

Deal Corner

December 16, 2019

DESIGNING A SPECIAL 'WINDOW FOR FUNDING STALLED AFFORDABLE AND MIDDLE INCOME HOUSING PROJECTS' FOR THE GOVERNMENT (SWAMIH)

DEAL BRIEF

On November 6, 2019, the Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved the establishment of a 'Special Window' to provide priority debt financing for the completion of stalled housing projects across the country that are in the affordable and middle-income housing sector. This Special Window will be set up in the form of one or more category-II Alternate Investments Funds (AIFs), which will be registered with the Securities and Exchange Board of India (SEBI) and will be managed by a professional investment/fund manager.

The Government of India has committed for an infusion of up to INR 10,000 crore in the Special Window and further investments will be brought in through institutional and private investors including, among others, sovereign wealth funds, domestic and global pension funds, public and private banks to generate a total corpus of INR 25,000 crore.

For the purposes of the first fund under the Special Window, the Government of India is acting as the Sponsor and SBICAP Ventures Limited has been engaged as the investment manager. The first fund called Special Window for Affordable and Mid-Income Housing Fund (SWAMIH) Investment Fund I achieved its first closing on December 6, 2019 at a remarkable speed of exactly 30 days from date the Union Cabinet approved setting up of the Special Window. More than 12 public and private financial institutions and the Government of India together achieved the first close at INR 10,530 crores.

The Special Window would provide relief to developers that require last mile funding to complete unfinished housing projects and would consequently provide relief to home buyers by ensuring delivery of home units. Further, growth in the housing sector is likely to have a positive impact in releasing stress in other major sectors of the Indian economy such as steel, cement, construction and infrastructure and should generate employment.

OUR ROLE

We, at Nishith Desai Associates, acted as the counsel for Department of Economic Affairs, Ministry of Finance for structuring the Special Window, setting up the first fund under it and advising on their investment into it. For the first fund, we also worked with the Investment Manager SBICAP Ventures to assist with various legal, tax, structuring and regulatory aspects of the fund including documentation and registrations.

PRESS COVERAGE

Press coverage in relation to the Special Window is available here:

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1590679>

<https://economictimes.indiatimes.com/markets/stocks/news/sbicap-ventures-achieves-first-closure-of-govts-last-mile-fund-for-stuck-projects/articleshow/72405280.cms>

<https://www.youtube.com/watch?v=CGv1as-BfGo&feature=youtu.be>

<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1590799>

<https://economictimes.indiatimes.com/wealth/real-estate/have-a-house-in-a-stalled-project-heres-all-you-need-to-know-about-nirmala-sitharamans-realty-fund/articleshow/71953951.cms?from=mdr>

<https://www.businesstoday.in/sectors/infra/real-estate-booster-govt-special-fund-to-prioritise-projects-closer-to-finalisation/story/389118.html>

<https://www.moneycontrol.com/news/business/real-estate/government-approves-rs-25000-crore-fund-for-stalled-housing-projects-4612601.html>

<https://www.dnaindia.com/business/photo-gallery-positive-step-realtors-welcome-govt-s-special-window-fund-to-kickstart-stalled-housing-projects-2800458>

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