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## 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 7<sup>th</sup> 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

### Real Estate Regulatory Authority Act ,2016

- **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](#)



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