Project name:	**Parsvnath Paliwal City, Panipat, Sector-38 & 39, Panipat.**
Name of the applicant:	**Parsvnath Developers Ltd.**
Quorum	**1.Sh.Rajan Gupta Chairman.** **2.Sh.A.K.Panwar Member.** **3.Sh.Dilbag Singh Sihag Member**
Present:	**Sh.Sanjeev Jain, M.D. of Parsvnath Developers Limited.** **Mr. Manoj Kapoor, Authorised representative of Parsvnath Developers Limited.** **Shri Lalit Kumar, DTP (HQ).**

This matter had earlier come up for consideration of the Authority on 20.3.2018 and 11.4.2018. On both the dates, the Authority had passed detailed orders. It had again come up for hearing on 16.5.2018 when it was adjourned for today i.e.27.6.2018. On 16.5.2018 as well as today the Managing Director Shri Jain submitted his written replies. The replies were taken on record. The developer also submitted a list of the plots which will fall to the share of the developer and the land-owner respectively. A map of those plots was also submitted. These documents were also taken on record. Detailed discussions were held. Through written reply as well as oral submissions Shri Jain stated as follows:-

(i) This project is being developed by the applicant on the basis of a collaboration agreement dated 19th October, 2006 entered between them and 11 licensee-land owners. In the original collaboration agreement, it has been provided that after

development, 60% of the developed plots shall come to the share of the land owners and 40% to the share of the developer.

(ii) Now a Memorandum of Understanding dated 22nd March,2018 has been made between the applicant and the land-owners wherein 519 developed plots have came to the share of the land owners and 351 plots to the share of the developer. Out of the said 351 plots 249 have already been sold.

(iii) The responsibility for the development of infrastructure; discharging all the obligations including payment of EDC, taxes and dues etc.; and maintenance of the colony for a period of 5 years after the grant of completion certificate shall continue to be that of the developer. The land owner licensee who will be the owner of 519 plots will have no responsibility towards fulfilling any statutory obligation or creation and maintenance of the infrastructure. Further, all legal obligations towards the allottees will be that of the developer.

(iv) The project is stuck at present basically because of 3 reasons i.e.the license has not been renewed by the Town & Country Planning Department; EDC. of over Rs.32 crores is due to be paid by the developer to the Town & Country Planning Department; and non approval of the demarcation and zoning plan of the colony.

(v) Since the principal reason for non-renewal of license is non-payment of EDC, in order to resolve the matter the developer has paid Rs.5 crores to the department on 7th June, 2018. They have also agreed to pay remaining amount in monthly instalment of Rs.2 crores each. Besides, bank guarantee of Rs.13.16 crores is

available which can be invoked in case of any default. The license renewal fee has also been deposited with the department.

(vi) The department is not considering and agreeing with the request of the developer for receiving EDC. in monthly instalments. Further, in the absence of renewal of the licence and non registration of the project by RERA, banks are not ready to finance the project. Therefore the project is stuck and allottees are suffering badly.

(vii) There is huge un-allotted inventory available in the project. Once license is renewed and registration is granted entire project will take off and unsold inventory can be liquidated and current 249 allottees can be given possession of the plots. The basic issue holding the project is non availability of cash with the developer. The cash can be arranged only after two basic statutory considerations i.e. renewal of license and RERA registration.

2. Shri Lalit Kumar, DTP (HQ) stated that at present there is no policy in the Government for re-schedulement of EDC. In the license itself, the instalments in which the EDC was to be paid has been mentioned clearly. If EDC is not deposited, as per the current policy, license cannot be renewed. Further, demarcation and zoning plans also cannot be approved without renewal of license.

3. The Authority considered all the facts placed before it. It observed as follows:-

(i) In order to precisely define the relationship between the developer and the land-owner and licensee, letters of allotment in respect of 519 plots which have come to the share of the land-

owner should be issued by the developer. The developer will remain fully responsible and answerable as promoter of the project under RERA, because by virtue of the collaboration agreement between them all development and marketing of the project stands transferred to the developer.

(ii) After issuing the letters of allotment to the land owners- licensees, an intimation should be given to this Authority by the developer along with an affidavit that the developer-applicant is the sole promoter of the project and all responsibilities under the Act and the builder-buyers agreements shall be discharged by him.

(iii) The promoter must try to arrange liquidity for deposition of overdue EDC, even though Shri Jain has clearly expressed his inability to do so at present.

(iv) The Authority observes that large number of real estate projects in the State are stalled and stuck because of non-payment of EDC, and consequent non-renewal of the licenses.

Non renewal of license and consequent non approval of the demarcation and zoning plan affects the development of project, which in-turn adversely affects allottees of the ongoing projects. Such State of affairs also adversely affect overall real estate sector in the State.

While in the new projects certain policy measures can be adopted by the Government, by way of obtaining collateral securities etc. for ensuring timely payment of EDC in the ongoing projects, however, innovative solutions may have to be found,

otherwise hundreds of projects in the State will continue to languish.

(v) In this case, the developer is ready to offer mortgage of adequate number of plots or land so as to cover the full amount of over-due EDC. Accordingly, the State Government should consider renewal of the license subject to mortgage of plots of the colony in favour of the State. Further, to ensure that the EDC over dues are cleared, a condition can be imposed that an escrow account shall be opened to which all proceeds of the plots to be sold now onwards in the colony shall be credited. The bank in turn can be instructed to credit all the receipts to the account to the Government for payment of EDC. With this condition the license should be renewed.

(vi) Regarding approval of demarcation and zoning plans, the State should have a liberal view in the matter. The approval of demarcation and zoning plans will facilitate delivery of the plots to the existing allottees which in turn will improve the good-will of the colony and facilitate further sales of the unsold plots. This will break the vicious circle and the real estate project can be helped, which in turn will benefit the economy of the State and allottees of the plots.

4. On the basis of the afore-said observations, the Authority directs as follows:

(i) The developer shall fulfil its assurance given to the Authority for issuing letters of allotment to the land owners in respect of their share of plots within 15 days. The land owner may in turn have to seek separate registration with this Authority for sale of plots to the prospective allottees.

Alternatively, a joint application should be filed by both the parties for registration.

(ii) The developer will submit an undertaking before the Authority that they will continue to be answerable and responsible for fulfilling all obligations under the law and the conditions of builder-buyer agreement with the allottees.

(iii) Since the developer has already applied for approval of the demarcation and zoning plans, the same should be considered and approved by the Town and Country Planning Department within 15 days, to facilitate handing over of possession to 249 allottees who are awaiting possession of their plots for many years, and also to facilitate further sale of plots in the colony.

Town & Country Planning Department must bear in mind that after initial license, when third party rights are created in the land, then the colony does not remain in the sole ownership of licensee or developer. Theoretically then, the land of the colony becomes licensed land and will continue to remain so regardless

of any default on the part of the licensee or developer on account of EDC or anything else. The department may recover its overdues by any other means, but it can not let allottees suffer. After creation of third party rights, the licensee and the licensed land becomes two separate entities.

(iv) The developer shall apply to the State Government and offer appropriate number of plots/lands for mortgaging with the State Government and offer them as collateral for payment of EDC. It may offer any other collateral security to the satisfaction of the department. They will also take action for opening escrow account in consultation with the State Government for crediting all further receipts in that account, which in turn will be used only for payment of EDC and other dues of the Government.

Subject to fulfilment of above conditions, the State Government should renew the license.

(v) The State Government should review its policy regarding renewal of the license of similar projects which are stalled for various reason, especially due to non payment of EDC. The State should frame policy keeping in mind the interest of allottees because due to non renewal of license it is only the allottee who suffers. Their interest must be protected at all costs otherwise this sector of economy will continue to suffer.

Adjourned to 6th August, 2018 for further hearing.

Sd

Dilbag Singh Sihag
Member

Sd

A.K. Panwar
Member

Sd

Rajan Gupta
Chairman

True copy

Attested

6/7/18