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CREDAI-MCHI UNITS

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Vijay Lakhani

Ref. No. MCHI/PRES/20-21/021

September 29, 2020

To,

Shri Manoj Kotak
Hon'ble Member of Parliament
Member – Standing Committee on Finance

Sub: Request for your kind recommendation suggestion for Revival of the Real Estate Industry.

Respected Sir,

CREDAI-MCHI is an apex body consisting of members from the Real Estate Industry among Mumbai Metropolitan Region (MMR). It is the most prominent and the only recognized body of Real Estate Developers in Mumbai and MMR.

We understand that the Unlock is in place and till the vaccine is found or protocol to cure infected person is established, the COVID-19 will not allow us to be back to normal Social distancing will be norm for at least one year. This will lead to all industries to suffer, but main to sufferer are Real Estate, Aviation, Tourism and Hospitality. This means Real Estate Sector which was already in trouble, is going to suffer more for long period even post lock down.

We strongly believe **IT IS TIME TO FOCUS ON EMPLOYMENT AND TO ENSURE PROTECTION OF JOBS**. Earlier priority of the country has been to achieve fiscal discipline, but with this pandemic, the focus has to be on survival and protecting employment and jobs.

Real Estate Sector is employing the largest number of employees, both in organized and unorganized sector and it is important that these jobs not only remain protected, but at the earliest, it starts creating further employment. **Hence Real Estate Sector needs to be looked at from the point of providing jobs of crores of employees and also which can create further jobs in the shortest time, to support economic revival.**

The sector in last few years has been on the receiving end due to lower economic growth, shortage of liquidity, high interest rates and increased cost. Current COVID-19 pandemic has worsened the situation and the sector is worst affected sector. Various factors have reduced purchasing power of flat purchasers and fears in mind of flat purchasers due to economic scenarios has resulted in postponement of purchase of flats. Measures need to be taken to propel demand, flat purchasers, including NRIs, need to be motivated and incentivized for the purchase. Innovative loan and payment mechanisms to be developed to meet customers cash flow needs. Along with this cost of developing house has to be reduced to meet customer's expectation by reducing charges towards approvals and premiums. Also on Regulatory compliance necessary support/ relaxation to be provided to overcome this once in a lifetime economic and pandemic catastrophe.

We humbly request for providing following Support to the Real Estate Sector, to enable us to play effective role in the government's initiative to protect employment, increase the employment and also to reach five trillion-dollar economy. Suggestions listed below :

1) Under the income tax act u/s 24 request to abolish cap of Rs. 2 lakhs while allowing set-off of interest paid towards home loan.

There is cap of Rs.2 Lacs on set-off of House Property loss (HP loss) against other heads of income in the same year. Until F.Y.2016-17, HP loss was allowed to be set-off without any upper limit or cap, against income arising under any other heads of Income during the same year. It is suggested to restore the earlier provision by removing this cap of Rs 2 Lacs on set-off of HP loss against other heads of income

2) Favorable One-time Restructuring norm for Real Estate

RBI has issued circular no. [DOR.NO.BP.BC/13/21.04.048/2020-21 dated 7th September 2020](#) (Copy Annexed) with regard to Resolution framework. However, 95% of the Real Estate developer doesn't qualify for One Time Restructuring. Hence we request for revised favourable norms for Real Estate Industry.

3) Issues Related to GST (Detailed Presentation is annexed)

- a. Restriction on availment of Credit
- b. GST on sale of Commercial Property
- c. Revision on Definition of Affordable Housing
- d. Applicability of GST on TDR/ Long Term Lease (LTL)
- e. Units handed over to Slum Dwellers / Society Members / Authorities / Landowner should not be subject to GST
- f. Credit restriction on Commercial Development for Lease

We as representative body of the Real Estate Sector, would like to support the Government in its effort to protect the employment, both in organized and unorganized sector, and also support revival of economy post this pandemic.

Also it is important to note, that Real Estate has more than Rupees four lakhs crores of inventory, which in turn has locked up capital and funds of banks and financial institutions. This inventory, if supported, can unlock huge funds for the economy to kick start and take a giant leap.

Thanking you,

Yours Faithfully,
For CREDAI-MCHI



Deepak Goradia
President



Pritam Chivukula
Hon. Secretary