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# ArthVeda plans to raise \$1 billion for affordable housing

By [Kailash Babar](#), ET Bureau | Updated: Feb 21, 2017, 11:31 AM IST

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MUMBAI: [ArthVeda](#) Fund Management, part of financial services conglomerate [Wadhawan Global Capital](#), is planning to raise \$1 billion to invest in [affordable housing](#) projects across the country, said a top company official.

The asset management company recently received \$250 million commitment from [Qatar Holding](#), part of Qatar sovereign fund, for its affordable, low and middle income housing fund. This is the first such commitment received by an Indian fund following the Budget 2017 proposal to grant affordable housing infrastructure status.

"For us, focus on low and middle income housing started decades ago that got accelerated in 2003-04 and has now broadened into investment space through funds managed by ArthVeda. Over the last 13 years, our group flagship company [DHFL](#) has grown to close to Rs 90,000 crore from Rs 1,100 crore loans to affordable segment. This growth gives us a unique insight into this segment," Bikram Sen, CEO of Arthveda Fund Management, told ET.

Mortgage lender Dewan Housing Finance Corporation (DHFL) is also part of Wadhawan Global Capital.

The fund will be raising a total of \$1 billion over the next two years to invest in low and middle income housing projects. The fund will be raised from long-term institutional investors including sovereign funds, pension funds, fund of funds, foundations and private equity funds.

ArthVeda will be investing a significant part of the money through this exercise in projects being developed in Mumbai Metropolitan Region (MMR). Apart from MMR, it will also invest in projects on the outskirts of Pune, Bengaluru, Chennai, Hyderabad and select cities of Madhya Pradesh, Rajasthan and Gujarat.

"While the government has defined affordable housing on units' size and loan size from which income levels can be derived, our approach is to look at [LIG](#) (low income group), [MIG](#) (middle income group) and [EWS](#) (economically weaker section), only on the basis of their income levels. We don't consider the units' size as the primary determinant, it's the income level that drives us," said Sen.

For its investments, ArthVeda would consider projects catering to economically weaker sections, low income group and middle income group. The fund will base its investments into these projects based on target homebuyers' income levels. It has categorized monthly income level for [EWS](#) at Rs 7,000 to 15,000, [LIG](#) at families with income of Rs 15,000 to Rs 30,000 per month and Rs 30,000 to Rs 1 lakh a month for middle income group.

ArthVeda has identified 51 cities across the country where it wants to invest from the \$250 million commitment it got from Qatar Holding. Out of these, the fund is looking to make 25-30 investments across 11 cities finalized from this list of key property markets. The additional \$1 billion to be raised over the next two years will be invested in housing projects in total 30 cities.

Each investment worth over Rs 50 crore will be rated and monitored periodically by an external agency, Sen said.

The government's efforts to increase affordable housing supply by prompting developers, through tax incentives, to build more houses in this category has started yielding results since the presentation of the Union Budget on February 1. More developers and bigger brands, known mainly for their premium projects, are now entering the segment, while existing players are scaling up their plans.

While listed companies have already announced their plans to enter value housing, developers that are so far known for premium housing are also planning to foray into this segment. Several funds are also looking to tap this segment by launching funds specifically for this category.

The Budget proposed infrastructure status for affordable homes along with several other measures for the realty sector to step up its



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efforts to provide housing for all. Given the robust demand for such houses and government's support, more developers are likely to explore this segment.

In last year's budget, the government had announced allowing 100% deduction on profits for housing projects, building homes up to 300 sq ft in the four metro cities and 600 sq ft in other cities. This year's budget has clarified that the basis for this benefit will be carpet area and not built-up space. This will bring more projects, particularly in tier II locations such as Navi Mumbai and Thane near metropolitan regions, under this category.

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