The Standing Committee on Urban Development (Chairperson: Mr. Sharad Yadav) submitted its report on the Real Estate (Regulation and Development) Bill, 2013 on February 17, 2014.

The Bill was introduced in the Rajya Sabha on August 14, 2013 and referred to the Standing Committee on September 11, 2013.

The Bill seeks to establish Real Estate Regulatory Authorities (RERAs) at the state level for the regulation and development of the real estate sector. It aims to: (a) ensure consumer protection, and (b) standardise business practices and transactions in the real estate sector.

Commercial and industrial real estate: The Bill seeks to regulate only residential real estate. The Committee recommended that the Bill regulate commercial and industrial real estate as well.

Size of excluded projects: The Bill excludes projects smaller than 1,000 square meters or 12 apartments from its purview. The Committee felt that this would lead to the exclusion of a large number of small housing projects. It recommended lowering this limit to 100 square meters and three apartments.

Regulation of real estate agents: The Bill requires real estate agents, facilitating the sale of a project covered by the Bill, to register with a RERA. The Committee instead recommended that all real estate agents be required to register with a RERA. A model code of training for real estate agents should be included in the Bill.

Single window system and digitisation of records: The Committee recommended inserting a new provision to allow RERA to give directions to the state government to establish a single window system for providing licences and clearances for real estate projects. It suggested that RERA be allowed to give directions to the relevant authorities to digitise land records in order to ensure that the same land is not sold to several individuals.

Delegated legislation: Under the Bill, the state government can make rules on certain provisions, including documents required for application to RERA, the manner and conditions of registration of real estate agents, etc. The Committee recommended reducing such delegated legislation.

Definition of carpet area: The Bill defines carpet area as net usable floor area of an apartment, excluding the area covered by its walls. It is unclear if this includes balconies, terraces and verandas. The Committee recommended defining the term ‘net usable floor area’ in the Bill.

Common area: The Committee pointed out that the Bill does not have a provision for mentioning the common area in a real estate project in the sale agreement and sale deeds and recommended adding a model agreement in the Bill which would mention the common areas.

Registration of projects: Under the Bill, if RERA fails to grant registration or reject the application of a project within 15 days of receiving it, the project will be approved automatically. The Committee recommended automatic approval after 30 days of application.

Appeal in case of revocation: The Bill requires that appeals against revocation of registration be decided in 90 days. The Committee felt that this period is too long for buyers, who often purchase flats through bank loans. It recommended reducing this time period to 45 days. It also suggested that provisions for compensating customers who are affected due to revocation of registration be added.

Time limit for completion certificate: Certain authorities at the local level are responsible for issuing completion certificates for projects. The Committee recommended that a time limit should be specified for these authorities to issue completion certificates.

Structural defects: The Committee recommended increasing the time period within which promoters must rectify structural defects which are brought to their notice, from two years to five years.

Conveyance deed: The Committee recommended that in addition to the present provision of providing the conveyance deed to individuals, provisions to provide the conveyance deed to a cooperative society should be included, to promote cooperative group housing. The conveyance deed must be registered by the promoter within two months of handing over possession.