

PRESIDENT
Dharmesh Jain

IMMEDIATE PAST PRESIDENT
Vimal Shah

PRESIDENT-ELECT
Mayur Shah

VICE PRESIDENTS
Nayan Shah
Deepak Goradia
Boman R. Irani
Harish Patel

HON. SECRETARY
Nainesh Shah

HON. TREASURER
Sukhraj Nahar

CEO
S. Shahzad Hussain
I.A.S. (Retd.)

SPECIAL PROJECTS
Bandish Ajmera
Rasesh Kanakia
Parag Munot

HON. JOINT SECRETARIES
Ashok Mohanani
Sandeep Runwal
Lakshman Bhagtani

JOINT TREASURER
Mukesh Patel

CO-ORDINATORS
Jagdish Ahuja
Pujit Aggarwal
Domnic Romell

COMMITTEE MEMBERS
Jayesh Shah
Nayan Bheda
Sanjay Chhabria
Shailesh Sanghvi
Tejas Vyas
Jitendra Jain

INVITEE MEMBERS
Sandeep Raheja
Munish Doshi
Navin Makhija
Rushank Shah
Deepak Gundecha
Pratik Patel
Rajeev Jain
Diipesh Bhagtani
Dhaval Ajmera
Shyamal Mody
Nikunj Sanghavi
Digant Parekh

PAST PRESIDENT
Paras Gundecha
Sunil Mantri
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Niranjan Hiranandani
Rajni S. Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

MCHI-CREDAI UNITS
President, Thane
Suraj Parmar
President, Kalyan-Dombivli
Pratul Shah
President, Mira Virar City
Ashit Shah
President, Raigad
Vikas Bhamre
President, Navi Mumbai
Arvind Goel

Ref. No. MCHI/PRES/15-16/025

August 26, 2015

To
Hon'ble Shri Devendra Fadnis
Chief Minister
Government of Maharashtra,
Mantralaya,
Mumbai 400 032


मुख्यमंत्री सचिवालय
महाराष्ट्र शासन
मंत्रालय, मुंबई ४०० ०३२
दिनांक २६/८/१५

Sub: Request for meeting to discuss minor corrections in IT/ITeS Policy 2015

Respected Sir,

Greetings from MCHI-CREDAI !

We are thankful to Government of Maharashtra for releasing new IT/ITeS Policy, 2015 for State of Maharashtra. This is the Best Policy which has come out in two decades or so. This policy aims to attract an investment worth Rs. 50,000 crore and generate employment for 10 lakh people in the state of Maharashtra.

MCHI-CREDAI is an apex body consisting of members from Real Estate Industry among Mumbai Metropolitan Region (MMR). This organisation was formed in 1982, and it's the most prominent and the only recognized body of Real Estate Developers in Mumbai and MMR. We bring together members dealing in Real Estate Development on one common platform to address various issues facing the Industry. With a strong Membership of over 1800 leading Developers in Mumbai and the MCHI-CREDAI has expanded across MMR, having its own units in the region of Thane, Kalyan Dombivli, Mira Virar City, Raigad and Navi Mumbai. MCHI-CREDAI is recognized by Government of Maharashtra and the Central Government and helps in meeting their objectives of providing housing, which is a basic necessity.

Maharashtra accounts for more than 30 percent of the country's software exports, with over 1,200 software units based in the State, thus providing a familiar and friendly environment for the IT companies. The Government of Maharashtra has recognized IT industry as an important thrust area in the State. It is largely focusing on providing IT related infrastructure, fiscal incentives to IT units, IT in governance and institutional framework for the IT sector. These initiatives have enabled the IT industry of the State to establish a firm foundation for itself in the country. The whole State has been connected through the most modern Optical Fiber Cable Network and a statewide network of competent training institutions have been established for building a pool of world-class IT professionals, in order to provide strength and support to the IT industry as a whole in the State. Besides, the State Government has framed an IT policy so as to make Maharashtra the most favoured destination for investments in the IT and ITeS industry and we hope to regain our lost glory and ground!

Maharashtra and the National Capital Region (NCR) have cornered 49 per cent of the total foreign direct investment inflows into the country since April 2000, according to Commerce and Industry Ministry data. Maharashtra attracted maximum foreign inflows at USD 70.41 billion, about 30 per cent of total foreign direct investment (FDI) inflows during April 2000 - November 2014.

Significant improvement in the overall infrastructure and pro-active approach of the respective governments in Maharashtra and NCR has helped in attracting significant foreign inflows, an official said. Sectors, which attracted maximum FDI include services, telecommunications, metallurgical industries, power, computer hardware and software, and construction activities.

The government is making sustained efforts to make the FDI policy regime more attractive and investor friendly with a view to attract investments from all major investing nations. The government had liberalized FDI policy in several important sectors like insurance, defence, construction and medical devices sector. Foreign investments are considered crucial for India, which needs around USD 1 trillion over five years (2012-17) to overhaul its infrastructure sector such as ports, airports and highways to boost growth.

Through 'Make in Maharashtra' campaign, your government is intensely engaging with various state agencies to improve ease of doing business as it would greatly help in attracting foreign investors.

Maharashtra has always led the country's industrial development scenario and continues to attract the largest quantum of investments, both domestic and foreign arrival & MOUs with the Companies like Foxconn and Blackstone. The State has established strengths in every sector including engineering, automobiles and auto components, chemicals, drugs and pharmaceuticals, textiles, information technology and biotechnology. It offers the finest infrastructure, excellent educational facilities, quality trained manpower, a professional work ethic and a conducive business environment. Prominent IT players present in the state include Tata Consultancy Services, Infosys Technologies, Wipro, Patni Computers, i-Flex Technologies, Veritas, Mahindra Satyam etc. BPO centers of large national and international players have also come up in a big way in the state. These include LG, HSBC, Aviva, Customer, Xansa, EDS and e-Gain, among others.

However, to continue the Trend & the Welcome to Industry, some minor clarifications and additions are needed in this policy, which are as follows;

1. Kindly drop penalty of 0.3% per day and retrospectively, this will breed harassment & corruption. Maharashtra will lose the competitive advantage over other states as such harsh provisions are not in any other states policy, so MNC & world's best company will hesitate to come to our state.

2. Definition of "back office". All Corporate offices of any industry and all service sectors including Banking & finances , as long as it is not carrying out any retail sales transaction from the office premises.
3. Exit policy for change to other use only after 3 years on payment of 25 % premium & after 5 years at 15 % premium.
4. Property Tax in IT building to be given 50 % discount & to be brought at par with competitive cities of Bangalore, Chennai & Hyderabad. Attached is a table of property rates for your perusal.
5. Considering the present IT scenario and depression in overall industrial market and to promote IT industries, it is suggested that MIDC continues the decision for not charging any fees/premium for the first transfer of units/bldgs constructed for IT purpose in the various MIDC areas in Maharashtra State.

In order to make MMR competitive so far as IT / ITeS Commercial Space is concerned, the Government is hereby strongly requested to cap the property tax at a maximum of Rs.5/- per sq.ft. As the key competition stems in from cities like Bangalore, Chennai, Hyderanad & Noida, it is indispensable that any taxation being proposed needs to be lower than the existing tax structure in these cities.

Therefore, before releasing the Government Resolution, from Industry Department, we wish these corrections may reconsider before finalizing and implementing this policy for State of Maharashtra, bring same old glory of Maharashtra to be the Business friendly state in India.

Hence, we are awaiting for your valuable time of few moments to discuss this issue in depth.

Thanking you,

Yours Sincerely,
For MCHI-CREDAI



Dharmesh Jain
President

Encl : As above

Property Tax for IT/ITeS buildings across key IT destinations

LOCATION	PROPERTY TAX	REMARKS
NOIDA	Nil	For all IT Parks
Mumbai	Rs.12~25 per sqft	NA
Pune	Rs.5 per sqft	In a typical IT district which are in the periphery; varies as per location
Bangalore	Rs.3~5 per sqft	NA
Hyderabad	Rs.4~8 per sqft	NA
Chennai	Rs.3~8 per sqft	NA
Kolkata	16%	As a % of rent charged : Rajarhat - Rs.2~3 per sqft; Salt Lake - Rs.4~6 per sqft; CBD - Rs.5~8 per sqft

A SNAPSHOT OF PE ACTIVITY & DEALS

From April 2011 to September 2014

(Amount in \$ million)

Regions covered	2011-12	2012-13	2013-14	2014-15 (upto Sept, '14)
Maharashtra, Dadra & Nagar Haveli, Daman & Diu	9,552.52	8,716.20	3,420.28	2,578.76
Delhi, part of UP and Haryana	7,983.40	3,222.21	6,241.89	2,424.61
Tamil Nadu, Puducherry	1,422.39	2,807.45	2,116.24	1,990.88
Andhra Pradesh	848.17	1,158.80	678.25	789.69
Gujarat	1,001.11	493.14	859.90	576.56
Karnataka	1,532.81	1,022.96	1,891.78	562.2

Note: State-wise inflows are classified according to region-wise inflows furnished by RBI