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Sent: Thursday, March 22, 2012 3:09 PM
To: 'mahesh@cmie.com'
Cc: 'Boman Irani – Hon. Secretary'; 'Mayur Shah'; 'Mayur Shah - Email 2'; 'Nayan Shah'; 'Nainesh Shah'; 'zubinmehta'; 'suren@cmie.com'; 'Allwyn - Rustomjee'; 'Mohit – Rustomjee'; 'Vaishali – Marathon'; 'Suresh – Mayfair'; 'Anjali – Terraformrealty'; 'shabina@mchi.net'; Ujjwala Loke; 'Avadhoot Rane'
Subject: Study on the impact of slow approvals on the Real Estate Sector and GDP of Maharashtra State

Ref. No.: MCHI/SEC/11-12/215

March 22, 2012

Shri Mahesh Vyas

Managing Director & CEO
Centre for Monitoring Indian Economy Pvt. Ltd., (CMIE)
Mumbai.
India.

Sub.: Study on the impact of slow approvals on the Real Estate Sector and GDP of Maharashtra State

Dear Sir,

MCHI - CREDAI is a premier association of Real Estate Developers in India. Established in 1982, MCHI - CREDAI has been playing a key role in the organized development of real estate in Mumbai Metropolitan Region (MMR). Members of MCHI - CREDAI account for providing 80 % - 90% of residential accommodation in MMR.

MCHI - CREDAI works with both the Central and State governments towards meeting their objectives. MCHI - CREDAI works towards raising awareness among the general public, real estate and construction industry while providing them with exhaustive information on projects and new developments in and around Mumbai, with over 1000 well-recognized and reputed member developers.

Shelter is a basic human need, which has become a major challenge in a country, which is rapidly urbanizing. Maharashtra is one of the most urbanized states in the country. Whereas nationally 27% of the population was in the urban areas, in Maharashtra, the figure was 42% (Census 2001). Housing in urban areas assumes much greater significance, as it relates not only to basic shelter needs but also provides a facility to the citizens to access services and be part of the development process. Housing implies not only construction of bricks and mortar; it includes the supporting infrastructure, access to transport and employment opportunities.

Mumbai Metropolitan Region (MMR), though being one the most progressive region of the country, has seen virtually zero addition to its housing stock in the last one year. The sales velocity in the city's property market has slowed down to a level

where it is now the lowest of the six major cities across the country. Over the one year leading to December 2011, residential sales in Mumbai have dropped by 28 percent. Real estate sales in the Mumbai Metropolitan Region (MMR) have also plummeted steadily. Mumbai's record is the worst of the six cities that include the National Capital Region-Delhi, Bangalore, Chennai, Hyderabad and Pune. All other regions have maintained more or less steady, if not growing, sales. Mumbai, which at 20 million sq ft of residential sales accounted for the maximum sales in the country in April-June 2009, has today seen the sales dwindling to a mere 8 million sq ft in the last quarter. In Noida, the supply has risen from 23 million sq ft between 2008 - 2010 to 135 million sq ft to be delivered between 2011 and 2013, a jump of 487% and in Gurgaon, the jump is 267%.

Problems in Mumbai are primarily due to lack of approvals coming in from state and central authorities. Not only has this added to the woes of homeless, but has also impacted at various other levels, like:-

- Steel consumption
- Cement consumption
- Labour & Job-creation
- State Revenues, like:-
 - Excise collection
 - VAT collection
 - Stamp duty
- Centre Revenues, like:-
 - Service tax
 - Income tax
- Growth of about 500 other industries related to real estate sector

As MCHI - CREDAI, we are keen to assess the impact of this slowdown in approvals on the GDP of Maharashtra State, as well as on India's GDP and bring the same to Government's attention. It is with this intent that we write in to your esteemed organization which has the capability to take on this study. We would like to partner with you as an Industry body to assess this impact. Through the offices of our esteemed member developers, we can give and provide access to any data that may be required by you and is accessible to us.

To take this forward, I suggest we schedule a meeting amongst us at a mutually convenient time. My co-ordinates are mentioned below.

Thanking you
With best regards

Sd/-
Boman Irani
Hon. Secretary, MCHI - CREDAI
Contact No. 09821033773

