedulement charges' for the viability of the projects.
- iv. 'Removal of the provision of No Objection Certificate from the existing lenders' for the funding from SWAMIH fund.
- v. Providing details of the calculation of interest / penal interest, etc. to the developers to review and understand it comprehensively.
- vi. Replication in Uttar Pradesh of the 'one - time projects settlement policy' adopted by the State of Haryana to resolve its stalled projects issue.

9. At the conclusion of the meeting, it was decided by the Chairman of the Committee that representatives of Financial Institutions/ Reserve Bank of India may be invited to present their points of view in the next meeting.

The meeting ended with a vote of thanks to the Chair.

Minutes of 4th Meeting of the Committee constituted to examine the issues related to Legacy Stalled Real Estate Projects held on 19th June 2023 under the Chairmanship of Shri Amitabh Kant, G20 Sherpa.

The fourth meeting of the Committee to examine the issues related to legacy stalled real estate projects was held on 19th June, 2023 at 5:00 PM under the Chairmanship of Shri Amitabh Kant, G20 Sherpa at Sushma Swaraj Bhawan, New Delhi.

2. Additional Secretary (Housing), Ministry of Housing and Urban Affairs (MoHUA) welcomed all the Members of the meeting and informed the participants that as per the direction of the Chairman, this meeting has been convened with the representatives of Reserve Bank of India (RBI) and various Financial Institutions (Banks and Housing Finance Companies), to understand their perspective on the issue of legacy stalled projects across the country. Thereafter, Additional Secretary (Housing) requested the Chairman to address the participants.

3. Welcoming all the members of the Committee and the representatives of various Financial Institutions and RBI, the Chairperson stated that the main objective of the Committee is to recommend practical and implementable measures for completion of the stalled projects to hand over the houses to the homebuyers. Further, he stated that in the previous three meetings, the Committee had taken into account the views of the Regulatory / Development Authorities, homebuyers and the Real Estate Developers. He stressed on the importance of considering the viewpoint of RBI and the financial institutions to understand regulatory & financial aspects related to legacy stalled projects. Thereafter, he requested the invitees to share their views before the Committee.

4. **Shri Sunil Mehta, Chief Executive, Indian Banks' Association (IBA)** made a presentation wherein he provided the geographical distribution of the stalled housing projects across the country. He stated that 60% of stalled units have already been purchased by the home buyers, which have a capital commitment of Rs.1.90 lakh crores. He further highlighted that National Capital Region (NCR) and Mumbai Metropolitan Region (MMR) account for 44% and 21% of the total stalled units across India respectively and also stated that 75% stalled units in NCR and 47% of stalled

units in MMR are already sold.

He further informed the Committee about the exposures of various Financial Institutions on Stalled Housing Projects, wherein Punjab National Bank (PNB), Union Bank of India and Bank of India have an exposure of more than ₹1000 crores each. He emphasized on the role of SWAMIH fund in providing last mile funding to net worth positive projects and provided the latest implementation status of SWAMIH fund.

Accordingly, he stated that this issue was deliberated in the meeting of the Managing Committee of IBA on 16th June, 2023 wherein the members have agreed to cede their first charge in favour of SWAMIH on the project assets to the extent of their exposure on case to case basis. Further, he informed that bankers have agreed to share pari-passu charge on the security, with the understanding that all stakeholders including Government agencies will share the sacrifice proportionately for the projects where security does not cover outstanding dues and the cash flows are not sufficient to cover the exposure of the banks.

He further suggested that support from the respective State Governments, especially from Government of Uttar Pradesh with respect to projects in NCR, will be needed to allow additional FSI to make stalled projects viable for completion by SWAMIH and other Lenders.

Furthermore, he added that SWAMIH's exposure to a project should be treated as priority debt and should have first charge on the cash flows of the project and no cash flow would be shared with the original promoter till realisation of the entire dues of SWAMIH and lenders. Moreover, the excess cash flow over and above the total estimated level should be passed on to the lenders in proportion of their exposure. In context of non-viable projects, he stated that the Banks are willing to bear an equitable (pari-passu) haircut, given that all stakeholders including the Government Authorities also accept a haircut on their dues.

He further stated that a special dispensation would be required from RBI on the release of funds from existing individual Home Loan accounts which are restructured/revived for additional funding/disbursement of balance portion of the loan. The asset classification of such additionally disbursed portion with conforming provision also to be treated as a Standard Asset.

5. **Shri Vivek Joshi, Secretary, Department of Financial Services (DFS)**, agreed with the proposal suggested by IBA. He acknowledged that pari-passu charge may be considered for the projects and suggested for RBI's intervention, wherever required. He also submitted that all the stakeholders may have to take haircut and do rightful provisioning for completion of projects.

In this regard, **Shri Ravi Mittal, Chairman, Insolvency and Bankruptcy Board of India (IBBI)** also agreed with the suggestions of IBA and stated that IBC route is not suitable for resolving the issue of legacy stalled real estate projects. He further suggested that information on the progress of SWAMIH fund may also be shared with all the concerned stakeholders.

In response, **Shri Suresh Kozhikote, MD & CEO, SBICAP Ventures Ltd.**, stated that the implementation status report of SWAMIH fund is being shared with Department of Economic Affairs (DEA) and the same cannot be shared with others due to Securities Exchange Board of India (SEBI) norms. Further, the **Chairperson** inquired about the reason behind less exposure of Public Sector Banks' (PSBs) projects under SWAMIH fund, wherein **Shri Kozhikote** stated that procedural delays attributed to PSBs is the main reason of less exposure.

The **Chairperson** suggested that steps may be contemplated for sharing the progress of SWAMIH fund with concerned stakeholders as a special case and in this regard, if approval from SEBI is required, the same may be taken up with SEBI by concerned stakeholders.

6. **Shri Rajive Kumar, Chairperson Uttar Pradesh Real Estate Regulatory Authority** expressed his in-principle agreement with the suggestions provided by IBA and asserted that the proposed mechanism may be adopted on a case to case basis. He further suggested that where the projects are viable but there is liquidity issue, SWAMIH fund may infuse the capital and in case, where there is problem of liquidity and viability both, then all concerned stakeholders may have to take some haircut. **In this regard, the Chairperson** opined that pari-passu may be the practical way-out wherein all the stakeholders may take an equal hair cut in case of unviable projects.

7. **Shri Sanjay Joshi, General Manager, HDFC Ltd.** suggested that an out of the box approach may be considered wherein additional Floor Space Index (FSI) may be provided to such stalled projects to ensure viability and completion and, if required, necessary amendments may be made in State local laws. He also agreed on the

recommendations of IBA.

In response, **Smt. Ritu Maheshwari, Chief Executive Officer (CEO), NOIDA Authority** stated that additional FSI will change the project's layout plan, which requires the consent of homebuyers under the provisions of RERA. She added that obtaining consent from homebuyers is difficult once possession has been given to the homebuyers. On this, **Shri Rajive Kumar** added that additional FSI can be given to those projects where the construction has not begun yet. **The Chairperson** also agreed that the additional FSI may succeed only in those projects where the homebuyers have not yet moved in. Further, **Smt. Ritu Maheshwari** asserted that in case of viable projects, the land dues should be paid in full by the developers.

8. **Shri Sumit Sanghai, National Head, ICICI Bank** highlighted the approach taken by ICICI Bank with SWAMIH fund on 2 stalled housing projects in Maharashtra. He also highlighted that for timely completion of projects, haircut may be considered and that further delays will erode the value and increase the refurbishment cost. Further, he stressed that major projects in NCR may need a suitable policy intervention and revision.

9. **Shri Vaibhav Chaturvedi, General Manager, RBI** submitted that RBI will go through recommendations of IBA. He also agreed that a different approach and intervention on a case-to-case basis would be needed. Further, he assured that the suggestion of special dispensation requested on the additional finance to homebuyers by the lenders will be considered.

10. **Shri Alok Kumar Chaudhary, Managing Director (RB & O), State Bank of India** agreed to the recommendations of IBA and also suggested for specific policy interventions to address the complicated issues of stalled projects in NCR.

The Chairman inquired about the high interest rate being charged by SWAMIH fund. In response **Shri Suresh Kozhikode**, stated that earlier the interest rate was 15% which has been reduced to 12%, which is adequate considering their exposure as lender and Project Manager for these stalled housing projects. **Shri Alok Kumar Chaudhary** also reiterated the same reason and highlighted that lenders and SWAMIH funds have different responsibilities and to resolve this issue, the lenders will have to come together and act in a collaborative manner.

The Chairman also stated that there is a need to approach the concerned State Government for their intervention and necessary amendments in the State local laws. The deliberations of RBI and various financial institutions were noted by the Committee. The Chairman concluded the meeting stating that the above suggestions

and recommendations would be examined and accordingly incorporated in the report of the committee to ensure speedy resolution of the issue.

The meeting ended with a vote of thanks.
