

**Press Information Bureau
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Cabinet**

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Amendments to “The Real Estate (Regulation and Development) Bill, 2013

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today gave its approval to amendments to the Real Estate (Regulation and Development) Bill, 2013 pending in the Rajya Sabha, and approved amendments proposed in the Bill. The recommendations of the Standing Committee of Parliament on Urban Development and suggestions of various stakeholders (consumer organizations, industry associations, academia, experts etc.) have also been included after extensive consultations.

The Real Estate (Regulation and Development) Bill is a pioneering initiative to protect the interest of consumers, to promote fair play in real estate transactions and to ensure timely execution of projects.

The Bill provides for a uniform regulatory environment, to protect consumer interests, help speedy adjudication of disputes and ensure orderly growth of the real estate sector. The Bill contains provisions of registration of real estate projects and registration of real estate agents with the Real Estate Regulatory Authority; functions and duties of promoters and allottees; establishment of Real Estate Regulatory Authority; establishment of fast track dispute resolution mechanism through adjudication; establishment of a Real Estate Appellate Tribunal; offences and penalties etc.

These measures are expected to boost domestic and foreign investment in the sector and help achieve the objective of the Government of India to provide ‘Housing for All by 2022’, through enhanced private participation.

The Bill ensures mandatory disclosure by promoters to customers through registration of real estate projects as well as real estate agents with the Real Estate Regulatory Authority. The Bill aims at restoring confidence of the general public in the real estate sector; by instituting transparency and accountability in real estate and housing transactions. This in turn will enable the sector to access capital and financial markets essential for its long term growth. The Bill will promote orderly growth through consequent efficient project execution, professionalism and standardization.

The Bill is expected to ensure greater accountability towards consumers, and to significantly reduce frauds and delays. The Bill is also expected to promote regulated and orderly growth through efficiency, professionalism and standardization. It seeks to ensure consumer protection, without adding another stage in the procedure for sanctions.

The salient features of the Bill are as under:

a. Applicability of the Bill:

The proposed initial Bill was applicable for residential real estate. It is now proposed to cover both residential and commercial real estate;

b. Establishment of Real Estate Regulatory Authority:

- Establishment of one or more 'Real Estate Regulatory Authority' in each State/ Union Territory (UT), or one Authority for two or more States/UT, by the Appropriate Government for oversight of real estate transactions,
- To appoint one or more adjudicating officers to settle disputes and impose compensation and interest;

c. Registration of Real Estate Projects and Registration of Real Estate Agents:

Mandatory registration of real estate projects and real estate agents who intend to sell any plot, apartment or building, with the Real Estate Regulatory Authority;

d. Mandatory Public Disclosure of all project details:

Mandatory public disclosure norms for all registered projects such as details of promoters, project, layout plan, plan of development works, land status, status of statutory approvals and disclosure of proforma agreements, names and addresses of real estate agents, contractors, architect, structural engineer etc.;

e. Functions and Duties of Promoter:

- Disclosure of all relevant information of project;
- Adherence to approved plans and project specifications;
- Obligations regarding veracity of the advertisement for sale or prospectus;
- Rectify structural defects;
- Refund money in cases of default;

f. Compulsory deposit of 50 percent:

To compulsorily deposit 50 percent (or such lesser percent as notified by the Appropriate Government) of the amounts realized for the real estate project from the allottees in a separate account in a scheduled bank within a period of fifteen days to cover the cost of construction to be used for that purpose;

g. Adherence to declared plans:

- To bar the promoter from altering plans, structural designs and specifications of the plot, apartment or building without the consent of two-third allottees after disclosure;

- However, minor additions or alterations permissible due to architectural and structural reasons;

h. Functions of Real Estate Agents:

- Real estate agents to sell properties registered with the Authority;
- Maintain books of accounts, records and documents;
- Not to involve in any unfair trade practices;

i. Rights and Duties of Allottees:

- Right to obtain stage-wise time schedule of project;
- Claim possession as per promoter declaration;
- Refund with interest and compensation for default by the promoter;
- Allottees to make payments and fulfill responsibilities as per agreement;

j. Functions of Real Estate Regulatory Authority:

The Authority to act as the nodal agency to co-ordinate efforts regarding development of the real estate sector and render necessary advice to the appropriate Government to ensure the growth and promotion of a transparent, efficient and competitive real estate sector;

k. Fast Track Dispute Settlement Mechanism:

- Fast track dispute resolution through adjudicating officers (District Judge);
- Appellate Tribunal to hear appeals;

l. Establishment of Central Advisory Council:

To advise the Central Government on implementation of the Act, recommend policy, protection of consumer interest and to foster growth and development of the real estate sector;

m. Establishment of Real Estate Appellate Tribunal:

Real Estate Appellate Tribunal to hear appeals from orders of the Authority and the adjudicating officer. The Appellate Tribunal is to be headed by a sitting or retired Judge of the High Court, with one judicial and one administrative/technical member;

n. Punitive Provisions:

Punitive provisions including de-registration of the project and penalties in case of contravention of provisions of the Bill or the orders of the Authority or Tribunal;

o. Bar of Jurisdiction Courts:

Provision for barring jurisdiction of court and any authority from entertaining complaints in respect of matters covered under the Bill;

p. Power to make Rules and Regulations:

- Appropriate Government to have powers to make rules over subjects specified in the Bill;
- Regulatory Authority to have powers to make regulations;

Background:

Real estate development and housing construction was largely the concern of State institutions till the 1980s with very few private promoters and a nascent industry. With the liberalization of the economy, conscious encouragement was given to the growth of the private sector in construction, with a great deal of success, and the sector today is estimated to contribute substantially to the country's GDP.

Currently, the real estate and housing sector is largely unregulated and opaque, with consumers often being unable to procure complete information, or to enforce accountability against builders and developers in the absence of effective regulation.

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