

**SUBJECT NO. 46**

**Sub:- VUDA – Visakhapatnam – Allotment of houses in Row Housing at Rushikonda – Delay in construction and handing over – Request of Waiver of penal interest for the belated handing over period –Reg.**

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**AGENDA NOTE :-**

Kind attention is invited to the subject matter. It is submitted that VUDA, Visakhapatnam has taken up 88 dwelling units under Row Housing Scheme (Duplex type) at Rushikonda Hill slops with required infrastructure facilities like Community Center, Commercial Center, Common amenities like manifold Gas supply, Solar Heating System, Solar fencing and landscaping etc., adjacent to Hill No.3 of IT Layout. The final cost/upset price of each unit is fixed in VUDA Board Resolution No. 205, dt.28-8-2007 as detailed below.

**Final cost of each unit :**

<b>Category</b>	<b>No. of Units</b>	<b>Plot area (in sq.yds)</b>	<b>Cost of the Flat (Rs. in lakhs)</b>
East facing Normal Type I	20	173.33	56.00
West facing Normal Type II	46	173.33	57.00
East facing Topy Row Type III	8	187.78	60.00
East facing Top Row Type IV	14	202.22	65.00
<b>Total</b>	<b>88</b>		

Accordingly open auction was conducted on 23-8-2007, 26-8-2007 & 27-8-2007 and sold following 24 houses.

A-Type Houses : 9 Nos.  
B-Type Houses : 5 Nos.  
C-Type Houses : 2 Nos.  
D-Type Houses : 8 Nos.  
**Total : 24 Nos.**

Subsequently out of 24 houses, 2 houses of D-Type are cancelled and hence the following are the vacancy position.

Category	No. of Units	Allotted units	Reservation	Vacancy
A-Type Houses	20	9 Nos.	2 (1+1)	9
B-Type Houses	46	5 Nos.	2	39
C-Type Houses	8	2 Nos.	1	5
D-Type Houses	14	6 Nos.	1	7
	<b>88</b>	<b>22 Nos.</b>	<b>6</b>	<b>60</b>

Out of 66 units 1 mock-up unit in East facing (A-8) is reserved for VUDA Guest House, further the final cost /upset price fixed for the balance units as follows through VUDA Board Resolution No.90, dt.15-12-2012 and the same are ready for auction.

Type	Construction on cost as per the final project cost (Rs. Lakhs)	Interest Component @ 10% on Construction cost (Rs. Lakhs)	Land cost of Rs.18,200 / Sq.yard (Rs. Lakhs)	Total cost (Rs. Lakhs)	Profit margin @ 5% + Rounding off (Rs. Lakhs)	Final cost/ Upset price of each unit (Rs. Lakhs)
A	26.90	9.00	31.55	67.45	3.55	71.00
B	27.50	9.25	31.55	68.30	3.70	72.00
C	28.90	9.70	34.20	72.80	4.20	77.00
D	31.10	10.45	36.80	78.35	4.15	82.50

It is submitted that the allotment was made for the 22 houses during the month of August, 2007 and possession of the houses have to be delivered by the end of June, 2008. But the construction of houses is completed by 20-12-2012 due to site conditions and technical problems which are beyond the control of VUDA.

Subsequently intimation was given to 22 allottees that the houses are ready for occupation and requested to obtain No Due Certificate from the Allotment Wing, VUDA. Further instructions were issued to take over the possession of the houses from the concerned Dy. Executive Engineer at site duly handing over a copy of no due certificate. After taken over the possession of the houses by the allottees at their request, the necessary arrangements will be made for registration.

In view of the above it is submitted that the calculations for each house were prepared by charging penal interest. The sold out units are taken into 3 categories as submitted below for favour of information and kind perusal.

No. of units paid full house cost within the stipulated time (Category – I)	No. of units paid the full house cost with a few days delay (Category – II)	No. of units not paid full house cost within the stipulated time (Category – III)	Total units
5	8	9	22

### **CATEGORY – I**

Sl. No.	Name of the allottee Sarva Sri.	House No.	Auction bid rate	Collection	Balance Due
1	Challa Sankara Rao	A-7	6505000	6505000	0
2	Maddala Kondala Rao	A-9	5950000	5950000	0
3	C.Sudharshan Naidu	D- 1	6515000	6515676	0
4	B.Ramesh Kumar	D-8	7080000	7080000	0
5	C.V.Suresh	D-14	7850000	7850000	0

### **CATEGORY – II**

Sl. No.	Particulars of the allottee Sarva Sri.	House No.	Auction bid rate	Collection	Balance	Penal Interest	Total Due
1	K. Srinivasa Rao	A- 10	5955000	5958781	0	3781	0
2	G.B.Vara Prasada Rao	A- 12	5780000	5780000	0	13191	13191
3	M.V.S.S.N.Varma	A-14	6000000	6000000	0	11290	0
4	M.Venu GopalaRao	A-18	5815000	5815000	0	10941	0
5	R.Srinivasa Rao	A-20	6005000	6005000	0	4556	0
6	G.V.S.Kumar	B-5	6035000	6135000	0	7701	0
7	V.V.Sunil Kumar	C- 2	6040000	6040000	0	8377	0
8	M.Madhusudana Raju	D-13	7205000	7205000	0	434483	0

### CATEGORY – III

Sl. No.	Particulars of the allottee Sarva Sri.	House No.	Principal amount due as on 14-3-2008	Amount paid from 14-3-2008 to 30-4-2013	Penal Interest	Total Due
1	Ankur Agarwal	A- 1	2057645	0	1335386	3393031
2	C.Vasudeva Rao	A- 13	2241750	0	2126864	4368614
3	T.Satyanarayana	B- 1	3112406	0	2934132	6046538
4	K.Ravi Chand	B- 2	2918176	0	2750915	5669091
5	K.Usha Rani	B- 3	2897998	0	2731894	5629892
6	K.Sujatha	B- 4	3039084	0	2864994	5904078
7	Ch.Krishnam Raju	C- 1	2414708	0	2250521	4665229
8	B.R. Nischal	D-9	3610664	0	3401800	7012464
9	V.Nageswara Rao	D- 10	4968750	0	4773104	9741854

The statement showing the DCB of Rushikonda Row Housing Scheme for the above 3 categories are verified and it is to mention that, in the 7 cases under Category-II, the penal interest is ranging between Rs.1731 and Rs.10,300 for the principal amounts ranging between Rs.1950 and Rs.11290 and agreed for waiver of penal interest as the actual payments are done in time and permitted to pay due principals for the 7 cases, in Category-II before 23<sup>rd</sup> May, 2013. Out of 7 cases 6 allottees have utilized the said facility. Therefore the action taken by the Vice-Chairman, VUDA for waiver of penal interest for the above may be ratified.

Regarding the remaining units which come under Category-III, the penal interest is calculated for the delayed period of construction i.e. from 1-7-2008 to 20-12-2012. The penal interests varied from Rs.1335386 to Rs.4773104. The concerned allottees are requesting VUDA not to insist penal interest for the period of delay in delivery of houses.

When the matter stands thus, the opinion on this issue is solicited from the Senior Legal Counsel of VUDA for clarity. The Senior Legal Officer, VUDA has opined that there are no provisions, specially penal provision in the

application or auction conditions against VUDA, if it fails to complete the project and deliver possession as undertaken; the allottee is bound to pay penal interest for delayed payment; that the delay of 5 years for delivery cannot be attributed to allottee, so penalizing him with interest for five years is not proper; that at the same time, the allottee is bound by penal clause for non payment of complete cost. The SLO had also opined that the allottee should complete the payment by the end of his payment schedule and if he fails to pay in time, he is bound to pay penal interest till his last due and cannot wait till 5 years delay caused by VUDA.

He categorically stated that the allottee cannot take advantage of VUDA's delay. He should prove that he was regular and interested in the purchase. Because there is 5 years delay in delivery and there is no provision to penalize VUDA, VUDA can think of reducing penal (compound) interest and claim (simple) interest. This changing of simple interest should start if the allottee paid 75% of cost (exclusive of penal interest) and should not be extended for 5 years. The SLO opined that this concession of not charging compound interest shall not be extended to other cases of default. Apart from suggesting, the initiatives to incorporate certain provisions in the auction application for he opined that "as the present matter stands, the waiving of penal (compound) interest to certain extent may be considered. This has to be confined to 22 allotments happened in the first and earlier auction where final cost was fixed."

In similar context with respect to Haritha project where VUDA could not complete the project in time due to various unforeseen reasons, no interest is collected on the late payments made.

Hence the matter is placed before the board for ratification of the waiver of the interest on the principal amounts due under Category II and for necessary direction on levying interest on the principal amounts under Category III and similar cases in Harita.

Sl No	Subj ect No	Subject	RESOLUTIONS
45	45	VUDA – Visakhapatnam – 3 <sup>rd</sup> party transfer of allotment not allowed by the Registration Department for Registration – Proposals for stopping 3 <sup>rd</sup> party transfer hereafter and arranging registration in the name of original allottee - Ratification - Reg.	<b>The stand taken is approved and ratified. III party transfer is not allowed both in plots and flats.</b>
46	46	VUDA – Visakhapatnam – Allotment of houses in Row Housing at Rushikonda – Delay in construction and handing over – Request of Waiver of penal interest for the belated handing over period –Reg.	<b>The provision of penal interest is part of the allotment conditions and there are no changed circumstances to review or revisit the same</b>
47	47	VUDA – Reports submitted on certain allotments made by VUDA to the government – Government entrusted the case for enquiry to V&E Department for conducting detailed enquiry into the irregularities in allotment of House sites / lands in various survey numbers and layouts in VUDA area and furnish enquiry report brining out the revenue loss caused to the authority and also the persons responsible for the irregularities – Action	<b>Action plan proposed is perused and it is directed to produce the committee's findings in the next meeting.</b>

  
CHAIRMAN, VUDA

  
2013/10/13