

MPD-2021 Updates

Special points of interest:

- Real estate is forecasted to be \$150 Billion
- The bill aims to restore the confidence of the consumers in the real estate sector by bringing in more responsibility, accountability and regulation (transparency & fairness) into the housing sector.

WHY this "Real estate Regulation & development Bill 2011"

Black money, failed transactions, deceit, cheat, opaque, pre launches, scam, unregulated, rogue builders etc are terms which are referred to in the Indian real estate sector, although not the desired references to the largest employers of human capital in India, after agriculture.

If IT / ITES is forecasted to be the show-window of out nation with a \$125 Billion turnover, Real estate is forecasted to be \$150 Billion. Are both these industries referred to in the same vein? Do similarly proficient managements run both these Industries?

The "Quality of management" can be debated another day. Let's focus on the WHY, of the bill.

The following four are the stated objectives of the bill.

For regulation and planned development in the real estate sector

To ensure sale of immovable properties in an efficient and transparent manner

To protect the interest of consumers in the real estate sector

To establish an Appellate Tribunal to adjudicate disputes and hear appeals from the decisions or orders of the Authority and for incidental/ connected therewith.



For the uninitiated, this means that the bill aims to restore the confidence of the consumers in the real estate sector by bringing in more responsibility, accountability and regulation (transparency & fairness) into the housing sector. To some readers, this sounds like "reining in the errant builders", while the developers would like to believe that their hands are being tied down with another needless regulation. (As if the scores of forms, approvals and aren't regulation enough).

No one's talking of corruption though. Are the builders & developers the genesis of corruption, OR, is the system that is so in love with the licensing Raj the perpetrator? Chalo, let's leave that also for another day, and keep at the "Why".

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“The Indian real estate sector is one of the largest business & employment generators “

The Real estate regulations & development bill 2011 seeks to protect the interest of the consumers, through regulation, and fostering orderly growth, efficiency and standardization. Good thought. But, the moot question is **"CAN ALL THIS BE ACHIEVED WITHOUT BRINGING IN A SINGLE WINDOW CLEARANCE SYSTEM?"**

Lets talk about the why again.

The Indian real estate sector is one of the largest business & employment generators. It is second to Agriculture in providing employment, and larger than IT / ITES, in India. It is the second largest advertiser after FMCG, maybe. Despite its mammoth size, it does not have a regulator who can balance the interest of the developers, as well as the consumers of the products. Consumers complain about being at the mercy of the developers, once they pay the money for a purchase. Developers, on the other hand, blame the policy makers & multiplicity of authorities for the delays, cost over runs and lack of pro consumer strategies. Also, agreements & legal documents were allegedly one sided, favoring the developers. The only recourse for a consumer for redressal of grievances is the consumer forum, OR, civil litigation, both not ideal for prompt justice.

Yes, one needs to protect the consumers, but not from the industry, but from the unscrupulous developers in the pack. This bill should meet that purpose, wherein; all developers should mandatorily get registered with the authorities, before the project is offered to the market. Secondly, the honest developers, who are within the boundaries of the regulations, should find more traction with the consumers. Thirdly, if the industry gets a cleaner image, this should push consumption and lead to creation and purchase of more residential dwelling units / Apartments & plots.

Most consumers feel shortchanged on two places by the developers.

1) When the developer collects money for project (a), but diverts the same towards project (b). If this bill takes into account the pragmatic portion of the collection to be kept aside by the developer into an escrow account, this should help the consumer too, with the developer having his cash flow for the construction of the project healthy.

2) When the developer commits a particular time line for the completion of the project, and the actual delivery happens much later, and at an escalated cost. In most cases, the true suspect is the intent of the developer &

the lack of funds owing to bad decision-making.

In both above situations, the consumer would have the option to approach the regulator for quick redressal. Also, the tenets of the law, esp. where stringent punishments are proposed for the errant would act as a deterrent on the unscrupulous. For a change, esp. in North India, Accountability would cease to remain a mere word, and would be brought into practice.

The bill calls for stringent disclosure norms about the new projects for the developers, and would take away the "Pre-launch" model out of the market. However, it is yet to be seen if the property dealers & channel partner of the developers can be reined in.

In defense of the industry where I make my living, I must mention this though.

"While the thought of overhauling the business practices in an industry is welcome, no regulator can afford to overlook the interest of the entity which is infusing Time, effort & money to create infrastructure, including residential houses. The industry has / would have valid & legitimate concerns, which needs to be addressed, before taking unilateral decisions. The industry in general does notice the benefits of a regulator, who does not act like a 'school monitor', but someone who would promote the industry, as well as foster a healthy environment to regulate the sale, transfer, management of properties. The so-called 'corrupt practices' are a product of the system, and the gullible fall for it. With greater transparency and sound policies, the FDI & foreign developers & technologies would not afford to ignore the India opportunity".

If implemented well, the Industry would be the winner, encompassing all stakeholders; Land owners, developers, financiers & consumers.

The author is the founding Partner of CERTES REALTY LIMITED, a Delhi NCR based Real estate advisory and land consolidation organization and can be contacted on menon@certesrealty.com

High-Rises to get the Green with an eye on 2021

Urban Development Ministry to take a decision on exploring the avenue of vertical growth

Anamika Joshi

In a statement that supports the views of Union Urban De-



velopment Minister Kamal Nath's take on the infrastructural policy, as put forward in the MPD 2021, the Delhi Urban Development Minister Arvinder Singh Lovely asked for support from the Centre.

The statement especially addresses Kamal Nath's views regarding the push for vertical growth

in the capital. Currently the expansion in Delhi is restricted to acquisition and addition of new areas to the NCR. Experts in the Real Estate sector have long stressed on the importance of vertical growth in Delhi.

Arvinder Singh Lovely said, "We absolutely have no problem with vertical expansion of Delhi. But when approval is given to high-rises, then we will have to strengthen existing infrastructure like sewage network, water distribution system and power transmission. The Centre will have to provide Delhi government funds for enhancing the infrastructure".

Mr. Nath, speaking ahead of the meeting scheduled to review the MPD 2021, had claimed that vertical growth was essential for Delhi as it would help address the housing needs of the coming decade. Delhi lacks the infrastructural capacities that would be essential for it to achieve the vision it has for 2021. With an expected increase in population in the next decade, the problems are not just urbanization of new areas. While other cities in Asia have successfully developed a strong network of high-rises and skyscrapers, Delhi has resisted the need to change.

Currently, Delhi-NCR is one of the most populated areas in the world. As an agglomeration, or a 'Super-City', Delhi is

easily one of the most populated cities in the world with 22 million legal residents. But the difference in the number of high-rises between Delhi and other populated Asian cities is quite large. Tokyo has over 550 buildings that exceed the 100m mark. In other Asian cities, the number is quite similar. 430 in Shanghai, 172 in Beijing, 355 in Bangkok, 100+ in Mumbai and a whopping 2,300 in Hong Kong shows how growing cities in the world have adapted to the culture of high-rises. On the other hand, Delhi has just 16 towers that cross the 100m mark. And out of those 14 are situated in either Gurgaon or Noida. The disparity is brought to the front when one compares Delhi's population to all these regions. Delhi comfortably beats all these cities, except Tokyo, in population measurements, and houses 3-times the population of Hong Kong.

This puts pressure on not just basic services like drainage, water supply and power distribution network but is instrumental in the inflated rates of the property market. Real Estate expert Mr. Ramesh Menon of Certes Realty says "The number of high-rises in Delhi is next to nothing, when compared to other major cities and business districts in the world. Even in India, other cities like Mumbai, Pune, Kolkata and Hyderabad have more high-rises than Delhi. This means that now land has become a precious commodity and its slender availability has led to the skyrocketing of the rates, which the buyers are experiencing right now. The Government would be well advised to allow and promote more high-rises in the capital. It would surely bring relief to the buyers in the form of decreased property rates".

The Urban Development Ministry is currently in the process of reviewing the Master Plan of Delhi 2021 and is expected to finalise a number of amendments soon like allowing high-rises and increasing the existing floor area ratio (FAR). Buyers are awaiting the results of the meeting with much anticipation.

"Vertical growth was essential for Delhi as it would help address the housing needs of the coming decade"

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Above group housing development (Area 18.06 Acres) is licensed vide License number 23 dated 27-3-2012 & Building plans are approved vide memo no ZP-810/AD (RA) 2013/28905 dated 17-1-2013 in the name of Mr. Narender Kumar Gupta, Yuvraj Singh, R K Associates Developer RMS Estate Pvt. Ltd. by DTCP Haryana. M/S Agrante Realty Ltd., 522-524, DLF Tower - A, Jasola, New Delhi is having complete rights to sales and promote the above project from owners & Developers vide Agreement dated 16-4-2013. All necessary approvals can be checked at the office of the developer.

Lal Dora Extension to 360 villages frees farm lands for construction of houses

No fear of notice under Section 81 anymore for many rural residents

Anamika Joshi

As Assembly polls are nearing, the Delhi Government is finding newer ways to woo the rural voters. In a cabinet meeting held in Delhi, Sheila Dikshit announced the decision to extend the Lal Dora and lift restriction on use of agricultural land for other purposes. This decision has been taken against the Section 81 of the Land Reforms Act that allowed no construction of houses or for any other purpose on an agricultural land.



The new norm will thus lead to villagers registering their properties and carrying out construction work after approval of building plans from authorities.

Delhi Chief Minister Sheila Dikshit have described it as a “historical decision” that would provide relief to lakhs of people in the city.

However officials confirmed that it would require ratification from the Urban Development Ministry for its implementation. The Chief Minister however have promised this decision to help ‘problems’ vanish for the people who have been residing in rural areas.

At a rally in Talkatora stadium she said, “This is not to

woo our voters as displayed by our foes. Otherwise why would we have been chosen thrice? The rural Delhi cannot be left to lag behind and the facilities should be made available in these parts which urban areas enjoy.”

The government now sees lot of possibilities and reasons behind issuing this development regarding Lal Dora area. Lal Dora refers to land in a village which is part of the “abadi” (habitation) and which can be used for non-agricultural purposes only.

Urban Development Minister Arvinder Singh Lovely said, “Section 81 is very misused and we want the villagers to build their home on their land without any restrictions. The Lal Dora, extended Lal Dora, farm houses or even places under 20-point programme will not now receive any notice under Section 81.”

Section 81, according to Mr Lovely, will not be applicable anymore to maps falling in urbanised village, extended population or unauthorised colonies which have been authorised by the department.

Section 33 of the Land Reforms Act also saw some modifications along with Section 81. Having relaxed the restrictions under Section 33, it will now pave way for transfer of land by farm land owners. Not sensing the need for a cabinet decision, Sheila Dikshit has issued an order to provide relief from Section 33 to the villagers at the earliest.

Mr. Lovely was asked about difficulties which were faced by those who were allotted plots under ‘20-point’ programme in early 1980s. He said, “An in-principle decision has been taken to provide relief to those having residential properties.” Showing confidence on his statement, he added, “Chief Minister Sheila Dikshit gave personal responsibility to the Divisional Commissioner to get the proposal approved from the Home Ministry and the Central government and provide the report to her.”

“Section 81, according to Mr Lovely, will not be applicable anymore to maps falling in urbanised village, extended population or unauthorised colonies which have been authorised by the department”

Contd.....

It is strange to see Mr. Ramesh Menon of Certes Realty Ltd, a Delhi NCR based Real Estate Advisory firm, guess the decision much before it was actually implemented recently. In an article written long before, he had commented over the Lal Dora in the following manner, "Many Lal Dora abadis have the facilities provided by the government like secure electricity connection, water from the Delhi Jal board, sewerage etc. After the New master plan of Delhi MPD 2021 is notified, many agricultural lands of these villages would be included in the residential or commercial zones. With the provision of infrastructure to these areas, most of the erstwhile Lal Dora areas without these amenities & infrastructure would be included."

With such an apt comment already made on the subject, it's clear that there are many who understand the real estate market to its core and are able to presume the progress in store with their visionary minds.



105 Year Old Registration Law to Change

Builders will be bound to get registration done

Tarun Jangid

Safeguarding the rights of consumers, central government has amended the 105 years old Registry Law. It will be mandatory for builders to register the farms, houses or plots in their name before building flats. Cabinet is soon going to approve this law.

In the proposed Registration law 2013 of central government, it will be mandatory for builder to get the registration done before starting any construction. Mr. Ajay Dabas of Certes Realty feels

that this law will curb the popular practice of builders to escape the registration fee by finalising deals without getting the registration work done by the land owner. He further adds that this will be also secure the rights of flat buyers as earlier they had to get the registration work done by the previous owner themselves which sometimes resulted in conflicts and legal cases. This new law will also empower the buyers to lodge the complaint with authority against the builders.

Certes Realty Ltd

Corporate Office:
Plot # 678, Second Floor,
Udyog Vihar Phase-V,
Gurgaon-122016
Phone:0124-4034549
E-mail: newsletter@certesrealty.com