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April 20, 2020

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To,
Hon'ble Shri Aaditya Thackeray
Minister for Tourism and Environment
Government of Maharashtra
Mantralaya, Mumbai - 400 020

Sub: Revive the Real Estate sector and the Economy of Maharashtra.

Respected Sir,

At the outset, We, CREDAI MCHI an apex body of the developers' fraternity, would like to deeply appreciate and thank you for all the timely measures undertaken by you and your Offices to control the COVID 19 Pandemic crisis. The government's pro-activeness and action plan which was put forth and every step undertaken to contain the spread of this virus is truly commendable. We are confident that together, we can fight this virus from spreading and we as an association are available at all times at the disposal of the government to fight during these unforeseen circumstances that has gripped our State.

Sir, you have recently addressed the Webinar session to YPO Bombay and most of our developer members are also the members of YPO, who got the chance to attend the webinar. **In your address to YPO, you have requested for views from the YPO community to advise the State government on issues faced by Industries and businesses suggestion post Lockdown on reviving the economy and steps that the government can take to get the state back to normalcy with regards to Industry Norms and policies. Hence our Real Estate Members in YPO have consolidated their suggestions and put forth their views to Revive the Real Estate sector and the Economy of Maharashtra.**

Our demands from the government are keeping in mind the following considerations:

- 1) We don't want to burden the government with any financial payout to us but only give us some concessions for a period of 18 months so that we can get a boost which is so necessary to reenergize and recharge our companies and employees. More over any potential revenue that may be sacrificed by the Government will be more than made up by the uptick in the economic activity as a result of such incentives/concessions.
- 2) We want to support the government by generating more employment opportunity for daily wage earners as also support the more than 250 ancillary industries employing crores of workers, which are directly or indirectly connected with real estate.

Sir as submitted above, in view of the COVID 19 pandemic, the economic situation has gravely deteriorated and the general public mood is at an all-time low. Buyers have no incentive to buy real estate in this situation and its aftermath. It is generally believed, that for the next 12-18 months or until a cure/ vaccine for the COVID 19 disease is found, economic activity and public sentiments will continue to be negative. It is therefore imperative that the public sentiment including sentiment of the buyers as well as developers is revived by giving incentive for

both the public to purchase real estate as well as for developers to continue to build and launch new projects. It is a fact that the State Government charges such as premium, stamp duty, Land Under Construction charges, etc. constitute between 30-35% of the sale price i.e. for e.g. if the sale price of a project is Rs. 10,000 per sq. ft. then in such a project the State Government levy would be in the range of Rs.3000-3500 per sq. ft. depending on the nature of the project.

In view of the above the State Government ought to announce a Real estate incentive scheme which can be called as the **REAL ESTATE INCENTIVE SCHEME 2020**, under which the following incentive ought to be provided:

I. DEMAND CREATION & PUTTING POWER IN THE HANDS OF THE CONSUMER

1. 1% Stamp Duty should be charged for a period of 18 months for all kind of Real Estate sold/purchased/leave and licenses/Conveyance / lease deed until 31 st December 2021.
2. Zero registration charges for all agreements for all kinds of real estate transaction.

Incentivizing buyers for a short period of time will help to bring in liquidity to the developers which will then in turn create housing stock and ensure project completion. It will also result in robust GST collections from the enhanced construction activity and sale of flats. Any potential loss of revenue to the government will be made up by robust GST collections. Moreover, if there is no incentive provided to the buyers there will be no sale nor construction activity and hence no stamp duty and no GST.

II. SURVIVAL / GROWTH and THE COST OF DOING BUSINESS.

A. IMMEDIATE RELIEF FOR A PERIOD OF 18 MONTHS

<p>1. Reduce all premiums /charges / levies / cess / Premium for staircases, Lift well and Lobbies, etc. by 90% payable under the DCPR payable to the Municipal Corporation/State Government including Premium / fungible FSI etc. This shall be applicable to all new projects under taken during the 18 months' window. Thereafter the premium shall stand reduced to 50% of the current premiums.</p> <p>These premiums/charges shall be paid at the time of grant of OC without any interest being levied.</p> <p>In respect of any ongoing projects where part instalment of premium has been paid then in such cases if the premium so paid is more than 10% of the applicable premium then in such a case no further premium shall be levied.</p>
2. LUC charges payable to the Municipal Corporation should be on basic FSI and not on plot potential. Further 10% of LUC charges will be levied for a period of 18 months.
3. Open space Deficiency Premium to be levied only for basic FSI and not on additional FSI allowed by DCPR
4. No premium shall be levied for the second staircase and premium for lift well shall be charged only one time in accordance with the National Building Code and not on every floor as per current practice.

5. Land Rate in the Ready Reckoner should be equal to 25 % of the residential rate
6. RR rates of flat should be reduced by atleast 25-30% and developers should be allowed to sell below RR rates.
7. Stamp duty on development agreement joint venture joint developments etc needs to be reduced to 1%. Also, Stamp Duty in case of redevelopment project should be reduced to Rs.1000/-
8. In case of Amalgamation, Merger, Demerger or Reconstruction of Companies, NCLT Orders or Court Consent terms, maximum Stamp Duty payable shall be Rs. 10 lakhs, to allow for consolidation of projects under one balance sheet.
9. All revenue related matters such as sub division, PR Card etc. should be made on line so as to improve ease of doing business.
10. The premium payable for conversion for Class II to Class I should be charged at 25% (residential rate) of the RR rate irrespective of the user.
11. RERA <ul style="list-style-type: none">i. Refunds to Customers only after project completion. We fear to customers may cancel their booking due to current economic situation and that could lead to huge cash flow mismatch in the project itself.ii. All project completion deadline under RERA be extended by 24 months


The above measures will incentivize developers to complete the ongoing/existing project and also to launch new projects thus increasing the economic activity, increase the competition and leading to an eventual reduction in the price for the buyer. If the said measures are announced CREDAI-MCHI assures the Government that 5 lakh migrant labours will be re-employed and will be taken care of, who are today ready to migrate to their home town due slowdown in the Real Estate industry. Also most of the materials required to be purchased for the Real Estate industry will be locally sourced from within Maharashtra as more than 250 allied industries are dependent on the Real Estate activity. Hence overall economy of Maharashtra will be back on track if the support is given to Real Estate industry.

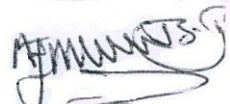
As you are aware that the real estate business is at the cusp of collapse and any delay in announcing the relief measures will imminently result in the collapse of the real estate business which is the 2nd largest employer in India after agriculture. The sector creates tremendous opportunities for the skilled and unskilled workforce. Further revival of this business will lead to the revival of growth for the entire country.

In this regard, we with great expectation request you to kindly accept our above suggestions.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI


Nayan A. Shah
President


Bandish Ajmera
Hon. Secretary