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BRIEF NOTE ON SHIVSHAHI PUNARVASAN PRAKALP LIMITED

Since inception of Slum Rehabilitation Authority in 1995, many S.R. schemes were sanctioned in subsequent 3 years. The initial idea was to implement these schemes through Private Developers. Even after sanctioning of these schemes, the schemes could not be implemented due to various hassles. On the other hand, Govt. had declared to give free houses to 40 lakh slum dwellers. In this background, to begin with it was the object of the Govt. to provide free houses to the 2 lakh slum dwellers. Accordingly, during the Assembly Session in December 1997, the then Hon'ble Hsg. Minister announced to construct **2 lakh houses** for slum dwellers through MHADA. But, upto mid of 1998, very few schemes i.e. out of 355 only 122 schemes could just be started with a very slow pace due to the paucity of funds.

In order to bridge the vast difference in SRA approved schemes and their actual implementation and to implement maximum SRA schemes in one or two years, the Govt. took the decision of formation of Shivshahi Punarvasan Prakalp by conversion of Rajiv Gandhi Niwara Prakalp (a Unit of MHADA) into Shivshahi Punarvasan Prakalp as per the Govt. Resolution dtd- 28th May 1998. Accordingly, **Shivshahi Punarvasan Prakalp was formed on 1/04/1998 which was eventually converted into Company incorporated under Companies Act, 1956.**

Meantime, for resolving difficulties faced by SRA schemes, a High Power Sukanu Samiti was formed under the Chairmanship of Hon'ble Hsg. Minister. This Samiti had identified that the financial availability is the main hurdle in implementing SRA schemes. The main reason for inability to raise finance from Banks/ Institutions was that, the lands coming under SRA schemes belong to Govt./ Semi Govt./Public Sectors

which are encroached by the slums. The Financial Institutions were not in a position to create charge on these lands. Due to this, it was difficult for the developers to get financial assistance from Institutions without the mortgage of these Lands and properties thereon. Keeping in mind above things, there was no alternative other than providing financial assistance to the Pvt. Developers by the Govt. itself.

Initially, dialogues at higher level were opened with the institutions like HUDCO for giving loans to Pvt. Developers. HUDCO had expressed their inability to give direct loan to the developers as it was not possible for HUDCO administratively to deal directly with individual developers. As a solution to this, HUDCO agreed to give loans to Pvt. Developers through Governmental agency against Govt. Guarantee. HUDCO was requested to do appraisal of the projects undertaken by the Private Developers. However, HUDCO appraised only 16 schemes. HUDCO was also insisting that Govt. should form certain guidelines for sanctioning loans to the Developers. On this background, for availing the financial assistance from open market, through various ways and to make the decision making procedure faster & effective, **Shivshahi Punarvasan Prakalp, a MHADA Division was converted into a legal entity by incorporating a Company under Companies Act 1956 in the name and style of Shivshahi Punarvasan Prakalp Ltd. (SPPL) on 25/09/1998.**

As per the Govt. Resolution dtd-25-09-1998 and by keeping the object of construction of 2 lakh free houses for implementing schemes on open plots, a Government decision was taken to prepare plans and construction of 50,000 rehab houses in the first phase. **The target of construction of 50,000 houses, namely 25000 rehabilitation tenements on open plots of MHADA and 25000 rehabilitation tenements from the Pvt. Developer's SRA approved schemes was set.**

On incorporation of Company for its effective working, the cabinet decision was taken to give **Rs. 600 cr.** to the SPPL as Share Capital and for this, MHADA and MMRDA were asked to deposit Rs. 300 Crs each with the Govt. by 13th December 1998 for enabling Govt. to invest the same into SPPL. **MHADA** reportedly placed **Rs. 300 Cr.** and **MMRDA Rs.125 Cr.** with the Govt. however released **Rs. 115 Cr.** to the SPPL as equity capital. Thereafter in March 2000, a **loan amount of Rs. 78.22 Cr was raised from the HUDCO by SPPL against the available government guarantee.** The same has been fully repaid over a period.

SRA schemes are being implemented through SPPL in two ways.

- (1) Implementing SRA schemes by SPPL as a developer on land available from MHADA as well as on land occupied by slum dwellers.
- (2) By grant of financial assistance to the private Developers' for their financially viable and SRA approved schemes which are held up for want of fund.

(1) Implementation of S. R. Schemes by SPPL:

Some of the SRA schemes are implemented by SPPL on its own as developer. For this, in order to rehabilitate slum dwellers, firstly the shifting of slum dwellers in transit camp till newly constructed buildings is built-up for rehabilitation. The schemes were accordingly undertaken by SPPL. In this direction, the initial spade work for the same was carried out by Community Development Officers of Company and the work of construction is carried out through prequalified contractors selected by inviting tenders. The supervision of these works is conducted by the Project Management Consultants appointed by SPPL. The Engineering Wing does the work of co-ordination amongst PMC, Contractor and Architect -Consultant. Initially SPPL had decided to complete some 10 ongoing schemes undertaken by SPP (erstwhile RGNP). For speedy

implementation of these, a loan from the HUDCO was taken. In order to tackle the problem of shortage of funds, Joint Venture arrangement with SRA was also arranged.

Initially, the Administrative approval of **Rs. 605.23 crore** was granted to the **15 schemes (14817 tenements)**. However, in view of Housing Department directives, the decision was taken in the 7th Board meeting held on 16/02/2000, the work of 6 schemes was dropped and work of only 9 schemes plus one scheme of joint venture (with private builder) in all consisting of 10 schemes of 111 buildings with 10672 tenements for aggregate construction cost amounting to Rs.567.00 crore was taken up by SPPL. Thus, out of 10 schemes undertaken by SPPL, 7 scheme namely, Miland Nagar -Dharavi, Transit Camp-Dharvi, Shivprasad CHS-Sewri, Matunga Labour Camp- Dharavi, Antop Hill, Wadala, Dindoshi and one scheme of Private Developer (M/s. Atithi Builders) are completed in full and 3 scheme namely Rahul Nagar, Turbhe-Mandale, Shed-complex are partly completed. Under these schemes upto 31th January 2015, **all 111 buildings (10672 tenements) are completed and 10162 tenements in 107 buildings have been allotted.**

For these 10 schemes of SPPL, the **aggregate project cost** was estimated at **Rs. 567.00 crore** including the apportionment of interest on loan amount of 40.00 Cr. & establishment cost of Rs.27.00 crore. Thus, the **actual outlay involved is Rs.500.00 crore.** The **expenditure incurred** on above projects upto 31th January 2015, is **Rs.465.00 crore.** The balance expenditure of about Rs. 35.00 crore (500.00- 465.00) will be met out from (1) Sale of TDRs, (ii) Sale proceeds of saleable tenements, (iii)Administrative charges recovered from PIA's for PAP tenements and (iv) Funds received under joint venture of SRA & SPPL. From the sale of TDR, Tenements and Administrative Charges against PAP tenements, the SPPL has received so far **Rs. 653.00 Crore** and expected to get **Rs. 144.00 crore** in near future. In the beginning the SPPL had applied for Rs. 300.00

crore loans from HUDCO, however, SPPL could get only Rs. 78.22 crore with the available Government Guarantee. Over the period the said HUDCO loan is to be repaid in full. In addition, proposal to enter into joint venture of SRA & SPPL for the project of Rahul Nagar, Sewree and Turbhe-Mandale, Mankhurd was approved by the SPPL Board in its 28th Board Meeting dated 28-12-2004. Accordingly, the funds were released by SRA to SPPL as per funds requirements. SPPL has since repaid the said Rs.9.40 crore received under Joint Venture arrangement from SRA. At present, the SPPL's funds position has considerably eased in view of receipts of sales consideration of Dindoshi Project's saleable portion, TDRs sale and the payment of loan dues by the private developers, which enabled SPPL to repay all the outside funds and with the available funds SPPL would be in a position to meet balance expenditure on projects under implementation.

(2) Financial assistance to the Private Developers schemes:-

In order to achieve the target of construction of 25,000 Rehabilitation tenements through Private Developers by giving them financial assistance, the SPPL received applications from the Private Developers for financial assistance for 72 schemes consisting 29758 tenements. SPPL had however proposed to grant loan for 51 S.R. schemes consisting 23158 rehabilitation tenements upto Oct. 1999. For this, the credit limit of Rs. 778.41 crore was proposed to be sanctioned. But actually, however, in view of directives of Housing Department, out of these 51 schemes, aggregate loan of Rs. 536.10 crore was sanctioned for **30 schemes** (14809 Rehab tenements) considered for disbursement of which however, aggregate amount of **Rs. 73.85 crore** only was actually disbursed since further disbursement was kept in abeyance under the Govt. orders.

The loans sanctioned for the balance 21 schemes were not considered for disbursements and were subsequently cancelled as per the decision taken in the 7th Board meeting of SPPL. The loans given to Pvt. Developers were at the interest rate of 17.50% per annum to be repaid in 3-4 annual installments in any event within one year of completion of scheme. Private Developers were very irregular and slow in clearance of dues due to their disturbed financials. SPPL's funds were locked up much beyond the stipulated repayment schedules. Thus, to expedite recovery, with the approval of Hon'ble CM, Board of Directors gave an offer of one time settlement (OTS) to remaining 22 private developers as on 30-06-2004 to repay the loan at a concessional rate of 10% per annum. The said OTS offer was initially valid upto 31/10/2004 (subsequently extended from time to time upto 30-04-2007).

The loan disbursed to the Pvt. Developers, by 30/04/2007, the **full recovery of Rs. 102.01 crore was made**, comprising of **Rs. 73.85 crore as principal and Rs. 28.16 crore as interest** and thus all the developers have since repaid the loan.

New Projects to be taken by SPPL:-

The SPPL is going to take up new Slum Rehabilitation Projects in slum in CRZ-II of Greater Mumbai on its own as well as through joint venture or PAP basis.

As per the special provision made by Central Govt. Notification dated 6th January 2011, the State Govt. can implement slum redevelopment scheme in CRZ-II area through parastatal agency like MHADA, Shivshahi Punarvasan Prakash Ltd (SPPL), MMRDA or through joint venture or through PPP or other similar models ensuring that the stake of State Govt. or its parastatal entities shall not be less than 51%. The FSI for the sale of such redevelopment shall be as per the regulations prevailing as on date on which the project is granted approval by the Competent Authority.

In order to implement such scheme, various meeting where convenient jointly by SRA & SPPL Officials with the Private Developers so as to formulate the guidelines for the implementation. The draft guidelines are already submitted to Housing Department by the SRA in March 2012. The Govt. directions are awaited.

The SPPL is Govt. Company having an experience of 10 years in implementation of Slum Rehabilitation Scheme and can implement the scheme under CRZ-II, regular SR scheme on Govt. land as well as Private lands effectively. At present SPPL is having balance fund of about Rs. 245.00 crore and expected to get further Rs. 144.00 Cr. By meeting out balance expenditure of Rs. 35.00 Cr. From Rs. 245.00 Cr, the SPPL will have @ Rs. 354.00 Cr. [(RS.245 Cr - Rs.35.00Cr) + Rs.144 Cr.] as a seed capital to take up the above schemes.

STAFF OF SPPL:-

In SPPL officers & staff are mostly on deputation from MHADA. Some are on contract basis and a few are on daily wages basis. As on date, in SPPL, 38 nos. of Officers & staff are working. The administrative expenditure on salary, wages, rent, telephones, vehicles, etc. is about Rs. 20.00 lakh per month.