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The Centre must lead the way on RERA roll out

As a starter, it must set up an independent real estate authority in Delhi, and bring DDA under its ambit



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The Real Estate (Regulation) Act, 2016 has come into force, but its implementation on the ground continues to lag, with the central and state governments equally lax on this front. As of July 31, only four states had set up a full-fledged Real Estate Regulatory Authority (RERA). In a travesty of the Act's requirements, the rest have been functioning with interim, non-independent authorities, and a few states even attempting to relax requirements under their rules.

Designed as an omnibus consumer welfare legislation to regulate the real estate sector, the Act seeks to make buying residential property easier and more transparent through the establishment of an independent authority in each state. Every real estate project exceeding 500 square metre is required to be registered with the RERA before it is advertised, booked or sold to the public. The promoter is required to submit detailed documentation of their previous projects as well as the one under registration, and set up a public website with information regarding the project, updated on a quarterly basis. The promoter is then required to enter into a written and registered agreement for sale before collecting any deposit greater than 10% of the project cost. The promoter should also clearly specify the date of possession. Consumers can thus make informed decisions before purchase, and have regular access to information regarding the project, with the promoter held accountable for promises made or advertised.

Besides private developers, the Act will impact both public housing projects such as the DDA's Aawasiya Yojana housing scheme or Kathputli Colony redevelopment in Delhi, and the SRA schemes in Mumbai. Thus, it is imperative that the

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RERA's regulatory independence is maintained so that it can exercise effective authority over government agencies as well. Similarly, in situations such as the Unitech fiasco in Gurugram, the Act would provide an easy means of redress to aggrieved home buyers. In these circumstances, the lack of a full-fledged independent RERA, as in Delhi and Haryana, means that home buyers are left high and dry.

The Centre has publicised the Act as one of its most significant achievements, and extolled the RERA as a panacea for problems in the sector, particularly exploitation of home buyers by developers. On the other hand, its own actions in the national capital reflect poorly on these objectives. Delhi is yet to have a full-fledged RERA, and the Centre has notified DDA as the interim authority. This in conflict with DDA's legal mandate over planning and development in Delhi (including housing) which places it in the role of a promoter under the Act, and places it in the untenable position of exercising regulatory functions over itself. Further, the Act's mandate that all promoters be registered with the RERA will be rendered meaningless given that the promoter and RERA are the same institution.

Thus, citizens applying for a house under DDA's recent housing scheme have no regulatory protection under the Act. The scheme does not meet the Act's requirements of information disclosure: In lieu of a project website, there is a single page on DDA's website containing procedural information for applicants, and a 'brochure' which briefly – and inadequately – describes the flats. There is no information on the DDA's track record in completion of previous projects, as required by the law – over the last six decades, DDA has consistently failed to meet its targets for development of both commercial and residential property. Should buyers of the Aawasiya Yojana flats have issues with DDA, such as claiming refunds or interest in case of delayed possession, they will have to approach the DDA, rather than seek relief from an independent agency guaranteed to them under the law.

The Centre should lead the states in taking steps for implementation of the Act, particularly in the Union Territories. Delhi presents a unique opportunity – given that land and development are a monopoly of the central government, it could be a model for successful implementation of the RERA's independent regulatory framework. The Centre urgently needs to set up an independent RERA in Delhi, and bring DDA under its regulatory ambit.

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The views expressed are personal

