

No. T-109/1

February 1, 2011

To all beneficiaries of Chennai (Ph II) housing project

Sub: CGEWHO's Chennai (Ph-II) Project

Sir/ Madam,

This letter is being issued to you being the beneficiary of the project to update you regarding the present status of your project. The salient issues are dealt in succeeding paragraphs:

2. **Reason(s) for delay in the execution of project** : As intimated to you vide our letter no.A-507/2 dated 29.10.2007, there was a requirement of provisioning of about 3000 Nos. of RCC cost-in-situ pile foundation as recommended by IIT-Chennai, the Proof Consultant for the project. This has resulted in additional work, which was not envisaged earlier and took approximately one year additionally. Moreover, heavy rainfall and subsequent flooding at site during the period of monsoon in 2008 & 2009 as well as intermittent heavy rain fall and flooding substantially retarded the progress which required demobilization and mobilization of the site. Accordingly, the organization has taken all out efforts and after consistent persuasion, it is expected that the project is expected to be completed in the month of May 2011. As per the second call-up notice called in the month of June '07, the organization was required to hand over the DUs in the month of Dec. '09. Considering the period required as explained above towards piling works as well as delay occurred due to heavy rain fall and flooding, the project has been delayed for more than 1 ½ years than the originally scheduled date of completion. As you may agree the delay is beyond the control of the organization and we are thankful to you to keep your patience in waiting for possession of your DU by keeping confidence on CGEWHO. We are confident that the project shall be completed in all respects as per the revised schedule.

3. **Increase in Costs** – We have already intimated to you regarding the increase in cost vide our letter no. F/224/1dated 21ST May 2009, as well as through the detailed letter no.A-507/2 dated 06.08.2009. As per the interim costing forwarded to you in the month of May '09, there is an expected escalation of approx. 29% over and above original cost increase towards increase in area from the announced one. The details are again tabulated as under:

(i) **Due to Increase in Areas** - The scheme was announced with the area and subject to revision which was indicated in the scheme brochure. During planning, there was an increase in the area which resulted in increase in the announced cost.

(ii) **Due to Escalation:** As explained vide para 7 of the letter dated 06.08.2009, there was an increase of approx. 9% towards pile foundation and 14.5% on labour and material escalation to be paid to the construction agency as per Wholesale Price Index. Further, there was an increase in the cost of procurement of cement and steel being done by CGEWHO directly which resulted in increase of 6%. It may please be noted that these increases were inescapable and are to be charged to the project. Accordingly, the estimated cost derived and intimated to you in the month of May '09 is a again tabulated as under:

Type of DU	Announced areas (Sft)	Finalized Built-up areas (Sft)	%age increase	Announced cost (Rs. In lacs)	Adjusted announced cost (Rs. In lacs)	Anticipated escalation etc. (Rs. In lacs)	Total present cost (Rs. In lacs)
A	550	614	11.64%	5.75	6.42	1.87	8.28
B	950	1055	11.05%	9.90	11.00	3.24	14.24
C	1250	1353	8.24%	13.05	14.13	4.13	18.26
D	1500	1672	11.47%	15.65	17.45	5.12	22.57

4. **Quality –**

(i) Considering the substantial increase in the infrastructure development as well as real estate business, the standard of steel manufactured by Re-Rollers has become inconsistent and as such it was decided to discontinue procurement of steel from the ISI approved Re-Rollers and a decision was taken to purchase steel only from the main manufacturers, i.e TATA Steel, RINL, SAIL. Though the above decision has increased the cost of the project marginally, considering the advantage of quality of construction, it is to inform you that the above increase is worth its cost.

(ii) As you are aware that IIT-Chennai has been appointed as Proof Consultant for the project to check all structural drawings before implementation at site as well as other provisioning towards development works of the project. Additionally M/s Astrowix India Project Solution Pvt. Ltd, the Project Management Consultant, are acting as third party check towards quality assurance of the project.

5. **Expected Completion** –Undoubtedly there has been a delay in completion of the project due to the situations beyond the control of CGEWHO, as stated in para 2. All efforts are being made to complete the project in minimum possible time and the project is being monitored regularly by officers of CGEWHO as well as officials of Ministry of Housing & Urban Poverty Alleviation. Considering that the Project Monitoring Committee shall be in position shortly, it will give further impetus to the project. Based on reasons given at para 2 above and considering the completion period of 30 months from commencement of construction (as defined in the scheme brochure) the project was to be completed by **Dec '09**. Considering the period for completion of piling, the project should have been completed in the month of **Dec. '10**. However, due to the frequent monsoons and delay occurred due to the flood like situation as well as considering the present status of the project, we are expecting to complete the construction by **May '11** and hand over the DU to you subsequently.

6. **Option of withdrawal** – Notwithstanding, if any beneficiary still feels aggrieved and wishes to withdraw from the scheme he/ she may do so and the organization will not charge any 'withdrawal charges' and amount deposited by the beneficiary will be refunded along with interest @ 6.5% (which is the average term deposit rates of our banker) from the date of deposit till payment to the beneficiary, as a special case. This option will remain open for 45 days from the date of issue of this letter. Beneficiaries choosing to withdraw should forward the following :

- i)** Request for withdrawal ; **ii)** Original Allotment Letter **iii)** Original Payment Receipt (s)
iv) Duly-stamped and discharged Pre-Receipt (Proforma available in the CGEWHO BROCHURE).

7. **All out efforts are being made to complete the project as explained above.**

Yours faithfully,

(M K Maity)
Dy Director (Admn)
For Chief Executive Officer