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Editorial

One more year of NPA has ended on 31st March, 2014 by the time you get this Newsletter copy.

The year gone has seen a number of activities for NPA area. All these activities have been keenly overseen by our Hon. Sec. Dr. Earnest John. For information of our readers here are a few of them.

The developments of NPA are very shortly mentioned and not all have been mentioned. I assure you that in the next issue of the Newsletter, all of them will be published and you will have more items described in details.

To end the editorial, firstly, I must mention great help from President Mr. Vakharia, Vice President Mr. Kuvellkar and Hon. Sec. of NPA Dr. Earnest John to publish the Newsletter.

Secondly I appeal to readers of Newsletter and the receivers of Newsletter whether lessee or tenant or owner to come up with suggestions to make NPA area a great business centre of International Repute.

Mr. Bipin Mullaji

HON. SECRETARY'S NOTE

It gives me great pleasure to address the readers through this Newsletter. The year 2013 – 14 was a very positive year for the association.

The proactive steps taken during the year are mentioned below.

1. **Roads** : The development in the road construction paved a long way for sustainable infrastructural development. We acknowledge the BMC's role for these developments in Nariman Point.

a. Road from Marine Drive to Jamnalal Bajaj Road

After the site visit of the Hon. Chief Secretary of Maharashtra, Mr. Jayant Banthia on 13th July, 2013 and his discussion with the Architect R. Batliboi on the feasibility of road construction, the BMC through its contractor, RPS Infraprojects Pvt. Ltd initiated work on the same in February, 2014.

The project involves development of N. S. Road, NCPA Road, Tambe Chowk, and Dr. N. A. Purandare in mechanised mastic asphalt & cement concrete alongwith beautification of central median in 'A' 'B' 'C' 'D' ward.

- b. The development of Ramnath Goenka Road in mastic and concretization of Jamnalal Bajaj Road has begun in April, 2014. The concretization work of Vinay K. Shah road is to begin shortly.
- c. The coastal road from Nariman Point to Haji Ali is awaiting feasibility report from BMC.

We have been in constant touch with the Road Dept, BMC to implement the road work on war footing basis.

2. Property Tax

The evolution of the Capital Value System of property tax in 2010 greatly troubled the Property Owners in South Mumbai.

But in the interest of the tax payers, the organisations viz., Property Owners Association; Bombay Hospital Trust; Parsi Panchayat; Atash Behrams, Agiaries & Religious Institutions fought against the BMC & State Government and earned a fair relief to the assesseees by permitting tax payment as per the full value of pre-amended rate and the additional tax at 50% of the differential tax between the tax payable under old regime and now payable on the basis of capital value of the property.

We can anticipate better relief in the tax system.

3. Home Guards to guard Nariman Point area

Our several attempts to eradicate nuisance caused by illegal hawkers, unauthorized Horse riding, Merry go rounds; instilling traffic decorum and discipline in pedestrian walk, have failed due to several reasons, even though we pursued this matter upto the Collector.

NPA, therefore felt the need to deploy private personnel to monitor the area, under the supervision of Police. The pilot project was appreciated and liked by most. These personnel will be trained by Traffic & Civil Police, and will function under their supervision.

In the meetings held with the government officials pursuing the same, Mr. R. R. Gupta suggested to engage Home Guards in place of private personnel, which, in the opinion of the core committee was more feasible. The idea was applauded as Home Guards are known to be 'semi-police', partly trained and can liaise well with police officials.

I am happy to mention that the permission for Home Guards is received from the Home Guard Office and they can be deployed shortly. I appreciate the efforts of the Managing Committee for this project.

4. Plantation and Beautification Work

In an attempt to beautify the area, NPA sponsored 20 earthen planters and 117 Bouganvillea plants. On request of NPA, Societies too managed to beautify their buildings with new flowering plants. NPA is thankful to them.



Plantation outside, New Administrative Bldg.

Moreover, NPA sponsored 4 ashbins in order to bring cleanliness in Jannalal Bajaj Road. After pursuing with BMC for installing dustbins in 22 locations of Nariman Point, four dustbins were installed in Nariman Point.

I thank Mrs. Kunti Oza for her efforts to bring greenery and cleanliness in the area.

5. Traffic Sign Boards in Nariman Point

NPA, in its inspection of the area, observed several traffic signages in adverse condition. After pursuing this matter with Traffic Police and BMC, four sign boards were placed in Free Press Journal Road, Vinay K. Shah road and Ramnath Goenka road. We appreciate the support of the Traffic police for this noble work. The matter is pursued with BMC for installation of sign boards and Zebra Crossing in the area.

6. NPA Newsletter

With the initiative of Mr. B. Z. Mullaji, the Vol 3.1 of NPA Newsletter was published and circulated to all the 35 buildings in Nariman Point. It was also sent to other associations viz., NPCCA, Property Owners Association, Marine Drive Council, CitiSpace etc.

I thank Mr. B. Z. Mullaji for his efforts.

7. Projects underway

a. **Development of Marina, opposite NCPA Road:** The Maharashtra Tourism Development Corporation (MTDC) alongwith Mumbai Port Trust is planning to develop the Marina in co-operation with other Government

departments. The project is in its initial stages, which involves building parking space for 100 yachts and envisages developing Budhwar Park into a Koli village.

b. **Installation of CCTV cameras in Mumbai:** The Government has gradually proceeded to install 6000 CCTV cameras across Mumbai. As conveyed by the Jt. Secretary of Home Dept, the Government has received 38 RFPs (Request for Proposal). The government is deliberating to select appropriate vendor for the project.

The project aims to install cameras covering areas where crime took place, worship places, important junctions, traffic areas, crowded areas etc.

Finally, I wish to mention that Nariman Point even today is one of the best business districts and is recognized globally. Nariman Point Association focuses on the improvement of the current and future infrastructure of the area which will make Nariman Point more comfortable for the people commuting day-in and day-out. We look forward to your suggestion and support in making Nariman Point even better.

In the next newsletter, we would like to put forth certain future projects that we are planning for Nariman Point.

Dr. Earnest John II

Hon. Secretary

Part 2 series of article on a calamity called "CAPITAL VALUE SYSTEM OF PROPERTY TAX"

1. Attitude of the BMC

The BMC officers, need to awaken themselves, and understand that, the Nariman Point resident and the BMC are not the opponents, fighting a legal battle. The fact is that the BMC is an "Organisation", created by Law, to provide for and look after the facilities, the citizens, should have or need to have. All these facilities, i.e., like roads, water, sewage, drainage, education, hospitals, transport (train / metro / bus / bridges / expressways etc.) market places, street lights etc, the cost, repair and maintenance of all these facilities are "basic", and the BMC is a body created by law to create and provide these and a lot more of them to the citizens, so that the citizens can have a safe and comfortable life. The Beneficiary in this scheme of things is the citizen; unfortunately in its misguided zeal the BMC officers have forgotten the basic facts and act like "master" and treat the citizen as a person to exploit and "rule over".

2. "CAPITAL VALUE"

The Concept of "capital value" for determining "Property Tax" is very ambiguous, however with what little data the BMC has thrown to the public (a lot has been deliberately withheld under threat that they intend to increase the property tax to ten times of what it is), therefore it is necessary to get into the details of the inputs that the BMC has relied on for identifying what it refers to as the "capital value".



2.1. The BMC has claimed that it relies on the "STAMP DUTY READY RECKONER", (published every calendar year) to arrive at capital value of any property subject to property tax.

2.1.1. "LAND" Ready Reckoner value of land per meter in Nariman Point in calendar year is:-

Rs. 166,400 /- in 2014, land value adopted@ page 54 of Stamp Duty Ready Reckoner

Rs. 138,600 /- in 2013 @ page 54

Rs. 120,500 /- in 2012 @ page 55

Rs. 104,800 /- in 2011 @ page 55

Rs. 91,500 /- in 2010 @ page 55

Rs. 82,800 /- in 2009 @ page 35

It is seen that land value has been enhanced (for collecting more stamp duty) on properties located at Nariman Point, from year to year. It is seen that land value has been enhanced (for collecting more stamp duty) on properties located at Nariman Point, from year to year. Thus, it is obvious that the BMC plans to revise upwards, the Property Tax, in proportion to the perceived increase in the land value, from year to year. The very basis for computation of property tax will change every year. Is this "tax concept" equitable, and is it sanctioned by law. It appears such basis is foreign to the BMC Act. This "Ready Reckoner" value is valid only for one year: therefore such an "ever changing" value figure will be disastrous for calculations (for the BMC) and will keep the Property Owner, perpetually "guessing", about his liability of property tax. This ever changing figure will be a breeding ground for disputes and a growing area of litigation. It will lead to disputes (presently beyond contemplation), and will generate huge number of legal battles, that the "Small Causes Court" premises will not be sufficient to handle.

2.1.2. The Land at Nariman Point is MAN-CREATED; it was the MMRDA and the Collector who authorized various Builders / Developers to extract the water from the sea and fill up the area and thus Nariman Point was created. Does the land belong to the BMC. The answer is NO. The land has been accepted as "Collector Land" and Nariman Point Societies pay "Lease charges" to the Collector for grant of lease rights on the respective plots of said "man created land". The BMC has no locus-standi and cannot claim right to said "Nariman Point Reclaimed Land."

2.1.3. Since the Land never belonged to the BMC and since lease rights to the land were taken directly from the Collector / MMRDA and since the lease charges are paid directly by the societies to the Collector, the BMC has no right to claim the land and therefore it is logical to infer that BMC has no right to treat the value of the Nariman Point land as part of its "input" in computing the said "Capital Value".

2.2. **Equitable** : Any Property Tax concept adopted by the BMC must be equitable in the eyes of the "property tax payer". When the value of land will change every year (as explained in 2.1.2 above), it is bound to create uncertainties in the mind of the citizen. Does the BMC have a right to make the "amount of tax payable" uncertain for every year or should the BMC strive to have certainty / consistency? However it can be said, should the BMC in a particular year, provide / create / construct, durable, new facilities (like train / metro terminus, pollution free atmosphere) new amenities (like a club for the residents / completely new sea-link connecting Nariman Point to existing Sea-link at Worli), then perhaps in that calendar year the BMC may be able to justify "increase of utility" in the Nariman Point locality and therefore higher property tax from that year onwards. Otherwise there is no justification for any increase in "Value" and therefore increase of property tax. Often the BMC justifies the increase of tax on the ground that administrative expenses have increased; such arguments are spurious. Increase of administrative expenses is due to inflation and the content increments of BMC staff salary, not for any expenditure incurred for creating utility / facility for the consumer / citizen. The BMC, in its zeal to attain the unlawful enormous gain, appointed chief advocates to craftily win over the tax system.

Intending to prove the wrong stand right, BMC appointed chief advocates, who state that the present hike in property tax matter is the result of the hike in the material cost, labour cost, etc for provision of various services.

Opposing their stand, the organisations viz., Property Owners Association; Bombay Hospital Trust; Parsi Panchayat; Atash Behrams, Agiaries & Religious Institutions have fought against this system. It was argued that tax can be progressive in nature but should be compensatory and broadly proportionate to the benefits. Moreover, the tax should be the ability or capacity of the tax payer to pay.

This earned a fair relief to the assesseees by permitting tax payment as per the full value of pre-amended rate and the additional tax at 50% of the differential tax between the tax payable under old regime and now payable on the basis of capital value of the property. The order was made applicable to all the assesseees, irrespective to whether the assessee is a petitioner or not.

The High Court also mandated BMC to comply as per the order passed on 23rd December, 2013.

We can anticipate further relief in the tax system in the succeeding hearings.

**By Adv. B. U. Idnani,
NPA Member**

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