

Real Estate Bill

The Real Estate (Regulation and Development) Act, 2016 is an Act of the Parliament of India which seeks to protect home-buyers as well as help boost investments in the real estate industry. The bill was passed by the *Rajya Sabha* on 10 March 2016 and by the *Lok Sabha* on 15 March 2016. The Act came into force from 1 May 2016 with 69 of 92 sections notified. The Central and state governments are liable to notify the Rules under the Act within a statutory period of six months.

History

Real Estate Regulatory Authority (RERA) Bill was introduced by the Indian National Congress government in 2013. In December 2015, the Union Cabinet of India had approved 20 major amendments to the bill based on the recommendations of a Rajya Sabha committee that examined the bill. The Bill had been referred to a select committee, which had given its report in July 2015. However, Congress, Left and AIADMK had expressed their reservations on the report through dissent notes. The bill got approval of the *Rajya Sabha* on 10 March 2016 and by the Lok Sabha on 15 March 2016.

Provisions

Registration:

The Real Estate Act makes it mandatory for all commercial and residential real estate projects where the land is over 500 square metres, or eight apartments, to register with the Real Estate Regulatory Authority (RERA) for launching a project, in order to provide greater transparency in project-marketing and execution. For on-going projects which have not received completion certificate on the date of commencement of the Act, will have to seek registration within 3 months. Application for registration must be either approved or rejected within a period of 30 days from the date of application by the RERA. In successful registration, the promoter of the project will be provided with a registration number, a login id and password for the applicants to fill up essential details on the website of the RERA. For failure to register, a penalty of up to 10 percent of the project cost or three years' imprisonment may be imposed. Real estate agents who facilitate selling or purchase of properties must take prior registration from RERA. Such agents will be issued a single registration number for each State or Union Territory, which must be quoted by the agent in every sale facilitated by him.

Protection of buyers

The Act prohibits unaccounted money from being pumped into the sector and as now 70 per cent of the money has to be deposited in bank accounts through cheques. A major benefit for consumers included in the Act is that builders will have to quote prices based on carpet area and not super built-up area, while carpet area has been clearly defined in the Act to include usable spaces like kitchen and toilets.

Real Estate Regulatory Authority and Appellate Tribunal

It will help establish state-level Real Estate Regulatory Authorities (RERAs) to regulate transactions related to both residential and commercial projects and ensure their timely completion and handover. Appellate Tribunals will now be required to adjudicate cases in 60 days as against the earlier provision of 90 days and Regulatory Authorities to dispose of complaints in 60 days while no time frame was indicated in earlier Bill.