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Bandish Ajmera

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Mukesh Patel

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Paras Gundecha
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Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
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Late Lalit Gandhi
Late Babubhai Majethia

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Ashit Shah

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Prakash Baviskar

Ref. No. MCHI/PRES/19-20/307

April 16, 2020

To,
Shri Devendra Fadnavis
Leader of Opposition
Maharashtra Legislative Assembly
Government of Maharashtra

Sub: Effect of COVID-19 in Real Estate in Maharashtra and Support for Revival

Ref: Natural Calamity due to N-COVID-19 and Present Lockdown in the Country.

Respected Sir,

As you would be aware that the Real Estate Industry is in tremendous stress due to the economic downturn, NBFC liquidity crisis, subdued demand conditions which has forced the Industry through the roughest patch. In such challenging times for our Industry, the Country has been forced in to an unprecedented Lockdown to fight the pandemic of Corona virus. There is still not much clarity when the lockdown would be removed and when economic activity and business could start productively. This may be the proverbial last straw

Even after the lockdown is lifted, it shall take as much as 3 – 4 months for Raw material suppliers to arrange resources, materials, labour and start production in full steam of Raw materials required in construction of real estate. Further most of construction labour may have migrated back and will return gradually after monsoons are over. The Real Estate Industry would take a minimum of 6 – 9 months to return back to normalcy. Also with the current uncertainty on the demand side, we see at least 9 months for customers to start looking to buy real estate.

We hereby request you to represent our views and case to the **Union Housing & Urban Affairs Minister Shri Hardeep Singh Puri ji**. Please find below our suggestions for the short-term and long-term measures under the Real Estate (Regulation and Development) Act, 2016 amongst other reliefs for your consideration to mitigate the impact of pandemic COVID-19 on India's real estate industry.

1. Relaxation of Designated ESCROW Account leading to project completion

With the current liquidity crunch faced by the Industry, delayed payments made by customers, no new sales expected in the near future and delay in loans sanction and disbursement by NBFC / Banks, we also fear banks/NBFC will sweep away almost all the 70% of the escrow money from collections towards interest and or principal repayment and there will be no money left for actual construction we hereby therefore request you change the activities permissible from funds to be utilized from the RERA Designated Escrow Account. The current ratio being 70 : 30. At least 50% or more, as required, should be used for Construction activities to enable completion of Project on time and balance of funds in the Escrow Account to be utilized for repayment of loans and interest to Banks / FIs. This will ensure money is going in project towards completion which is the main objective of RERA.

2. Extension of Project Period by 1 year :

Real Estate (Regulation and Development) Act, 2016 (RERA) regulates the Real Estate industry in India in conjunction with State level Authority established by the respective State Governments. Due to current stress and hardships felt by the Industry due to economic downturn, liquidity stress of NBFCs and Banks, low

demand and now the closing down of construction sites and offices due to prolonged lockdown and uncertainty as to when the Industry can achieve full scale development due to lack of labour and raw materials. We hereby request to allow one time 1 year extension to Project completion date for all projects registered under the Act with State level Authority with a fee/ penalty waiver.

The Gujarat RERA Authority has allowed such extension for all Projects for completion date between 01.04.2020 – 31.03.2021 with waiver on Fee for such extension under COVID-19 relief measures.

3. Allow to One time Project Alteration :

A large number of Projects registered under the Act with State level Authority are multi block, multi phased. With the current stress and uncertainty, we hereby request to allow alteration to the project size and no. of units, unit size reflecting the changed business environment with a penalty / fee waiver.

The Gujarat RERA Authority has allowed such one time alteration for all Projects with waiver on Fee for such extension under COVID-19 relief measures

4. Refunds to Customers only after project completion

We fear to customers may cancel their booking due to current economic situation and that could lead to huge cash flow mismatch in the project itself. We request the RERA Authority to allow refunds of customers on cancelled bookings only post completion of the Project. This will ensure money is going in project towards completion which is the main objective of RERA.

5. Extension to Various permissions, approvals and NOC.

During development of a Real estate project, we have to avail various permissions, approvals and NOCs from State and Central government departments

1. Environment Clearance from MoEF
2. Approval/ NOC from Civil Aviation
3. Approval / NOC from Railways
4. Approval / NOC from Archaeological Survey of India
5. Approval / NOC from Defence departments
6. Various State government NOCs / Approvals

We hereby request the various above referred departments and State Governments to grant a 1 year extension to all such permission, approvals, NOCs with a penalty / fee waiver for such extension.

Sir, as you are aware that the Real Estate Industry is at the cusp of collapse and any delay in announcing relief measures will imminently result in much worse situation of the Industry which is the 2nd largest employer in India, resulting in heavy losses to businesses, job losses, high unemployment, loss of revenue to the Government amongst other things. Revival of this sector would lead to revival of the Economy and the Government's mission of "**Housing for All for 2022**".

With the above in mind, we hereby request you to represent us before the Union Housing & Urban Affairs ministry to heed to our prayers and issue necessary directives to grant us above reliefs at the earliest.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary