

SWAMIH fund

November 1, 2021

In news– Recently, the first project under the SWAMIH real estate fund has been wrapped up in Mumbai.

Key updates-

- The project was the first beneficiary of the **initiative to provide last-mile funding to affordable housing projects** that were stalled due to lack of funds.
- Managed by SBICap Ventures, a step-down subsidiary of State Bank of India, the Fund gave possession of completed flats in the Rivali Park project in May.
- The project was launched in 2010 and stalled due to lack of funds with no hope for desperate homebuyers until SWAMIH investment in February 2020.
- According to the Finance Ministry, SWAMIH has given final approval to 95 projects sanctioning more than Rs 9,500 crores which will complete over 57,700 homes.

Impact of the exit

- The successful exit would embolden the Fund and other private investors to take exposure to projects which are stuck due to lack of funding.
- It would help unlock liquidity in the real estate sector and provide a boost to core industries such as cement and steel.
- The money realised through this investment can be used to support other projects.

The Special Window for Affordable & Mid-Income Housing or SWAMIH fund-

- It was set up in November 2019 with an estimated size of Rs 25,000 crore.
- The Rs 12,500-crore fund, with a green-shoe option of an

additional Rs 12,500 crore, **aims to provide financing to enable completion of stalled housing projects and ensure delivery of apartments to homebuyers.**

- It provides funding to stalled projects that are “net worth” and where at least 30 per cent construction has been completed.
- It has one of the largest domestic real estate private equity teams focused only on funding and monitoring completion of stressed housing projects.
- The Fund is currently active in the Mumbai metropolitan region, National Capital Region and other metros including Hyderabad, Chennai, Ahmedabad, Pune and Bengaluru.
- **This Fund was set up as a Category-II AIF (Alternate Investment Fund) debt fund registered with the Securities and Exchange Board of India.**
- The Central Government is the sponsor (the person/entity that set up the AIF) and will have the authority and responsibilities.
- SBICAP Ventures Limited is the investment manager of the SWAMIH investment fund.

Alternative Investment Funds (AIFs) & their types-

- Alternative Investment Funds are an avenue to pool in funds for investing in private equity, real estate or hedge funds.
- In India, AIFs are defined in Regulation 2(1) (b) of SEBI (Alternative Investment Funds) Regulations, 2012.
- It refers to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP).

Types-

- Category I AIF are those funds that invest in start-ups or social venture funds, infrastructure funds, SME

funds, and so on. The government or regulators consider this category of funds as socially viable or economically desirable.

- Category II Funds are those that do not leverage or borrow, other than to meet the day-to-day operational requirements. This category typically consists of Private Equity Funds and Debt funds.
- Category III funds typically comprise Hedge Funds that employ diverse or complex trading strategies. By investing in listed or unlisted derivatives, AIF managers try to employ leverage.