

Real Estate (Development and Regulatory) Bill 2013

The Cabinet has approved the Real Estate (Development and Regulatory) Bill 2013 on 7th April, 2015. The objective of the Bill is to provide safety to the consumers and bring in accountability and transparency in the real estate transaction.

The Bill was introduced in the Rajya Sabha on August 14, 2013 and referred to the Standing Committee on September 11, 2013. Various amendments were made pursuant to the Standing committee recommendations which were submitted on February 17, 2014. The amendments brought about include strengthening of the provisions to curb the 'black money' menace in the real estate market, fast track procedures to resolve the disputes arising out of real estate and to include both residential and commercial real estate within its scope.

Key Features of the Real Estate Bill are as follows:

1. **Establishment of Real Estate Regulatory Authority:** Establishment of one or more 'Real Estate Regulatory Authority' in each State by the Appropriate Government for oversight of real estate transactions and to appoint one or more adjudicating officers to settle disputes and impose compensation and interest.
2. **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.
3. **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 etc.
4. **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.
5. **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;
6. **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 2/3rd allottees after disclosure;
7. **Fast Track Dispute Settlement Mechanism:** Fast track dispute resolution through adjudicating officers (District Judge) and Appellate Tribunal to hear appeals.
8. **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.
9. **Bar of Jurisdiction Courts:** Provision for barring jurisdiction of court and any authority from entertaining complaints in respect of matters covered under the Bill.

10. **Punitive Provisions:** Punitive provisions including de-registration of the project and penalties in case of contravention of provisions of the Bill which may extend upto 10% of the estimated cost of the real estate project or the orders of the Authority or Tribunal.

Disclaimer: The information contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. Although we Endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.