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Ref. No. MCHI/PRES/17-18/125

January 19, 2017

To,  
**Shri Anil Kawade (IAS)**  
Inspector General of Registration & Controller of Stamps  
Department of Registration & Stamps,  
Government of Maharashtra  
Pune.

Dear Sir,

**Sub: IT-ITeS to be valued at 50%~60% of Commercial Property Rates in ASR**

**Ref: Your reply dated 29/12/2017 in response to CREDAI-MCHI's representation dated 11/12/2017 on the said subject**

We thank you for your captioned reply note of 29<sup>th</sup> Dec, 2017 and do thank you for apprising us of the provisions of valuing IT / ITeS properties as provided under Guideline 8 (c) of the Government Guidelines & Instructions to be Used for Market Valuation as per Stamp Duty Reckoner.

Vide provisions of guideline 8 (c), it is provided that IT / ITeS premises should be valued at the rate applicable to Industrial premises and where Industrial premises rates are not provided for, it should be valued at 110% of Residential premises rate in that zone.

A perusal of the ready reckoner for the year 2017-18 applicable to the key IT/ ITeS destinations across MCGM limits, reveals the following :

1. For all the zones & sub-zones, industrial premises ready reckoner rates have been provided;
2. The industrial premises rates are almost at par with residential premises rates. Out of 50 sub-zone checks, only in 10 cases a slight variation was observed between the two rates. (Please refer Annexure I : 2017 ASR Rates of Sample Sub-Zones)
3. The industrial premises rates across these 50 sub-zones was found to be approximately 88% of the commercial premises rates.

Sir, the provisions of guideline 8 (c) is a welcome noting but does not help address the anomaly in any way. This is an anomaly in the ASR which has been a pain area for a while and has impacted sales in IT-ITeS Buildings across MMR. From being the IT-ITeS market, MMR seems to be losing out to other cities like NCR, Bengaluru, Hyderabad, Chennai etc. primarily owing to ready reckoner rates.

**[A] Re-Calibrate IT / ITeS premises at 50%~60% of Commercial Premises rates**

Sir, you would agree that IT-ITeS, for its inherent operational parameters cannot be treated at par with Industrial or at approximately 88% value of Commercial premises, and hence deserves a separate treatment. While the rent and capital values of IT-ITeS properties are 50%~60% lower than that of commercial in a location, for Stamp Duty purposes, as demonstrated above, they are valued at roughly 88% of that of Commercial Property rates (as per 8 (c)), thereby increasing the cost of transaction. For e.g., in Lower Parel, while IT-ITeS deals are happening anywhere between Rs.14,000/- to Rs.17,000/- per sq.fts., the ASR applicable under 8 (c) to IT-ITeS shall range from Rs.25,000/- to Rs.33,750/-. Many deals are stuck owing to this anomaly in valuation which is creating an ironical situation where while on one side, the Government's laudable & noble intentions and objective is to create jobs & affordable housing and such anomalies in taxation are leading to a flight of jobs to other cities.

In order to do away with the anomaly and to give IT-ITeS its rightful due, we as CREDAI-MCHI would like to sincerely request you to either have a separate appropriate column for IT-ITeS in the ASR table or else please update the guidelines to value IT-ITES at 50-60% of commercial rate applicable, as commercial premises provide for a better benchmarking of IT / ITeS vis-à-vis Industrial.

**[B] Re-Calibrate Land Value for IT / ITeS premises at 50% of the Stamp Duty Valuation of IT / ITeS premises**

Land ready reckoner rates remain another big impediment in making the IT Policy 2015 a grand success. Since the introduction of fungible FSI, all premiums approval charges have been linked to land ready reckoner rates. In case of IT / ITeS premises, it is a double whammy for the developer / promoter as while deals happen at almost 50% of the commercial premises rates, the stamp duty rate is roughly 88%, the developer / promoter is forced to pay all premiums and approval charges at standard land rates applicable to commercial premises.

It is our earnest request that land rates for IT / ITeS premises be re-calibrated in line with the re-calibrated IT / ITeS premises ready reckoner rate. As per our analysis of Annexure I, the standard land rate is on an average 53% of the Commercial premises rate. As proposed in the point [A] above, the ready reckoner rates should be made 50%~60% of the Commercial premises rate. So effectively, for an IT / ITeS proposal, the land rate should be taken as roughly 50% \* (50%~60% of the Commercial premises rate), that is to say, **land rate for IT / ITeS should be re-calibrated to 25% ~ 30% of Commercial premises rate.**

By bringing the afore-mentioned parity in the ready reckoner rates for IT / ITeS premises, not just would the IT Policy 2015 get a great fillip, it will help deals including FDI inflow that are currently stuck for this clarity and also help convert many lease transactions into outright purchases. This would only help generate more stamp duty revenue for the state. (Stamp Duty for Leave & License is 1/10<sup>th</sup> of normal duty).

In summary, our two prayers for your kind perusal are :

1. **Have a separate appropriate column for IT-ITeS in the ASR table or else please update the guidelines to value IT-ITES at 50-60% of commercial rate applicable; and**
2. **Land rate for IT / ITeS should be re-calibrated to 25% ~ 30% of Commercial premises rate.**

Looking forward to your kind positive consideration and acceptance.

Yours faithfully,  
For CREDAI-MCHI



**Mayur Shah**  
President



**Domnic Romell**  
Hon. Secretary



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

CC to:  
**Shri Jitendra Bhople**  
Deputy Director of Town Planning (Valuation)  
Mumbai Region  
Government of Maharashtra  
Mumbai

Encl.: Annexure I - 2017 ASR Rates of Sample Sub-Zones

**Annexure I : 2017 ASR Rates of Sample Sub-Zones**

Year	Zone	Sub-Zone	Division	Land	Residential Building	Office/Comm. on Above Flr.	Shop/Comm. on Ground Flr.	Industrial	I to R Ratio (%)	I to C Ratio (%)
2017	10	79 A	Mazagaon Division	28100	69400	96100	109900	69300	99.86%	72%
2017	11	83 D	Parel-Sewri Division	143900	319500	364600	437600	319500	100.00%	88%
2017	11	84 D	Parel-Sewri Division	144500	335700	377900	433500	335700	100.00%	89%
2017	12	91	Lower Parel Division	108300	239500	263500	291800	239500	100.00%	91%
2017	12	91 A	Lower Parel Division	130700	288100	352900	423700	288100	100.00%	82%
2017	12	91 B	Lower Parel Division	142500	278400	335400	402500	278400	100.00%	83%
2017	12	91 C	Lower Parel Division	127600	235500	289900	348000	235500	100.00%	81%
2017	12	91 D	Lower Parel Division	200800	283500	311900	354400	283500	100.00%	91%
2017	12	91 E	Lower Parel Division	127900	279400	307300	344600	279400	100.00%	91%
2017	12	91 F	Lower Parel Division	63400	178300	189400	214000	178300	100.00%	94%
2017	12	91 G	Lower Parel Division	163400	363200	399500	435800	363200	100.00%	91%
2017	12	91 H	Lower Parel Division	143800	324900	371300	439100	324900	100.00%	88%
2017	17	118	Mahim Division	108600	248400	316800	346100	286400	115.30%	90%
2017	29	165	Bandra East Village, Andheri Taluka	71400	143200	161700	254000	154000	107.54%	95%
2017	29	166	Bandra East Village, Andheri Taluka	92400	167000	183700	218400	167000	100.00%	91%
2017	29	166 A	Bandra East Village, Andheri Taluka	77400	143700	168100	205500	143700	100.00%	85%
2017	29	167	Bandra East Village, Andheri Taluka	169000	289900	318900	376700	289900	100.00%	91%
2017	29	167 A	Bandra East Village, Andheri Taluka	166900	273400	327400	416500	273400	100.00%	84%

Year	Zone	Sub-Zone	Division	Land	Residential Building	Office/Comm. on Above Flr.	Shop/Comm. on Ground Flr.	Industrial	I to R Ratio (%)	I to C Ratio (%)
2017	29	167 B	Bandra East Village, Andheri Taluka	137600	229600	275900	351100	237400	103.40%	86%
2017	29	168	Bandra East Village, Andheri Taluka	58300	111400	129600	188200	117800	105.75%	91%
2017	31	170	Kole Kalyan Village, Andheri Taluka	79600	145000	164800	205700	149600	103.17%	91%
2017	31	171	Kole Kalyan Village, Andheri Taluka	78100	129400	148200	187700	133900	103.48%	90%
2017	31	171 A	Kole Kalyan Village, Andheri Taluka	111200	185600	216300	269900	185600	100.00%	86%
2017	31	172	Kole Kalyan Village, Andheri Taluka	99100	162600	178900	214100	162600	100.00%	91%
2017	31	172 A	Kole Kalyan Village, Andheri Taluka	89700	151300	166400	198900	151300	100.00%	91%
2017	31	172 B	Kole Kalyan Village, Andheri Taluka	111800	184900	203400	239100	184900	100.00%	91%
2017	31	173	Kole Kalyan Village, Andheri Taluka	206800	344000	379300	455400	344000	100.00%	91%
2017	31	173 A	Kole Kalyan Village, Andheri Taluka	197200	296300	336300	403300	296300	100.00%	88%
2017	35	178	Chakala Village, Andheri Taluka	88800	148000	200300	330900	156500	105.74%	78%
2017	35	178 A	Chakala Village, Andheri Taluka	99600	165200	199700	248800	165200	100.00%	83%
2017	35	179	Chakala Village, Andheri Taluka	68800	151300	166400	241700	151300	100.00%	91%
2017	35	180	Chakala Village, Andheri Taluka	98800	164400	193900	242600	164300	99.94%	85%
2017	35	180 A	Chakala Village, Andheri Taluka	142200	243600	268000	304400	243600	100.00%	91%
2017	35	181	Chakala Village, Andheri Taluka	68700	152500	167800	183000	152500	100.00%	91%
2017	35	181 A	Chakala Village, Andheri Taluka	107800	177900	218900	273000	177900	100.00%	81%



Year	Zone	Sub-Zone	Division	Land	Residential Building	Office/Comm. on Above Flr.	Shop/Comm. on Ground Flr.	Industrial	I to R Ratio (%)	I to C Ratio (%)
2017	41	211	Mulgaon Village, Andheri Taluka	73900	147400	162100	205900	147400	100.00%	91%
2017	41	212	Mulgaon Village, Andheri Taluka	63700	146800	161500	176200	146800	100.00%	91%
2017	42	213	Kondivita Village, Andheri Taluka	66700	108300	171100	236500	108300	100.00%	63%
2017	42	214	Kondivita Village, Andheri Taluka	81700	158200	174000	219300	158200	100.00%	91%
2017	42	215	Kondivita Village, Andheri Taluka	66100	131300	144400	172700	131300	100.00%	91%
2017	42	216	Kondivita Village, Andheri Taluka	60000	125600	142800	178300	125600	100.00%	88%
2017	43	217	Marol Village, Andheri Taluka	95100	157300	178200	338200	157300	100.00%	88%
2017	43	218	Marol Village, Andheri Taluka	50200	92100	110900	139800	92100	100.00%	83%
2017	43	219	Marol Village, Andheri Taluka	68100	131500	144700	195300	131500	100.00%	91%
2017	43	219 A	Marol Village, Andheri Taluka	91500	152600	176900	221800	152600	100.00%	86%
2017	44	220	Parjapur Village, Andheri Taluka	39800	85400	101700	121500	91100	106.67%	90%
2017	45	221	Varivali Village, Andheri Taluka	76400	144900	166100	207300	144900	100.00%	87%
2017	45	221 A	Varivali Village, Andheri Taluka	103700	173000	190300	250400	173000	100.00%	91%
2017	56	261	Goregaon Village, Borivali Taluka	64600	129100	142000	188100	129100	100.00%	91%
2017	56	261 A	Goregaon Village, Borivali Taluka	72300	144300	158700	191600	144300	100.00%	91%