

Amitabh Kant Committee

Why in news?

Amitabh Kant committee was constituted in 2023 to examine stalled real estate projects and to recommend ways to complete the stalled projects.

Amitabh Kant Committee

- **Set up by** - *Ministry of Housing and Urban Affairs*
- **Year of formation** - 2023
- **Members**
 - Ministry of Finance
 - Uttar Pradesh State government
 - Haryana State government
 - Insolvency and Bankruptcy Board of India
 - National Housing Bank
 - Real Estate Regulatory Authority (RERA) of Haryana and UP
- **Tenure**- Need to submit its report in 6 months

What are the key findings of the report?

Indian Banks Association (IBA) has said that 60% of the stalled projects had already been bought, with a capital commitment of Rs.1.9 lakh crore.

- **Findings**- The committee was formed to find quantitative analysis (how many) and to find the location of legacy stalled projects.
- It cited the IBA's estimation that
 - 4.12 lakh dwelling units of Rs.4.08 lakh crore were stressed
 - About 2.40 lakh (44%) of these were in the National Capital Region
 - Another 21% of the units were in the Mumbai Metropolitan Region
- **Reason for stress**- Lack of financial viability

What are the recommendations of the committee?

- **Mandatory registration**- All projects with the following criteria must be registered with State Real Estate Regulatory Authority (RERA).
 - Where the land is over 500 square metres or
 - The number of apartments to be constructed are more than 8
- **De-link registration**- The committee advocated to de-link the grant of registration or sub-lease by the land authorities to the homebuyers from the recovery of dues from developers.
- This would benefit about 1 lakh homebuyers for the immediate registration and execution of subleases in favour of homebuyers.

- **Granting certificates-** RERAs should identify projects where no-objection and completion certificates have not been issued.
- It should accelerate the process to grant certificates, irrespective of the developers paying their dues to the authorities.
- **Rehabilitation package-** It is the role of the State governments to set up a rehabilitation package to get the stalled projects run again.
- **Conditions**
 - The developers should commit to complete the projects in 3 years.
 - It includes *Zero Period* for 2 years starting with the onset of COVID pandemic.
 - Developers would be allowed to get a *co-developer* on board to complete the work.
- **Partial surrender policy-** The developers can give back some of the unused lands to the authority in exchange for a waiver on the dues for that land.
- **Outstanding payments-** The RERA can directly collect these outstanding payments from homebuyers, bypassing the builders.
- **Occupancy-** It suggests that occupancy or possession of substantially completed projects should be granted within the next 30 days.
- **Financial support-**
 - Bring stalled projects under the purview of *priority sector financing*.
 - Ministry of Housing and Urban Affairs should formulate a scheme.
 - The government should consider offering subsidized interest rates or a guarantee scheme similar to those available in the MSME sector.
 - Improve the Internal Rate of Return of the projects in order to attract funding.
- **Last resort-** Judicial interventions, like the use of the Insolvency and Bankruptcy Code, should be the last resort.
- **Project viability-** All the stakeholders (developers, financiers, land authorities etc.,) would have to take a haircut or accept less than what is due to them.

Who will implement the recommendations?

Real estate is a state subject under 7th schedule, hence it falls under the purview of respective state governments.

- **Model package-** Uttar Pradesh, Noida and Greater Noida have already moved towards implementing the model package envisaged in the report.
- **SWAMIH fund-** The committee asked the Ministry of Housing and Urban Affairs to prepare a detailed scheme for using the Special Window for Affordable and Mid-Income Housing (SWAMIH) Fund.
- It should be used to finance the stalled projects and sent it to the Finance Ministry.
- It also asked MoHUA to send a detailed proposal to the Finance Ministry on permitting banks to finance fresh housing loans for new buyers of the unsold inventory of the stalled project.

Quick facts

- **Aim-** To protect the interests of homebuyers & boost investment in the real estate sector.
- To bring transparency & efficiency in sale/purchase of real estate by establishing RERA in each state to regulate real estate sector.
- **Establishment of bodies**
 - Regulatory Authorities
 - Adjudicating Officers and Appellate Tribunals
- **Registration of Real Estate Agents-** All agents dealing in real estate projects need to register with respective State RERAs.
- **Separate Bank Account for each project-** 70% of the amount collected from homebuyers for a project must be maintained in a separate bank account.
- It should be used only for construction of that project and land cost.
- **Online Information -** Through the online portal, the homebuyers are empowered to take the informed decision to buy their dream homes as well.
- **Penal Provisions-** It provides strict penal provisions of imprisonment in addition to provisions for refund, interest and penalty in case of non-compliance by developers, allottees and agent.

References

1. [Indian Express- RERA report recommendations](#)
2. [PIB- Reforms in Real Estate sector](#)

