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Ref. No. MCHI/PRES/18-19/236

April 5, 2019

To,
Shri Anil Kawade (I.A.S.),
Inspector General of Registration &
Controller of Stamps,
Department of Registration & Stamps,
Government of Maharashtra.

Sub: 1). Restoration of 30% premium as against 50% prescribed in DCPR 2034.
2). Abatement in Ready Reckoner Rate 2019 for IT & Commercial user DCPR 2034.

Ref: 1) MCHI Letter dated September 2019 with letter no. MCHI/PRES/18-19/021
2) MCHI letter dated 19 January 2017 with letter no. MCHI/PRES/17-18/125

Respected Sir,

On behalf of more than 1200 members, CREDAI-MCHI would like to extend its heartfelt gratitude to you and Government of Maharashtra for having kept the ASR rates for the year 2019-20 as the same as 2018-19. At the time when the industry is faced with multiple crises and going through one of the toughest time, this policy decision is likely to bring huge relief in fulfilling to the common man's dream of owning a house.

1) Abatement in Ready Reckoner Rate 2019 for IT & Commercial user DCPR 2034.

Vide your letter dated 29/12/2017 in response to CREDAI-MCHI's representation dated 11/12/2017, you had apprised us of the provisions of valuing IT / ITeS properties as provided under Guideline 8 (c) of the Government Guidelines & Instructions to be Used for Market Valuation as per Stamp Duty Reckoner.

Vide provisions of guideline 8 (c), it is provided that IT / ITeS premises should be valued at the rate applicable to Industrial premises and where Industrial premises rates are not provided for, it should be valued at 110% of Residential premises rate in that zone.

A perusal of the ready reckoner for the year 2017-18 (the same ASR rates remain applicable as ASR has not been revised since) applicable to the key IT/ ITeS destinations across MCGM limits, reveals the following:

1. For all the zones & sub-zones, industrial premises ready reckoner rates have been provided;
2. The industrial premises rates are almost at par with residential premises rates. Out of 50 sub-zone checks, only in 10 cases a slight variation was observed between the two rates. (Please refer Annexure I : 2017 ASR Rates of Sample Sub-Zones)

3. The industrial premises rates across these 50 sub-zones was found to be approximately 88% of the commercial premises rates.

Sir, the provisions of guideline 8 (c) is a welcome noting but does not help address the anomaly in any way. This is an 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 market, MMR seems to be losing out to other cities like NCR, Bengaluru, Hyderabad, Chennai etc. primarily owing to ready reckoner rates.

[A] Re-Calibrate IT / ITeS premises at 50%~60% of Commercial Premises rates

Sir, you would agree that IT-ITeS, for its inherent operational parameters cannot be treated at par with Industrial or at approximately 88% value of Commercial premises, 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, as demonstrated above, they are valued at roughly 88% of that of Commercial Property rates (as per 8 (c)), thereby increasing the cost of transaction. For e.g., in Lower Parel, while IT-ITeS deals are happening anywhere between Rs.14,000/- to Rs.17,000/- per sq.ft., the ASR applicable under 8 (c) to IT-ITeS shall range from Rs.25,000/- to Rs.33,750/-. Many deals 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 update the guidelines to value IT-ITES at 50-60% of commercial rate applicable, as commercial premises provide for a better benchmarking of IT / ITeS vis-à-vis Industrial.

[B] Re-Calibrate Land Value for IT / ITeS premises at 50% of the Stamp Duty Valuation of IT / ITeS premises

Land ready reckoner rates remain another big impediment in making the IT Policy 2015 a grand success. Since the introduction of fungible FSI, all premiums approval charges have been linked to land ready reckoner rates. In case of IT / ITeS premises, it is a double whammy for the developer / promoter as while deals happen at almost 50% of the commercial premises rates, the stamp duty rate is roughly 88%, the developer / promoter is forced to pay all premiums and approval charges at standard land rates applicable to commercial premises.

It is our earnest request that land rates for IT / ITeS premises be re-calibrated in line with the re-calibrated IT / ITeS premises ready reckoner rate. As per our analysis of Annexure I, the standard land rate is on an average 53% of the Commercial premises rate. As proposed in the point [A] above, the ready reckoner rates should be made 50%~60% of the Commercial premises rate. So effectively, for an IT / ITeS proposal,

the land rate should be taken as roughly 50% * (50%~60% of the Commercial premises rate), that is to say, **land rate for IT / ITeS should be re-calibrated to 25% ~ 30% of Commercial premises rate.**

By bringing the afore-mentioned parity in the ready reckoner rates for IT / ITeS premises, not just would the IT Policy 2015 get a great fillip, it will help deals including FDI inflow that are currently stuck for this clarity and also help convert many lease transactions into outright purchases. This would only help generate more stamp duty revenue for the state. (Stamp Duty for Leave & License is 1/10th of normal duty).

2) Restoration of 30% premium as against 50% prescribed in DCPR 2034.

IT/ITeS Policy premium which was prescribed at 30% has been now increased in DCPR 2034 to 50% which means that the IT / ITeS Policy now stands compromised and has inadvertently made IT/ITeS user at par with the Commercial User.

"The additional FSI shall be granted beyond permissible FSI as per regulation 30(A) (10 upon the payment of premium. Such premium shall be recovered for the BUA at the rate of 50% of ASR for open develop land (for FSI)".

Sir, may we request your good-self to kindly look into the matter and restore the premium for additional FSI to 30% as against 50% proposed in the final DCPR 2034.

CREDAI-MCHI's PRAYER

- 1) Request to either have a separate appropriate column for IT / ITeS in the ASR table or else please update the guidelines to value IT-ITeS at 50-60% of commercial rate applicable, as commercial premises provide for a better benchmarking of IT / ITeS vis-à-vis Industrial.
- 2) Land rate for IT / ITeS should be re-calibrated to 25% ~ 30% of Commercial premises rate.
- 3) Restore the premium for additional FSI in IT/ITeS to 30% as against 50% proposed in the final DCPR 2034

Thanking you,

Your sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary



Sanjiv Chaudhary MRICS
Chief Operating Officer

Annexure I : 2017 ASR Rates of Sample Sub-Zones

| Year | Zone | Sub-Zone | Division | Land | Residential Building | Office/Comm. on Above Flr. | Shop/Comm. on Ground Flr. | Industrial | I to R Ratio (%) | I to C Ratio (%) |
|------|------|----------|-------------------------------------|--------|----------------------|----------------------------|---------------------------|------------|------------------|------------------|
| 2017 | 10 | 79 A | Mazagaon Division | 28100 | 69400 | 96100 | 109900 | 69300 | 99.86% | 72% |
| 2017 | 11 | 83 D | Parel-Sewri Division | 143900 | 319500 | 364600 | 437600 | 319500 | 100.00% | 88% |
| 2017 | 11 | 84 D | Parel-Sewri Division | 144500 | 335700 | 377900 | 433500 | 335700 | 100.00% | 89% |
| 2017 | 12 | 91 | Lower Parel Division | 108300 | 239500 | 263500 | 291800 | 239500 | 100.00% | 91% |
| 2017 | 12 | 91 A | Lower Parel Division | 130700 | 288100 | 352900 | 423700 | 288100 | 100.00% | 82% |
| 2017 | 12 | 91 B | Lower Parel Division | 142500 | 278400 | 335400 | 402500 | 278400 | 100.00% | 83% |
| 2017 | 12 | 91 C | Lower Parel Division | 127600 | 235500 | 289900 | 348000 | 235500 | 100.00% | 81% |
| 2017 | 12 | 91 D | Lower Parel Division | 200800 | 283500 | 311900 | 354400 | 283500 | 100.00% | 91% |
| 2017 | 12 | 91 E | Lower Parel Division | 127900 | 279400 | 307300 | 344600 | 279400 | 100.00% | 91% |
| 2017 | 12 | 91 F | Lower Parel Division | 63400 | 178300 | 189400 | 214000 | 178300 | 100.00% | 94% |
| 2017 | 12 | 91 G | Lower Parel Division | 163400 | 363200 | 399500 | 435800 | 363200 | 100.00% | 91% |
| 2017 | 12 | 91 H | Lower Parel Division | 143800 | 324900 | 371300 | 439100 | 324900 | 100.00% | 88% |
| 2017 | 17 | 118 | Mahim Division | 108600 | 248400 | 316800 | 346100 | 286400 | 115.30% | 90% |
| 2017 | 29 | 165 | Bandra East Village, Andheri Taluka | 71400 | 143200 | 161700 | 254000 | 154000 | 107.54% | 95% |
| 2017 | 29 | 166 | Bandra East Village, Andheri Taluka | 92400 | 167000 | 183700 | 218400 | 167000 | 100.00% | 91% |
| 2017 | 29 | 166 A | Bandra East Village, Andheri Taluka | 77400 | 143700 | 168100 | 205500 | 143700 | 100.00% | 85% |
| 2017 | 29 | 167 | Bandra East Village, Andheri Taluka | 169000 | 289900 | 318900 | 376700 | 289900 | 100.00% | 91% |
| 2017 | 29 | 167 A | Bandra East Village, Andheri Taluka | 166900 | 273400 | 327400 | 416500 | 273400 | 100.00% | 84% |

| Year | Zone | Sub-Zone | Division | Land | Residential Building | Office/Comm. on Above Flr. | Shop/Comm. on Ground Flr. | Industrial | I to R Ratio (%) | I to C Ratio (%) |
|------|------|----------|-------------------------------------|--------|----------------------|----------------------------|---------------------------|------------|------------------|------------------|
| 2017 | 29 | 167 B | Bandra East Village, Andheri Taluka | 137600 | 229600 | 275900 | 351100 | 237400 | 103.40% | 86% |
| 2017 | 29 | 168 | Bandra East Village, Andheri Taluka | 58300 | 111400 | 129600 | 188200 | 117800 | 105.75% | 91% |
| 2017 | 31 | 170 | Kole Kalyan Village, Andheri Taluka | 79600 | 145000 | 164800 | 205700 | 149600 | 103.17% | 91% |
| 2017 | 31 | 171 | Kole Kalyan Village, Andheri Taluka | 78100 | 129400 | 148200 | 187700 | 133900 | 103.48% | 90% |
| 2017 | 31 | 171 A | Kole Kalyan Village, Andheri Taluka | 111200 | 185600 | 216300 | 269900 | 185600 | 100.00% | 86% |
| 2017 | 31 | 172 | Kole Kalyan Village, Andheri Taluka | 99100 | 162600 | 178900 | 214100 | 162600 | 100.00% | 91% |
| 2017 | 31 | 172 A | Kole Kalyan Village, Andheri Taluka | 89700 | 151300 | 166400 | 198900 | 151300 | 100.00% | 91% |
| 2017 | 31 | 172 B | Kole Kalyan Village, Andheri Taluka | 111800 | 184900 | 203400 | 239100 | 184900 | 100.00% | 91% |
| 2017 | 31 | 173 | Kole Kalyan Village, Andheri Taluka | 206800 | 344000 | 379300 | 455400 | 344000 | 100.00% | 91% |
| 2017 | 31 | 173 A | Kole Kalyan Village, Andheri Taluka | 197200 | 296300 | 336300 | 403300 | 296300 | 100.00% | 88% |
| 2017 | 35 | 178 | Chakala Village, Andheri Taluka | 88800 | 148000 | 200300 | 330900 | 156500 | 105.74% | 78% |
| 2017 | 35 | 178 A | Chakala Village, Andheri Taluka | 99600 | 165200 | 199700 | 248800 | 165200 | 100.00% | 83% |
| 2017 | 35 | 179 | Chakala Village, Andheri Taluka | 68800 | 151300 | 166400 | 241700 | 151300 | 100.00% | 91% |
| 2017 | 35 | 180 | Chakala Village, Andheri Taluka | 98800 | 164400 | 193900 | 242600 | 164300 | 99.94% | 85% |
| 2017 | 35 | 180 A | Chakala Village, Andheri Taluka | 142200 | 243600 | 268000 | 304400 | 243600 | 100.00% | 91% |
| 2017 | 35 | 181 | Chakala Village, Andheri Taluka | 68700 | 152500 | 167800 | 183000 | 152500 | 100.00% | 91% |
| 2017 | 35 | 181 A | Chakala Village, Andheri Taluka | 107800 | 177900 | 218900 | 273000 | 177900 | 100.00% | 81% |

| Year | Zone | Sub-Zone | Division | Land | Residential Building | Office/Comm. on Above Flr. | Shop/Comm. on Ground Flr. | Industrial | I to R Ratio (%) | I to C Ratio (%) |
|------|------|----------|-----------------------------------|--------|----------------------|----------------------------|---------------------------|------------|------------------|------------------|
| 2017 | 41 | 211 | Mulgaon Village, Andheri Taluka | 73900 | 147400 | 162100 | 205900 | 147400 | 100.00% | 91% |
| 2017 | 41 | 212 | Mulgaon Village, Andheri Taluka | 63700 | 146800 | 161500 | 176200 | 146800 | 100.00% | 91% |
| 2017 | 42 | 213 | Kondivita Village, Andheri Taluka | 66700 | 108300 | 171100 | 236500 | 108300 | 100.00% | 63% |
| 2017 | 42 | 214 | Kondivita Village, Andheri Taluka | 81700 | 158200 | 174000 | 219300 | 158200 | 100.00% | 91% |
| 2017 | 42 | 215 | Kondivita Village, Andheri Taluka | 66100 | 131300 | 144400 | 172700 | 131300 | 100.00% | 91% |
| 2017 | 42 | 216 | Kondivita Village, Andheri Taluka | 60000 | 125600 | 142800 | 178300 | 125600 | 100.00% | 88% |
| 2017 | 43 | 217 | Marol Village, Andheri Taluka | 95100 | 157300 | 178200 | 338200 | 157300 | 100.00% | 88% |
| 2017 | 43 | 218 | Marol Village, Andheri Taluka | 50200 | 92100 | 110900 | 139800 | 92100 | 100.00% | 83% |
| 2017 | 43 | 219 | Marol Village, Andheri Taluka | 68100 | 131500 | 144700 | 195300 | 131500 | 100.00% | 91% |
| 2017 | 43 | 219 A | Marol Village, Andheri Taluka | 91500 | 152600 | 176900 | 221800 | 152600 | 100.00% | 86% |
| 2017 | 44 | 220 | Parjapur Village, Andheri Taluka | 39800 | 85400 | 101700 | 121500 | 91100 | 106.67% | 90% |
| 2017 | 45 | 221 | Varivali Village, Andheri Taluka | 76400 | 144900 | 166100 | 207300 | 144900 | 100.00% | 87% |
| 2017 | 45 | 221 A | Varivali Village, Andheri Taluka | 103700 | 173000 | 190300 | 250400 | 173000 | 100.00% | 91% |
| 2017 | 56 | 261 | Goregaon Village, Borivali Taluka | 64600 | 129100 | 142000 | 188100 | 129100 | 100.00% | 91% |
| 2017 | 56 | 261 A | Goregaon Village, Borivali Taluka | 72300 | 144300 | 158700 | 191600 | 144300 | 100.00% | 91% |