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*An Evening of
Conversations
& Accolades*

The Changing Face of Realty

The reckless progression of the real estate industry in last few decades has led to violation of timelines vis-à-vis possession of property and other related terms and conditions. Subsequently, this has created a trust deficit between builders and buyers.

In recent chain of events, the aggrieved buyers have approached the National Consumer Disputes Redressal Commission (NCDRC) with lawsuits pertaining to the alleged unfair practises adopted by the real estate players.

With NCDRC initiating litigations, some major developers came in the focus, their names flashing across front pages of newspapers, websites and television screens across nation. In June, 2016, a leading real estate giant in North India came under the screening of NCDRC after 50 aggrieved buyers filed complaints of delay in possession which was to be given within 24 months from the date of issuance of provisional allotment letter. NCDRC imposed a penalty of 12% per annum stating that the delay in possession amounted to cheating.

In a similar case, a direction was given by the Supreme Court of India to another renowned developer in July, 2016. The builders were asked to deposit a sum of Rs. five crore in its registry for delay in handing over possession of apartments in one of its project, failing which the directors may be sent to Judicial Custody. In August, 2016, again a well-known developer in North India came under the screening of Supreme Court of India. The group was directed to deposit Rs. 15 crore to pay back the principal amount of investors who had bought flats but did not get possession on time.

In fact, the Supreme Court of India recently gave a stern message to the real estate players by stating that it was not concerned whether developer sinks or dies, but the homebuyers must be paid back the money for delayed possession.

The recently enforced Real Estate (Regulation and Development) Act in May, 2016 is judiciously designed with the intent to protect consumer interest and enhance the accountability of the developers. The proposed rules would address the issue of getting sanctions and approvals from the requisite authorities in a timely manner. And all the permissions, statutes and certificates would now be available on public domain and bring transparency. The Act proposed to be implemented by March, 2017, would constitute authorities in each state to ensure timely execution of projects. It makes it mandatory for all residential and

There are numerous lawsuits wherein, the court has decided against the builders and given a clear message of zero tolerance against delay of possession and other mutually negotiated terms.

commercial projects to be registered with the regulator and will apply to new and on-going projects.

RERA will substantially reduce the trust deficit between the builder and the buyer and help revive the real estate industry. The builder would be in a better state to obtain requisite licenses and registrations, resulting in adhering with the timelines while, the buyers would feel more confident in buying the properties, as the transformation in system would run through the checks and balances.

Since the implementation of the real estate Act has come in the picture, positivity has been instilled in the industry which is predicted to uplift the aspirations of the property buyers. The developers should prepare for the modifications as the Act is applicable to all future as well as prevailing projects.

Another important factor is that currently all major cities in India have high unsold inventory, so a simplification of registration in a statutory authority would revive the demand of unsold inventory in the residential sector.

The transformation in the real estate sector initially may be painful for developers and create short supply of new projects but, in the long run will consolidate the status of the sector as an industry where institutional and individual funds will flow with ease, finally leading to "housing for all" dream of the government.



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