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Vimal Shah

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HON. TREASURER
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I.A.S. (Retd.)

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Late Lalit Gandhi
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Suraj Parmar
President, Kalyan-Dombivli
Praful Shah
President, Mira Virar City
Ashit Shah
President, Raigad
Vikas Bhamre
President, Navi Mumbai
Arvind Goel

Ref. No. MCHI/PRES/15-16/173

January 29, 2016

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

मुख्यमंत्री कार्यालय
महाराष्ट्र शासन
मंत्रालय, मुंबई ४०० ०३२
दिनांक २९/१/१६

Sub: Request for minor corrections in IT/ITeS Policy 2015 and its Exeditiously Implementation.

Respected Sir,

Please recall our discussion today. I am sending the details of our proposal on the subject already submitted to Industry Department. 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.

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!

Our state 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.

MCHI-CREDAI

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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 loose 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 & Financial Service Institutions (BFSI), as long as it is not carrying out any retail sales transaction from the office premises.
3. 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.
4. Government may allow the maximum cap of 4 FSI for City area under the jurisdiction of MCGM, which would definitely boost the development

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 near NCR, 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 be reconsidered before finalizing and implementing this policy for State of Maharashtra, bring same old glory of Maharashtra to be the Business friendly state in India. This policy was announced in August 2015 and MCHI-CREDAI submitted the suggestions at that time to put Maharashtra State back as a leading state in IT & ITeS sector attracting billions of dollars of investment in few years. However, its implementation is still pending with some Departments. May I also plead that, this new IT Policy may be brought to the execution stage expeditiously and at the earliest to reap it's Benefits faster.

Looking forward for the positive necessary action please.

With best regards,

For MCHI-CREDAI



Dharmesh Jain
President



Nainesh Shah
Hon. Secretary



S. Hussain (I.A.S. Retd.)
C.E.O.

Encl : As above

ANNEXURE

Sr. No.	Proposed modification to building of IT Establishments	Suggestion	Justification
1	<p>The commissioner may permit additional FSI upto 100% registered Public and Private IT/ITES Parks /AVGC Parks, IT SEZs or IT Parks in SEZs and to stand-alone IT/ITES units in public IT Park (including IT/ITES units located in Residential/ Industrial/No Development/ Green/Agriculture Zone) which have been approved by the Directorate of Industries, set up under present and previous IT /ITES policies, shall be made available with premium of 30% of the prevailing ready reckoner rate in Pune. Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Domivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai Notified area and 10% of the prevailing ready reckoner rate for other Municipal Corporations.</p>	<p>The commissioner may permit additional FSI upto 100% registered Public and Private IT/ITES Parks /AVGC Parks, IT SEZs or IT Parks in SEZs and to stand-alone IT/ITES units in public IT Park (including IT/ITES units located in Residential/ Industrial/ No Development / Green / Agriculture Zone) which have been approved by the Directorate of Industries, set up under present and previous IT /ITES policies, shall be made available with premium of 25% of the prevailing ready reckoner rate in Pune. Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Domivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai Notified area and 10% of the prevailing ready reckoner rate for other Municipal Corporations.</p>	<ul style="list-style-type: none"> • Premium of 25% of the Prevailing ready reckoner rate is insisted as per D.C. Reg. 1991 of M.C.G.M. • Ready reckoner Rate has substantially increased in Municipal Corporation limit . • Hence, any increase in %premium will deter vision of placing Maharashtra amongst the most preferred investment destination for global investors .
2	<p>Additional FSI above 100% and upto 200% on plots having an access road of minimum 18 meters width, shall be made available with premium of 30% of the prevailing ready reckoner rate in Pune, Pimpri-Chinchwad, Greater</p>	<p>Additional FSI above 100% and upto 200% on plots having an access road of minimum 12 meters width, shall be made available with premium of 30% of the prevailing ready reckoner rate in Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi</p>	<ul style="list-style-type: none"> • Existing Provision of DCR 1991, M.C.G.M. allows IT Establishment on roads having width more than 12 meters. • Imposing FSI restriction with respect to width of road specially in

	Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai notified area and 10% of the prevailing ready reckoner rate for other Municipal Corporations.	Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai notified area and 25% of the prevailing ready reckoner rate for other Municipal Corporations.	MCGM limits ,where small % of road network is having width more than 18.00 mt will allow fewer IT Establishment .
3	No Premium shall be chargeable in Municipal Council areas, if they are covered under No Industry Districts and Naxalism affected areas of the State (as defined in the Package Scheme of Incentives - 2013 of the State.)	No Premium shall be chargeable in Municipal Council areas, if they are covered under No Industry Districts and Naxalism affected areas of the State (as defined in the Package Scheme of Incentives -2013 of the State.)	-----
4	The total maximum permissible F.S.I. shall not exceed limit of 3.00	The total maximum permissible F.S.I. shall not exceed limit of 3.00 and total maximum permissible FSI shall not exceed (1.33 x 3 = 3.99) in Mumbai city district.	<ul style="list-style-type: none"> As per Maharashtra's IT/IT Enabled Services Policy point no.i) Note ,where ever the basic FSI is more than 1.00 total admissible additional FSI, shall not exceed 3.00 after considering the 100%or 200% additional FSI respectively. Total additional FSI in Mumbai City district would be (1.33 x 2 = 2.66) which is within the parameter described above. Also, Maximum FSI Permissible with additional FSI in MCGM is 4.00.
5	Maximum 20% of total Built-up area (excluding parking area) will be permitted for support services in IT Parks in	Maximum 40% of total Built-up area (excluding parking area) will be permitted for support services in IT Parks in	<ul style="list-style-type: none"> Maximum 40% of total Built-up area is required for support services along with required Residential,

	<p>Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai notified area and remaining area be utilized for IT/ITES.</p>	<p>Pune, Pimpri-Chinchwad, Greater Mumbai, Thane, Navi Mumbai, Kalyan-Dombivali, Mira-Bhayandar, Ulhasnagar Municipal Corporations, Navi Mumbai notified area and remaining area be utilized for IT/ITES.</p>	<p>shopping Center ,entertainment user.</p> <ul style="list-style-type: none"> • Requirement is similar to any Industrial Park or SEZ wherein 50% ancillary user with Residential, shopping Center ,entertainment user is permitted. • This is required to bring walk to work culture with all social infrastructure .Also brings more feasibility and viability to IT project. • Hence 20% is not sufficient.
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