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Bandish Ajmera

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Mukesh Patel

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Paras Gundecha
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Mofatraj Munot
Rajnikant Ajmera
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**CREDAI-MCHI UNITS
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**PRESIDENT, NAVI MUMBAI
UNIT**
Vijay Lakhani

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June 11, 2020

To,
Hon'ble Shri Balasaheb Thorat
Minister for Revenue
Government of Maharashtra

Sub: CREDAI-MCHI suggestions to Revive the Real Estate Industry

Respected Sir,

We firstly thank you for Joining us for Webinar on April 12, 2020 and addressing the gathering. It needless to mentioned that the Maharashtra Government is doing Incredible work to in order the curb the Covid 19.

This Pandemic COVID-19 is going to cause an unprecedented impact on business and liquidity. The outbreak of Coronavirus is expected to further weaken the real estate segment especially residential real estate sector that has already been reeling from the adverse impact of the prevailing liquidity crunch, huge unsold inventory and weak affordability and subdued demand conditions.

It's important to note that on account of various reasons, even before the lockdown, the entire real estate sector had already been pushed into an economic and liquidity recession due to structural changes like Demonetisation, RERA and GST, which had resulted in a huge reduction in job creation as well as job loss in the construction industry. The industry today was barely operating at only 40% of its actual capacity which is bound to go drastically. The sector hit by a series of rapid changes without time to settle to any change, has only been further unsettled, rattled due to the lockdown.

If the State Government announce any measures, then only turnover happens and we will be able retain our staff and survive in business. Hence please consider our below key suggestions

As per our discussion during the webinar we have divided the suggestions in two parts:

1) Relief Sought Immediately for Real Estate

	Suggestion by CREDAI-MCHI	Government Decision
1.	Stamp Duty should be reduced to 1% on all Real Estate transactions for next 1 year	
2	The law allows for registration with 4 months of signing of agreement. Registrars should be instructed not to harass citizens when they come for registration post lockdown.	

2) Post COVID -19

	Suggestion by CREDAI-MCHI	Government Decision
1	Ready Reckoner needs to be reduced by 25 % across all the board	
2	Land Ready Reckoner rate should be equal to 33% of Residential RR for Mumbai in line with GST formula approved by Govt. of India. 90% of the transactions involve sale of Residential flats and hence there will be minimal effect to the quantum of revenue. Moreover, with increase in sale the reduction in stamp duty will make up for the potential loss of revenue. This will also reduce the outgo of the various Corporations, ULD's with regards to land acquisition. Overall there will be no loss to the Government.	
3	All agreements executed for projects involving rehabilitation, i.e Development agreement/Power of attorney with slum societies, individual consents, common consents, Agreement of allotment /Permanent alternate accommodation Agreement should require only stamping of token Rs 100. This is already ingrained in the Act but the Department is taking a different interpretation with a view to increase revenues.	
4	Amalgamation, Merger, Demerger or Reconstruction of Companies, NCLT Orders or Court Consent terms maximum Stamp Duty payable shall be Rs. 10 lakhs, to allow companies to have a stronger balance sheet and take up projects..	
5	Stamp duty on development agreement joint venture joint developments etc needs to be reduced to 1% for next one year this will encourage developers come together and develop the lands.	
6	Online process of NA for conversion of land. 1-year	

3. Suggestion for Long term

	Suggestion by CREDAI-MCHI	Government Decision
1	Ready Reckoner Land Rate Slum declared private land to be 25 % of land rate of open Land as done in Govt owned Slum lands. Currently valuation is on basis of 3-4 FSI and not reflective of actual market value.	
2	Stamp duty adjustments for same property as per provisions of ARTICLE 5(g-a)(ii) SCHEDULE-1 MSA be made applicable for term 3 years instead of 1 year .	
3	Sub Division of Paiki lands needs to be done if more than 50% land owners come together. Necessary direction needs to be given to TILR	
4	25% Variation from RR to be permitted, as adjudication takes 3 months which is very difficult.	
5	For Conversion of land from Class II to Class I occupants of Residential / Commercial / Industrial or any user should be allowed at 25%. Currently commercial industrial is 50% so all should be at par i.e 25%	

Even with COVID-19, we are hopeful that with the support of the Government, we will be one of the major sector to contribute towards re-building State of Maharashtra

Look forward to your continuous help and support.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary