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I.A.S. (Retd.)

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PRESIDENT, NAVI MUMBAI
Prakash Baviskar

Ref. No. MCHI/PRES/17-18/123

January 17, 2018

To,
Hon'ble Shri Chandrakant Patil
Revenue Minister
Government of Maharashtra,
Mantralaya
Mumbai 400 032.

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

Respected Sir,

For the past few years, we as CREDAI-MCHI have been trying to bring to your notice the ever-increasing Ready Reckoner Rates and its impact on the cost of projects and thereby the landed price in the hands of the end buyer. The situation has already come to a point beyond which it shall become untenable for the industry and it may lead to a catastrophic situation; it is the end buyer who suffers the most. The Ready Reckoners have become a kind of a vicious cycle - as the government increases the Ready Reckoner Rates, the market is forced to correct itself to at least match the increased rates thereby increasing the median rate of the market, in the absence of any other economic or civic factor to drive prices upwards.

We take this opportunity to bring to your kind notice one such 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 hub, MMR seems to be losing out to other cities and states like NCR, Bengaluru, Hyderabad, Chennai etc. primarily owing to rates.

In ASR, while there is provision for Industrial, Residential & Commercial properties to be valued, there is no separate consideration for IT Park; in the absence of which, IT & ITeS properties are also valued at par as Commercial Property. Sir, you would agree that IT-ITeS, for its inherent operational parameters cannot be treated at par with Commercial, 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, they are valued at Commercial Property rates, thereby increasing the cost of transaction. For e.g., in Lower Parel, while IT-ITeS deals are happening at Rs.17,000/-, the ASR applicable to IT-ITeS (at par with Commercial) is Rs.30,000/-~Rs.32,000/-. Many deals including huge in-flow of FDI 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 include a rider in the ASR table to value IT-ITES at 50-60% of commercial rate applicable. Your Government's IT Policy 2015 has provided for various concessions and relief to the IT / ITeS sector and has been widely lauded. A favorable consideration of our prayer shall go a long way in boosting the Government's revenue and in implementation of the IT / ITeS Policy in the state.

We look forward to your appointment for a meeting at your convenient earliest to discuss in person the afore-mentioned issue.

Thanking you,

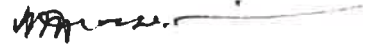
Yours faithfully,
For CREDAI-MCHI



Mayur Shah
President



Domnic Romell
Hon. Secretary



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