STUDY NOTES · BASIC CONCEPT

What is the RERA Act? Key Provisions of the Real Estate Act

Polity & Governance

25 Dec 2014

What is the RERA Act?

The Real Estate (Regulation and Development) Act, 2016, commonly called RERA, is a landmark law introduced by the Government of India to protect homebuyers, promote transparency, and bring accountability to the real estate sector. It aims to stop fraud, project delays, and unfair practices by builders.

Key Objectives of RERA

- Protect buyers from cheating and delays
- Ensure transparency in project approvals, finances, and timelines
- Hold builders accountable for promises made
- Regulate real estate agents and promoters
- Create an efficient dispute resolution mechanism

BECOME IAS
AI-Powered UPSC Preparation by ZINKPOT

Major Features of the RERA Act

1. Mandatory Registration : All real estate projects above 500 sqm or 8 units must be registered with RERA.
2. Disclosures : Builders must disclose project details: land title, layout plan, timeline, finances.
3. No More Delay — Strict Timelines. Builders must deliver homes within the committed deadline.
4. Penalty : Delays require payment of interest to buyers (usually SBI MCLR + 2%).
5. Escrow Account : 70% of the money collected from buyers must be kept in a separate bank account. This prevents fund diversion to other projects and ensures timely construction.

Transparency for Homebuyers

Builders must disclose:

- Approvals & licenses
- Carpet area
- Stage-wise construction progress
- Quarterly project updates
- Standardized Definitions : Carpet area has a uniform definition across India to prevent misrepresentation.

Rights for Buyers

Homebuyers can:

- Get full refund with interest if builder fails to deliver
- Receive compensation for delays or defects
- Access all project documents
- File complaints with RERA authority or Appellate Tribunal
- Liability for Structural Defects : Builders must fix any structural defect or poor workmanship reported within 5 years of handover.

Regulation of Real Estate Agents : Agents must register with RERA and follow fair practices.

Fast Dispute Resolution : RERA authorities and Appellate Tribunals must resolve cases usually within 60 days.

BECOME IAS
AI-Powered UPSC Preparation by ZINKPOT