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Ref. No. MCHI/PRES/18-19/022

September 12, 2018

To,  
Shri Ajoy Mehta (I.A.S.)  
Municipal Commissioner,  
Municipal Corporation of Greater Mumbai  
Mumbai - 400 001



**Sub: Request for rationalisation of 200% One Time Premium for Commercial leasehold property**

Dear Sir,

As the representative body of the real estate fraternity in Mumbai, with a strong membership of over 1800 developers, we are submitting hereunder a key concern that significantly affects Mumbai's real estate sector, and seek your kind intervention to correct the anomaly.

We draw your attention to the prevailing 200 per cent rate on the One Time Premium for commercial properties on BMC lease. This steep rate is not only a gross overcharge but also totally inconsistent with the current market rates. While the One Time Premium is equivalent to either 10% of the Agreement value or 10% of the Government's Ready Reckoner rate, the Premium for commercial plots is double that of the residential rate - effectively 200% of the regular premium rate, which is a huge burden on our affected member developers.

The current practise of levying a 200% premium for commercial property is outdated to say the least, with prevailing residential rates being much higher than commercial rates in the respective areas. It is common knowledge that in many parts of Mumbai, the existing rate of residential property is substantially more than the rate of commercial properties. In this context, levying a 100% additional premium on commercial plot is unfair, unjustified and harsh on the developers, who are already facing huge challenges in tight market conditions, while contributing to the civic revenues and fulfilling their commitments to the various stakeholders.

We request you to take a kind view of our submission and consider a rationalisation and reduction in the Premium rate for commercial leased properties in Mumbai, if not entirely waive off the commercial premium to bring the rate at par with the regular rates, and in consistency with the Ready Reckoner Rates.

Your kind consideration will give a much needed boost to Mumbai's developer fraternity and as the industry body, we would be much obliged to you for your proactive approach and kind consideration on an issue that is affecting the sector.

Thanking You,

Sincerely yours,  
For CREDAI-MCHI

Nayan A. Shah  
President

Bandish Ajmera  
Hon. Secretary

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