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No.A-402/11

July 24, 2009

To

All beneficiaries of Hyderabad Ph-III Housing Scheme

Sub: Revised costing of Hyderabad Ph-III project

Sir,

Please refer to our letter no.T-207/25 dated 07.05.2007, vide which you were informed about the anticipated increase in costs in the range of 15% approximately. A number of beneficiaries, thereafter, requested for revised costs so that they could approach their financial institution for revision in loan amounts. The same has been informed vide our letter no.F-227/1 dated 21.05.2009.

2. This is to inform you that the interim costing has been carried out to make the beneficiaries aware of the increase in construction cost of their project due to increase in the cost of cement and steel, increase in the Whole Sale Price Index etc. Over and above, some other factors have also contributed to the increase in costs.

3. As you are aware, the area of DUs has gone up as under (as also intimated through the 'Technical Brochure').

Type	Announced area (Sqft)	Built-up area as per Technical Brochure (Sqft)	%age increase
A	620	637	2.74%
B	950	1111	16.95%
C	1250	1413	13.04%
D	1500	1666	11.07%

4. Accordingly, based upon the increase in areas the adjusted announced cost shall work out as under:

Type	Announced cost (Rs. in lacs)	Revised Announced cost (Rs. in lacs)
A	6.82	7.01
B	10.45	12.22
C	13.75	15.54
D	16.50	18.33

5. Further, vide our letter no.F-227/1 dated 21.05.2009, the interim cost has been intimated to you as under:

Type A	-	Rs. 8,62,749/=
Type B	-	Rs.15,02,072/=
Type C	-	Rs.19,10,376/=
Type D		Rs.22,53,784/=

6. Thus, it may be seen that there is an increase in the cost of DUs, as under, over and above the adjusted price as per the area being constructed:

Type A	-	21.92%
Type B	-	22.09%
Type C	-	22.90%
Type D	-	22.90%

7. Unfortunately, there was further delay in taking up the works in full swing due to court intervention on the dispute filed by the neighbour of our plot and we could start full fledged work during Jan. '08 only. Accordingly, an interim assessment has been done in the costing and it is observed that the major factors leading to the escalation are labour and material escalation of approx. 17% and increase in cost of cement and steel of approx. 6%. We are sure that considering present market trends towards Whole Sale Price Index as well as present cost of cement and steel, we will be able to complete the project within the above costs.

8. Hope you shall bear with us.

Yours faithfully,
Sd/-
(N K Wadhwa)
Director (Admn)
for Chief Executive Officer