Topic wise content

Real Estate (Regulation and Development) Act (RERA) Provisions

Notes for civil services preparation

UPSC

General Studies

Real Estate (Regulation and Development) Act (RERA) Provisions

- The Act stipulates that no project can be sold without project plans being approved by the competent authority and the project being registered with the regulatory authority, putting to an end the practice of selling on the basis of deceitful advertisements.
- Promoters are required to maintain "project based separate bank accounts" to prevent fund diversion.
- The mandatory disclosure of unit sizes based on "carpet area" strikes at the root of unfair trade practices.
- The provision for payment of "equal rate of interest" by the promoter or the buyer in case of default reinforces equity.

Benefits

- These and many other provisions have empowered consumers, rectifying the power asymmetry prevalent in the sector.
- RERA has infused governance in a hitherto unregulated real estate sector.
- Along with demonetisation and GST, it has, to a large extent, cleansed the real estate sector of black money.
- It has transformational provisions, conscientiously addressing issues which have been a constant bane for the sector.

Cooperative Federalism

- RERA is a seminal effort in cooperative federalism.
- Though the Act has been piloted by the Central government, the rules are to be notified by state governments, and the regulatory authorities and the appellate tribunals are also to be appointed by them.

Conclusion

- RERA is to the real estate sector what SEBI is to the securities market.