

PRESIDENT
Nayan A. Shah

IMMEDIATE PAST PRESIDENT
Mayur Shah

VICE PRESIDENTS
Deepak Goradia
Boman Irani
Harish Patel
Nainesh Shah
Domnic Romell

ADDL. VICE PRESIDENT
Sukhraj Nahar

HON. SECRETARY
Bandish Ajmera

TREASURER
Mukesh Patel

SPECIAL PROJECTS
Parag Munot
Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

HON. JOINT SECRETARIES
Navin Makhija
Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JOINT TREASURER
Nayan Bheda
Munish Doshi

CO-ORDINATORS
Sandeep Shah
Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

COMMITTEE MEMBERS
Jagdish Ahuja
Jitendra Jain
Deepak Gundecha

INVITEE MEMBERS
Praful Shah
Rajesh Prajapati
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Suhail Khandwani
Ricardo Romell

PAST PRESIDENTS
Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS
PRESIDENT, THANE
Ajay Ashar

PRESIDENT, KALYAN-DOMBIVLI
Ravi Patil

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Ateeque Khot

PRESIDENT, NAVI MUMBAI
Prakash Baviskar

Ref. No. MCHI/PRES/19-20/001

August 6, 2019

To,
Hon'ble Shri Devendra Fadnavis,
Chief Minister
State of Maharashtra
Mantralaya, Mumbai - 400 032

मुख्यमंत्री सचिवालय
महाराष्ट्र शासन
मंत्रालय, मुंबई - ४०० ०३२
दिनांक ०६/०८/१९

Sub: Recalibration of Land ASR Rates in MMR

Respected Sir,

We at CREDAI-MCHI take this opportunity to thank you and your government to have amended the Stamp Act to pave the way for future reduction of ASR rates.

Sir, while the freeze of the ASR shall provide immediate relief to the Real Estate Sector in the MMR, amongst the multi-lateral issues that plague the sector is also the biggest pain area of various premiums linked to Land ASR rates. Also would like to bring your attention that certain states like Madhya Pradesh, Chhattisgarh, etc. have already reduced the Ready Reckoner Rates by 20% & 50% respectively. (Attached News articles)

So far as the land rates are concerned, they are the single most impacting component in a project's costing. Gone are the days when land rates in MMR were pegged at 70% of the project cost; they at best today are range bound from 20%~25% of sale values. Various analysis and reports have clearly brought out the fact that the current day premiums and charges payable to the government (all linked to land ASR) are around 20%~25% of the residential sale value. Another 30%~40% of the sale price goes towards the construction cost. **Accounting for other administrative, marketing and finance costs which is another 15%~25%, the land rates cannot under any scenario, be more than 20%~25% of residential sale rates.**

It is the need of the hour to address the issue of fixing land ASR rates basis a scientific approach which should be in compliance with various industry standards like IVS and/or RICS. With this letter, we are attaching the key findings of an independent study conducted by JLL, an International Property Consultant of repute for your kind perusal and action.

The key findings of the study are as follows:

1. While in other major cities, the RR rates are increased only once in 3~5 years, Mumbai is the only exception where it is done every year.
2. While the sanction & approval costs in other cities ranges from 3%~10%, in Mumbai it is as high as upto 20%. The biggest contributor is the linkage of approval costs to land RR.

3. The yearly increase in RR rates has not helped the government and MCGM either as the revenue receipts from DP are showing a declining trend.

4. As per IVS & RICS standards of assessing land value through residual approach, the land cost cannot be more 23% of the sale value across Mumbai.

Our Prayer

1. Please freeze the ASR for three years.
2. Going forward, please review ASR only once in block of 5 years.
3. Please realign land rate to up to 25% of residential sale rate.

We sincerely request your valuable time to discuss the details of this study and the way forward. We look forward to your confirmation of a convenient time and date when our delegation could meet you.

Thanking you,

Yours faithfully,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary

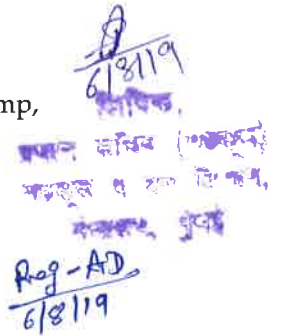


Sanjiv Chaudhary MRICS
Chief Operating Officer

Encl.: As above

CC:

- (1) **Hon'ble Shri Sudhir Mungantiwar,**
Minister of Finance & Planning and Forest Department,
Government of Maharashtra
- (2) **Shri Manu Kumar Srivastava (I.A.S.),**
Additional Chief Secretary (Revenue) Registration and Stamp,
Revenue & Forest Department,
Government of Maharashtra
- (3) **Shri Anil Kawade (I.A.S.),**
Inspector General of Registration & Controller of Stamps,
Department of Registration & Stamps,
Government of Maharashtra.



6/8/19
निदेशक,
पञ्चायत, वन विभाग (पञ्चायत),
महाराष्ट्र शासन, मुंबई
Reg-AD
6/8/19



पञ्चायत, वित्त, निवेशन व वन यांचे कार्यालय
महाराष्ट्र शासन, मुंबई
०३२

JUST IN After transfer, S C Garg seeks voluntary retirement from government

Search News, Stock Quotes or Companies

You are here: [Home](#) » [Economy & Policy](#) » [News](#)

Government notified rate for land goes down by 20% in Madhya Pradesh

The decision is a first move by the Kamal Nath-led Congress government to simplify land rates

Jyoti Mukul | New Delhi
Last Updated at June 21, 2019 00:44 IST



Representative Image

ALSO READ

Kamal Nath does not seem to have broken free from legacy he has inherited

Realtors say ruling on delayed handover of flats not one-size-fits-all

BJP wants Kamal Nath-led Cong govt in Madhya Pradesh to prove majority

Kamal Nath govt in MP will fall on its own: BJP's Gopal Bhargava

NITI Meet: Kamal Nath says Madhya Pradesh ready to tackle delayed monsoon

Ad

Invest in
Property
JVD Recove
[https://www.
for-sale-in-
india/](https://www.for-sale-in-india/)

The Madhya Pradesh government has decided to overhaul benchmark rates for land to boost construction and real estate transactions. Though the state has followed examples set by Tamil Nadu and Haryana governments among others, experts do not see the move as helping the sector unless market rates for homebuyers come down, too.

This is the first move by the Congress government to simplify land rates. It is expected that in order to avoid any impact on the compensation, that is given based on these rates when land is acquired for industrial and other purposes, the state is likely to increase the compensation amount to 2.5 times from the current two times of the guideline rates.

The state Cabinet on Wednesday decided to reduce guideline rate uniformly across the state by a factor of 20 per cent. But the maximum registration rate in urban areas has been increased from 10.3 per cent to 12.5 per cent and in rural areas from 7.3 per cent to 9.5 per cent, so that there is no net revenue loss to the state.

The "market value guidelines" (guideline rates or circle rates) are used for charging stamp duties, cess, registration fees. "The move is expected to be revenue neutral for the state, while at the same time help in revival of construction and the real estate sector," Manu Srivastava, principal secretary, commercial tax, in the

Anuj Puri, chairman ANAROCK Property Consultants, welcomed the move but said that by simultaneously increasing the registration cost the government more or less nullified any positive impact on homebuyers. "The softening of circle rates would have a positive impact only if property prices soften," said Puri, adding that the move could negatively impact the exchequer more than the actual buyer.

For instance, in most cities, the circle rate/guideline rate is lower than the actual rate at which a property is sold. To save on registration costs, many register properties on the basis of circle rates instead of the actual market value of the property. "By lowering these rates by 20 per cent, the gap between the market value and the circle rate will increase, giving way to more cash transactions," said Puri.

Rates are decided by district valuation committees after approval from the central valuation board in the state, and are called Stamp Valuation Authority (SVA) rates. For transactions done below these rates, incomes tax is calculated on the guideline rate, which increases the outgo for the seller.

The state also made changes in applicable fee where women are co-owners. Presently, if a woman is a co-owner, the instrument is chargeable at an ad-valorem rate of 1 per cent stamp duty and 0.8 per cent of registration fee. It has been decided to cap such stamp duty at Rs 1,000 and registration fee at Rs 100 if the woman co-owner is wife or daughter.

Similarly, stamp duty on instrument of gift of immovable property to family members is charged at an ad-valorem stamp duty of 2.5 per cent and registration fee of 0.8 per cent. The state decided to reduce stamp duty to 1 per cent and subject to maximum of Rs 500, and registration fee subject to maximum of Rs 100.

Srivastava said agricultural land and land in and around urban areas were defragmented and sold to small investors over a period of time. Smaller plots have higher market value guideline rate per unit area as compared to larger land parcels. But this led to anomalies in the value of the land when they were to be reconsolidated or defragmented again.

"Consolidating — after buying the same land in multiple parts from multiple users — would make the land cost anywhere between two and 10 times. This anomaly has been removed and from April any defragmentation or reconsolidation in a single instrument will be evaluated as it were a single consolidated larger piece," said Srivastava.

Tamil Nadu had in 2017 reduced these rates. "Though the move was aimed at curtailing the soaring market value of property, it was barely a success. It paved the way for more black money transactions because property prices (market value) maintained status quo with no reduction," said Puri.

He cited the example of Haryana that reduced or revised circle rates twice in 2017 to push property sales. In fact, Gurugram is one city where in few micro markets the gap between the circle rate and the market value is almost on a par or has very minimal difference, said Puri.

First Published: Thu, June 20 2019, 16:55 IST

READ MORE ON: CONGRESS KARNAL MATH MADHYA PRADESH LAND RATES
ECONOMY & POLICY NEWS

RECOMMENDED FOR YOU



Israel Beyond Belief

by Travel Israel



'Not expected from you, sir',...

by news.bhaskar.com



Part Time Jobs for Women

by A. L. Gupta



RTI confu Rajan ser

by business4all

Promoted Stories

Chhattisgarh : Land prices reduced by 30%, Purchase-sale of houses and small land plots made easy

By Patrakar - July 24, 2019

2019

Raipur, 23 July 2019 : In accordance with the decision taken by State Government recently, market value of real estate guideline has been reduced by 30%. This decision will come into effect in the entire state by July 25. This will encourage the sale and purchase of houses and land plots across the state. In larger interest of economically weak and middle class families, Chief Minister Mr. Bhupesh Baghel has ordered officials concerned to simplify the process of diversion and also bring diversion cases under Public Service Guarantee Act to ensure redressal in given time-limit. Likewise, mutation process on the basis of registry has also been simplified as per the decision of state government. This decision has brought major relief to middle class and economically weaker section of the society.

State Government has decided to reduce market value guideline of land by 30% and increase registry charges by 0.8% making it 4% of the guideline value. Now, on registry, total 10.25% tax will be payable, earlier it was 7.05%. This decision will boost the growth of real estate and construction sector, and will also create more employment opportunities.

Keeping in view the inconvenience faced by middle class and economically weaker section of the society, Chhattisgarh Government has recently lifted the ban on registry of small land plots of up to 5 decimal. After the ban was lifted, total 55 thousand 86 registries have been done in the state. This includes maximum number of registries from Raipur district i.e. 17 thousand 688. Likewise, 9831 registries in Durg, 7582 in Bilaspur, 2932 in Rajnandgaon, 2181 in Janjgir-Champa, 2133 in Balodabazar, 1519 in Dhamtari, 1493 in Bemetara, 1255 in Mahasamund, 1198 in Sarguja, 1116 in Kabeerddham, 1040 Raigarh, 1038 in Mungeli, 832 in Balod, 766 in Korba, 748 in Bastar, 331 in Surajpur, 328 in Gariaband, 317 in Koriya, 225 in Jashpur, 216 in Kanker, 202 in Balrampur, 83 in Kondagaon, 74 in Narayanpur, 70 in Dantewada, 64 in Bijapur, and 24 registries have been done in Sukma district.

Patrakar

<http://www.indiareporting.in>