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Prakash Baviskar

Ref. No. MCHI/PRES/18-19/245

To,

Hon'ble Shri Devendra Fadnavis

Chief Minister,

State of Maharashtra,

Mantralaya,

Mumbai - 400 032

April 11, 2019

मुख्यमंत्री सचिवालय
महाराष्ट्र शासन
मंत्रालय, मुंबई - ४०० ०३२.
दिनांक १५/४/१९

Sub: Financial challenges being faced by the Real Estate Industry and need for support from Municipal Corporation

1. Calculating premium installments on wing wise (not project) basis
2. Facility of payment of premiums to MCGM in instalments
3. Stopping increasing building plan scrutiny fee
4. Stopping increase in CFO NOC scrutiny fee and calculation methodology thereto.

Ref:

- a. Standing committee letter (DL to MS) dated 2.1.2019 (Annexure A)
- b. CFO NOC Guideline No. FBH/CD/158 dated 27-04-2017 (Annexure B), Fire Brigade Routine Circular No. 155 dated 28-03-2018 (Annexure C)

Respected Sir,

On behalf of CREDAI-MCHI, please accept the season's best greetings.

Real estate industry is going through very stressful times - this has been exacerbated by the recent NBFC crisis. As per newspaper reports dated 09.4.2019 (Annexure D), it is reported that projects over Rs.150,000 crores are stuck in MMR due to lack of funds with developers.

1. We are highly appreciative of the fact that over time, you have understood and comprehended the industry problem in advance and have proactively allowed facility for payment of premiums (like Fungible, staircase, Premium etc.) in instalments as per various circulars issued from time to time. This allows developers to make payment in line with his cashflows and also allows corporation to earn 12% interest which is much higher than FD. However, in large layouts, with multiple wings/buildings, this facility is not being made available in line with the intent because the date of instalments is linked to the date of 1st utilization of such areas/premiums. Thus, if there are two small plots with separate wings, the premiums are payable in instalments linked to the utilization of premium areas in each wing. However, in large layout, the facility is practically beneficial only for the 1st / first few wings and in later wings, the entire premium amount becomes payable almost immediately. It is therefore requested that necessary instruction be given to MCGM for it to issue clarification that date for instalments for

various premiums shall be computed on wing-wise basis (and not linked to first utilization of such premium areas in a layout).

2. In recent times, Development charges (including development cess) have been increased significantly. The facility for payment of Development charges in instalments is currently available as follows:
 - a. Land component – 100% at time of approval of plan
 - b. Building component – 50% at time of approval and 50% at time of take CC above plinth (above ground)

It is requested that necessary instruction be given to MCGM that for the Building Component of Development charges, facility for payment of premium in instalments be allowed on same lines as Staircase premium.

3. Vide Standing Committee letter (DL to MS) dated 2.1.2019 (*Annexure A*), MCGM has enhanced the rate of Scrutiny fees, applicable for approval of building plans of building construction / developments. The increases are significant (in some cases > 100% increase). There has been no such commensurate increase in cost of scrutiny and hence, it is not fair for the scrutiny fees to be increased to this extent. It is requested that necessary instruction be given to MCGM to scrap this increase and order refund of excess amount (if any) collected on account of this increase.
4. Vide Fire Brigade Routine Circular No. 155 dated 28-03-2018 (*Annexures B & C*), MCGM has enhanced the rate of Scrutiny fees for Fire NOC. Further, for amended/revised CFO NOC, the fee is being charged for entire gross built-up area without excluding the area for which scrutiny fee has already been paid and/or OC has been granted. There has been no such commensurate increase in cost of scrutiny and hence, it is not fair for the scrutiny fees to be increased to this extent. It is requested that necessary instruction be given to MCGM to scrap this increase and order refund of excess amount (if any) collected on account of this increase. Further, to issue suitable clarification that area to be charged scrutiny fee on for amended / revised Fire NOC should be on same basis as that of building plan i.e. after deducting area for which (part or full) OC has been granted and charging lower rate for area for which scrutiny fee has already been paid earlier.

CREDAI-MCHI PRAYERS

CREDAI-MCHI, on behalf of all its 1200 plus members, does hereby request for necessary instructions to be given to MCGM :

- A. To issue clarification that date for instalments for various premiums shall be computed on wing-wise basis (and not linked to first utilization of such premium areas in a layout).
- B. That for the Building Component of Development charges, facility for payment of premium in instalments be allowed on same lines as Staircase premium.

- C. To scrap the increase in Scrutiny fees applicable for approval of building plans of building construction / developments and order refund of excess amount (if any) collected on account of this increase.
- D. To scrap the increase in Scrutiny fees for Fire NOC and order refund of excess amount (if any) collected on account of this increase. Further, to issue suitable clarification that area to be charged scrutiny fee on for amended / revised Fire NOC should be on same basis as that of building plan i.e. after deducting area for which (part or full) OC has been granted and charging lower rate for area for which scrutiny fee has already been paid earlier.

All the aforesaid measures would only aid further development in Mumbai and creates a win-win scenario for both MCGM and the developers, besides significantly aiding and ensuring smooth progress of all ongoing projects. We request your immediate intervention for the same.

Thanking you,

Your sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary



Sanjiv Chaudhary MRICS
Chief Operating Officer