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AFNHB/ADM/887

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All Allottees
'Y' Farm Unit Scheme

REMOVAL OF FIRST CHARGE AND BANK GUARANTEE-Y FARMS

1. Reference is made to your society letter No. AIDYFWA/8 dated 14 Apr 14.
2. There are many reasons due to which a project gets delayed and which are beyond one's control. The 'Y' site Farm Units scheme is one such scheme which has faced many hurdles since its inception. As per the agreement, the developer was to register farm unit land directly in the name of the allottees and after development, the same was to be handed over to individual allottees by the developer. Though, there was initial delay in procurement of land, 41 units in Haryana site could be made ready for handing over in the year 2001. However, due to reluctance shown by the allottees in taking over of farm units in phased manner, the association requested the AFNHB to first complete the entire project and then offer farm units for handing / taking over. If only the allottees had come forward to take over their units in 2001, the scenario would have completely different today.
3. Thereafter, the project was delayed for a long period and 55 acres of land though registered in the names of allottees was not even demarcated on ground in the year 2003 when the contract with the developer was terminated. The Board at that time had only two options available i.e. either to continue with the developer or to terminate his contract and get the work completed through a third party. The Board decided to terminate the contract in Sep 03 and complete the project through a third party. The developer at this stage challenged the termination and obtained 'Status Quo' from the Hon'ble High Court of Delhi who further referred the matter to arbitration.
4. Subsequent to termination of contract, the site was totally vandalized as the possession was with the developer. Despite the order of the Ld. Arbitrator, the developer

did not hand over site and the Board was forced to approach the Hon'ble Delhi High Court. As the property was in dispute and in possession of the developer, the Board had no option but to give the undertaking regarding 'first charge' to the developer. The award of 'First Charge' basically implied that AFNHB and allottees were not authorized to create third party interest in the property without concurrence of the developer i.e. the developer had the first right over the property in case any of the allottees wanted to dispose off his farm unit. However, nothing moved as envisaged by AFNHB. The farm units were once again made ready in 2005-06 through a different contractor but the allottees did not show interest to take over possession. Till this time, only 01 allottee in Haryana site and 01 allottee in U.P. site had taken over possession of their unit.

5. During the year 2008-09, the developer before the arbitral tribunal submitted an application to return the entire project land to him in lieu of total land & development cost paid to him with 9% interest or whatever rate of interest as decided by the arbitrator. However, this proposal was rejected by the AIDYFWA. Though, the Board at this juncture had an option to foreclose the project, AFNHB still decided to go along with society. In the meantime, the Board with its persistent efforts, could get 55 acres of land demarcated in Jul 10. Further, in order to vacate the lien over the land, the Board has submitted a Bank Guarantee of Rs. 25 Crores before the Delhi High Court and now the 'First Charge' granted to the developer stands vacated. Despite this positive development resulting from consistent efforts of the Board, the response from the allottees is not encouraging as only 123 out of 226 allottees have so far taken over possession of their unit till date.

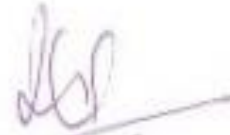
6. Due to non demarcation of 55 acres of land, the Board at the time of refunding the allottees had taken a major risk wherein these affected allottees were refunded their entire amount with interest. This refund was made from other sources and not from the project fund. The Board is also looking after security of the site by hiring a private security agency. The expenditure on this account is adding to deficit which is currently to the tune of Rs. 8.5 Crore approximately and is increasing with time. In case of any award passed in favour of the developer, it would be over and above the deficit as on date. It may be appreciated that Board is only an interface between the allottees and the contractor and the Board acts on behalf of the allottees.

7. The Board is a welfare organization and is not a Builder or developer as one may like to believe. The Board basically, works on the principle of 'No Profit No Loss' and a few of the questions regarding the Board's working have been put on the website as FAQs. All allottees are requested to peruse them and offer their suggestions / comments / feedback. The meager reserves built by the Board over a period of time are necessary for the functioning of the Board and safety and security of the projects and the allottees.

8. Until the arbitration case is finalized, the Board is not in a position to finalise the project expenditure and the liability of the individual allottee per se. Once, the arbitration is finalized and the cost frozen, the liability would be finalized and the allottees would be at liberty to dispose off their land as per their own wish. In case any allottee wishes to dispose off his land at this juncture, the allottee as well as the purchaser shall execute

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an Undertaking / Indemnity Bond on Non-Judicial Stamp Paper so as to protect the interest of the Board and other allottees of the project against future expenditure during pendency of the arbitration and other legal proceedings. The Board is working for the allottees and would always keep their interest at top priority. In order to complete the project, the association and the Board have to work together and of course, co-operation of each of the allottees will only strengthen the hands of the Board to close the project as early as possible.



(KPUK Nair)
AVM
Director General

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