

PRESIDENT
Domnic Romell

IMMEDIATE PAST PRESIDENT
Boman Irani

PRESIDENT-ELECT
Ajay Ashar

STRATEGIC ADVISOR
Abhishek Lodha

SENIOR VICE PRESIDENTS
Parag Shah
Jayesh Shah
Sukhraj Nahar
Sandeep Raheja
Rasesh Kanakia

VICE PRESIDENTS
Bandish Ajmera
Shailesh Puranik
Pritam Chivukula
Amit Thacker
Jackbastian Nazareth

SECRETARY
Dhaval Ajmera

TREASURER
Nikunj Sanghavi

JOINT SECRETARIES
Tejas Vyas
Pratik Patel
Sunny Bijlani
Rushi Mehta

JOINT TREASURER
Gurminder Singh Seera

COMMITTEE MEMBERS
Shahid Balwa
Subodh Runwal
Parag Munot
Nainesh Shah
Mukesh Patel
Munish Doshi
Raajesh Prajapati
Shailesh Sanghvi
Parth Mehta
Harmohan Sahni
Jayvardhan Goenka
Umang Kuwadia
Prashant Khandelwal
Binitha Dalal
Ayushi Ashar
Samyag Shah
Ricardo Romell

SPECIAL ADVISORS
Ar. Hafeez Contractor
Adv. Parimal Shroff
Anuj Puri

STATISTICS AND RESEARCH
Dr. Adv. Harshul Savla

INVITEE MEMBERS
Rahul Sagar
Ramkrishna Raheja
Nishant Agarwal
Harsh Hiranandani
Ajay Nahar
Azim F. Tapia
Cherag Ramakrishnan
Vijay Lakhani
Jayesh Chauhan
Aditya Shah
Shraddha Goradia
Sudhanshu Agarwal
Hussain Lalani
Sahil Parikh
Aditya Mirchandani
Rushi Ajmera

YOUTHWING CONVENOR
Naman Shah

PROCUREMENT CONVENOR
Nimish Ajmera

WOMEN'S WING CHAIRPERSON
Sejal Goradia

To,
Dr. Mahendra Kalyankar,
Chief Executive Officer,
Slum Rehabilitation Authority,
Anant Kanekar Marg, Bandra, Mumbai.

**Subject: Suggestions with regards to smooth execution and development of Slum
Rehabilitation Scheme**

Respected Sir,

On behalf of CREDAI-MCHI, we would like to welcome you as the new Chief Executive officer for the Slum Rehabilitation Authority. As you are well aware that more than 50% of our city's population resides in unstructured housings and most of it in slums, and hence you have an unenviable task ahead of you. That said, we the Developer fraternity who are a vital cog in the slum rehabilitation machinery would like to promise our utmost support in this endeavor and together we are certain that we would be able to make great inroads into our targets. As you are settling in with your new task, I am sure you would have received a lot of feedback from your staff but we would like to share some issues, feedback and ideas from the Developers perspective. We will broadly divide the same in 3 core issues namely;

- A) Policy issues
- B) Procedural issues
- C) Finance related issues

A) POLICY ISSUES:

- i) Circular 210: We have already moved the high court against the imposition of the circular 210 and the said matter is sub-judice. Needless to say that we feel that the said Circular is arbitrary and doesn't go to the root of the problem leading to transit rent issues. Transit rent issues are intrinsically linked to delay, non-cooperative slum dwellers holding the scheme to ransom and eviction issues derailing the cash flows of the developer. Our challenge notwithstanding, we once again implore you to repeal the said circular as it will adversely affect the implementation of the SR schemes.
- ii) Viability of schemes where in-situ FSI consumption is a challenge: Due to increase in minimum tenement density and provision of houses for all occupants irrespective of their eligibility status has tremendously increased the tenement density per hectare and put a serious strain on in-situ consumption of FSI. When FSI cannot be consumed in-situ, Developer is constrained to generate slum TDR. Traditionally TDR is being selling at 60-70% of RR rate of land. A developer pays land premium or compensation to owner, rent, constructs Rehab T/Ns, pays various premiums to SRA and the cost of all this is definitely a lot more than rate of land. Even if Developer receives 100% of RR of land rate as compensation for TDR generated after construction of rehab component, it's a loss making enterprise. All slums schemes in civil aviation funnel or one with many reservations or with an odd shape or size are all economically unviable projects. A new policy ought to be thought of wherein even TDR based schemes are economically viable to the developers.

Maharashtra Chamber of Housing Industry

Maker Bhavan II, 4th 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

- iii) AGRC to be formulated with dedicated committee members and the same to function like a high court and preside on a day to day basis to ensure zero pendency of cases.
- iv) As per Circular 216, it is mentioned that the Defect Liability Period for Rehab Buildings has been enhanced to 10 years (except in the case of calamities, damages due to war/riots), while we understand the need to protect the structure of Rehab Occupants, we would like to bring to your attention that the Government Regulation no. संक्रिन - २०१८/प्र.क्र. १५१/इमारती २ dated 14.01.2019 is in respect of RCC framework only. Accordingly, we request that the condition insisted in fresh approvals and proposed occupation would be read as *'The Developer shall be held liable for any repairs/rectification required in defect liability period of 10 years from due date of grant of Occupation Certificate (except in the case of calamities, damages due to war/riots) to **RCC framework of the Rehab Building / Rehab portion of composite building for which Bank Guarantee & deposits of the developer shall be withheld with SRA**'*.

B) PROCEDURAL ISSUES:

- i) Increase Officers deputed for carrying out functions of 33&38 of the slum Act: There are about 10 Deputy Collector Rank officers who are stationed in SRA and only entrusted with SRA related work but presently the entire work of eviction/demolition including holding hearings, passing orders etc. for the entire city of Mumbai is shockingly entrusted to only 1 officer which is leading to high pendency and delay in SR schemes. Non eviction of slum dwellers is one of the main reasons for the schemes becoming non-viable.
- ii) Implementation of 33A of the Slum Act: The major issue in implementation of SR scheme is a few disgruntled slum dwellers who stall a SR scheme and hold it to ransom by not vacating their slum structures knowing fully well that even after all their protests and their agitations they would still receive their permanent alternate accommodation. They do this knowing fully well that for a developer time is money and the developers would be likely to meet the illegal demands of the obstructing slum dweller in order to fast track a SR scheme. 33A was introduced in the slum Act to exactly check such practises. When the slum act and the DCPR mandates that for a scheme to progress 51% of the consent is enough, then why should be let the 49% (in most cases 10%) non cooperative members decide the outcome of the project. We humbly state that SRA should strictly implement 33A of the slum act against non-cooperative slum dwellers which takes away their right to receive a permanent alternate accommodation if they do not cooperate with the SR scheme. We firmly believe that this fear of losing out would ensure that complaints/obstruction/allegations with vested interests would largely fizzle out.
- iii) SOPs and timelines to be formalised for eviction proceedings and responsibility and accountability to be placed on the shoulder of SRA to ensure that site is vacated in a timely manner.
- iv) As per point (ii) above, once the statute mandates that a SR scheme can progress with only 51% consent, then why should the SRA give a mike and platform to individual disgruntled voices or shall we say professional complainants. A strict policy for complainants should be prepared. A few suggestions are limiting their visiting hours, limiting their access to the SR staff and instead restricting all their interactions to a special cell set up for it. Complaints to be entertained only if it is ascertained that about 20-25% of the slum dwellers are with the complainant. Scrutiny fees to be charged from slum dwellers before their application is received by the special cell and if the cell finds that the complaint is frivolous or if there is anything in the complaint which is factually incorrect to the knowledge of the complainant, a penalty of Rs.10 lakhs to be imposed on such a complainant.

C) FINANCE RELATED ISSUES:

- i) No Banks or even NBFCs are willing to finance the Rehab portion of the SR scheme. Furthermore, most banks are not willing to fund even the sale component of the SR scheme. It's only the NBFCs and a very few banks for only select customers, who fund even the sale component of the SR scheme. Some of the major issues are;
 - a) Risks attached to timely eviction
 - b) Sale FSI being linked to rehab construction
 - c) High political intervention
 - d) High litigation
 - e) Lands not being available to be mortgaged.

SRA should hold meetings with RBI and consortium of banks under the aegis of the Housing Department and come up with a solution to this challenge as its one of the primary reasons why the rate of implementation of SR schemes is so slow. Some suggestions include formulation of SWAMIH FUND for stuck SR Schemes, de-linking FSI from rehab component (whilst maintaining requisite checks and balances), SRA standing as Guarantor for loans taken for SR scheme (again with requisite checks and balances). Government setting up a dedicated fund for SR schemes.
- ii) 10:10:80 (10% LOI/IOA: 10% sale CC & 80% sale OC) payment scheme for all payments in SR scheme: one of the ways to mitigate the issues of finance and cash flows, is deferring all the premium payments towards the end of the scheme to ensure that the project pays the premiums rather than developer having to pay for it especially when the project is not even at a marketable stage.

We look forward to furthering these discussions in our meeting.

Thanking you,

Yours Sincerely,
For CREDAI-MCHI

Domnic Romell
President

Dhaval Ajmera
Hon. Secretary

PS: Contact Person Mr. Sanjay Phope - +91 9619345193