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Naman Shah

PROCUREMENT CONVENOR
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SHAHAPUR-MURBAD
URAN-DRONAGIRI
ALIBAG
KARJAT-KHALAPUR-KHOPOLI

Ref. No. MCHI/PRES/22-23/204

Date: 27/5/2022

To
Dr. Jitendra Awhad
Hon'ble Minister for Housing
Government of Maharashtra
Mantralaya, Mumbai

31/5/22

लिपिक
अध्यक्ष, अल्पसंख्याक विकास व
मंत्रालय, मुंबई

Sub: Request for amendment in Stamp Duty payable on Development / Redevelopment Agreement for undertaking the MHADA / SRA projects

Respected Sir,

As you already aware that more than 50% population of Mumbai are residing in Slums / MHADA chawls / Dilapidated buildings. The basic hygiene infrastructure is not available to them, further their life is endangered as the building and structure are dilapidated in condition and every monsoon some incident takes place.

The main objective of redevelopment under MHADA /SRA is improving the standard of living, with the safety and overall development of area with proper infrastructure. Thus supporting the increasing demand for Urban living and ensures increase in capital value of the property with modern amenities and improved condition of the property. Overall a proper development of socio – economic environment is in place for the citizen of Mumbai.

Sir, stamp duty on Development agreements for MHADA and SRA is the first point of taxation and revenue generation from Governments standpoint from a real estate life cycle. However, when the said stamp duty collection on DA compared to the overall taxes/premiums etc which the government stands to gain from the overall life cycle it's a very small percentage. This can be clearly seen in the comparative analysis for 33(5), 33(7) & 33(10) projects which is attached herewith.

You may also have witnessed that to revive the Industry government provided a window whereby the stamp Duty on Residential flats was reduced to 1% & 3%, which resulted into huge collection by the revenue department. Similarly, when the government announced of rebate of 50% on premiums, MCGM alone collected Rs. 16,000 cr. and the collection of SRA and MHADA also witnessed the similar effect. However, this Collection of SRA and MHADA would have been much more if such higher taxation on Development agreement were at reduced rate.

Therefore, in order to achieve the above mentioned objective of MHADA/ SRA, the government should stamp documents like DA with MHADA and title documents for land title for SRA at a token Rs 1000 to encourage more and more development thereby unlocking the future and larger potential revenue streams for the government from the project life cycle.

Further in case of MHADA land, MHADA is the owner of the land whereas the Society is the Thus charging of stamp duty based on market value price is counterproductive to the process of redevelopment.

Maharashtra Chamber of Housing Industry

Maker Bhavan II, 4th Floor, 18, V. Thackersey Marg, New Marine Lines, Mumbai - 400 020.
Tel: 42121421, Fax: 4212 1411/407 Email: secretariat@mchi.net Website: www.mchi.net

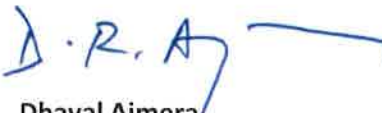
CREDAI-MCHI Prayers

In view of the aforementioned, to improve the pace of redevelopment in Mumbai, we humbly submit that Stamp Duty payable on development / redevelopment agreement for projects under MHADA and SRA should be charged at maximum of Rs 1000, considering the economic multiplier effect caused by development / redevelopment in the city.

Yours faithfully,
For CREDAI-MCHI



Boman Irani
President



Dhaval Ajmera
Hon. Secretary

Encl : As mentioned Above

Note : Apart from revenue generation to government , redevelopment of the society also Multiplier effect to :

- Job creation and creation
- Efficient use of existing infrastructure
- Reduction in substandard of the community
- Eminent better standard of living
- Reversing negative perceptions and increasing property values
- Meeting increasing demand for Urban living
- Increase increased capital value of the property. With modern amenities and improved condition of the property, capital price are likely to increase.

Case Study 33(3) MHADA Layout Redevelopment
Plot Size of 1,000 sq.m.
127 Tenants on site

Particulars	Amount	Calculation basis	Revenue generated through the same		
			%	State Amount	Central Amount
Approx Stamp Duty Payable on Development Agreement	13,320,000	6% of 22.20 cr	6.0%	13,320,000	
Approx Stamp Duty Payable on Fresh Sales	73,800,000	6% of 123cr	6.0%	73,800,000	
Approx GST payable from fresh sales	82,500,000	5% of 123cr	2.5%	31,250,000	31,250,000
Approx GST payable from Retail members	27,800,000	5% of 55.28 cr	2.5%	13,900,000	13,900,000
Approx GST on Development & Construction Cost	57,100,000	18% of construction cost and approvals consultancy cost (18% of 31.75cr)	9.0%	28,550,000	28,550,000
Approx Approval cost	67,400,000	Inclusive of Scrutiny fees for Concessions, Scrutiny fees for IOD approved, Scrutiny fees for IOD proposed, Land & BUA Development Charges, Labor Charges, Labor Cess, Stampcase Premium, Property Tax LUC per year, Open Space Deficiency, PCO for 3 years balance and Sewerage Charges	Entire amount goes to State	67,400,000	
Total:	289,400,000			228,120,000	73,600,000

Total revenue of which 22.81 cr goes to the State Government including local bodies and planning authority and 7.36 cr goes to the Central government

Case Study 33(7) MHADA Repair Case Redevelopment
Plot Size of 1,000 sq.m.
117 tenants on site

Calculation basis	Amount	Revenue generated through the same		
		%	State Amount	Central Amount
6% of 55 cr	33,500,000	6.0%	33,500,000	
6% of 270cr	162,000,000	6.0%	162,000,000	
5% of 140cr	85,000,000	2.5%	42,500,000	42,500,000
5% of 50cr	45,000,000	2.5%	22,500,000	22,500,000
18% of construction cost and approvals consultancy cost (18% of 75cr)	130,000,000	9.0%	65,000,000	65,000,000
Inclusive of Scrutiny fees for Concessions, Scrutiny fees for IOD approved, Scrutiny fees for IOD proposed, Land & BUA Development Charges, Labor Cess, Stampcase Premium, Property Tax LUC per year, Open Space Deficiency, PCO for 3 years balance and Sewerage Charges	180,000,000	Entire amount goes to State	180,000,000	
Total:	597,000,000		488,000,000	132,500,000

Total revenue of which 48.80 cr goes to the State Government including local bodies and planning authority and 13.25 cr goes to the Central government

Case Study 33(11) SH-4 Redevelopment
Plot Size of 1,000 sq.m.
95 Tenants on site

Calculation basis	Amount	Revenue generated through the same		
		%	State Amount	Central Amount
6 % of 55 Crores	32,940,165	6.0%	32,940,165	
6 % of 88 Cr	52,864,071	6.0%	52,864,071	
5% of 88 Cr	44,053,392	2.5%	22,026,696	22,026,696
1 % of 6.5 Crores	4,260,000	2.5%	2,145,000	2,145,000
18% of construction cost and approvals consultancy cost	54,413,117	9.0%	27,206,559	27,206,559
Inclusive of Scrutiny fees for Concessions, Scrutiny fees for IOD approved, Scrutiny fees for IOD proposed, Land & BUA Development Charges, Labor Cess, Stampcase Premium, Property Tax LUC per year, Open Space Deficiency, PCO for 3 years balance and Sewerage Charges	101,048,438	Entire amount goes to State	101,048,438	
Total:	256,669,018		202,265,763	51,373,255

Total revenue of which 20.52 cr goes to the State Government including local bodies and planning authority and 5.13 cr goes to the Central government