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IMMEDIATE PAST PRESIDENT

Mayur Shah

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Deepak Goradia

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Harish Patel
Nainesh Shah
Domnic Romell

ADDL. VICE PRESIDENT

Sukhraj Nahar

HON. SECRETARY

Bandish Ajmera

TREASURER

Mukesh Patel

SPECIAL PROJECTS

Parag Munot
Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

HON. JT. SECRETARIES

Navin Makhija
Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JT. TREASURERS

Nayan Bheda
Munish Doshi

CO-ORDINATORS

Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

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Jitendra Jain
Deepak Gundecha

INVITEE MEMBERS

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Raajesh Prajapati
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Suhail Khandwani
Ricardo Romell
Harshul Savla

PAST PRESIDENTS

Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Moham Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS

PRESIDENT, THANE UNIT
Ajay Ashar

PRESIDENT, KALYAN DOMBIVLI
Deepak Mehta

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

**PRESIDENT, NAVI MUMBAI
UNIT**
Vijay Lakhani

Ref. No. MCHI/PRES/19-20/350

May 24, 2020

To,
Shri Iqbal Singh Chahal (I.A.S.)
Hon'ble Municipal Commissioner
MCGM

Sub: CREDAI-MCHI suggestions to Revive the Real Estate Industry of Mumbai

Respected Sir,

Firstly, at the outset, we would like to Congratulate you for the commendable, pro-activeness and thought put in for every step taken by Municipal Corporation and Government to contain the spread of this virus. We are confident that together we can fight this Pandemic and we as an association and each of our member is available at all times at the disposal of the Corporation and Government to fight this Natural Calamity gripping our city and state and Country.

This Pandemic COVID-19 is going to cause an unprecedented impact on business and liquidity. The outbreak of Coronavirus is expected to further weaken the real estate segment especially residential real estate sector that has already been reeling from the adverse impact of the prevailing liquidity crunch, huge unsold inventory and weak affordability and subdued demand conditions.

Last few years saw structural changes like Demonetisation, RERA and GST which slowed the Real Estate industry then, we experienced the NBFC liquidity crisis which closed the doors of finance for the real estate industry. This lockdown coupled with the mentioned past factors has literally tied a knot around the neck of the real estate industry.

It's important to note that on account of various reasons, even before the lockdown, the entire real estate sector had already been pushed into an economic and liquidity recession, which had resulted in a huge reduction in job creation as well as job loss in the construction industry. The industry today was barely operating at only 40% of its actual capacity which is bound to go drastically. Various developers are already considering on reducing the workforce by 35%-40%. With the current uncertainty we don't believe any developer will think of starting any new project in CY 2020. The stalled projects are under huge stress and are staring at a glooming future. The sector hit by a series of rapid changes without time to settle to any change, has only been further unsettled, rattled due to the lockdown.

We have annexed a comparative statement which demonstrates the difference of premiums charged across key markets in India - Mumbai Island City, Mumbai Suburbs, Chennai, Delhi, Bangalore, and Hyderabad. This has been worked out on the basis of a standard plot of 10,000 sq mts, being developed as per standard regulations with respect to their specific geographies, across residential and commercial developments.

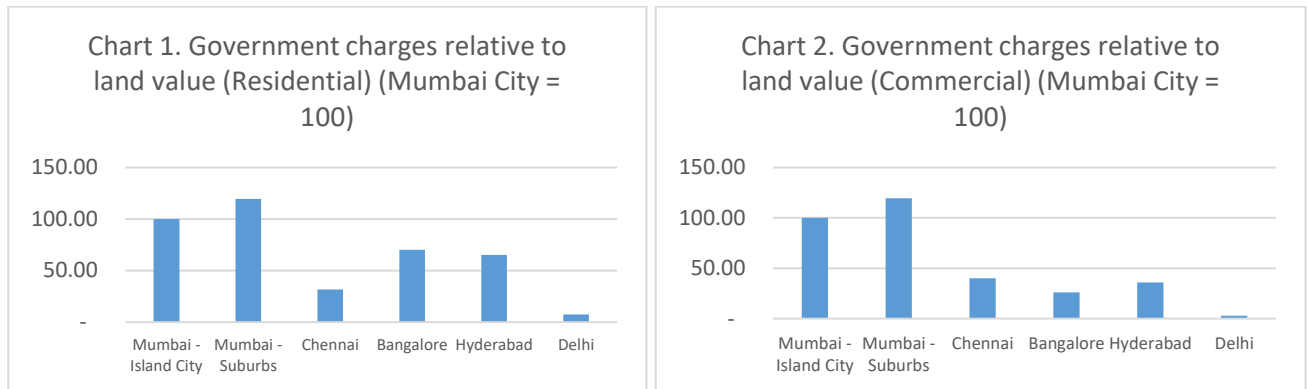


Chart 1. Mumbai City is 13x more expensive than Delhi, 3x more expensive than Chennai, 1.45x more expensive than Bangalore, and 1.53x more expensive than Hyderabad. Mumbai's suburbs are 1.2x more expensive than Mumbai City.

Chart 2. Mumbai City is 34x more expensive than Delhi, 2.5x more expensive than Chennai, 3.8x more expensive than Bangalore, and 2.77x more expensive than Hyderabad. Mumbai's suburbs are 1.2x more expensive than Mumbai City.

When compared to the land value in each geography (on the basis of the Stamp Duty Ready Reckoner Values), the multiple of premium payments to value of land in Mumbai ranges from 1.96x land value for residential developments in the suburbs to 4.23x land value for commercial developments in Mumbai City. This compares with 0.1x - 0.14x in Delhi, 1.27x in Hyderabad, 0.92x - 1.37x in Bangalore and 0.62x - 1.41x for Chennai for residential and commercial projects respectively.

Mumbai's premiums are on average, 2 - 30 times the average premium of other metros in India. In order to be competitive with other cities as well for the survival of the Real Estate Industry, we have compiled few suggestions for your kind consideration.

- All permissions from local planning authorities be treated as deemed granted on submission of application and self-certification by the concerned architect/professional, for a period of 1 year. The formal permission may be subsequently issued by the planning authority. This would reduce the lead time required for formal approvals which is close to 6 months and will help in contributing to revival of the industry.**
- Reduce all premiums /charges / levies / cess / Premium for staircases, Lift well and Lobbies, etc. by 90% payable under the DCPR payable to the Municipal Corporation/State Government including Premium/ fungible FSI etc. This shall be applicable to all new projects under taken during the 18 months' window. Thereafter the premium shall stand reduced to 50% of the current premiums.**

These premiums/charges shall be paid at the time of grant of OC without any interest being levied.

In respect of any on-going projects where part instalment of premium has been paid then in such cases if the premium so paid is more than 10% of the applicable premium then in such a case no further premium shall be levied.

3. LUC charges payable to the Municipal Corporation should be on basic FSI and not on plot potential. Further 10% LUC charges will be levied for a period of 18 months.
4. Open space Deficiency Premium to be levied only for basic FSI and not on additional FSI allowed by DCPR
5. No premium shall be levied for the second staircase and premium for lift well shall be charged only one time in accordance with the National Building Code and not on every floor as per current practice.

CREDAI-MCHI Prayers

Sir, the industry is in one of the worst slowdown and requires your support and request that relief be given to the sector immediately. We request that wherever it is in the authority of MCGM to reduce the Premiums, Charges and implement Ease of doing business. We request that MCGM to implement the same and for other charges / premiums etc. you may please recommend to the State Government / UDD.

Additionally, we are attaching the Minutes of meeting held with Principal Secretary UDD I dated 6th March 2020 with regard to our suggestions / clarification on DCPR 2034 for your further recommendation to UDD Department. The points that need to be clarified and issued by the UDD & State Government, they can issue the clarification for reviving the real estate industry.

Even with COVID-19, we are hopeful that with the support of the Government, we will be one of the major sector to contribute towards re-building State of Maharashtra

Look forward to your continuous help and support.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI

Nayan A. Shah
President

Bandish Ajmera
Hon. Secretary

Annexure

Supporting Data – Area Statements

S No	Particulars (Area Statement)	Mumbai - Residential		Mumbai - Commercial		Chennai		Bangalore		Hyderabad		Delhi	
		Island City	Suburbs	Island City	Suburbs	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
		Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts	Sqmts
1	Plot Area (sqmts)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000.00	10,000.00
2	Less: Amenity Area (sqmts)	#REF!	#REF!	#REF!	#REF!	1,000	1,000	500				50%	25%
3	Net Plot Area (sqmts)	#REF!	#REF!	#REF!	#REF!	9,000	9,000	9,500	10,000	10,000	10,000	5,000.00	2,500.00
4	Permissible FSI	1.33	1.00	1.33	1.00	3.25	3.25	3.25	3.25	8.00	8.00	2.00	1.25
5	Permissible TDR (assumed road width of 13.40 m)	0.45	0.70	0.45	0.70	-	-	1.95	1.95			-	-
6	Permissible Premium FSI (assumed road width of 13.40 m)	0.62	0.50	1.22	1.30	0.50	1.63					-	-
7	Total permissible BUA (sqmts)	#REF!	#REF!	#REF!	#REF!	37,500	48,750	49,400	52,000	80,000	80,000	20,000.00	12,500.00
8	Add: Fungible FSI (sqmts)	#REF!	#REF!	#REF!	#REF!							-	-
9	Total FSI + TDR + Premium FSI + Fungible (sqmts)	#REF!	#REF!	#REF!	#REF!	37,500	48,750	49,400	52,000	80,000	80,000	20,000.00	12,500.00
10	Area of Inclusive Housing to be provided (sqmts)	3,032	2,280	3,032	2,280							-	-
11	Land RR Rate (per sqmt)	145,300	68,000	145,300	68,000	165,875	165,875	118,404	189,446	99,000	99,000	264,000	264,000
A Carpet Area for Sale (CA) (Sqft)		#REF!	#REF!	#REF!	#REF!	371,358	482,765	372,219	391,810	585,567	585,567	189,446	118,404
B Carpet Area to Land Area Ratio (A / 1)		#REF!	#REF!	#REF!	#REF!	3.45	4.49	3.46	3.64	5.44	5.44	1.76	1.10

Supporting Data – Premiums and Charges

S No	MCGM, Government, GST and Stamp Duty Charges	Mumbai - Residential		Mumbai - Commercial		Chennai		Bangalore		Hyderabad		Delhi	
		Island City	Suburbs	Island City	Suburbs	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
		Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs	Rs Crs
i	Staircase / Lift Premium	33.54	14.39	83.86	39.24	0.01	0.01					-	-
ii	TDR at 35% of RR Rate/Bangalore @ 4000/sqmt	17.36	12.54	17.36	12.54	0.01	0.01	80.98	85.24			-	-
iii	Premium FSI at 35% of the RR Rate	29.95	11.31	58.94	29.39	0.00	0.00					-	-
iv	Fungible FSI at 35% of the RR Rate	40.58	17.41	50.73	23.74	0.18	0.23					-	-
v	Open Space Deficiency (50% deficient area assumed)	67.09	28.78	167.71	78.49	0.08	0.10					-	-
vi	IOD Scrutiny Fees at Rs. 78 per sqmt BUA	0.24	0.22	0.30	0.30	2.25	2.93					0.02	0.01
vii	IOD Deposit at Rs. 10.764 per sqmt BUA	0.03	0.03	0.04	0.04	0.00	0.00					-	-
viii	Development Charges (Land Area)	1.45	0.68	2.91	1.36	0.08	0.10	0.46	1.31			-	-
ix	Development Charges (BUA)	17.89	7.67	44.72	20.93	2.81	1.83	0.99	1.04	14.73	14.73	-	-
x	Labour Welfare Cess at Rs. 275 per sqmt BUA	1.65	1.51	2.06	2.06	-	107.82	0.85	0.90			-	-
	Debris Deposit	0.00	0.00	0.00	0.00	2.63	3.41					-	-
xi	Layout Approval scrutiny fees at Rs. 3.2 per sqmt land area	0.00	0.00	0.00	0.00	2.10	2.73					-	-
xii	Layout Deposit at Rs. 50 per sqmt land area	0.05	0.05	0.05	0.05	0.79	1.02					-	-
xiii	CFO Scrutiny Fees	0.92	0.85	1.15	1.15	0.87	1.14	0.17	0.31			-	-
xiv	ChEng (M&E) Scrutiny fees at Rs. 30 per sqmt BUA	0.09	0.08	0.12	0.12	0.00	0.00					-	-
xv	PCO Charges	0.80	0.80	0.80	0.80	0.02	0.03	0.04	0.04			0.10	0.05
xvi	Property Tax	3.00	3.00	3.00	3.00	0.01	0.01	0.03	0.27			0.12	0.25
xvii	Infrastructure Improvement Charge at Rs. 1375.00 per sqmt of TDR area	0.59	0.91	0.59	0.91	0.06	0.07					-	-
xviii	Cost of construction of Inclusive Housing at 4,813 per sqft of FSI	15.71	11.81	15.71	11.81	0.05	0.06					-	-
xix	Contingency	10.00	10.00	10.00	10.00	0.12	-	6.00	6.00			-	-
xx	MCGM Interest on instalment scheme	36.66	15.40	77.38	36.60	6.00	8.00					-	-
xxi	GST of 18% on cost of construction at Rs 10,000 per sqft of carpet area (high rise)	52.48	48.11	65.60	65.60	66.84	86.90	67.00	70.53	105.40	105.40	34.10	21.31
xxii	Stamp Duty on land consideration	8.65	4.05	8.65	4.05	18.25	18.25	5.92	9.47	5.94	5.94	10.56	10.56
xxiii	Total MCGM and Government Premiums, Stamp Duty, GST	338.75	189.60	611.68	342.20	103.14	234.64	162.44	175.11	126.07	126.07	44.90	32.19
xxiv	Land value as per RR rate	172.91	80.92	172.91	80.92	165.87	165.87	118.40	189.45	99.00	99.00	314.16	314.16
xxv	Government charges as a multiple of land value (x)	1.96	2.34	3.54	4.23	0.62	1.41	1.37	0.92	1.27	1.27	0.14	0.10