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Vijay Lakhani

Ref. No. MCHI/PRES/19-20/531

June 25, 2020

To,
Shri. Balasaheb Thorat
Hon'ble Minister of Revenue
Government of Maharashtra

Sub: Prayer for Recalibration of ASR for Commercial, Residential & Industries Category in Ready Reckoner 2020

Respected Sir,

We refer to our representation dated 13.3.2020 to Recalibrate the Ready Reckoner 2020 which is likely to be published on 01.07.2020, in view of distressed market condition and now coupled with the COVID-19 Pandemic leading to uncertainty in Currency Markets, Oil Prices have crashed to half and has affected markets around the Globe, including Commodities and Financial Markets. The Corona Virus has brought the world to a halt and has affected markets across the Globe and the result will be Catastrophic, which will have further impact on Real Estate Demand and prices. In fact, virtually no transactions have taken place in this quarter so much so even the registration offices were shut for 2 months.

We welcome our Government's initiatives to reduce real estate prices in 2018 -2019 viz:-

- 1). Increased FSI under DCPR 2034.
- 2). Reducing the Premium on Fungible FSI
- 3). Instalment facility for payment of premium @8.5% p.a. interest.
- 4). Reduction in Stamp duty from 6 to 5%.

While, all these have been welcome measures aligned with the Government's objective to bring down the Real Estate prices making it affordable for buyers. The Corona Virus impact is devastating and shall remain bearing for 18-24 months.

The much needed Recalibration of ASR is also imperative because the Income Tax Department has linked sale transactions rate to ASR and since the actual market rates are much lower, sales are severely impacted.

For e.g Most of the mill lands are located in the Lower Parel belt on Senapati Bapat Marg. We here below give the Ready Reckoner of subzone 17/118 where rates are as under:

Open Land (per sq.m. FSI =1)	Residential Building	Office Commercial /	Shop/Commercial on Gr Floor	Industrial (IT/ITES)
108600	248400	316800	346100	286400

The COVID-19 scenario from March 2020

The Ready Reckoner rates were 15-20% higher v/s the actual transactions. With COVID-19 Pandemic the rates have dropped between 25-30% and there are "NO TRANSACTIONS" as can be observed that even Registration offices were closed from March-end till Mid-May 2020 for 2 months.

It is requested the reduction of 30% is needed in the Ready Reckoner Rates 2020 for various category namely:

- a) Land
- b) Office.
- c) Shops
- d) Apartments /Service Apartments, Other approved users in IT Parks.

This will be a step in the right direction to support the Mumbai Real Estate Industry and to continue its lead to become the Global Financial Capital in this part of the Globe.

IT/ITES Units – Industrial Category.

The DCPR 2034 brought the IT/ITES at par with Commercial. However, it is necessary that Industrial category RR Rates should be another 30% *lower than the Commercial Category*.

The Government has rightly given 75% Stamp Duty abatement for payment of Stamp Duty on Ready Reckoner rates and now it is very essential that a 30% Abatement on Commercial Category rates is allowed in the Ready Reckoner Rates of 2020, so the sales can take place in lieu of Leave & License transactions.

Temporary measure for COVID – These rates may be kept in force for 24 months.

No Revenue Loss.

By bringing the aforesaid parity in the Ready Reckoner rates for IT/ITES premises, would render and help Sale transaction including FDI inflow that are currently stuck for this clarity and also help convert many Lease transactions into outright Sales. This would only help generate more stamp duty revenue for the state (Stamp duty for Leave & License is 1/10th of normal duty).

There is a Worldwide recession, which is worse than 2008 Financial Crisis and Globally countries have been under Lockdown. Stock Market, Commodities, Crude business have suffered unprecedented losses. Our Government has taken a lead to support Real Estate Industry and Recalibration of the RR of 2020-2021 and a further reduction in premium and charges for Real Estate will lead to a huge opportunity to revive the Industry.

The Indian Stock Market has lost 30% in this month & Crude Oil has lost 40% Globally and once Recession grips in, trade will come to a halt, which will effect business Worldwide.

CREDAI-MCHI Prayers

The ASR rates 2020 across all categories be reduced by at least 30% and Rates for Industrial category by further 30% for premises.

We request your goodself to assist the Real Estate Industry which is on the verge of collapse.

Look forward to your continuous help and support.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary

Encl : CREDAI-MCHI Letter dated 5th March 2020

CC

1) Hon'ble Shri Subhash Desai, Minister for Industries, Government of Maharashtra