



## **STREAMLINING APPROVALS FOR REAL ESTATE PROJECTS** *NAREDCO Comments and Suggestions*

Real Estate sector accounts for nearly 5 percent of the country's GDP of Rs. 82.8 lac crore in year 2011-12. The increasing importance of this sector is evident from the projected increase in urban population from 31.2 percent of the total population of 1210 million in 2011 to over 40 % by 2030. With economic growth projected at 8-9 percent in the coming years and urban India accounting for nearly 70 % of the country's GDP, there will be crying demand on policy makers to facilitate development of physical and social infrastructure including housing in urban India. The land supply, infrastructure development and project approvals being primarily State responsibilities, it is necessary that States and ULBs play proactive role in speeding housing supply.

Private sector participation in housing is necessary to bridge the gap between demand and supply and for that it is desirable to create policy framework to minimise and simplify 50 approvals required for the development of a green field real estate project. McKinsey Report - 2010: India's Urban Awakening, submitted to Govt. of India, states that project approvals cost 40 percent of the sale value. Setting up of this Committee for Streamlining Approval Procedures is, therefore, laudable. NAREDCO considers itself privileged to submit its suggestions, on this important issue, for the consideration of the committee.

Approvals required in a typical real estate project and approximate time taken in each case as also suggestions for streamlining are summarised as under:-

### **APPROVALS REQUIRED AND APPROXIMATE TIME TAKEN IN EACH APPROVAL IN THE CASE OF A TYPICAL REAL ESTATE PROJECT**

#### **i) Approvals for obtaining License**

<b>S. No.</b>	<b>Type of approval</b>	<b>Approving Authority</b>	<b>Approximate Time taken</b>
1.	Ownership Certificate (Patta Copy/Patta Sheet/mutation etc.)	Tehsildar	15 days – 60 days
2.	Land use Conversion	Development Authority/Municipality	6-8 months
3.	30 years titles and mutations verification and title pass on	Patwari/Tehsildar	15 days – 180 days

4.	Non Encumbrance	Registration Department	Up to 15 days
5.	NOC from Pollution Control Board/ Environment Clearance	State Pollution Control Board & Ministry of Environment, GoI	9-12 months
6.	NOC from Forest Department	Forest Department	1-2 months
7.	NOC for CRZ (if near coastal area)	Coastal Zone Management Authority	6-12 months
8.	Development License	Development Authority/Municipality	12-18 months

For obtaining a license for development, total time taken is 12 – 18 months for a typical real estate project.

**ii) Approval of Building Plans and other Clearances before Start of Work at site**

<b>S. No.</b>	<b>Type of approval</b>	<b>Approving Authority</b>	<b>Tentative Time Period</b>
1.	Ancient Monument distance Clearance (if required) before building plan approval	Archeological Survey of India	6 months
2.	Road Access Clearance before building plan approval	NHAI/PWD	4-6 months
3.	AAI Height NOC (before building plan approval)	Civil Aviation Deptt.	3-5 months
4.	Building Layout Approval	Development Authority/Municipality	45 days to 6 months
5.	Intimation of Disapproval (IOD) (wherever applicable)	Development Authority	30-45 days
6.	Infrastructure Layout Approval	Development Authority/Municipality	60 days
7.	Other Common facilities Approval	Development Authority/Municipality	30 days
8.	Commencement Certificate	Development Authority/Municipality	2-6 months

9.	Consent to Operate (for earthquake resistance)	Development Authority/Municipality/(Structural Engineer Certificate)	2 months
10.	Site Office Approval	Development Authority/Municipality	15 days
11.	Service Plan Estimates	Development Authority/Municipality	21 days
12.	Fire fighting scheme Approval	Fire dept.	15 days
13.	Lift Escalator Installation Approval (wherever applicable)	Development Authority/Municipality	30-45 days
14.	Electric substation NOC (for all substations/transformers in the building)	Electric Distribution Authority	2-3 months
15.	DG Sets installation approval	Electrical inspectorate	2 months
16.	Certificate of clearance of all electrical installations in the building	Electricity Distribution Authority	30 days
17.	Registration with Labour Welfare	Labour Department	15 days

**iii) Approvals before construction – independent of Building Plan approval.**

<b>S. No.</b>	<b>Type of approval</b>	<b>Approving Authority</b>	<b>Tentative Time Period</b>
1.	Tree cutting	Forest Deptt.	1-2 months
2.	Environment Clearance (for 125 acres project with built up area above 20,000 sq. metres)	Ministry of Environment	12-18 months
3.	NOC from Labour Cess Department	Office of labour Commissioner	15 days
4.	Borewell Registration Certificate	Central Groundwater Authority	6 months

#### iv) Approvals During Construction

S. No.	Type of approval	Approving Authority	Tentative Time Period
1.	Electrical Load / Electric connection,	Electricity Distribution Company	45 days
2.	Permission for Sewer connection	Municipal Authority	30-45 days
3.	Permission for Water Connection	Municipal Authority	30-45 days
4.	Consent to Establish work at site	Pollution Control Board	2 months

#### v) Occupation Certificate

First building should be complete in all respects including internal / external works, drive ways, street lights, aviation lights, installation of STP, water tank, harvesting pit, installation of lifts and their operation, common area & common toilet, external fire hydrants, fire fighting system etc before applying for Occupation Certificate with following documents:

1.	Approved Building Plans,
2.	Approved Service Estimate/ Plans
3.	N.O.C. of Airport authority,
4.	N.O.C. From Pollution Board & M.O.E.,
5.	The application for Swimming Pool License is submitted to competent authority after occupation certificate is obtained.
6.	Fire, Lifts, Gensets, S.T.P.

Total time taken in obtaining occupancy certificate is 4-6 months.

### SUGGESTIONS

#### a) Simplification of Specific Procedures

##### 1. Building Plan Approval

A single competent authority should be responsible for approving Development plans and building plans. Software for automatic project sanction needs to be developed/put in use in all States.

Approval by licensed architects, on behalf of the development authority, need to be practiced. It will be the responsibility of the licensed architect to ensure compliance with notified rules and regulations and approve Building Plans in a time bound manner.

## **2. Delink Infrastructure development from Building Plan Approval.**

The Approving Authority should not insist for prior development of internal infrastructure to approve project development plan. It needs to be appreciated that infrastructure development is parallel to construction. For facilitating construction of project in a fixed time schedule, building plan should be approved subject to undertaking from developer that the internal infrastructure will be developed before submitting application for Occupation Certificate.

## **3. Standardization of Bye laws and procedures**

Presently, bye laws of Local Bodies are archaic, complicated and allow discretionary interpretations. Standardised and flexible byelaws are necessary to eliminate discretion. It should be available on website of development authority/municipality.

## **4. Deemed Approval**

If the competent authority/municipality does not accord approval in the specified time, it should be treated deemed approval. This will fix responsibility on approving authority and reduce delay.

## **5. EIA clearance of Master plan**

Since the Master Plan contains zoning of development area including distribution of residential, commercial, institutional, green spaces etc and stipulates development control norms, it would be appropriate to carry out Environment Impact Assessment of the entire Master Plan. This should be part of the Master Plan approval and individual projects, within the Master Plan area, should not be required to obtain EIA Clearance for each project. The Environment department should notify their guidelines to be followed for different types of projects and also put the guidelines on their website. Thereafter, compliance responsibility should be left to project approving authority.

## **6. Single window for Environment Clearance**

Construction projects do not fall under scoping process, which means no screening and presentation is required to get Environmental Clearance. Therefore, in the case of construction projects, single window clearance, within stipulated time, should be the norm. In case there is any short fall, the EC should be issued on conditional basis without delay.

## **7. Optimum use of land**

Since the scarcity value of land is increasing, density and FAR/FSI norms, especially for low income housing, need to be increased. This would impact related infrastructure and cost of housing.

## **8. Online Registration**

Subject to compliance of procedure, online registration for select clearances should be introduced such as registration with labour deptt. lift inspector, approval of electrical load, noc from Airport Authority etc. The suggested chart is given in **Annexure I**.

### **b) Streamlining project approval procedure - Single window Facilitation Committee**

1. All Project documents for various clearances should be submitted to a Single Window Facilitation Committee. The approvals for parallel clearances should be identified in order to save time. Further, the competent authorities should notify maximum time limit for according approvals.
2. A senior officer should be appointed as Chairman of the Single Window Facilitation Committee notified by a State Govt. The Chairman should be empowered to issue directions to members of the Single Window for compliance.
3. All associated departments should nominate senior officials as members of the single window and made responsible for delay beyond time limit fixed for approval.
4. Documents to be enclosed for each approval should be publicised and displayed on the departments website, as a State initiative, to promote transparency.

5. A reasonable fee for single window service could be charged by the State Govt./ULB/Development Authority.
6. As an example licensing procedure for real estate project with suggested time schedule for approval is given in **annexure II**.

**c) Simplification of Administration**

**1. Layers of approval officials**

Efforts should be to reduce no of layers in the movement of files. For instance, the proposal submitted to scrutiny officer is rechecked by his superiors and finally checked and approved by the competent authority. Streamlining with the help of a check list, will reduce no. of layers and time taken in approval.

**2. Specialist Cadre**

With urbanization likely to double in next 3 decades, it is necessary to create specialist cadre for all facets ranging from urban planning, building approvals, environment clearances etc. to facilitate faster planning and approvals.

**3. Experts in Committees**

In all Committees, experts should be included as a practice. For instance in every State Environment Committee, an independent expert from construction industry should be included.