

RERA remains a work in progress after one year

We need a RERA authority monitoring the process of statutory approvals. India ranks a very low 181 out of 189 countries in ease of getting construction permits. This is what frustrates developers rendering projects unviable.

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by Surendra Hiranandani

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The Indian realty entered a new paradigm last year with the implementation of the Real Estate (Regulation and Development) Act, 2016 or RERA. It is undoubtedly a path-breaking law that has revived buyers' confidence and made developers cautious in the short term. While the Act is sure to benefit all stakeholders, there are teething issues to be sorted out in the near term. The implementation of RERA remains an issue as many states have not yet implemented it fully and most are even yet to appoint full time regulators. At present only a few states in India have a functional RERA website so there is a lack of necessary supporting infrastructure. However, we must compliment Maharashtra for implementing RERA most effectively and setting an example for other States to follow. Only effective implementation of the Act will help us achieve the desired objectives.

On the positives, it has increased transparency and credibility leading to higher domestic and foreign investments as investors are now looking at Indian real estate with renewed vigour. The realty market is experiencing consolidation as unorganized players are struggling to cope with stringent compliance norms under RERA. It is now clear that only credible developers who conduct their business with transparency will survive in the future and will be able to navigate the roadmap. This is good from a buyer's perspective as one is assured of a quality product within stipulated timelines.

With RERA in place, home buyers can also hope for a risk-averse journey. Under RERA, the developer has to provide a written affidavit to the buyer stating that the legal title to the land on which the construction is planned contains legitimate documents of ownership. Title insurance is a form of indemnity insurance which insures against financial loss from claims in title to real property. While other form of insurance provides protection against future loss, this provides cover for an event in the past which has resulted in disputes. Title insurance will lead to renewed confidence among buyers and will certainly impact the real estate market favourably. The availability of title insurance products will also boost private equity investment in Indian real estate. There will be increased interest in the sector which will ensure a win-win situation for all the stakeholders in the sector.

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Though the implementation of RERA has seen a deceleration in new launches, the demand for well-thought out products continue to be robust in the market and established builders having proven track record continue to find buyers for their projects irrespective of the market conditions. For the reputed developers it may be noted that RERA now has become a routine paperwork and is a part of the plan at of doing business. The biggest lacunae of RERA is absolving statutory authorities in granting permissions. We must have a single-window disbursal of all regulatory approvals which has been a long standing demand of the real estate sector. The builders are presently at the mercy of state agencies which are in charge of granting approvals at various stages of a development project.

We need a RERA authority monitoring the process of statutory approvals. India ranks a very low 181 out of 189 countries in ease of getting construction permits. This is what frustrates developers rendering projects unviable. It is extremely important to deregulate and not over regulate the sector, provide faster approvals and clearance which will boost productivity in the future. The government must look at addressing the shortcomings plaguing the real estate sector at the earliest if it wants to ensure success of its housing policies.

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"Important decisions need to be made between vision and viability"

TRIMBLE SOLUTIONS India, a subsidiary of US-based Trimble Inc. recently launched its global railway solutions portfolio in India and is eyeing the Indian Railways market which it believes has a lot of potential. In an interview with Manali Jaggi of BW Smart Cities, Rajan Aiyer, Managing Director, Trimble, SAARC Region talks about the need to make Indian Railways safe, financially viable, environment friendly and the role of cutting edge technologies to help address various challenges the railways is facing today.




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