Real Estate Act, 2016

Why in news?

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- Central government has cautioned the States of a vacuum arising if necessary institutional mechanisms, as required by the Real Estate Act were not put in place before April 30, 2017.
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What is Real Estate Act, 2016?

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- The Act which is envisaged to regulate both commercial and residential real estate projects, seeks to set up a state level regulatory authority called **Real Estate Regulatory Authority** (RERAs) for regulation and promotion of the real estate sector.
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- The Act makes it mandatory for uploading the details of a Real Estate project on the website of the RERAs. Real estate agents also need to register with the RERAs.
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- The Act also makes it mandatory for the builders to put 70% of the amount collected from buyers in a separate bank account. This must only be used for construction of the project. However, the state government can alter this amount to less than 70%.
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- The Act also seeks to establish fast track dispute resolution mechanisms for settlement of disputes through adjudicating officers and **Appellate Tribunal**.
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What are some of the key issues?

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- Major issue is Parliament’s jurisdiction to make laws related to real estate as **“land” is in the State List** of the Constitution. However, the primary aim of the act is to regulate contracts and transfer of property, both of which are in the Concurrent List.
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- Some states already have laws to regulate real estate projects. And the act differs from these state laws on several grounds.
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- The Bill mandates that 70% of the amount collected from buyers of a project be used only for construction. In certain cases, the cost of land more than 30%.
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- The real estate sector has some other issues such as a lengthy process for project approvals, lack of clear land titles, and prevalence of black money. Some of these also fall under the State List.
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Why establishing RERA is important?

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- Only 4 States and 6 Union Territories so far notified the final Real Estate Rules. So, the Minister of Housing & Urban Poverty Alleviation has urged the Chief Ministers of states to implement the Act before April 30, 2017.
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- From May 1, 2017, under the provisions of the Act, both buyers and developers of real estate property can approach RERA seeking relief against violation of the contractual obligations and other provisions of the Act.
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- For this to happen, Real Estate Authorities and Appellate Tribunals were required to be in place and in a position
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