

Real estate bill will empower consumer

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Five years or so in the making, the Real Estate Regulation and Development (RERD) Bill has finally been cleared by the Cabinet.

Developers had originally resisted the move to be brought into a regulatory framework, arguing that there were already too many municipal and planning regulations that were applicable to them. So, the genesis of the bill needs to be recalled to put things in perspective.

The Bill is essentially a consumer law. The main difference between the existing consumer laws and this one is that movable consumer items are invariably manufactured before the consumer pays for the item while that is not true for immovable goods like property and buildings. So, in the former case, the customer can see, touch and feel the product he buys; he has ISI and other standards to refer to for checking specifications and performance before he buys; and, what's significant, he buys after the item has been produced.

Real estate, on the other hand, is immovable. So, the customer has been getting only promises when he booked his dream house. He would leave it to the developer to decide when he would get that much coveted house, specifications to be followed, facilities to be provided, how municipal and other laws were to be complied with, and when and how the infrastructure necessary to make

the product liveable would be provided.

The Bill shall bring in the much needed transparency on products and projects for the consumer. Provisions in the Bill regulate at what stage he can advertise his product, and therefore restrict collection of advances before the project has received all legal clearances. It also defines what terms like super area,

making promised payments on time as also the developer for performing on all aspects that he promises.

It also stipulates how 70% of the money collected from customers for a specific project would be used only for that particular project. Developers will not be able to collect money from one project and invest it in another.

Real estate agents and

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carpet area etc shall mean and how these connect with the terms used in municipal laws and planning regulations – thus reducing the risk of usage of terms which promise more than what can be legally built.

The Bill envisages the creation of a tribunal for dispute regulation. Such a tribunal shall have both technical and judicial members – a welcome move as it will help in creating a techno-legal environment for developer projects and shall make all transactions more transparent.

The Bill's provisions work both ways. It will hold the customer responsible for

dealers, now plying an unregulated trade, will also come under the umbrella of regulation and law – another welcome move, considering how this trade has run amuck without any reins at all till now.

Finally, the Bill has been drafted after consultation and debate with the states. It envisages creation of regulatory bodies in each state with broadly similar structures and mandates. This will bring in consistency in the legal framework for the real estate industry.

(The author is a prominent architect and urban planner)