

REALTY REGULATOR

The debate over real estate regulator is raging as the draft of the new regulation Bill has been sent to the Law Ministry for comments. The regulatory regime will bring the much-needed transparency and fair play in the sector that is rife with allegations of malpractices, writes **Geetu Vald**

TOUTED as the sunrise sector of the Indian economy, the real estate sector is not bereft of its dark alleys where shady deals and dealers thrive at the cost of vulnerable customers. Transparency has been the foremost casualty in this unregulated sector where each customer is dogged by doubt and mistrust. A buyer stepping into the realty mart has to manoeuvre through high prices, under-hand practices, double-edged contractual clauses etc.

When a price figure like Rs 60 lakh for a one-bedroom apartment or Rs 1.5 crore for a three-bedroom one in tricity area is quoted by leading builders, one is in a fix to decide whether it is a good deal or the builder-agent nexus is pulling wool over one's eyes. The craze about having an exclusive address and elite lifestyle lures many to such deals, but there is hardly anything one can do when such a project flops, is delayed or when the final product is nowhere close to the tall claims made by the builder. A recent survey by PropEquity has shown that

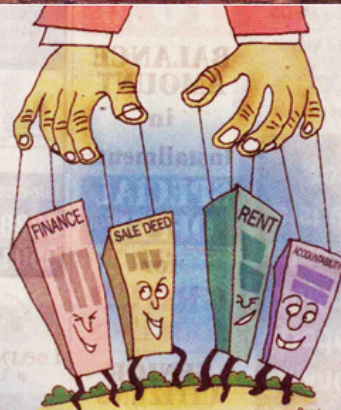
completion of almost 4.8 lakh residential units will be delayed by builders due to rising construction costs and increased project delivery commitment and buyers may have to pay the price for it. There is a shortage of 24-26 million houses in the country but lack of proper regulation has taken affordable housing out of the reach of a common man. Apart from this, zero accountability on contractual obligations do make developers look like villains in the whole saga, and this is an image that industry mavens would like to shed. An effective regulation regime will go a long way in restoring faith in this sector. "The main idea behind having a regulator is to protect the interest of customers and the creation of a level-playing field", says Brotin Banerjee, MD and CEO of Tata Housing.

Besides safeguarding the interests of consumers, the realty regulator will also have to ensure a proper regulation of the construction and re-construction activities, bring in quality standards, and make licensing mandatory

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for real estate agents.

The modified regulation Bill now excludes the subjects of land and colonisation as these are state



subjects, and deals with consumer interests, fraud cheating and contractual obligations.

"Though one can't deny the incidents of fraud and under-hand tactics, established developers do have self-regulation systems as no one likes to risk one's reputation", says Sanyam Dudeja, COO, TDI, Putrajah.

Citing the examples of some recent cases in the tricity areas, he adds that "consumer courts are doing a good job in the region as most cases of malpractices by builders are dealt with effectively here but the problem is much acute in places where customers have no one to turn to for redressal of their complaints. "Regulator is required for orderly and smooth development of real

estate sector, which is nascent in India. Self-regulation is best but it does not work generally. We need regulator who can address the problems of developers and buyers with the intention to smooth development and entire proper delivery and servicing", says R.R. Singh, Director-General, NAREDCO.

But what the experts are really looking for is a single-window clearance approval and grievances settlement mechanism. "In case it is an additional authority, over and above numerous authorities already existing, it will be an impediment in the development process", opines Singh.

A complete ban on the 'unlicensed', unauthorised colonisation

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and colonisers operating in most cities is another area that experts want to be addressed in order to ensure fair play. "The developers should be made to register with the regulatory authority and substantiate all claims regarding land title and other clearances before advertising a project so that a buyer can make an informed choice and there are no ugly surprises waiting for him at a later stage", says Dudeja.

But in all this din about regulation one should not

overlook the need for reforms in the sector as Sunil Dahiya, MD, Vigneshwara Developers, says, "The sector first needs a system of reforms to ensure growth". Most sectors in India have seen growth by following the road of reforms first before going in for regulation. For example 'de-regulation' in the automotive industry followed by reforms, gave us better and cheaper vehicles and resulted in the mature Indian market of today. A similar pattern has been witnessed in Indian markets

where customers are getting better products be it in banking, insurance or telecom sectors following the same strategy of de-regulation and

then reforms. "Therefore, we don't have to invent the wheel all over again and should first speed up the reforms and then simulta-

neously bring in regulation", adds Dahiya.

However, as far as the pricing is concerned, the regulation is not going to have

much impact there as market forces and local factors affect prices of a project and it is very difficult to put a cap on this, says Ashwani Prakash,

Executive Director, Paramount Group of Companies. Already in the making for three years now, the Bill and the resultant regulations are

likely to iron out some of the rough edges for the customers as well as the industry bigwigs and pave the road for growth of the sector.