

Gujarat realtors to move high court against paid FSI fee: The Economic Times

The Gujarat Institute of Housing and Estate Developers (GIHED), the apex body of realtors in Gujarat, is mulling the idea of approaching the Gujarat high court to appeal against the paid Floor Space Index (FSI) charge being levied on real estate developers.

"We will soon go to the Gujarat high court demanding the removal of paid FSI charges collected by the Ahmedabad Municipal Corporation (AMC) and the Ahmedabad Urban Development Authority (AUDA)," said GIHED president Dipak Patel. For paid FSI, developers have to pay charges at 40% of the prevailing jantri (ready reckoner) rates. Earlier, the paid FSI charge was a lump sum of Rs 1,000 per sq m for residential properties.

"The authorities started charging paid FSI at 40% of prevailing jantri rates over the past three years despite the fact that there is no provision to do so," Patel said.

"We have also filed an RTI query to determine under which section of the Town Planning and Urban Development Act-1967 the current charge of paid FSI is being levied."

Real estate players say that higher paid FSI adds up to construction costs and ultimately the burden is passed on to consumers. Developers get free FSI for 40% of land deducted by authorities for infrastructure development such as roads under any town planning scheme. They have to pay a premium for additional FSI under the permissible limit and that FSI is called the paid FSI.

"Going by the 40% of jantri rates, paid FSI works out to be Rs 6,800 per sq m in an area where prevailing jantri rate is Rs 17,000 per sq m," Patel said. "This charge is quite high compared to previously levied charge of Rs 1,000 per sq m."

Talking about the other problems faced by builders in Ahmedabad, GIHED officials lamented that the fact town planning schemes are not being approved and finalized on time. "Of the 108 town planning schemes announced, around 60 are pending approval while 48 have received only preliminary approval," said Sandip Patel, the secretary of GIHED.