

Lok Sabha Clears Real Estate Bill

The Lok Sabha on Tuesday passed the Real Estate (Regulation and Development) Bill, clearing the way for a regulatory mechanism for the real estate sector to protect the rights of homebuyers and ensure timely delivery by builders. Rajya Sabha had passed the long-awaited bill, which has been pending since 2013, last week. It will now be sent for approval to the President of India and then it will become a law.

“I did my duty. States are given power. Now states should follow it up with timely approvals...#RERABill,” urban development minister Venkaiah Naidu tweeted after the bill was passed in the lower house. “Single window approval system is being developed for ensuring timely completion of housing projects #RERABill,” he tweeted.

Under the provisions of the bill, builders cannot advertise and sell homes till all approvals are in place and the project is registered with the regulatory authority that will be set up in every state, alongside appellate tribunals for dispute resolution. Even ongoing projects will have to register with the authority. At the time of the registration, the developer will have to disclose all project information including details of promoter, project plans, including implementation schedule, land status, layout plan, status of approvals, agreements, details of real estate agents, among many others, empowering buyers.

The legislation will make it mandatory for developers to reveal actual size of apartments, which is their carpet area, rather than selling them on the basis of super built-up area, which includes proportionate share of common spaces such as lobby, corridors, lifts, stairs and parking.

As per the proposed Act, both consumers and developers will have to pay the same interest rate for any delays on their part.

The bill also mandates that builders deposit 70% of money collected from buyers into a separate account that will be utilised only for construction and payment for land, ensuring that money collected is not diverted to other projects or uses as has been the case with many builders in the past. The bill got the support of opposition parties. Leader of Opposition in Lok Sabha Mallikarjun Kharge said in the lower house that his party wants to pass the bill.

According to sources, the government will first notify sections of the bill that deal with setting up of the regulatory authority, which is to be created within one year. After that other sections dealing with registration of real estate projects and real estate agents and functions and duties of promoters will be notified.

There have been massive delays in a majority of real estate projects in the country in recent years, and many homebuyers have been agitating against builders because of the delays as well as the one-sided nature of their contracts.

(Economic Times)