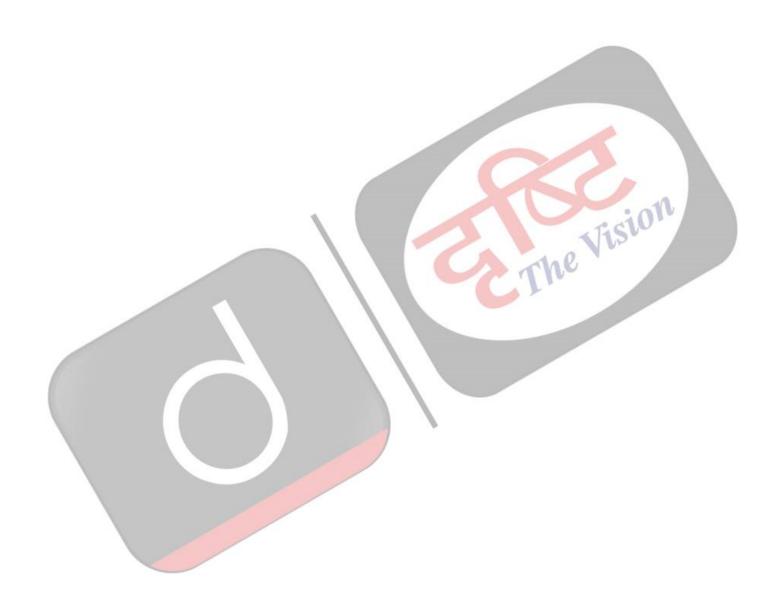


RERA Act, 2016



Introduction

- □ RERA Act,2016 came into effect from May, 2017.
- □ It seeks to protect home-buyers as well as help boost investments in the real estate sector by bringing efficiency and transparency in the sale/purchase of real estate.

Need for the RERA

- Real estate sector was largely unregulated, no standardization of business practices and transactions.
- ☐ Prevalence of issues like delays, price, quality of construction.
- □ Numerous instances where developers cheated property buyers.
- □ No grievance redressal mechanism.
- ☐ Huge generation of black money in real estate sector.

Objectives of RERA

- □ Enhance transparency and accountability in real estate and housing transactions.
- □ Boost domestic and foreign investment in the real estate sector.
- Provide uniform regulatory environment to ensure speedy adjudication of disputes.
- Promote orderly growth through efficient project execution and standardization.
- Offer single window system of clearance for real estate projects.
- Empower and protect the right of home buyers.

Key Provisions

RERA Act,

2016

- Establishment of state level regulatory authorities - Real Estate Regulatory Authority (RERA).
- Establishment of Real Estate Appellate Tribunal.
- Mandatory Registration of plots of size >500 sq. mt. or 8 apartments.
- Depositing 70% of the collected amount from buyers in an escrow bank account for construction of that project only.
- Developer's liability to repair structural defects for five years.
- ☐ Penal interest in case of default.
- ☐ Cap on Advance Payments(<=10%).
- Buyers will be charged for the carpet area and not super built-up area.
- ☐ Imprisonment of up to three years for developers and up to one year in case of agents and buyers for violation of orders of Appellate Tribunals and Regulatory Authorities.

Benefits

- ☐ Timely delivery of flats more likely.
- Furnishing of accurate project details so that buyer take informed decisions.
- Specifying carpet area.
- All clearances are mandatory before beginning a project.
- Curb on diversion of funds from a project due to separate account for each project.
- Clear provisions regarding after sales service.

Concerns

- ☐ Past real estate projects not included.
- Delay from government agencies in approval of clearance.
- No compulsory regulation for projects less than 500 square meter.
 New project launches expected to be delayed
- New project launches expected to be delayed due to pending clearance by the government authorities.
- Does not deal with the concerns of developers regarding force majeure (acts of god outside their control).

Way Forward

- Avoiding any conflict between the Centre and the states regarding regulation of real estate
- ☐ States should not dilute the RERA provisions.
- ☐ States should fully implement RERA to curb black money.
- Government agencies should be made accountable for the delay in granting approvals.
 A robust IT infrastructure for monitoring
- A robust IT infrastructure for monitoring projects and quick redressal of grievances





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