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Ref. No: MCHI/GEN/13-14/051

October 8, 2013

To,
The Deputy Director,
Dept of Town Planning & Assessment,
Mumbai Region (Valuation)
Government of Maharashtra,
Mumbai 23.

Sub.: Suggestion/ Objection from MCHI CREDAI for New RR 2014.

Ref.: DDTP/MR (Valuation)/Mum/Bamudat/Meeting/290.

Dear Sir,

With reference to your abovementioned letter to MCHI CREDAI, we want to suggest following some points while forming new Ready Recknor for 2014

MCHI- CREDAI has to make the following suggestions for RR 2014.

- 1) The rate should be considered on the basis of transfer sale/ transaction of the market value in the surrounding area.
- 2) The RR is for the whole year. However, the market is fluctuating which is not reflected in the RR. In this situation it is suggested that some curative machinery be provided in the R R so that it will take care of market situation. It is also suggested that the collector while fixing NA tax always considers the minimum value in the zone for fixing value. The same principle be adopted for RR.
The RR value should be reasonable looking to the value of the property in the zone Residential/Commercial/Industrial. The value of the property depends on the zoning decided in the Development plan. Either rule of average could be used or reasonability of market forces.
- 3) Starting from residential, the higher rate for commercial and industrial use be increased and it should not be on ad hoc basis.
- 4) The residential rate should be specified. The rate for commercial or industrial shall not be increased on ad hoc or arbitrary basis the sales or the respective buildings are taken into consideration for fixing RR rates of commercial/ industrial properties.
- 5) The rates should be fixed for area or zone or block and not on CTS basis. Otherwise there will be too much difference in value of each property. It is suggested that the principles of valuation have to be considered and adopted in fixing RR values in zones.

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- 6) In Mumbai zones specified are too large and the same value cannot be assigned to the properties in all other zone. As per the principles of valuation the property abutting road is valued as 1.00 then the value of the property inside is valued at 2/3 or 1/2 depending upon the location of the inner property. The same principle is adopted for RR value.
- 7) Adjoining plots should have same rate as per RR and adjoining plots should not be given higher or lower rates to suit situation and cares.
- 8) Leasehold properties: It is very clear that they are different than the Freehold Properties. The consent of original lesser is required in most of the eventualities (any addition, alterations, revision) and such consents are never free of cost. In fact, currently Govt. /MCGM are levying 50% transfer fees or premium as Lesser of land. Therefore my humble submission is that leasehold land & premises rate should be discounted by at least 15% less than freehold.
- 9) Redevelopment Properties: At present in Mumbai City, most of the development is through demolition of existing buildings and construction of new building by re-accommodating the existing occupants. Obviously these properties have many limitations for development including mix and match of requirements of different class of occupants. Accordingly in my humble opinion, in all redeveloped properties the land and premises rates should be discounted by at least 20%. To support this theory, you may take example of MCGM that, while charging premium on extra FSI in redevelopment schemes, R.R. Land rate are discounted by 20% by MCGM.
- 10) In case when both categories are applying simultaneously such as redevelopment of property on leasehold land, common discounting factor of 25% may be adopted.
- 11) Accordingly, it is requested that you may add appropriate clause in chapter wherein you are describing various factors accordingly to which Govt. valuation is to be adopted and accepted. The summary of such clause is as under:

In Ready Reckoner Guidelines for 2014 Mumbai Govt. Valuation Factor

1. **For Leasehold Properties**
 - a. All rates for Land & Premises to be reduced by 15%
2. **For Redeveloped Properties**
 - a. All rates for Land & Premises to be reduced by 20%
3. **For Redeveloped Properties on**
 - a. All rates for Land & Premises to be reduced by 25% Leasehold land

In Ready Reckoner Guidelines published year to year till 2013 for Mumbai City, the category for leasehold land/ Property and Category for land / Property under redevelopment is not separately considered and it is very unfair that land rate of developed freehold vacant land is required to be applied to above categories.

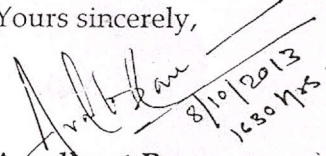
It is a general experience that every year, irrespective of the market conditions the state government in order to realize more revenue has been increasing the values of properties in Mumbai while framing and approving Ready Reckoner for the concerned year. This affected housing industry since increase in property value in RR has a direct impact on housing sales as it increases Stamp Duty

Over last two years the housing industry has been showing downward trends but still the RR Values of property are not reflecting that in Reckoner. In addition to the Stamp Duty, the purchaser has also to bear burden of VAT, Service Tax, and Sales Tax. In this situation the RR values have to be reasonable and fair.

I hope & trust that you will do the needful in the interest of justice.

Thanking you,

Yours sincerely,


8/10/2013
1630 hrs.
Avadhoot Rane
General Manager (Liaison)