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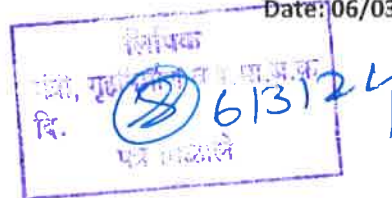
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Naman Shah

PROCUREMENT CONVENOR
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WOMEN'S WING CHAIRPERSON
Sejal Goradia

To,
Shri Atul Save ji,
Hon'ble Housing Minister,
Government of Maharashtra.



Sub: Various issues in relation to slum rehabilitation requiring your intervention for the fast implementation of schemes.

Respected Sir,

As you are aware, about 50% of the population of Mumbai resides in slums or some form of unstructured housing and rapid slum rehabilitation is the urgent need of the hour. Your government should be commended for the proactive approach in formulating various pro development policies towards that end. In this context we would like to highlight certain issues which may require your urgent intervention

a) Valuation of private slum encroached lands taken up for redevelopment vide execution of various instruments between landowners and developers like conveyance, Development Agreement, Joint Venture Agreement etc.

For Development of lands encroached by slums, the NOC of Landowners is one of the prerequisites. With respect to public land, sub clause 1.11 of regulation 33(10) of DCPR 2034 provides for a mechanism of paying premium @ 25% of ASR of the year of issue of LOI for development of such lands owned by government, semi-government undertakings and local bodies.

The problem crops up when Developer wishes to develop private land. The valuation of land @ 25% of ASR by the government is a validation of the logical reasoning that slum encroached lands have no value and its only when its developed and the encroachment is removed that it has any value. Developers generally execute conveyance, Development agreement or joint venture agreements with the private landowners by agreeing to a certain consideration either upfront or in form of area sharing/revenue sharing. When the documents are produced before the revenue authorities for registration, the department uses a formula provided under 26 and 26A of the valuation guidelines for ascertaining the value of the transaction completely disregarding the consideration so agreed upon by the parties to the instrument. It may be pertinent to note that whilst ascertaining the valuation, they take full 3/4 fsi as the case may and calculate full potential at the zero stage without providing deductions for most of the expenses and without factoring in issues like non consumption due to height restrictions, odd shape of plot other factors and without factoring in time value of money and finally even without factoring in the inherent risk involved in the implementation of the scheme.

It so happens that the actual transactions between 2 parties at arm's length is say at "Rs X" but when it is valued by the stamping authorities as per valuation guidelines, the valuation so derived is 4X. Under the circumstances the parties are made to pay stamp duty at outrageous notional valuations which are not grounded in reality. To complicate matters, the valuation ascertained by stamping authorities is regarded as the true value of the transaction for income tax purposes and the parties have to pay tax on the difference under 43CA and 50C of the income tax act which deals with undisclosed income.

Maharashtra Chamber of Housing Industry

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

Request: We humbly request you to hold a joint meeting with the concerned revenue department to ensure that transactions are valued at fair market value as determined between the executing parties or 25% of Land rate as per ASR whichever is greater. This will require a modification in the valuation guidelines.

- a) Interest rate being charged by SRA on deferment to be made 8.5% in line with the same being charged by MCGM & Mhada.

Slum redevelopment is for the upliftment of poorer sections of the society and should be prioritized over all forms of development. Furthermore, unlike regular development, no Banks or financial institutions are willing to fund SR schemes due to its inherent execution risk as well as release of FSI being linked to Rehab construction. Under the circumstances deferring premiums/charges and other fees towards the end of the project becomes even more imperative in a SR scheme.

The CEO SRA had vide circular no CEO/SRA/4598 dated 06.08.2019 waived the interest on deferment for SR schemes to tide over recessionary market conditions. However, vide Circular bearing 206 dated 19.10.22 the waiver of interest was revoked and interest rate of 12% was decided for deferment.

We would like to point out that other regulatory bodies like MHADA and MCGM is charging 8.5% interest on deferment.

Request: To maintain parity in various development models, a uniform rate of 8.5% interest ought to be charged for deferment of premiums/charges in SRA as against 12% as sought to be levied vide circular 206.

b) Revalidation of various NOCs

On basis of approval of plans and issuance of IOD/CC and Layout plans, a developer takes various other NOCs like MOEF, civil aviation, storm water drains NOC, sewerage remarks, parking NOC, Fire NOC etc. It has been noticed that certain NOCs come with a condition wherein it lapses after 1 year or 2 years and the same needs to be revalidated again and again. One can appreciate that redevelopment of slum is a time-consuming exercise fraught with a lot of obstacles and constant revalidation of the various NOCs leads to waste of time, resources and finances of the developer.

Request: We humbly request you to review the existing provisions for revalidation of various NOCs and provide a standard 8-year validity window for all ancillary NOCs procured by the developer.

We kindly request your intervention in the aforementioned matters and hope for a positive resolution. Additionally, we would appreciate it if you could grant us an earliest appointment, preferably tomorrow.

Thanking You in anticipation.

Yours sincerely,
For **CREDAI-MCHI**

Dominic Romell
President

Dhaval Ajmera
Hon. Secretary