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**Sent:** Monday, March 26, 2012 5:58 PM  
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**Subject:** REMINDER Reg. Open letter to CM  
**Attachments:** OPEN LETTER TO cm.docx

Ref. No.: MCHI/SEC/11-12/220

Monday - March 26, 2012

**All Managing Committee Members of MCHI-CREDAI.**

Dear Friends,

Trust you have received my note sent on Saturday - March 24, 2012, regarding Open Letter to CM with the other attachments.

We have received some suggestions from Members on the Chief Minister's letter. Would be obliged if you send your suggestions if any, so that these could be discussed in tomorrow's meeting on Tuesday - March 27, 2012 at 6:00 pm at MIG Cricket Club, Bandra (E), Mumbai.

We look forward to your suggestions on the above. I am once again attaching herewith the CM's letter for your ready reference.

Regards,

For MCHI-CREDAI  
Sd/-

**Boman Irani**  
Hon. Secretary.

24th March 2012, 5 pm.

OPEN LETTER TO Chief Minister.

**Subject: Seeking your immediate intervention for revival of real estate in MMR.**

Respected Sir,

During the last several years,

Due to lack of political will to solve the housing problem, Lack of governance, Political interference, Continuation of the ULC Act and resultant, Political-Bureaucracy-Builder interest, A complete paralysis to take of policy decisions to increase the supply of housing, Couple with over regulation, Complete apathy towards approval sanctions, Dramatic increase in all kinds of charges, Multiple taxes, cess, premiums levied for approvals, Multiplicity of approvals, Multiplicity of agencies for permission with overlapping of terms of reference, A complete lack of focus on creation of housing stock, Lack of co-ordination between Housing Department and Urban Development Department, Lack of transparency, Lack of will to make Quality Affordable Housing a reality. All this put together have created a situation, which have completely strangled the Real Estate Industry in the Mumbai Metropolitan Region (MMR). The Real Estate in MMR has taken a back seat. Today real estate in MMR is left far behind Pune, Bengaluru and National Capital Region (NCR).

Hereby we highlight the causes of this situation and facts on real estate in MMR and seek immediate intervention of Honorable Chief Minister:

**1. Lack of Political will of the vested interest**

- There has been a complete lack of political will to address the issues of real estate in MMR because of vested interest of some groups.

**2. Current situation of real estate in MMR.**

- The situation in the Industry is extremely grave. For the last quarter of year 2011, the entire MMR region has delivered far lesser built area than cities like Pune or

Bengaluru or National Capital Region. A few years back the MMR was the Real Estate leader in the Country.

- Slums & illegal constructions are on the rise.
- Almost all the buildings under jurisdiction of the Urban Local Bodies constructed during 1960s and 1970's have become dilapidated and require re-development. Nothing is being done about it.
- The atmosphere is dull & negative & morale is very low.
- Unemployment in real estate has gone up, every developer has retrenched between 20% to 70% of its staff.
- Announcement of new projects have come down dramatically, it is only 10% of what it used to be in previous years.
- The Turnover of developers have come down by 50% to 90%.
- Buyers are waiting for prices to correct however the reality is that there is no hope for reduction of prices.

### 3. Isolated Policies.

- There are no Holistic and futuristic policies to create housing supply in MMR.
- Minute isolated corrections in policies here and there in more of surficial in nature are not fetching the required results. Currently all issues are tackled in haphazard way as we look into it from outside without going into the root cause and take steps to correct it. We need a comprehensive diagnosis of all issues and take integrated approach to solve the issues. It needs amendments, changes to the rules.
- Each planning authority in MMR has its own time frame, its own agenda, its own way of handling things. All have different DCR, different interpretation of the LV or Open Space, CFO rules, parking needs, widths acquired for access, Basements, Podium, etc.
- Policies get announced, then stopped, then reformed and again stopped.
- Multiple authorities and committees have been formed for approvals and rules, regulations changes dramatically. Each have different terms of reference and with change in the committee or its members or its chairperson, it changes.

### 4. Complete Slow Down of Approvals – requiring 24-36 months.

- From all the Urban Local Bodies in the MMR there is a complete slowdown of all day to day approvals that are necessary for sanction of projects. Everyday new points are being raised, approvals that have already been granted are being relooked, N.A. permissions, High Rise building permissions, MOEF permissions, Rental Housing approvals, are all held up.
- 65 to 100 permissions / remarks /D.P. Remarks/ Undertaking / Declaration/ Indemnities are being asked for.
- On an average it takes 2 to 3 years for a project to get all Clearances.
- In the last 24 months, sanctions have reduced to 10% of what there were earlier.
- You may check the records of all the Planning Authorities and ULBs and you shall see a dramatic drop in the grant of approvals, Commencement Certificate, Occupation Certificate.

#### 5. **Lack of Governance**

- Political interference and mercy.
- Grant of TDR and Utilization of TDR is most of the ULBs, Planning Authorities have yet to commence due to which projects are unable to exploit the given potential, at the same time with the open space reservation are not coming to the Planning Authorities/urban local bodies.
- ULC Act not scrapped yet.
- Corruptions have gone to extremely high level.
- Work get done only if one has strong political backing or a strong liaisoning team or both of these. Even the Junior most officers of the various approval Committees have the authority to withheld the files for approvals without giving any reasons or stop the work.
- "Go Away", "Rejection", "Further Particulars", "Further Details" is the attitude and the usual reply of officials. We are at the mercy and discretion of them.
- No transparency and fixed accountability. Today nobody is asking the Urban Local bodies for their performance, nobody is being held responsible or punished for the delay of the slow process of approvals & sanctions.

#### 6. **High Cost of Approvals and multiplicity of taxes.**

- The payments in nature of scrutiny fees, premiums charges, land benefit tax, cess, labour benefit tax, have gone up dramatically.

- There are more than two dozens of different taxes to be paid-income tax, corporate tax, GST, VAT, CST, excise duty, customs duty, octroi, TDS, ESI, property tax, stamp duty, CGT, water tax, professional tax, road tax, STT, education cess, wealth tax, TOT, capital benefit tax.
- Official charges to be paid for an approval ranges from Rs.200-800 per sq.ft. for Residential Projects.

#### **7. Lack of Appellate Authority.**

- There are hardly any appellate authorities where we can go and discuss our points. There is no single authority to listen to grievances of developers and provide a time bound solutions to grievances. Everything is running in chaos and no one who is responsible is answerable to anyone.

#### **8. Nightmare and living by the day**

- The whole business of Real Estate development has become a nightmare.
- There is so much uncertainty that we are literally living by the day.
- If this situation be allowed to continue, not only Real Estate Industry will sink but more Slums will emerge, illegal construction will come up everywhere, more number of buildings will become dilapidated and consequent breakdown of city governance and system, sources of Revenue for day to day maintenance of the city will dry up.
- There will a drop down in overall revenue of government, which will lead to lack of capital for the Infrastructure for the Road, water, electricity, sewerage and even capital investment in the city would die.
- The city will be caught in a vicious circle of stagnation. Investment will move to other cities which are ready to tap the opportunity.

Thus, our humble request to you is to intervene immediately and rescue the sinking real estate in MMR. You being the dynamic forward looking leader and Honorable Chief Minister of Maharashtra is our only hope. Intervention of the Honorable Chief Minister is sought on following Key issues:

#### **Short Term**

#### **Ministry of Urban Development and Housing**

1. High Rise Approvals.
2. Rental Housing Approvals.
3. Approvals to the PPP or JV with MHADA policy.
4. Scrapping of the ULC Act.
5. Modified Development Control Regulations for Mumbai.
6. Approval of proposal under DCR 33(7).
7. Stability of Development Control Regulations.
8. Time bound approval of Development Plans.
9. Time bound NOC of height of buildings from Airport Authority of India.?
10. Cost of approvals by way of premium, charges, fees, cess taxes.
11. Use of funds collected during approvals to be used for development.
12. 33(24) Car parking Policy
13. SRA
14. Cluster development in city
15. Cluster development in suburbs
16. Cluster development in other areas of MMR

#### **Ministry of Revenue.**

1. Automatic NA Permissions.
2. Adequate staff for timely land survey & land records updation.
3. Supply of sand.
4. Royalty excavation

#### **Ministry of Environment and Forest**

1. Environment Clearance.

#### **Other ULBs**

1. Specific issues of Development in "Navi Mumbai",

2. Specific issues of Development in "Raigad",
3. Specific issues of Development in "Kalyan-Dombivali",
4. Specific issues of Development in "Thane",
5. Specific issues of Development in "Vasai-Virar"
6. Specific issues of Developers operating where Collector is planning authority

#### **Long Term**

1. Merge housing and urban development
2. Holistic policy for creation of adequate Quality Affordable Housing stock in MMR
3. Make Urban Local Bodies, PAs, RDAs, housing authorities responsible for time bound approvals and time bound execution.