

Dear Members

This note is from SERWA treasurer , since many messages were exchanged on these issues from time to time and also post circulation of audited accounts for March 31, 2020 and March 31, 2021, We had invited members to send questions or seek clarifications if required. We received two letters from:

1. Shri V P GUPTA - dated 11 October , 2021 with a corrigendum e mail followed later;
2. Shri Yogesh Agnihotri- dated 12th October, 2021, seeking details of builders funds and seeking inspection of SERWA books .

The common questions raised were:

- Details of amount collected from builders from respective concerned plot since commencement of Builder Policy;**
- How the amount collected was shown in the books of SERWA as it was not visible as "collection from Builder" in audited statements;**
- **How has SERWA utilized these funds?**
- break up of donation / collection details from residents' members and others in these years for the amount of donations as per audited accounts.**

Background on Builder Policy

Our present SERWA MC was elected in the beginning of 2016. We realised that there was no formal policy towards builders who develop plots / property for commercial reasons as business. Our team studied builder's policy in use by various colonies in South Delhi. Some colonies have refundable security deposit and some had non refundable deposit of specified amount.

SERWA MC (this team post election) , inherited a small bank balance and had funds amounting to approximately Rs 900,000 in bank, including fixed deposits. There were no surplus funds for enhanced services. Hence, our MC proposed and circulated a builder policy to the entire colony. It may please be noted there was no update in terms of any suggestions or intimation of non acceptance . The same policy holds good till today. The said builder policy is in the nature of policy like security charges / dog charges / membership charges.

Despite these policies being in force, a few residents to whom these policies apply have reservation in paying up money and given a choice, non paying residents / such defaulting residents, would still would like to enjoy or reap the benefit of services at the cost of paying residents of this colony . You all are aware and witness to this fact that when defaulter in any applicable policy try not to give amount due, they post negative comments in communications on social media to divert attention on collection . However where their rights or authority are concerned they are the first to show up, to demonstrate how sincere or serious they are for policy implementation. Such behaviour unfortunately prevails in every non gated colony (a gated colony can be strict in implementing policies and it is possible to do so as well). We also fall in the category of a non gated colony. SERWA MC still tries their best efforts for collection of funds, in all policies, including builder policy.It may be noted

that Builder policy exempts those residents who are constructing / developing their property for their own use (without involving builder)

Accounting of SERWA

When we inherited Books / Accounts , they were in crude form . Traditionally SERWA Treasurer has always been a CA by profession . The work done for accounts compilation / its audit has been a thankless affair and therefore, been done with least interest by past MC. Our endeavour was to make it better and transparent. Hence SERWA website was revamped and its accounts were uploaded for residents viewing. It may be noted:

- all receipts of any nature, are documented and receipts issued, and a compilation of all donations year wise is on website.
- Builder funds which are, donation in nature, are taken only by cheque against a receipt issued by SERWA .
- the website is integrated for collection / receipt / members account, which was planned and once circulated initially. If it was activated, members could see all information besides their own payment due status, with their own password. Thus SERWA common information shared would have been seen publicly without any passwords , including its financials . Hence all collections are still in parallel, through software / cloud system (no costs attached to SERWA except a normal minimal cost of website management) .
- all guards are paid as per minimum wages of Delhi State and their attendance is monitored through bio metric system , where 'absent' cannot be converted into 'present' by co security guard / worker . This avoids pilferage and becomes process driven.
- all payments are through cheques signed under joint signatures (no power given to any single MC member) .
- accounts are audited as per generally accepted accounting principle (GAAP) and audit report shared along with signed accounts
- all income tax returns of SERWA are filed well in time and in the respective years itself. (This is unlike earlier years where three years returns were filed on last date - before time barring). Tax returns are planned efficiently by deferring some donations as ADVANCE DONATIONS, so that there is no undue tax liability on its activities/ net earned revenue.

Security services collection and costs

Security charges are Rs 4500 per household (kitchen). The rates were fixed with security expenses being envisaged at Rs 30 Lakhs per annum . With lower collection, security costs were tapered down by reducing number of guards / not implementing some technology based security mechanism. Since past two years , security collection is between Rs 18 Lakhs to Rs 20 Lakhs at best (against total collection based on 700 residents occupancy / kitchen - it can go to RS 31.50 Lakhs). While cost per month on security is at Rs 2 Lakhs a month (yearly Rs 24 Lakhs), SERWA's other means of revenue includes membership / small general donations etc which are utilised towards SERWA office salary / office expenses which in itself is around Rs 25000 / 30000 a month on an average. Hence what SERWA MC did in their tenure was organizing some community festivals with residents contribution and sponsors (getting marginal surplus) or Builders funds which was handy to bridge this shortfall gap of security expenses which are for entire colony residents benefit . If residents pay their security charges diligently, SERWA would be in a better position to increase security levels, besides managing extra funds towards colony development.



Builders Funds

A chart is being compiled and is uploaded on website which gives details of donations collected from developers/ builders from time to time. Some residents were wary that SERWA will not make the details public (they felt SERWA MC was taking cash / undue advantage etc) . I can only comment that PEOPLE THINK IN THE DIRECTION WHAT THEY HAVE PRACTISED IN THEIR LIFE. I did not wish to give this information in advance and in isolation as the chart / any financial information will bring unwarranted MESSAGE WARS as before . I, on behalf on my MC can assure you that there is no other builder funds collected other than the listed and amount as specified. If anyone has any contrary information, please bring it to the notice of residents. All donations in the last years are on website with receipt number / date / amount and other respective details. Hence people may verify from these transparent information and then residents, if they still have any questions which remains unanswered may kindly come back to SERWA MC.

It may kindly be noted that some very eminent long staying resident of colony tried to avoid paying Builders fund, under the pretext of exempted category by giving wrong information of, constructing or developing of property themselves for their own use and SERWA MC trusted them. As TRUTH PREVAILS, in some time, some floor / flats in said property address, were in market through the contracting agency / developer making it clear that RESIDENT was not transparent. Plot owner when contacted, then paid builders money , though unhappily . This is mentioned , just to let residents know , making a policy is simple , but SERWA MC is not an enforcement agency having similar rights , and therefore implementing any policy where collection is involved IS CRUCIAL AND DIFFICULT PART . Residents talk of inconvenience at Gate three when their truck is stopped , but they still do not wish to follow to pay security charges , while they do not appreciate that their other co residents have paid . It's like saying WHY GOVT CHARGES INCOME TAX WHEN THEY DONOT GIVE ALL SERVICES. BUT SINCE NO ONE CAN FIGHT GOVERNMENT AND GOVERNMENT HAS ENFORCING POWER AND RIGHTS, ALL HIGH INCOME EARNERS PAY. HERE IN Sarvodaya Enclave , OUR RESIDENTS KNOWS IT IS NON GATED COLONY AND SERWA cannot put any implementation / enforcement regulations. Hence they avoid paying besides telling their friends / neighbours , not to pay as well, creating further negativity .

Builders donation / collection is part of donation collected by SERWA year wise . It is evident in donation list put onto website. In one year it is shown separate TO ENSURE SUCH SCARCE RESOURCES ARE NOT GOING INTO UNWARRANTED TAXES. This answers one of the query, why BUILDERS FUND IS NOT VISIBLE SEPARATELY IN ALL YEARS .

CO EXISTENCE

In this small colony there are various forums including senior citizens / couple of RWA / society / Mandir Sabha / Gurudwara Committee . Let all continue to work in their domain, instead of becoming an assessment agency for co existing agencies in the colony. As SERWA MC member is a thankless job, with no or minimum assistance from SERWA staff. But resident still feels their right to seek compilation / details, as if professional assistance is available. I wish residents could appeal to co residents to pay for their dues and that SERWA / SOCIETY had staff to perform duties. MC is there only to guide / take it ahead . Currently



all the information / compilation is through my CA offices, who maintain books of financial transactions .

Attachments desired / attached

With this note am attaching on website

- 1 two letters received as mentioned above, which is from Shri V P Gupta and Shri Yogesh Agnihotri**
- 2 donation collection sheet from Developers / builders - since its inception in year 2016**
- 3 year wise donations / collections by SERWA, receipt wise for year ended March 2021, March 2020 and March 2019, although the question asked was for two years only**

I am open to talk to any resident once they have absorbed the above facts and statements and still have doubts to be clarified including inspection of books by Shri Yogeshji who had desired inspection of books, with any specific query which does not get answered from above details. Just seeking inspection of entire books without specific unanswered query is not tenable as that is not allowed under legal system where audited accounts are made available to all members, with auditors, and no negative observations.

Wish you all a very happy festive season and great time ahead.


Anil K Goyal 2.11.2021
Treasurer