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RERA REFORMS FOR HOMEBUYERS

Five Changes Needed After a Decade

1. Latest News

A decade after the Real Estate (Regulation and Development) Act, 2016 (RERA) was passed, a homebuyers' body wrote to PM Modi (in October 2026), arguing the law had failed to fulfil its objectives.

Cabinet Secretary T.V. Somanathan acknowledged the concerns recently, and officials subsequently met the forum's representatives—signalling the matter is being taken up at the highest levels of government.

The episode highlights persistent implementation gaps in one of India's key consumer-protection laws.

2. What Is RERA and Why It Matters

Enacted in 2016, RERA established a Real Estate Regulatory Authority (RERA) in each state, along with a national-level Central Advisory Council.

- Twin objectives: Protect homebuyers' interests (especially against delayed projects and broken builder promises) while also promoting the real estate sector.

The petitioning body — Forum for People's Collective Efforts (FPCE) — had itself been instrumental in the original campaign to pass RERA, making its current criticism particularly significant.

3. Five Key Reforms Needed

Reform 1: Shift Oversight to Consumer Affairs

Currently, RERA falls under the Ministry of Housing and Urban Affairs (MoHUA). FPCE's suggestion is to split the dual mandate:

- Sector promotion should remain with MoHUA.
- Homebuyer protection should move to the Department of Consumer Affairs.

Rationale: A single ministry simultaneously promoting the industry and protecting consumers creates an inherent conflict of interest.

Reform 2: Create a National Appellate Tribunal for Real Estate

Currently, appeals go to State Appellate Tribunals, leading to inconsistent interpretation of the same central law across states.

FPCE proposes establishing a National Appellate Tribunal for Real Estate, modelled on the National Company Law Appellate Tribunal (NCLAT) and National Green Tribunal (NGT).

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Why this matters: "A homebuyer's rights depend on where he happened to buy" — a single national appellate body would create uniform RERA jurisprudence across India.

Current institutional gaps: Several states have had no Chairperson or Members appointed to their tribunals; one state tribunal even lacked quorum to pass any order at all.

Reform 3: Make the Agreement for Sale (AFS) Part of the Act Itself

At present, the Agreement for Sale (AFS) — the core contract between buyer and builder — is governed only by Rules under the Act, not the Act itself.

FPCE's concern: This makes the AFS easy to dilute, since builders can deviate from the model agreement.

Proposed fix: Include the AFS in a Schedule to the Act, making it a binding statutory document.

Notably, the Ministry Secretary himself flagged concern in January 2024 over "the very relevance of having a model AFS when builders are deviating from it" — reinforcing that a non-binding model offers no real protection.

Reform 4: Statutory Exit Option for Buyers in Personal Distress

Section 18 of the Act currently provides an exit route only when the developer is at fault (e.g., project delays).

Gap identified: No provision exists for buyers needing to exit due to personal circumstances — job loss, death of an earning family member, etc.

FPCE's analogy: "A developer in distress may approach the National Company Law Tribunal (NCLT); a family in distress has nowhere to go."

Specific proposal:

- Cancellation within one year of booking → full refund within one month.
- Cancellation after one year → full refund plus interest at the SBI savings account rate, with no questions asked.

Reform 5: Automatic Compensation for All Allottees

Current system flaw: Compensation is paid only to homebuyers who file complaints and pursue lengthy legal battles — and "the overwhelming majority never do."

This allows builders to treat compensation as a "modest and predictable cost of business," effectively pricing in non-compliance in advance.

FPCE proposes making compensation automatic for every allottee when a project is delayed or deficient — without requiring individual complaints.

Suggested mechanism: The promoter must submit a complete list of allottees to RERA, which should then proactively contact all of them to collect bank details for disbursement.

4. Conclusion

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Topic For Group Discussion (GD) And Lecturette For SSB Interview

A decade on, RERA's promise of robust homebuyer protection remains only partially realised — hampered by fragmented state-level enforcement, a dilutable model agreement, and compensation mechanisms that favour inaction by builders.

The proposed reforms — institutional restructuring, statutory safeguards, and automatic compensation — offer a roadmap to transform RERA from a well-intentioned law into an effectively enforced one.

Source: Indian Express (IE)

