

Pioneer, Delhi
Monday, 01 May, 2017,

REALTY LAW TO MAKE BUYERS KING

Real estate developers cannot advertise their under-construction projects from May 1 once the Real Estate (Regulation & Development) Act (RERA) comes into force. The developers will also have to register their under-construction and new projects with the RERA by July-end.

However, projects with completion and occupancy certificates can be advertised and sold. The Act also has the provision of imprisonment of up to three years for developers and up to one year in case of agents and buyers for violation of the orders of appellate tribunals and regulatory authorities. In case of project delays, the onus of paying the monthly interest on bank loans taken for under-construction flats and commercial properties will rest with developers. In the past, this burden fell on buyers.

Nine years after it was mooted, RERA 2016 will come into force from May 1, bringing some 76,000 companies in the sector under its ambit. According to the Ministry of Housing and Urban Poverty Alleviation, 13 States and Union Territories have already created interim regulatory authorities. These include Kerala, Maharashtra, Punjab, Rajasthan, Mizoram, Haryana, Delhi, Andaman & Nicobar Islands, and Chandigarh. Many others are in advanced stages of finalisation. They include Odisha, Bihar, Jharkhand, Assam, Tamil Nadu, Andhra Pradesh, Telangana, Tripura, Dadra & Nagar Haveli and Daman & Diu. Once completed the final authority of Andaman & Nicobar Islands will align with that of Tamil Nadu.

The Indian real estate sector involves over 76,000 companies across the country. As per industry data, real estate projects in the range of 2,349 to 4,488 were launched every year between 2011 and 2015, amounting to a total of 17,526 projects with investments of Rs13.70-lakh crore in 27 cities, including 15 State capitals. About 10 lakh buyers invest every year with the dream of owning a house.

The Act promises to bring in the much-desired transparency, accountability and efficiency in the real estate sector. The Government has described the implementation of the Act as the beginning of an era where the consumer will be the king. The Government has brought in the legislation to protect property buyers and encourage genuine private players. The Real Estate (Regulation and Development) Bill, 2016 was passed by Parliament in March last year and all the 92 Sections of the Act come into effect from May 1.

According to the Housing and Urban Poverty Alleviation Minister M Venkaiah Naidu, this Act is a win-win situation for both buyers and developers. "Rights and obligations of buyers, developers and real estate agents are clearly defined in the Act and any aggrieved party can seek redressal for violation of the terms of agreement by the other party," he said.

Under the Act, the developers will now have to register within three months all ongoing and new projects. Some of the major provisions of the Act, besides mandatory registration of projects and real estate agents, include depositing 70 per cent of the funds collected from buyers in a separate bank account for construction of the project. This will ensure timely completion of the project as the funds could be withdrawn only for construction purposes. The law also prescribes penalties on developers who delay projects. All developers are required to disclose their project details on the regulator's website, and provide quarterly updates on construction progress.

RERA also states that any structural or workmanship defects brought to the notice of a promoter within a period of five years from the date of handing over possession must be rectified by the promoter, without any further charge, within 30 days. "If the promoter fails to do so, the aggrieved allottee is entitled to receive compensation under RERA", officials said.
