

# 'It's still early days for RERA'

Is RERA proving to be a good control over the industry? Is it linked to selling price? Adarsh Narahari, Secretary, CREDAI, answers **RANJANI GOVIND**

**H**ow much has RERA impacted the real estate industry and the buyer sentiment in the last one year? With transparency that it brings along, the Act has helped transform the real estate industry. Industry experts say developers are cautious while announcing projects, while making sure that all approvals are obtained before launch of new projects. Adarsh Narahari, Secretary, CREDAI Bengaluru, spoke to *The Hindu-Property Plus* about related aspects of RERA that would help people know while going in for their dream home.

*Excerpts...*

**What is the current status of RERA given that it has a good hold?**

It's still early days for RERA. Only about 25,000-odd projects have been registered under it across the country, and even now some States have not implemented this much needed Act. Some of the recent judgments by RERA authorities on the complaints filed have helped restore consumer sentiment in projects which are under construction or delayed.

**Are there drawbacks faced by the developers?**

The primary drawback is not making government departments accountable for their delays and to a smaller extent, the input cost of a project is bound to go up due to higher cost of compliance and funding which will lead to increase in selling prices.

**Will RERA help in dissuading 'fly by night' operators?**

With RERA's stringent provisions, developers who were non-serious or were 'fly-by-night' operators are now finding the going tough. If they do not have an intention to complete their projects and deliver to their customers, they will be forced out of the industry soon. Consider this: of the approximately 45,000 developers operating in the top 10 cities now, RERA might end up changing this statistic. In simple terms, one needs to deliver on what has been promised.

**The major aim of RERA is to consolidate the real estate sector. How far has this been achieved?**

I don't think RERA is aiming to consolidate the real estate sector, it is just making sure developers deliver on their promise. RERA has built confidence among buyers. on the real estate projects. Has this resulted in the appreciation of real estate prices? If yes, what is the percentage of increase? We are still in the ear-

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ly days of RERA wherein the actual benefits to the customer have not yet been realised. Once this initial stage is over and several projects start getting delivered as promised, the prices will certainly appreciate

**Has RERA turned out to be a win-win situation to both buyers and developers?**

RERA has played a major role in strengthening the trust factor between the developer and buyers as it brings in the much-needed transparency and accountability in the industry.

Buyers are now enjoying better security for their purchase and are investing with more confidence, as developers adhere to completion timelines, overall legality, amenities, and quality standards for the projects. Hence, it is a win-win situation for all.

**Did the implementation of RERA affect the real estate industry?**

With RERA implementation, the real estate industry has a regulator. RERA-compliant developments ensure that the rights of the consumers are protected, thus bringing in confidence among buyers and investors.

Perhaps the most positive impact of RERA is that the Act offers a unified regime for property buyers and thus ensures a standardised practice across the country. RERA brings in the much-needed transparency and accountability into an otherwise unorganised industry.

**Major economic changes like demonetisation, GST, RERA have been implemented just in a span of one year. What is the response in stabilising the market?**

The reforms announced within the span of one year did have a significant impact on the real estate market and have been instrumen-

tal in bringing about a noticeable shift. Consumer or buyer sentiment is slowly back in the market, because consumers are assured of a quality product and on-time possession. With transparency and efficiency being guaranteed, and buyers' rights safeguarded, RERA has helped improve overall sentiment towards the real estate market. An efficient and transparent real estate market has made it very attractive to domestic and foreign investors, thereby increasing demand for an organised industry.

**According to the RERA Act, separate bank accounts for a project by the developer is mandatory. But in Karnataka, this clause has not been taken into consideration. What is your take on it?**

In Karnataka it is necessary to open a separate bank account; however the authority is yet to formalise the draft agreement for sale. It is still early stages of implementation as far as RERA is concerned.

Having said that, Karnataka has been among the first States to implement the Act. With a new Chairman in place, RERA is expected to be implemented with a renewed vigour in Karnataka.

**How effective is the implementation in Karnataka?**

Karnataka is among the first few States to implement RERA, by establishing a portal for registering projects and filing complaints. However, the State is yet to appoint a permanent RERA authority.

For now, it is the Principal Secretary, Department of Housing, who has been appointed as an Interim Authority or KRERA Authority. Likewise, the Karnataka Appellate Tribunal has been announced as an Interim Appellate Tribunal.

The implementation of RERA has been effective in keeping the customers' interest in mind.

**What needs to be revised or revisited in the Act?**

There are some challenges that need to be addressed like: Making approving authority accountable just like developer's getting penalised for not delivering; and discouraging or penalising frivolous complaints against developers, thereby making sure that RERA is not misused.

Primarily, when various government departments are made accountable, the success of the Act is going to be massive.