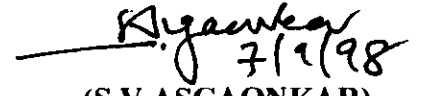


No.EXC/MTG/180

**MUMBAI METROPOLITAN REGION
DEVELOPMENT AUTHORITY,**
Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051.

Date : 7th September, 1998.

The minutes of the Hundred and Eightieth Meeting of the Executive Committee of the Mumbai Metropolitan Region Development Authority, held on 7th August, 1998 are enclosed.


(S.V.ASGAONKAR)
Secretary,
Executive Committee

To :

- | | | | |
|------|---|---|----------|
| The | Chief Secretary to the Government of Maharashtra, General Administration Department, Mantralaya. | - | Chairman |
| Shri | D.M.Sukthankar
'Priya'. Worli Sea-Face,
Worli, <u>Mumbai – 400 018.</u> | - | Member |
| Shri | R.Y.Tambe
A/600, Shivam Apartments,
R.P.T.S.Road, Suredranagar,
<u>NAGPUR – 440 015.</u> | - | Member |
| Shri | Deepak Parekh
Chairman,
H.D.F.C.Ltd., Churchgate,
<u>Mumbai –400 020.</u> | - | Member |
| The | Principal Secretary (I) to the Government of Maharashtra, Urban Development Department, Mantralaya. | - | Member |

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The	Secretary to the Government of Maharashtra Housing & Special Assistance Department, Mantralaya.	-	Member
The	Municipal Commissioner Municipal Corporation of Brihanmumbai.	-	Member
The	Managing Director, C.I.D.C.O., Mumbai.	-	Member
The	Metropolitan Commissioner M.M.R.D.A.	-	Member

INVITEES :

- The Principal Secretary (II) to Government of Maharashtra,
Urban Development Department,
Mantralaya.
- The Secretary to Government of Maharashtra,
Industries Department, Mantralaya.
- The Secretary To Government of Maharashtra,
Environment Department, Mantralaya.

Copy to :-

The Legal Adviser, M.M.R.D.A.

The Officers of the M.M.R.D.A.

**MINUTES OF THE 180TH MEETING OF THE EXECUTIVE
COMMITTEE, MMRDA.**

DATE : 7th AUGUST, 1998 (FRIDAY)
TIME : 11.00 A.M.
**PLACE : CHIEF SECRETARY'S COMMITTEE
ROOM, 5TH FLOOR, MANTRALAYA.**

MEMBERS PRESENT :

Shri P. Subrahmanyam Chief Secretary to Government	:	Chairman
Shri D.M. Sukthankar	:	Member
Shri R.Y. Tambe	:	Member
Shri K. Nalinakshan Principal Secretary (I) to Government, Urban Development Department	:	Member
Shri V.P. Raja Secretary to the Government Housing & Special Assistance Department	:	Member
Shri Girish Gokhale Municipal Commissioner Brihanmumabi Municipal Corporation	:	Member
Shri V.S. Dhumal Managing Director CIDCO	:	Member
Shri Ramanath Jha Metropolitan Commissioner	:	Member

INVITEES :

Shri Nand Lal
Principal Secretary (II) to
Government
Urban Development Department

Shri K.N. Patel
Legal Adviser, MMRDA

Shri V.K. Phatak
Chief, Town & Country Planning Division, MMRDA

Shri S.P. Pendharkar
Chief, Planning Division, MMRDA

Shri S.B. Pardeshi
Chief Accounts Officer & Financial Adviser, F. & A. Division, MMRDA

Shri A.V. Deshingkar
Chief Engineer, Engineering Division, MMRDA

Shri A.V. Ghangurde
Chief, Transport & Communications Division, MMRDA

Shri M.R. Tidke
Personnel Officer, MMRDA

Shri S.V. Asgaonkar, Secretary, Executive Committee, MMRDA.

At the outset, the Chairman cordially welcomed Shri Ramanath Jha who was attending the Meeting of the Executive Committee for the first time after his appointment as the Metropolitan Commissioner.

The Items on the Agenda were then taken up for consideration.

Item No.1 : Confirmation of the minutes of the last (179th) Meeting of the Executive Committee held on the 20th April, 1998.

The minutes were confirmed.

Item No.2 : Action taken on the minutes of the last (179th) Meeting of the Committee held on the 20th April, 1998.

2.1 During the course of discussion on the action taken report the following suggestions were made :-

- (1) In respect of taking over the land required for approach to Vakola Bridge from the Mumbai University by paying them Rs.2 crores and agreeing to pay further compensation after the valuation is finalised by the Town Planning and Valuation Department of the State Government (Sr.No.2, Item No.2 latter part of action taken report) it was suggested that since payment of compensation was unusual and under some special circumstances to the Mumbai University, the reasons therefor be kept on record. The suggestion was accepted.
- (2) The Chairman enquired the progress of construction of Sion-Koliwada Connector (Sr.No.8, Item No.8). It was reported that the MHADA had already invited tenders for the work and required funds were provided in the budget and that the work would be started soon.

The Chairman observed that in view of the decision taken by the Authority, which was reported in the action taken report, a portion of the proposed road would be free of encumbrance and in possession of the MMRDA where the road work could be started soon. The Chairman, therefore desired that the construction of Sion-Koliwada Connector be expedited.

- (3) The presentation of Mass Transit System (Sr.No.11, Item No.11) proposed by DE-Consult, Consultants for the study should be arranged for the benefit of the Executive Committee. It was agreed to arrange presentation at the earliest.

2.2 The action taken report was then noted by the Executive Committee.

The Committee next took up for consideration the following Item Nos.3(a), 3(b) and 4 together :-

- Item No.3(a): MMRDA – A Financial Forecast.**
Item No.3(b): Investment of Surplus Funds with State Public Sector Undertakings.
Item No.4 : Approach to Regional Development : MMRDA's objectives and strategies.

While placing the Items before the Meeting, the Metropolitan Commissioner informed the Committee as under:-

(a) Financial Forecast :

The financial forecast was prepared two months back and thereafter the position has changed as stated below:-

- (1) During the last 2-3 months, the real estate market has depressed further;
- (2) Due to Liberalisation Policy of the Reserve Bank of India, the rate of interest had gone down. Consequently, the Public Sector Undertakings, with whom the MMRDA invested the money were requesting for reduction of interest rate;
- (3) The loan disbursement indicated was as per the requirement of each project indicated by the concerned Municipal Councils, Municipal Corporations, etc. However, the usual experience is that the execution of projects does not go as per schedule due to constraints, such as non-availability of Government grants, capacity of the concerned agencies to implement projects administrative and technical approvals from competent authorities, etc. As such the actual disbursement might be on a lower side;
- (4) Some of the likely commitments such as making available Rs.300 crores equity capital to the Shivshahi Punarvasan Prakalpa Ltd.; additional funds of Rs.6433 crores required for MUTP-II; Rs.900 crores to the Mumbai Rail Development Corporation; Rs.51 crores for Sion-Panvel Road; Rs.252 crores to the BMC Water Supply IV; about Rs.230 crores to three National Highways in the State;

and about Rs.5000 crores required for infrastructure projects. If such commitments are taken into consideration, there would not be surplus funds as indicated in the Fund Flow Statement, but the MMRDA would be required to raise money either from open market borrowing or get funds from Government;

- (5) Some of the Government Undertakings in which MMRDA had invested money were not returning the money on due dates, but requests are received for renewal of investments.

(b) Investment of surplus funds with Public Sector Undertakings:

The dead investments with the Public Sector Undertakings is Rs.646.27 crores and Rs.819.59 crores by the end of April, 1998 and July, 1998, respectively which is nearly 35.63% of the total investments of MMRDA. The reasons for calling these investments as dead investments were given in the Item Note. As stated in the Item Note, these Public Sector Undertakings were not refunding the term deposits in time, number of requests were received for renewal of such term deposits and for reduction in interest rate, premature return of term deposits on which audit paras. were raised by the Accountant General. On the basis of such defaults/requests, the concerned investments were categorised 'A' to 'C' and shown in Annexure III to the Item Note.

The MMRDA has invested money with the Maharashtra State Cotton Growers Marketing Federation as per instructions from the State Government, eventhough their activities do not fall within the scope/objectives of MMRDA.

(c) Approach to Regional Development –MMRDA's objectives & strategies:

While explaining the Item Note, the Metropolitan Commissioner invited the attention of the Executive Committee to the "Infrastructure Finance Policy" (vide para. 'G' of the Item Note) and requested the Committee to give guidance and modify the same so that the MMRDA can accomplish its mission.

2. The Chairman, Executive Committee pointed out that as the financial forecast was for a period of 5-6 years, the real estate market would certainly improve during that period and at the end of the forecast period, the MMRDA may get the income from sale of lands as estimated in the Fund Flow Statement.

3.1 Shri D.M. Sukthankar observed that the Real Estate Market was not likely to recover during the decade or so, for the reasons such as, proposed abolition of the Urban Land Ceiling Act; additional F.S.I. available in respect of slum redevelopment and reconstruction of old buildings; possibility of recycling of textile mills' properties in the Island City; proposed change in allowing commercial development in the Island City; trend of offices, especially the bulk requirement, shifting to the suburbs and Navi Mumbai, due to road development and improved communication systems, etc.

3.2 Shri Sukthankar further stated that MMRDA should charge interest as per the Bank Lending Rate and the institutions to whom the money would be lent/invested should be categorized, so that if more risk in investing the money is involved, higher rate of interest should be charged. In case of the Government Undertakings, which had not paid the interest or the capital on the due date, should not be given further instalments of sanctioned loan/deposit and no fresh loans/deposit be sanctioned to them. Further, MMRDA should not invest or give loans to such Undertakings which were not fulfilling the objectives of the MMRDA. In other words, MMRDA should not make available money for the purposes falling outside the purview and scope of MMRDA. Penal interest clause, escrow account, first charge on assets, Government guarantee etc. clauses should be incorporated while placing investments with Public Sector Undertakings.

4. The Chairman Executive Committee stated that the investment decisions should be taken by an Investment Committee of 3 persons.

5.1 Referring to the core infrastructure areas listed in pra. F, the Chairman suggested that improvement or redevelopment of slums should be included as one of the items eligible for financial assistance from MMRDA. This led to a detailed discussion on the question whether housing or slum improvement/redevelopment was a legitimate function under Section 12 of the MMRDA Act and whether the MMRDA is empowered under Section 21A of the Act to finance projects or schemes in housing sector. In this context, the provision of 16A, which empowered the Authority to subscribe to the equity capital of a company, and the provisions of Section 24A, which forbids the Authority to carry out any of its operations at loss, were also considered.

5.2 The consensus emerged after the discussion was that it was legitimate and desirable for the Authority to finance projects or schemes in housing sector provided such investment is directed primarily towards creation of community infrastructure and site and services for the urban poor on the pattern of Mumbai Urban Development Project implemented recently with the World Bank assistance. However, it was not desirable to subscribe to the share capital of a company whose main objective was to construct and provide free houses to slum dwellers, as it amounted to providing individual and exclusive benefits to the slum dwellers as against community benefits extended under any infrastructure improvement project. Nor such investment in share capital of a company was permissible under Section 24A of the Act which stipulates that the Authority shall not, and shall not be required to, carry out any of its operations at loss.

6. In concluding the discussion on these items, the Executive Committee decided as follows :-

(1) Financial Forecast:

The Executive Committee took note of the financial forecast placed before them and suggested that the Fund Flow Statement be modified from time to time.

(2) Investment with Public Sector Undertakings:

- (i) The MMRDA should adopt investment policy as suggested by the Committee.
- (ii) Interest rate of the MSFC and the CIDCO should not be reduced. They should pay the interest at the old rate.
- (iii) MSFC should pay the penal interest @1% on premature refund of Rs.50 crores term deposits and similar procedure should be followed in future also.
- (iv) CIDCO should pay the 50% amount of Rs.55.91 lakhs loss sustained by the MMRDA on account of premature deposit of Rs.34 crores as decided in the meeting with the Principal Secretary, U.D.D.
- (v) 2% Penal interest along with escrow account, mortgage of properties, Government Guarantee etc. clauses should be incorporated for safety of investment of MMRDA Funds in case of defaulters.
- (vi) Metropolitan Commissioner is authorised to impose additional conditions from time to time.

If the above terms and conditions are not acceptable to the Public Sector Undertakings, funds may not be invested with them and/or further instalments should not be paid to them.

- (3) As regards subscribing to the equity capital of Shivshahi Punarvasan Prakalpa Limited, a note pointing out legal position and the discussion at the meeting be submitted for the Authority's consideration.
- (4) The paper regarding MMRDA's objectives and strategies placed before the Committee be modified to include following additional item (as Item 4 in para.F of the agenda note) that the MMRDA would primarily like to assist.

“Community infrastructure related to habitat for urban poor including site and services.”

Corresponding change in the infrastructure finance policy should also be made to indicate appropriate financing pattern for such projects. With this change the paper be submitted for the consideration of the Authority.

- (5) The Executive Committee has recommended that minimum investment reserve of Rs.1000 crores be maintained and each year 33% of the excess of income over expenditure of previous year may be appropriated to the reserve to the Authority.
- (6) The Executive Committee also decided that subject to adherence to the Government guidelines regarding investment of surplus money by the Government Undertakings, MMRDA may invest surplus money of Rs.50 crores or more in a single transaction at a time with financial institutions, banks or Public Sector Undertakings.

Item No.5 : Requirement for modifications in Architectural Controls for change of user on ground floor of Government buildings on Plot Nos.C-1 & C-2 in 'E' Block of Bandra-Kurla Complex from shop to Government offices.

5.1 While placing the Item before the Executive Committee, the Metropolitan Commissioner stated that the State Government had proposed to use eight units on the ground floor of C-1 Building in Bandra-Kurla Complex for the office of the District Sub-Registrar of Co-operative Societies, Mumbai. The Metropolitan Commissioner further stated that the Government has by its recent letter, however, intimated that instead the office of the Registrar of Partnership Firms, Mumbai would be housed in those units.

5.2 After discussion, the Executive Committee approved the proposals as modified, subject to the stipulation that if necessary approval of the Authority and/or of the State Government be obtained before these proposals are implemented. The Executive Committee, accordingly, passed the following Resolution :-

RESOLUTION NO. 761 :

"RESOLVED THAT subject to the stipulation mentioned in para. 5.2 of these minutes, the Executive Committee hereby approves (I) the proposal of modifying the user of eight number of units in C-1 building and two number of

units in C-2 building in 'E' Block of Bandra-Kurla Complex from shops to Government offices, as proposed in para.5.1 of the minutes and para. 7 of the Agenda Note, respectively; and (ii) the general policy regarding use of ground floor units in 'E' Block of Bandra-Kurla Complex as proposed in para.8 of the Agenda Note."

Item No.6: Construction of Phase-II of Flyover Bridge at Everard Nagar across Eastern Express Highway –Proposal to entrust this work to the Public Works Department on deposit basis.

In connection with this Item, the Executive Committee was informed that in the changed situation, such as proposed construction of fly-over at Sion Circle and the Sion-Koliwada Connector, and since the demand for right turn from Eastern Express Highway towards Wadala Truck Terminal had not developed sufficiently, the Phase-II of fly-over bridge at Everard Nagar across the Eastern Express Highway was for the time being not necessary. The Executive Committee, accordingly, agreed for the withdrawal of the Item.

Item No.7: Appointment of a consultant for the telecommunication system for the International Finance and Business Centre in the Bandra-Kurla Complex.

7.1 The Metropolitan Commissioner informed that as desired by the Committee, the consultancy proposal submitted by the MaxReach Consultants Pvt.Ltd. was referred for opinion to the two telecommunication experts viz. Shri V. Babuji, Chief Executive, Telecom Business Group, IL&FS and Shri M.V. Venkatram, former Chief General Manager, MTNL. He said that while the two experts confirmed the reasonableness of the consultancy fees, they proposed some modifications to the Terms of Reference.

7.2 Referring to Item No.10 about the allotment of plot to Videsh Sanchar Nigam Ltd. (VSNL) for a Telecom Building in IFBC, Bandra-Kurla Complex the Committee noted that the VSNL intended to set up a centre for international telecommunications in Bandra-Kurla Complex comprising state-of-the-art telecommunication equipment, earth station, optical fibre and microwave system. In view of this, the Committee questioned the need for engaging separate consultant to advise on the development of the telecommunication system for

IFBC. The Committee was informed that the Chairman, VSNL and the Chief General Manager, MTNL, who were consulted about the study, had endorsed the need for such a study and its Terms Of Reference. The Executive Committee, after discussion, was of the view that if the outcome of the study was going to benefit the VSNL, it would be appropriate that they share the cost of the study.

7.3 In view of the foregoing, consideration of the item was deferred and the Metropolitan Commissioner was authorised to negotiate the issue with the VSNL and submit revised proposal as may be necessary.

Item No.8 : Appointment of Shri S.V. Yadkikar as Senior Planner in the MMRDA.

8.1 While placing the Item before the Executive Committee, it was pointed out that Shri S.V. Yadkikar was appointed for a period of one year with effect from 3rd August, 1998 on contract basis against a post of Senior Planner which was vacant for a period more than 6 months and given the work of promoting core-infrastructure projects in Urban Centres in MMR and also having re-look at development plans of various cities and towns in the MMR. It was further pointed out that as per Government Circular in Finance Department, No. BGT 1097/Case 24-A/Finance 19, dated the 2nd June, 1998 the posts which remain vacant for a period more than 6 months lapsed.'

8.2 In view of the fact that Shri Yadkikar has been appointed for an important work, the Executive Committee decided to request the Government to accord sanction to revive the post of Senior Planner as a special case and accordingly passed the following Resolution :-

RESOLUTION NO. 762 :

"RESOLVED THAT in exercise of the powers conferred under Section 7(3)(i) of the MMRDA Act, 1974 and all other powers enabling it in this behalf and subject to the sanction of the State Government as stated in para.8.2 of these minutes, the Executive Committee hereby accords sanction to the appointment of

Shri S.V. Yadhikar as Senior Planner with effect from 3rd August, 1998 against the vacant post in the Planning Division, on contract basis for a period of one year on a consolidated remuneration to be fixed as per the Government orders and on other terms and conditions as spelt out in Annexure-II to the Item Note, as proposed and the Metropolitan Commissioner be and is hereby authorised to approach the State Government for revival of the post of Senior Planner, as a Special Case.”

Item No.9: Redevelopment of Bandra and Kurla Stations and the adjacent areas –Selection of consultants for the study.

Consideration of the Item was deferred.

Item No.10 : Allotment of plot in IFBC, Bandra-Kurla Complex to Videsh Sanchar Nigam Ltd. for Telecom Building and Staff Quarters.

10.1 The proposals in the Item Note were explained to the Executive Committee while placing the Item before the meeting.

10.2 The Committee noted that the concessional price was proposed to be charged to the VSNL as the VSNL also proposed to provide flawless, world-class telecommunication facilities needed for various offices, institutions, banks, etc. in IFBC. It was proposed that such concessional price could be considered provided that there are disincentives against delay. It was pointed out that the normal time limit for construction of building on the plot is 4 years from the date of lease as per lease condition and in case the construction is delayed 3 years extension can be granted by charging additional lease premium every year which aggregates to 100%. The Executive Committee, after discussion recommended to the Authority to charge a price of Rs.25,000/- per sq.m. built-up area for office as well as residential use to the VSNL on the condition that it should complete the construction on the plots allotted to them and start the telecommunication centre within 4 years from the date of the lease and that in case the construction of Telecom Centre is delayed and/or the services are not started, additional premium shall be levied on the full price, i.e Rs.50,000 per sq.m. of built up area of the commercial component. The Executive Committee also recommended for the sanction of the Authority other proposals, viz. (1) surrendering by the VSNL 500

sq.m. of residential built-up area to the MMRDA free of cost and (2) extension of time for payment of first half of the premium by the Government as well as by the Local Authority or Public Sector Undertaking upto two months and to authorise the Metropolitan Commissioner to grant the said extension in his absolute discretion.

10.3 The Executive Committee accordingly passed the following Resolution:-

RESOLUTION NO. 763:

"RESOLVED THAT the Executive Committee hereby recommends to the Authority the proposal to allot to the Videsh Sanchar Nigam Ltd. (VSNL) a plot, admeasuring 12,141 sq.m. with a permissible built-up area of 16188 sq.m. or telecom building and 6070 sq.m. for residential staff quarters, adjoining the MTNL plot in 'G' Block of the Bandra-Kurla Complex, at the rate of Rs.25,000/- per sq.m. of built-up area, subject to the condition that the VSNL shall complete the construction of buildings and start telecommunication centre within 4 years from the date of lease and in case the construction of Telecom Centre is delayed and/or the services are not started, additional premium shall be levied on the full price of Rs.50,000/- per sq.m. of built-up area for the commercial component and subject to other terms and conditions prescribed under the MMRDA (Disposal of Land) Regulations, 1977.

"RESOLVED FURTHER THAT the Executive Committee recommends to the Authority to authorise the Metropolitan Commissioner to negotiate with the VSNL an additional condition of surrendering 500 sq.m. of residential built up area to the MMRDA free of cost.

"RESOLVED FURTHER THAT the Executive Committee recommends to the Authority to authorise the Metropolitan Commissioner, in his absolute discretion, to consider and grant extension of time for payment of first half of the premium by the Government as well as by the Local Authority or Public Sector Undertaking upto two months or such period as the Authority deems fit."

Item No.11: Proposal of allotment of a plot in IFBC, 'G' Block to set up a German Centre for Industry and Trade in Mumbai.

After some discussion, the Item was withdrawn with the permission of the Executive Committee.

Item No.12: MUDP-Revolving Fund -Quarterly Management Report from 1st January, 1998 to 31st March

The Quarterly Management Report was noted by the Executive Committee.

Item No.13: Raising the age of retirement from 58 years to 60 years of the MMRDA employees.

As the State Government had not taken a general decision as regards raising the age of retirement for the employees of Government Undertakings, raising the age of retirement of MMRDA employees as per Government Resolution in Finance Department No.PEN-1098/CR-45/SER-4 dated the 29th May, 1998 was not agreed to at this stage.

The Meeting then concluded with a vote of thanks to the Chair.
