

RERA: Task ahead for all developers

SUNDAY, APRIL 24, 2016

The implementation of Real Estate (Regulation and Development) Act will bring transparency into the real estate sector

The month of March came with delight and smiles on faces of consumers with Real Estate (Regulation and Development) Bill, 2016 getting nod in Parliament. Overall, the Act focuses on grey areas which were prevailing earlier. It has been witnessed in recent couple of decades that many such incidents took place where property buyers have been duped and ended up losing their hard-earned money. To curb the situation and to control the suppliers in property, the Act contained major reformative measure in property transaction on carpet area basis, which will surely safeguard the interest of buyer.

The aim is to fix the responsibility of developer/promoter to safeguard the interest of consumer/property buyer. This is a welcome move and, by and large, it will work in



tion separately. The compliance and details to be furnished by developers to Real Estate Regulatory Authority

percentage of completion/progress of project on certificate provided by engineer/architect/chartered accountant.

It will make sure that money does not get siphoned to any other project of company. Any violation, unfair practices or irregularities for registration subjected to revocation of registration.

As per the Real Estate Act publication of any misleading advertisement or prospectus subjected to revocation of registration and also debar the promoter and inform other state and union territories about such revocation of registration.

Agents in property market also play a crucial role envisaging the same.

As per Real Estate Act, 2016, all agents involved in selling of property for new/under development projects which come under the ambit of Real Estate Act have to register with Real

Estate Regulatory Authority and provided registration number.

Roles and responsibility of agents too defined any falsely or misleading representation subjected to suspension. The aim and goal is to protect the interest of allottees or in public interest and to gauge and tap the developers and agents.

The Act also elaborates on responsibility, obligation of promoters in case of transfer of project to a third party and insurance of project. In case if any loss is caused to buyer due to defective title of the land or promoter fails to discharge any other obligation imposed on him under the act or rules or regulation made there under or as per agreement to sale, promoter have to compensate the allottees/buyer. Thus, developer has to complete the project in stipulated time frame with specifications agreed as per the agreement to sale.

It has been often witnessed that banks too run at the risk by funding certain real estate projects. Thus, banks were reluctant in financing the projects and developers have to opt for other source of finance at higher rates. Post implementation, the Real Estate Act will restore faith both, from buyers and financiers in the market. Ultimately, the bill is a very good move which will not only boost the confidence, but will also make the entire process of property buying a smooth and hassle-free process and safeguard the interest of property buyer/investor.

—Anushrav Bhatt
(Writer is a city-based housing planner and real estate analyst)

WAY FORWARD

- As per the provisions in the Act, prior registration of real estate project consisting of more than eight units or plot area exceeding 500 sq m is mandatory with Real Estate Regulatory Authority
- In case of projects to be developed in phases, every such phase shall be considered as a standalone real estate project and promoter has to obtain registration separately

favour of buyers.

As per the provisions in the Act, prior registration of real estate project consisting of more than eight units or plot area exceeding 500 sq m with Real Estate Regulatory Authority is mandatory. However, in case of projects to be developed in phases, every such phase shall be considered as a standalone real estate project and promoter has to obtain registra-

tion separately. The compliance and details to be furnished by developers to Real Estate Regulatory Authority is specific and it covers all parameters with special provision of 70 per cent of amount realised for the real estate project from investor/buyers from time to time which shall be deposited in separate account to cover the cost of construction and land cost and shall be used for that purpose only.

The withdrawal from account is in proportion to the