

S. S. Hussain I.A.S. (Ex)

Chief Executive Officer

Ref. No. MCHI/CEO/18-19/010

August 27, 2018

Subject: Fees Payable after change of Developer/Partner/Director while implementing the Slum Rehabilitation Scheme.**Reference: Office Order No. SRA/CEO/Office Order/9/2015**

Dear

SRA vide office order referred to above had mandated that in the event of change of developer or change of partner or change of director 5% of the total land cost of Sale Plot (i.e. 50% of the net scheme plot calculated as per ASR (Annual Schedule of Rates) shall be payable by the incoming developer or partner or director as the case may be to SRA.

This was felt necessary since it was observed that after the submission of Scheme by Developer/Partnership Firm/Company/Joint Venture etc. changes were affected by these entities in the shares / stakes etc. of the respective partners, directors etc. sometimes the partnership firm, company or joint venture is completely taken over by new partners or directors etc.

However, in case of such change in partners or directors etc. requisite changes are made in registrar of companies or joint development agreements are registered, or formalities with the prescribed authority are completed after paying stamp duty and other relevant charges. This ensures that all such changes and arrangements are brought to the notice of prescribed authorities in a lawful and timely manner. Also the developer bears the burden of 25% land premium which was not payable earlier.

A noteworthy aspect is in the case of SR Schemes on private lands wherein the lands are owned by the developer or the Owners assigning development rights vide development agreement / power of attorney by paying stamp duty as per the market value. In such cases the stamp duty levied is based on the entire FSI potential of the land available and hence there is no abatement of government dues, when registered documents are presented.

While it is important and prudent for SRA to be aware of all such changes for successful monitoring and hence implementation of Slum Rehabilitation Schemes we feel that such exorbitant charges at the outset of scheme will create hindrance towards cash flows.

Further considering the difficult financial scenario in real estate, we would request a stage wise allowance of payment in lieu of change of developer in linked with progress of development of sale component on public lands. While in the case of privately owned lands payment may not be insisted when stamp-duty is paid in lieu of ownership/development rights is paid. However, in case of change in directors/ partners and share patterns of directors/ partners, the changes payable should be nominal of Rs. 1,00,000/- per change.

We request you to consider our suggestion positively and issue an order revoking the referenced office order immediately.

To,
Shri Deepak Kapoor (I.A.S.)
Chief Executive Officer
Slum Rehabilitation Authority
Bandra, Mumbai



Yours

(S. S. Hussain)