

Real estate authorities to approach housing ministry with recommendations to strengthen existing Act

Synopsis

While RERA authorities are issuing orders for compensation and interest to homebuyers by the developers, many of these orders are not being complied with. Homebuyers and their associations have been raising concerns over the non-enforcement of these orders, and the authorities have been facing criticism.



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The All India Forum of [Real Estate Regulatory Authorities \(AIFORERA\)](#), the apex body that represents the RERAs of various states, is planning to approach the housing and urban development ministry with a set of recommendations required to make the existing [RERA](#) more effective.

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The chiefs of over 20 state RERAs are meeting for a three-day event next week where issues such as execution of its orders, non-registration of projects, registration of projects on 500-metre plots and delay in granting approval will be discussed.

"While most of us are of the view that RERA should have executive power, there are some changes in the definition of certain words in the act, which are required. After the discussion with the state authorities, we will send a list of recommendations to the union ministry of housing," said one state RERA chief, requesting anonymity.

"The [housing ministry](#) has also decided to form a committee including homebuyers and real estate developers to examine different orders that have been passed by state-specific authorities but have not been complied with yet.

The state RERA bodies are trying to act strictly but are not able to do so because of restrictions in power. The builder also takes advantage of some rules of the act, which needs to be clarified. All these suggestions will be presented to the ministry," said another state RERA chief.

Delhi RERA has recently made it essential for builders to register projects with a total developed area of more than 500 square metres, regardless of the number of flats constructed on it. Builders have been evading RERA

registration by exploiting this loophole. Rajasthan RERA had passed a similar order.

"We are also trying to better coordinate with the local authorities. The development authorities of cities play a significant role in real estate development and they need to be in sync with RERA. There should be a direction to them to work along with RERA for the benefit of homebuyers," said another state's RERA chief.

Once the RERA authority passes an order for compensation and interest, the developer is expected to comply with the order and provide the compensation to the homebuyer within 45 days. This period begins from the date on which the order is served upon the builder.

However, there are several cases when the developer refuses to enforce the order delivered by the authorities within the specified timeframe and homebuyers are left without resolution of their grievances with the builder. In such circumstances, the authorities can be approached to get the RERA order executed by the builder as per the provisions of section 40 of the RERA Act.

As per section 40 of the RERA, if a promoter, allottee, or real estate agent fails to pay any interest or penalty or compensation imposed by the adjudicating officer or their authority, it can be recovered from such promoter, allottee, or real estate agent in such manner as may be prescribed as an arrears of land revenue.

Section 63 of the RERA specifies the penalty for failing to enforce a RERA order. If any promoter fails to comply with or contravenes any of the orders or directions of the authority, he or she shall be liable to a penalty of 5% of the estimated price of the real estate project for every day during which such a default continues.

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