
NLSIU/WP2019



Working Paper Series

2019

Paper One

**THE EFFICACY OF THE REAL ESTATE REGULATORY AUTHORITY IN
KARNATAKA**

National Law School of India University

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Executive Summary

The real estate sector in India is governed by the recently enacted Real Estate (Regulation and Development) Act, 2016 (hereafter the Act). The paper aims to analyse the Act by identifying the existing loopholes in its operation and implementation and by providing recommendations to increase its efficacy. The Act received the assent of the President of India on March 25, 2016 and was enacted with the aim to establish Real Estate Regulatory Authority (hereafter RERA) chiefly for purpose of regulating the sphere of Real Estate in totality. The Act looks into promotion of real estate transactions in a fair, equitable and transparent manner, ensure efficiency in consumer dispute resolution specially relating to real estate issues. The Act establishes an efficient adjudicatory mechanism for speedy dispute redressal and also establishes an Appellate Tribunal.

The Act came into effect from May 1, 2017. The State Governments have been provided with the power to make rules under Act and accordingly, the States have to come up with their own Rules in order to ensure effective implementation of the Central Act.

On the one hand, RERA has made a good attempt at organizing the real estate sector, on the other lies significant problems that must be addressed in order to ensure its effective implementation. Furthermore, while RERA has been heralded as a pro-consumer legislation, problems are aplenty with respect to the escrow account which has contributed to the delay in many real estate projects. The tedious approval processes have also hindered the speedy delivery of project by promoters. The pressure on smaller builders of maintaining an escrow account has also significantly impeded comprehensive real estate development. The State Government's deviation from and the dilution of the definitions provided by the Central Act has been strongly criticised. For example, the definition of 'ongoing projects' specified in the rules notified by various states, has effectively excluded several possible real estate projects from the ambit of the Act. The administrative setup in managing the vast number of complaints requires significant altering.

RERA can play a catalytic role in further development and standardization of real estate. To be effective, it must be applied systematically. To advance its application, we provide an ontological and legal analysis of RERA with Karnataka being the baseline study. The ontological framework captures the complexity of RERA clearly and concisely. In the following, first we provide a background to the issue of RERA. An explanation of the methodology of research follows by presenting an ontological framework of RERA, its construction and logic. Thirdly, the legal interfaces and overlapping of RERA Act with other legislations is highlighted. Lastly, an analysis of the implications of mapping of the complaints with the interactions with builders on the ground is carried out. Recommendations have been made which can help RERA achieve the envisioned outcomes.

1. Introduction

Urbanization is an essential transformation required in societies in order to achieve modernization and economic stability. Economic growth brought about by development of non-agricultural sector and specialization of labour as a result of industrialization invigorates the urbanization process¹. Urbanization is seen as a change in social, demographic, physical, geo-political and administrative perspectives.² This multi-dimensional process brings with it increased trade, development and investment. Increasingly, the role of cities as centres of production and consumption³ is calling for sustainability in urban development. The pace of urbanization is crucial for the population to settle in to the changing landscape; the transformation from rural to urban forms of institutions and governance, when taking place rapidly provides minimal time for adjustments⁴. With regard to developing countries an increasing need for government intervention in regulating the process of urbanization is felt. According to Renaud⁵ urbanization policies must be comprehensive, ensuring development of natural resources, bridging the large divide in the per capita output of different regions, equitable growth management and balanced concentration of economic activities in various regions.

A burgeoning urbanization trend occurred in India due to liberalization policies adopted in the 1990s. The implication of such a fast-paced growth in urban agglomerations poses several challenges that must be addressed in a systematic and comprehensive manner. The bargaining power of the Developer was higher as compared to the purchasers, who would only listen to

¹ The Global Pattern of Urbanization and Economic Growth: Evidence from the Last Three Decades. *PLOS ONE*, 9(8), e103799. See, < <https://doi.org/10.1371/journal.pone.0103799> >

² Singh M., *Social Policy and Administration in India*. M.D. Publications Pvt. Ltd.

³ Cohen B. Urbanization in developing countries: Current trends, future projections, and key challenges for sustainability. *Technology in Society*, 28(1–2), 63–80. <https://doi.org/10.1016/j.techsoc.2005.10.005>

⁴ Henderson, V. *Urbanization in Developing Countries*. World Bank Research Observer.(2002). See, <<https://doi.org/10.4337/9781847202888>>

⁵See, *National Urbanization Policies in Developing Countries*.

what the Developer had to offer, which usually resulted in the purchaser/ consumer being pushed to corner on the terms and conditions as specified the policy of the builders.

The process of urbanization in India must be seen in relation to social, economic and historical dimensions⁶. Apart from the enormous population, the large number of localities that are considered as intermediate, with both urban and rural characteristics must be tackled.⁷ Lack of adequate planning, infrastructure and management poses hindrances to the ability of cities to adapt to urbanization. A key limitation to this rapid transitioning is the informality present in the urban sector⁸. This informality has led to arbitrary allocation of land to various stakeholders and propagated eminent domain. Furthermore, an assumption of the automatic economic trickledown effect from the urbanized metropolitan cities to the lower order cities in a top-down manner reduces their adequate representation in national urbanization policies and strategies⁹.

In order to achieve sustainability in urban development, the promotion of real estate becomes a primary concern, thereby increasing its demand¹⁰. The build environment which forms the crux of society and economy is essential for providing equitable housing with supporting utility infrastructure. Rising income, standard of living and efficient transportation facilities has amplified real estate prices tremendously. The real estate sector is riddled with several complications such as lack of transparency in transactions, unclear land titles due to disorganized record keeping, diversion of finances away from project development, exorbitant input costs of labour and capital, inconveniences in attaining approvals and reduced protection of buyers.

⁶ Ramachandran, R. *Urbanization and Urban Systems in India*. Oxford University Press (1992) See, <<https://ideas.repec.org/b/oxp/obooks/9780195629590.html> >

⁷ Marius-Gnanou, K., & Moriconi-Ebrard, F. (2007). *Urbanization-in-India*.

⁸ Roy, A. (2009). Why India Cannot Plan Its Cities: Informality, Insurgence and the Idiom of Urbanization. *Planning Theory*, 8(1), 76–87. See, <<https://doi.org/10.1177/1473095208099299> >

⁹ Banerjee, T., & Schenk, S. (1984). Lower Order Cities and National Urbanization Policies: China and India. *Environment and Planning A*, 16(4), 487–512.

¹⁰ Geltner, D. (2007). *Commercial Real Estate: Analysis & Investments*. Mason, Ohio: Thomson South Western.

These challenges have prompted many attempts to regulate the sector. The Benami Transactions Prohibition Act (1988) and the latest Benami Transactions Prohibition Amendment Act (2016) were enforced to strictly regulate fraudulent Benami Transactions and set up an adjudication body to settle disputes of this type. Affordable housing was ensured by the Union Government with 100% tax deduction on the profits of affordable housing construction and 100% service tax exemption. The introduction of Real Estate Investment Trusts or REITs have allowed small budget investors to invest in rent generating properties such as hotels or shopping centres and other commercial real estate.

1.1 Conceptualization of RERA

In order to tackle the suffering real estate sector, a need for a comprehensive regulatory body was felt. The National Conference of Ministers of Housing/Urban Development and Municipal Administration of 2009¹¹ focused on the affordable housing for all. The outcome of this conference included enhanced focus on polices for urban land use, roadmaps for slum-free cities, managerial and financial strengthening of urban local bodies, and reviewing existing legal and regulatory frameworks. The recommendations also included that the Ministry of Housing and Urban Poverty Alleviation come up with a model Real Estate Regulation Bill, which addresses the issues of land valuation system and regulation of urban development. Following this, the Central Government had consultations with the Competition Commission of India, Tariff Commission and Ministry of Consumer Affairs to enact a central law for the real estate sector. In July 2011, the Ministry of Law and Justice suggested that the legislation comes under the Concurrent List of the Constitution. On August 14, 2013, the Real Estate (Regulation and Development) Bill was introduced in the Rajya Sabha. Being driven by Dr. Girija Vyas, Minister of Housing and Urban Poverty Alleviation, the Bill was

¹¹ See, <http://mohua.gov.in/upload/uploadfiles/files/9AR2008_09.pdf>

then referred to the Standing Committee on Urban Development on the 11th September 2013.¹² The Committee, being chaired by Mr Sharad Yadav and constituting 17 Lok Sabha and 10 Rajya Sabha members, presented its report on February 17, 2014.¹³ The Bill established a number of State level Real Estate Regulatory Authorities in order to protect consumers and ensure standardization of real estate transactions. It ensured the regulation and promotion of real estate in a transparent and efficient manner. Public opinion was considered through a press release, and all suggestions were analysed¹⁴. Suggestions came from across the stakeholder spectrum including Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and NGOs working in the real estate sector. Oral interviews conducted with Ministry of Housing and Urban Poverty Alleviation, Ministry of Finance and Reserve Bank of India, were also included. They suggested the inclusion of industrial and commercial real estate within the ambit of RERA. The Committee, after thorough examination of the Bill along with stakeholder interactions, came up with various recommendations. The Committee also made recommendations regarding a single window system, delegated legislation, registration of projects, common area and much more¹⁵.

The amendments suggested by the Standing Committee were then analysed by the Rajya Sabha Select Committee. The Committee was constituted on May 6th, 2015 and the report was put forward on July 30th, 2015. The Select Committee on the Real Estate (Regulation and Development) Bill, 2013 held 17 sittings and interacted with 445 stakeholders in the field of real estate¹⁶. The stakeholder spectrum included Residents' Welfare Associations (representing consumers), promoters, Housing departments of States and Union territories

¹² See, <<http://pib.nic.in/newsite/PrintRelease.aspx?relid=98224>>

¹³ See, <<https://www.prsindia.org/uploads/media/Real%20Estate/SCR-Real%20Estate%20Bill.pdf>>

¹⁴ See, <<http://164.100.47.4/BillsTexts/RSBillTexts/PassedRajyaSabha/realest-238-RSP-E.pdf>>

¹⁵ See, <https://www.prsindia.org/sites/default/files/bill_files/SCR%20Summary-%20Real%20Estate%20Bill.pdf>

¹⁶ See, <<https://www.prsindia.org/uploads/media/Real%20Estate/Select%20comm--Real%20Estate.pdf>>

and banking institutions. The Committee also visited Kolkata, Mumbai, Bengaluru and Shimla in order to obtain a national perspective on the issues of real estate. Some of the key recommendations made by the Select Committee included a reduction in the area of land and number of apartments to be exempted from registration. Furthermore, the Bill suggests that 70% of buyers' money should be utilized for the project. The Committee suggested that a separate account be created from which money can be drawn in proportion to the degree of completion of construction. The Committee also made recommendations on term of office of the Regulatory Authority, carpet area, completion certificate etc.¹⁷.

The Select Committee report of the Rajya Sabha was approved by the Union Cabinet and handed over to the Parliament for further consideration in December, 2015. The Bill was passed in the Rajya Sabha on March 10, 2016 and the Lok Sabha on March 15, 2016.

The Real Estate (Regulation and Development) Act 2016 was finally enacted on March 26, 2016 and all its provisions came into effect on May 1, 2017. This Act has constructed a regulatory framework for the efficient functioning of the real estate sector. It protects home buyers, ensures timely completion of project and promotes increased investments. The Real Estate Regulatory Authority (RERA) which is established under the Act, is the adjudication authority set up to resolve disputes in a speedy manner, considering the perspectives of various stakeholders. It also provides a single repository for all real estate data. A general framework has been established by the Centre while the States and Union Territories must notify their own within their respective jurisdiction. According to the Act, all new real estate projects must be compulsorily registered with the respective state's RERA, if the project exceeds 500 sqm or is more than 8 apartments, or for those projects that haven't received occupancy or completion certificates. There is also a provision of continuous updating of information to the buyers regarding any changes. These provisions ensure the complete

¹⁷See, <https://www.prsindia.org/sites/default/files/bill_files/Select_comm_summary-Real_Estate_Bill%2C_2013.pdf>

accountability of the developers and promoters and effects transparency in the transaction process. The builders also need to disclose the size of apartment based on the carpet area and not on super built up area. A reserve account has been set up to ensure that 70% of project funds are spent solely for the development of the project. This ensures timeliness of project completion with adequate financial backing. Title statements of promoters are appropriately regulated and can be used against them in case of frauds. A monetary penalty and imprisonment are also laid on the defaulter, as punishment for non-conformity.

RERA makes it mandatory to register projects and agents with the authority. It prohibits the promoters to book or sell the projects without registering with RERA. The repair and redevelopment work of a project may also be not registered with RERA. Registration helps both buyers and builders to negotiate the terms in case of dispute and the decisions given by the adjudicatory Authority can be challenged before the Appellate Authority.

The Act under Chapter V specifies the establishment of a Real Estate Regulatory Authority in each state to perform functions assigned to it¹⁸. The qualifications and experience of the Chairperson and Members are also provided for. Currently, 28 states have notified rules under RERA. 28 States/UTs have set up Real Estate Regulatory Authority with 20 states having regular authority and 8 states with interim authority. 21 States/UTs have set up Real Estate Appellate Tribunal¹⁹.

RERA, in some states is also coming up with a standard model of sale agreement to minimize the issues of malpractice. To comply with the new legislation, many promoters have also undergone customer and vendor agreements²⁰. One of the major objectives that RERA envisions, is to achieve transparency and efficiency by addressing issues with delays, price,

¹⁸ Knight Frank. (2018). RERA Through A Magnifying Glass. See, <https://content.knightfrank.com/research/1004/documents/en/rera-report-4672.pdf>

¹⁹ See, <[http://mohua.gov.in/upload/uploadfiles/files/RERA_Status_Tracker%20\(15-03-2019\).pdf](http://mohua.gov.in/upload/uploadfiles/files/RERA_Status_Tracker%20(15-03-2019).pdf)>

²⁰ See, http://ficci.in/spdocument/22971/ficci_gt_rera_how_you_are_gearing_up_for_compliance.pdf

quality of construction, title and other changes. The authority also restricts the promoters to advertise, sell, offer, book any plot or project without registering with RERA. Non-compliance and violations of RERA rules has also led to blacklisting of projects in many states including Karnataka²¹.

Post implementation of RERA, sections like Sections 4, 5, 6, 8, 18 and 46(1) which involves deposit in escrow accounts, provisions for registration and extension on a project, completion of the pending development work, revocation of the registration, grievance redressal and dispute resolution were heard in the Bombay High Court following the orders of the Supreme Court. These petitions challenging constitutional validity of the RERA Act were dismissed after the hearing on 6th December 2017 and upholding the constitutional validity of the legislation²². Many provisions of RERA have been subjected to the test of constitutional validity, and many a times, the case-laws and the interpretation of the provisions in the court of law has been helpful in clearing the doubts about the act.

1.2 Judicial Insight

- In *Ms Simmi Sikka Vs M/s Emaar MGF Land Limited*²³, Haryana RERA authority clearly said that the RERA Act is not just applicable to registered projects. The projects can come under the purview of RERA even though it's not a registered project. The obligations of the promoters' will be applicable even post the expiry of the registration. Filing a complaint against a project is a separate activity and need not necessarily involve prior registration of the same.

²¹See, <<https://www.99acres.com/articles/karnataka-to-blacklist-924-projects-for-violating-rera-norms-nid.html>>

²² The Constitutional challenge to the penal provisions under RERA Act was not considered to be violative of Article 14, 19(1)(g), 20(1) and 300-A of Constitution of India. The penalty under Sections 18, 38, 59, 60, 61, 63 and 64 is to be levied on account of contravention of provisions of RERA, prospectively and not retrospectively. See Also, *Neelkamal Realtors Suburban Pvt. Ltd. v. Union of India*, 2017 SCC OnLine Bom 9302.

²³ See, <<https://haryanarera.gov.in/uploads/complaints/RERA-GRG/2018/162/orders/2839.pdf>>

- The issue of long-term lease agreement to be considered as an agreement of sale was clarified in *Lavasa Corporation Limited., Hicon v. Manju Narendra Joshi*²⁴. In this judgement the long-term lease agreement of 999 years between the two parties was considered as an agreement of perpetual lease which is eligible to be considered as agreement of sale, which is recognized in the RERA legislation for further action.
- The buyer friendly nature of the legislation was questioned by developers in many instances and one of the important case laws pertaining to that is *R.C.P. Infratech Private Limited vs Smt. Sharda Devi Agrawal*²⁵. Here, the decision by the RERA authority was challenged by the developer in the High Court. The buyer had complained to the RERA authority about the delay in completion of the project as well as the deviation from the developer in providing the amenities like club house and pool, which was earlier promised in the marketing brochure. The authorities' decision of completion of the project and handing over to the buyer along with the amenities was challenged by the developer in the High court. The petitioner mentioned that the construction of the pool was not a part of the plan. However, the picture of the pool in the marketing brochure mandated the developer to construct and hand it over to the buyer. The petition was dismissed upholding the buyer friendly nature of the legislation.
- RERA also mandates all the plan documents by the developers to be uploaded to the RERA portal and be accessible to public. In *Ferani Hotels vs. State Information Commissioner Greater Mumbai*²⁶, the Supreme Court, based on the provisions of the section 4(2), 11, 11(1), 11(3) and 92 and relevant sections of Right to Information Act, held that right to obtain information about the sanctioned plans is not just limited

²⁴ 2018 SCC OnLine Bom 2074

²⁵ WPC No.2766/2018

Available at < [http://cg.nic.in/hcbaspjudgement/judgements_web/WP\(C\)2766_18\(18.02.19\).pdf](http://cg.nic.in/hcbaspjudgement/judgements_web/WP(C)2766_18(18.02.19).pdf)>
26 MANU/SC/1088/2018

to flat buyers, but also be available to persons who administer the property as owners and permit for its development.

- In *Chitra Sharma v. Union of India*²⁷, the Supreme Court brought in the otherwise unsecure home buyers to the purview of Insolvency and Bankruptcy Code by giving them the status of ‘financial creditors’. Prior to the Chitra Sharma case, home buyers were classified as ‘other creditors’ in a situation where the developer to whom the amount is paid files for insolvency. The ‘other creditor’ status puts the home buyers in significantly vulnerable position of losing the advance amount paid as per the Insolvency and Bankruptcy Code provisions.

1.3 Adjudication prior to RERA

Prior to RERA, real estate projects were legally bound to the state Town and Country Planning Act or Apartment Ownership Acts. Town and Country Planning Act was mainly utilized for the land use regulation and development. Individual ownership of an apartment was under the ambit of Apartment Ownership Act. The grievances were addressed by the Consumer Protection Act, 1986. A consumer (home buyer) could place a complaint with the District Consumer Dispute Redressal Forum, the State Consumer Dispute Redressal Commission or the National Consumer Dispute Redressal Commission. The absence of single regulatory institution for addressing multiple issues in the real estate sector has been one of the prominent reasons for the setting up of Real Estate Regulatory Authority.

There has been significant debate while comparing RERA with the National Consumer Dispute Redressal Commission (NCDRC) in terms of grievance redressal and efficacy. While consumers can still approach the NCDRC for real estate complaints, the Forum cannot initiate such complaints suo moto. Furthermore, no investigations can be conducted by the

²⁷ MANU/SC/0834/2018

consumer forum. RERA, however has the authority to take suo moto action against promoters, as well as take up investigation into the matter.

Since RERA has set up a dedicated tribunal to address real estate complaints, the hearing process is relatively speedy as opposed to consumer forums. RERA also approaches real estate issues more comprehensively as opposed to the consumer forum. While the forum only provides compensation to the buyers, RERA ensures that projects are completed and also keeps the builders' interests in mind. However, the track record for successful litigation is relatively higher in the National Consumer Dispute Redressal Commission. Furthermore, consumer forums have a well-established presence in all states, whereas RERA is still in the implementation phase in a few states.

The Background in Section 2 sets the context for analysis and discussion regarding RERA. In the following section we discuss the methodology of ontology using which we have analysed the complaints registered in the KRERA portal. Based on this analysis, we have listed policy recommendation in Section 7.

2. Research Methodology Adopted: Ontological Method

The ontological method of analysis is used in this policy document to analyse the Karnataka RERA, through a multidimensional and comprehensive perspective. This methodology is combined with interactions with various promoters, in order to capture the ground realities.

Ontology is a branch of meta-physics which is also used in Computer Science, Medicine and Philosophy. Ontology in Figure 1 represents the conceptual understanding of the functioning of RERA (Gruber, 1995). The method deconstructs the problem hierarchically and organizes the taxonomies and terminologies of the domain to identify and understand the semantics of the problem. It is a structured natural language representation of the problem. The framework is a concise and comprehensive representation of the problem, which can be used to see the

‘big picture’. The ontological framework has been used for the analysis and synthesis of Health, land governance, analysis of education policies and health policy

The intention of RERA was to bring about a single comprehensive legislation to regulate the informal and opaque real estate sector in India. The efficacy of the Act can be determined through the lens of the ontology. It provides a framework to assess the impact and functioning of the RERA Act, in a manner that is both systemic and systematic. It reveals the bright, blind and blank spots that allow for the consideration of elements that may have been overlooked intentionally or otherwise, thereby allowing for comprehensive implementation of the policy. Based on the results derived from the mapping of complaints, a picture is depicted, revealing the majorly emphasized functions, Stakeholders, Real Estate, Authority and Outcomes.

		Real Estate					
Function	Stakeholder	Entity	Attribute	Authority	Outcomes		
[Authority to]	[+]	[s/ and their]	[+]	[record/plan by]	[for]		
Regulate	Promoter	Land	Area	Regulatory Body	Efficiency		
Promote	Builder	Project	Carpet	Adjudicating Officer	Transparency		
Register	Contractor	Apartment	Common	Tribunals	Standardization		
Resolve	Developer	Building	Planning	Courts	Development		
Reject	Developing Authority	Plot	Development	Settlement			
Revoke	Co-operative Housing Societies		Internal	Conciliation			
Penalize	Seller		External				
Adjudicate	Real estate agent						
	Allottee						
	Individual						
	Association						
	Architect						
	Structural Engineer						
	Builder Association						
	Company						
	Chartered Accountant						

Figure 1 – Ontology of RERA

The desired outcomes of RERA are the efficiency, transparency, standardization, and development of the real estate sector. These four elements are listed under the right-most column of the ontology labelled Outcomes. It can be represented as:

Outcomes = f (Efficiency, Transparency, Standardization, Development)

In RERA the authority to achieve these outcomes is vested in several authorities. They are the RERA regulatory body, adjudicating officers, tribunals, courts, and settlements through conciliation. These elements are listed under the second from right column of the ontology labelled Authority. It can be represented as:

Authority = f (Regulatory Body, Adjudicating Officers, Tribunal, Courts, Settlements Conciliation)

It is for each of these authorities to assure the desired outcomes. Thus, the regulatory body must assure the efficiency, transparency, standardization, and development in the real estate sector. And, so must the other four resulting in a total of $5 \times 4 = 20$ possible pathways.

The subject of RERA, the real estate is characterized by the entity and its attributes. RERA focus on two broad entities labelled land and projects. Amongst projects it focuses on apartments, buildings, and plots. These entities and sub-entities are listed under the column labelled Entity in the middle of the ontology. Thus:

Entity = f (Land, Project Apartment, Building, Plot)

RERA focuses on two broad attributes of these entities – their area and development. The area is further measured as carpet area, common area, and planning area. The development of the entity may be internal or external. The two major attributes and the five sub-attributes are listed under the column labelled Attribute in the middle of the ontology. Thus:

Attribute = f (Area Carpet, Common, Planning, Development Internal, External)

Thus, the subject of RERA is denoted by the recording/planning of these $4 \times 5 = 20$ possible combinations that include land area carpet, project apartment development external, etc. RERA seeks to achieve the earlier specified outcomes regarding these 20 possible combinations via the authorities specified earlier. There is a total of $20 \times 20 = 400$ pathways.

The authorities are expected to perform a variety of functions to achieve the outcomes. They may regulate, promote, register, resolve, reject, revoke, penalize, and adjudicate. These are listed in the leftmost column of the ontology labelled Function. Thus:

Function = f (Regulate, Promote, Register, Resolve, Reject, Penalize, Adjudicate)

The above functions may be performed on any one or a combination of stakeholders in the real estate transaction. The broad categories of stakeholders identified in RERA are promoters, real estate agents, allottees, architects, structural engineers, builder associations, companies, and chartered accountants. RERA also identifies many subcategories of promoters: builders, contractors, developers, developing authorities, cooperative housing societies, and sellers; and of allottees: individuals and associations. All the stakeholders and their subcategories are listed in the second column from the left in the ontology. Thus:

Stakeholder = f (Promoter-Builder, Contractor, Developer, Developing Authority, Co-operative housing societies, Sellers, Real Estate Agent, Allotted Individual, Association, Architect, Structural Engineer, Builder Association, Company, Chartered Accountant)

The total possible Function x Stakeholder = $8 \times 14 = 112$. These 112 combinations are the means to achieve the outcomes via the authority of the various bodies specified under Authority. Thus, an authority may regulate a promoter-builder, register an allotted individual, penalize a company, etc. to achieve the outcomes.

Combining the Function x Stakeholder combinations with those of Entity x Attribute, and Authority x Outcomes combinations results in a total of $8 \times 14 \times 4 \times 5 \times 5 \times 4 = 44,800$. All these combinations are encapsulated in the ontology. They can be individually enumerated in natural English by concatenating an element from each column of the ontology, left to right, together with the adjacent symbols, words, and phrases. All the combinations are logical but may not be feasible or implementable. Three illustrative combinations are:

Authority to register promoter-developer's project building area planning by regulatory body for transparency in the real estate sector.

Example: All newly sanctioned projects and buildings must be registered with RERA

Authority to resolve promoter-builder's and their project apartment development internal record adjudicating officer for efficiency.

Example: The complaints registered by the buyers are resolved by the intervention of the authority of the adjudicating officer. Authority to penalize promoter contractor and their project building area planning by regulatory body for development.

Example: The authority for penalizing the builders and contractors for delay in completion and diversion from the plan.

For the study, the authors compiled a list of promoters from various relevant sources and contacted them through telephone and emails. Out of a total 65 builders contacted (45 via telephone and 20 via email), 7 responded (1 on email and 6 via telephone) with varied opinions. The format of the interview was unstructured (including anecdotal evidences) in nature, in order to understand the beliefs and prevailing notions of RERA, among the promoters. The questions included builders' experience with the authority with respect to registration, complaint handling and impact on the real estate sector due to RERA. The details of the responses are included in Appendix 1. All the promoters were based out of Bengaluru City. On request of all the promoters, complete anonymity has been maintained regarding their identity. All the promoters agreed to RERA being buyer friendly legislation. The interview schedules are attached towards the end of the paper as Appendix – 1.

3. RERA and Other Legislations: Interfaces and Interaction

While considering the implications of implementing RERA to bring about regulation in the real estate sector, an understanding of the interaction of this Act with other legislations is worth exploring. Although attempts have been made earlier to address the problem of real estate, RERA is the sole legislation that has been able to address the chronic problem of real estate under one comprehensive framework. However, there are many other legislations that may be considered, in order to work in tandem with RERA.

Section 7(1)(a) of the RERA Act specifies the revoking of the registration of a promoter based on any fraudulent practices committed by the promoter. The definition of fraudulent practices is however, not defined under the Act. For this purpose, Section 2(r)²⁸ of the Consumers Protection Act of 1986 can be referred. The section defines what constitutes as an unfair trade practice, which can be used to understand the term ‘fraudulent practice’ mentioned under RERA. Furthermore, Section 415²⁹ of the Indian Penal Code (IPC) makes the fraudulent practice punishable.

²⁸ Section 2(1)(r), Consumer Protection Act, 1986

22 [(r) “unfair trade practice” means a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair method or unfair or deceptive practice including any of the following practices, namely:

(1) the practice of making any statement, whether orally or in writing or by visible representation which,
 (i) falsely represents that the goods are of a particular standard, quality, quantity, grade, composition, style or model;
 (ii) falsely represents that the services are of a particular standard, quality or grade;
 (iii) falsely represents any re-built, second-hand, renovated, reconditioned or old goods as new goods;
 (iv) represents that the goods or services have sponsorship, approval, performance, characteristics, accessories, uses or benefits which such goods or services do not have;
 (v) represents that the seller or the supplier has a sponsorship or approval or affiliation which such seller or supplier does not have;
 (vi) makes a false or misleading representation concerning the need for, or the usefulness of, any goods or services;
 (vii) gives to the public any warranty or guarantee of the performance, efficacy or length of life of a product or of any goods that is not based on an adequate or proper test thereof:

²⁹ Section 415, The Indian Penal Code, 1860

Cheating.—Whoever, by deceiving any person, fraudulently or dishonestly induces the person so deceived to deliver any property to any person, or to consent that any person shall retain any property, or intentionally induces the person so deceived to do or omit to do anything which he would not do or omit if he were not so deceived, and which act or omission causes or is likely to cause damage or harm to that person in body, mind, reputation or property, is said to “cheat”.

Section 9(7) of RERA states that “Where any real estate agent who has been granted registration under this Act commits breach of any of the conditions thereof or any other terms and conditions specified under this Act or any rules or regulations made there under, or where the Authority is satisfied that such registration has been secured by the real estate agent through misrepresentation or fraud, the Authority may, without prejudice to any other provisions under this Act, revoke the registration or suspend the same for such period as it thinks fit”. The term ‘fraud’ and ‘misrepresentation’ are defined respectively, under Section 17³⁰ and 18³¹ of the Indian Contract Act.

Section 11 (3)(a) and Section 14 (1) of RERA specifies that the relevant competent authorities must sanction the various approvals with regard to sanctioned plans, layout plans and all the necessary specifications. The necessary approvals may be sought from the competent authorities subject to the provisions of the Karnataka Town and Country Planning Act, 1961 and Karnataka Urban Development Authorities Act, 1987. A concern has arisen with the contradicting priorities of Section 15(1) under RERA and Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFEASI). Under Section 15(1) the transfer of promoters’ majority rights and liabilities requires the two-third consent of the allottees as well as the Real Estate Regulatory Authority³². This rule will now apply to the secured creditors under SARFAESI as well.

³⁰ Section 17, The Indian Contract Act, 1872.

‘Fraud’ defined. — ‘Fraud’ means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent¹, with intent to deceive another party thereto or his agent, or to induce him to enter into the contract:

³¹ Section 18 in The Indian Contract Act, 1872

“Misrepresentation” defined. -Misrepresentation” means and includes— — “Misrepresentation” means and includes—

(1) the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;

(2) any breach of duty which, without an intent to deceive, gains an advantage of the person committing it, or any one claiming under him, by misleading another to his prejudice, or to the prejudice of any one claiming under him;

(3) causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is the subject of the agreement.

³² See, <<http://www.mondaq.com/india/x/616838/real+estate/Dhaval+Vussonji+Associates>>

Section 17 of RERA refers to the registration of property which overlaps with the Registration Act, 1908 and Indian Stamp Act, 1899. Also, Sections 11, 17, 19 of RERA deal with the issuing of Occupancy Certificate by the competent authority. This certificate is issued under the provisions of by-law 5.6 of the *Bruhat Bengaluru Mahanagara Palike Building By-Laws 2003*³³.

Section 26(1) of RERA relates to the removal of Chairperson or other members of the Authority by the appropriate state government if such person is found to be an Insolvent. The process of identifying an Insolvent and the necessary steps to be taken against such person is highlighted in the Insolvency and Bankruptcy Code (IBC) 2016.

Section 26(b) also talks about the removal of Chairperson or other members of the Authority by the state government on the ground of moral turpitude. Schedule-A of the Indian Penal Code provides for the List of offences involving moral turpitude.

Section 34 of RERA explains the functions of the Act which includes registering and regulating real estate agents and projects, publishing and maintaining records in a website for public viewing, maintaining the database of agents for public viewing, fixing the fees to be levied, to ensure compliance of the obligations, regulations and orders. Many of the functions are subject to the provisions of the Right to Information Act of 2005.

The powers of the RERA Authority have been specified under Section 35(2) which interfaces with the provisions of the Civil Procedure Code, 1908. The code provides for the conduct of the proceedings in matters connected with production of documents, evidences, summoning of witnesses which govern the RERA Authority. The Authority being a quasi-judicial body, conducts its proceedings as per the provisions of the Civil Procedure Code, 1908.

³³See, < <http://bbmp.gov.in/documents/10180/504904/Bangalore-Building-Byelaws--2003.pdf/95195b55-ef62-4b68-bb9e-dc794344c18a> >

The same is applicable to the Appellate Tribunal established under the RERA Act which is also vested with powers to conduct its proceedings in accordance with the provisions of CPRC.

Under Section 53(5) of the RERA, All proceedings before the Appellate Tribunal shall be deemed to be judicial proceedings within the meaning of sections 193, 219 and 228 for the purposes of section 196 of the Indian Penal Code³⁴, and the Appellate Tribunal shall be deemed to be civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

The role of the relevant stakeholders such as chartered accountants, company secretaries and cost accountants are also highlighted at various stages of the project. The appointments, removal, non-compliance, misconduct on the part of the chartered accountants, company Secretaries or cost accountants are subject to the provisions of the Chartered Accountants Act, 1949, Company Secretaries subject to the Company Secretaries Act, 1980, Cost Accountants subject to the Cost and Works Accounts Act, 1959 respectively.

Section 71(1), For the purpose of adjudging compensation under sections 12, 14, 18 and section 19, the Authority shall appoint in consultation with the appropriate Government one or more judicial officer as deemed necessary, who is or has been a District Judge to be an adjudicating officer for holding an inquiry in the prescribed manner, after giving any person concerned a reasonable opportunity of being heard: Provided that any person whose complaint in respect of matters covered under sections 12, 14, 18 and section 19 is pending before the Consumer Disputes Redressal Forum or the Consumer Disputes Redressal Commission or the National Consumer Redressal Commission, established under section 9 of the Consumer Protection Act, 1986, on or before the commencement of this Act, he may, with the permission of such Forum or Commission, as the case may be, withdraw the

³⁴ Section 196 defines that whosoever gives false evidence which he knows is fabricated shall be punished

complaint pending before it and file an application before the adjudicating officer under this Act³⁵.

³⁵ Whosoever wishes to withdraw from the Consumer forum can do so and file an application before the RERA Authority under the relevant section mentioned aforesaid.

4. Analysis of The Research

In the next section we map the complaints registered with Karnataka RERA onto the ontological framework. The results of the coding reveal the present state of practice in the implementation of Karnataka RERA. The complaints, in the form of scanned copies, have been uploaded by the Authority for public viewing, on the Karnataka RERA website. Two coders (both authors of this paper) coded the complaints onto the framework using an MS Excel based coding sheet. The number of complaints mapped were 360 (from serial number 1 to 360), of which majority were written in both Kannada and English. The length of each complaint varied between five pages and eight pages on an average. The complaints coded by the coders were within a time period ranging from January 2018 to September 2018. Each complaint was considered as the unit of analysis. In the first iteration, the coders coded the complaints individually. In the second iteration, the differences in coding were reconciled to arrive at a consensus. The coding was binary, i.e. whether the elements from the framework were present or not in the complaint. The number of occurrences of the element was not coded to the framework. The Glossary was used to guide, assist and assure the validity of coding.

The ontological map of the complaints of RERA is shown in Figure 2. The number in parentheses next to each element shows the frequency of the occurrence in the complaints. The bar graph below is the graphical representation relative frequency of the element.

It can be noted from the map that there are few bright spots which can be inferred. Resolve, Penalize and Adjudicate from the Function dimension, Promoter – Developer and Allotted-Individual from the Stakeholder dimension, Project- Apartment from the Entity dimension, Regulatory Body and Adjudicating Officer from the Authority dimension, and, Efficiency and Transparency from the Outcomes dimension have been prominent. Development-

Internal and Settlement-Conciliation have been in focus in some of the complaints from the KRERA website.

5. Case Method Analysis of RERA

The ontology provides for a framework through which the regulation of real estate can be assessed. Based on the mapping provided in the visual representation we may analyse the role of RERA as a body performing various functions to ensure the outcomes of real estate. In many cases RERA has been hailed as “Pro-Consumer” legislation. The interviews with the builders revealed that RERA has been more stringent towards the promoters, while protecting the buyers’ interests (Interview 4 in Appendix). The requirement for being transparent and accountable by promoters has been the impetus for the pro-consumer tag for RERA. One of the important flexibilities RERA has provided the states with, is that the rules need not be common across the states. The coding reveals an emphasis on the function of the Authority to resolve, penalize and adjudicate cases between the buyers and builders. Within the first two months of its inception, RERA Karnataka received about 80 complaints against developers across the state³⁶. The Karnataka RERA site has made available all the registered complaints along with orders passed by the Real Estate Regulatory Authority or the Appellate Tribunal, in real estate regulation. This has ensured the outcomes of transparency and efficiency. The coding reveals that a significant number of cases have been resolved by RERA. However, the extent to which the buyers have obeyed the orders that have been passed remains to be seen. A vigilance wing that employs the police is being proposed to ensure the cooperation of buyers in terms of the orders³⁷.

³⁶See, <<https://accommodationtimes.com/karnataka-rera-flooded-with-complaints-against-builders-62-days-80-complaints/>>

³⁷See, <<https://www.thehindu.com/news/cities/bangalore/vigilance-wing-in-rera-karnataka-in-the-pipeline/article25636836.ece>>

The Secretary of RERA Karnataka highlighted that the administrative setup in managing these complaints requires reworking. With only one adjudicating officer in charge of thousands of complaints, the staff structure needed more manpower. This setup has impeded the speedy redressal of complaints. At currently 443³⁸ complaints, majority of the orders passes by the authority have resulted in a penalty to be paid by the builder to buyer. Some of the cases have been settled out of court, through compromises made between the builders and buyers and a few others have been dismissed on the grounds of seeking previous redressal from the consumer court. The authority's' role has been more conciliatory than adjudicatory in nature. With a considerable number of cases being settled through conciliation mechanisms between the builders and buyers, there is a need for a systematic and organized procedure for the manner of conciliation. The Stakeholder dimension of the ontology emphasizes on the Developer (Promoter) and the Individual (Allotted).

However, the level of awareness about RERA among the consumers in the tier-II cities and district headquarters was relatively low, as per the initial discussion with the officials of the Authority. While developers are well versed with the regulatory structure and are able to make use of the legislative instruments in order to address their respective concerns, the buyers (many coming from rural and semi-rural areas) need better understanding and awareness.

In its aim to regulate the flow of finance, RERA has overlooked the possible challenges that the promoters might face which can lead to the delay in project completion. Post RERA, the maintenance of funds in an escrow account (Interview 1 in Appendix) and the curbs on pre-launch (Interview 3 in Appendix) can compel the promoters to be financially well equipped. However, this has caused smaller builders to exit the real estate market, thereby hindering comprehensive real estate development (Interview 5 in Appendix). Demonetization and

³⁸See, < <https://rera.karnataka.gov.in/getComplaintDetailsHomePage>>

introduction of RERA has also had a negative impact on the real estate market. Furthermore, some builders believe that RERA Karnataka, hasn't considered that a significant cause of delay could be the slow approval process. This could be rectified by a single window system (Interview 6 in Appendix).

Considering the Entity dimension under Real Estate, there is a very mild emphasis on the elements of Land, Project (Building) and Project (Plot). A possible reason for this could be the lack of details enclosed within the complaints. However, although the details of the terms of settlements between the opposing parties haven't been revealed in the complaints that are accessible to the public, an analysis of the implications of these orders passed is worth exploring. An initial analysis of the judgements reveals that the majority of the complaints have been resolved in the favour of the home buyers. However, there have also been concerns raised among complainants that the rulings of the Authority are toothless and lenient towards the builders³⁹. With issues regarding the allowance of delay in construction and minimal compensation to be provided by the builders, the complaints go against the spirit of consumer protection. This leniency is also representational in the exclusion of projects with 60% completion (which can be manipulated by developers) under the ambit of RERA Karnataka. A dilution of the Central Act, provided as a framework to be adopted by the states, is posing a challenge to the implementation of strict regulations on defaulting builders to ensure timely delivery of apartments and homes to the allotted. This has convinced buyers to approach the consumer courts or another higher court in order to address their problems.

Another important factor to be considered is the capacity of RERA Karnataka to effect change on unregistered projects. MAHA RERA⁴⁰, has allowed for the redressal of buyer complaints for projects that haven't been registered, thereby upholding the protection of

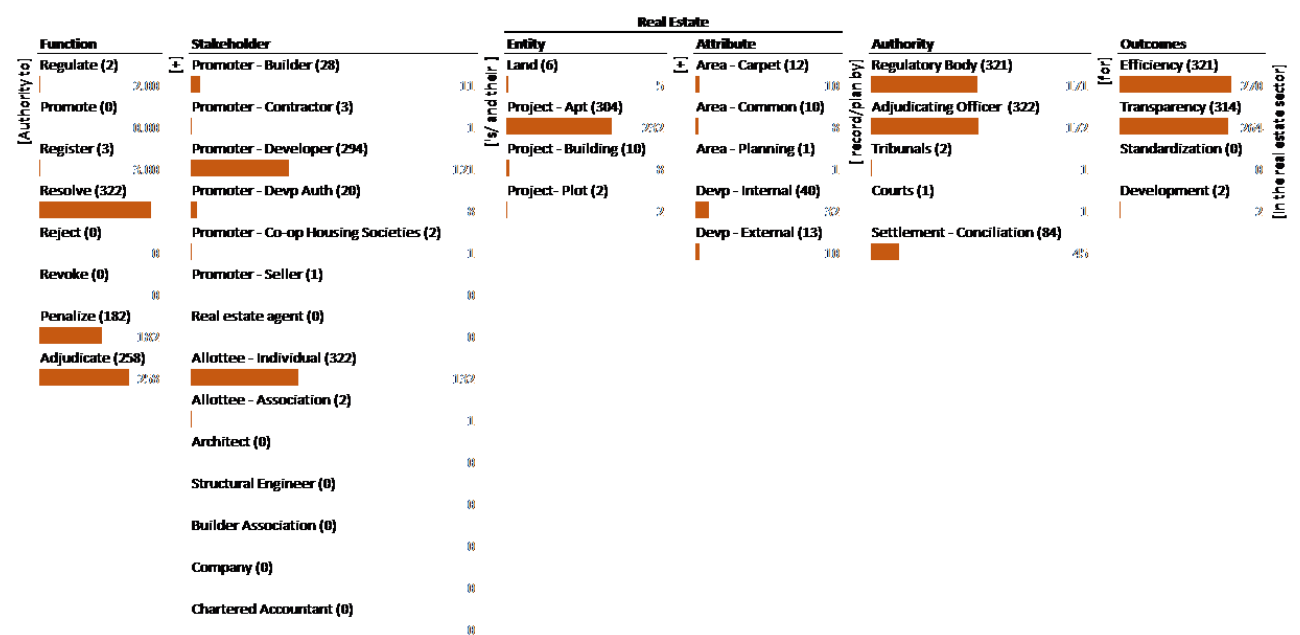
³⁹ See, <<https://www.thehindu.com/news/national/karnataka/more-complaints-than-solutions-say-homebuyers/article24672439.ece>>

⁴⁰ <https://www.thehindubusinessline.com/news/real-estate/maharera-gets-more-teeth-can-take-complaints-of-unregistered-projects/article24633953.ece> (accessed on 8th October 2018)

consumer rights. The adjudication of complaints of unregistered projects in Karnataka provides for a legally grey area as these complaints cannot be identified and addressed directly by the authority.⁴¹

Cooperative Housing Societies have been emphasized lightly in the mapping of complaints. The broad definition of ‘promoter’ has made space for some degree of ambiguity in terms of overlapping of other legislations with RERA. In the case of cooperative societies, the rights enshrined within the Cooperative Act of 1959 have come in conflict with RERA, which has been a matter of debate in the past.⁴² Therefore, there is a need to clearly define the various stakeholders involved in the transaction of real estate, either directly or indirectly.

Figure 2 – Ontological map of complaints on KRERA



⁴¹ <https://timesofindia.indiatimes.com/city/bengaluru/unregistered-housing-projects-a-challenge-to-rera-enforcement/articleshow/63020175.cms> (accessed on 8th October 2018)

⁴² <https://timesofindia.indiatimes.com/city/bengaluru/confusion-ends-bda-khb-projects-come-under-rera/articleshow/61061116.cms> (accessed on 8th October 2018)

6. POLICY RECOMMENDATIONS

1. The process of obtaining approvals for the construction of a real estate project is a cumbersome one, which requires developers and builders to approach several different departments. A single platform to ensure the speedy clearances of all approvals within a month's time can allow for the speedy commencement of the projects. This single window system for the issuance of all approvals for the real estate projects must be established. The various sanctioning authorities involved in different aspects of approval of a project must also be made accountable in order for developers to ensure the completion of projects within the pre-determined deadlines. An outcome of timely completion of projects, brought about by an efficient approval system under one roof, is the increase in Foreign Direct Investment (FDI), which had been waning in the problem riddled real estate sector.
2. There is a need for a detailed procedure to be laid down to deal with the complaints registered with the Authority. Except for the mention of Section 32(g) which casts responsibility on the State government to make recommendation on Conciliation, there is a need for incorporation of a separate conciliation mechanism much like Maharashtra RERA which has set up a "Conciliation and Resolution Forum"⁴³ which has representation from builders and consumers' associations. A provision for an online mediation centre could be established to address the complaints of buyers (complainants). The module could include helplines, and clarification forums with a robust back-end team working in tandem. This platform could aim to ensure accessibility, feasibility timeliness, and uphold the principle of First-in-First-Out (FIFO) in the redressal of complaints.

⁴³ See, <<https://www.moneycontrol.com/news/business/real-estate/maharera-launches-indias-first-conciliation-forum-under-rera-2495345.html>>

Any grievance of the buyer or allottee can be entered into the online mediation centre page. This grievance will be put forth before the body concerned (developer or builder), which can then be addressed by them either online or through the arrangement of a meeting. This mode of conciliation could ensure a systematic and efficient manner of complaint redressal. A similar step has been taken in Maharashtra, which has set up the Conciliation and Dispute Resolution Forum.

3. In order to ensure quality management among promoters and cautious buying decisions among allottees, it is essential to provide for a grading mechanism for promoters and their projects. While this has been mentioned in the Act, as a function of the authority to promote real estate, there has been minimal effort in its implementation. Therefore, a grading system or 'trust score' can be established through the analysis of documents sent in by promoters during registration as well as real time updating of the progress. A robust grading system helps increase the credibility of projects and promoters with banks and also helps buyers make informed choices in terms of investing in these projects.
4. The administrative structure could be enhanced by expanding human resources for better monitoring of complaints. Additional posts, to increase man power could be issued for the roles of Adjudicating Officers and other important position in order to tackle the piling number of complaints being filed by homebuyers.
5. A comprehensive module can be devised by RERA Karnataka to promote awareness among buyer from rural and semi- rural backgrounds. Outreach programs at the district level using district machinery can be initiated. Information, Education and Communication Activities can be started with the

support of media, through the channels of Television and Radio. Poster, Newspaper clips and Hoarding in vernacular languages can also be issued.

6. To increase vigilance and keep promoters in check, regular updating of documents (such as quality reports) must be made. Post registration, quarterly reports of progress must be submitted by promoters and audits of budget can be done through the coordination with other third-party support such as Chartered Accountants.
7. Focus can be extended from just regulation of on-going projects towards developmental activities. Formulation of rules to bring in standardization and uniformity in future real estate projects in terms of promoting sustainable development of urban spaces.
8. The separate account provision under RERA, creates a liquidity crunch for small and medium builders (Interview 5 in Appendix). Furthermore, the rules specify that the fund in the account can be used only for construction, without considering possible refund to purchasers in case of cancelled units. In order to understand the concept of escrow account and fund allocation for acquisition of land and monitoring of the construction, there needs to be clear guidelines to calculate the percentage of construction completed.
9. Appointment of vigilance officer to ensure the delivery of outcomes promised by the builders (apartment and amenities).
10. With several projects being completed before the inception of RERA, it becomes essential for the Authority to regulate and maintain vigilance over these projects as well. As is the case with registered projects, unregistered projects prior RERA must also be kept in check. The structural and workmanship defects, quality of service, or any other obligations as per the agreement, in case of unregistered

projects prior RERA, can come under the purview of the Authority. This allows for comprehensive accountability in the real estate sector.

11. At present we do not have clear procedure laid down to adjudicate/settle the problems faced by buyers/ allottee of unregistered projects. Therefore, clear procedure must be laid down to address the unregistered project complaints.

7. Conclusion

Through the enactment of RERA, the homebuyers have been extended with a protection measure from the clutches of the Builders, sellers and brokers. The pro-consumer legislation has had some impact on ground and the objective it envisions of achieving transparency and efficiency has seen some amount of success. The RERA Authority has been able to address certain crucial issues like non-compliance and violations, wherein powers have been granted to blacklist the projects to the State authorities. The retrospective applicability of the Act for those projects which are under construction has also brought in homogeneity with respect to compliances. The establishment of State Authorities provides for supervisory body and to ensure effective implementation of the Act. Strict vigilance mechanism, maintenance of escrow accounts, realisation of money deposited by the seller and its utilisation are some of the key points where the compliances have to be strictly followed. The act also creates an embargo for the Developers to utilise the money of one project to another. Implementation of RERA has proved to be game-changer in the realty sector as the home buyers are now sheathed from deceitful practises. The homebuyers have dual remedy of approaching not just the RERA authority but also the Consumer Forum. Power of the state governments to come up with their own rules has only led to the dilution of the provisions and intention with which the Act was drafted. Several petitions have been filed challenging the vires of certain

provisions of the Act and the intent behind it. But the Courts have dismissed those petitions upholding the intent and provisions as provided by the legislature. As far as the realty sector is concerned, the RERA was conceived as a major reform as it could eradicate or to some extent negate the inefficiencies and consolidated the practices and procedures prevailing prior. However, there are still confusions and uncertainties prevailing as it would take few more years, if not a decade for the market to fully adopt the provisions of the Act, which would be established by way judicial decisions, its interpretation and subsequent implementation of the provisions in true spirit.

APPENDIX 1- INTERVIEW SCHEDULE

Interview 1

Promoter – 1

Promoter 1 is based out of South Bangalore and has more than 10 years of experience in the construction and development of real estate. Promoter 1 did not have any new projects to register with RERA and has therefore not experienced any problems with the registration process. However, one of the major concerns raised by the promoter was regarding the escrow account in which 70% of the money paid by the buyer has to be deposited in a separate account. The promoter opined that using only 30% of the buyers' money for the development of the project in the initial stage could be a major impediment to its progress. He believes that, presently, RERA poses a few challenges and difficulties in running the business, but it may prove to be useful in the long run.

Interview 2

Promoter – 2

Promoter 2 has more than five years of experience in real estate. Based out in South Bangalore, promoter 2 has worked in building residential as well as commercial buildings. The builder had a few new projects that were registered under RERA, and he did not face any issues with regard to the registration process. The promoter believes that the RERA registration number has not significantly helped in the advertising and promotion of his projects. He felt that the legislation was troubling as sales of apartments and buildings were dull post implementation, and because the market was going through a consolidation period.

Interview 3

Promoter – 3

Promoter 3 is based out of North Bangalore and one of the prominent developer of the region. Promoter 3 represents a large-scale real estate developer with more than 50 projects with more than 25 years of experience. The developer said he faced no problems with the registration as the process was smooth and efficient. He opines that the management of cash flow to the project and handling of customer money has been better regulated and been given more focus under RERA. He believes that the RERA Registration number has increased the credibility of the promoters in the buyers' view. However, one of the primary concerns raise by promoter 3 was that the pre-launch (which involves the invitation of bookings from past customers and agents) of any project is not possible under RERA, which has reduced the demand for these projects. This has considerably increased the financial concerns of the promoter. He also stated that the establishment of a permanent authority could increase the efficiency of RERA.

Interview 4

Promoter – 4

Promoter 4 is an entrepreneur working closely with the real estate sector. He has been involved in many real estate projects. He feels that there have been no problems with the registration of projects and the RERA staff members have been cooperative. However, he does believe that the legislation has been more customer friendly than builder friendly. He argued for the relaxation of the penalties levied on the promoters upon missing the deadlines for project completion. Apart from financial constraints, various other factors are also responsible for the delay of projects and this has not been considered by RERA.

Interview 5

Promoter – 5

Promoter 5 is based out of west Bangalore and has been working in the residential property sector for over six years and has been involved with over 400 residential projects. The promoter stated that personally, no problems were faced with respect to the registration of projects with RERA. The integration with the legislation was smooth sailing. However, some other builders did face a few difficulties in adapting to the new regulatory framework. A reason for this was that some of the RERA regulations weren't made clear for the entire real estate community. Furthermore, he believes that RERA has significantly hurt the small builders, who are struggling due to low cash inflow. Since prelaunch is not possible without the necessary approvals and registration by the regulator, the revenue generated from these activities has dried up, thereby causing further delays in project completion. He says that while the financially stable larger builders can sail through easily, this can pose a problem for the smaller builders who seem to be exiting the real estate sector.

Promoter 5 also states that there will be expected delays in many projects in Karnataka due to delays in approvals. According to him, in the neighbouring states such as Telangana, the approval process is quicker with a single window processing system. Furthermore, if the approvals are pending for more than 25 days, the builders can start with the construction in such states. He suggested that the approval process could be better enhanced to ensure timely delivery of projects. The promoter concluded by stating that RERA has created trust among buyers and that it has been a welcome move in terms of regulating the real estate sector. However, the true benefits of RERA can be reaped only with time.

Interview 6

Promoter – 6

Promoter 6 is from south Bangalore and has been working with the real estate sector for over three years. According to him, RERA has allowed for the efficient regulation of real estate, as

well as brought about greater awareness among home buyers. It has made builders more cautious and has provided mechanisms to keep them in check. With regard to registration, he has not faced any challenges. He believes that having the RERA Registration number has raised the status of the projects and credibility of the company as buyers have a tendency to trust RERA approved projects. This has further increased the impetus to register with the Authority. However, he states that while RERA is making headway in organizing the real estate sector, it must also be accompanied with other reforms to land title record management and the costly and time-consuming procurement of approvals.

Interview 7

Promoter – 7

Promoter 7 is based in north Bangalore. Promoter 7 has been working in the real estate development business for 10 years. He is a real estate consultant who has been part of many major apartment development projects. According to promoter 7, RERA is a well-intentioned legislation that has sought to establish transparency and standardization in real estate. He has said that all stakeholders must be taken into consideration in order to regulate the real estate sector. Since RERA is in its early stages, there have been significant challenges in its appropriate implementation and initial snags in the development of real estate. However, over time, this legislation could prove to be useful. He expressed his concern with regard to the liabilities of the developer post completion of the project. Having to bear the charges of any defects in terms of construction or development of the project after it has been completed can pose significant strain on the developers, according to him.