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To,

Smt. Jayashreerani Surve

Dy. Director Town Planning & Valuation

Old Custom House, Shahid Bhagatsingh Marg,

Fort, Mumbai – 400 023

Subject: Issues regarding the stamp duty being levied on the real estate developments

Respected Ma'am,

Greetings from CREDAI-MCHI!

We would like to thank you for giving us an opportunity to meet you and express our issues of concern in detail with regards to the stamp duty being levied on the real estate developments.

Your urgent attention is requested to the following few points and look forward to necessary action in the reduction of stamp duty, which is the need of the hour to incentivize property purchasers.

- Maharashtra has the highest number of home loans i.e. 24 % of the entire country. Total amount of Home loans almost 4.3 Trillion INR from Maharashtra alone.
- Mumbai and Thane are at the forefront of this housing demand followed by Pune.
- There has been a steep increase in the US Fed Interest Rates from Feb 22 wherein the rate has increased by 5.25 % in the last 18 months the fastest increase ever.
- World banks world over in order to keep domestic policy in line with international conditions have increased rates as well.
- While this has caused home loans to increase in Mumbai and Maharashtra from 6.5 % to 9 % a clear 2.5 % increase on an average basis over the last 18 months.
- Affordability is already at its highest for home purchasers. Mumbai has an EMI to income ratio of almost 50 % that's more than any other region with NCR being second at 30 % and Bangalore & Chennai at 28 %.
- Increasing interest rates will lead to higher cost of business. Construction loans, EMI's, business loans, car loans all seemed to have increased manifold.
- Increased interest rate is so high on home loans that for a 20 years loan and more the interest cost now supersedes the principal amount.
- This has also cause an increase on the average EMI by 20%. Home buyers who paid EMI of around Rs 22,700 in July 2021 are now shelling out around Rs 27,300 – a rise of around Rs 4,600 per month.

Maharashtra Chamber of Housing Industry

Maker Bhavan II, 4th Floor, 18, V. Thackersey Marg, New Marine Lines, Mumbai - 400 020.

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VASAI VIRAR | ALIBAG | KARJAT-KHALAPUR-KHOPOLI | YOUTH NMR

We would also like to bring to your kind attention that the current market scenario is witnessing downturns in property sale transactions. In the month of June 2023, 10,319 units were registered, July 2023 – 10,221 units were registered & August 2023 – 10,515 units were registered. However, there has been a fall in revenue from July 2023 of 5%. It is noteworthy that a large portion of these flats are redevelopment flats.

Considering the stagnation of flat sales, we can easily say that the peak is in unless interest rates reduce the cost of capital. The biggest reason for this increased interest rates is purely to combat inflationary aspect. Inflation in India has already peaked. As it has world over as well. However, interest rates which were a reaction to the inflation has not been reduced. The market is dealing with the stress caused due to lower inflation and high interest rates which is affecting demand and thereby causing 'demand destruction.'

Prayer: Given the context of high home loan demand in Maharashtra and the challenges posed by the global increase in interest rates, we would like to request for a reduction in stamp duty. Reducing stamp duty could potentially stimulate the real estate market by making property transactions more affordable for buyers. Lower stamp duty rates can incentivize property purchases, boost demand, and subsequently, encourage economic growth in the region.

Thanking you.

Yours sincerely,
For CREDAI-MCHI



Domnic Romell
President



Dhaval Ajmera
Hon. Secretary

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