

INFORMATION ABOUT SECTOR-114, MOHALI PROJECT

Background

1. Chandigarh and its surrounding areas have been quite popular among defence services personnel for acquiring houses through various schemes floated by Govt agencies as well as AWHO and AFNHB over the past 40 years or so AWHO alone has completed six schemes in Sectors 44, 47 (Chandigarh), Manimajra, Mansa Devi Complex and Sector-20(Panchkula) and Sector-68 (Mohali). Construction has already commenced at Sector -27 (Panchkula). Each one of these locations was/is on the outskirts/suburbs of Chandigarh when the land was allotted. Over the years all of the them have become prime locations and the cities of Chandigarh, Mohali and Panchkula have grown much beyond AWHO locations.
2. All this has been possible due to relentless efforts by AWHO to go in for locations which have been part of the respective Master Plans of these cities. AWHO has not taken any land outside the Master Plans e.g. Zirakpur, Derabassi, Kharar etc, which are adjoining Chandigarh and also seeing a lot of real estate activity.
3. The biggest advantage of localities under a Master Plan is that infrastructure like electricity, water supply, roads, education centres, recreation facilities, commercial complexes are planned, designed and sited for the population covered by the Master Plan for several decades. The funds for maintenance of the infrastructure are also budgeted by the Civil Administration. This is the reason why properties covered by Master Plan appreciate much more and faster than those not covered by the Master plan. The land rates fixed by the authorities as well as builders are also higher for the same reason in these areas.
4. **Land at Sector-114, Mohali.** Sector 114, Mohali is part of the Master Plan of Greater Mohali Area Development Authority (GMADA). When new sectors were planned by GMADA, they stipulated that mega housing project sites should be minimum 100 acres. Major real estate players like Emaar MGF, Ansals, Unitech, Omaxe etc purchased large pockets from farmers and got their master plans approved, which included group housing areas also. AWHO did not require such large pockets and the GMADA was not offering small plots which could meet our requirements (unlike Sector-68 a few years ago). One way to meet the overwhelming demand (almost 2000 applicants) was to acquire the land from one of these private builders. Another option was to go out of the Master Plan area, buy the land from farmers and hope for the best that this would get included in the Master Plan some day. Yet another option (the easiest) was to give up the project altogether.

5. **Costing of AWHO Project at Sector-114, Mohali.**

(a) **Costing by AWHO.** The costing worked out by AWHO is based upon “No Profit No Loss”. This includes the expenses on basic dwelling units, roads, paths, clubhouse, community hall, sports facilities, swimming pool, shopping centre, standby generator sets, sewage treatment plants, rainwater harvesting, cost of land (including interest thereon till paid by the allottees), external development charges, fees for change of land use, sanctioning of plans and architects fees etc. There is No “Profit” element whatsoever.

(b) The original costing for Mohali was done when steel prices were above Rs 40,000/- per metric tonne and cement was around Rs 250/- per bag. Towards the end of year 2008 when the prices of steel & cement came down, we revised the costing downwards. Our houses will always remain cheaper than private builders because we do not take any profit and builders have to make at least 20% - 25% profit to remain viable.

(c) Competitive tendering is done in AWHO and the cost/expenditure is proportionately shared by all allottees.

(d) AWHO projects follow the seismic and other provisions of National Bldg Code and relevant IS Codes. Designs are cross checked by reputed IITs/NITs and AWHO does not compromise on codal provisions at any stage.

(e) There are no hidden charges in the costing of AWHO and the cost includes all the amenities like Club House, Swimming Pool, Community Centre, Sports Complex etc and in addition, requisite power back up.

6. **Costing by Private Builders and Other Salient Features.**

(a) Many of the builders are resorting to distress sales these days which is a very temporary phenomenon. The builders are short of finances and need it badly for payment of loans. Therefore they are trying to sell as many units as they can to garner maximum funds.

(b) The aspect of Super Area being advertised by private builders in relation to the carpet area is generally not understood by our registrants. Each of these details is given in AWHO’s technical brochures. There is a large variation in the percentage of carpet area to super area between AWHO projects and projects of private builders.

(c) There is a clause in the Private Builders Brochures which states that the prices quoted may be changed at any time without notice by the management. The gravity of this is not clearly understood by our registrants. Once a buyer has paid a few instalments, he is not in a position to pull out if the builder raises the price mid way/or if the project gets delayed/stalled. Charges for pulling out are very heavy – even upto 20% of the cost of the flat.

(d) Private builders charge anything upto 60 to 80% of cost of Dwelling Units when only 30 to 40% of the building is complete. AWHO spreads its payment schedule over the entire period of construction. AWHO registrants sometimes do not understand the implication of this additional burden of paying the whole amount within half the period of construction.

(e) Additional costs mentioned in Builders' Brochures in fine print are not generally read by the buyers. For example :-

- (i) External Development Charges (EDC) are extra.
- (ii) Infrastructure Development Charges (IDC) are extra.
- (iii) Preferential Location Charges (PLC) to the tune of 10% to 20% of cost of DU are extra. This can add upto a few lakhs in many cases.
- (iv) Power Back up charges are extra.
- (v) Society/Club Membership Charges are extra.
- (vi) Floor differential charges to the tune of Rs 1 to 2 lakhs are also extra.
- (vii) One time maintenance charges (Non refundable) are also considerable.

(f) Allottees / Registrants get carried away by the low cost announced as the basic cost in advertisements and do not go into all details and straight away draw an inference that AWHO flats are expensive. On checking with one of the reputed builders, they say that their flats would cost roughly Rs 10 lacs extra when all the charges are levied in addition to the Basic Cost. However for ease of understanding of the costing by Pvt Builders we have analysed the costing of one of the reputed builders planning to construct houses near our site. The detailed working is as under :-

Independent Floors

Ground Floor. (Area 1275 sqft, 3 BHK, plot area 250 sqyd). Construction is in G+2 configuration.

- Basic cost = Rs 30,60,000/-
- Preferred loc charge (PLC) for 2 x PLCs 17.5% extra = Rs 5,35,500/-
- External Development Charges (EDC)
(Rs 890/- per sqyd
To be shared by 3 floors = Rs 74,167/-
(890 x 250)/3 = 74167)
- Interest Free Maint Security (IFMS) = Rs 20,000/-
- Total cost for 1275 sqft = Rs 36,89,667/-
- Cost per sqft = 3689667 / 1275
= 2893.86
- Say Rs 2900/sqft (WITHOUT COMMON FACILITIES like Clubhouse, Community Centre, Swimming Pool, Standby Power Supply etc).
- As against this, the tentative costing of AWHO project comes to Rs 2626/- per sqft incl all common facilities).

(g) **A Word for AWHO Registrants.** Do not get carried away by fancy offers put forward by various builders. Today most of them are facing financial difficulties and their projects are either running slow or have got stuck and several of them are refusing to return the money to those who want to withdraw. None of the AWHO projects are facing these kind of problems. We have long waiting lists at most of our stations. All our projects are going ahead full steam and allottees are sure to get good houses, which will appreciate in value over a period of time as well as provide excellent ambience for living. AWHO colonies command tremendous brand value today all over the country.

(h) **Refund of Amount to Allottees.** It is also pertinent to mention that even if some extra amount is collected by AWHO to cater for some unforeseen expenditure after the DUs have been handed over, the same is refunded to the allottees when the accounts of the project are audited and closed. Finally, at the time of closure of Project Accounts the balance in the project has to be brought to nil and all surplus amount is refunded to the allottees. We have refunded approx Rs 18 Crores till date for various projects.

(j) **Commencement of Construction at Sector-114, Mohali.** The construction is likely to commence by Nov/Dec 09 after approval of plans by PUDA. The cost may go down further if the present low rate of inflation continues for some time. However, the exact cost will only be firmed up after acceptance of the lowest bid by competitive tendering.

7. Allottees are therefore advised to consider all the above aspects before they decide to opt for the private builders flats. For any further clarifications, please contact the following phone Nos: -

011 – 23793653, 011 – 23017768, 011 – 23014039