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Alka Doshi

Ref. No. MCHI/SEC/25-26/003

Date: 23/9/2025

To,

Shri Chandrashekhar Bawankule
 Hon'ble Minister for Revenue
 Government of Maharashtra,
 Mantralaya, Mumbai – 400 032



Subject: Request for Meeting to Discuss Royalty-Related Challenges in Construction Sector and Seek Necessary Directions.

Respected Sir,

We wish to draw your kind attention to the serious and recurring challenges faced by developers in obtaining and managing royalty permissions for excavation activities. The current system has become cumbersome, unpredictable, and financially stressful. In this regard, we seek your valuable time to discuss the issue in detail and to receive your necessary direction and guidance on the way forward.

At present, the following issues are adversely impacting project execution:

- Calculation Challenges** – It is practically impossible to calculate the exact brass of soil in advance, as excavation quantities vary depending on soil conditions and site requirements.
- Royalty within the Same Plot (CTS Number)** – Royalty is currently levied even when soil is merely shifted during cut-and-fill operations within the same project premises. Logically, royalty should apply only when soil is transported outside and commercially used.
- On-Site Monitoring Disruptions** – Frequent visits by royalty checkers disrupt excavation and shoring, causing delays in project timelines.
- Upfront Payment Burden** – Large upfront royalty payments severely affect project cash flows, particularly given Mumbai's variable soil profile and extended monsoons.
- Cumbersome Documentation** – Manual processes of recording, scanning, and uploading documents are outdated and time-consuming.
- Inadequate Timeline** – The current 45-day period for completing royalty permissions is unrealistic under prevailing conditions.
- Lapse of Permission and Payment Loss** – Payments made are forfeited if permissions lapse, without scope for extension or refund, causing unjustified loss.
- Excessive Royalty Rates** – The present rate of ₹600 per brass plus taxes is disproportionately high, escalating project costs.

MAHARASHTRA CHAMBER OF HOUSING INDUSTRY

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CREDAI-MCHI CHAPTERS

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The Hon'ble Supreme Court of India, in its judgment dated 3rd December 2014 (*Promoters & Builders Association of Pune v. State of Maharashtra & Ors.*), clarified that:

- Excavation of "ordinary earth" qualifies as a minor mineral only when used for filling or levelling purposes (as per the Central Government's Notification of 03.02.2000).
- Excavation carried out for laying building foundations, where the soil is redeployed in the same project and not commercially exploited, cannot be treated as mining activity attracting royalty.
- Liability under Section 48(7) of the Maharashtra Land Revenue Code cannot be imposed merely because soil is excavated; the end-use of such soil is decisive.

In light of these judicial principles, the blanket levy and rigid procedures presently in place not only cause undue hardship but also appear inconsistent with the Supreme Court's interpretation.

We therefore humbly request that you kindly grant us an appointment to present our concerns and seek your necessary direction and guidance on reforms.

We remain committed to working with the Government in evolving a balanced framework that safeguards State revenues while enabling smooth execution of development projects.

Thanking you,

Yours sincerely,
For CREDAI-MCHI



Rushi Mehta
Hon. Secretary