

UP RERA

A nice Upturn for home buyers

Uttar Pradesh has been at the forefront of RERA redressals. The state decided a whopping 15,485 complaints, while other states lagged far behind. Maharashtra decided only 6,834, Madhya Pradesh 2,839, Karnataka 1,908, and Haryana 3,161

Development Act, 2016, widely acknowledged as one of the three most important reforms undertaken by the present government, was enacted on March 25, 2016.

July 26, 2017, is an epochal day for the home-buyers and the real estate sector of Uttar Pradesh. On this day chief minister Yogi Adityanath launched the website of UP RERA, and, thus, Uttar Pradesh became the first state in the country to start online management of the real estate projects as well as public complaints. UP RERA has many firsts to its credit and is assiduously working to bring about a desired change in the sector.

Nobody will deny that the sector has been under tremendous stress for a variety of reasons leading to inordinate delay in completion of the projects, abandonment of some projects and increase in the financial liabilities of the promoters-developers. There have also been issues like piling up of the dues of the development authorities, especially NOIDA, GNOIDA and YEIDA; withholding of the approvals and CC/OC by the authorities, non-delivery of lakhs of houses, dismy among the home-buyers leading to complex litigation and non-payment of instalments and fraudulent trade practices by some promoters. So, RERA could not have come at a later date.

The government had designated the Additional Chief Secretary Housing and the Urban Planning Department as the interim regulator. However, the permanent authority was established at a later date and assumed office on August 9, 2018. The administration took a quick and complete overview of the matters requiring attention and embarked on a resolution plan. About 50% of the real estate projects, 70% of the real estate complaints and 75% of the stressed projects are from the NCR. While there have been 22,309 registered complaints, 16,575 have been registered in NCR and 5,734 outside NCR.

Similarly, total complaints that have been decided are 15,485. Of these 12,084 are from NCR and 3,401 from outside NCR. The full recovery certificates that have been issued stand at 1,261. Out of these 1,022 are from NCR, and 239 from outside NCR. Again 2,762



ILLUSTRATIONS: ROHNIT PHORE

are total registered projects. Of these 1,368 are from NCR, and 1,394 from outside NCR.

These are just a few instances. The government, on the request of RERA, established the regional Office of RERA in GNOIDA in Gautam Buddha Nagar in September 2018, and the NCR office-bench started working w.e.f. September 4, 2018, with the chairman, members and senior officers working from both the offices as per the roster decided by the authority. The authority also took a conscious decision to work six days a week, keeping in view the considerable volume of the grievances of the consumers and the responsibilities cast upon it. Some of the instances of how the authority has successfully met these demands and how it is ameliorating the rashes of the sector paving the

way for a vibrant and responsive real estate sector are:

■ Under the close monitoring of the authority, 570 registered projects have been completed, 157 projects granted short duration extension, 200 projects audited, show-cause notices issued for de-registration of 27 projects, 67 projects de-registered and steps initiated to complete such projects under section 8 of RERA as per the draft policy submitted to the government. This move will help to discipline the errant promoters and to ensure the completion of the projects.

■ The authority has established a project management division in its NCR office for close supervision of the projects and positive intervention in case of stressed projects. It has prepared panels of auditors, third party construction consultants, undertaken the audit and

verification of the accounts of 321 projects through the CA firms on the panel of the CAG. The development of a framework for the grading of the projects and promoters is underway and will soon be rolled out. Once the grading framework becomes operational, it will help the consumers in making informed choices and usher a healthy competition in the sector.

■ Efforts are being made vigorously to make all the projects RERA compliant. Recently, the authority imposed penalties against the promoters of 1,088 projects for not updating quarterly progress reports on the website. The promoters have started realising the advantages of the RERA compliances. This will finally lead to financial discipline, accountability and transparency in the sector. A study by Magicbricks found 60% want to buy

a house in a RERA-registered project. UP RERA has been successful in instilling confidence among the home-buyers.

■ Uttar Pradesh does not have the largest real estate sector in the country, but it has the highest volume of the complaints by the home-buyers. The regular authority was constituted at a much later date in the state. Still, it has decided more than two times the complaints resolved by any other state. While Uttar Pradesh decided a whopping 15,485 complaints, other states lagged far behind. Maharashtra decided only 6,834, Madhya Pradesh 2,839, Karnataka 1,908, Haryana 3,161. The lowest number of complaints were decided in Gujarat (1,455).

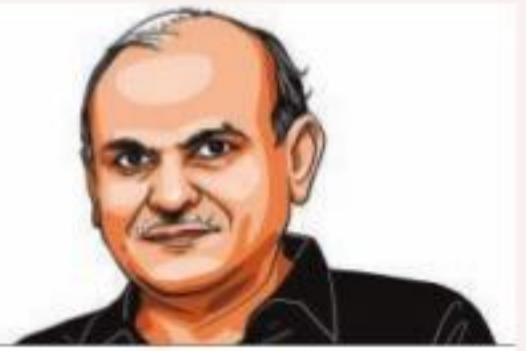
Uttar Pradesh was the first state to start the execution of its orders through recovery certificates. The authority has issued 1,261 recovery certificates having demand of ₹391.36 crore. During the short period of just over one year, an amount of ₹53.42 crore has been realised against 275 recovery certificates. The pace of recovery is picking up. The authority is continuously following up the recovery cases with the concerned collectors. It has established an online facility for filing the request for execution of RERA orders and also an online module for tracking compliance on possessions and refunds. Most promoters now comply with the orders of RERA. As per the compliance status gathered from different tracking mediums, there has been compliance in half of the cases. Owing to RERA, promoters are trying to settle issues with home-buyers.

■ The authority has also institutionalised the amicable settlement of the disputes between the home-buyers and the promoters through two conciliation fora established at its Lucknow and NCR offices. So far over two thousand home-buyers have sought relief through this forum.

Uttar Pradesh Real Estate Regulatory Authority earned the honour of organising the First National RERA Conclave in Lucknow on November 4, 2019. The conclave had broad participation from all stakeholders including the central government, state governments, RERAs and Appellate Tribunals of states, top management of the banks and other financial institutions, industry associations, home-buyers and their associations, promoters, professionals and competent authorities. The chief minister of Uttar Pradesh inaugurated the conference in the presence of the minister of state (independent charge), Ministry of Housing and Urban Affairs, Government of India. The conclave was immensely successful and the achievements of UP RERA were acknowledged by all.

With RERA, and UP RERA, the scenario is changing and changing for the better.

RAJIVE KUMAR



Chairman, UP Real Estate Regulatory Authority

THE REAL ESTATE sector had come under tremendous pressure during 2015 and 2016. A large number of real estate projects had come to a halt; the home-buyers, who had invested their lifetime savings, had limited recourse to a rapid resolution of problems; the developers were non-responsive, and the development authorities faced serious constraints in regulating them. The need of the hour was for transparency, discipline, and timely delivery of projects, which was too important to be neglected any further.

Therefore, the central government resolved to establish a regulatory authority in all the states and union territories across the country to help the consumers, bring about financial discipline and transparency, and to develop and transform the real estate sector.

The Real Estate Regulation and

able to meet its investment targets. If we were to presume the government's projections—it is expecting nominal growth to average 12% over the next five years—this would mean an investment growth of 6.5%. One needs to keep in mind that the investment ratio in the period between FY13-17, when growth averaged 10% was just 5.7%.

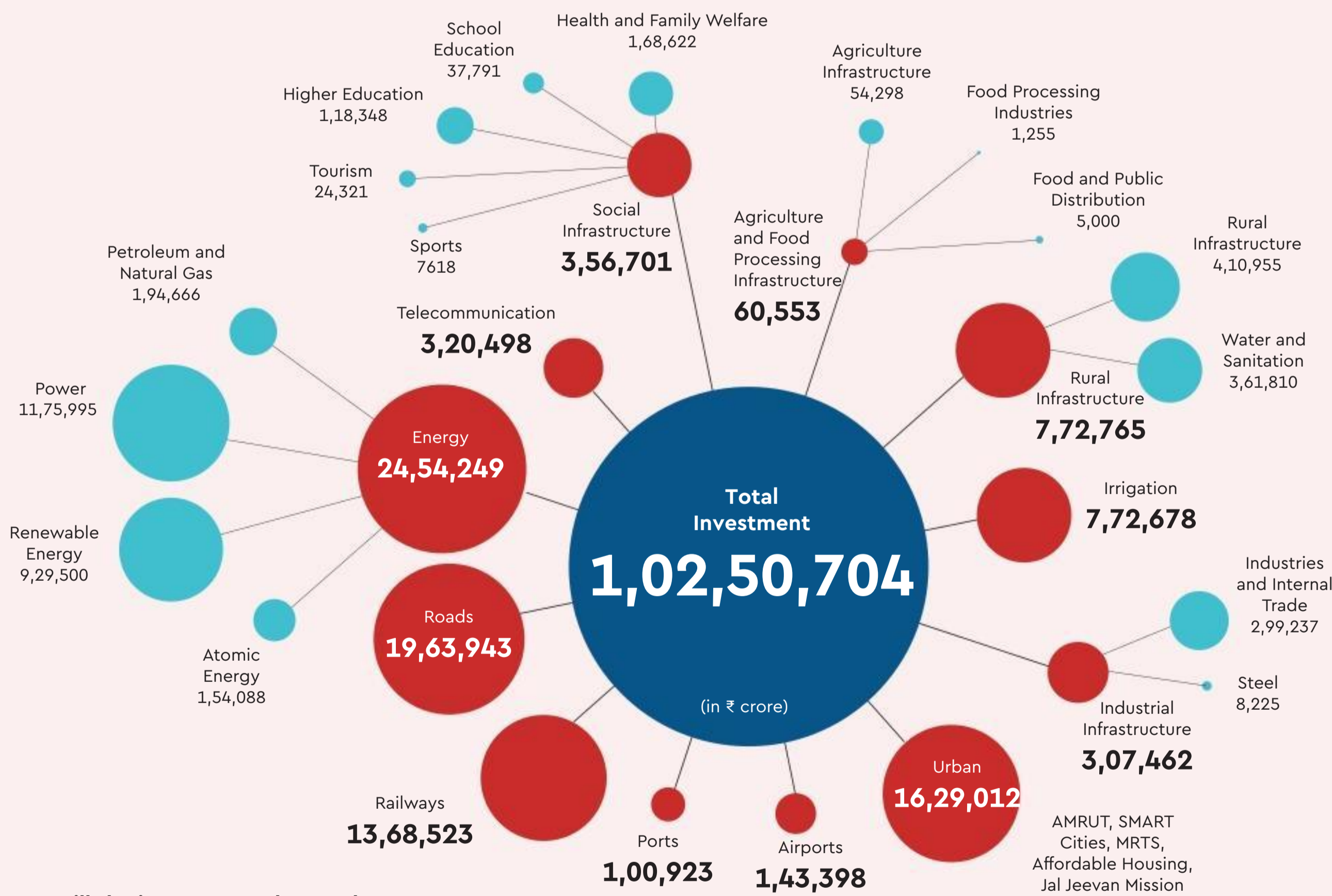
Further, if we are to consider a more realistic growth projection of 8%, the average investment ratio would jump to 7% of the GDP. More important, for FY21, investment will have to be nearly 10%, an impossible task given that even in its best years investment ratio has been just a notch above 6%. The government will, thus, have to explore other avenues if it needs to consider propping up the economy. While government has allocated 25% of the funds to power sector and 20% to roads, till issues like discom losses aren't fixed, the question is who will be ready to invest?

DATA DRIVE

Building a way out of the slump

INTERNATIONAL AGENCIES AND analysts have been revising their forecasts of Indian GDP, but the government has held that the economy is not in crisis. The release of first annual estimates for the economy show that growth has come down to 5%. While growth was growing by 7% until last year—the fastest-growing major economy in the world then—low investment, coupled with slow down in private consumption has brought down growth. Even the rising government expenditure has not been able to arrest the fall in growth numbers. While the next two quarters are expected to be better given the base effect, Indian economy still has a lot to deal with as most economists who were earlier, terming the growth as cyclical, are highlighting structural issues.

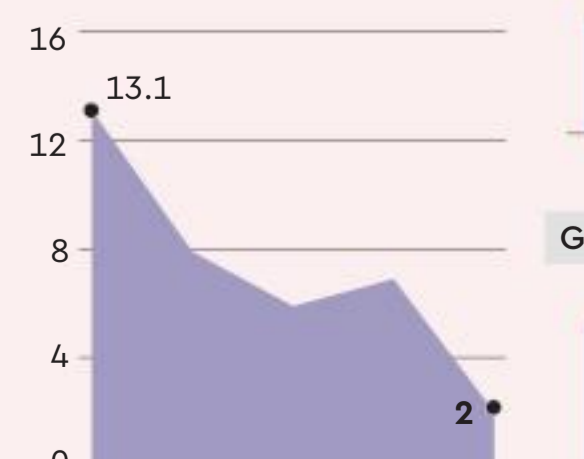
The government has responded with a major infrastructure push, targeting investments worth ₹102 lakh crore within the next five years, but the plan seems too ambitious. For one, even when the economy was performing well, India was not



Falling headlong



Manufacturing



FY20 growth forecast



Will the investment plan work?



If GDP growth is 8%

