

Ref. No. MCHI/PRES/19-20/533

June 27, 2020

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

Sub: Prayer for Recalibration of ASR for Land, Commercial, Residential & Industries Category in Ready Reckoner 2020 - Post COVID crisis

Respected Sir,

In continuation to our representation dated 25th June 2020, in view of the COVID-19 epidemic, the economic situation has gravely deteriorated and the general public mood is at an all-time low. Buyers have no incentive to buy real estate in this situation and its aftermath. It is generally believed, that for the next 18-24 months or until a cure/ vaccine for the COVID-19 disease is found, economic activity and public sentiments will continue to be negative.

We bring to your notice a news article dated 27th June 2020, wherein Jet airways office received only one bid in the post COVID period which is 25% lesser than the last transacted rate. Sources:

<https://mumbaimirror.indiatimes.com/mumbai/other/brookfield-sole-bidder-for-jet-office-in-bkc/articleshow/76654670.cms>



A newspaper article this week stated that the registration upto June 30th quarter was below 10% which displays the extremely subdued sentiment and prices.

Sir, in view of the current scenario which is expected to continue for the next 18-24 months as stated aforesaid, we humbly request you to come out with a post Covid policy in the RR 2020-21 to revive and support the real estate industry. This could start with recalibration of land ASR.

The COVID-19 scenario from March 2020

Prior to March 2020, the Ready Reckoner rates were 10-20% higher v/s the actual transactions in most subzones. With COVID-19 Pandemic the rates have dropped between 25-30% and there are "NO TRANSACTIONS" as can be observed that even Registration offices were closed from March-end till Mid-May 2020 for 2 months.

While the Govt. of Maharashtra has taken the lead in the country to control this COVID-19 Pandemic with various measures pertaining to reduced premium, lower interest on installments, extending installments from 2 to 5 years is truly commendable. This same pro-activeness is required in the post COVID era and the first step would be the reduced ASR Rates under all categories viz. Land, Office, Shops, Apartments and Industrial users.

CREDAI-MCHI Prays for a Post COVID RR 2020 with reduced rates as under:

The ASR rates 2020 across All Categories be reduced by 30% and Rates for Industrial category (IT/ITES) by further 20% .

No Revenue Loss

With this measures to be announced the government can expect revenue from Stamp duty, Registration, premium payment to MCGM and State government which have been an impediment due to the high ASR Rates and transactions cannot be fructified as Income Tax is payable by both Buyer and Seller on the rate lower than the RR Rates. For offices, this has encouraged Leave & License transactions and stamp duty collection is a fraction of the Sale consideration. With lowering of the rates a lot of such transactions on hold will materialize and will have the cash registers ringing in the registration office as well as MCGM and the Government for their respective share of premiums.

Sir, the industry is in one of the worst affected due to the slowdown and requires your support and request that relief be given to the sector.

The Jet Airways transaction has displayed the current market scenario which is going to worsen in the next few quarters. Hence, a timely correction in the RR as requested is prayed for.

We shall be happy to meet you in person at your earliest convenience on Monday 29th June as the Ready Reckoner is likely to be published on 1st July.

Look forward to your continuous help and support.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary

Encl : CREDAI-MCHI Letter dated 25th June 2020

CC

1) Dr. Nitin Kareer (IAS)

Additional Chief Secretary,

Revenue (Revenue Registration and Stamp)