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Harish Patel  
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Bandish Ajmera

**TREASURER**  
Mukesh Patel

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Ref. No. MCHI/PRES/18-19/294

June 1, 2019

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

मुख्यमंत्री सचिवालय  
महाराष्ट्र शासन  
मंत्रालय, मुंबई - ४०० ०३२  
दिनांक ५/६/१९

Respected Sir,

Considering Maharashtra's strengths in terms of human resources, connectivity and infrastructure, and the special significance of Information Technology (IT) for generating employment, increasing efficiency and improving the quality of life, the State Government had announced its first IT policy in 1998 and it was followed by the IT and IT- Enabled Services (ITES). Further the policy was modified in 2003 and 2009, which provided comprehensive support for further development of this sector in Maharashtra. Aim of the policy was to attract new talent, create jobs and gain revenue for the State of Maharashtra from time to time. IT being the sunrise industry in those days various concessions, incentives etc were also made available to the developer as well as the end users. The decision making process for an IT/ITES Co. was dependant on following measures;

- Sale price/ Lease rental for the space
- Maintenance / running cost of the premises and business itself
- Availability of skilled manpower to participate in the profession/ business.

To give further fillip to this sector, and with the key intent of creating jobs, the Government of Maharashtra released the new IT/ITeS Policy, 2015 for the State. This was slated to be the Best Policy to have come out in two decades or so. The policy aimed to attract an investment worth Rs.50,000 crore and generate employment for 10 lakh people in the state of Maharashtra. Due to the supportive IT policies implemented in the past 18 years, Maharashtra had by then ranked second in the country for the IT & ITES export and contributed to nearly 20 percent to the total IT exports of India.

However, over a period of time, with ever increasing government premiums and charges resulting in high real estate cost, the combination of above points have not resulted in an attractive package for upcoming IT/ ITES Cos. and new age e-commerce and other start-up companies that are highly cost sensitive.

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.

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.

With an enabling IT policy, the state needs to look at viability of business of such IT/ITeS and new age companies as well so as to make Maharashtra the most favoured destination for investments in the IT and ITeS industry and across the other sectors as well. We remain hopeful to regain our lost glory and ground! As the key competition stems in from cities like Bangalore, Chennai, Hyderabad & Noida near NCR, it is indispensable that any taxation being proposed needs to be lower than the existing tax structure in these cities.

Some of the recent policy decisions do not help the growth of Mumbai, as well as inviting the industries and the manufacturing units back, which have left Mumbai or are trying to establish in Mumbai, so that we can re-establish/get the prime hub for manufacturing and employment in the country. Unless, we incentivise and are comparatively better off, it will not be attractive enough for the industries and the construction activity for the same.

While Mumbai City still remains the commercial capital of the country, it is fast losing out on being the preferred IT/ITeS and start-up destination to other metros/cities that do not have as well established secondary business districts as Mumbai. Mumbai thus cannot be the looser.

The following fact files and Development processes clearly shows its importance:-

1. Mumbai Metro Rail Project with a total outlay of \$5 billion USD is likely to have a spread of 146.5 kms thereby easing commuter travel woes.
2. Mumbai has allocated Rs.73,367 crore for various infrastructure projects in 2016 which will further boost urbanization with an unprecedented potential to create job opportunities.
3. Mumbai as a city is lucky to have pre-established secondary business districts (SBDs) spread across MMR with excellent infrastructure and only requires supporting government policies to boost job creation.
4. Supportive policies are required to establish these SBDs as preferred IT & Communication hubs with pricing / rentals being the most important demand driver for IT/ITES companies.
5. While the average annual new Grade A office supply has increased significantly in cities like Bengaluru, Hyderabad and NCR, Mumbai's average supply has decreased considerably by 50%, primarily owing to demand - supply mismatch.
  - a. With cost being the major demand driver, most new-age companies' / e-commerce start-ups prefer Bengaluru, Hyderabad & NCR over Mumbai despite Mumbai being the commercial capital due to high cost in Mumbai.
  - b. Rising land cost, raw material costs and ever-increasing property taxes are only making Mumbai that much lesser competitive.

6. Post all Mills being closed & industry being moved out, the only major source of employment generation are IT & Financial Services.
7. For every 50 Sq.fts. of IT space created, one white collar & two blue collar jobs get created.
  - a. For every 1000 sq ft of area constructed, there are 3 direct blue collared jobs created in real estate and 4 blue collared jobs in 275 allied industries having interlinkages with real estate. Additionally, the premiums paid to the government for getting every 1000 sq ft constructed area approved, another 3 blue collared jobs get created. These 10 blue collared jobs lead to further creation of 1 white collar job.
8. With high land costs in Mumbai, both business operations as well as living has become very costly.
9. Urbanization propels economic growth by advancing employment and entrepreneurship opportunities, making it an important player in the processes of inclusion and growth. Hence, urbanization planning and incentives should focus on inclusion, which is more sustainable, prosperous and build economically competitive cities - with simplified approach.

Sir, you would agree that IT-ITeS, for its inherent operational parameters cannot be treated at par with other Industrial or Commercial establishments, and hence deserves a separate treatment. The various taxation, premiums and charges and Ready Reckoner rates make real estate unaffordable for such companies leading to creation of an ironical situation where while on one side, the Government's laudable & noble intentions and objective is to create jobs & affordable housing, such anomalies in taxation are leading to a flight of jobs to other cities.

In order to make business viable and the underlying real estate asset affordable, both commercial and residential there are certain bottlenecks and issues affecting the real estate industry, should this bottlenecks and issues not be addressed in time, they may only cripple the real estate industry. Thereby neither helping cause of job creation nor helping realize our Hon'ble PM humble dream of providing Housing for All by 2022

Presented below are the key concern areas that require the governments immediate attention.

Your sincerely,  
For CREDAI-MCHI



Nayan A. Shah  
President



Bandish Ajmera  
Hon. Secretary



Sanjiv S. Chaudhary MRICS  
Chief Operating Officer