Real Estate Regulatory Authority (RERA)

Why in news?

RERA has infused governance & has cleansed black money in the hitherto unregulated real estate sector.

What is Real Estate Regulatory Authority?

- The RERA act aims to protect the interests of homebuyers & boost investment in the real estate sector.
- It aims to bring transparency & efficiency in sale/purchase of real estate by establishing RERA in each state to regulate real estate sector.

What are the provisions of the act?

- The Act stipulates that no project can be sold without project plans being approved by the competent authority.
- Every project has to be registered with the regulatory authority thereby putting end to the practice of selling properties based on false advertisements.
- This authority also acts as an adjudicating body for speedy dispute resolution.
- The promoters of the project have to maintain project based separate bank accounts to prevent fund diversion & they have to mandatorily disclose unit size based on carpet area.
- Either the promoter or the buyer has to pay equal rate of interest in case of default of project thereby reinforcing equity.

How did the various states implement the act?

- Since RERA came into force, 34 states &UT's have notified rules, 30 states &UT's has set up real estate regulatory authorities and 26 have set up appellate tribunals.
- The web-portal for project information was operationalised by 26 regulatory authorities which ensures full project transparency.
- **Maharashtra -** While the 2013 bill was pending in the Parliament, the government in Maharashtra enacted its own law in the Assembly in 2012 by taking Presidential assent under Article 254.

- The state law was not consumer-friendly & central government approved the law for its political gains which could have caused permanent damage to the home buyers of Maharashtra.
- Later this anomaly was corrected by repealing the state Act under section 92 of RERA by invoking the provision under the same Article 254.
- **West Bengal -** In 2017, West Bengal has enacted its own state law — the West Bengal Housing Industry Regulation Act (WBHIRA) knowing well that there was already a central law on the subject.
- Despite multiple efforts by the Centre, West Bengal refused to implement RERA, causing irreparable loss to home buyers.

How does RERA establish cooperative federalism?

- Though the Act has been piloted by the Central government, appointment of regulatory authorities & appellate tribunals, notifying the rules are done by state governments.
- These regulatory authorities are required to manage the day-to-day operations, resolve disputes, and run an active and informative website for project information.
- What SEBI is to the securities market, RERA is to the real estate sector.
- RERA provisions are transformative in nature, has empowered consumers, helping in eliminating unfair trade practices & rectified power asymmetry prevalent in the sector.

Source: The Indian Express

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