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Naman Shah

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WOMEN'S WING CHAIRPERSON
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KALYAN-DOMBIVLI
MIRA VIRAR
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PALGHAR BOISAR
BHIWANDI
SHAHAPUR-MURBAD
URAN-DRONAGIRI
ALIBAG
KARJAT-KHALAPUR-KHOPOLI

To,

Shri Shravan Hardikar (I.A.S.)

Inspector General of Registration and Controller of Stamps,
Ground Floor, Opposite Vidhan Bhavan (Council Hall),
New Administrative Building,
Pune - 411001, Maharashtra

Sub: CREDAI-MCHI's suggestions for Valuation Guidelines 1 by Government of Maharashtra for the year 2023-2024

Ref: Letter dated 03/03/2023 from Deputy Director, Town Planning and Valuation

Respected Sir,

We would like to express our deepest gratitude to the able team of your office, who have always been supportive to the real estate sector. The department, under your guidance has carried out certain amendments in the guidelines for the year 2022-23 which are extremely beneficial to the home buyers. We also thank you for your declaration that from April 2023, tenanted property sales shall not come under the process of adjudication and will be based on the self-declaration of the concerned parties.

We thank you for your assurance on easing out the costs of adjudication based on self-declaration of concerned party/parties.

We refer to the letter no. उत्तरसंग्रह (मु)स/बैठक/72, dated 03/03/2023, where in the suggestions of CREDAI-MCHI were invited in the meeting organized on 08/03/2023. The delegation of CREDAI-MCHI attended the meeting and had a healthy discussion with you and the team from the IGR department. We were able to propose some of the humble suggestions to you and we are sure you will kindly consider all of the suggestions at the earliest of your convenience.

The following table on the next page is to be considered as a detailed description of the suggestions discussed and proposed to you for your kind perusal:

Following were our suggestions for your kind consideration and perusal:

Sr. No.	Issues	Description	Suggestions
1.	High RR Rates	<ul style="list-style-type: none"> It is observed that residential rates mentioned in the RR at several locations in MMR are higher than the Market Value of Apartments. Land Rates are very high as a percentage of residential rates mentioned in the RR. In Mumbai, the land rates are not backed by any actual sale data. This is unjust and should be corrected. 	<ul style="list-style-type: none"> We humbly suggest to reduce the residential rates mentioned in the RR. Also, to address higher RR than MV, we request you to empower the town planner of your department for reduction in RR where the same is higher than MV. Reduced the land rate to 33% of the residential RR Rate, which is considered as an appropriate value of land.
2.	High Stamp Duty	<ul style="list-style-type: none"> 5% is an extremely high percentage of value of SD payable. The addition of metro cess is an unjust addition and adds burden on home buyers. Higher Stamp Duty is playing an adverse role for property purchases and also affecting the revenue of the state. 	<ul style="list-style-type: none"> It is our suggestion that the stamp duty should not be more than 3% of the transaction value for sale, conveyance, not more than 2% on the Development Agreements, redevelopment agreements (of societies) and lease transactions. Maharashtra has reduced SD in past which resulted in higher revenue collections and also a big boost for the vision of the GoI 'Homes for all'.
3.	Stamp Duty for Rehabilitation of Slum Dwellers	<ul style="list-style-type: none"> Currently, 5% Stamp Duty is being levied on Conveyance/DA for agreements on slum affected land parcels. The Gazette of 19.12.1997 directs to collect Stamp Duty at Rs. 100/-. Gazette dated 4.3.2008 explains that reduction of stamp duty is permissible in respect of instruments relating to tenements allotted to slum-dwellers for residential purpose. This is a huge impediment as it makes for high entry cost for development. 	<ul style="list-style-type: none"> In order to support the vision of Housing for all and to make Mumbai slum-free along with providing an honorable living to the existing slum dwellers, it is humbly suggested to provide proper clarification of gazette dt 04/03/2008 and the stamp duty payable on conveyance, lease, Development Agreement or Development Management Agreement on lands affected by slums shall be charged at Rs. 100/- only. As per guidelines of IGR no. 26A, the MV of the conveyance to be considered at 50% and the same method should be applicable for Development agreements and guideline no. 26 should be scrapped.

Sr. No.	Issues	Description	Suggestions
4.	MHADA	<ul style="list-style-type: none"> Approx. 1L+ in Mumbai are in dilapidated condition and require immediate redevelopment. The societies on MHADA lands are always leased. High SD at the entry level is making such redevelopments unviable. Redevelopment usually has a longer gestation period compared to a free sale property. High SD on redevelopment plots based on the development potential possibilities leads to ambiguity in the calculations and delays the process & jeopardizes the development cycle. 	<ul style="list-style-type: none"> Stamp duty on MHADA land redevelopment should be charged at Rs. 1000/- only. <p style="text-align: center;">OR</p> <p>Govt. charges 25% as the value of the land while giving it to lease to the societies. This shall be exactly the rate at which the SD on MHADA redevelopment projects should be charged and not on FSI basis.</p> <ul style="list-style-type: none"> This will lead to better development of MHADA lands thereby giving safe and better homes to the existing residents at the same point of time the additional supply will also bring down the rates in Mumbai which is the need of the time.
5.	Stamp Duty on Development Agreement on redevelopment societies	<ul style="list-style-type: none"> Any development attracts costs like TDR, premiums paid for additional FSI, premiums for fungible FSI, cost of rent, shifting of tenants, car parking, society office, infrastructure, development charges etc. Such costs are not taken into consideration while calculating the Market Value of such project. Instead, average cost of FSI is considered which results in significant higher Market Value. This deters the developers in taking over redevelopment projects, which affects the overall health and safety and lives of many residents of all societies/ buildings. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggests that the cost of TDR, premium paid for Additional FSI, Fungible FSI premium should be deducted from the Market value of Sale Area available for developers as per Guideline No 23. Additionally, cost of rent, shifting, car parking, brokerage, society office, clubhouse, infra and development charges etc. should be deducted from the valuation of the market value. Land rates should be used to decide the SD value in such cases. The SD should not be more than 2% on redevelopment projects. There are more than 1L old buildings in Mumbai and this move will help the dwellers of these old societies/buildings. get a better, safe and healthy lives.

Sr. No.	Issues	Description	Suggestions
6.	Timelines and Proof of Tenancy in the PAAA.	<ul style="list-style-type: none"> It is mandatory to attach proofs of tenancy <i>prior to 2000</i> while executing PAAA. The guidelines of JDTP in this regard are well established but are not followed during the valuation exercises by T.P. offices. Instead, they are recalculated on the basis of DCR resulting into extremely high valuations. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggests to accept voter registration/ adhaar card/passport as a proof of identity and tenancy for entering a tenant in PAAA & without any time barrier of 2000 AD.
7.	In case of leasehold land (MHADA, Estate dept, Collector etc.) the value should be reconsidered as there is always a differentiation of valuation.	<ul style="list-style-type: none"> Different plots in a same block usually have different circumstances, e.g. some plots may be abutting major arterial road, whereas some may be situated in a by lane. Hence, the factor of 25%, 75% and 100% amounts to inflated and exaggerated Market Value. Factors like DP Road position etc. are not considered in valuation exercises. 	<ul style="list-style-type: none"> Every plot shall be objectively assessed as per the guidelines and all differentiation factors should be considered to avoid generic valuation of plot. Usage of GIS in capturing the valuation will be of great help. We suggest to promote the use of GIS in valuation exercises. Also, smaller block sizes between 2 roads to create more zones is suggested. There should be a difference in the valuation of plots, for e.g. – plots abutting a wider road should have higher value compared to plot abutting a narrow road or a by-lane. Differentiators like presence of Nallah, High tension line, graveyards, railway line, slums adjoining the plot, plots affected by air flight funnel zone, military installations etc. shall be considered while valuing each and every plot.

Sr. No.	Issues	Description	Suggestions										
8.	Stamp Duty on units retained by the developer in case of Development Agreement	<ul style="list-style-type: none"> Developer pays 5% SD (equal to conveyance) while registering the DA. The cost of construction is incurred by the developer To cover the same, if the developer decides to retain any unit in the said development, the developer is made to pay the SD for securing the title of the said unit, despite the fact that the developer is a owner of the FSI and also bearing the construction cost. 	<ul style="list-style-type: none"> We humbly suggest that in such cases, the total development cost including the cost of FSI, premium payments/TDR cost, construction & design costs etc., taxes shall be recognized and reduced from the apartment price. 										
9.	Several Audits post adjudication creates a negative impact on post project cycle of a developer / land owner	<ul style="list-style-type: none"> Adjudication is the just process. Even after the adjudication is exercised numerous audits are called upon; even after significant time lapse for the same land parcel. In some cases, even after the formation of society, an audit is called upon which creates negative impact on the developer/land owner / stakeholders. 	<ul style="list-style-type: none"> It is humbly suggested to issue a necessary clarification to all concerned officers to not levy any insufficient SD etc. post the adjudication is completed. 										
10.	The flat cost of construction for all buildings creates adverse impact on higher buildings Diff. slabs of cost of construction for buildings of diff height is much needed.	<ul style="list-style-type: none"> The cost of construction has increased sharply. The cost of construction is determined by PWD standards is absolutely unacceptable. The construction cost varies based on the heights of the building, complexity of the development etc. The current approved rate of construction do not address the increased construction cost due to increased heights of buildings. 	<p>It is humbly suggested to set cost of construction for buildings of different heights. Following is suggested:</p> <table border="1" data-bbox="986 1343 1421 1574"> <tr> <td>Ht. of Bldg. (m)</td><td>Cost of Const.</td></tr> <tr> <td>Up to 32 m</td><td>Normal Rate+18% GST</td></tr> <tr> <td>32 to 70 m</td><td>Normal rate + 20% +18% GST</td></tr> <tr> <td>70 to 120 m</td><td>Normal rate + 40% +18% GST</td></tr> <tr> <td>More than 120m</td><td>Normal rate + 50% + 18% GST</td></tr> </table> <p>The normal rate should be calculated only on construction area and not on FSI.</p> <p>Normal rate should be counted on overall construction area, which is higher than FSI by as much as 60%.</p> <p>GST: The normal rate should be what is determined by PWD + 18% GST.</p> <p>Also, we humbly suggest that RERA has all construction costs of various heights of the building in their database. The same should be used as a parameter.</p>	Ht. of Bldg. (m)	Cost of Const.	Up to 32 m	Normal Rate+18% GST	32 to 70 m	Normal rate + 20% +18% GST	70 to 120 m	Normal rate + 40% +18% GST	More than 120m	Normal rate + 50% + 18% GST
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Sr. No.	Issues	Description	Suggestions
11.	Double Stamp Duty in society redevelopment	<ul style="list-style-type: none"> The recent order of the bench of Hon'ble Justice G. S. Patel and Hon'ble Justice Neela Gokhale will boost the redevelopment projects. However, the order is yet to be followed by many sub-registrar offices. This is creating delays and confusion while assessing stamp duty in society redevelopment projects. 	<ul style="list-style-type: none"> It is humbly suggested to issue a suitable clarification to all sub registrar offices to take the cognizance of the said order to boost redevelopment.
12.	No separate land rates for ceded buildings, EWS, slum pockets, SRA plots.	<ul style="list-style-type: none"> Mumbai has more than 5 lakhs ceded buildings. Many of the ceded buildings are urgent need of redevelopment. But due to high ratio of LR/RC these buildings cannot go under redevelopment. There is no separate land rates for ceded buildings which acts as hurdle in redevelopment for ceded buildings. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggests to have a separate consideration of land rates for ceded buildings, EWS, slum pockets, SRA plots. We suggest to have a 50%(25%) reduction in the land rates for such plots.
13.	The full FSI is usually not consumed due to hardships.	<ul style="list-style-type: none"> Despite paying full MV, factors like restriction of height due to rail/AAI/Heritage buffer and many other hardships, the developer is unable to consume full FSI. While calculating Market Value consumption of FSI is not considered, creating huge losses in project development. 	<ul style="list-style-type: none"> It is humbly suggested to accept the certificate from a CoA registered architect where full FSI is not being consumed due to several hardships and site conditions and in such cases the Market Value should be reconsidered based on the FSI being consumed.

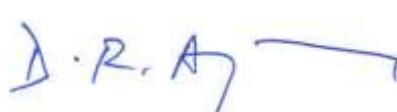
Sr. No.	Issues	Description	Suggestions
14.	Re-Calibrate IT / ITeS premises at 25% lesser than the Residential Rates	<ul style="list-style-type: none"> IT/ITeS Projects are calculated at par with commercial rates. It creates hurdles in development of the IT industry and affecting the GDP of the state. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggests to recalibrate the rates for IT/ITeS at 25% lesser than the residential RR rates. This will boost the economy & IT/ITeS sector which will create more livelihoods in State and will increase the GDP.
15.	Double SD being paid in Navi Mumbai development agreements / tripartite agreements	<ul style="list-style-type: none"> When a developer enters into a development agreement with the landowner, the SD is paid. Again, while entering into a tripartite agreement with CIDCO, the SD is levied for the second time. Double Stamp Duty is being levied affecting the developments in Navi Mumbai region. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggests to levy the SD when the DA is registered with the land owner and not for the second time while entering into a tripartite agreement with CIDCO for all New Mumbai DA registrations. OR SD of Rs. 100/- shall be levied while executing the tripartite agreement. Section 4 of Maharashtra Stamp Act is self-explanatory in such cases.
16.	Higher Valuation of old property with tenants at the time of conveyance / sale	<ul style="list-style-type: none"> Despite clear instructions in guideline No. 2.2, the market value of tenanted area is usually valued at more than 40%. This creates a time lag in the entire project cycle. Guideline No. 2.2 says, <i>'if eligible tenant-occupied property is purchased by the tenants themselves, 40% of MV of tenant occupied area should be considered.'</i> 	<ul style="list-style-type: none"> We humbly suggest that when owner sells his rights in a tenanted property, his value should be treated at 40 % of Market Value.

Sr. No.	Issues	Description	Suggestions
17.	Stamp Applicable Mortgage/ documents	<p>Duty to Loan</p> <ul style="list-style-type: none"> The Mortgage/ Loan documents attract SD at the higher cap of Rs. 25 Lakhs. The higher cap increases the financial stress on any development at very early stages. 	<ul style="list-style-type: none"> CREDAI-MCHI humbly suggest that maximum stamp duty to be paid on such documents to be capped at Rs. 10 Lakh.

Thanking you once again and hoping that you will kindly consider all the above suggestions in a positive and faster way.

Thanking you,
Yours faithfully,
For CREDAI-MCHI


Boman Irani
President


Dhaval Ajmera
Hon. Secretary

CC :

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Dy. IGR, Mumbai Office,
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Shahid Bhagatsing Marg,
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(2) **Shri Bharat Garud,**

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(3) **Smt. Jayashreerani Surve,**

Dy. Director Town Planning & Valuation,
Old Custom, Mumbai

(4) **Shri Prabhakar Nale,**

Joint Director of Town Planning,
212, New Administrative Building,
Camp, Pune, Maharashtra 411001

(5) **Shri Babasaheb Kakad,**

Town Planner,
Mumbai