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Prakash Baviskar

Ref. No. MCHI/PRES/19-20/057

September 30, 2019

To,

**Shri Deepak Kapoor (I.A.S.)**

Chief Executive Officer

Slum Rehabilitation Authority

Bandra (E), Mumbai - 400051

**Sub: Applicability of Change of Developer premium**

**Ref: Office Order dated 23.03.2015 under no. SRA/CEO/OfficerOrder/19/2015**

Respected Sir,

This is to bring to your attention the tremendous burden faced by developers on account of the above referred office order which charges 5 % of land value every time a change of developer for a slum scheme occurs. Considering the present dire scenario of the real estate sector, such a high percentage of premium for simply adding/removing/inducting new partners or promoters affects the overall viability of slum rehabilitation schemes.

1. In many cases large development and holding firms as well as financial institutions intend to execute and develop large parcels of slum lands. Often these lands have existing developer who are unable and in some cases incapable of completing the project. The waiver of this amount will allow more reputed agencies like L&T Construction and Shapoorji Pallonji and similar scaled corporations to look at Slum Redevelopment as a viable option of construction.
2. In cases where the land under slum schemes are owned by developers/private owners who intend transfer some responsibilities of redevelopment to newer developers or partners. In such cases usually such land owners execute multi stage conditional documents like a Development Agreement to ensure that both the owner and the new developer execute the terms and conditions as agreed upon. The condition of conveyance/transfer of the property as a security is usually a penultimate condition and hence the New developer is burdened with both the Change of Developer premium as well as agreed terms with the original owner. Further such instruments are executed on the payment of stamp duty as per the Built-up Area of the project.
3. It has also been observed that in the case of the Public lands additional burdens of Stamp Duty and Tax implications under section 50C of the Income Tax Act are not applicable and hence such certain developers of such scheme simply block further land development by paying only portion of applicable government premium. The proposed newly appointed developer has to bear the burden of land premium as well as Change of Developer in such cases and hence development is stalled.

4. In schemes like 3.11 of Regulation 33(10) or 33(11) (previously 33(14)) of DCPR 2034 for the creation of PTC/PAP developers offer their lands along with construction of PTC/PAP units thereby creating land bank and housing stock. The same is done in lieu of FSI/TDR and in such cases development is largely done on private lands owned by the Developers or having registered development agreements with stamp duty already having been paid.

Considering the above said facts we request you to grant waiver by charging lump-sum cost on the induction of new partners/promoters/directors into the developing entity, based on the relevant nature of the entity.

Thanking you,

Yours Sincerely,  
For CREDAI-MCHI

**Nayan A. Shah**  
President

**Bandish Ajmera**  
Hon. Secretary

**Sanjiv S. Chaudhary MRICS**  
Chief Operating Officer