



To,
Shri Iqbal Singh Chahal (I.A.S.),
Hon'ble Municipal Commissioner
Municipal Corporation of Greater Mumbai
Mumbai

Sub: Computation of Interest on amount prepaid by developers

Respected Sir,

At the outset we are thankful to you for extending the scheme for payment of premium by way of instalments. Our association and its members are sincerely grateful to the MCGM for having taken this pragmatic decision which will help in the recovery of the housing industry in Mumbai.

Reference is requested to the Government of Maharashtra Notification dated 14-01-2021 (Copy Enclosed). As per the said notification, all payments due and payable to the MCGM upto 31st December 2021 from the date of notification i.e. 14-01-2021 (window period) are entitled to a 50% reduction on the amount due and payable. For e.g. if an amount of Rs.100 is due to the MCGM/GOM within this window period then in such a case an amount of Rs.50/- if paid on or before 31st December 2021 would result in the satisfaction of the due amount of Rs.100/- payable. This reduction would also be applicable to any instalments that might be due or might become due in the said window period. For e.g. if instalments are granted to a project proponent and if one or all instalments are paid on or before 31st December 2021, then all such instalments shall be entitled to a 50% reduction.

In this regard, it has come to the notice of our members that the MCGM has been adopting a procedure contrary to the said notification and also alien to common sense. The procedure adopted by the MCGM for computing interest on the instalments during the window period can be explained in the following example.

- a) Rs.100/- is the 100% premium payable to the MCGM/GOM as per the DCPR 2034.
- b) IOD is issued during the window period for the project and premium payable to MCGM / GOM is allowed to be recovered in instalments. Accordingly, 1st instalment of 10% amounting to Rs.10/- is demanded by the MCGM. Since the payment of the 1st instalment is made within the window period of the above notification, payment of Rs.5/- made by the project proponent satisfies the demand of the 1st instalment.
- c) The balance 90% i.e. Rs.90/- is due and payable over 5 years as per the instalment scheme of the MCGM. However, during the window period, if the project proponent pays Rs.45/- on or before 31st December 2021 it would entitle the project proponent to avail the advantage of 50% reduction as per the above referred Government Notification. However, the question now arises is on what amount would the MCGM be entitled to charge interest?

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- d) In our respectful submission the MCGM would be entitled to charge interest on Rs.45/- for the period i.e. the period between the 1st instalment and the final payment made within the window period. However, the MCGM is charging interest on Rs.90/- even though the amount due/payable and being paid is Rs.45/-.

In view of the above example it is our humble that in cases where the entire amount due to the MCGM/GOM is pre-paid on or before 31st December 2021, then in all such cases only 50% of the interest i.e. the interest on the reduced amount of principle ought to be charged and recovered.

We request your kind consideration to the above.

Yours faithfully,

For CREDAI-MCHI



Deepak Goradia
President



Pritam Chivukula
Hon. Secretary