

Bill Summary

The Real Estate (Regulation and Development) Bill, 2013

- The Real Estate (Regulation and Development) Bill, 2013 was introduced in the Rajya Sabha on August 14, 2013 by the Minister of Housing and Poverty Alleviation, Dr Girija Vyas.
- The Bill seeks to establish Real Estate Regulatory Authorities (RERAs) at the state level for the regulation and development of the real estate sector. It aims at (a) ensuring consumer protection and (b) standardisation in business practices and transactions in the real estate sector.
- **Real Estate Regulatory Authority:** RERAs must be established by the appropriate governments. Two or more state governments can establish a RERA jointly, and conversely, a state can have more than one RERA. Each authority will consist of a chairperson and two or more full time members. Key functions of the RERA include (a) rendering advice to the appropriate government on the development of the real estate sector and (b) maintaining and publishing records relating to real estate projects on its website. The RERA might conduct an inquiry into the affairs of, issue directions to, and penalise any (a) promoter, defined as any person or public authority concerned with the development of land for the purpose of selling, (b) allottee, defined as a person who is allotted, or purchases the building, plot or apartment or (c) real estate agent if required. It may refer the case to the Competition Commission of India.
- **Central Advisory Council (CAC):** The CAC will be chaired by the head of the Ministry of the central government dealing with housing and will consist of members from other concerned ministries, state governments and private members. It will advise the central government on matters concerning the implementation of the Act, especially relating to consumer protection, and policy matters.
- **Real Estate Appellate Tribunal:** A tribunal, consisting of a chairperson and two members, shall be established to settle disputes related to the provisions in the Act. It shall have the powers of a civil court.
- **Registration of real estate projects and agents:** Real estate projects must be registered with the RERA if the area of the land to be developed exceeds one thousand square meters or involves the construction on more than twelve apartments. Real estate agents must register themselves with the RERA in order to facilitate any real estate transactions.
- **Functions and duties of the promoter:** The promoter must (a) make information about the project such as updates on the construction of buildings available to the allottee (b) compensate the allottee on any damages incurred as a result of false advertising; and (c) not accept more than 10% of the total cost of the building without entering into a written agreement with the allottee. If the promoter is unable to give possession of the building to the allottee he or she is liable to return the entire amount given to him by the allottee with interest.
- **Rights and duties of allottees:** The allottees are given certain rights pertaining to accessing information about the site plans and have duties relating to timely payments to the promoter.
- **Offences, penalties and adjudication:** The Bill outlines various penalties for non-compliance with the provisions of the Act. Penalties for a promoter are up to 10% of the total cost of the real estate project and penalties for allottees are up to 10% of the total cost of the apartment, for various offences. Adjudicating officers shall determine compensation to allottees.
- **Finance, accounts, audits and reports:** The RERA may receive funds from the central and state governments. A 'Real Estate Fund' shall be created to collect these funds. The Comptroller and Auditor General shall audit the accounts of the RERA and the RERA shall publish an annual report detailing its activities

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