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BHIWANDI
SHAHAPUR-MURBAD
URAN-DRONAGIRI
ALIBAG
KARJAT-KHALAPUR-KHOSLA

To,
Shri Ashok Shingare (I.A.S.)
Member Secretary,
Maharashtra Pollution Control Board,
Kalpataru Point, Sion Circle,
Mumbai - 400022.

Sub: Suggestion regarding the Bank Guarantee that needs to be submitted by the Project Proponent as compliance of Consent (Both Establish and Operate)

Respected Sir,

With reference to the subject matter mentioned above, as per the norms mentioned for the Environmental Clearance as laid down by the Ministry of Environment, Forest and Climate Change it is mandatory for the Project Proponents to obtain Consents (both Establish & Operate) and Renewal of the same from the SPCB i.e., from Maharashtra Pollution Control Board (MPCB) for every project that obtains EC in the state of Maharashtra.

Further the Consent to Establish issued by the MPCB has a validity for a period of 5 years from the date of issue of Consent or till the Commissioning of the project, whichever is earlier. Likewise, the Consent to Operate issued by the MPCB is generally issued for a period of 1 year, 2 years or 3 years depending on the category of the project and the amount of consent fees paid by the project proponent. As a part of the compliances for the issuance of Consents (Both Establish and Operate) it is mandatory for the project proponent to submit a Bank Guarantee against the conditions as mentioned in the EC and Consents (Both Establish and Operate) for an amount as given by the MPCB for the period till the time the said Consents are valid.

Further while making an application for the renewal of CTE there is a further requirement of submission of BG without taking the cognizance of the earlier BG submitted by the project proponent. Further as per the feedback received from the real estate industry that the MPCB doesn't entertain any applications made for release of BG in spite of the project being completed or the said BG has lapsed. Hence the project proponent is left with no option but to furnish a fresh BG as per the demand given by MPCB for the issuance of amended CTE, renewal of CTE renewal of CTO, etc.

Considering the recent events, it can be seen that the MPCB is not aware of the banking norms followed in the industry, whenever a project proponent approaches any banking institution for renewal of BG, the project proponent is asked by the bank to submit the earlier issued BG. As the same is in the possession of the MPCB and not released at the time of Obtaining of CTE & CTO, Renewal of CTE & CTO, etc. the project proponent is compelled by the bank to invest an additional amount for the issuance of a fresh BG. This practice leads to the duplication of investment by the project proponent and causes hardship for them as their funds are blocked for a long time even after the completion of the purpose for which the BG was issued.

Similarly depending upon the size of the project the project proponent obtains CTO full/part and subsequently all the approvals on the structure thereof is generally handed over to the society in part/full along with other liabilities on the procurement of Occupation Certificate. In this scenario if initially CTO is taken by the project proponent for a period of 2 years, then the BG given by the project proponent is valid for a period of 2 years.

25/08/22
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Hence on the completion of the said period the BG which has lapsed is the financial liability standing in the books of the accounts of the project proponent and the same needs to be released by the MPCB to submit to the banks for the liquidation of the same. Further it is the responsibility of the society to renew the CTO as well as giving the BG for the same as the project proponent is no longer in control of the said project/premises nor does the project proponent has any say in the day to day working of the society.

In view of the above, CREDAI-MCHI hereby request the MPCB to kindly take the cognizance of the banking requirements and the financial liability created onto the books of accounts of the project proponent even after the project is completed a long back and hence provide concrete guidelines to the concerned staff so that the BG's which have expired can be handed over to the project proponent and maybe asked to replace with a valid BG is the same is required to be revalidated for an ongoing project

Please consider our request and provide a solution for the same at the earliest.

Thanking you for your continuous support.

Yours faithfully,
For CREDAI-MCHI



Boman Irani
President



Dhaval Ajmera
Hon. Secretary