

From

Financial Commissioner & Principal Secretary to Govt. Haryana,
Town & Country Planning Department.

To

1. Director, Town & Country Planning, Haryana, Chandigarh.
2. Chief Administrator, HUDA, Sector-6, Panchkula.

Memo No.Misc-374/Vol-II/5/32/09-2TCP
Dated: Chandigarh, the 5/4/2010

Subject: Minutes of meeting held on 17/3/2010 under the Chairmanship of Sh. Bhupinder Singh Hooda, Hon'ble Chief Minister, Haryana regarding the issues raised by colonizers through CREDAI-NCR.

Ref. DTCP U.O. No.1454, dated 18/19.3.2010.

A copy of minutes of the meeting held under the Chairmanship of Hon'ble Chief Minister on 17/3/2010 on the matter cited as subject alongwith the details regarding action to be taken is enclosed for information and necessary action.

Superintendent,

For: Financial Commissioner and Principal Secretary to Govt. Haryana,
Town and Country Planning Department.

Endst. No. Misc-374/Vol-II/5/32/09-2TCP

Dated: 5/4/2010

A copy alongwith a copy of minutes is forwarded to Senior Secretary, Hon'ble CM, Haryana for kind information of the Hon'ble CM, Haryana.

Superintendent,

For: Financial Commissioner and Principal Secretary to Govt. Haryana,
Town and Country Planning Department.

Endst. No. Misc-374/Vol-II/5/32/09-2TCP

Dated: 5/4/2010

A copy alongwith a copy of minutes is forwarded to PS to PSCM, Haryana for kind information of the PSCM, Haryana.

Superintendent,

For: Financial Commissioner and Principal Secretary to Govt. Haryana,
Town and Country Planning Department.

Endst. No. Misc-374/Vol-II/5/32/09-2TCP

Dated: 5/4/2010

A copy alongwith a copy of minutes is forwarded to Chief Coordinator Planner, NCR, Sector-6, Panchkula.

Superintendent,

For: Financial Commissioner and Principal Secretary to Govt. Haryana,
Town and Country Planning Department.

Endst. No. Misc-374/Vol-II/5/32/09-2TCP

Dated: 5/4/2010

A copy alongwith a copy of minutes is forwarded to Accounts Officer (HQ), O/o Director, Town & Country Planning, Haryana, Chandigarh.

Superintendent,

For: Financial Commissioner and Principal Secretary to Govt. Haryana,
Town and Country Planning Department.

Subject:- Resume of the discussion on 17.3.2010 at 1.00 P.M. under the chairmanship of Hon'ble CM, Haryana regarding the issues raised by colonizers through CREDAI-NCR.

The meeting was attended by PSCM, Haryana, FCTCP, DTCP and CA, HUDA. FCTCP apprised the CM, Haryana the issues raised by the Confederation of Real Estate Developers Association of India (CREDAI-NCR), in their representation dated 18.1.2010. FCTCP further intimated that although number of issues have been raised in the representation but important issues needing attention of the Government relates to recovery of EDC, implementation of pocket policy, implementation of the decision regarding increased density. Apart from above, the developers have also been raising the issue regarding increase in the cost of EWS flats and doing away with the clause regarding 15% profitability on the cost of the project. The issues which were discussed in details are as submitted below:-

1. Recovery of enhanced EDC

It was intimated that the notices for recovery of enhanced EDC in Gurgaon were issued on the EDC figures arrived at on the basis of the EDC computed for Sonapat. Due to recession in the economy particularly in the real estate sector, the Government on the request of developers granted two moratoriums; one ending in July 2009 and other expired in January 2010. In case of Gurgaon, it was decided to work out the EDC on actual basis. HUDA is still in the process of computing the EDC to arrive at the final figures. CA HUDA intimated that the basic exercise regarding the area for different uses has been arrived at and estimates have been prepared. This exercise is in final stages and is likely to be completed by 15th of April 2010. In view of the fact that the figures are still being computed, the colonizers are asking for moratorium.

DTCP intimated that till 30th November, 2009, the arrears of EDC including enhanced EDC payable in Gurgaon was to the tune of Rs. 5400 crores. A Program for acquiring the land for sector roads to the extent of 1843 acres is in the pipeline and approximately only Rs. 1200 crores are available with HUDA. Therefore, without payment of the EDC by the developers, it would be difficult for HUDA to fulfill its obligations to complete the external development infrastructure. DTCP further intimated that not only enhanced EDC but there is a large amount of

arrears on account of non-payment of the originally conveyed EDC also. After detailed deliberations following decisions were taken:-

- (i) The CA, HUDA will ensure that the computation for EDC for Gurgaon is completed within next three weeks. With view to maintain transparency calculations be shared with the developers, before finalization which must be done by 15th of April, 2010.
- (ii) The final figure after approval of the Government/HUDA Authority will be conveyed to the colonizers by 30th April 2010.
- (iii) In view of the fact that final figures are still being re-worked, it would be advisable to defer the recovery of enhanced EDC. Therefore, the moratorium period will be extended up to 30th April 2010. Although the calculation is being made for Gurgaon only, however, to maintain the parity, this moratorium will be applicable for Sonipat and Rohtak towns also.
- (iv) The colonizers will pay interest at the rate of 12% per annum for the extended period. The rate of interest conveyed earlier will be applicable for the respective moratorium periods.
- (v) In case of Gurgaon, DTCP will issue revised notice for recovery of enhanced EDC keeping in view the final figures to pay the same in accordance with the scheduled/scheme approved earlier.
- (vi) No relaxation can be granted on the payment of original EDC and the Department should take immediate steps to recover the same from the defaulters including the recovery of the fees and charges like IDC and renewal fee. However, the building plans, zoning plans etc. shall be released if all other payments have been done except the enhanced EDC.

2. Increase in density of the plotted area.

It was intimated that in the last meeting, it was decided to increase the sector density of the residential sectors from 60 PPA to 80 PPA and 80 PPA to 100 PPA. It was further informed that the matter in this regard has already been submitted for consideration of the Government and after approval of the same, draft notification inviting the objection will be issued in the Government Gazette. However, a decision on the applicable density for group

housing on account of this increase in the sector density also needs to be taken.

DTCP intimated that there is appreciable change in the available area under group housing in residential sectors from the earlier position. Apart from the 20% group housing component in every sector, there is a provision to provide 10% group housing for affordable section with 600 PPA density. Further in plotted colonies, 10% of the colony area has been allowed for group housing for a limited period. Therefore, the area under group housing has increased tremendously; therefore, the density should not be allowed to go out of control.

After detailed discussions, it was decided to proportionately increase the density to 300 persons per acre where the sector density is being increased from 80 PPA to 100 PPA.

3. Pocket Policy

It was informed that the pocket policy is in existence since 1991 and the developers are demanding its implementation. DTCP intimated that in most of the cases colonizers are making request for allotment of acquired HUDA land or are requesting for the transfer of the lands being under acquisition. These lands are not covered under the pocket policy. The pocket policy is applicable only for the vacant pockets which are neither being acquired nor are notified under the Land Acquisition Act. The Department has received only few applications in this regard and these are being examined and after approval of the Government, further action will be taken on merits of each case. The revenue rastas which do not provide approach to any private land other than the licenced areas can also be acquired within the pocket policy.

4. Cost of EWS Flats

It was intimated that the developers are raising the issue of increasing the cost of EWS flat as the unit cost of Rs. 50, 000 for EWS flats has been existing since very long time . It is being contended that the actual construction cost has increased manifold.

FCTCP explained that there is a element of cross subsidization involved in the sale price of EWS plots/flats. However, it is true that the cost fixed for EWS flat is abysmally low when compares to actual cost of construction of such unit done by HUDA/housing board. Therefore, there is a justification/scope for revising this cost. After detailed discussions, it was decided to fix the cost price of EWS flat at Rs. 1.5 lacs.

5. Clause relating to 15% profitability on the part of the colonizers in licensed colonies

DTCP apprised that in the bilateral agreement entered with the colonizers at the time of grant of license, one clause is inserted limiting the overall profit of 15% on the total project cost. This profit is to be computed after grant of completion certificate under Rule 16. However, as none of the colonizers has been granted final Completion Certificate till date, no exercise has been done by the Department to compute this profit in a single case. In case it is undertaken, it is going to be not only a very laborious exercise but a contentious one also. It may not always be possible to find out the actual costs and expenditure in view of number of sub- projects in a colony and the long period involved in completing the development/construction work in a colony. In fact, in some colonies, although licences have been granted in 1981-82 but these are still not complete in all respects. Moreover, in the changed scenario, Govt. is opening the real estate sector for FDI to give impetus to housing sector and basic infrastructure. Putting up cap on profits hampers FDI into real estate development. It also leads to loss of revenue to the State on account of undervaluation of the property to limit the profits to 15 %. Such kind of a cap also creates uncertainty in the minds of the investors as this liability is indeterminate. Therefore, there is serious need to rethink this whole issue.

However, Government also cannot allow the developers undue enrichment without sharing part of the profit with the Government. Therefore, the Government should impose some levy while doing away this clause. Since bilateral agreements have

already been entered in old cases, it may not be possible to force every developer to adhere to this policy. The Government may, therefore, provide a window for adopting the policy voluntarily with retrospective effect and wherever developers agree to pay a lump sum to the Government, the 15% profitability clause should be done away with. It was agreed that there is a scope for generating considerable amounts for development of infrastructure in the State out of this scheme as the developers may like to prefer for one time settlement of this issue. It will also likely to have positive effect on the stamp duty collection on account of check on undervaluation.

It was decided that the above proposal is agreeable in principle. However, the Department should submit a comprehensive proposal on file for imposing such differential levy with respect to towns located in hyper, high, medium and low potential zones. The concurrence of Finance Department and Law Department may also be obtained.

Meeting ended with the vote of thanks with the Chair.