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**YOUTHWING CONVENOR**  
Naman Shah

**PROCUREMENT CONVENOR**  
Nimish Ajmera

**WOMEN'S WING CHAIRPERSON**  
Sejal Goradia

To,  
Smt. Valsa Nair Singh (I.A.S.),  
Addl. Chief Secretary,  
Housing Department,  
Government of Maharashtra,  
Mantralaya, Mumbai – 400 032.

*(SRM)*  
26.9.23  
लिपिक

अ.मु.स. (पू.क.म.प.) याव कार्यालय

**Sub: Suggestions / Proposals for the Proposed New Housing Policy for the State of Maharashtra**

Respected Madam,

CREDAI-MCHI would like to express our gratitude for giving us an opportunity to meet you on 21<sup>st</sup> September 2023. We would also like to appreciate you for inviting us for joint meeting with your office and NAREDCO to discuss our proposals on the proposed new housing policy for the state of Maharashtra, on Tuesday 26<sup>th</sup> September 2023. Construction and Real Estate sectors jointly contributes 13% of the GDP of India and needs to be strengthened and supported to achieve the vision of Housing for all of our respected Prime Minister of India.

The following are our suggestions for your kind consideration while framing the new Housing Policy:

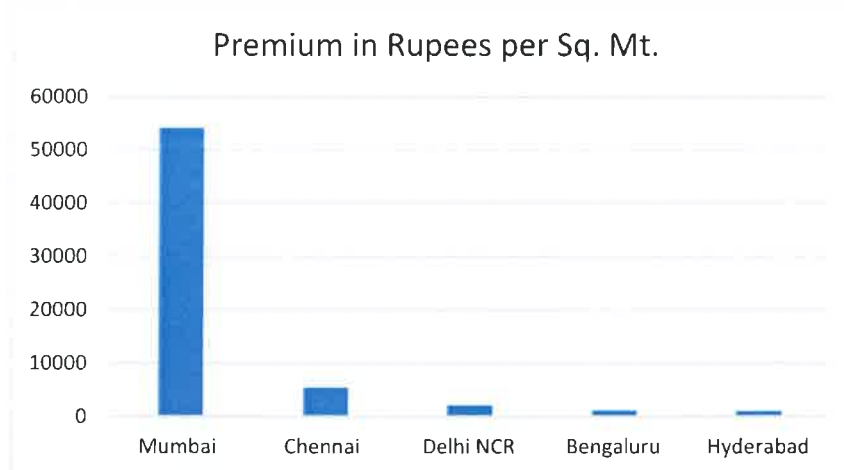
- **Repeal of Maharashtra Ownership of Flats Act, (MOFA)** as MahaRERA is already enacted in the state of Maharashtra.
- **Re-define affordable housing up to 60 sq. mtrs.** In metro cities and 90 sq. mtrs. In non-metro cities. In addition to the above, we also propose an introduction of a separate affordable housing index for metro cities. Once affordable housing is re-defined, the Government can then roll out various schemes / incentives as a part of its PMAY-II / housing policies to incentivize construction of such housing.
- **DCPR Section 33 to be eliminated** & standard FSI format to be introduced based on the abutting road width.
- **Flood line policy** for the state of Maharashtra to be introduced.
- **Rationalization of premium charges especially in BMC needs to be reconsidered.** A detailed report for the same is attached along with for your kind consideration. As of today, Mumbai developers have to pay Rs. 54221/- per sq. mtrs. as approval/ premium charges compared to Rs. 2166/- per sq. mtrs. in Delhi NCR (3.99% of Mumbai Premiums), Rs. 5466/- per sq. mtrs. in Chennai (10.09% of Mumbai Premiums), Rs. 1145/- per sq. mtrs. in Bengaluru (2.11% of Mumbai Premiums) and Rs. 1071/- in Hyderabad (1.97% of Mumbai Premiums).

City	Premium in Rupees per Sq. Mtr.
Mumbai	54221
Chennai	5466
Delhi NCR	2166
Bengaluru	1145
Hyderabad	1071

**Maharashtra Chamber of Housing Industry**

Maker Bhavan II, 4<sup>th</sup> 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](http://www.mchi.net)

CREDAI-MCHI CHAPTERS : THANE | KALYAN-DOMBIVLI | MIRA BHAYANDAR | RAIGAD | NAVI MUMBAI |  
BHIWANDI | PALGHAR BOISAR | SHAHAPUR-MURBAD | URAN-DRONAGIRI |  
VASAI VIRAR | ALIBAG | KARJAT-KHALAPUR-KHOPOLI | YOUTH NMR



- **De-criminalization of actions of promoters/developers** in case of site accidents/mishaps
- **Floating FSI to be introduced for aviation and heritage affected plots.**
- **Approval process by all the ULBs should be as per DCPR.**
- Formulate a **Rental Housing/Commercial leasing Policy wherein premium benefits by rationalizing premiums** are provided to attract business and livelihood opportunities. for purely rental projects with rationalized premiums to ensure that Rental Housing/Commercial leasing is promoted, which in turn will attract the livelihood opportunities and will attract talents and youth to the state.

Whilst the above suggestions are purely from the broad vision perspective and for provision of a 10-20 year road map, we would also like to take this opportunity to strengthen the existing processes and development models through our suggestions as stated below;

**MHADA:**

- With respect to regulation 33(5), Fungible Compensatory Area without charging premium has been restricted to Redevelopment of Schemes for EWS and LIG category only and to the extent of the rehab entitlement not exceeding 35 sq. mt. **The same should be extended to MIG & HIG Schemes as well.**
- We propose that **no fungible premium / premiums to be charged on the areas handed over to the tenants upto 35 sq. m. or as per the actual usage of entitlement areas.**
- **Floating FSI** – a suitable policy to be framed in consultation with associations like CREDAI-MCHI, NAREDCO, PEATA etc.
- In the premium schemes, **the entire area provided to existing tenants/occupants (entitlement as per DCPR) as mandated by the regulation should be without any premium being recovered** thereon by MHADA.
- Parity between various regulations wherein MHADA is the sanctioning Authority. **Request to make it at par apparent to DCPR 33(24).**
- As **MHADA projects involve construction of Rehab buildings and Sale buildings in Phase wise manner, request to grant of phase wise OC.**
- **Charging of Lease rent to society on Tit Bit Land by MHADA**
- To permit the payment of all **premium / charges / levies / cess etc. to be paid on a 20:80 scheme**, i.e. 20% upon issue of full CC and 80% before OC, in proportion of the OC granted. 8.5% of simple interest as per MCGM policy to be paid. The amount deferred can be secured by lien/mortgage of sale units.

**BMC:**

- **LUC Policy to be framed**
- **PWD -Cost of Construction as per height of the Building**
- **Issue of 50% lapsed IOD to be resolved.**
- **Introduction of Amnesty Scheme for smooth implementation of projects stuck-up on Municipal lands for payment of premium, fees, charges, etc.**
- **Suggestion to recover premium only once in case of lift well area in respect to FSI as per NBC norms.**
- **Suggestion to make **second fire staircase free of FSI without charging premium** as per reg. 48(5)(A)(E)**
- **MCGM is charging development charges for developed land and existing BUA, which is contrary of 124(A) of MRTP Act. MCGM also levies premium for grant of additional FSI under various provisions of DCPR such as fungible area, additional premium FSI under reg. 33, which is essential development charge u/s 22(m) of MRTP Act. **MCGM shall stop charging development charges on developed land for existing BUA and premium FSI purchased from Govt/MCGM shall be charged at a discount.****
- **MCGM charges open space deficiency premium to approve building plans that do not provide open space in accordance with the requirement of DCPR for adequate natural light and ventilation. **As per DCR 1991, MCGM used to charge 10% OSD of the normal rate (2.5%) for premium FSI and TDR. The same is suggested to be continued.****
- **It is suggested to not charge development cess as it is not permitted under the MRTP Act.**

**SRA:**

- **Change of Developer Fee to be Waived wherein its done for strategic partnerships through instruments like JDA/JV agreements on which stamp duty is discharged:**

The main intent behind the Office Order bearing SRA/CEO/ Office Order/ 9/2015 was to prevent back door entry of developers into a project. There were instances wherein whilst keeping the entity the same, promoters of the scheme were sought to be completely changed through change of partners/share ownership etc. The successful completion of schemes is of utmost priority and wherein strategic partnerships are undertaken with financiers/JV partners/Corporates/Private Equity players through structure means after discharging stamp duty liability on instruments of such partnership, further imposition of 5% change of Developer fee would act as a huge deterrent and should be done away with.

- **Procedure for Shifting / reconstruction of existing Religious Structures:**

This process of NOC is a lengthy and tedious process and delays the project. Presently there is a 2009 Home Notification which lays down a lengthy procedure to be followed for construction of new Religious structures. We humbly request that NOC from Home Department and UD shouldn't be insisted for rehabilitation of existing Religious Structures which are within a SR scheme and which need to be shifted/ reconstructed during development of SRA scheme.

Furthermore, the Developers at their discretion should be permitted to provide additional area to Existing Religious Structures while being re-constructed/shifted, by counting the additional area in the Sale component. This is a practical necessity as the trustees of the religious structure need to be incentivized to actively support shifting and rehabilitation of the religious structure.

- **No special consent shall be insisted from commercial tenements or from the slum society whilst proposing permanent alternate accommodation to commercial slum occupants.4.**

- **Demolition Proceedings under 33/38:** Need to streamline and expedite the process for vacating the land and demolition. Presently only 2 Tehsildars are entrusted with the responsibility for carrying out eviction process of non-consenting slum dwellers in the entire city of Mumbai. The number of Tehsildars for conducting hearing for eviction u/s 33 & 38 along with 3(Z)(1) of the slum act should be increased to minimum 10.

Furthermore, the appeal of the eviction order lies with AGRC. AGRC meets every fortnightly and there is a huge backlog created due to the same. There should be a special AGRC committee formed to look into eviction matters which preside everyday so that non consenting slumdwellers are unable to use to overburdened machinery to their advantage to derail an entire SR scheme for months and years.

Clear instructions should be provided to the SRA that mere application to AGRC and high Court/city civil court wouldn't tantamount to automatic stay. Eviction proceedings to be stayed only if there is an express status quo/stay order in the matter by AGRC/City Civil Court/High Court.

- **Annexure II –**

Digitisation of the Annexure-II process should be done. SRA already has the infrastructure in place for the same and implementation needs to be started immediately which will drastically cut down on the timelines for issuance of annexure-II and also avoid multiple allotment of PAA to same slum dweller.

In addition to digitisation, there needs to be a transfer policy for change in ownership of structure after Annexure-II is prepared. There is already a policy in place to recognise transfers before finalisation of annexure-II but there is none for taking into account transfers after Annexure-II. Ground reality is that there is a lag of many years between finalisation of annexure-II and receipt or permanent alternate accommodation and some transfers due to the financial plight of the slum dwellers is inevitable and the same needs to be recognised and regularised on payment of some fees to the Government/SRA.

- **Handover of Reservations in SRA**

All Reservations within a SRA scheme should be allowed to be handed over to SRA which in turn can subsequently coordinate with MCGM/ Respective Government authorities for handover of the same. Developer's responsibility should end at the stage of handover to SRA.

- **Implementation of Clause 33A of the Slum Act:** It has been noticed that non-consenting/cooperative slum dwellers make frivolous complaints against the SR scheme and also refuse to vacate their slum structures and use the overburdened machinery during the eviction process to stall a SR schemes for years on end. They do so without any fear as even after trying to derail a SR scheme, they are entitled to receive benefits (PAA) in the same scheme where they are agitating. In light of this the Government had introduced 33A in the slum Act which would act as a deterrent against errant slum dwellers. The SRA should use it judiciously to ensure that errant slum dwellers face some accountability for their actions.

- **Special Mediation Committee to set-up**

A Special Mediation Committee to set-up comprising of;

- a) SRA officer
- b) A Prominent Architect
- c) Developer Member of Association

Which would look into administrative complaints, to resolve complaints including mediation for slum dwellers, rival societies, rival builders or generally resolve issues in SRA scheme. As of today, a large chunk of CEO SRA's time is devoted for such issues.



- Consider construction of refuge areas, BUA for parking, STPs etc as part of the Rehab Component. Due to the ever increasing construction area due to requirements as mentioned above, the construction costs of the developers for the rehab component has sky rocketed. The Carpet to construction area in most cases is as high as 1.8 to 2 and presently the Developer is not being compensated for the same through provision of Sale FSI since construction of such ancillary areas which are an integral part of the rehab commitments of the developer is not considered as part of the Rehab Component. With a view to increase the viability of SR schemes, the Rehab Component area needs to be tweaked to include the entire construction area for Rehab including such refuge areas, parking areas, STPs and all other such construction areas undertaken for the Rehab portion.

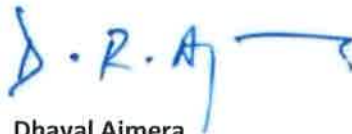
On behalf of CREDAI-MCHI, we wish to express our earnest enthusiasm in supporting the initiative of the Housing department of the GoM in its ground-breaking housing policy initiative. We praise the dedication of the GoM to provide holistic housing to the citizens of State of Maharashtra. To ensure that the proposed housing policy effectively and positively impacts the citizens of the state, we request to organize public forums and workshops to engage real estate developers, architects and citizens in this great initiative. CREDAI-MCHI is looking forward to the prospect of collaborating with the GoM in this endeavor.

Thanking you,

Yours sincerely,  
For CREDAI-MCHI



**Domnic Romell**  
President



**Dhaval Ajmera**  
Hon. Secretary Encl.:

**Report – Agenda 2023: Retaining Mumbai's Financial Capital Status**

# **AGENDA 2023**



**RETAINING MUMBAI'S FINANCIAL CAPITAL STATUS**

“

You can take a boy out of Mumbai, but  
you cannot take Mumbai out of a boy.

- Salman Rushdie, Author

”

“

Mumbai is like Manhattan.  
There is a certain pace, a social life &  
the thrill of professional life.

- Madhuri Dixit, Bollywood Actor

”

“

Mumbai is infectious, once you start  
living in Mumbai, working in Mumbai,  
I don't think you can live anywhere else.

- Yash Chopra, Movie Producer

”

“

More dreams are realised &  
extinguished in Bombay than any  
other place in India.

- Gregory David Roberts, Author

”

“

All they know is that you are  
trying to get to the City of Gold,  
and that's enough. Come on board,  
they say, we will adjust.

- Suketu Mehta, Author

”

“

Mumbai may not be my city.  
But it is my kind of city.

- Vikas Swarup, Author

”

“

Mumbai — a city where people  
come to make their careers & end up  
making their lives. Mumbai is not a  
city, it's a way of life.

- Subhasis Das, Author

”





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IMMEDIATE PAST PRESIDENT- CREDAI-MCHI

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**PRESIDENT'S ADDRESS :** DOMNIC ROMELL  
PRESIDENT - CREDAI-MCHI

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DHAVAL AJMERA  
HON. SECRETARY - CREDAI-MCHI

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**BOMAN IRANI**

Immediate Past President  
CREDAI - MCHI

“

*Mumbai has continued to hold the title of Financial Capital, but now the city faces stiff competition from cities like Delhi Ncr, Hyderabad, Bengaluru, etc. This is because of affordable working spaces, housing & similar lifestyle amenities available in other cities.*

## Foreword

Mumbai has always been ‘ **The Golden City** ’. The cosmopolitan nature and financial stability have attracted millions of people from other parts of the country, creating a global skill ecosystem for various businesses to flourish in the city.

As a result, within no time, the city emerged as the industrial capital of India. The burgeoning business class, the readily available skilled workforce, and a conducive business environment made Mumbai the ‘ **City of Dreams**.’ In addition, the chawls system and other low-cost housing to cater to the working class have acted as a catalyst for Mumbai’s growth story.

However, Mumbai has come a long way from those days. Today, Mumbai is the Financial Capital of India, an economic powerhouse of the world, and the commercial hub of Maharashtra. **A New World Wealth** report ranked the city as the **12th wealthiest global city** with a total private wealth of USD 950 billion. Today, Mumbai accounts for roughly USD 1.5 billion of the state’s GDP, which is approximately a third of Maharashtra’s GDP.

However, the ‘ **City of Dreams** ’ has failed to provide the best to its large population due to lack of affordable housing and the high cost of living. As a result, the slum density is sprawling across the length and breadth of the city. Today over 12 million people in Mumbai live in these shanties with poor sanitation and healthcare, manifesting unaffordability in housing. It is rather bewildering to find that a large chunk of the working class who once constituted the backbone of Mumbai are being forced to settle in cramped housing settlements.

Adding to the plight is Mumbai’s inability to offer any large-scale development of Business Parks, IT Parks or Industrial Parks to attract new business and a skilled workforce. Instead, the city is witnessing a reverse trend where established industries and companies based out of Mumbai are relocating to other cities, forcing the existing city’s skill pool to look at other livelihood options.

Today, Mumbai’s claim as ‘ **The Financial Capital of India** ’ is being challenged. The city is under threat of being taken over by other comparable cities like Delhi NCR, Bengaluru, Hyderabad, Ahmedabad, etc. With the emergence of these cities with state-of-the-art ecosystem to cater to startups and fintech companies, Mumbai has started losing its sheen as the financial powerhouse in the digital-driven economy.



Mumbai's astronomical real estate approval charges and premiums are hardly conducive to talented young entrepreneurs who are high on concepts and motivation but low on capital. Today many startups, even those with their genesis in Mumbai, are forced to migrate and operate from other cities.

The prime reason behind the failure to attract new tech firms and the mass exodus of Fintech, IT, and service companies is the **lack of availability of affordable offices and housing**, shared service centres, mobility and lifestyle amenities to attract the millennial talent pool to Mumbai. **CREDAI-MCHI, through this thorough research report, wants to bring to the kind attention of the Government of Maharashtra that Mumbai, despite its mega possibilities and potentials, has failed to capitalise on its core strengths.**

The city needs to work towards affordable housing, office spaces and an overall affordable built environment so that all Fintech, IT and service companies that wish to have a Mumbai life for its talent pool can set up their bases and thrive in Mumbai. We must understand that other cities have escalated their development potential. Moreover, the current high approval costs in Mumbai have created opportunities for other cities to offer affordable housing, offices, retail spaces and an overall affordable and liveable built environment.

In order to sustain the tough competition from other emerging cities and also to retain the supremacy of Mumbai as the financial powerhouse, **there is an urgent need to change the current High-Cost-Premium-Regime where Mumbai pays 25 times higher in the forms of Premiums and development/approval charges as compared to its immediate competitor Delhi NCR.**

Mumbai also needs to simplify and reduce the number of Premiums paid by developers in order to enable a conducive environment to provide a better and more affordable business ecosystem. This report of CREDAI-MCHI points to the increased unsustainable development costs of housing and office spaces due to high charges payable for approvals. These need to change. Mumbai real estate developers incur 1/3rd of the total costs of projects in paying Premiums, which are ultimately passed on to home buyers.

This report will provide scientific insights into how high rates of Premiums are creating a visible hurdle in the growth of Mumbai as the Financial Capital of India. This report of CREDAI-MCHI is highly exhaustive and points towards all the factors that could lead Mumbai to regain its past glory and rise to a global financial centre. It is time for the Government of Maharashtra to take appropriate measures to simplify the approval ecosystem by bringing down the number of Premiums and reducing the cost of approvals for Mumbai. ■

“

*Mumbai pays 25 times higher premium than Delhi NCR, 50 times more premium than Hyderabad, 47 times higher premium than Bengaluru, and 9 times higher than Chennai and Pune for residential real estate projects.*

*Similarly, the Financial Capital collects 25 times higher premium than the National Capital, 76 times more premium than Hyderabad, 66 times higher premium than Bengaluru, and 13 and 11 times higher than Chennai and Pune respectively for commercial real estate development.*



**DOMNIC ROMELL**  
President,  
CREDAI - MCHI

“

*A thriving real estate industry can be a vital driver of economic growth for Maharashtra. As it contributes to the creation of new jobs, attracts investments, and generates revenue for the government. Moreover, a healthy real estate sector ensures that there is a sufficient supply of affordable housing that meets the needs of the diverse population.*

## President's Address

As we move towards a future of rapid urbanisation and increasing demand for housing, it is imperative that we address the challenges facing the real estate industry. The burden of premiums and delays in project approvals not only hinders the growth of the sector but also makes housing unaffordable for many.

The real estate sector plays a vital role in the economic growth and development of the state of Maharashtra. **However, the sector in the Mumbai Metropolitan Region (MMR) faces various challenges that hinder its growth and make housing unaffordable for many.** Through this report we aim to draw the state government's attention to two significant challenges faced by the real estate sector.

**1. The Burden of Premiums:** This is a significant challenge that developers in the MMR region face. **These premiums include Floor Space Index (FSI), staircases, lift wells, lobbies, and other premiums that significantly increase the cost of development.** These premiums, coupled with other challenges such as high land prices, make housing unaffordable for a large section of society. We believe that working with **the government authorities to rationalize these premiums can make real estate more affordable for all segments of society.**

**2. Delays in Project Approvals:** Another critical issue faced by the real estate industry in Mumbai is the delay in project approvals. **These delays can be attributed to a lack of coordination between various government authorities, leading to a slow and cumbersome approval process.** Delays in project approvals have a significant impact on the overall cost and timeline of the projects, making them less accessible and affordable to the common man. **To address this issue, we recommend that the government formalize a single-window clearance system that will streamline the approval process and reduce time and cost of obtaining necessary approvals.** This will not only benefit the sector but also have a positive impact on the overall development of Mumbai.

We believe that these measures will have a consequential impact on the real estate sector and the economy of Maharashtra. **A thriving real estate industry will attract investments, create jobs and generate revenue for the state.** This, in turn, will improve the standard of living for our citizens and help Maharashtra achieve its goal of sustainable and inclusive growth.

By taking bold steps towards rationalising premiums and streamlining the approval process, we can create a real estate sector that is sustainable, accessible, and affordable for all. Let us work together to create a vibrant and inclusive real estate industry that contributes to the growth and development of our state and our society. ■



# THE VANISHING SHEEN OF FINANCIAL CAPITAL

History is a witness to the rise and fall of ancient cities, such as Babylon, Nineveh, Memphis, Athens, Rome, and so on. Rome was the first city in history to have a million residents and enchanted the world with its splendour and mighty power for approximately 550 years before Beijing rose to prominence around 1850. However, with the gradual decline of the Silk Route, the social and economic development of Beijing urban region started decaying by 1900. During the same period London rose to prominence on the back of the 'Industrial Revolution' and by the beginning of the 20th century, it had become the largest and most prosperous city in the world. However, London lost its allure by 1950 when New York gained international prominence. Numerous other cities are vying to dethrone New York in today's fiercely competitive world. Similarly, Kolkata was a significant economic, educational, cultural, artistic and theatrical centre for India under the British Raj. However, Mumbai succeeded as the new star city in the late 20th century.

In the Independent India, Mumbai emerged as a major industrial centre, with textile mills driving the city's ascent to prominence. The ever-expanding consumer needs of the new millennium fuelled the conversion of Mumbai's mills into entertainment, leisure and commercial complexes. Today, the metropolis is the centre of India's Banking and Finance Industry (BFSI). The Reserve Bank of India, top public and private sector banks, the stock market (Bombay Stock Exchange and National Stock Exchange of India), and virtually every business and finance-related organisations have their headquarters in Mumbai. Thus, Mumbai is at the heart of India's advancement.

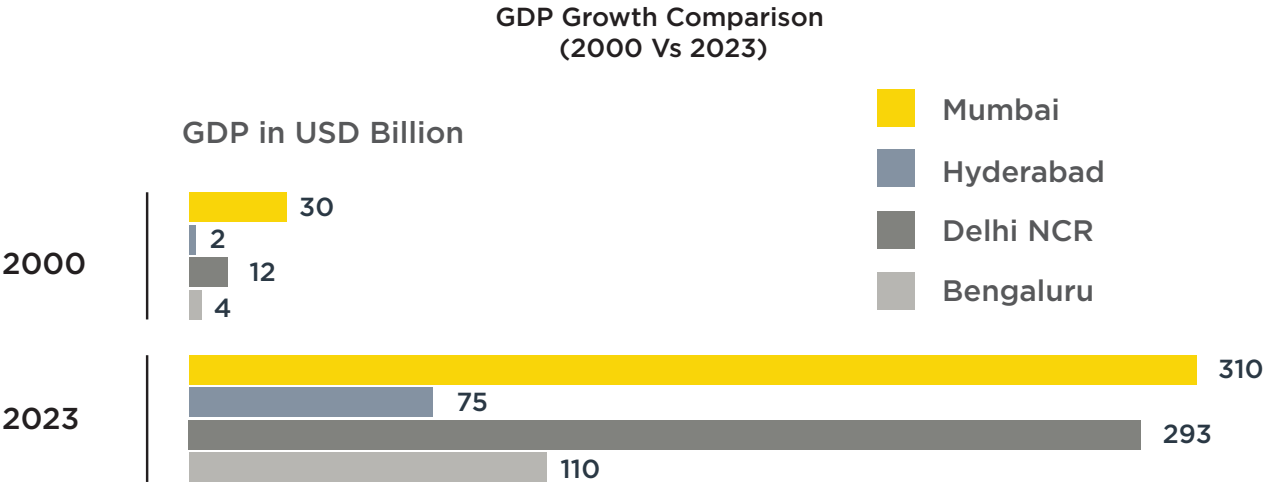




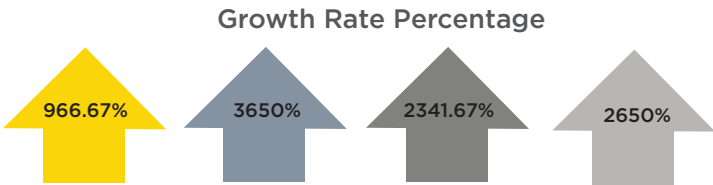


# The Diminishing Mumbai

This part of the report presents a comparative analysis of the economic growth of four major metropolises in India over the last 23 years (2000-2023). The cities under scrutiny are Mumbai, Hyderabad, Delhi, and Bengaluru. The primary focus of this analysis is to assess the Gross Domestic Product (GDP) growth in each city and identify the factors contributing to their economic development.



As depicted in the graph, Hyderabad experienced the most significant GDP growth, skyrocketing from USD 2 billion to USD 75 billion, representing a 36X increase over the 23-year period. Delhi and Bengaluru also exhibited remarkable growth with 29X and 27X increases in GDP, respectively. However, Mumbai’s GDP growth remained comparatively moderate, growing only 10X over the same period.



**The Growth Difference**

The difference in growth percentage highlights the varying economic expansion rates between Mumbai and the other cities (Hyderabad, Delhi, and Bengaluru) over the last 23 years. Hyderabad has experienced the highest growth, outpacing Mumbai by approximately 2683.33%. Delhi and Bengaluru also surpassed Mumbai’s growth by approximately 1375% and 1683.33%, respectively.

**Growth Rate Difference (Percentage)**

**Hyderabad**  
2683.33%

**Delhi NCR**  
1375%

**Bengaluru**  
1683.33%

**Comparative Analysis**

The growth percentages provide valuable insights into the economic performance of the four cities over the last 23 years. Hyderabad stands out with the highest growth rate of 3650%, followed by Delhi with 2341.67% and Bengaluru with 2650%. Mumbai’s growth rate of 966.67% is noteworthy but appears relatively slower in comparison to the other three cities.

**The Down Trend**

Mumbai, despite its already established economic base and financial significance, have faced challenges in sustaining a higher growth rate due to various factors, including urbanization constraints and high real estate price. While, Hyderabad, Delhi, and Bengaluru have effectively leveraged their strengths, such as technology, government initiatives, and investment climate, to achieve rapid economic expansion.






## Why is Mumbai Diminishing ?

The high approval costs is putting an additional financial strain on the sector, making it unviable for many developers to proceed with development in the affordable segment.

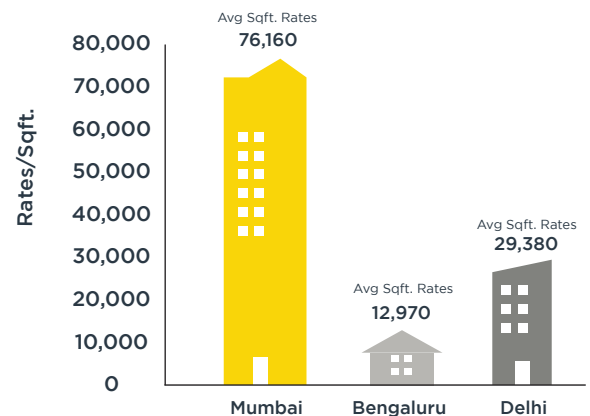
### The Unsustainable Path

-  **Unaffordable Housing:** The high cost of property makes it difficult for people to afford a home in the city, leading to **increased homelessness and a decline in the standard of living.**
-  **Reduced Investment:** The high cost of property is also discouraging investment in the city, **as potential investors are investing in other cities that have lower property prices.**
-  **Increased Expenses:** The high approval cost is adding to the already high cost of living in Mumbai, **making it more difficult for people to afford a home or business.**
-  **Lack of Development:** The high cost of property is acting as a bottleneck for new development in the city, resulting in a lack of new housing, commercial spaces, and other essential facilities, making the city less attractive.
-  **Out-Migration:** The high cost of living, including the high cost of the property, is leading to out-migration, **as people want to move to other cities that offer a better quality of life at a lower cost.**
-  **Stagnant Economy:** The high cost of property is also detrimental to the city's economy, as people have less disposable income to spend on goods and services. This can result in a **decline in economic activity and job creation.**




### Long Term Impact:

-  As of 2022 December there are over 1,671 projects which are under construction including both private and public with an estimated cost of INR 25.56 lakh crore.
-  This also includes 13 separate metro rail corridors worth over INR 1.25 lakh crore, Trans Harbour Sea Link worth over INR 20,000 Crore, Coastal Road Project worth over INR 15,000 crore.
-  All of these mega projects will not be optimally used if we are not able to make the city affordable as people will move to cities that will offer a better cost of living.

### Average Price in Top Performing Micro Markets Viz Mumbai, Bengaluru, and Delhi



- » The average property prices in five top posh areas in Mumbai averages INR 78,000 Sqft., whereas, in Bengaluru, it is just INR 13,000 Sqft. and Delhi clocks somewhere around INR 30,000 Sqft.

Mumbai	Bengaluru	Delhi
		
Cuff Parade 74,155	Sadasiva Nagar 18,470	Jor Bagh 18,470
Breach Candy 73,416	Rajaji Nagar 13,947	Shanti Niketan 29,000
Malabar Hill 71,218	Malleshwaram 11,674	Gulmohar Park 27,200
Tardeo 78,289	Basavanagudi 10,610	Panchsheel Enclave 20,500
Walkeshwar 83,720	Frazer Town 9,876	Hauz Khas Enclave 22,400

Price per Sqft. in INR

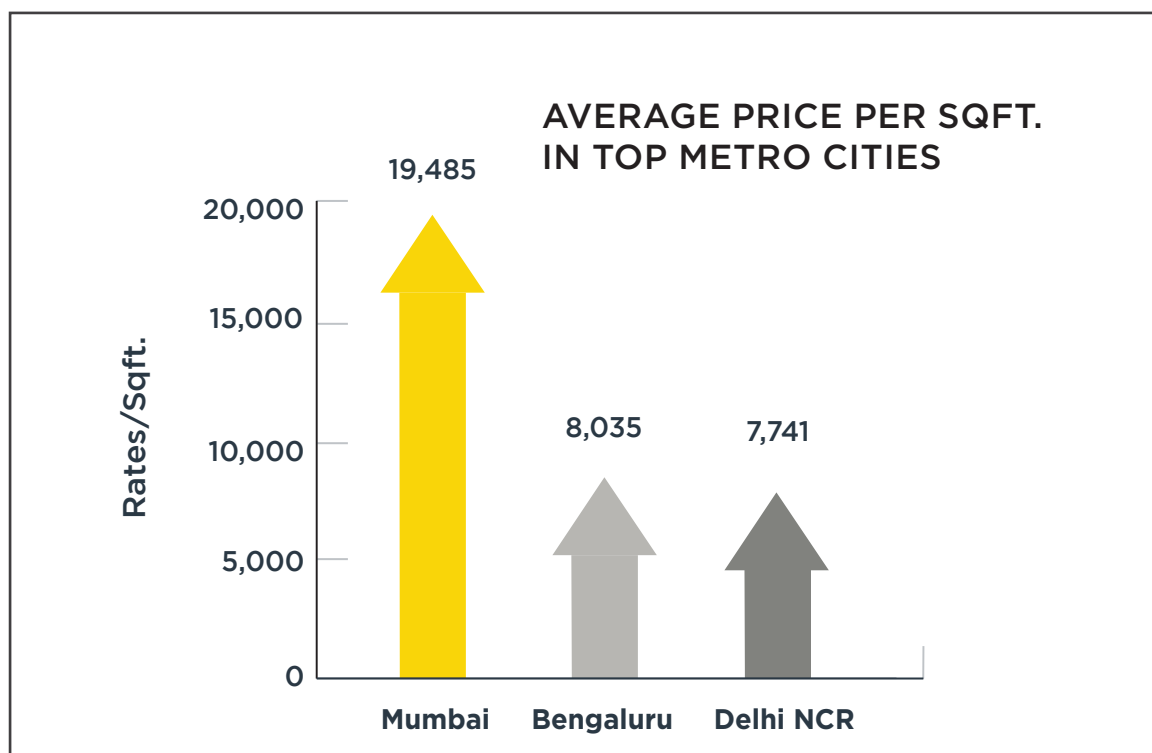
- » Property prices in Mumbai are the highest compared to any other Indian city.
- » The above charts show the huge cost gap in average prices of apartments in top 5 micro- markets of Mumbai, Bengaluru and Delhi.



## The Mismatch

The competitive gap between Mumbai and other cities is becoming wider. Inadequate or unaffordable housing in Mumbai is negatively affecting the city's productivity in two ways.

- » It has a **negative impact on human capital** due to the mismatch between housing and employment, restricting access to jobs.
- » The city is losing ground to others due to its lack of **community-building capacity**.
- » The mismatch imposes unaffordable health costs that have a **negative impact on economic performance**, with low-income groups becoming increasingly concentrated in particular neighbourhoods.
- » The mismatch discourages technologists and new-age high-salaried professionals who want a safer, more affordable environment.



- ₹ The chart explains the huge difference in the **average price paid per sq ft for apartments in MMR**.
- ₹ The prices in MMR are nearly **double that of Delhi NCR and Bengaluru**.
- ₹ The average cost of an **apartment in MMR is INR 19,485**.
- ₹ Whereas, in Delhi NCR and Bengaluru, **it is INR 9,266 and INR 8,035, respectively**.



## AVERAGE MONTHLY RENTALS

₹ The same holds true for rentals in Mumbai. For example, the average monthly rent for a **1BHK apartment in Mumbai City is INR 43,138, compared to INR 19,228 in Bengaluru and INR 19,058 in Delhi NCR.**

₹ Similarly, the average monthly rent for a 3BHK apartment in **Mumbai is INR 1,15,944.44**, whereas the same apartment in **Bengaluru and Delhi NCR costs INR 52,070 and INR 48,120, respectively.**

₹ In the last 10 years, **Mumbai real estate has witnessed a steep recalibration of sizes**, with 1BHK carpet areas being reduced **by almost 175 sq ft from an average size of 450-500 sq ft carpet area previously to as low as 325 sq ft** carpet area to match the affordability of buyers.

₹ **In the case of 2BHK, the sizes were almost halved from 800-950 sq ft carpet areas to as low as 450 sq ft** Even the 3BHK sizes, which used to be expansive with a range of 1250-1500 sq ft carpet area, curtailed to as low as 850 sq ft





₹ In many cases, **the size of a 2BHK apartment in Mumbai is smaller than the size of a 1BHK in cities like Bengaluru and Gurugram.**







## Citywise Premium Comparison (Residential)

	 Mumbai	 Chennai	 Bengaluru	 Hyderabad	 Delhi NCR	 Pune	 Ahmedabad
Particulars	Suburbs	Residential Sqmts.					
Total Area Sqmts.	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total FSI (Premium + Fungible) Sqmts.	19,237.50	45,000	32,500	52,000	25,000	24,320	40,000
Total Premiums in INR Crores	104.31	24.87	3.72	5.57	2.16	13.77	32.40
Per Sqmts. Charges in INR	54,221.56	5,466.86	1,145.04	1,071.46	2,166.00	5,660.06	8,101.20

### Key Findings - Residential








- » Premium rates in Mumbai are irrationally exorbitant to sustain the real estate business.
- » On average, a developer in Mumbai pays INR 54,221 as approval cost in the form of various Premiums to develop 1 Sqmt.
- » In Delhi NCR, it cost only INR 2,166, while in Chennai, Bengaluru, and Hyderabad it is only INR 5,466.86, INR 1,145.04, and INR 1,071.46, respectively.

Cities	Amount payable to ULB/Government	How much Mumbai is expensive than other cities
Mumbai	54,221.56	×
Chennai	5,466.86	9.92
Bengaluru	1,145.04	47.35
Hyderabad	1,071.46	50.61
Delhi NCR	2,166.00	25.03
Pune	5,660.06	9.58
Ahmedabad	8,101.20	9.58

- » The above chart explains the existing unconducive approval ecosystem and the unsustainable Premiums disparity between the Financial Capital and other Metros.
- » Mumbai collects 25 times more Premium than Delhi NCR, 50 times more Premiums than Hyderabad, 47 Times Higher Premiums than Bengaluru, and 9 Times Higher than Chennai and Pune for residential real estate projects.



## Citywise Premium Comparison (Commercial)

	 Mumbai	 Chennai	 Bengaluru	 Hyderabad	 Delhi NCR	 Pune	 Ahmedabad
Particulars	Suburbs	Commercial Sqmts.					
Total Area Sqmts.	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total FSI (Premium + Fungible) Sqmts.	27,217.50	49,950	32,500	52,000	1,60,000	24,320	40,000
Total Premiums in INR Crores	222.95	24.78	4.01	5.58	2.35	17.36	5.40
Per Sqmts. Charges in INR	81,914.30	6,050.71	1,233.74	1,072.31	2,355.00	7,139.53	1,350

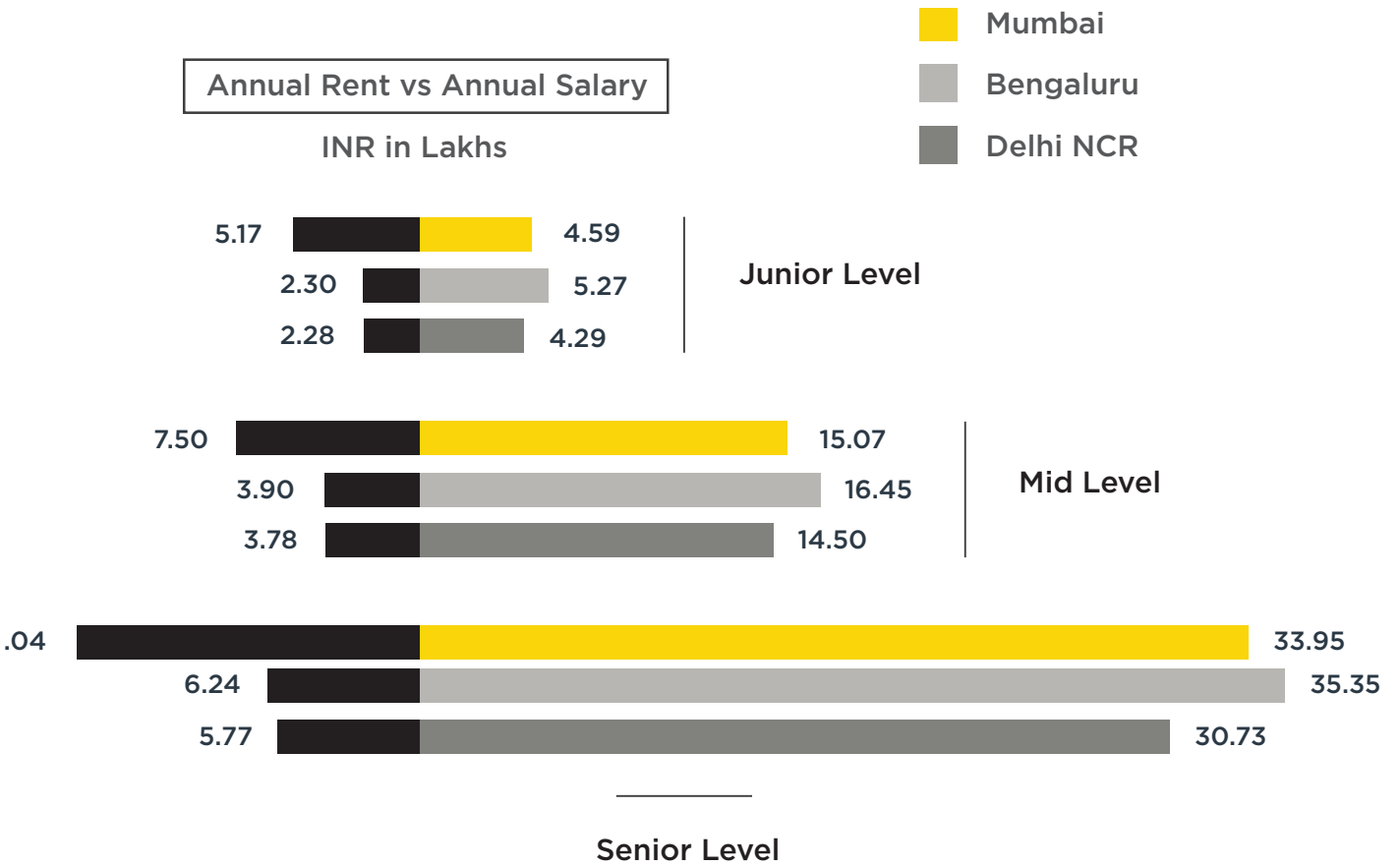
### Key Findings - Commercial

- » The commercial real estate segment in Mumbai is in a deplorable state despite the city's prominence as the financial and business power house.
- » Mumbai collects 76 times more Premiums than Hyderabad, 66 times higher Premiums than Bengaluru, and 13 and 11 times higher than Chennai and Pune, respectively.

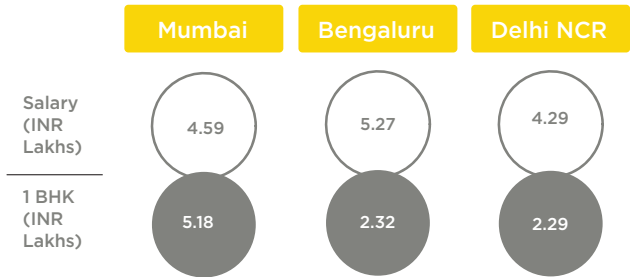
Cities	Amount payable to ULB/Government	How much Mumbai is expensive than other cities
Mumbai	81,914.30	×
Chennai	6,050.71	13.54
Bengaluru	1,233.74	66.40
Hyderabad	1,072.31	76.39
Delhi NCR	2,355.00	25.03
Pune	7,139.53	11.47
Ahmedabad	1,350	60.68



# Comparative Analytics of Salary vs. Rentals for Three Cities Based on The Assumptions Below:



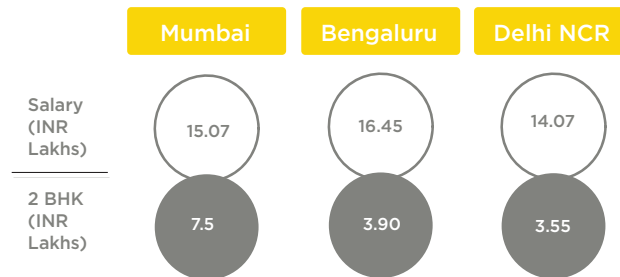
Junior Level  
(Assuming  
1BHK):



- » **Negative Disposable Income:** The average annual rental cost (INR 5,18) exceeds the average annual salary (INR 4.59 Lakhs) for junior-level employees in Mumbai, resulting in negative disposable income after deducting rental expenses.
- » **Financial Strain:** The negative disposable income is causing financial strain on junior-level employees in Mumbai, as they struggle to cover basic living expenses and other financial obligations.
- » **Alternative Housing Options:** Due to the high rental costs, employees are compelled to seek more affordable housing options. This includes turning to slums, far suburbs, hostels, lodging, and hotels, where the rental expenses may be comparatively lower.
- » **Impact on Living Conditions:** The push towards alternative housing options, such as slums and unorganized shelters, can have adverse effects on the quality of life and living conditions for employees, as these areas may lack proper infrastructure and amenities.



### Mid Level (Assuming 2BHK):



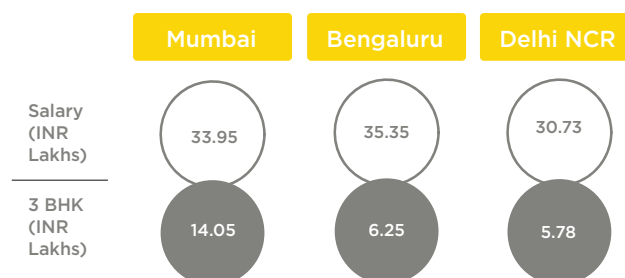
» **Financial Pressure:** Mid-level employees in Mumbai experience significant financial pressure due to the high cost of rent. The rental expenses consume a considerable portion of their salary, leaving them with limited disposable income for savings and other essential expenses.

» **Work-Life Balance:** The cost of rent and the potential need to live farther from the workplace can lead to longer commutes and increased transportation expenses. This can impact the work-life balance of mid-level employees, as they spend more time on the road, affecting their productivity and overall wellbeing.

» **Limited Upward Mobility:** The burden of high rent makes it challenging for mid-level employees to upgrade to larger or more comfortable accommodations. The unaffordability of larger apartments or houses can hinder their ability to meet the changing needs of their families and lifestyle.

» **Talent Attraction and Retention:** The high cost of living in Mumbai, primarily driven by expensive rent, can deter talented mid-level professionals from considering job opportunities in the city. Moreover, it may also lead to talent migration to other cities with a better cost of living, affecting talent retention for businesses in Mumbai.

### Senior Level (Assuming 3BHK):



» **Attraction of Talent to Other Cities:** Skilled and talented senior-level professionals are opting to migrate to other cities offering more affordable and better housing options, where they can enjoy a higher quality of life and increased disposable income compared to Mumbai.

» **Impact on Business Competitiveness:** Businesses operating in Mumbai may face challenges in attracting and retaining top senior-level talent due to the overall higher cost of living in the city. This can adversely affect the competitiveness of the workforce and impede business growth and innovation.

» **Brain Drain:** The combination of soaring rental costs and the availability of similar job opportunities in other cities may trigger a "brain drain" from Mumbai, as senior-level professionals seek improved work-life balance and financial stability elsewhere.

» **Inability to Upsize Housing:** Senior-level employees encounter difficulties in upsizing their housing due to the significant rental hikes, potentially leading to discontentment and the exploration of better housing prospects in other cities.

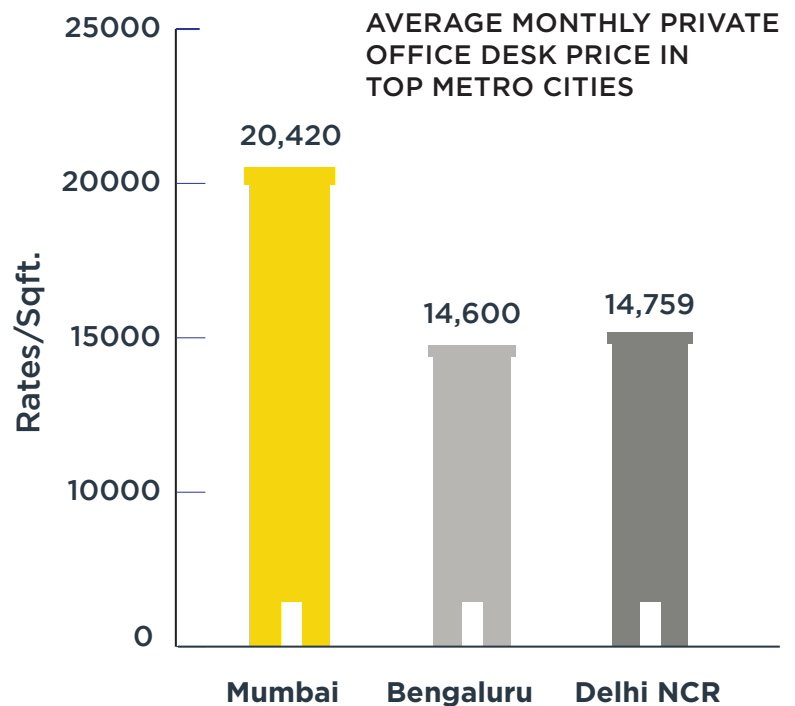




₹ As a result of the high commercial prices due to high Premiums, **Mumbai tops the list of India's most expensive flexible office location**, with an average price of INR 20,420, compared to INR 14,759 in Delhi NCR and INR 14,600 in Bengaluru.

₹ The Savills India's India Market Watch Office H1 report puts **Bengaluru in the number one position with 10.7 million sq ft of leasing activity in commercial rental absorption**.

₹ Delhi NCR witnessed gross absorption of 5.6 million sq ft in H1 2022. At the same time, **Mumbai recorded only 3.3 million Sqft. of Grade-A gross absorption during H1 2022**.



» Owning or renting a 70,000-1,000,000 sq ft office in Chennai, Delhi NCR, or Bengaluru is significantly less expensive due to the lower premiums for approvals.

» Owning an office in Bengaluru can start at INR 6,000 per sq ft and go up to INR 25,000 per sq ft **While in Mumbai, a commercial space starts at INR 25,000-1,00,000 per sq ft**

### Cost of Living



- » According to Mercer's Cost of Living survey in 2022, **Mumbai is the most expensive city in India**.
- » Numerous factors influence the cost of living from real estate, transportation, food, clothing, household goods and entertainment.
- » **Mumbai is the country's most expensive residential and commercial real estate market.**

### Cost of Construction



- » Mumbai has been losing its lustre due to a vicious cycle of supply shortages, high Premiums for approvals, and high labour costs.
- » According to CREDAI-MCHI exclusive research, **the input-cost have increased by approximately 40% over the past two years.**
- » Cement prices have increased by 25%, steel prices have risen by 60%, and conduit pipes and copper prices have risen by 40%.

### Cost of Approvals










- » The **building approval costs in Mumbai** are exceptionally high, with **developers paying 50-60% of input-cost in Premiums.**
- » Mumbai has observed a sharp increase in development costs of commercial high rises, offices and other structures.
- » The rising prices have impacted the construction industry and **the ability of new businesses to own or rent space in Mumbai.**



## MMR MICROMARKETS vs REST OF INDIA

### AVERAGE PRICE RESIDENTIAL RENTALS (RATES/INR/MONTH)

	Micro Markets	Rent
 MMR	Tardeo	1,10,000
	Lower Parel	14,6000
	Andheri West	59,000
	Borivali West	36,900
	Bandra East	93,000
	Bandra West	11,8000
	Chembur	49,500
	Mulund	40,000
	Ghodbunder Road	28,000

	Micro Markets	Rent
 Hyderabad	HI-Tech City	26,800
	Gachibowli	25,800
	Kondapur	24,000
 Bengaluru	Sarjarpur Road	27,000
	Marathahalli	28,000
	Whitefield	26,500
	Thanisandra Road	26,000
 Chennai	Perambur	18,500
	Pallavaram	18,000
	Oragadam	13,500
 Pune	Hinjewadi	22,000
	Wagholi	17,000
	Baner	23,000
 Delhi NCR	Sohna Road	29,500
	Sector 150 - Noida	19,000
	Dwarka	22,000
 Kolkata	EM Bypass	22,000
	Rajarhat	16,500
	Joka	15,000

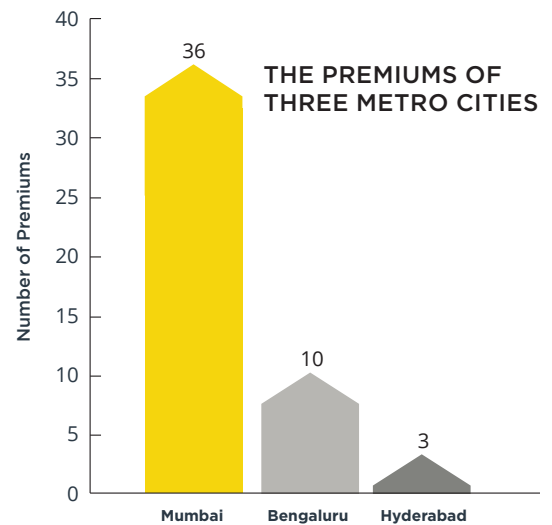
### AVERAGE PRICE OFFICE RENTALS (RATES/INR/SQFT./MONTH)

City	FY20-21
Mumbai	132
NCR	85
Bengaluru	81
Pune	75
Chennai	65
Hyderabad	61



## Comparative Analysis of Premium Charges

- » The High-Cost-Premium-Regime is causing an **unconducive environment for developers to offer affordability to home buyers.**
- » Today **Mumbai collects 36 different Premiums under various headings**, including FSI, staircases, lift wells, lobbies, etc.
- » This is **significantly higher compared to other top cities in the country.**
- » **The developers in Bengaluru pay 10 different Premiums** while developers in Hyderabad pay just three.



- » Mumbai's real estate developers incur **an average of 1/3 of their total project costs in Premiums.**
- » **Most Premiums are charged at the initial stage of the project cycle, wherein capital inflows and outflows do not correspond to each other**, making real estate development in the financial capital irrationally capital intensive.

- » The above chart shows Mumbai has the maximum Premiums with more than 36 types of Premiums compared to Bengaluru and Hyderabad.

## Mumbai vs Rest of The Metro Cities

	Mumbai	Chennai	Bengaluru	Hyderabad	Delhi NCR	Pune	Ahmedabad
<b>Particulars (Area Statement)</b>							
Plot Area (sqmts) (assumed road width of 13.40 m)	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Less: Amenity Area (sqmts)	500	×	×	×	×	500	×
Net Plot Area (sqmts)	9,500	10,000	10,000	10,000	10,000	9,500	10,000
Permissible FSI	1.00	3.25	3.25	5.20	2.50	1.10	1.80
Permissible Premium FSI	0.50	1.30	×	×	×	0.50	2.2
Total FSI from ULB	1.50	4.55	3.25	5.20	2.50	1.60	4.00
<b>Total permissible BUA (sqmts)</b>	<b>14,250</b>	<b>45,500</b>	<b>32,500</b>	<b>52,000</b>	<b>25,000</b>	<b>15,200</b>	<b>40,000</b>
Add: Fungible FSI (sqmts)	4,988	×	×	×	×	9,120	×
<b>Total FSI + Premium FSI + Fungible (sqmts)</b>	<b>19,238</b>	<b>45,500</b>	<b>32,500</b>	<b>52,000</b>	<b>25,000</b>	<b>24,320</b>	<b>40,000</b>
Area of Inclusive Housing to be provided (sqmts)	2,280	×	×	×	×	×	×
<b>Total FSI from ULB + Fungible</b>	<b>1.92</b>	<b>4.55</b>	<b>3.25</b>	<b>5.20</b>	<b>2.50</b>	<b>2.43</b>	<b>4.00</b>

## Mumbai vs Rest of The Metro Cities

No. of Premiums	Mumbai	Bengaluru	Delhi NCR
• Additional FSI on payment of Premium	✓	✗	✗
• Premium paid to MSRDC	✓	✗	✗
• Premium for Fungible FSI	✓	✗	✓
• Premium for Staircase	✓	✗	✗
• Premium for Lift Lobby	✓	✗	✗
• Open Space Deficiency Premium	✓	✗	✓
• Premium for not handing over the reservation	✓	✗	✗
• Premium for deficiency in parking	✓	✗	✗
• Premium for provision of additional parking	✓	✗	✗
• Premium for deficiency in avs	✓	✗	✗
• Labour Cess	✓	✓	✗
• Development charges	✓	✗	✓
• Paved RG Premium	✓	✗	✗
• Projection beyond 2m from building line Premium	✓	✗	✗
• Building line projecting within 2.5Om from compound wall Premium	✓	✓	✗
• Lucrative Premium	✓	✗	✗
• Deficiency for car parking tower Premium	✓	✗	✗
• Parking in FOS Premium	✓	✗	✗
• Balcony enclosure Premium	✓	✗	✗
• Inadequate width of access Premium	✓	✗	✗
• Land Premium for SRA SCHEMES	✓	✗	✗
• TDR Rates	✓	✗	✗
• IOD Scrutiny Fees	✓	✓	✗
• IOD Deposit Fees	✓	✓	✗
• Debris Deposit	✓	✗	✗
• Fire Scrutiny Fees	✓	✓	✗
• PCO Charges	✓	✗	✗
• Land Under Construction Charges	✓	✗	✗
• Infrastructure Improvement Charges	✓	✗	✗
• Cost of Construction of Inclusive Charges	✓	✗	✗
• Contingency Charges	✓	✗	✗
• Interest on Installment	✓	✗	✗



## Summary of Key Findings

Deepak Parekh's Report, which made a comparative analysis of various cities, has categorically stated that the ratio of Premium payments to land value is exorbitant in Mumbai.

01

Compared to 0.1X to 0.14X in Delhi, 1.27X to 1.37X in Hyderabad, 0.92X to 1.37X in Bengaluru, and 0.62X to 1.41X in Chennai, for residential and commercial projects, respectively.

03

The number of heads of Premiums increases based on the nature of the project and the land holding size.

05

Conversion charges such as conversion of 'industrial' to residential zone, or 'agriculture' to residential and other such land conversions are tedious and expensive.

07

It ranges from 1.96x for residential developments in the suburbs to 4.23x for commercial developments in Mumbai City.

02

The Premiums and fees collected in Mumbai are considerably higher than those collected in other comparable cities.

04

It is estimated that these levies account for one-third or more of a project's selling price.

06

The Premiums under the conversion rules varies from 15% to 75% of the land value as per the applicable rate of assessment, depending on the category of the holding.

08

It will create a tremendous uptick in volume of development in terms of the number of projects being kickstarted in the Financial Capital.

01

A 50 % reduction has already helped the Government to generate an additional revenue of INR 12,000 crore in 2020.

03

It will help the city to collect more individual and business taxes along with state GST as more tax paying offices and residents will come up in the Financial Capital.

05

## Benefits of 50% reduction in Premium

It will bring huge relief to home buyers as 50 per cent discount will be passed on to end users.

02

It will not only increase the affordability in Mumbai's housing market but also increase the number of residential and commercial spaces for levying property taxes.

04

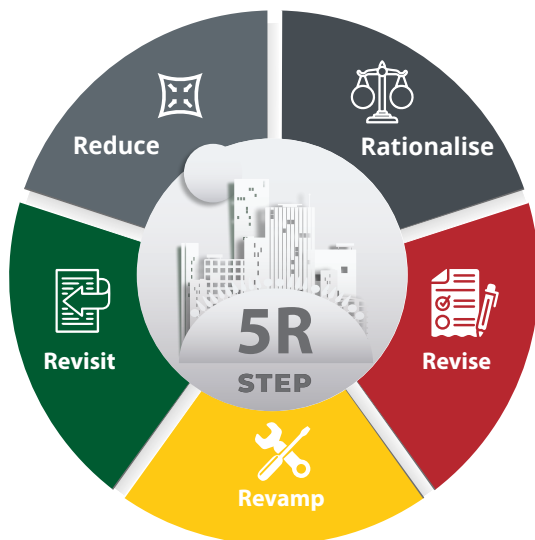
It will make several redevelopment projects feasible which are stuck due to the current high approval cost.

06

It will prove to be a win-win formula for the Government and the citizens as it will not only reduce the property cost in Mumbai but also increase the Government's revenue.

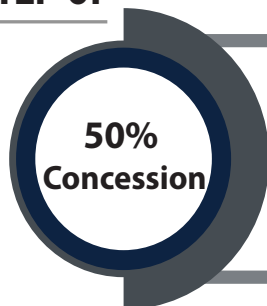
07





## KEY RECOMMENDATIONS FOR A LOW PREMIUM REGIME

### STEP 01



#### Rationalise

Reduce all Premiums/charges/levies/cess/including the Premium for staircases, lift well and lobbies, amongst several others, by 50% permanently

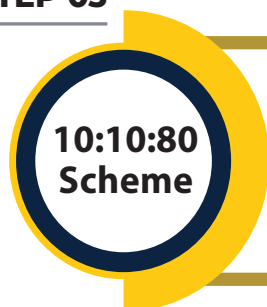
### STEP 02



#### Revise

The Payments of the Premiums will be spread over the project cycle without any rate of interest or penalty

### STEP 03



#### Revamp

It is suggested to introduce a new 10:10:80 scheme. The framework of the scheme will be 10% during Premium approval, 10% during Commencement Certificate, and 80% during Occupation Certificate

### STEP 04



#### Revisit

The Government will not charge additional Premium on TDR, especially for redevelopment projects where in such projects the TDR needs to be treated as a Premium

### STEP 05



#### Reduce

There is an urgency to simplify the approval ecosystem by reducing the number of Premiums from the current 36 to 6





**DHAVAL AJMERA**

Hon. Secretary  
CREDAI - MCHI

“

*In this report, we have made several proposals that need to be executed promptly to jumpstart the overall development of the Financial Capital. Critically, a course correction is required since once a burgeoning city like Mumbai has become utterly uncompetitive, relative to metropolitan areas in other states due to the exorbitant premiums and taxes being imposed.*

## CONCLUSION | Mumbai: The Gateway To India's Multi-Trillion Economy

The City of Mumbai requires revitalisation to address its challenges, such as population growth, traffic congestion, and inadequate infrastructure. Moreover, the time has come for the city to recalibrate its existing ecosystem to attract global banks and other world-class financial organisations. However, the en route to mega infrastructural development also requires many structural reforms, considering Mumbai's eminence to India's economic progress.

This could be elucidated from the fact that by 2035, India's GDP will exceed USD 10 trillion. **The State of Maharashtra will be the most significant contributor to the national GDP with a USD 2 trillion economy.** However, for Maharashtra to become a USD 2 trillion economy, Mumbai would need to triple the size of its economy, which also means competing with global cities like Singapore, Hong Kong, and Shanghai.

According to the RBI data, **Maharashtra's GDP shows a growth of 12 percent and has grown from INR 17.8 lakh crore in 2014-15 to INR 24.97 lakh crore in 2017-18. If the state maintains its current growth rate of 12 percent, it will only reach USD 785 billion in constant currency by 2025.** Assuming that Mumbai contributes a third of the GDP, the city needs a 3X growth rate over the next 12 years to become a trillion-dollar economy by 2035.

Business-as-Usual (BAU) will not get Mumbai there, but the appropriate policy frameworks can increase growth. Additionally, structural reforms are essential, especially for removing uncertainties and complexities around taxation for financial services firms. Mumbai will also need to develop a first-rate system for resolving commercial disputes.

This includes everything from fasttrack courts to international arbitration. Equally important is creating multiple efficient business districts appealing enough to big global corporations who want to locate or relocate to Mumbai. The local Government, private sector, and citizens must work together to implement practical solutions. Some potential strategies include increasing public transportation options, promoting sustainable development, and improving urban planning.

Moreover, in order to achieve that, the city needs to change the perception of being an expensive city by having an affordable and transparent approval system. Both affordability and transparency through a single-window approval system would promote investment, increase public trust, and ensure that the city's development aligns with long-term goals.

**CORE RESEARCH TEAM**



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Immediate Past President



**DOMNIC ROMELL**  
President



**AJAY ASHAR**  
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**DHAVAL AJMERA**  
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Vice President



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**DR.ADV. HARSHUL SAVLA**  
Research Convener



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