

may push real estate prices further up

# REAL ESTATE REGULATION BILL NEEDS TWEAKING

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"Although developers and builders are in favour of a comprehensive bill, the regulatory doesn't have jurisdiction over all stakeholders — sanctioning authorities like development authorities of the Centre and the state governments, the airports authority (for permission of the height of the project), the EIA (Environmental Impact Assessment for NoC). These agencies operate without any time commitment. Their track record is an average of one year or more."

"By and large there is no commitment of any agency, especially those used to work in an arbitrary manner and take one step forward and two backwards. This results in delays, excessive cost overruns and all these lead to a point of dispute between developers and consumers. These will also have a direct bearing due to current provisions in the forthcoming real estate regulatory bill," Sanjiv Srivastava says.

Navin Raheja, the president of Naredco and CMD of Raheja Developers, says: "The new regulatory act on one hand will rein in builders but on the other hand it will also address issues of transparency and efficient growth of the real estate sector."

"The new regulatory bill treats builders harshly. They will have to upload all titles and clearances on the regulator's website before launching a project. Failure to do so may invite imprisonment for three years and also a very stringent fine. The builders will not be able to divert money to other projects unless they have made and frozen funds flows for the construction of the project which is to be delivered to the customers," Raheja says.

Rakesh Yadav, the managing director of Antriksh Group, says: "Undoubtedly, the regulation bill is necessary to protect buyers' interest. But rather than implementing a single-window system and giving a proper status to real estate sector, the government is keen to introduce the real estate regulatory bill. This is for whom — for developers or buyers? The forthcoming regulatory bill does not have adequate measures to protect the interest of buyers and developers."

R K Arora, the chairman of Supertech Ltd, says: "The forthcoming real estate regulatory bill will become anti-real estate industry legislation if passed without addressing the basic concerns of the industry. The harsh punishments suggested in the bill will drive several small developers to abandon projects midway leaving buyers in the lurch. And there is no effective mechanism in the bill to safeguard buyers in such situations; in this sense the bill is both anti-industry and anti-buyer."

Parnav Ansal, the vice-chairman and managing director of Ansal API, says that the real estate regulation and development bill is a progressive move by the government which will help streamline the realty sector. "But there are some clauses in the bill which might hurt the interests of buyers as well as developers. The real estate regulatory bill in its present format provides an instrument for control of the activities of developers alone."

Parnav says: "The objective is laudable but inadequate to meet the needs of the buyers. In addition, the proposed process will introduce another level of approvals and will further increase the complications leading to a longer time overruns and higher cost of delivery of real estate projects. The proposed bill needs a little touch-up in order to suffice the needs of both the customers as well as the developers." Amit Gupta, the managing director of Orris Infrastructure, says that the setting up of a real estate regulator is a welcome development. "The proposed bill will bring transparency into the real estate sector and will reassure buyers. The bill must be balanced and see to it that it does not create uncertainty over any project; otherwise it will affect the growth of the sector."

The new law may push real estate prices further up because it stops promoters from receiving any advance unless all the licences and approvals are in place. Some even believe it might hamper the interest of buyers as well as the developers and builders. They contend that the real estate regulatory bill could become anti-real estate industry if passed without addressing the basic concerns of the industry.

Gitamber Anand, vice-president of Credai, says: "The industry per se has never been against the regulatory bill; but there are certain objections on the bill in its present form mainly on the score that it does not cover all stakeholders in the business, namely the ULB (Urban Local Bodies) who give statutory permissions, the financial institutions, the customer and the developer. The bill in its present form will choke the real estate business as it does not address the issue of delay caused by the sanctioning authority for which developers are unfairly held responsible."

Anil Sharma, the vice-chairman of Credai and CMD of Amrapali Group, says: "We welcome the regulatory bill but it would have given the right direction to this sector if the status of industry and single-window system were clearly pronounced. The industry is facing numerous problems and bringing in a regulatory bill at this stage may further worsen the growth in real estate industry."

## FAST FACT

■ 'THE BILL IN ITS PRESENT FORM WILL CHOKER THE REAL ESTATE BUSINESS AS IT DOES NOT ADDRESS THE ISSUE OF DELAY CAUSED BY THE SANCTIONING AUTHORITY FOR WHICH DEVELOPERS ARE UNFAIRLY HELD RESPONSIBLE'

## QUICK BITES

■ UNDER THE PROPOSED LAW, DEVELOPERS WILL HAVE TO SUBMIT PROJECT DETAILS LIKE APPROVED LAYOUT PLAN, TIMELINE, COST, SALE AGREEMENT TO THE REGULATOR BEFORE LAUNCHING PROJECTS. FAILURE TO DO SO WILL ENTAIL A PENALTY OF 10% OF THE PROJECT COST ON THE DEVELOPERS OR JAIL FOR A MAXIMUM OF THREE YEARS. IN EXTREME CASES, THEY COULD EVEN LOSE THEIR LICENCE

■ 'UNDOUBTEDLY, THE REGULATION BILL IS NECESSARY TO PROTECT BUYERS' INTEREST. BUT RATHER THAN IMPLEMENTING A SINGLE-WINDOW SYSTEM AND GIVING A PROPER STATUS TO REAL ESTATE SECTOR, THE GOVERNMENT IS KEEN TO INTRODUCE THE REAL ESTATE REGULATORY BILL'