

## **I. Finance Department**

### **Circle Rate by IGR**

The other challenging issue is the high rate of circle rate. Mostly the problem is coming for the Land parcels which are in suburbs, that is out of the city, where our members are buying land for industrial Estates, affordable housing, warehousing, logistics, etc. The circle rate value of these lands is very high particularly the land which is inside, not exactly abutting to Road and that creates a lot of problems for industry to acquire the land.

Further it may be noted that due to the Pandemic a 'New Normal' has emerged i.e. 'Working from Home', people are doing Virtual meetings, online business. Therefore, the requirement of offices has come down. There was already a slowdown in the commercial property market particularly a huge vacancies in the built space of IT & ITes (especially in Sector V of Salt Lake) buildings and the market has become further weaker because of the pandemic, the overall office market is passing through a slump.

Presently, The IGR authorities are prescribing very high valuation, both for the leasehold interest in the land as well as the constructed area. This is creating undue hardship in doing business in Sector-V. Many Customers who purchased office space in completed IT buildings at 3800/- to 4000/- are not able to register the Transfer Lease Deed due to higher circle rate of around 4800/-. Due to this, many prospective customers of IT industry are not buying spaces in sector V Buildings. Consequently the State Government is losing revenue.

It may be appreciated that there is a huge competition between different cities and states as far as the IT industry is concerned and ease of doing business and cost of transactions are very important for any IT company to select their place of operation.

Further, if any transaction is done at actual market value, but less than IGR value, there will be an impact of income tax both in hand of buyer and seller on the differential amount as per Section 43A and Section 56 (2)(x) of Income Tax Act.

At present there is a vacant built-up space of 42Lacs sft in a number of ready IT buildings. Further there are projects in pipeline covering around 39 lac sft, which have been put on hold due to adverse market situation and other issues like IGR values etc.

Under the circumstances, it is necessary that IGR authorities, should bring down their prescribed valuation to Rs. 3800/- for the constructed commercial /office space and Rs 15 lacs per kotha for land, so that not only the new transactions can happen, but also many pending Registrations can happen which shall contribute large sums to exchequer, and create a "Win-Win" Situation for all.