

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

LOK SABHA

UNSTARRED QUESTION No. 1364

TO BE ANSWERED ON: Saturday, September 19, 2020/Bhadrapada 28, 1942 (Saka)

Affordable Rental Housing Complexes

QUESTION

**1364. by SHRI ARJUN LAL MEENA: SHRI P.P.CHAUDHARY: SHRI KAUSHAL KISHORE:
SHRI DEVJI M. PATEL:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of steps which the Government is going to take in order to make land available for Affordable Rental Housing Complexes;
- (b) the manner in which the Government is planning to solve liquidity issues for the cash strapped housing finance market in wake of COVID-19;
- (c) the details of incentives which the Government is planning to provide to the PPP scheme partners under Affordable Rental Housing Complexes;
- (d) whether it is a fact that the Government has set a very ambitious target of catering to a range interests, from students to labourers and even tourists and the Government will categorize these complexes and the rents accordingly; and
- (e) if so, the details thereof?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(Shri Anurag Singh Thakur)**

- (a) The Affordable Rental Housing Complexes (ARHCs) scheme is being implemented by adopting two models. Under Model-1, the existing Government funded vacant houses are proposed to be converted into ARHCs by engaging Concessionaire on Repair/Retrofit, Develop, Operate and Transfer (RDOT) Model adopting transparent procedures. Under Model-2, Private/Public Entities would Construct, Operate and Maintain ARHCs on their own vacant land. Therefore, under both models, Government does require to make land accessible. However, various incentives/benefits will be provided by the Government of India as well as States/Union Territory (UT) Governments to make the scheme attractive for Public/Private agencies to participate.
- (b) The following measures have been undertaken inter-alia to cater to the liquidity issue of the Housing Finance Companies/Housing Sector/Commercial Real Estate Sector in the wake of COVID-19:
 - (i) Partial Credit Guarantee Scheme 2.0 - Government issued Partial Credit Guarantee Scheme (PGGS) on 11th December 2019 offering 10% first loss Government of India guarantee to Public Sector Banks (PSBs) for purchasing pooled assets from financially sound Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). In the wake of COVID-19, as part

of Atmanirbhar Bharat Abhiyan, the said Scheme has been extended on 20th May 2020 to cover portfolio guarantee of up to 20% of first loss for purchase by PSBs of Bonds or Commercial Papers (CPs) with a rating of AA and below (including unrated paper with original/ initial maturity of up to one year) issued by NBFCs/ HFCs/Micro Finance Institutions (MFIs). The amount of overall guarantee provided under the extended Scheme shall be limited to 10% of fair value of assets or 20% of the face value at crystalized Portfolio Level of the Bonds/CPs being purchased by the Purchasing Banks under this Scheme, or an overall amount of Rs. 10,000 crore taking into account all the guarantees provided under the Scheme to all Purchasing Banks, whichever is lower.

(ii) Special Liquidity Scheme (SLS) for NBFCs/HFCs - As part of the Aatmanirbhar Bharat Abhiyan, the Government has approved the Special Liquidity Scheme for NBFCs and HFCs to improve their liquidity position. Under the Scheme, a Special Purpose Vehicle (SPV) viz SLS Trust has been set which would issue interest bearing special securities guaranteed by the Government of India, to be purchased by Reserve Bank of India (RBI) only. The proceeds thereof are being used by the SPV to acquire the debt of at least investment grade of short duration (residual maturity of upto 3 months, and can be extended for the same or for a reduced period upto the date of maturity) of eligible NBFCs / HFCs. The SPV would issue securities as per requirement subject to the total amount of securities outstanding not exceeding Rs. 30,000 crore to be extended by the amount required as per the need.

(iii) Special Refinance Facility Scheme - Reserve Bank of India has provided a Special Liquidity Facility (SLF) of Rs.10,000 crore to National Housing Bank (NHB) to enable it to infuse liquidity into the housing sector through Housing Finance companies (HFCs) as also other PLIs at more affordable rates and to meet the credit needs of the sector. Accordingly, National Housing Bank has launched Special Refinance Facility (SRF) scheme to provide short term refinance support to HFCs and other eligible PLIs. In August 2020, RBI has provided an additional standing liquidity facility (ASLF) of Rs. 5,000 crore to NHB - over and above Rs.10,000 crore already provided for supporting HFCs.

(iv) Housing Finance Companies are also among the beneficiaries of Reserve Bank of India (RBI)'s attempt to inject liquidity in the financial system through the Targeted Long-Term Repo Operations (TLTRO) 1.0 and TLTRO 2.0.

(v) Classification into Priority Sector Lending (PSL) - Bank credit to registered NBFCs (other than MFIs) for on-lending to housing has been made eligible for classification as priority sector up to a limit of five percent of individual bank's total priority sector lending and up to Rs. 20 lakh per borrower for housing.

(vi) Projects under implementation in Commercial Real Estate Sector (CRE) - For projects in CRE sectors, RBI has permitted revision of the Date of Commencement of Commercial Operations (DCCO) and consequential shift in repayment schedule for equal or shorter duration without treating it as restructuring if the revised DCCO falls within the period of one year from the original DCCO stipulated at the time of financial closure for CRE project and all other terms and conditions of the loan remain unchanged.

(vii) Resolution Framework for COVID-19 related stress - RBI has also provided a window under the "Prudential Framework on Resolution of Stressed Assets dated June 7, 2019" to enable lenders to implement a resolution plan in respect of eligible corporate exposures exceeding Rs. 25 crore, which were not more than 30 days past due as on 01.03.2020 and where the stress is on account of Covid-19 pandemic, to be invoked not later than 31st December, 2020 and implemented within 180 days thereafter.

(viii) Other reliefs/incentives have been provided for the Real Estate Sector such as infusion of Rs. 75,000 crore for NBFCs, HFCs and Micro Finance Institutions, extension of Credit Link Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana - Urban (PMAY-U) till 31st March,

2021, Affordable Rental Housing Complexes (ARHCs) scheme for migrant labours and urban poor. All these measures taken by Government will certainly address the issue of liquidity disruptions and augment the flow of finance to the real estate sector.

(c) In order to provide impetus to ARHCs scheme, a combination of incentives/benefits to be provided by Government of India and State/UT Governments have been proposed as mentioned below:

- Concessional Project Finance under Affordable Housing Fund (AHF) and Priority Sector Lending (PSL).
- Exemption in Income Tax & GST on any profit and gains from ARHCs.
- Use Permission changes, if needed.
- 50% additional FAR/FSI, free of cost.
- Single window approval of ARHC projects, within 30 days.
- Trunk infrastructure upto the project site.
- Municipal charges at par with residential property.

Additional fund in the form of Technological Innovation Grant (TIG) is provisioned for projects using Innovative, sustainable, green and disaster-resilient technologies as well as building materials for cost effective, faster and quality construction of ARHCs.

(d) & (e) Scheme for Affordable Rental Housing Complexes (ARHCs), a sub-scheme under Pradhan Mantri Awas Yojana-Urban (PMAY-U), has been launched on 31.07.2020 with the objective of providing accommodation at affordable rent to urban migrants/ poor belonging to Economically Weaker Section (EWS)/ Low Income Group (LIG). They may include labour, urban poor (street vendors, rickshaw pullers, other service providers etc.), industrial workers, and migrants working with market / trade associations, educational / health institutions, hospitality sector, long term tourists / visitors, students or any other persons of such category.
