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RERA set to change housing sector dynamics

The state government has finally approved the much-awaited Real Estate (Regulation and Development) Act (RERA) and brought it into force from Maharashtra Day on May 1.

The thrust behind the move is to protect consumers and ensure greater transparency. RERA was passed by the Parliament in March 2016, but only 13 states, including Maharashtra, have notified the rules within the Act so far. RERA will change the dynamics of the real estate sector. It will be bringing in the much-needed discipline to a sector where unscrupulous developers have been taking buyers for a ride.

Now, it has been made mandatory for promoters or developers to keep 70 per cent of the project sale amount in an escrow account. This will help counter the tendency of developers to invest money raised for one project on other projects. Buyers suffer due to this kind of ploys and projects get delayed for no reason.

Henceforth, developers will not be able to sell or book apartments without a commencement certificate (CC) from the concerned authority for the project. This will weed out fly-by-night developers, and only reliable ones will be able to undertake and complete projects now.

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A probable controversy that may arise from the move could be that it will be mostly the small fish who will be affected by it and find it hard to compete with bigger developers in a regulated market.

Nevertheless, there are a lot of rules that tend to remain only on paper. Sincere implementation is the key to the success of any such move, and RERA is no exception.