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Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
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Prakash Baviskar

Ref. No. MCHI/PRES/19-20/305

April 15, 2020

To,

Hon'ble Shri Nitin Gadkari

Minister of Road Transport and Highway of India and
Shipping Ministry of Micro, Small and Medium Enterprises
Government of India
New Delhi

Sub: Difficulties faced by the Real Estate Industry as result of the lock down

Hon'ble Sir,

At the outset we are extremely grateful to you for taking out time and understanding the grievances faced by the real estate industry as a result of the lock down imposed after the outbreak of the COVID-19 epidemic. As you are aware that the real estate industry was already reeling under a slow down for the last 2 years and the lockdown has only aggravated the situation further. CREDAI is a national body representing more than 13600 real estate developers across India and as per data available from our members most developers would not be able to meet their obligations both financial as well as obligations towards customers if the Government does not announce relief measures for the industry. During the webinar the issues faced by the industry were highlighted along with solutions and measures that the Government of India needs to undertake to mitigate some of the issues. As agreed we are highlighting the most important issues/action points that the Government of India must take up immediately so that the much needed relief to the industry is provided. Our submissions are as follows :-

- 1) The Reserve Bank of India (RBI) must be directed by Government of India to allow a One Time Restructuring of all loans extended, credit facilities, OD limits etc to the real estate industry, whether NPA or otherwise, such that considering the overall economic slowdown the tenure of each facilities and the quantum of loan provided can be re-evaluated by the Banks/NBFC/Financial institution and further facilities including additional loans and extended period for repayment can be provided by the lenders to the borrowers without the risk of such loans becoming non-performing assets.
- 2) For a period of 1 year, the Government of India/RBI should direct all Banks/NBFC/Financial institution to reduce their rate of interest equal to the reduction in REPO Rate announced by the RBI in the last 12 months for e.g if the REPO has been reduced by 3% in the last 12 months than the Banks/NBFC/Financial institution shall for a period of 1 year reduce their contracted rate of interest by 3% for the next 12 months.
- 3) The Government of India must extend input tax credit for the GST to the real estate sector which is presently not extended.

Hon'ble Sir, as you are aware that the real estate business is at the cusp of collapse and any delay in announcing relief measures will imminently result in the collapse of the real estate business which is the 2nd largest employer in India. Further

revival of this business will lead to the revival of growth for the entire country. In this regard, we request you to kindly highlight these issues before the Hon'ble Prime Minister and also if convenient request the Hon'ble Finance Minister along with your good self to hold a webinar with our members so that the issues faced by us can be once again be highlighted.

We would like to submit sir that the above measures will lead to minimal fiscal impact to the Government but has the potential to lead to maximum fiscal gain for the Government if the real estate industry is revived. With great expectations Hon'ble Sir, we request you to kindly champion our cause at the earliest and obliged.

Also as suggested by you on the webinar to develop smart homes in tier 2 and tier 3 cities, CREDAI-MCHI is willing to take up this initiative to develop smart villages in & around MMR for doing smart villages and also build affordable Housing in lands which are given free of cost with all infrastructure.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary