



Stock markets, mutual funds, insurance and banking all have regulators. It's time real estate got one too

Wanted, a watchdog

It was a little less than a year ago that the FDI norms for real estate were announced. News of related tie-ups and mergers and collaborations has been trickling in, albeit in small snippets. Alongside these developments, we've also seen the Environmental Impact Assessment or EIA procedures initiated by the Ministry of Environment and Forests of the Government of India.

Tricky issue

Even before it became clear what the whole EIA procedures were about, there were grumbles from the industry. One grouse, which is commonly heard, is that the EIA procedure shall slow projects down, and perhaps even make them unviable if there are longer delays in getting the requisite clearances. Furthermore, it is the central government that shall grant the EIA and not the concerned

ago, EIAs were required only for projects which, it was felt, were capable of creating pollution, and were largely relevant to the industrial sector of the economy. But the mandate has now been extended to the real estate as well, and shall apply to residential as well as to other developments.

Industry sources estimate that this could generate as much as 200 applications per month, and that the process could delay projects for months at an end thus making it difficult to plan financial viabilities and to market products. This point is not disputed. But, one also needs to consider that it is worthwhile to dispense with the need for such regulations in an economy growing by leaps and bounds, and even a little haphazardly?

economies, notably China. It illustrates the lack of a regulatory mechanism in place before the opening out of an economy. Why should the EIA be under the purview of the central Ministry of Environment and Forests when real estate environmental impacts are actually a domain of town and country planning? Rather, it should be handled

by the Ministry of Urban Development, which is perhaps better equipped to do the job.

Further, how can the impact of

a real estate project be assessed without looking at the regional context in which the project is placed: issues like transportation planning, and other related matters also need consideration apart from matters concerning pollution control.

n't received sufficient attention, see it, this seems to be the logical step to undertake before the industry opens up, and before a new wave of scams blunders.

The telecom industry regulator — Telecom Regulatory Authority of India (TRAI) — is a point. Mistakes were made when the telecom industry was opened up. TRAI was a result of the realization that specialised knowledge for specialised industries. It

EIA process could generate 200 applications per month and delay projects for months on end, industry sources claim

similar case with the DERC forms were being kick-started in the power sector.

Should we not learn from mistakes made earlier? Institutional regulatory bodies should not be constituted only after a bigger crisis has been created on the ground, be it in real estate or any other sector.

These are serious issues that will also affect the common

aerial

view

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