

SC hands over Amrapali projects to NBCC: Homebuyers' 7 burning questions answered

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Nearly 42,000 homes are to be handed over to homebuyers in the Amrapali case. As per the [National Building Construction Corporation](#) estimates, Rs 7,714.71 crore excluding the 8 percent it is expected to charge as project management fees, is required to complete these projects. SC has suggested the sale of unutilized land of Amrapali Group and attached properties of group companies where money was siphoned off, and the payment of outstanding amounts by homebuyers.

Here are some questions that homebuyers have raised regarding the Amrapali order passed by the apex court.

1. Buyers have been asked to deposit balance payments due in a separate escrow account. Will this be enough to finish the projects?

A: If this amount was enough to complete construction, any developer/ competitor would have stepped in to take over the project. There is a shortfall of a substantial sum in the cost of construction to complete the projects and amounts receivable from sold and unsold flats.

2. The court order says unsold inventory can be sold and money realized. Will this help raise capital to start construction?

A: Yes, it will reduce the gap in receivables from buyers and cost of construction but sales may not be easy at initial stages and may only happen once the flats are complete.

3. What is the deadline for NBCC to complete the project?

A: There is no specific mention of a deadline for NBCC to complete the project. However, NBCC has been directed by the apex court to ensure that detailed project report (DPR) is prepared and the work is completed in a phase-wise manner expeditiously.

4. What will happen to the banks' Rs 1,000-crore loan to Amrapali and the Rs 5,000-crore land dues of Noida and Greater Noida?

A: The Authorities as well as bankers can recover their money from the other attached properties of the builder Amrapali Group/ directors and those belonging to the guarantors in the various transactions. They cannot recover it from homebuyers or from the project.

5. The Supreme Court has cancelled the registration of all of Amrapali Group's projects, handing over control to the court receiver. What does this mean and what changes would this entail?

A: As per the Supreme Court order dated July 23, the Court Receiver shall execute the tripartite agreement on behalf of the developer and do all other acts as may be necessary. He would also have to ensure that title is passed on to homebuyers and possession is handed over to them.

6. The court receiver is expected to start execution of registration of the flats as per the SC order. Who will be the third party in the tripartite lease deed now that the builder is in jail?

A: The occupation certificate (part or full) is to be issued by the concerned authority as per completion status of the project and they cannot hold this certificate on account of non-payment of dues by the developer.

The three parties to the tripartite agreement would be (i) Noida/ Greater Noida Authority, (ii) homebuyer, and (iii) the Court Receiver on behalf of the developer.

7. The Supreme Court has also cancelled the project's RERA registration. What impact will that have? Also, what happens in case NBCC does not meet timelines; has it been exempted from RERA obligations?

A: Once registration is cancelled under RERA, RERA authorities are empowered to exercise power under section 8 of The Real Estate (Regulation & Development) Act, 2016 for completion of the project through buyer's association or otherwise. Since in this case, SC has directed NBCC to complete the project, RERA authorities may not intervene in case of completion formalities of the project but may only observe its completion.

There are no timelines laid down for NBCC yet. These would be subject to funds available for construction. However, if funds are short, construction would get delayed. Thus, the fundamental question remains unanswered as to how will the authorities/ NBCC bridge the gap between the cost of construction and receivables from sold/ unsold inventory.

Unless this question is answered there cannot be clarity on timelines or the completion of the project.

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