



SWAMIH Fund

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Why in News

Recently, the **SWAMIH (Special Window for Affordable & Mid-Income Housing) fund** has made its first complete exit from an investment made for completion of a residential project in Mumbai.

It has already completed over 1,500 homes in seven projects and is on track to complete at least 10,000 homes every year.

Key Points

- **About:**
 - This is a government backed fund that was set up as a **Category-II AIF (Alternate Investment Fund) debt fund** registered with **SEBI (Securities and Exchange Board of India)**, launched in 2019.
 - Liquidity squeeze and the cash trap situation that the **real estate sector** faced in 2019 made things **difficult, prompting the government to launch this scheme.**
 - **Liquidity squeeze or cash trap** is a situation where interest rates are as low so that investors prefer to save rather than invest.
 - The Investment Manager of the **Fund is SBI(State Bank of India)CAP Ventures**, a wholly-owned subsidiary of SBI Capital Markets, which in turn is a wholly-owned subsidiary of the SBI.
 - The Sponsor of the Fund is the Secretary, Department of Economic Affairs, **Ministry of Finance**, on behalf of the Government of India.

- **Eligibility Criteria:**

- The real estate projects seeking last-mile funding from SWAMIH must be **Real Estate (Regulation and Development) Act (RERA)-registered** which have been stalled due to a lack of adequate funds.

Each of these projects **must be very close to completion.**

- They must also fall under the **‘Affordable and Middle Income Project’ category** (any housing projects wherein housing units do not exceed 200 sq.m.).
- Net-worth positive projects are also eligible for SWAMIH funding. **Net-worth positive projects** are those projects for which the value of their receivables (debts owed to them by buyers), plus the value of their unsold inventories is greater than their completion costs and outstanding liabilities

- **Aim:**

To provide financing to **enable completion of stalled housing projects** and ensure delivery of apartments to **homebuyers.**

- **Significance of Fund:**

It helps unlock liquidity in the **real estate sector** and provide a boost to **core industries** such as cement and steel.

Alternative Investment Fund

About:

Any fund established or incorporated 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.

- Regulation 2(1)(b) of **Securities and Exchange Board of India (SEBI) Regulations (AIFs), 2012** lays down the definition of AIFs.
- AIF does not include funds **covered under the SEBI (Mutual Funds) Regulations, 1996**, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.

Categories

Category-I

Category-II

Category-III

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- These funds are **invested in businesses that have the potential to grow** financially such as StartUps, Small and Medium Enterprises.
 - The **government encourages investments in these ventures** as they have a positive impact on the economy with regards to high output and job creation.
 - **Examples** include Infrastructure Funds, Angel Funds, Venture Capital Funds and Social Venture Funds.
 - Under this category, **funds that are invested in equity securities and debt securities are included.** Those funds not already under Category I and III respectively are also included.
No concession is given by the government for any investment made for Category II AIFS.
 - **Examples** include Real Estate Funds, Debt Fund, Private Equity Funds.
 - These are those funds which give returns under a short period of time.
 - These **funds use complex and diverse trading strategies** to achieve their goals. There is no known concession or incentive given towards these funds specifically by the government.
 - **Examples** include Hedge Funds, Private Investment in Public Equity Funds, etc.

RERA

- **Inception:**

Real Estate (Regulation and Development) Act (RERA) is an act passed by the Parliament in 2016 that came into effect fully from 1st May, 2017.

The Act establishes Real Estate Regulatory Authority (RERA) in each state for regulation of the real estate sector and also acts as an adjudicating body for speedy dispute resolution.

- **Aim:**

It seeks to protect **home-buyers** as well as help **boost investments in the real estate sector** by bringing efficiency and transparency in the sale/purchase of real estate.

Source: IE