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Vimal Shah

IMMEDIATE PAST PRESIDENT
Paras Gundecha

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Dharmesh Jain

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I.A.S. (Retd.)

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Ashok Mohanani
Sandeep Runwal
Bandish Ajmera

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Mukesh Patel

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Munish Doshi
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G. L. Raheja
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Babubhai Majethia

MCHI-CREDAI UNITS

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Suraj Parmar

President, Kalyan-Dombivli
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President, Mira Virar City
Ashit Shah

President, Raigad
Vikas Bhamre

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Arvind Goel

MCHI/PRES/14-15/134

मुख्य सचिवांचे कार्यालय
दिनांक - १८-२-२०१५
४३२०१

February 17, 2015

To
Hon'ble Shri Devendra Fadnavis
Chief Minister,
Govt of Maharashtra,
Mantralaya,
Mumbai

लिपिक
मुख्य सचिवांचे कार्यालय
मंत्रालय, मुंबई-४००१२२

Subject : About Rate (per sq mt) for calculation of 0.33 Premium

Respected Sir,

Further to the news article published on page 1 of the Time of India (Mumbai) on 9th February 2015 (copy enclosed), we have been given to understand that the Honorable Chief Minister has amended the formula for calculation of the premium to be paid by developers to the Government for consuming the permissible 0.33 floor space index (FSI) on any given plot in the suburbs of Mumbai falling under the jurisdiction of the Municipal Corporation of Greater Mumbai (MCGM). As a stakeholder in the real estate business and a well wisher of the public at large living in the city of Mumbai we wish to bring to your notice the adverse impact this change might have on the development of Mumbai.

The 'Table A' below states the formula for calculation of the 0.33 premium FSI prevailing till date and as printed in the Government prescribed Ready Reckoner records as of January 2015:

TABLE A: Calculation for 0.33 premiums prevailing as of 8th February 2014

Slabs of Land Rate (as per Ready Reckoner of 2008) (per sq mt)	Rate (per sq mt) for calculation of 0.33 Premium (A)	Percentage of difference between Land Rate as per 2008 and current prevailing Land Rate (B)
Below 7000	70%	-
7001 to 10000	4900	30%
10001 to 15000	5800	30%
15001 to 20000	7300	30%
20001 to 25000	8800	30%
25001 to 35000	10300	30%
35001 to 50000	13300	20%
50001 to 70000	16300	20%
70001 to 1,00,000	20300	10%
1,00,001 and above	23300	10%

MCHI-CREDAI (ISO 9001:2008)

Note: For rate for calculation of 0.33 premium will be the rate as per column (A) + the rate arrived at as per column (B) i.e. (A)+(B). The sum total of (A) + (B) will then be the net rate per square meter for calculating the 0.33 premium.

Example: For ease of understanding we hereby site an example of a land located in the suburb of Bandra (W) having a Ready Reckoner Land Rate of Rs 2,00,000 per square meter as of January 2015 and Rs 1,10,000 per sq meter as of January 2008. In this case for calculation of 0.33 premium the land will fall in the last slab as per Table A i.e. "1,00,001 and above. Here the rate as per column (A) will be 23,300 per sq mt and the rate as per column (B) will be 10% of (2,00,000 - 1,00,000) = 10% of 1,00,000 = Rs 10,000 per sq mt. Therefore the net rate for 0.33 premiums for this land will be 23,300 + 10,000 = 33,300 per square meter or **Rs 3000 per sq ft.**

The aforesaid article published in the Times of India is ambiguous and requires some clarification as the same can be interpreted in two different ways. We hereby site both the interpretations of the formula for calculation of the 0.33 premium as interpreted from the article. For ease of understanding we shall take the same example cited above for the land in Bandra (W).

- ✓ **Interpretation 1:** Reportedly, as per Times of India of 9th February 2015, the amendment, as proposed by the Honorable Chief Minister alters the rates as displayed in column (A) in Table A above, where instead of the various rates for the respective slabs, a flat 60% of the Land Rate as per 2008 will be now taken and the additional rate as displayed in Column (B) in Table A above remains unchanged. Therefore for the above land in Bandra (W) now the calculation of the 0.33 premium will be as under:

$$1,10,000 \times 60\% = 66000 \text{ per sq mt ----- (A)}$$

$$\text{Plus } 10\% \text{ of } (2,00,000 - 1,10,000) = 10\% \text{ of } 90,000 = 9000 \text{ per sq mt -----(B)}$$

$$\text{The net rate for calculating 0.33 premium will now be } \text{Rs } 66000 + 9000 =$$

$$\text{Rs } 75000 \text{ per sq mt or Rs } 7000 \text{ per sq ft.}$$

Conclusion 1: Therefore in this case the rate per sq ft from the earlier Rs 3000 now jumps straight to Rs 7000 per sq ft i.e. a jump of 233% straight.

- ✓ **Interpretation 2:** The 2nd interpretation of the formula is that now a flat 60% rate will be charged on the current prevailing Land Rate and the Land Rate of 2008 will have no relevance for the calculation as the Rate of 2015 is taken. The calculation for the aforesaid land in Bandra (W) will now be as under:

$$2,00,000 \times 60\% = \text{Rs } 1,20,000 \text{ per sq mt or Rs } 11,150 \text{ per sq ft.}$$

Conclusion 2: Therefore in this case the rate per sq ft from the earlier Rs 3000 now jumps straight to Rs 11,150 per sq ft i.e. a 370% jump.

Therefore, MCHI-CREDAI would like to humbly request you for this important meeting before Gazette Notice for 0.33 is published. Sir, we urge that it will lead to a very steep increase in prices and impact common man and affordable housing will be elusive and finally how it will benefit a small section of businessman at the cost of state exchequer and common man.

Thanking you,

Yours faithfully,
For MCHI-CREDAI



Vimal Shah
President

CC to :-

Hon'ble Shri Prakash Mehta
Minister for Housing Department,
Government of Maharashtra,
Mantralaya, Mumbai

Shri Praveen Pardeshi (I.A.S.)
Principal Secretary to Hon'ble Chief Minister
Govt of Maharashtra
Mantralaya, Mumbai

Shri Milind Mhaiskar (I.A.S.)
Secretary to Hon'ble Chief Minister
Govt of Maharashtra
Mantralaya, Mumbai

Mhaiskar 9/2/15
लिपिक
मंत्री, गृहनिर्माण, कामगार व खनिकर्म
यांचे कार्यालय, मह.राष्ट्र शासन
मंत्रालय, मुंबई ४०० ०३२

18/2/15
महानिवासी व स्वयं सहायक
मुख्यमंत्री सचिवालय

Splendram
18/2/15
P.A. to Secretary
Chief Minister's Secretariat
Mantralaya, Mumbai - 400 032

Shri Pravin Darade (I.A.S.)
Secretary to Hon'ble Chief Minister
Govt of Maharashtra
Mantralaya, Mumbai

PA-1
12/15
मुख्यमंत्र्यांचे सचिव
मंत्रालय, मुंबई-४०० ०३२

Shri Satish Gavai (I.A.S.)
Principal Secretary
Housing Department
Govt of Maharashtra
Mantralaya, Mumbai

18/12
लिपिक, नोंदणी शाखा
गृहनिर्माण विभाग
मंत्रालय, मुंबई ४०० ०३२

✓ **Dr. Nitin Kareer (I.A.S.)**
Principal Secretary - I
Urban Development Department
Govt of Maharashtra
Mantralaya, Mumbai

18/12/15
Clerk
Urban Development Deptt
Mantralaya, Mumbai - 32.

Shri Swadheen Kshatriya (I.A.S.)
Chief Secretary
Government of Maharashtra
Mantralaya, Mumbai