

1. Implementation of RERA leaves a lot to be desired. Critically analyze. (250 words)

Answer:

Background:-

- Real Estate (Regulation and Development) Act, 2016 (RERA) is an Act passed by the Indian Parliament. The RERA seeks to protect the interests of home buyers and also boost investments in the real estate sector.

Provisions of RERA:-

- The RERA will give the Indian real estate industry its first regulator. The Real Estate Act makes it mandatory for each state and union territory, to form its own regulator and frame the rules that will govern the functioning of the regulator.
- **Reserve account:**
 - One of the primary reasons for delay of projects was that funds collected from one project, would invariably be diverted to fund new, different projects. To prevent such a diversion, promoters are now required to park 70% of all project receivables into a separate reserve account. The proceeds of such account can only be used towards land and construction expenses and will be required to be certified by a professional.
- **Continual disclosures by promoters:**
 - After the implementation of the Act, home buyers will be able to monitor the progress of the project on the RERA website since promoters will be required to make periodic submissions to the regulator regarding the progress of the project.
- **Title representation:**
 - Promoters are now required to make a positive warranty on his right title and interest on the land, which can be used later against him by the home buyer, should any title defect be discovered.
 - Additionally, they are required to obtain insurance against the title and construction of the projects, proceeds of which shall go to the allottee upon execution of the agreement of sale.
- **Standardisation of sale agreement:**
 - The Act prescribes a standard model sale agreement to be entered into between promoters and homebuyers. Typically, promoters insert punitive clauses against home buyers which penalised them for any default while similar defaults by the promoter attracted negligible or no penalty. Such penal clauses could well be a thing of the past and home buyers can look forward to more balanced agreements in the future.
- **Penalty:**

- To ensure that violation of the Act is not taken lightly, stiff monetary penalty (up to 10% of the project cost) and imprisonment has been prescribed against violators.

Implementation issues:-

- Only 20 of the 28 States (the Act is not applicable in Jammu and Kashmir) have framed the rules stipulated under RERA to carry out its legal mandate.
- In some States such as Uttar Pradesh, the Act's provisions have been watered down in favour of builders by altering the definition of "on-going projects" which need registration under RERA.
- There is also a dilution on the penalties for non-compliance.
- The speedy dispute redress mechanism envisaged by the Act is yet to take shape.
 - Apart from Maharashtra, only Punjab and Madhya Pradesh have appointed a permanent regulatory authority (to be established within a period of a year).
 - To ease the transition, RERA allows State governments to designate an existing body as the regulatory authority until a permanent one is established. This has resulted in 13 States working with only a designated regulatory authority.
- Additionally, only six States have set up the online portal contemplated by the Act.
- In the North eastern States, RERA has been challenged on certain constitutional grounds of land belonging to the community and autonomous councils.
- **Urban concentration:-**
 - In U.P., a large number of new projects are concentrated in Ghaziabad or Gautam Budh Nagar/Noida.
 - However, even though the Act provides for State governments to establish more than one regulatory authority, the interim regulator designated in U.P. is located in Lucknow. This has led to consumers being inconvenienced as they need to travel to Lucknow to file their complaints.
- There also appears to be a potential conflict developing between the Insolvency bankruptcy code and RERA which needs to be checked as it would be against consumer interests
- So far only 14 out of the 20 states, which notified RERA, have a functional website
- **Lack of awareness:-**
 - A huge 74% of potential homebuyers said they did not know how to check the RERA status of their project. This does point towards a gap existing in the Act's implementation and consumer seeding.

Benefits if properly implemented:-

- **Experiences of states which implemented:-**
 - Maharashtra, which has established both the regulatory authority and the appellate tribunal, has shown that with earnest action, the Act and the establishment of the permanent regulator can have a positive impact in reassuring real estate purchasers.

- MahaRERA's online portal has led to builders registering projects and a high degree of compliance in terms of registration by real estate agents.
- This along with fast track adjudication of consumer complaints has made the MahaRERA an example of how other States need to implement the Act.
- For long, home buyers have complained that real estate transactions were lopsided and heavily in favour of the developers. RERA and the government's model code, aim to create a more equitable and fair transaction between the seller and the buyer of properties, especially in the primary market.
- RERA will make real estate purchase simpler, by bringing in better accountability and transparency, provided that states do not dilute the provisions and the spirit of the central act.
- The most positive aspect of this Act is that it provides a unified legal regime for the purchase of flats; apartments, etc., and seeks to standardise the practice across the
- Has brought much needed transparency in the industry along with a boost to buyer sentiment.
- Due to stringent provisions of RERA, non-serious developers are finding it difficult to sustain and will eventually move out. This consolidation will not only bring in more professionalism but will also boost consumer confidence as buyers start dealing with organised entities that see a longer stake in the business
- Consumer complaints are now being heard and addressed

PRACTICE QUESTIONS

Answer the following Questions

1. Discuss the challenges that data collection in India faces? Examine whether the draft National Policy on official statistics addresses these challenges? (250 words)
2. Improving agriculture productivity entails greater focus on agricultural research and education, along with extension and training (AgRE&XT). Analyse. (250 words)