

*[English]***Cancellation of Shops/Flats by DDA**

3248. DR. BIZAY SONKAR SHASTRI : Will the Minister of URBAN AFFAIRS AND EMPLOYMENT be pleased to refer to the reply given to Unstarred Question No. 1443. on June 4, 1998 regarding cancellation of DDA shops/flats and state :

(a) the rationale behind allotment of flats/shops in the absence of basic services and collection of money from these allottees; and

(b) the steps being taken to ensure that interest on the amount so collected is paid to the allottees till the basic services are provided and the possession of the flats/shops is given to them ?

THE MINISTER OF URBAN AFFAIRS AND EMPLOYMENT (SHRI RAM JETHMALANI) : (a) DDA has reported that flats/shops where basic services were not available were allotted in anticipation of the target dates given by Delhi Vidyut Board for completion of electrification work. Moreover, the shops are auctioned/allotted on "as is where is" basis.

(b) In case of shops, there is no provision for allowing interest on the amount deposited by the allottees till basic services are provided. However, in case of flats following decisions have been taken :

- (i) In the hire-purchase allotments the commencement of monthly installments continue to be deferred till the services become available on case to case basis.
- (ii) In case of cash-down allotments, interest on delayed payments of the amount representing 50% of the demanded amount may be waived off till the date of payment or the date when services become available, whichever is earlier.

HUDCO Assistance

3249. SHRI BHERU LAL MEENA : Will the Minister of URBAN AFFAIRS AND EMPLOYMENT be pleased to state :

(a) whether Housing and Urban Development Corporation (HUDCO) has any plan to diversify into new areas of financing;

(b) if so, the details thereof ;

(c) whether HUDCO propose to finance private builders; and

(d) if so, the details of the term and conditions laid down therefor ?

THE MINISTER OF URBAN AFFAIRS AND EMPLOYMENT (SHRI RAM JETHMALANI) : (a) and (b) HUDCO has prepared to diversify its operation into the following areas :-

1. *Retail Financing in Housing Sector :*

HUDCO has been extending Cash Loans for construction of new houses and repairs and upgradation of old houses through intermediary agencies and cooperative societies. The facility of individual loan is proposed to be extended to the beneficiaries against mortgage of their individual properties.

2. *Consultancy services in Project Management and Turnkey Projects :*

After having the experience of executing projects HUDCO intends to extend its Consultancy Services in the area of project management and use of land as a resource and real estate development through turnkey projects.

3. *Forging joint venture partnership in urban infrastructure through setting up of SPV's/Joint ventures :*

Public private partnerships in urban infrastructures sector will be another area in which HUDCO intends to participate in the DOT projects as co-promoter and financier.

(c) and (d) HUDCO finances private builders, developers and corporate sector agencies for project linked loan assistance for land acquisition and/or land development and construction of housing and commercial projects including corporate offices. Detailed terms and conditions of loan are given in the enclosed Statement.

Statement

Guidelines for Grant of Loans to private builders, Developers and Corporate sector agencies.

1. ELIGIBILITY

1.1 Private Builders, developers, and corporate sector agencies are eligible for project linked loans assistance for land acquisition and or construction of housing and commercial projects including corporate offices for their own.

1.2 Only financially viable and technically sound projects of private builders developers and corporate sector agencies of sound background will be considered.

1.3 The loan application should be made in the prescribed form and should be accompanied by a bank draft drawn in favour of HUDCO towards application fee. The application fee shall be Rs.

20000/- for loan requests upto Rs. 5.00 crores and Rs. 30000 for loan requests above Rs. 5.00 crores and upto Rs. 10.00 crores and Rs. 40,000 for loan above Rs. 10.00 crores for each project. The application fee is not refundable under any circumstances even where HUDCO may decide not to sanction the loan on a preliminary appraisal.

2. EXTENT OF FINANCING

2.1 The extent of HUDCO loan assistance available for land acquisition and/or construction of a housing project and commercial project shall be as follows :

A. LAND ACQUISITION

- (i) For exclusive land acquisition for a housing project – 50% of the cost of acquisition or Rs. 5 crores whichever is less.
- (ii) For exclusive land acquisition for a commercial project – 50% of the cost of acquisition or Rs. 7.50 crores whichever is less..

B. HOUSING PROJECT

- (iii) For construction of a housing project – 50% of the cost of project or Rs. 7.50 crores whichever is less.
- (iv) For composite scheme of land acquisition as well as construction – 50% of the cost of project or 7.50 crores whichever is less.
- (v) HUDCO may consider financing bigger housing project only in consortium with other financial institutions for which the consortium partners to the satisfaction of HUDCO will have to be identified by borrowing agency in that event also HUDCO loan assistance shall not exceed Rs. 15.00 crores.

Note : Normally HUDCO funding will be limited to the extent specified above. Provided, however, HUDCO in its sole discretion may agree to fund bigger project of private builders/corporate sector agencies of repute and sound financial background with larger loan fund only in consortium with other lenders acceptable to HUDCO but in such cases also its funding will be limited to 50% of the project cost or Rs. 2500 crores whichever is less.

C. COMMERCIAL PROJECT

- (vi) For a composite land acquisition and construction of commercial project – 50% of the cost of acquisition and construction or Rs. 15.00 crores whichever is less.

(vii) For construction of a commercial project – 50% of the cost of construction or Rs. 15.00 crores whichever is less.

(viii) Bigger commercial project will be funded by HUDCO only in consortium with other financial institutions to be identified by the borrowing agency to the satisfaction of HUDCO and in that event also HUDCO loan assistance will not exceed to Rs. 30.00 crores.

Note : Normally Hudco funding will be limited to the extent specified above. Provided, however, Hudco in its sole discretion may agree to fund bigger project of private builders/corporate sector agencies of repute and sound financial background with larger loan fund only in consortium with other lenders acceptable to Hudco but in such cases also its funding will be limited to 50% of the project cost or Rs. 40.00 crores whichever is less.

2.2 The project cost will include cost of land, cost of development, building construction with all internal services, a & s charges and capitalised interest on investment. Within the loan ceilings specified above for different schemes, Hudco will have absolute discretion to decide the extent of funding in each project and which shall be decided by Hudco keeping in view the project profile and other parameters laid down by it from time to time.

2.3 The borrowing agency will have to satisfy HUDCO that it is in a position to meet the balance cost of project as also any possible over runs on the project from its own resources.

2.4 In respect of Corporate Sector agencies, HUDCO would finance upto a ceiling of 2 times of the net worth of the Company including the total exposure of the company for other secured loans.

3. SECURITY

3.1 The loan will have to be secured either by a guarantee from a Scheduled Bank acceptable to HUDCO:

OR

By a first mortgage by deposit of title deeds of the project land with a clear and marketable title of the value not less than 200 per cent of the loan amount together with a collateral security specified herein. If the value of project land and the building constructed thereon as certified by a registered valuer on the date of creation of the mortgage is insufficient then the borrowing agency may mortgage any other properties owned by it of required value or make a cash deposit equivalent to 1/2 of the amount of deficiency in the value

of the project properties mortgaged. HUDCO may accept mortgage of the project land held on a Power of Attorney provided there exists Development Agreement between the borrowing agency and the land owner and land owner together with the borrowing agency jointly mortgages it to HUDCO. Third party mortgage will not be accepted as a security for the loan.

3.2 HUDCO will have the title to the project land investigated through an advocate or Solicitor of repute appointed by it. The cost of title investigation, preparation of legal documentation, stamp duty, registration charges, etc. will have to be borne by the private builder.

3.3 As a collateral security, personal guarantee of the promoters of the borrowing agency may be accepted where they have sound financial background satisfactory of HUDCO. For judging the financial soundness of the promoters they will be required to furnish (a) copies of their Income Tax and Wealth Tax returns for the immediate past three years, (b) list of unencumbered immovable properties owned by them with their approximate market value, (c) list of the guarantees furnished by them jointly and severally in the past, (d) details of the guarantee invoked, (e) whether invoked guarantees were honoured by time and (f) unable to accept the personal guarantee, any other collateral offered by the borrowing agency may be considered. This collateral security will not be insisted upon where the HUDCO loan is guaranteed by a Scheduled Bank.

3.4 In addition to the aforesaid security stated in 3.1 and 3.3 above, the borrowing agency will open an Escrow Account. The operation of the Escrow Account with a bank will be governed as follows :

- (i) The borrowing agency should open a bank account for each project with a bank acceptable to HUDCO.
- (ii) The borrowing agency shall ensure that all receipts pertaining to HUDCO loan and the sale proceeds shall be deposited in Escrow Account and all payments shall be made from such account.
- (iii) HUDCO shall have lien on the deposited amount towards repayments of its loan and interest as per the loan agreement. Any shortfall in this account shall be made good by the borrowing agency from its own resources.
- (iv) The bank shall be required to furnish a detailed monthly statement of the Escrow

Account incorporating therein complete details of receipts and payments made during the month.

(v) HUDCO will advise the bank the amount that is payable from time to time in advance towards the principal and interest due from the borrowing agency and the bank shall earmark such amount from the balance and provide a lien on the account to HUDCO to the extent of principal and interest due for the quarter until the loan and other dues are fully repaid.

(vi) The Escrow Account, its operations alongwith repayments of HUDCO dues will be monitored by HUDCO Regional Chief.

Before drawing the first loan instalment the borrowing agency will submit a letter from the bank in which the Escrow Account is opened agreeing to the aforesaid procedure and to mark HUDCO lien on the amount in the Escrow Account upto the extent of the amount needed to service HUDCO loan in each quarter.

3.5 Where the HUDCO loan is sought for land acquisition and the borrowing agency is not in a position to mortgage the project land in that event the borrowing agency will have to satisfy Hudco that they have entered into an Agreement to sell with the land owner or there is a firm allotment from a governmental agency, evidencing that on payment of land cost the land owner/governmental agency shall be in a position to transfer the title in the land being acquired. In such case, for the interregnum period, the borrowing agency may secure HUDCO loan by offering first mortgage of any properties owned by it or the bank guarantee from a Bank to be replaced with mortgage of the project land within a period of six months. Rest of the conditions concerning the collateral security as well as the opening of Escrow accounts as brought out in the previous paragraphs will also apply in such cases.

3.6 Where HUDCO loan is sought only for land acquisition, the borrowing agency will have to satisfy that it will develop it either from its own resources or through third party. In the case of former, the agency will have to satisfy HUDCO that it has mobilised required resources to implement the project on the land acquired and in the later case the borrowing agency will furnish to HUDCO a definite written commitment/ agreement entered into with the third party evidencing the agreement to develop the acquired land in a time bound manner to ensure timely repayment of Hudco loan.

4. INTEREST AND FRONT-END FEES.

4.1 The rate of interest applicable on loans to private builders/corporate sector agencies for Housing and Commercial Development will be as may be prescribed by HUDCO from time to time. Presently, the prevailing grow rate of interest for such loans is 19-½% per annum. ½% rebate shall be available for prompt repayment of principal and payment of interest. Further this shall be governed by 4.1.1 to 4.1.3. If Corporate Sector intends to take up their own Corporate Offices, for their self use, the rate of interest shall be 18.5% (gross) and 18.0% (net).

4.1.1. However, if the borrowing agency takes up EWS/LIG housing, and the agency follows HUDCO's norms for cost ceiling/price ceiling and other area limits as applicable for HUDCO financed EWS/LIG schemes from public sector agencies, and the disposal of these EWS/LIT DUs is also through a public housing agency, HUDCO's loan assistance shall be made available at concessional terms as applicable to public housing agencies as per details given below :

Category	Cost Ceiling	Loan Ceiling	Extend of finance	Interest rate gross	Repayment period net (years)
EWS	35000	25000	90	9.5%	9% 10
LIG	10000*	70000	85	13.5%	13% 10

* Price ceiling

** 25% increase in cost/price ceiling and loan ceiling is permitted for Island areas, hilly terrains, difficult areas and North Eastern Region.

4.1.2. If the private sector does take up EWS/LIG housing as per HUDCO norms and does the disposal directly, loan will be extended at 15.5% (gross) or 15% (net) with 10 years repayment period.

4.1.3. Similarly if the borrowing agency takes up MIG/HIG housing and the cost per DU does not exceed Rs. 10.00 lakh each, HUDCO's loan assistance shall be made available at the following concessional terms.

Category	Cost Ceiling	Loan Ceiling	Interest rate gross %	net %
MIG	1000000	300000	17	16.5
HIG	1000000	500000	17.5	17

Note : If the cost of individual MIG/HIG units is more than Rs. 10 lacs rate of interest as in 4.1 shall apply.

4.2 In addition to the applicable interest, the interest tax (as per prevailing Govt. rules) shall also be paid by the borrowing agency. Additional interest of 2½% shall be payable in the event of default over and above the applicable rate of interest. HUDCO also will have the power to vary the

interest rates upward on downward at any stage before each disbursement of the loan.

4.3 The borrowing agency shall have to pay the front-end-fee of 1.25% of the sanctioned loan amount immediately on receipt of the letter of sanction through demand draft payable to HUDCO. This will not be recovered from the loan amount provided. However, where the borrowing agency opts for availing loan on concessional terms in such cases the front-end-fee shall be payable on the total loan amount as per the following scale but will have to be paid through demand draft immediately on receipt of the letter of sanction and will not be recovered from the loan amount.

Category	Front end fee
EWS	0.50% of loan amount
LIG	1.00% of loan amount

If the private sector/corporate sector introduces cost effective/sustaining innovative technologies in the housing/commercial projects, a rebate of 0.25% will be given in front-end-fee.

5. REPAYMENT PERIOD

5.1 The maximum loan repayment period for loans to private builders/corporate sector agencies will be as may be prescribed by HUDCO from time to time. However for the present in case of loan for land acquisition schemes, the maximum repayment period shall be three years inclusive of one year moratorium period. The loan repayment period for loan for construction of housing and commercial projects will be the maximum period of five years inclusive of the moratorium period during the construction period not exceeding 18 months. However in case of EWS/LIH housing done by private sector the repayment period shall be of 10 years. However, the maximum repayment period agreed to by HUDCO and incorporated in the loan agreement shall remain unchanged.

6. MISCELLANEOUS

6.1 The layout plan and building designs approved by the concerned local body/planning authority should be submitted along with the application and if the required approvals are not available at the application stage, these must be submitted prior to the release of the first instalment. Documents evidencing the prescribed land use of the project land also need to be furnished.

6.2 The borrowing agency shall submit the detailed expenditure on the project duly certified by the Chartered Accountant while requesting the release.

6.3 The borrowing agency shall furnish with the loan application copies of documents relating to project land, its audited accounts for the immediate past three years, proof of its financial soundness including income tax clearance certificate for HUDCO satisfaction and name of its bankers.

6.4 Preference will be given to projects for housing with smaller size plot/dwelling units preferably in small and medium towns.

6.5 To ensure that the dwellings constructed do not lie vacant, HUDCO finances only schemes for which there is a ready demand.

7. OPERATIONS AND MAINTENANCE

7.1 The loan application should include details regarding an appropriate system on methodology that will be used for the purpose of maintaining the complex including services either on cooperative basis or through the local authority.

7.2 Loan application can be had from any of the HUDCO's Zonal/Regional Offices.

Unauthorised stalls at level crossings

3250. SHRI AMAR ROY PRADHAN : Will the Minister of RAILWAYS be pleased to state :

(a) whether the Government are aware that unauthorised stalls are constructed on the level-crossing of local stations under North-East Frontier Railway;

(b) if so, the details thereof, location-wise;

(c) whether these structures are obstructing the vicinity and thus causing accidents; and

(d) if so, steps taken or proposed to be taken by the Government to get such stalls removed expeditiously?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS, MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI RAM NAIK) : (a) No, Sir.

(b) to (d) Do not arise.

[Translation]

C.S.C. Madipur-Paschim Puri Scheme

3251. SHRI N.J. RATHWA : Will the Minister of URBAN AFFAIRS AND EMPLOYMENT be pleased to state:

(a) whether a number of shops constructed by the Delhi Development Authority (DDA) in Paschim-Puri (Janta

Flats) under the Community Shopping complex (C.S.C.) Madipur-Paschim Puri Scheme and other schemes are lying vacant;

(b) if so, the reasons therefor; and

(c) the time by which these shops are likely to be allotted to the applicants ?

THE MINISTER OF URBAN AFFAIRS AND EMPLOYMENT (SHRI RAM JETHMALANI) : (a) DDA has reported that some shops in Janta Flats under C.S.C. Madipur, Paschim Puri and other Schemes are lying vacant.

(b) Till date DDA has not been able to dispose of these shops despite a number of attempts made to auction them because of :

(i) Poor response from the public; and

(ii) Misuse of residential property by the allottees of the Janta Flats for commercial purpose.

(c) In view of reply to (b) above, no time frame can be given in this regard.

[English]

Development of Rourkela Airstrip

3252. SHRI JUAL ORAM : Will the Minister of CIVIL AVIATION be pleased to state :

(a) whether the Government have any proposal for the development of Rourkela air strips and to start air service;

(b) if so, the details thereof; and

(c) the steps taken by the Government in this regard ?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR) : (a) to (c) No, Sir. The airstrip at Rourkela belongs to Steel Authority of India Limited, a Public Sector Enterprise.

Pending Dispute cases of Air India

3253. SHRI SUDHIR GIRI : Will the Minister of CIVIL AVIATION be pleased to state :

(a) the details of the dispute cases of Air India which are pending before the Assistant Labour Commissioner at Mumbai and Delhi; and

(b) the steps taken by Air India to get them resolved ?

THE MINISTER OF CIVIL AVIATION (SHRI ANANTH KUMAR) : (a) and (b) A total of 18 cases of Industrial Dis-