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IMMEDIATE PAST PRESIDENT
Mayur Shah

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Boman Irani
Harish Patel
Nainesh Shah
Domnic Romell

Addl. Vice President
Sukhraj Nahar

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Bandish Ajmera

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Mukesh Patel

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

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Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

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Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JT. TREASURERS
Nayan Bheda
Munish Doshi

CO-ORDINATORS
Sandeep Shah
Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

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Jitendra Jain
Deepak Gundecha

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Sachin Mirani
Nikunj Sanghavi
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Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
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Sahil Parikh
Naman Shah
Suhail Khandwani
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Vyomesh Shah
Paras Gundecha
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI Unit
President, Thane Unit
Ajay Ashar

President, Kalyan Dombivli
Ravi Patil

President, Mira Virar City
Ashit Shah

President, Raigad
Ateeque Khot

President, Navi Mumbai Unit
Prakash Baviskar

Ref. No. MCHI/PRES/18-19/023

September 12, 2018

To,
Shri Ajoy Mehta (I.A.S.)
Municipal Commissioner,
Municipal Corporation of Greater Mumbai,
Mumbai - 400 001



Sub: Request for rationalisation of double penalty in Administrative Charges for Mortgage

Dear Sir,

We at CREDAI-MCHI, as the representative body of the real estate sector in Mumbai, are deeply concerned with the prevailing practise of excessive penalty attached to BMC's Administrative Charges for Mortgage of leasehold rights on civic property. We seek your kind intervention to correct the harsh administrative action that our member developers are being subjected to.

We are alarmed by the instances of stiff penalties being slapped on member developers even for delay due to genuine reasons in seeking BMC's NOC for mortgaging the leasehold rights. As per the BMC circular S.A./Property/28439/Lease dated 12.03.2018, a lessee is liable to pay at 0.75 per cent of the mortgage amount vis-a-vis the provision for payment of just 0.5 per cent of the mortgage amount if the relevant clause pertaining to mortgaging of leasehold rights is mentioned in BMC's lease documents. Just because the corporation has not included the mortgage clause in the lease deed of some members, they are not only being made to pay 50 per cent additional amount - 0.75% instead of 0.5% - but the amount is even doubled by way of penalty, which is a huge financial burden on our members developers for no fault of theirs. Effectively, where the amount would have been @ 0.5%, it is expanded to 0.75% and eventually hiked to 1.5% to factor the doubling by way of penalty. Effectively, our member developers are facing the prospect of paying 300% more on account of Administrative Charges for Mortgage.

To make things worse, the Corporation imposes a further 18% interest on Administrative Charges for Mortgage for the quantum of delay, which is in the nature of a double penalty and grossly unfair on our member developers. The double blow of 100% penalty and the interest amount is akin to double punishment for one shortcoming, which is grossly unfair and wrongful in nature.

There are instances where a developer who was due to pay a mere Rs.1,000 a few years ago is eventually slapped charges upwards of Rs. 80,00,000 by the doubling, enhancing and compounding of the charges. We pray to your kind self to rationalise

the harsh amount being levied on member developers by the corporation's Estate Department and use your kind discretion to instruct waiver of such excessive amounts.

Sir, easing the steep financial burden unfairly imposed on member developers will encourage us to expedite the development of leased properties in the city, which would significantly enhance the Corporation's revenue in the years to come by way of development charges, increased property tax and other civic accruals.

We request you to take a considerate view of our submission and give our member developers much-needed and much-deserved relief.

Thanking You,

Sincerely yours,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary



S. S. Hussain, I.A.S. (Retd.)
Chief Executive Officer