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Ashit Shah

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Vijay Lakhani

Ref. No. MCHI/PRES/19-20/530

June 25, 2020

To,
Shri Praveen Pardeshi (I.A.S.)
Additional Chief Secretary
Urban Development Department
Government of Maharashtra
Mantralaya. Mumbai 400020.

**Sub: Assessment of Development Charges & Development Cess as per
M.R.T&P. Act under section 124B.**

Ref: 1. M.R.&T.P. Act XXXVII of 2015.
2. Circular of MCGM under no. DY/CHE/4808/BP/City dated: 09/11/15.

Respected Sir,

The Development charges are levied as per section 124B of MRT&P ACT 1966 and are user dependent.

The Development charges are levied as per Column 4 of the Second Schedule which was amended in the Year 2010 (Annex A), according to which Development charges for the land are 0.5% of the RR rate and for Residential Building the same are 2% of the RR rate. For industrial and commercial users, the residential rates are to be multiplied with 1.5 times and 2 times respectively.

The above rates were increased by 100% as per the amendment to the M.R. & T.P. Act, 1966, in the Year 2015 referred as Sr. No. 1 above) (Annex B). The said increased charges were made applicable as per circular referred to at Sr. No. 2 above (Annex C).

It may be however mentioned that, as per M.R. & T.P. Act, 1966, section 124 B, the development charges are to be levied as per the predominant user and not as per the actual minor user. The relevant extract of M.R. & T.P. Act, 1966 reads as under (Annex D):

"124B. (1) (a) For the purposes of assessing the development charge, the user of land and building shall be classified under the following categories, namely : –

- (i) Industrial;*
- (ii) Commercial;*
- (iii) Residential;*
- (iv) Institutional.*

(b) In classifying the user of land and building under any of the categories mentioned in clause (a), the predominant purpose for which such land and building is used shall be the basis for such classification."

Thus, the provision of the Act is very clear, that in case of predominant residential development, Development charges shall be levied at residential rates only, without separating the minor other

users which are less than 49% of the total development. However, this provision is not followed by the Building Proposal Department. In today's scenario development charges for commercial user works out to 8% of RR and Development cess is also equal to Development charges totaling to 16% of RR which is too high for any development.

The correct implementation of the Act will help in Ease of Doing Business and will make the development affordable for the prospective users and will avoid exorbitant payment of Development charges and Development cess as per DCPR 2034 (Note 7 of Reg. (30) for the minor Commercial users in the development. This aspect will also help in achieving significant help to the industry which is already struggling due to various other factors.

Therefore, we request Your Honour to issue necessary guidelines to recover the Development charges and the Development cess as per the Predominant user in the development.

Also, kindly consider our request letter dated 4th June 2020 favorably and take necessary steps for survival & revival of Real Estate Industry. (Letter Annexed for the reference)

Thanking you

Yours Sincerely,

For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary

Encl: As mentioned above