

Naredco writes to Yogi, seeks help on land dues issue to save builders from bankruptcy

Synopsis

"We wish to submit with great concern that banks and other financial creditors are bringing the developers and their projects into NCLT proceedings and declaring them insolvent by appointing Insolvency Resolution Professional (IRP)," Naredco-UP President R K Arora said in the letter dated March 30.



This situation has arisen because of non-resolution of grievances of developers in time by the government and the authorities, he added.

Realtors' body [Naredco](#) has written a letter to [Uttar Pradesh](#) Chief Minister [Yogi Adityanath](#), urging that the various issues of builders related to dues against land should be addressed to enable them to complete their ongoing projects and clear outstanding payments to development authorities as well as banks. Naredco's Uttar Pradesh Chapter represents developers

having projects mainly under Noida, Greater Noida and Yamuna Expressway industrial development authorities.

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This situation has arisen because of non-resolution of grievances of developers in time by the government and the authorities, he added.

Arora is also the chairman of Supertech group. The [National Company Law Tribunal](#) (NCLT) last month ordered initiating insolvency proceedings against Supertech Ltd, part of the Supertech group -- a move that could have an impact on investments of more than 10,000 homebuyers. Jaypee Infratech is also facing insolvency proceedings.

"The current situation is also attributable to the severe liquidity crisis with the developers on account of delay in construction due to the COVID-19 pandemic and the impact of the same on project execution," Arora said.

The association further said it is essential that the pending issues are resolved without any delay to enable the developers to complete their projects and meet their liability of land dues towards the authorities as well as bank loan repayments, besides honouring the commitment of delivery of flats.

In the event of insolvency, Arora said the authorities would lose the land payment as well as other valuable revenue.

Naredco-UP asked the state government to implement a [Supreme Court](#) order which asked authorities in Uttar Pradesh to link the penalty for delayed payment for land dues to SBI's marginal cost of lending rate (MCLR), starting January 2010.

Naredco said the authorities have appealed against the order, which will take more time.

"Presently the land dues are shown exorbitantly higher and all approvals like OC (occupation certificate), Sub-lease permission etc. are on hold for this reason. With the implementation of SC Order and with application of SBI MCLR, the land dues would come down significantly," Arora said.

Naredco-UP also demanded release of sub-lease/registry permission by authorities in proportion to the land payment already made.

The association also said the state government should allow interest free/zero period to compensate builders as construction at real estate projects had to be discontinued due to orders of various courts and the National Green Tribunal (NGT).

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