



# A Special Fund For Housing Projects

## Why in News

The Union Cabinet has approved the creation of an **Alternative Investment Fund (AIF) of ₹25,000 crore** to **revive stalled** affordable and middle-income **housing projects** across the country.

## Key Points

### ▪ Fund Size

- The fund size will **initially be ₹25,000 crore** with the government providing ₹10,000 crore and the State Bank of India (SBI) and the Life Insurance Corporation (LIC) providing the balance.
- However, the fund is **not capped at ₹25,000 crore** and will likely grow as a lot of sovereign funds have shown interest.

### ▪ Fund Management

- The fund will be set up as **Category-II Alternative Investment Fund registered** with the [Securities and Exchange Board of India \(SEBI\)](#).
- It will be managed by SBICAP Ventures Limited (SVL). It is a wholly owned subsidiary of SBI Capital Markets Ltd.

### ▪ Eligible Projects

- All **affordable and middle-income housing projects** that are
  - Net worth positive
  - Registered with the Real Estate Regulatory Authority (RERA) and
  - That have not been deemed liquidation-worthy.
- Stuck projects classified as [Non Performing Assets](#) and those undergoing resolution under the [National Company Law Tribunal](#) will also be eligible for funding — a change from the [announcement made in September 2019](#).

### ▪ Funding Procedure

- The fund will provide money in escrow accounts that can be used only for completion of the identified projects.
- The receivables from the project will be used to repay the fund.

## Expected Benefits

- There are more than **1,600 housing projects which are stalled**. The fund is expected to **revive** the same.
  - This will help in alleviating stress for homebuyers, real estate players as well as banks that have backed these projects.
- **Impact on Other Sectors**
  - Revival of the real estate sector will also lead to demand of cement, iron & steel industries,

thus also generating employment.

- The fund will also **generate commercial return for its investors.**
  - The AIF is expected to pool investments from government-related and private investors, including public financial institutions, sovereign wealth funds, public and private banks, etc.

### Alternative Investment Fund

- **Meaning:** AIF means any fund established in India which is a **privately pooled investment vehicle** which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.
  - An alternative investment is a financial asset that does not fall into one of the conventional equity/income/cash categories.
  - Private equity or venture capital, hedge funds, real property, commodities, and tangible assets are all examples of alternative investments.
- It is **regulated by the SEBI.**
- **Categories**
  - **Category I AIFs:** These generally invest in start-ups or early stage ventures which the government or regulators consider as socially or economically desirable.
    - e.g. venture capital funds, infrastructure funds.
  - **Category II AIFs:** These are AIFs which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted in the SEBI (Alternative Investment Funds) Regulations, 2012.
    - e.g. real estate funds, private equity funds.
  - **Categories III AIFs:** AIFs which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives.
    - e.g. hedge funds, private investment in Public Equity Funds.

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