

Topic: Protecting the Homebuyer

The Real Estate (Regulation and Development) Bill, 2013 seeks to protect home-buyers as well as help boost investments in the real estate industry. Real Estate Regulatory Authority (**RERA**) Bill was introduced by **Congress 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, which has been pending in the upper house of Parliament. The Bill had been referred to a select committee, which had given its report on July 2015. Now, on 10th March 2016, the Real Estate Bill has been passed by Rajya Sabha which is a boon for consumers.

Major Highlights:

1. Mandatory to acquire all clearances before the launch

As per the bill, it would be mandatory to acquire all the required clearances from relevant authorities and **govt. bodies** before formally launching the project. Right now, builders launch the project when there is **nothing more than plain land** on the site and have no permissions for anything. With this, the concept of **“pre-launch” offers will vanish** and you can expect the prices of the property be high on launch.

2. Use of Photograph of actual site for advertisements

As per the bill, the builders will have to use the **actual site pictures** or the actual construction work pictures for advertisements for the project. Right now builders do not use the actual pictures for promotional purpose. It's easy to create an illusion by using graphics and shiny pictures and that is what happens most of the times. If a builder is found to be putting up misleading or wrong advertisements, then there can be a **jail term of up to three years**, if it's done repeatedly.

3. Sale of property as per prices linked with Carpet Area

The bill says that any sale proceedings should be using the prices which are linked with carpet area and not **super built up area**. Generally builders use “super built up area” as the parameter and define the per sq ft price as per that. **Carpet area** is the **net usable area** which can be used for living purpose, however super built up area is combination of net usable area, area covered by walls, doors, parking area, staircases, temple inside the project, gym, garden etc.

4. State Level Regulators and central appellate tribunal to be set up

The bill also says that a **central appellate tribunal** should be set up as a central body and each individual state should also have state regulators.

5. Real Agents/Dealers needs to register themselves

Right now, real estate agents and dealers are not at all registered with any central/state body and hence due to highly unregulated environments, they do not have any code of conduct or service standards defined. Now they **will have to register themselves** and will have clear responsibilities and functions.

6. Separate bank accounts for every project

As per the bill, a builder will have to maintain separate bank account for each and every project and upto 70% of the funds for that project has to be there in that same bank account.

7. Builders can't take more than 10% advance without a written Agreement

A builder will not be able to take more than 10% advance money from buyers without a written agreement. Right now a lot of dealings happen by paying huge advances and the agreement part is delayed by many.

8. Full refund with interest, if property not handed over time

As per the bill, the builder has to refund consumer's money along with the interest, if he fails to deliver the project on time.

9. The Bill rules applies to projects over 4,000 sq meters in size

The biggest worry about this bill is that its applicable only to projects which are of 4,000 sq meters and above in overall size and if a project is bigger than 4,000 sq meters, the bill allows to break the whole project into different phases and see each phase as a different project. The old draft of the bill had this number at 1,000 sq meters, but the current recent bill has it at 4,000 sq meters.

10. No Single Window Clearance for Approvals

One of the major challenges and problems builders face is that of the govt. clearances and various approvals. This takes a lot of time and opens up the gate for bribery and bureaucracy, the bill does not address this problem at all.

Read further:

<http://timesofindia.indiatimes.com/india/Hope-for-homebuyers-as-Rajya-Sabha-passes-real-estate-bill/listshow/51354546.cms>

<http://www.thehindu.com/news/national/real-estate-bill-passed-in-rajya-sabha/article8336978.ece>

<http://indianexpress.com/article/india/india-news-india/real-estate-bill-to-be-tabled-in-rajya-sabha-today-heres-how-it-will-help-home-buyers/>

<http://www.thebetterindia.com/48967/real-estate-regulator-bill/>