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Ref. No. MCHI/PRES/18-19/083

December 13, 2018

To,

Shri Manu Kumar Srivastava (I.A.S.)

Additional Chief Secretary (Revenue)

Registration and Stamp

Revenue & Forest Department

Government of Maharashtra

Mantralaya, Mumbai

03/12/18
लिपिक
अमृत (महसूल)
महाराष्ट्र राजनीतिकार्यालय, मुंबई

Sub. : Suggestion to the proposed premium to be payable for conversion of Occupancy Class - II or leasehold lands granted for residential or commercial purposes only.

Respected Sir,

We wish to draw your kind attention to the Notification dated 17th November, 2018 from the Revenues And Forests Department under the Maharashtra Land Revenue Code (MLRC), 1966 for which suggestions and objections have been called upon.

It has been proposed vide this notification that any holder of Occupancy Class II land or leasehold land could apply to the concerned District Collector for conversion to Occupancy Class I on payment of specified premium, besides some other provisions of these Rules. The Premium to be charged as specified is : "Fifty per cent of value of such land specified in the current Annual Statement of Rates (ASR)".

Sir, it is our sincere request that this premium be clarified as "incremental" premium over any other premium paid in the past for the same land when the transfer of rights may have been affected from one party to another and should not be an absolute 50% of the current day ASR. An example is presented below to clarify our suggestion :

1. Say, the current day ASR of a parcel of land is Rs.8.1 Crores. Back in 2010, say it was Rs.3.1 Crores. In the year 1966, when the MLRC Act came into effect was Rs.0.1 Crores.
2. The land was in possession of Mr. A between 1966 to 2010 when it changed hands from Mr. A to Mr. B. In the current date, i.e. in 2018, the land changes hand from Mr. B to Mr. C.
3. As per the current notification, the premium payable has been proposed as: 50% * Rs. 8.1 Crores = Rs. 4.05 Crores

4. As per our suggestion above, we are proposing the state to collect a premium as per : 50% * (Rs. 8.1 Crores – Rs.3.1 Crores) = Rs. 2.5 Crores.
5. The above takes into account that when the first transfer of rights had taken place from Mr. A to Mr. B, a premium of Rs. 1.5 Crores [50% * (Rs. 3.1 Crores – Rs. 0.1 Crores) = Rs. 1.5 Crores] must have been collected by the State.

As per the above example, while the burden of premium on Mr. C comes down drastically from Rs. 4.05 Crores to Rs. 2.5 Crores, the State on the other hand still collects Rs. 4.00 Crores, marginally lower by just Rs. 0.05 Crore. The point of contention being that the base year for effecting premium chargeable has shifted from 1966 to 2010, the last instance when the transfer of rights was recorded.

While making the above suggestion, the Chamber gratefully recognizes and acknowledges the good intent of the Government under Ease of Doing Business (EoDB), but at the same time, in all fairness and objectivity, the State should also warrant Viability of Doing Business. And as stated at various forums, the focus of the State should be to facilitate more all-round development. Should the above suggestion be accorded acceptance, we as CREDAI-MCHI are very confident of hundreds of Class II tenants coming forward for conversion.

Sir, it is pertinent to be mentioned here that even in the DCPR 2034 that has just been notified and made operational, MCGM, at the cost of foregoing revenue of nothing less than Rs. 800 Crores, has provided for certain concessions namely FSI premiums for both residential and commercial developments being brought down to 50%, incentives for redevelopment of societies, incentives under DCR 33 (7AA), deferment of payment facility etc.

It may also be brought to your kind notice that even under ULC which is a much larger issue, Justice Srikrishna Committee has recommended a premium of 10% or 15%. This is a clear intent of the Government to push for not only EoDB but also viability of business. As such, with Business Viability being the only objective, it is CREDAI-MCHI's sincere and humble suggestion that only "incremental" premium be proposed at a reduced rate of 25% (and not 50%) with the facility of interest free deferred payment facility for 3 (three) years.

Sir, additionally, we request that once the premium payment has been affected in the government records, the current land owner be given Sanad and the land should be made free of all encumbrances.

CREDIA-MCHI's PRAYERS

- 1. Premium payable for conversion be clarified as "incremental" premium over any other premium paid in the past for the same land when the last transfer of rights may have been affected;**
- 2. Rate of premium to be reduced to 25%.**
- 3. Provide a facility of interest free deferred payment facility for 3 (three) years.**
- 4. Once the premium payment has been affected in the government records, the current land owner be given Sanad and the land should be made free of all encumbrances; and the subject land should be allowed to be developed as per Development Control Regulations prevailing from time to time with the land being treated as Class 1 Freehold Land.**

We look forward to your favorable consideration and confirmation of the above suggestion.

Thanking you,

Yours sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary



Sanjiv S. Chaudhary MRICS
CREDAI-MCHI Secretariat