

Correspondence Address

A – 194, Sarita Vihar
New Delhi – 110 174

Contact Phone

93104 57906

BHS09 Welfare Association Greater Noida

Registered under Societies Act 1860

(Formerly BHS-09 Forum)

Ref. No. BHS09WA/09/04

Dated : 25th March 2009

President

Mr. Ravindra Paliwal
93104 57906

Vice President

Mr. Hari Om Lalvani
I.A.S.

General Secretary

Mr. Suresh Kumar
99589 20416

Secretary

Mr. Alok Mohan
98685 16635

Treasurer

Mr. Siddhartha Mehrotra
98687 90003

Joint Treasurer

Mr. Ravi Sharma
93509 82962

The Chief Minister
Uttar Pradesh
India

Sub. : Excessive Profiteering by Greater Noida Industrial Development Authority

Respected Madam,

1. We are the allottees of the Built-up Housing Scheme 09 (BHS09) released by Greater Noida Industrial Development Authority (GNIDA) on the 16th of February 2008. Under this scheme, a total of 3000 houses were allotted (General Public – 2475, Farmer Category – 525) in Sectors 3, Xu-II and Xu-III of Greater Noida. Each house is a single storey structure built on a 120 sq meter plot of land.
2. GNIDA has indicated the tentative cost of each house at Rs.29.98 lakhs. The only payment option offered in the brochure of this scheme is a "Four Year Installment Plan with Interest" with an interest component of 11%, averaging over Rs.7.02 lakhs per house. Hence the average cost of each house is coming to over Rs.37 lakhs. Over this, the allottee has to pay 10% lease rent, lease deed charges, cost and expenses of preparation, stamping and registering the legal documents and its copies and all other incidental expenses, stamp duty of transfer of immovable property etc.
3. GNIDA had kept the cost of brochure at a very expensive Rs.1,100/- each. Thereafter they collected Rs.3.00 lakhs per applicant as Registration Money. From the successful applicants, another sum of Rs.6.00 lakhs was collected as Allotment Money. As such, GNIDA collected Rs.9.00 lakhs per allottee at the time of allotment.
4. The cost of land as applicable for this scheme is Rs.5,900/- per square meter. As such the total cost of 120 sq meter of plot is Rs.7,08,000/-. Assuming that each plot was allocated to respective allottee on day one, GNIDA after recovering the cost of land as above, received Rs.1,92,000/- on day one towards construction charges. As 3000 houses were allotted, at the very outset, GNIDA created a corpus of Rs.57,60,00,000/- (Rupees Five Thousand Seven Hundred & Sixty Lakhs) to begin construction of houses. This is in addition to the proceeds from sale of prospectus and interest of total Registration Money received from

successful and unsuccessful allottees, as this money should also be used for the BHS09 Scheme and expenses therefore.

5. For construction of houses under BHS09 Scheme, GNIDA released two Tender Notices (copies attached) as below:
 - a. Tender Notice No.GM/Project/A-4/08/1850 dated 27 October 2008 for construction of 2375 houses in Sectors Xu-II & Xu-III.
 - b. Tender Notice No.OSD/Projects/09/53 dated 28 January 2009 for construction of 625 houses in Sector 3

Both these Tenders, which covered construction of all 3000 houses under BHS09 Scheme, specified the average "Estimated the Cost of Construction" of each house at Rs.1,375,156.25.

From Para 4 and Para 5, the total cost of each house to GNIDA is Rs.20.83 lakhs, whereas it is charging each allottee a tentative cost of Rs.29.98 lakhs. As such it is making a profit of Rs.9.15 lakhs on each house, which in percentile terms comes to an exorbitant 44% profit. This is extremely high especially when this scheme is from a Government organization that people trust for providing affordable housing.

6. As indicted in Para 2 above, GNIDA has also levied an interest of 11% on the total cost averaging to more than Rs.7.01 lakhs per house. Para 4 above explained that on day one, GNIDA created a corpus of Rs.5760 Lakhs. This amounts to 14% of total estimated cost of construction of all houses under BHS09 Scheme. This amount should be enough to give any mobilization advance to a builder for getting the construction started. The First Installment was designed to fall due towards the end of January 2009 (three months after first Tender **Notice** and **before** second Tender Notice) which should have got GNIDA further money to pay towards construction of houses. Subsequent payments to builder could also be aligned to future installments. As such, after allotment, GNIDA did not invest even a single paisa towards land or cost of construction of a BHS09 house. In total absence of any "Principal" or "Investment", there could be no justification for charging of "Interest" from allottees. As such, each allottee is feeling cheated by more than Rs.7.01, that too from a Government Organization.

Here it may be pertinent to note that in all previous schemes of Built-up Houses such as BHS08, there was no interest component on Installment Plans. If it was financially viable for BHS08 scheme to include an Interest Free Installment Plan

(Para A-5.2, page 3 of BHS08 Brochure), then why should there be interest payable on BHS09 scheme, especially when the cost of construction has come down drastically since BHS08 Scheme.

7. GNIDA has been providing major relief to Builders and Commercial Users in Greater Noida. The relief is to such an extent that Builders have reduced the prices of their flats by half, thereby affecting the prices of our houses. Builders have also been provided easy exit route by paying only 10% of money deposited.
8. GNIDA has also released schemes for sale of plots, including in Sectors in which BHS09 houses are located, where a house similar to BHS09 Scheme on same 120 sq meter plot would cost around Rs.24.0 lakhs (including cost of land, premium and cost of construction). This makes our houses expensive by Rs.16.0 lakhs.
9. We have been reading various reports in newspapers (copies attached) that the benevolent, generous and righteous Government of Uttar Pradesh under your majestic and far-sighted leadership has been providing relief to allottees of various Housing Boards/Authorities. Your compassionate and resourceful Government has also taken a serious view of the current Recession and has provided recession relief too. But GNIDA has, till date, not passed any such relief to the BHS09 allottees.
10. We have written two petitions to CEO, GNIDA on 9th February 2009 and 17th February 2009. This has been followed up with repeated request, both personally and telephonically, to the CEO's Office; but unfortunately neither did GNIDA reply to our petitions nor could the CEO find time to meet us.
11. On the 22nd of March, we called a Meeting of all the Allotees of BHS09 Scheme at New Delhi YMCA, where more than 800 allottees assembled. All of us were utterly dejected at the indifferent and profiteering attitude of GNIDA and were outraged due to the Breach of Trust that GNIDA has done with us. Here we would like to point out that we trusted GNIDA, being a Government Organization, for providing us quality houses at less than market prices. We trusted them because it is a part of the Government that we trust, respect and voted to power. We did not even read the Brochure nor did we visit the site. It is because of this trust that people flock to banks whenever a Government Housing Board/Authority releases Flats/Plots/Houses and getting an allotment is treated as a "once in a lifetime dream". We do not react similarly to private builders despite they give repeated

huge advertisements, put up huge hoardings, conduct site visits in air-conditioned cars and invite us in grand parties.

When we trust the Government and its Institutions, we expect a similar trust in return. Any breach of such trust could have lasting effect on the relations between the **Political Party in Power and General Public**.

12. In view of the above, it is requested that GNIDA may kindly be directed to consider our pleas in a sympathetic and selfless manner. They should remove the unjustified interest component and reduce the profits that they are charging. We once again request that we may be provided an opportunity to meet the CEO, GNIDA so that we can personally present our case for consideration.

Yours truly,

Ravindra Paliwal
President

Copy to:

1. Mr. Nasimuddin Siddiqui
Housing and Urban Development Minister
Uttar Pradesh
India
2. Bahujan Samaj Party
12, Gurudwara Rakab Ganj Road
New Delhi
2. Mr. Lalit Srivastav
Chairman
Greater Noida Industrial Development Authority
Greater Noida
Uttar Pradesh
4. Mr. Pankaj Agrawala
CEO
Greater Noida Industrial Development Authority
Greater Noida
Uttar Pradesh