One day Workshop on

Real Estate Rera and GST

CPE Programme Background Material

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Practical Guide To

RERA Act 2016

And

TAMILNADU RERA

From Legislation to Everyday Practice

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A Note to the Readers

From the Authors

Dear Reader,

It gives us immense satisfaction to present this book on Tamil Nadu RERA. This publication is the outcome of our collective professional experience, continuous learning and a sincere endeavour to make the provisions of RERA easier to understand and implement in practice.

Although RERA has completed nearly a decade of implementation, there remains a significant need for deeper insights into its provisions and a more practical understanding of how they operate in real-life situations. While the Act, Rules and Regulations are available for reference, understanding their underlying rationale, interpreting their implications and applying them to the diverse circumstances of the real estate sector can be challenging. The gap between knowing the law and implementing it effectively is what we have endeavoured to address through this book.

The RERA framework is comprehensive and far-reaching. It touches upon almost every significant aspect of real estate activities and transactions, including project registration, promoter obligations, financial discipline, disclosures, agreements for sale, the rights and duties of allottees, project completion, transfer of title, dispute resolution and regulatory oversight. Each provision has a purpose, and its effective implementation requires an appreciation of not only the statutory language but also the practical considerations behind it.

We felt that the finer aspects of RERA, the reasoning behind its provisions, their interrelationship and the practical challenges encountered by stakeholders, deserved greater attention. This book is an effort to bring these dimensions together in a structured and accessible manner. Rather than merely reproducing the legal provisions, we have attempted to explain them in simple, lucid and practical language, helping readers understand what a provision means, why it matters and how it may be applied in their day-to-day work.

This endeavour draws upon our combined experience of nearly 30 years in the field of RERA, including our professional engagements, practical observations and interactions with stakeholders. We have sought to bring together the relevant provisions of the Act, Rules, Regulations, circulars, notifications, orders and prescribed forms, along with explanations and practical insights. Our objective is to make this book a handy reference for promoters, developers, Chartered Accountants, legal practitioners, engineers, architects, real estate agents, allottees and other professionals associated with the sector.

To the best of our knowledge, this is an attempt to bring these varied aspects of Tamil Nadu RERA together in a consolidated and practice-oriented publication. We make this observation with humility, recognising that the law continues to evolve and that there is always scope for further learning, interpretation and improvement.

We also acknowledge that no publication can anticipate every possible situation or provide a definitive answer to every practical challenge. The application of RERA depends on the facts of each case and the applicable State-specific legal and regulatory framework. Readers are therefore encouraged to refer to the latest statutory provisions and seek appropriate professional advice wherever necessary.

This book is not intended to be the final word on RERA; rather, it is an effort to make the law more understandable, accessible and useful to those who work with it. We view this edition as the beginning of a continuing journey of learning and improvement. We shall make every effort to

incorporate constructive suggestions, address identified gaps and enhance the usefulness of future editions.

We warmly invite readers to share their feedback, observations, corrections and practical experiences with us. Your inputs will help us refine the content and make subsequent editions more relevant to the evolving needs of the real estate industry and the professional community. We look forward to continued engagement with our readers and to exploring further opportunities to contribute to professional learning and the effective implementation of RERA.

We would also like to place on record our sincere appreciation and thanks to CA.Payal Jain and Mr.Tarun for their valuable support in collating, reviewing and vetting the material during the preparation of this book. Their assistance has contributed meaningfully to bringing this publication together.

We sincerely thank our family members for their understanding, cooperation and support while we dedicated our personal time to preparing this book. Their encouragement and patience have helped us complete this endeavour, and we are truly grateful to them.

Finally, we thank you, dear reader, for choosing this book. We hope it serves as a practical companion in your professional journey, encourages a deeper understanding of RERA and contributes, in its own modest way, to better compliance, greater transparency and a more accountable real estate sector.

With gratitude and best wishes,

CA.Vinay Thyagaraj

Adv.E.Suhail Ahmed

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PART A

Real Estate Sector in Indian Industry Overview

The real estate sector plays a vital role in the economic development of India, show the progress of the country and living standards. It is one of the largest sectors in the country after agriculture and contributes significantly to employment generation, infrastructure development and overall economic growth. Over the last 25 years, the Indian real estate industry has experienced substantial growth due to rapid urbanization, population expansion, rising income levels and increasing demand for housing, office, warehousing and commercial spaces.

a) Real estate broadly includes **residential, commercial, retail, hospitality, and industrial properties**. Among these, the residential segment forms the largest share of the market. The demand for housing has increased steadily due to migration to urban centres, nuclear family structures and government initiatives promoting affordable housing. Large cities such as Mumbai, Delhi, Bengaluru, Chennai, Pune, Kolkata, Coimbatore, NCR Regions etc., have witnessed significant growth in residential and commercial developments over the years.

b) The sector has also become an important contributor to India's Gross Domestic Product (GDP). It is estimated that the real estate sector contributes around **7–8% of India's GDP** and this contribution is expected to increase substantially in the coming years. With continuous urban development and infrastructure expansion, the sector is projected to contribute nearly **14 - 20% to India's GDP by 2047**. Beyond its direct contribution to GDP, the real estate sector stands as one of the largest employment generators in India. The sector currently supports nearly 100 **million** jobs in **2025-26**, and this number is projected to rise to around 2**00 million** in the coming years reflecting its massive growth potential, second only to agriculture. It creates substantial employment opportunities across construction, real estate services, and multiple allied industries such as steel, cement, building materials, logistics, and infrastructure development.

c) Infrastructure development has been a major driver of growth in the real estate sector. Government initiatives aimed at improving urban infrastructure, transportation networks, and smart city development have encouraged both domestic and foreign investment in real estate projects.

d) As India's real estate sector advances toward contributing nearly **INR 26.4 trillion** to the national market size, it stands as one of the most powerful drivers of economic growth, urban transformation, and capital formation in the country. Looking ahead, as part of the vision of Viksit Bharat@2047 India's real estate market is projected to expand dramatically reaching an estimated **INR 440.5 – 616.7 trillion by 2047.**

e) Further The real estate industry is one of the largest contributors to the government exchequer generating substantial revenue through various taxes, duties, and levies. Studies and surveys indicate that over **40%** of the total collection from end customers or home buyers goes to the government in the form of Stamp Duty & Registration Charges, Goods and Services Tax (GST), Land Conversion Charges, approval charges, development Fees, Income Tax & Capital Gains Tax, Property Taxes etc., Given its significant contribution, the real estate sector remains a critical revenue source for both central, state, corporation, municipal and local bodies of the government.

f) The real estate sector is closely linked with more than **250 allied industries**, including cement, steel, bricks, electrical, electronic, mechanical, plumbing, sanitary and construction materials. As a result, growth in the real estate sector has a multiplier effect on the overall economy. Increased construction activity stimulates demand in these allied industries leading to broader economic growth and employment opportunities.

g) The Indian real estate sector continues to evolve as a key pillar of the country's economic development. With supportive government policies, increasing urbanization, and a strong regulatory framework, the sector is expected to experience sustained growth in the coming years while ensuring greater protection for homebuyers and improved accountability among developers.

Real Estate Market in Tamil Nadu

Tamil Nadu, India's second-largest economy contributes approximately 6% to the country's population. Tamil Nadu is one of the most developed states in India in terms of urban infrastructure, industrial growth, and economic activity. The real estate sector in the state has grown steadily over the years due to rapid urbanization, industrial expansion, infrastructure development, and increasing demand for residential and commercial spaces. The presence of major metropolitan cities, growing IT and manufacturing sectors, and improved connectivity have significantly contributed to the expansion of the real estate market in Tamil Nadu.

a) **Tamil Nadu** is one of India's **most urbanised states** and, according to Census 2011, was the most urbanised among the major states, with 48.4% of its population living in urban areas (may be 58% as of 2026). This high level of urbanisation makes effective urban planning, real estate regulation and housing governance particularly significant.
b) Among the cities in the state, Chennai, Coimbatore remains the primary hub for real estate development. As the capital city of Tamil Nadu and a major economic centre, Chennai has witnessed substantial growth in residential, commercial, and industrial real estate. The city hosts a large number of information technology companies, automobile industries, educational institutions, and healthcare facilities, all of which contribute to the demand for housing and office spaces.
c) Apart from Chennai, several other cities in Tamil Nadu have emerged as important real estate markets. Cities such as Coimbatore, Madurai, Hosur, Sale, Erode and Tiruchirappalli have witnessed increasing demand for residential projects due to industrial growth, improved educational facilities, and expanding urban populations.
d) The growth of infrastructure has been one of the major drivers of real estate development in Tamil Nadu. The residential real estate segment constitutes the largest share of the Tamil Nadu real estate market. Demand for residential properties continues to increase due to factors such as rising income levels, population growth, migration to urban centres, and the preference for home ownership. Developers have introduced a variety of housing options, including affordable housing, mid-segment apartments, and luxury residential projects, catering to different income groups. Government initiatives aimed at promoting affordable housing have also supported the growth of residential real estate in the state.
e) In order to regulate the real estate sector and protect the interests of all stake holders with a special emphasis on homebuyers, the Government introduced the Real Estate (Regulation and Development) Act, 2016. In Tamil Nadu, the implementation of this legislation is overseen by the Tamil Nadu Real Estate Regulatory Authority. The establishment of the regulatory authority has brought greater transparency and accountability to the real estate sector in the state. Promoters (Developers & Land Owners) are now required to register their projects with the authority, disclose project details to the public, and comply with financial and regulatory requirements prescribed under the Act.
f) The introduction of RERA has significantly improved confidence in the real estate market. Homebuyers now have access to detailed information regarding project approvals, timelines, and developer credentials through the regulatory authority's online portal. In addition, the Act provides mechanisms for resolving disputes between developers and buyers through regulatory authorities and appellate tribunals. This regulatory framework has encouraged responsible development practices and improved the overall credibility of the real estate sector.

g) Tamil Nadu remains one of the most dynamic real estate markets in India. The combination of strong economic fundamentals, expanding urban infrastructure, and regulatory reforms has created a favorable environment for real estate development. As cities continue to grow and demand for housing and commercial spaces increases, the real estate sector in Tamil Nadu is likely to play an increasingly important role in the state's economic development.

h) Following Maharashtra, Tamil Nadu has emerged as the **second highest state in terms of RERA project registrations** in India. The large number of real estate projects being developed across the state, particularly in urban centres such as Chennai, Coimbatore, and Madurai has contributed to this significant level of registration. The regulatory framework established by the Tamil Nadu Real Estate Regulatory Authority has played a crucial role in ensuring that developers register their projects and comply with the disclosure and financial requirements prescribed under the Act.

   i. The high level of registrations in Tamil Nadu indicates the scale of real estate development taking place in the state. Rapid urbanization, increasing housing demand, expansion of infrastructure, and growth in employment opportunities have all contributed to the expansion of the real estate sector. Developers undertaking residential, commercial, and mixed-use projects are required to register their projects with the regulatory authority before marketing or selling units to the public.

   ii. The strong position of Tamil Nadu in RERA registrations also reflects the increasing awareness among developers regarding regulatory compliance. With the introduction of mandatory registration and disclosure requirements, developers are now required to provide detailed information regarding project approvals, construction timelines, land title status, and financial arrangements. These disclosures are made available to the public through the online portal of the regulatory authority, thereby enabling prospective homebuyers to make informed decisions.

   iii. In addition to improving transparency, the growth in project registrations under RERA has also strengthened consumer protection in the real estate sector. Registered projects are subject to regulatory monitoring, including requirements relating to maintenance of project funds, periodic updates on construction progress, and adherence to approved timelines. In the event of disputes or delays, homebuyers can approach the regulatory authority for appropriate relief.

   iv. The rise in project registrations in Tamil Nadu demonstrates the increasing institutionalization of the real estate sector in India. What was once a largely unregulated industry is gradually evolving into a structured and transparent market governed by regulatory standards. This transformation has enhanced investor confidence, encouraged responsible development practices, and improved the overall credibility of the real estate sector

RERA – Background, Journey, Implementation

However, before the enactment of the Real Estate (Regulation and Development) Act, 2016, this crucial sector remained largely unregulated despite its significant economic importance. Commonly known as RERA, this landmark legislation was enacted to bring transparency, accountability, and efficiency to the real estate sector. The short name "RERA" is derived from the *Real Estate Regulation Act* for ease of reference, though the full name includes "Development." Today, both the central regulator and state authorities officially use the acronym RERA, making it the industry standard.

a) Before the RERA was enacted, consumers found themselves baffled by the complex maze of multiple laws governing real estate transactions. The sector operated under various central laws such as the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, Income Tax Act, 1961, Indian Contract Act, 1872, and the Consumer Protection Act, 1986. Adding to this complexity were numerous state-specific laws, including respective State Land Revenue Codes, Regional Town Planning Acts, Development Control Rules, and various Apartment Ownership Acts like those in Maharashtra, Tamil Nadu, Delhi, and Tamil Nadu.
b) Each state had its own set of regulations, with Maharashtra having the Maharashtra Ownership Flats Act (MOFA), 1963 and Maharashtra Apartment Ownership Act, 1970, while other states had their respective Cooperative Housing Society Acts. This multiplicity of laws created confusion for buyers who had to navigate through different legal frameworks depending on the state where they were purchasing property. Despite this multitude of laws, there was no single, comprehensive regulatory framework specifically designed for the real estate sector, leading to numerous problems and malpractices.
c) RERA was introduced to fill the regulatory gap in the real estate sector and provide a single, clear, and enforceable framework for all stakeholders. It aims to bring transparency, accountability, and fairness, ensuring that homebuyers are protected and developers deliver projects on time with full disclosure. While RERA strengthens regulation, it does not replace or override existing central or state laws; all the laws mentioned earlier still apply. Developers, buyers, and agents must comply with both RERA and other relevant laws. In essence, RERA acts as a dedicated regulatory backbone, working alongside other laws to create a more structured, transparent, and buyer-friendly real estate environment.

Problems in the Pre-RERA Era

The real estate sector before RERA was plagued with numerous challenges that severely affected homebuyers and created an environment of distrust and uncertainty. Transparency was virtually non-existent, with developers maintaining complete control over project information while buyers struggled to access even basic details about the projects they were investing in. This information asymmetry left consumers vulnerable to misleading advertisements and false promises, with no reliable mechanism to verify the claims made by builders or assess their credibility.

Project Delays, Quality Issues, Biased and Unfair Agreements and Malpractices became the norm rather than exception, with the consumers having no single window legal redressal system to enforce their rights.

Because of being a highly unregulated sector there were number of malpractices which were being followed by the builders/developers. Some of the rampant malpractices are listed below:

a) **Highly unregulated sector:** Operating without proper oversight despite existence of multiple laws.
b) **Lack of transparency:** Hiding crucial project information from buyers. Buyers were often misled with false advertisements, hidden charges and unclear pricing models.
c) **No proper information:** Withholding details about builder's background and financial status.
d) **Lack of Easy and Quick Redressal:** Making it difficult for buyers to get grievances addressed.
e) **Delayed possession:** Not delivering projects on promised dates.
f) **No Adequate Compensations:** Buyers were not compensated at all because of delays, false promises of the builders/developers.
g) **Missing documents:** Not providing Occupancy Certificate and Completion Certificate.
h) **Society formation issues:** Not forming cooperative societies or providing conveyance deeds.
i) **Incomplete amenities:** Not providing all promised facilities and amenities.
j) **No maintenance accounts:** Not maintaining proper accounts for maintenance charges collected.
k) **Illegal sales:** Selling parking spaces and open areas meant for common use.
l) **Fund diversion:** Siphoning off funds meant for specific projects which delayed the project completion and even stalled projects in number of cases.
m) **Documentation gaps:** Not providing approved plans and clear title deeds.
n) **Area manipulation:** Selling flats based on super built-up area without clarity on carpet area.
o) **Selling without requisite Approvals**: Developers were selling the projects without taking necessary Government approvals.
p) Defective Titles: Sellers deliberately conceal existing flaws in titles such as liens, mortgages and/or even court cases.

Need for Comprehensive Legislation for Real Estate

The mounting problems in the real estate sector created an urgent need for comprehensive regulation to address multiple systemic issues. Consumer protection became paramount as millions of homebuyers faced exploitation without effective legal recourse. The chaotic market required regulatory intervention to establish transparency through mandatory disclosure norms and fix accountability on developers for delays, quality issues, legal issues and financial irregularities. The industry needed standardisation to create uniform practices across states and eliminate confusion from multiple laws. RERA is crucial for the following reasons:

1. Protecting Consumers / Buyers:
   (a) **Ensuring Timely Completion:** Developers are held accountable for project timelines and payment of penalties for delays, mitigating the risk of prolonged waits for possession.
   (b) **Legal Protection:** RERA provides a legal framework for resolving disputes between buyers and developers, ensuring that buyers have recourse if their rights are compromised.
   (c) **Standardised Carpet Area:** RERA mandates a standardised method for calculating carpet area, preventing developers from inflating the price by using misleading measurements.

2. Enhancing Transparency and Accountability:
   (a) **Mandatory Registration:** All projects exceeding a certain size or having more than a certain number of apartments must register with RERA, ensuring accountability and transparency in the real estate market.
   (b) **Financial Transparency:** RERA requires developers to disclose project costs, funding, and fund utilization, ensuring that funds are used as intended.
   (c) **RERA Separate Bank Accounts**: Developers are required to open escrow accounts to hold a portion of project funds, preventing misuse of funds and ensuring their utilization for construction.
   (d) **Regulatory Body:** RERA establishes regulatory bodies and appellate tribunals in each state to resolve disputes between buyers and developers.

3. Improving the Real Estate Sector:
   (a) **Reduced Disputes**: By mandating transparency and accountability, RERA reduces the likelihood of disputes and legal battles between buyers and developers.
   (b) **Increased Investment**: The protection offered by RERA encourages investors to participate in the real estate sector, fostering growth and development.
   (c) **Improved Credibility**: RERA-approved projects are more likely to be trusted by buyers, as they are subject to strict regulations and quality standards.
   (d) **Quality Assurance**: RERA registration requires developers to adhere to quality standards and specifications, ensuring that buyers receive a high-quality product.
   (e) **Protection Against Fraud**: RERA helps reduce fraudulent activities in the real estate sector, as developers are required to adhere to strict guidelines and face consequences for non-compliance.

Journey and Implementation of RERA

In the above Scenario, the effort of several organisations and Housing Activists Legislation of the Real Estate (Regulation and Development Act) was commenced by the Government as detailed in the annexed table**.**

Date	Milestone / Journey
January 2009	The Ministry of Housing and Urban Poverty Alleviation initiated stakeholder consultations to identify regulatory gaps and potential solutions.
July 2011	The First Draft of the Real Estate (Regulation and Development) Bill was prepared in 2011.
2011-2012	Extensive consultations were held with developers, consumer groups, legal experts, and state governments.
June 2013	The Union Cabinet approves the Real Estate Bill 2013.
August 2013	Real Estate Bill 2013 Introduced in the Rajya Sabha.
February 2014	The Parliamentary Standing Committee on Urban Development reviewed the bill and submitted its recommendations
February 2015	Attorney General upheld the validity of central legislation for Real Estate sector and the competence of the Parliament.
March 2015	Real Estate Bill, 2013 and official amendments referred to the Select Committee of Rajya Sabha.
July 2015	Select Committee of Rajya Sabha tabled its Report along with Real Estate Bill, 2015
December 2015	Union Cabinet approved the Real Estate Bill, 2015 as reported by the Select Committee of Rajya Sabha for further consideration of the Parliament.
10th March 2016	Real Estate Bill 2015 passed by the Rajya Sabha
15th March 2016	Real Estate Bill 2015 passed by the Lok Sabha.
25th March 2016	The President of India accorded his assent to the Real Estate Bill, 2015
26th March 2016	Real Estate (Regulation and Development) Act, 2016 published in the Gazette for public information.
27th April 2016	59 Sections (Sections 2, 20-39, 41-58, 71-78, 81-92) of the Act notified by the Ministry of Housing & Urban Poverty Alleviation bringing the Act into force with effect from May 1, 2016
2017-2019	Tamilnadu notified RERA rules and Established RERA Authorities

In this background Real Estate (Regulation and Development) Act, 2016 (RERA) was enacted by the Central Government under its authority to regulate the real estate sector through the states/UT's making mandatory to notify a state-specific RERA within the ambit the RERA Act, establish a RERA authority to regulate & develop the real estate industry, set up a system of dispute resolution, establish a Real Estate Appellate Tribunal etc. Presidential assent for the Act known as the Real Estate (Regulation and Development) Act, 2016' was obtained on 26.03.2016. The Act consisting of 92 Sections envisages the establishment of Real Estate Appellate Tribunal. All sections of the RERA Act came into force with effect from May 1, 2017.

Objectives /Preamble of RERA

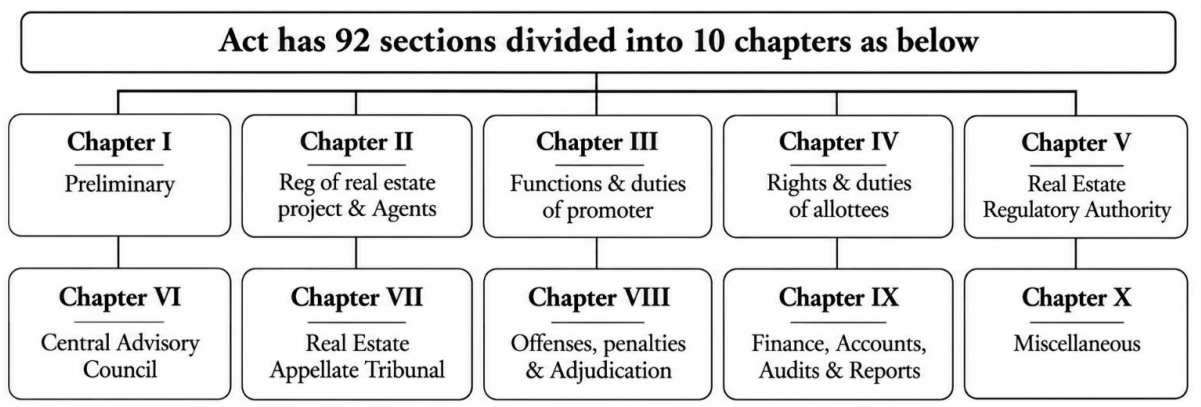
An Act to establish the Real Estate Regulatory Authority for **regulation and promotion** of the real estate sector and to ensure sale of plot, apartment or building, as the case may be, or sale of real estate project, in an **efficient and transparent** manner and to **protect the interest of consumers** in the real estate sector and to establish an adjudicating mechanism for **speedy dispute redressal** and also to establish the Appellate Tribunal to hear **appeals from the decisions**, directions or orders of the Real Estate Regulatory Authority and the adjudicating officer and for matters connected therewith or **incidental thereto** -

a. To establish a Real Estate Regulatory Authority (RERA) by the appropriate Government for the purpose of regulation and promotion of real estate sector and protect the interests of the consumers and promote the industry
b. To establish adjudicating mechanism, establish Real Estate Appellate Tribunal for speedy redressal of grievances.
c. To establish an Advisory Council to advise and recommend to the Central Government on critical matters pertaining to Real Estate Sector.

The structure of RERA under the Real Estate (Regulation and Development) Act, 2016 is designed with both Central and State level roles. The Act creates a federal regulatory framework where the Central Government frames the law and State Governments implement it through their own authorities.

	Central Government	State Government	Appointment of RERA Authority	Adjudicating Officer	Real Estate Tribunal
↓	RERA Act 2016	TN RERA Rules	Circular	Hear the Complaints for compensation	Hear the orders of Authority and Adjudicating officer
↓	Central Advisory Council	Appointment of RERA Authority	Notification		
↓			Formats / Directions		
			Hear the Complaints other than Compensation		

The Act is structured into 10 Chapters comprising 92 Sections, each dealing with different aspects of regulation, compliance, and dispute resolution in the real estate industry.



Definitions under RERA Act 2016

Section 2 of the Real Estate (Regulation and Development) Act, 2016 contains the definitions of the words and expressions used throughout the legislation, from Section 2(a) to Section 2(zr). Every reader of the Act must carefully study these definitions before attempting to interpret or apply its substantive provisions.

Study each definition through four questions:

a. What does the term mean?
b. Where is it used in RERA?
c. What compliance or legal consequence follows?
d. Does another applicable law expressly adopt or modify that meaning?

The significance of these definitions extends beyond RERA itself. Real estate is governed by several interconnected laws, including those relating to income tax, GST, stamp duty, registration, town planning, municipal administration and consumer protection. Certain provisions of these laws expressly adopt or refer to definitions contained in RERA. For example, Section 80-IBA of the Income-tax Act, 1961 expressly adopts the meaning of carpet area given in Section 2(k) of RERA for the purposes of that section. This demonstrates how a definition under RERA can have implications for the interpretation and application of another statute. However, such cross-references must be identified in the relevant legislation; the definitions under RERA should not automatically be assumed to govern every other law.

Terms such as *promoter*, *carpet area*, *real estate project*, *allottee*, *common areas* and *real estate agent* have specific legal meanings under RERA. Their application can materially influence project registration, disclosure obligations, contractual responsibilities, area calculations, financial reporting and the rights and remedies available to stakeholders. A misunderstanding of even one key definition can therefore result in incorrect interpretation, inappropriate compliance decisions or unintended legal and financial consequences.

For promoters, these definitions help establish the scope of their obligations and responsibilities. For Chartered Accountants, Architects, Engineers and Legal Advisors, they provide the essential framework for determining the nature of the work, the applicable compliance requirements and the extent of their professional responsibilities. For allottees and other stakeholders, they help clarify their legal status, entitlements and remedies.

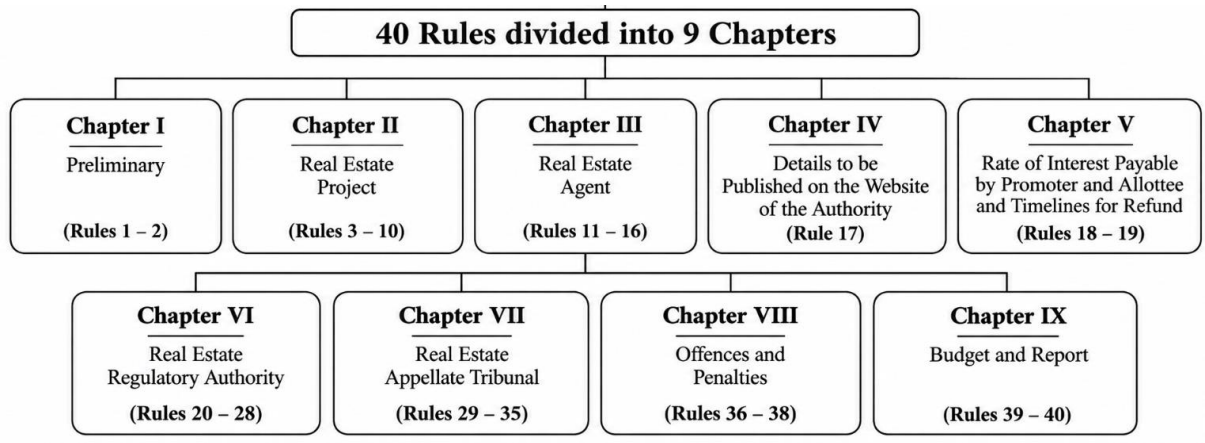
Section	Definitions	Section	Definitions	Section	Definitions
2(a)	Adjudicating officer	**2(p)**	Competent authority	**2(ze)**	Notification
2(b)	Advertisement	**2(q)**	Completion certificate	**2(zf)**	Occupancy certificate
2(c)	Agreement for sale	**2(r)**	Day	**2(zg)**	Person
2(d)	Allottee	**2(s)**	Development	**2(zh)**	Planning area
2(e)	Apartment	**2(t)**	Development works	**2(zi)**	Prescribed
2(f)	Appellate tribunal	**2(u)**	Engineer	**2(zj)**	Project
2(g)	Appropriate Government	**2(v)**	Estimated cost of real estate project	**2(zk)**	Promoter" means
2(h)	Architect	**2(w)**	External development works	**2(zl)**	Prospectus
2(i)	Authority	**2(x)**	Family	**2(zm)**	Real estate agent
2(j)	Building	**2(y)**	Garage	**2(zn)**	Real estate project
2(k)	Carpet area	**2(z)**	Immovable property	**2(zo)**	Regulations
2(l)	Chairperson	**2(za)**	Interest	**2(zp)**	Rule

Section	Definitions	Section	Definitions	Section	Definitions
2(m)	Commencement certificate	2(zb)	Internal development works	2(zq)	Sanctioned plan
2(n)	Common areas	2(zc)	Local authority	2(zr)	Words and expressions
2(o)	Company	2(zd)	Member		

Tamilnadu RERA Rules 2017

The Tamil Nadu Government, vide G.O.(Ms).No.112, Housing and Urban Development Department, dated 22.06.2017 had notified the Tamil Nadu Real Estate (Regulation and Development) Rules, 2017. Pursuant to the same, by Appendix to G.O.(Ms).No.201, Housing and Urban Development [UD1(2)] Department, dated 22.12.2017, in exercise of powers conferred by sub- Section (1) of Section 43 of the Real Estate (Regulation and Development) Act, 2016 (Central Act 16 of 2016), the Government of Tamil Nadu constituted the Tamil Nadu Real Estate Appellate Tribunal. As per Section 45 of the Act, the Appellate Tribunal shall consist of a Chairperson and not less than two whole time Members. As per Section 43(3) of the Act, every Bench of the Appellate Tribunal shall consist of at least one Judicial Member and other shall be a Technical or Administrative Member.

a) The Government of Tamil Nadu, vide the Government Order in G.O.(Ms).No.103, Housing and Urban Development [UD1(2)] Department, dated 24.07.2018 and the Government of Puducherry, vide Order G.O.(Ms).No.09/2018-Hg, Chief Secretariat (Housing), Puducherry, dated 28.09.2018, have authorized the Tamil Nadu Real Estate Appellate Tribunal to act as the Real Estate Appellate Tribunal for the Union Territory of Puducherry.
b) Any person aggrieved by any direction or decision or order made by the Authority or by the Adjudicating Officer or by the Single Member under this Act may prefer an appeal before the Appellate Tribunal
c) The establishment of regulatory authorities as the Tamil Nadu Real Estate Regulatory Authority has strengthened regulatory oversight and created a formal platform for addressing grievances related to real estate projects.



Tamil Nadu Real Estate (Regulation and Development) Rules, 2017 -

Rule No	Details
1	Short title and commencement
2	Definitions
3	Information and documents to be furnished by the promoter for registration of project
4	Disclosure by promoters of existing projects
5	Withdrawal of sums deposited in separate account
6	Grant or rejection of registration of the project
7	Extension of registration of the project
8	Revocation of registration of the project
9	Agreement for sale and construction agreement
10	Formation of association
11	Application for registration by the real estate agent
12	Grant of registration to the real estate agent
13	Renewal of registration of real estate agent
14	Revocation of registration of real estate agent
15	Maintenance and preservation of books of accounts, records and documents
16	Other functions of a real estate agent
17	Details to be published on the website
18	Rate of interest payable by the promoter and the allottee
19	Timelines for refund
20	Manner of selection of Chairperson and Members of the Authority
21	Salary and allowances payable and other terms and conditions of service of Chairperson and Members of the Authority
22	Administrative powers of the Chairperson of the Authority
23	Salary and allowances payable and other terms and conditions of service of the officers and other employees of the Authority and experts and consultants engaged by the Authority
24	Functioning of the Authority
25	Additional powers of the Authority
26	Manner of recovery of interest, penalty and compensation
27	Manner of implementation of order, direction or decisions of the Adjudicating Officer, the Authority or the Appellate Tribunal
28	Grants, Fees and Penalties
29	Form for filing appeal and the fees payable
30	Manner of selection of Members of the Appellate Tribunal
31	Salary and allowances payable and other terms and conditions of service of Chairperson and Members of the Appellate Tribunal
32	Procedure for inquiry of the charges against the Chairperson or Member of the Authority or the Appellate Tribunal
33	Salary and allowances payable and other terms and conditions of service of the officers and other employees of the Appellate Tribunal
34	Additional powers of the Appellate Tribunal
35	Administrative powers of the Chairperson of the Appellate Tribunal

Rule No	Details
36	Terms and conditions and the fine payable for compounding of offence
37	Manner of filing a complaint with the Authority and the manner of holding an inquiry by the Authority
38	Manner of filing a complaint with the Adjudicating Officer and the manner of holding an inquiry by the Adjudicating Officer
39	Budget, accounts and audit
40	Report and Returns

Definitions –Tamil Nadu RERA Rules 2017– Rule 2

2(a)	Act	2(e)	Form	2(i)	Project land
2(b)	Agreement for sale	2(f)	Government	2(j)	Parking
2(c)	Association	2(g)	layout plan	2(k)	Reserved Car Park
2(d)	Authenticated copy	2(h)	Ongoing project		

The Forms prescribed under the Tamil Nadu RERA Rules are statutory Forms, and their prescribed formats must be maintained without modification. Promoters, real estate agents and allottees must exercise due care while selecting, completing and submitting the applicable Forms. All information furnished must be accurate, complete and supported by relevant records and documents, wherever required. Particular attention must be given to the applicability of each Form, the prescribed particulars, declarations, certifications and supporting documents, as well as the applicable submission timelines.

Any deviation from the prescribed format or omission of material information may result in procedural deficiencies, rejection of the application or other compliance consequences, as applicable. Accordingly, the Forms should be completed and submitted with due diligence, accuracy and a clear understanding of the statutory requirements.

FORM	TN RERA Rule	Description
A	Rule 3(2)	Application for Registration of Project
B	Rule 3(4)	Affidavit - Signed by the Promoter
C	Rule 6(1) (Section - 5)	Registration Certificate of Project
D	Rule 6(2), 7(4) & 8	Intimation of Rejection of Application For Registration of Project / Rejection of Application For Extension of Registration of Project / Revocation of Registration of Project
E	Rule 7(1)	Application for Extension of Registration of Project
F	Rule 7(4) (section 6)	Certificate for Extension of Registration of Project
G	Rule 11(1)	Application for Registration of Real Estate Agent
H	Rule 12(1)	Registration Certificate of Real Estate Agent
I	Rule 12(2), 13(4) & 14	Intimation of Rejection of Application for Registration of Real Estate Agent / Rejection of Application for Renewal of Registration of Real Estate Agent / Revocation of Registration of Real Estate Agent
J	Rule 13(1)	Application for Renewal of Registration of Real Estate Agent

FORM	TN RERA Rule	Description
K	Rule 13(4)	Renewal of Registration of Real Estate Agent
L	Rule 29(2)	Appeal to Appellate Tribunal
M	Rule 37(1)	Complaint to Regulatory Authority
N	Rule 38(1)	Complaint to Adjudicating Officer
O	Rule 39	Annual Statement of Accounts

Annexure A	Rule 9 (Section 13)	Agreement for Sale

Tamil Nadu RERA Statistical Dashboard

In Tamil Nadu, the registration of real estate projects, agents, complaints are administered by the Tamil Nadu Real Estate Regulatory Authority. The registration process ensures that developers disclose key project details such as approvals, timelines, layout plans, financial information, and status of construction. This mechanism safeguards the interests of homebuyers and promotes greater transparency in real estate transactions.

The statistics highlight the growth of project registrations over the years and also reflect the gradual transition from manual registration processes to an online digital registration system, demonstrating the evolving regulatory infrastructure and increasing compliance within the real estate sector –

Real Estate Projects Registered –

Building Projects	Layout Projects	Regularisation Of Layouts	TOTAL
4,043	23,137	9,940	**37,120**

Real Estate Agents Registered –

Agents
3,914

Complaints Filed, Disposed and Pending – Authority

Filed with Authority	Orders Passed (Disposed)	Pending	% of Disposal
2,900	2,124	716	**73%**

Complaints Filed, Disposed and Pending – Adjudicating officer

Filed with Authority	Orders Passed (Disposed)	Pending	% of Disposal
1,642	1,509	133	**92%**

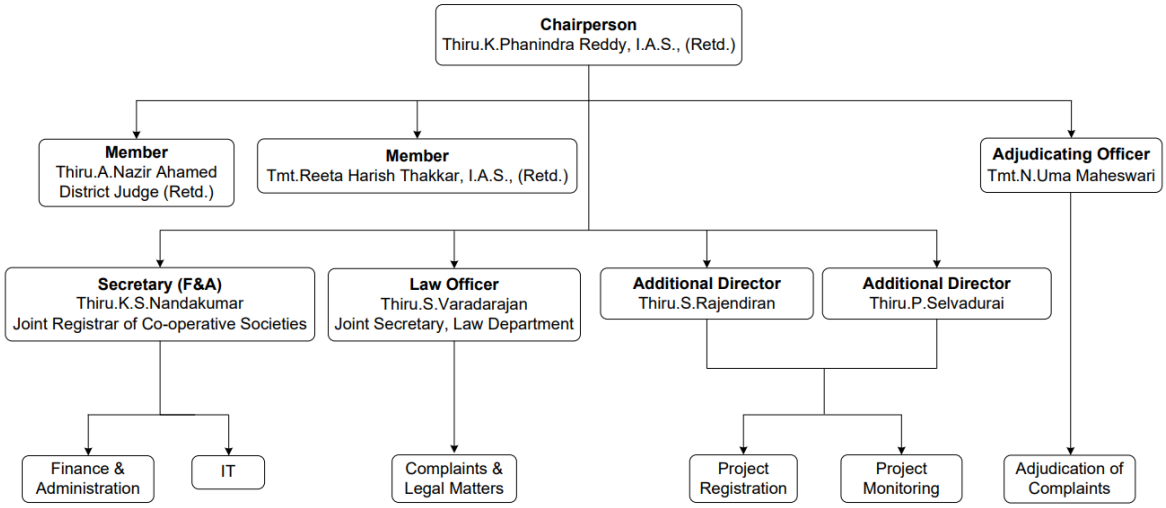
(Data Source - https://rera.tn.gov.in/ dated 10th Oct 2026)

In **Tamil Nadu**, real estate agents are required to register with the **Tamil Nadu Real Estate Regulatory Authority** before engaging in activities such as marketing, selling, booking, or facilitating the sale of any real estate project that falls within the purview of RERA. The registration process requires agents to submit relevant details including identity proof, business information, address of the place of business, and other prescribed documents. Once registered, the authority issues a **registration certificate along with a unique registration number**, which must be quoted in all real estate transactions, advertisements, and communications related to RERA registered projects.

Tamil Nadu RERA initiatives and Torchbearers

The Tamil Nadu Real Estate Regulatory Authority has undertaken several initiatives to strengthen the implementation of the Real Estate (Regulation and Development) Act, 2016 and to enhance transparency, efficiency, and consumer protection in the real estate sector of Tamil Nadu. These initiatives aim to improve regulatory compliance, streamline processes, and promote a transparent and accountable real estate market.

Organisation Structure



(Source – TN RERA Website – Dated 10th Oct 2026)

1) The RERA Authority is consisting of -
   a) Chairperson – Heads the authority and ensures its smooth functioning.
   b) Two or More Members – Assist in decision-making and enforcement of the Act.
2) Regulatory & Administrative Officers – Handle project registrations, dispute resolution, compliance monitoring, and policy recommendations.
3) Real Estate Appellate Tribunal (REAT)
   a) Headed by a Chairperson and
   b) Judicial & Technical Members.
4) Adjudicating Officer
   a) Appointed to handle cases related to compensation and penalties.
   b) Has powers similar to a civil court to resolve disputes.

Key RERA Initiatives of Tamil Nadu

1) **Online regulatory portal** - One of the key initiatives introduced by TNRERA is the development of a comprehensive online regulatory portal that enables stakeholders to access detailed information about registered real estate projects. Through this platform, prospective homebuyers can review project registrations, approvals, land titles, layout plans, construction progress, and timelines for completion. The digital availability of such information has significantly improved transparency in the sector and empowered buyers to make informed investment decisions.
2) **Financial discipline in project management** - TNRERA has also taken steps to strengthen financial discipline in project management. Developers are required to maintain dedicated bank accounts for project funds to ensure that the amounts collected from allottees are utilized

strictly for construction and land costs associated with the specific project. By enforcing strict monitoring of project finances, the authority aims to prevent diversion of funds and reduce the risk of project delays.

3) **Regulate project extensions and monitor delays** - the authority has introduced measures to regulate project extensions and monitor delays. Promoters seeking an extension of project completion timelines are required to comply with stricter regulatory conditions, including providing valid justification and ensuring adequate financial arrangements for project completion. These provisions aim to safeguard the interests of homebuyers and ensure timely delivery of real estate projects.
4) **Consumer awareness and stakeholder engagement** - TNRERA has also actively promoted consumer awareness and stakeholder engagement through seminars, workshops, and outreach programs. These initiatives educate developers, real estate agents, and homebuyers about the regulatory framework, compliance requirements, and rights available under the Act. Such awareness initiatives play an important role in fostering a culture of compliance and responsible development within the sector.
5) **Proactive Regulatory Communication and Promotion of Real Estate Registrations -** Tamil Nadu RERA has been issuing notifications, circulars and clarifications from time to time to address practical difficulties faced by promoters, simplify compliance requirements, clarify regulatory expectations and promote the registration of eligible real estate projects and agents. Such proactive communication helps improve awareness, reduce ambiguity in the registration process and encourage greater compliance with the RERA framework.

   The Authority's role should extend beyond enforcement to facilitating compliance through timely guidance, stakeholder awareness programmes, transparent procedures and responsive grievance redressal. The objective is to build a real estate ecosystem in which registration is understood not merely as a statutory obligation, but as a foundation for transparency, accountability and consumer confidence.

Tamil Nadu Real Estate Regulatory Authority (General) Regulations, 2018

Tamil Nadu government gazette [Part III-Sec. 2 Notifications by heads of departments, etc.

Tamil Nadu Real Estate Regulatory Authority (General) Regulations, 2018, (Letter No. TNRERA/827/2017.) No. SRO C-13/2018. In exercise of the powers conferred on it under sub-section (1) and clause (i) of sub-section (2) of Section 85 of the Real Estate (Regulation and Development) Act, 2016 (Central Act, 16 of 2016) and of all other powers enabling it in that behalf, the Tamil Nadu Real Estate Regulatory Authority hereby makes the Regulations.

These Regulations are **divided into 20 Chapters and 36** Regulations – The Regulations notified by the Tamil Nadu Real Estate Regulatory Authority (TNRERA) are important for understanding the practical and procedural requirements of the Real Estate (Regulation and Development) Act, 2016. Promoters, real estate agents and professionals including Chartered Accountants, Architects, Engineers and Legal Advisors should read and understand these Regulations to obtain clarity on their respective responsibilities and to ensure effective and efficient compliance with RERA.

A clear understanding of the Regulations, read along with the Act, the Tamil Nadu RERA Rules and subsequent notifications, circulars and directions issued by the Authority, helps minimise procedural errors, improve compliance and promote transparency and accountability in the real estate sector. Accordingly, the following is a list of Regulations notified by TNRERA for reference and study.

Regulation No	Regulation Details
1	Short title, extent, and commencement.
2	Definitions
3	Area of Jurisdiction
4	Submission of application and fee for Registration
5	Registration Charges
6	Publication of Advertisements
7	Formats of Certificates of Architect, Engineer and Chartered Accountant
8	Additional disclosures by promoters on the website after registration
9	Procedure for dealing with complaints
10	Complaints before the Adjudicating Officer
11	Procedures before the Authority and Adjudicator
12	Presentation, Scrutiny and Numbering
13	Endorsement and Scrutiny
14	Registration and Numbering
15	Notice and service
16	Service of Process
17	Examination of witness and Issues of Commissions
18	Authority's Office, Officer Hours and Sittings and Language
19	Language of the Authority
20	Seal of the Authority
21	Meetings of the Authority
22	Orders of the Authority
23	Collection of Information
24	Confidentiality:

Regulation No	Regulation Details
25	Maintenance of Registers
26	Records of the Authority
27	Inspection of Record
28	Discovery, Production and Return of Documents
29	Certified Copies of Order
30	General Power to Amend / Rectify
31	Power to Remove Difficulties
32	Saving of Inherent Power of the Authority
33	Continuance of Proceedings after Death, etc.,
34	Extension or Abridgement of time prescribed
35	Costs
36	Administrative Charges and Standard Fees

The following Forms have been prescribed under the Tamil Nadu RERA Regulations. Promoters and professionals must familiarise themselves with the purpose, requirements and applicability of each Form. Professionals entrusted with the responsibility of preparing, verifying or certifying these Forms must exercise due professional care, apply sound judgement and ensure that every certification is supported by appropriate verification and reliable records. These Forms must be practised and certified with the utmost diligence, integrity and professional responsibility to ensure accurate disclosures and effective compliance with RERA – **Form No 1 to Form No 10**

Form	TN Rera Regulation	Description	Details
1	Regulation 7	Architect 's certificate	To be submitted at the time of registration of project and for withdrawal of money from separate account (on letter head of the professionals)
2	Regulation 7	Engineer' s certificate	
3	Regulation 7	Chartered accountant's certificate	
4		Architect 's certificate	Certificate of completion of construction
5		Certificate by architect / licensed surveyor	Certificate for the purpose of completion of layout/ sub-division project
6	Section 4(2)(l)(d)	Format for furnishing a certificate from the bank in their letter pad	Competent authority with official seal for maintaining an account exclusively for the project concerned
7	Section 4(2)(l)(d)	Annual report on statement of accounts	On the letter head of chartered accountant
8	Regulation 9	Authorisation form	Memo of authorisation
9	Regulation - 15(a)	Notice of hearing	To present either in person or through your authorized representative
10	Regulation 27 & 29	Application for inspection /obtaining copies of documents /records	

Proceedings / Circulars

The Tamil Nadu Real Estate Regulatory Authority (TNRERA) issues circulars, notifications, directions and clarifications from time to time to regulate the real estate sector, address practical difficulties, clarify statutory requirements and guide stakeholders in fulfilling their respective obligations under RERA.

a) These communications are an important source of guidance for promoters, real estate agents, allottees and professionals, including Chartered Accountants, Architects, Engineers and Legal Advisors. They may prescribe procedures, clarify documentation requirements, specify compliance timelines or communicate the Authority's expectations regarding registration, project disclosures, financial reporting, certifications and other regulatory matters –

(copies of these circulars are appended in this document)

Sl.No	Date	Document	Subject
1	29.11.2018	G.O.(Ms).No.166, Housing and Urban Development Department	TNRERA registration to be insisted by planning authorities before Completion Certificate
2	03.06.2019	Circular No. TNRERA/2315/2019	Registration charges on additional FSI area only
3	12.10.2023	Office Circular No. TNRERA/A4/9869/2023	Applications for registration of buildings: 500 sq.m. / 8 apartments threshold
4	25.06.2024	Circular No. TNRERA/A4/2641/2024	Layouts: uploading of site photographs
5	11.07.2024	Circular No. TNRERA/2784/2024	Revision of registration fees w.e.f. 15.07.2024, with bank details
6	07.05.2025	Circular No. TNRERA/A3/1675/2025	Installation of display board
7	07.05.2025	Circular No. TNRERA/A3/1676/2025	Re-submission of applications and 10% fee forfeiture
8	07.05.2025 / 15.05.2025	Circular No. TNRERA/A3/1677/2025	Security deposit for ongoing layouts (effective 01.06.2025)
9	07.05.2025	Circular No. TNRERA/A3/1678/2025	Compound wall and gates in layouts
10	25.07.2025	Proc. No. TNRERA/A2/2761/2025	Extension of validity: additional 20% in separate account
11	04.08.2025	Circular No. TNRERA/A2/2761/2025-2	Extension of project validity and extension fee
12	10.09.2025	Circular No. TNRERA/3867/2024 (Revised)	Penalty for plots/flats sold before registration
13	12.12.2025	Proc. No. TNRERA/A3/3816/2025	Three RERA designated bank accounts, with Form-A

Sl.No	Date	Document	Subject
14	16.06.2026 / 03.07.2026	Proc. No. TNRERA/A3/1840/2026-1	Directions on advertisement and promotion, with clarification
15	16.06.2026	Proc. No. TNRERA/A3/1840/2026-2	Intimation about completion of projects, with Forms I, II, 4A, 4B, 5
16	24.06.2026 / 03.07.2026 / 04.08.2026	Circular No. TNRERA/A3/1483/2026	Major and minor advertisement violations and penalties
17	10.08.2026	Circular No.TNRERA/A2/2552/2026	TNRERA auto-extends project registrations and completion dates by four months (Force Majeure, West Asia "war"), with no application or fee.
18	17.09.2026	Circular No.TNRERA/A3/3139/2026	TNRERA instantly returns applications with missing Form-5, Form-B, photos, or blank documents.

PART B

Practical Aspects of RERA- An Experiential and Practical Guide

The articles presented in this section, Practical Aspects of RERA, have been developed by the authors drawing upon their extensive professional experience, practical observations, interactions with various stakeholders and exposure to the implementation of the Real Estate (Regulation and Development) Act, 2016, across different States of India.

Although RERA has established a common legislative framework for regulating the real estate sector, its implementation involves several practical challenges. The Act, Rules and Regulations introduce concepts, procedures and compliance requirements that may be new to promoters, allottees, real estate agents and professionals. Further, the manner in which these provisions are interpreted and implemented may vary across States, depending on the respective State Rules, Authority Regulations, circulars, notifications, directions and established practices.

Recognising this, the authors have endeavoured to go beyond a mere reproduction of statutory provisions. Each article seeks to explain the practical implications of the relevant provisions, the rationale behind their introduction, the issues that may arise during implementation and the approaches that stakeholders may consider while addressing them. The intention is to help readers understand not only what the law provides, but also why the provision exists, how it operates in practice and what considerations may be relevant when implementing it.

The discussions draw upon the authors' professional experience and observations of practices followed by RERA Authorities in different States. Wherever relevant, references have been made to the provisions of the Act, applicable Rules and Regulations, circulars, notifications, orders and other official communications. These references are intended to provide readers with a statutory and regulatory foundation for understanding the subject and to facilitate further examination of the applicable requirements.

The articles are intended to serve as a practical learning resource for promoters, real estate professionals, chartered accountants, legal practitioners, engineers, architects, real estate agents, allottees and other stakeholders associated with the sector. By presenting complex regulatory matters in an accessible and practice-oriented manner, the authors hope to assist readers in identifying compliance requirements, anticipating implementation challenges and making informed professional decisions.

The recommendations, interpretations, illustrations and practical approaches discussed in these articles are intended for educational and general guidance purposes. They reflect the authors' professional experience and understanding of the subject and should not be construed as universally applicable solutions or as a substitute for the requirements of the law applicable to a particular project or transaction.

RERA implementation is State-specific in several respects. The applicable provisions, Rules, Regulations, circulars, notifications, directions and orders may differ from one State to another and may also be amended, clarified or superseded from time to time. A practice that is appropriate in one State or under a particular set of circumstances may not necessarily be suitable in another.

Accordingly, readers are advised to verify the latest applicable statutory and regulatory requirements and examine the facts and circumstances of their specific case before implementing any recommendation discussed in this material. Where necessary, they should seek appropriate professional advice from qualified legal, accounting, technical or other relevant professionals.

The objective of this section is to share experience, encourage informed interpretation and promote better compliance, not to replace independent professional judgement or advice. The authors trust that these articles will serve as a useful reference for readers seeking to understand the practical dimensions of RERA and contribute to a more transparent, accountable and professionally managed real estate sector.

Changes in real estate practices post RERA implementation

Sl No	Post RERA Practices	Reference
1	Prior Registration of Real estate projects are mandatory	Section 3
2	Authority either grants or rejects the application filed for registration within 30 days of submission (Deemed registration is inbuilt in the Act)	Section 5
3	Details of registration granted by RERA and complete project details available on RERA portal/website of the Authority	Section 11 & TN RERA Rule 17
4	Details of the Project including Number/ types of apartments or plots available, booked, approvals granted, NOC's, the status of the project etc are published by the Authority on RERA Portal/website of the Authority	
5	Sanctioned plan, layout plan, stage-wise schedule of completion of the project including the provisions for civic infrastructures like water, sanitation and electricity available on RERA portal//website of the Authority.	
6	RERA Registration Number shall be displayed at real estate Project Site	Circular No. TNRERA /A3/1675/2025
7	All advertising or marketing collaterals shall carry Rera Registration Number (Prominently Displayed)- Print, hoarding, social media, SMS, Television etc	Section 11
8	The Promoter is Responsible for obtaining leasehold certificate, commencement and completion/ occupancy certificate / completion certificates for all projects	Section 11
9	Landowner is also a promoter under RERA – Equal responsibilities akin to builder and developers	Section 2(zk)
10	Project End date is mandatory for every real estate project, same shall be declared at the time of registration application, the promoter shall complete the project development with in the end date / such extended date as approved by the authority.	Section 4(2)(l)(C) Form B
11	Proper clauses in Joint Development Agreement in relation to roles, responsibilities, mandatory deposit of landowner share of realization of money from the allottees into the project separate bank account, restrictions on withdrawal and utilisation for the development of project and all other compliances under RERA shall be deliberated and mentioned.	Circular on Bank Account
12	The Promoter shall provide Estimated Cost of the Project while application for registration. Means the promoters of the project shall prepare the comprehensive plan considering the various aspects / situation / risks in the life cycle of development of project.	Section 2(v) and Section 4 TN RERA Rule 5
13	Mandatory opening of a Separate Bank Account for Each project and financial management under the Act is mandatory since inception to completion - collection, deposit and withdrawal	Section 4(2)(l)(D) Proc No- TN RERA/A3/3816/2025 Dated 12.12.2025
14	Prior approval of RERA Authority is mandatory for any Change to RERA Separate Bank Account	
15	70 % amount realised from the allottees shall be deposited into RERA Separate Bank Account	
16	Amount from the RERA Separate bank shall be withdrawn based on % of completion of development work	
17	Withdrawal of money from RERA Separate Bank Account shall be supported by Architect, Engineer and CA certificates certifying the % of completion of development work	

Sl No	Post RERA Practices	Reference
18	RERA Annual Audit Due date is 30th Sep of every year (6 months from the end of financial year) – Applicable to all projects since inception to completion. RERA Audit report shall be uploaded on the portal of the Authority	Proviso 3 to Section 4(2)(l)(D)
19	Quarterly Updates due date - 15 days from the end of the quarter (K RERA)	Section 11 and TN RERA Rule
20	Any modification in the sanctioned plan shall require 2/3rd Consent of the Allottees - Modification of plan to be reported to the RERA Authorities	Section 14
21	Change of promoter / transfer of rights requires Section 15 compliance	Section 15
22	Revocation of RERA Registration of Project by the authority – Suo-moto or based on complaint received	Section 7
23	Display of defaulter list on the website of the Authority and inform to all other states about such defaulter	Section 8
24	The promoter shall enable the Formation of Allottees Association once major bookings are done in the project	Section 11
25	Responsible for compensation for loss or damage caused due to incorrect/ false statement made in prospectus or notice of advertisement or in relation to the model apartment, plot or building.	Section 12
26	Communication to Allottees from time to time about progress of development works in the project	Agreement of Sale
27	Mention of schedule of development of the projects part of Agreement for Sale	Section 11 and Agreement of Sale
28	Mention the Carpet Area in all documents (marketing, offer documents, agreement, sale deed etc)	Section 2(k) Agreement of Sale
29	Car Park cannot be sold (only exclusive use of private residence of the project)	Agreement of Sale
30	No Escalation in price once the agreement is entered with the allottees except in case of increase in statutory levies	Agreement of Sale
31	Defect Liability is for 5 years - consider the cost of attending / rectifying such defects as part of the cost of the project.	Section 14(3)
32	Compensation for title defect – Lifetime, no limitations	Section 18(2)
33	Appointment of RERA Registered Agent to promote / market the RERA Registered project.	Section 11
34	Filing of completion application on receipt of Completion certificate and completion of developments works and all obligations as per Agreement for sale	TN RERA Rule 5 Proc. No. TNRERA/A3/1840/2026-2 dt 16-6-2026
35	Title Legal report shall be issued by an advocate having ten years' experience in handling real estate. Title Legal report is mandatory and same shall be published in the RERA Authority website for each project	
36	Promoter Shall not collect more than 10 % of cost of the unit without entering into Agreement of Sale with the allottees	Section 13 TN RERA Rule 9 Agreement for Sale
37	Agreement for Sale shall be registered as per local laws	Section 13
38	Follow Agreement of sale (mandatory) format as notified by RERA	Section 13 TN RERA Rule 9
39	Cash collection is not permitted as per Agreement for Sale	Agreement for Sale

Sl No	Post RERA Practices	Reference
40	After executing an agreement for sale, not to mortgage or create a charge on the apartment, plot or building	Agreement for Sale
41	Cancellation of allotment only in terms of the agreement for sale	Section 18 Agreement for Sale
42	Execute a registered conveyance deed of the apartment, plot or building within 3 months from the date of issue of Occupancy Certificate	Section 17
43	Providing and maintaining essential services until handover the maintenance to the Association of allottees at a reasonable cost	Section 11(4)(d)
44	Handing over of the common areas, project land to the Association of Allottees	Section 17
45	Penalties for noncompliance are based on % of Estimate Cost of the Project	Section 59 to Section 68
47	Construction insurance and Title Insurance is mandatory for the Project	Section 16
48	Same Rate of interest as compensation (maximum of SBI MCLR + 2%) in case of delay by promoter for completion or delay of payment of instalment by allottees.	Section 18 and TN RERA Rule 18
49	Speedy dispute redressal mechanism and timely disposal of complaints under the Act.	
50	Promoter can forfeit only booking amount in case of cancellation by the Allottee.	Agreement of Sale
51	All Bankers / Housing Loan company's can lend only to RERA registered projects.	
52	Lenders insist on RERA registration for project financing	
53	RERA Registration is part of Terms and Condition in Provisional Building Sanction order issued by the planning authorities (TNRERA registration to be insisted by planning authorities before Completion Certificate)	G.O.(Ms).No.166, Housing and Urban Development Department dt 29-11-2018
54	No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Authority or the adjudicating officer or the Appellate Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.	Section 79
55	RERA Act has inbuilt provision with respect to Appellate Tribunal.	
56	RERA Authority or RERA Adjudicating officer orders are appealable before RERA Appellate Tribunal	
57	RERA Act has defined various terminology to bring the clarity, few important definitions are - Apartment, Carpet Area, Commencement Certificate, Occupancy Certificate, Completion Certificate, Promoter, Real Estate Project	Section 2
58	All other statutes refer the definitions as RERA Act e.g., GST, Income Tax, PMLA etc	Section 2
59	Penalties for noncompliance of the provisions of RERA is calculated based on estimated cost of the real estate project. Which may extend upto 10 % of the estimated cost of the real estate project.	Section 59 to Section 68
60	Chartered accountants or company secretaries or cost accountants or legal practitioners are having right to legal representation before Authority, Adjudicating officer or the Appellate Tribunal	Section 56

Sl No	Post RERA Practices	Reference
61	RERA Authority are the regulatory authority for the Real Estate Industry (like SEBI, RBI, IRDA, TRAI etc) – appointed by the State Government's	Section 1
62	Central Advisory Council is established as per Section 41 of the RERA Act 2016	Section 41
63	Model Form of Allotment Letter of the apartment / plot are notified by the RERA	
64	RERA Act 2016 mandates the deposit of minimum of 30 % of the penalty for appealing the order the RERA Authority before Appellate Tribunal (1st Appeal)	Section 43(5)
65	RERA Act 2016 mandates the promoter to deposit of 100 % of the amount to be paid to the allottee including interest and compensation imposed on the promoter by RERA Authority or Adjudicating officer by way of direction or decision or order to prefer the appeal before Appellate Tribunal (1st Appeal)	Section 43(5)
66	2nd Appeal is before the High Court	Section 58
67	Penalties are applicable to Real Estate Agents also non-complying the orders of the Authority or Appellate Tribunal	Section 65 & 66
68	Penalties may be levied on Allottees also for non-complying the orders of the Authority or Appellate Tribunal	Section 67 & 68
69	Application of other laws not barred - The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force	Section 88
70	RERA Act to have overriding effect - The provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force.	Section 89
71	Sale of apartment or mention of the sale price is based on Carpet Area (vis a vis practice of saleable area, super built-up area etc)	Section 2 Section 17 Agreement of Sale
72	Allottees in the project is having duties perform viz., timely payment of instalments, participation in formation of association, sale deed registration, taking the possession of the apartment or plot.	Section 19
73	Conveyance deed or sale deed of apartment or common areas is only after obtaining the occupancy certificate (with-in 3 months from the date of receipt of occupancy certificate)	Section 17
74	The promoter shall handover the necessary documents and plans, including common areas, to the association of the allottees or the competent authority, as the case may be, within thirty days after obtaining the [completion] certificate	Section 17
75	Closure of RERA Separate Bank Account only after obtaining the closure letter from RERA Authority	Proc. No. TN RERA/A3/3816/2025 dt 12-12-2025

Promoter under RERA Act 2016 – Widened Scope

The real estate sector plays an important role in fulfilling the need and demand for housing and infrastructure in the country. While this sector has grown significantly in recent decades, it has been largely unregulated, with absence of professionalism, accountability, standardisation and lack of adequate, speedy consumer protection. Though the Consumer Protection Act, 1986 is available as a forum to the buyers in the real estate market, the recourse is only curative and is not adequate to address all the concerns of buyers and promoters in that sector. The lack of standardisation has been a constraint to the healthy and orderly growth of industry. Therefore, the need for regulating the sector has been emphasised in various forums.

In common parlance the person carryon the business of real estate be called as builder, developer etc. In this article, we would like to discuss and deliberate how RERA Act has brought in / defined/ included the various stakeholders as promoters and their responsibility under RERA Act 2016.

Section 2(zk) "promoter" means,

(i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or

(ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or

(iii) any development authority or any other public body in respect of allottees of—

(a) buildings or apartments, as the case may be, constructed by such authority or body on lands owned by them or placed at their disposal by the Government; or

(b) plots owned by such authority or body or placed at their disposal by the Government, for the purpose of selling all or some of the apartments or plots; or

(iv) an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or

(v) any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or

(vi) such other person who constructs any building or apartment for sale to the general public.

Explanation - For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations made thereunder;

Definition of promoter is wide and covers all types of Promoters viz., developer, builders, GPA Holder, coloniser, contractor, Land owner in the Real Estate Project. Hence, any person who develops and sells is included within the definition of a Promoter.

Objective of the Act is to include any such person who has a right or gets right in the real estate project to enter into a contract of sale with allottees and collect money thereon is responsible for delivery and meet the obligations.

The common question encountered are:

1. Is a Landowner a promoter?
   Ans - Yes, the words *"causes to be constructed"* in the definition of a Promoter brings the Landowner within the ambit of definition of a Promoter. Landowner is the person causing construction of the project, who may give the rights to a developer by way of granting development rights, GPA etc.,

All such persons are jointly responsible to the Allottees in the project.

2. Is a Housing Society a Promoter?
   Yes and No - One should understand the role of Housing Society to answer this question. If the Housing society collects money from its members towards a plot or apartment, then the Housing Society is a Promoter and all obligations under the Act should be complied with by such a Housing Society.

   If the Housing society facilitates the transaction through a builder or contractor by identifying, negotiating etc., on behalf of its members (without collection of money from its members towards such a plot or apartment) then, the Housing society would be acting as an Agent.

   Hence, one should understand the role of Housing Society by its functions, responsibility to its members etc., to conclude whether it is acting as a Promoter or a Agent.

3. Government bodies like Development Authorities, Housing Boards etc, whoever promote the real estate projects are also included in the definition of Promoter.

In the Application for Grant of Registration, applicant should provide details of all promoters in the real estate project and their respective shares in the project.

Maharashtra, Tamil Nadu, Goa have clarified by way of circulars and notifications to confirm and include the landowner as part of the application for grant of registration.

Tamil Nadu RERA – Circular No /K RERA / 3/2019 dated 31.10.2019

Goa - No 11/35/2017-DMA/3390(A) dated 13th Feb 2018

MahaRERA - Secy/File No 27/538/2017 dated 4th Dec 2017 - Circular No 12/2017

MahaRERA - Circular No 13/2017 dated 4th Dec 2017

Practical Cases and judicial pronouncements –

Important aspects under RERA between the landowner and developer under joint development agreement -

a) The RERA Act does not differentiate the landowner or developer. Both are having same responsibility and obligations towards the allotees in the project.

b) The agreement between landowner or developer (JDA) defines their roles and responsibility. Hence all possible clauses shall be incorporated while drafting JDA, to name few -

   1) Who is responsible for RERA Registration, Quarterly updates, Annual Audit Compliances, Advertisement Compliances.

   2) How to open the RERA Designated project Bank Account – who are the signatory to the Bank Account / operation.

3) How to collect money from allottees, mandatory depositing of 70 % into RERA designated bank account including sale proceeds of Landowner units in the project.

4) How to operate the RERA designated bank account to protect the interest of both (landowner and developer)

5) Withdrawal of money from the RERA designated bank account, distribution of money so withdrawn between landowner and developer based on the proportion completion of the project.

6) Utilisation of money withdrawn for the Project purpose only

7) Delay in delivery of the possession of the units to the allottees

8) In Case of noncompliance, if penalty levied, who will responsible and comply with it.

9) All other compliances under RERA -

c) Caselaw on landowner is a developer - Tupe Developers & Ors. v. Bhansali Infotech LLP & Ors

Housing Society and the Developer –

It is common practice that the Housing Society's are registered in order to facilitate purchase of the plots/houses to their members.
Prior to RERA Act 2016, housing societies use to collect the money from their members even before identification of land, builder etc. The money so collected would be advanced for the purpose of procurement of land or payment of advances to the builders. Can this holds good post RERA regime -

The definition of Promoter includes - an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings;

Post RERA Practice shall be –

a) Housing Society's shall collect money in accordance with Section 3 of the RERA Act 2016. i.e., only after Registration of Real Estate Project with the RERA Authorities.
b) Means, the Housing society shall invest their own money in identifying the land, obtaining necessary approvals or plans till obtaining RERA Registration, post that, permitted to collect advance from their members.
c) Money so collected shall be used for the specific project.
d) If society doesn't have sufficient money, then they may enter into agreement with the builder and facilitate the transaction to their members. In that situation, Housing Society shall register themselves as Real Estate Agent under RERA in accordance with Sec 9 and Sec 10 of the RERA Act
e) The provisions of RERA shall be applicable to all housing co-operative society's collected money from their members.

The person provides the property on Lease is also a promoter

a) The RERA Act 2016 shall be applicable to the Property developed on the Lease Land. It is common practice in few states that the builder obtain land from the government on long lease basis. In turn development of the land into building/apartment etc. Ultimately, these buildings be allotted to the customers on a long lease basis (viz., 30 years / 60 years etc).

b) The intention of the legislature while enacting the provisions of the RERA Act is to protect those persons who have invested substantial amounts in the real estate Hence, they are required to be called as 'consumers' or 'Allottees' and if they are excluded The definition of 'Allottee' and thereby from the protection given under the Act, by giving restrictive meaning to the term 'Allottee', it would be a case of unjust enrichment on part of the appellant and the very object of the Act would stand frustrated. The remedy provided to the 'Allottees' under section 18 of the Act can be available against the 'Lessor' because the definition of 'Promoter' under section 2(zk) of the Act will also include the 'Lessor'

c) Well known case Law pertaining to Lease Land and RERA- Lavasa Corporation unlimited

d) Further section 11(4)(C) of the Act includes the promoter shall be responsible to obtain the lease certificate, where the real estate project is developed on a leasehold land, specifying the period of lease, and certifying that all dues and charges in regard to the leasehold land has been paid, and to make the lease certificate available to the association of allottees;

e) With this conversation, one can reasonably conclude that the Lease property's where in substantial cost of land and building is collected would cover under the provisions of the RERA Act 2016

Is the assignee in a real estate project is a promoter?

a) Let us understand the statement with an Example –

b) M/s. Crazy developers private limited obtained apartment project sanctioned plan from planning authority. To meet the development cost for the real estate project M/s. Crazy developers has assigned 50 apartments (being 40% of units in the project) to Mr.Zenith for a consideration, collected full consideration and executed the Assignment agreement.

c) Mr.Zenith, being the assignee of the 50 apartments in the project started marketing and promised amenities and facilities to the customers as promised by M/s. Crazy developers private limited. However, M/s. Crazy developers private limited could not provided the promised amenities and facilities in the project.

d) The buyers/allottees whoever purchased from Mr.Zenith seeking compensation for non-delivery of amenities and facilities in the project by the builder.

e) Legal Provisions under RERA Act 2016 –

f) Section 2(*zk*) "promoter" means, a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his **assignees**;

g) Case Law pertaining to assignee is a promoter - Samruddhi Developers v. Kiran Vasanf Verekar & Ors,

h) It was inter alia held by the Bombay High Court that Section 15(2) of the Act read with definition of "promoter" under Section 2(zk) of the Act clearly mentions that promoter includes his assignees and is required to independently comply with all the pending obligations of the original promoter under the provisions of the Act and the rules and regulations made there under as well as comply with the pending obligations under the agreement for sale entered into between the respondent developer with the allottees on transfer or assignment of a project

i) Hence, assignee in the project shall be aware of the provisions of RERA Act 2016 and his obligations towards the allottees in the project.

LENDERS (Bankers or Financial Institutions) AS PROMOTERS UNDER RERA –

a. The Haryana Real Estate Regulation Authority ("HRERA") in the matter of *Deepak Chowdhary Vs PNB Housing Finance Ltd. & Ors.* ("Supertech Hues case/ Order") (*Order dated 11.9.2020 in Complaint case no. 2145 (earlier 2031) of 2020.*
b. This Order will have implications on banks and other financial institutions, which provide loan or credit facilities to real estate projects, the conflict between the rights of such banks and financial institutions vis-à-vis the rights of allottees of such projects.

c. Though the HRERA has mentioned in the Order that "*it is not against the right of the lender to auction / sell the Project*", it has concurrently attempted to balance between the lenders' right to pursue actions under the SARFAESI and the interests of allottees, and has stated the fact that the interests of allottees cannot be subservient to the interests of the lenders. While proceeding to treat the lenders as promoters under RERA (even though for a limited purpose), the HRERA has also affixed the liability on the lenders to ensure proper utilization of the loan funds.

d. *Also relied on the Hon'ble Supreme Court's judgment in the matter of* Bikram Chatterjee v. Union of India *("Amrapali")[3], to hold that "*in the event of diversion of funds, banks cannot be allowed to sell the flats/apartment and deprive the allottees, and that the rights of the allottees are not subservient to the rights of the banks, and therefore, in case of failure of the banks to ensure that the funds were applied for the purpose they were granted, banks cannot be allowed to supersede the rights of the allottees".

e. In summary – the lender or financial institutions become the promoter in case of take over the real estate project on default of non-payment of borrowings of the builder/promoter and would be obligated to secure the interests of home buyers/ allottees

f. In the event a developer defaulted in repayment loans to a banker / financial institution and if the institution proposes to auction the mortgaged real estate project / property, then the banks / institution shall seek prior written approval from RERA Authorities to protect the interest of the allottees.

a) Development Manager of the Real Estate Project is a promoter –

b) Under the Development management model, large realty firms step in as development managers for smaller developers and landowners, in return for a share of the revenue, share of profit or a management fee.

c) Maharashtra regulatory authority has specifically asked all partners involved in a project to be called co-promoters if revenues are shared between them. This move is likely to force developers to relook at the model because of the added regulatory risks, according to builders and consultants

d) The recent judgment of the Maharashtra Real Estate Regulatory Authority, ("**MahaRERA**") on March 5, 2021 in *Gauri Thatte & ors. vs. Nirmal Developers & ors.* ("**Order**"). By interpreting the definition of 'promoter' under Section 2(zk) of the Real Estate (Regulation and Development) Act, 2016 ("**RERA**"), MahaRERA included a development manager appointed under a DMA within the definition of 'promoter' for the purpose of refund of principal amounts along with interest to the allottees ("**Complainants**") for the delay in construction and possession of their flats. MahaRERA also directed the development manager to be added as a 'promoter' on the webpage of the project.

e) The Complainants had booked apartments in 'Mumbai Dreams — Olympia C & D' ("**Project**") in Mulund West, Mumbai, being developed by Nirmal Developers. The developer had appointed Lucrative Properties Private Limited ("**Development Manager**"), a subsidiary company of Shapoorji Pallonji Private Limited ("**SPPL**"), as the development manager for the Project. There was delay in giving possession of the flats and completion of the Project. Accordingly, the Complainants moved MahaRERA claiming refund of their amounts along with interest under RERA stating date of possession of the Project were false. The Complainants prayed that Nirmal Developers and Dharmesh Jain ("**Promoters**") and SPPL be held liable for refund of the amounts, on the ground that SPPL was a promoter as per Section 2(zk) of the RERA

f) Inclusion of Development manager as a promoter may cause builders to re-examine their scope as a development management agreement and include the necessary applicable clauses in the agreement between the promoter and development manager

PROMOTER's FUNCTIONS AND DUTIES under RERA Act 2016

Real Estate (Regulation and Development) Act, 2016, which is a central legislation in India that seeks to regulate the real estate sector and promote transparency and accountability in the sector.

a) In the context of RERA, a promoter refers to any person, who develops or constructs real estate projects for the purpose of sale to the public. The promoter is responsible for obtaining all necessary approvals and permissions for the project, and for ensuring that the project is completed in accordance with the approved plans and specifications issued by the planning authority.
b) Under RERA, the promoter is required to register the real estate project with the RERA authority before advertising, marketing, or selling any apartments or plots in the project. The promoter is also required to provide certain information, affidavits and documents related to the project, such as the project details, approvals, layout plans, and timelines for completion, at the time of registration.
c) In addition, the promoter is required to maintain a separate bank account for each project, and to deposit 70% of the funds realised from buyers into this bank account. This is to ensure that the funds are used only for the development of the project, and to prevent diversion of funds.
d) RERA also provides for penalties and other consequences in case of non-compliance with its provisions, including imprisonment and fines.

Section 11 of the RERA Act specifically provides for the Functions and duties of the promoters. These duties are mandatory in nature.

Section	Provision	Provision	Author inputs
11(1)	On receipt of registration certificate, promoter shall update/enter the details on the website for the public viewing	(a) RERA registration number **(b) <u>quarterly up-to-date</u>** I. the list of number and types of apartments or plots, as the case may be, booked; II. the list of number of garages booked; III. the list of approvals taken and the approvals which are pending subsequent to commencement certificate; IV. status of the project; and (c) such other information and documents as may be specified by the regulations made by the Authority	It is important for the promoters to submit the details quarter on quarter basis within the due date as provided in the Rules. Non submission of Quarterly updates / Quarterly returns attracts penalty U/s. 60 of the RERA Act. The penalty may extend to 5 % of the cost of Real Estate Project
11(2)	Advertisement or prospectus issued or published by the promoter	(a) Shall mention **<u>prominently</u>** the website address of the Authority,	It is important for the promoter to mention these details without fail.

Section	Provision	Provision	Author inputs
		(b) RERA registration number obtained from the Authority	The TN RERA has issued various guidelines with respect to advertisement and size of the fonts to be used etc. a) [Circular No. TNRERA /A3/1675/2025] b) [Proc. No. TNRERA /A3/1840/2026-1] c) [Circular No. TNRERA /A3/1483/2026] Registration numbers shall be Prominently visible on the advertisement
11(3)	The promoter at the time of the booking and issue of allotment letter shall be responsible to make available to the allottees	(a) sanctioned plans, layout plans, (b) specifications, approved by the competent authority, (c) the stage wise time schedule of completion of the project, (d) provisions for civic infrastructure like water, sanitation and electricity.	The promoter shall provide the details to the allottees while issuance of allotment letter. It is recommended to obtain and keep a copy of the letter or make a paragraph in the allotment letter that the details and documents related to the project are provided to the allottees and obtain the acknowledgement from the allottees.
11(4)	(a) The promoter shall be responsibilities for all obligations till the conveyance of all the apartments or plots and common areas to the association -	(a) As per the Act, Rules and notifications issued by the Authority (b) As per the terms of agreement for sale entered with the allottees (c) To the association of the allottees Note – the structural defect or any other defect shall be as per sec 14(3) of the Act, Viz., 5 years from the date of possession.	
	(b) responsible to obtain	(a) the completion certificate or (b) the occupancy certificate, or both, as applicable (c) make it available to Allottees and to the association	RERA Act made it mandatory for the promoter to obtain the completion certificate from the planning authority stating the project is completed in accordance with the plan sanctioned. Further, the TN RERA made it mandatory to submit and upload these certificates online on the portal of the authority

Section	Provision	Provision	Author inputs
			[Intimation about completion of projects, with Forms I, II, 4A, 4B, 5] [Proc. No. TNRERA /A3/1840/2026-2]
	(c) responsible to obtain	The lease certificate, where the real estate project is developed on a leasehold land	Specifying the period of lease, and certifying that all dues and charges in regard to the leasehold land has been paid, and to make the lease certificate available to the association of allottees
	(d) responsible for providing	maintaining the essential services, on **reasonable charges,** till the taking over of the maintenance of the project by the association of the allottees;	Essential services include water, electricity, sanitation, safety and security to the assets. It is important to note that the provision mentioned the charges as reasonable towards the maintenance. Reasonability is always subjective.
	(e) responsible for	**enable the formation** of an association or society or co-operative society, as the case may be, of the allottees, or a federation of the same, under the laws applicable. (in case of absence of local laws, the association shall be formed with in 3 months of majority allotments in the project)	Association is for the purpose of maintenance of common areas or common assets in the Real Estate Project. Act mandates the promoter to enable the formation of the association. Viz., it is the duty of the allottees to come forward, volunteer to form the association
	(f) responsible for	**(a)** execute a registered conveyance deed of the apartment, plot or building in favour of the allottee along with the undivided proportionate title in the common areas to the association of allottees or competent authority, as the case may be, as provided under section 17 of this Act	It is important to note and understand the method of conveyance of the common areas to the association of the allottees. State shall notify the method of conveyance to comply with the provisions of Section 17 of the RERA Act
	(g) pay all outgoings until he transfers the physical	(a) Land Cost (b) Ground Rent (c) Municipal Taxes	This provision makes it clear that the promoter continues to incur the expenses or liabilities

Section	Provision	Provision	Author inputs
	possession of the real estate project to the allottee or the associations of allottees	(d) Water (e) Electricity charges (f) Maintenance charges (g) Mortgage loan, interest (h) Any other liabilities	till he transfers the physical possession of the real estate project. Hence it is recommended that the promoter shall handover the possession on completion of the project to avoid the financial burden or liability of the project.
	(h) After enter into agreement with the allottees	The promoter shall not create any mortgage on such apartment or plot or building	Once the unit [apartment] is booked, promoter shall not raise loan on such apartment or create any mortgage or charge on that apartment.
11(5)	The promoter may cancel the allotment only in terms of the agreement for sale	Provided that the allottee may approach the Authority for relief, if he is aggrieved by such cancellation and such cancellation is not in accordance with the terms of the agreement for sale, unilateral and without any sufficient cause	
11(6)	The promoter shall prepare and maintain all such other details as may be **specified, from time to time**, by **regulations** made by the Authority.		

Apart from above table, following are the other obligations or mandatory compliances under RERA Act 2016 -

Section	Provision	Provision	Author inputs
3	Prior Registration of Real Estate Project	Section 3 of the RERA Act mandates the promoter to register the real estate project before market, advertise, sale, collection of advance etc	The promoter or professionals should understand the scheme of the project before filing an application for grant of the RERA registration. TN RERA has issued various circulars related to the registration. Refer those circulars before filing application for grant of registration.
4(2)(L)(D)	Bank Account opening, depositing, withdrawal of funds	Section 4(2)(L)(D) of the Act mandates the promoter to a. Open the Rera Separate bank account in scheduled bank b. Deposit minimum 70% of the money realsied from the allottees in the project **c.** Withdrawal of money so deposited based on the % of completion of the project after obtaining the professional certificates of Engineer, Architect and a Chartered Accountant in practice	Financial management under RERA is a mandatory and non-compromise provision under RERA. The promoters and the professionals shall read and understand the Act, Rules and Bank Account directions and other notifications issued by the TN RERA with respect to bank account and financial management of the project. [Proc. No. TNRERA /A3 /3816/2025] dt 12-12-2025 Section 60 of the Act may be invoked by the RERA Authority for non-compliance, the penalty for such non-compliance may be extended upto 5 % of the estimated real estate cost
4(2)(L)(D)	Annual Audit of Accounts under RERA	3rd provision to section 4(2)(L)(D) of the RERA Act 2016 mandates the Annual Audit of Accounts of the Real Estate Project. Same shall be conducted within 6 months from the end of the financial year.	The authorities have notified the form and manner such annual audit certificates shall be obtained from the Chartered Accountants in practice. Many states have invoked the penal provisions for non-submission of Annual Audit of Accounts reports to the RERA Authorities.

Section	Provision	Provision	Author inputs
			[form 7 – TN RERA Regulations] – annual report on statement of accounts
13	Agreement of Sale	The promoter shall enter the agreement of sale as per the format notified by the RERA Authorities. The RERA Act 2016 further states that the promoter shall not collect more than 10 % of the unit cost without entering into the Agreement of sale.	RERA brought the standardisation and restriction of collection more than 10 % Further the promoters shall follow the format as notified by the state RERA Authorities. Most of the clauses in the agreements are NON-NEGOTIATE clauses. The promoter shall not modify or change or delete mandatory clauses in the agreement
14	Adherence to sanctioned plans and project specifications by the promoter	The project shall be developed and completed by the promoter in accordance with the sanctioned plans, layout plans and specifications as approved by the competent authorities. any additions and alterations in the sanctioned plans, layout plans and specifications and the nature of fixtures, fittings and amenities described therein in respect of the apartment, plot or building, as the case may be, which are agreed to be taken, without the previous consent of that person and any other alterations or additions in the sanctioned plans, layout plans and specifications of the buildings or the common areas within the project without the previous written consent of at least 2/3rd of the allottees.	For the purpose of this clause, the allottees, irrespective of the number of apartments or plots, as the case may be, booked by him or booked in the name of his family, or in the case of other persons such as companies or firms or any association of individuals, etc., by whatever name called, booked in its name or booked in the name of its associated entities or related enterprises, **shall be considered as one allottee only**
	Defect Liability Period (DLP	In case any a) structural defect or b) any other defect in i) workmanship, ii) quality or iii) provision of services or iv) any other obligations of the promoter as per the agreement for sale	it shall be the duty of the promoter to rectify such defects without further charge, **within thirty days,** and in the event of promoter's failure to rectify such defects within such time, the aggrieved allottees shall be entitled to receive appropriate

Section	Provision	Provision	Author inputs
		is brought to the notice of the promoter **within a period of five years by the allottee from the date of handing over possession**,	compensation in the manner as provided under this Act. Promoters and professionals shall consider the additional cost due to DLP as part of project cost
15	Obligations of promoter in case of **transfer of a real estate project to a third party**	The promoter **shall not transfer or** assign his majority rights and liabilities in respect of a real estate project to a third party without obtaining prior written consent from 2/3rd allottees, except the promoter, and without the prior written approval of the Authority	In case of the promoters transferring the project or rights in the project. Mandatory consent from the allottees and approval from the authority. These are prior approval. Guidelines and online application is available to comply with the provisions
16	Obligations of promoter regarding insurance of real estate project.	Promoter shall obtain 1. construction insurance policy 2. title insurance policy	Promoter shall pay the premium of the insurance and transfer the same to the allottees or association of allottees
17	Transfer of title - The promoter shall	(a) execute a registered conveyance deed in favour of the allottee along with the undivided proportionate title in the common areas to the association of the allottees or the competent authority, (b) hand over the physical possession of the plot, apartment of building, as the case may be, to the allottees and the common areas to the association of the allottees or the competent authority, (c) other title documents pertaining thereto within specified period as per sanctioned plans as provided under the local laws	The state shall pass proper statute and procedure to convey the common areas to the association of the allottees.

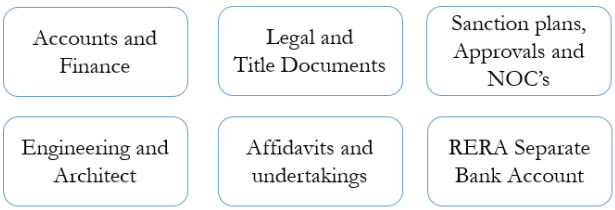
Further the penalty and prosecution related to the non-compliance of the Act with respect to functions and obligations of a promoter are in accordance with the Section 59, 61, 63 and Section 69 of the Real Estate (Regulation and Development) Act 2016 read with rule 45 of the Tamil Nadu Real Estate (Regulation and Development) Rules 2017. The quantum of penalty proposed in the Act ranges from 5 % to 10 % of the estimated cost of the real estate project.

Registration of Real Estate Project

Welcome to an exploration of one of the pivotal reforms in the real estate sector – the Real Estate (Regulation and Development) Act 2016, commonly known as RERA. In an endeavour to bring transparency, accountability, and efficiency to the real estate market, RERA was enacted to safeguard the interests of homebuyers and streamline the real estate ecosystem.

a) At its core, RERA mandates the registration of real estate projects and agents, while also establishing regulatory authorities to oversee the sector's operations. This introduction sets the stage for a deeper dive into the nuances of RERA, its implications on various stakeholders, and its transformative impact on the real estate landscape.
b) We will delve into the crucial considerations when preparing the application for the grant of RERA registration for a real estate project. The process of obtaining RERA registration is a first step for promoters (land owners & developers), as it not only ensures compliance with regulatory requirements but also fosters transparency and trust among all stake holders. From documentation to project specifications, several key aspects need meticulous attention to ensure a smooth and successful registration process. By examining these important facets in detail, promoters (land owners & developers) and stakeholders can gain a comprehensive understanding of the requirements and best practices involved in securing RERA registration for their projects.
c) The essential details that must be taken into account when preparing the application for grant of RERA registration, thereby navigating the regulatory landscape with confidence and proficiency.
d) Section 3 of the RERA Act 2016 mandates the prior registration of the Real Estate Project. i.e., the promoters shall obtain the RERA registration prior to marketing, sales, collection of advances and inviting the public to purchase units in the project.
e) Section 4 of the Real Estate (Regulation and Development) Act, 2016 read with Rule 3 and Rule 4 of the Tamil Nadu Real Estate (Regulation and Development) Rules, 2017, outlines the comprehensive list of documents, details, and information required from promoters when filing an application for the grant of RERA registration for a real estate project. These requirements are essential to ensure transparency, accountability, and compliance with regulatory standards.
f) The implementation of an online module for the registration process by the Tamil Nadu Real Estate Regulatory Authority (RERA) marks a significant step towards enhancing efficiency, transparency, and accessibility of the information for the various stakeholders in the real estate sector. Since the inception of RERA in the state, the adoption of this online platform has streamlined the registration process, making it more convenient and user-friendly for promoters and other stakeholders involved in real estate projects. The online module provided by Tamil Nadu RERA is characterized by its robustness and user-friendly interface, which simplifies the submission of details and documents required for registration. This digital platform not only expedites the registration process but also ensures accuracy and completeness of information provided by promoters.

<u>The information, documents required for Registration can be classified as follows-</u>



g) Each of these details and documents are verified by the qualified and experienced officers and forward to the Additional Directors, Members & Chairman for grant of Registration.

h) The authority has notified the information, details, documents required for the registration apart from the formats of professional certificates, Affidavits and undertakings. All the information should be complete and accurate.

1. **KYC and General Documents:**
    a. Company Incorporation Certificate, GST and PAN Card
    b. Aadhaar Card, PAN Card and Photo of Authorized signatory, Proprietor or Partners or Directors, Project Head etc
    c. Land owners - Aadhaar Card
    d. Authorisation letter or Board resolution (with seal and signature)
    e. Organization structure
    f. Project name, Project start date and Project end date.
    g. Project Specification (Mention Project name, Project address and issue on Letterhead).
    h. Chartered Accountant, Architects, Engineers – Aadhaar Card and Professional membership registration document (viz., ICAI, COA, IIE etc)
    i. Professional Certificates of Engineer (Form No 2), Architect (Form No 1) and a Chartered Accountant (Form No 3)

2. **Financial Details of the promoters (Partners, directors in case of the entity is less than 3 years old):**
    a. Income Tax Returns for last 3 years
    b. Balance Sheet, Profit & Loss Account with schedules with CA Attested and UDINo
    c. Cash flow Statement, Director report (in case of Company)
    d. Auditors report for last 3 years wherever applicable
    e. Bank details – Bank name should be- (Promoter name – RERA Separate A/C for Project Name)
        i. RERA Separate Collection Account (100%)
        ii. RERA Separate Separate Account (70%)
        iii. RERA Separate Transaction Account (30%)
3. **Project approval related documents -**
    a. Approved Development, Building Plan and letter.
    b. Building Section and Elevation plans.
    c. STP / Septic tank drawing with water and sewer line connection.
    d. Project Photos and Location (Latitude and longitude) of the project.
    e. Capet Area Statement duly attested with Architect (as per RERA)
    f. Applicable NOC's – based on the size, location and scheme of the project. (Water supply, Electricity, Fire, NHAI, Railways, CZR, NGT, AAI, PCB, Horticulture etc)

4. **Land / Title Related documents:**
    a. Encumbrance Certificate – for 15 years
    b. Sale Deed, JDA & GPA
    c. Legal search report / Legal opinion by an advocate having 10 years' experience in Real Estate Sector

5. **Engineering / drawings Documents:**
    a. Abstract of cost Estimation (Construction cost abstract) attested with engineer.
    b. Carpet area Calculation, Common area details, Land Area Calculation
    c. Source of water supply
    d. Drawings with respect to sanitation, power, water etc

6. **Affidavits Legal Drafts:**
        a. Affidavits on stamp paper duly notarised -
            a. Section 3(1) Affidavit.
            b. Form B Affidavit.
            c. Joint Development Affidavit (if appliable)

d. No Litigation.
e. No mortgage.
f. Bank Account Affidavit

b. Legal draft
    a. Proforma of Agreement of Sale
    b. Proforma of Sale deed.
    c. Proforma of allotment Letter.
    d. Booking Forms

c. RERA Separate Bank account Should be opened in a Scheduled Bank – Refer RERA Bank Account Directions 2026 (Proc. No.TN RERA /A3/3816/2025) for how to open, operate, close the RERA Separate bank account of a real estate project.

d. Professionals involved in advising the real estate promotes, should be well-versed in the importance of documents and the implications of incorrect information under the Real Estate (Regulation and Development) Act, 2016 (RERA).

7. <u>Important aspects to be considered while filing the Application –</u>

1. Start Date and End Date of the Project
2. Internal and External Development details
3. Estimated Cost of the Land and Development Costs
4. RERA Carpet Area, Common Area and Undivided interest in the Land
5. List of Litigation on the Project Land
6. Borrowings and Mortgage of Project Land
7. Specification of the project and Scheme of the project.

8. <u>Important Circulars of TN RERA related to the Registration of the project –</u>

(these are annexed in this publication along with all other Circulars)

S. No.	Date	Document	Subject
1	29.11.2018	G.O.(Ms).No.166, Housing and Urban Development Department	TNRERA registration to be insisted by planning authorities before Completion Certificate
2	03.06.2019	Circular No. TNRERA/2315/2019	Registration charges on additional FSI area only
3	12.10.2023	Office Circular No. TNRERA/A4/9869/2023	Applications for registration of buildings: 500 sq.m. / 8 apartments threshold
4	25.06.2024	Circular No. TNRERA/A4/2641/2024	Layouts: uploading of site photographs
5	11.07.2024	Circular No. TNRERA/2784/2024	Revision of registration fees w.e.f. 15.07.2024, with bank details
6	07.05.2025	Circular No. TNRERA/A3/1675/2025	Installation of display board
7	07.05.2025	Circular No. TNRERA/A3/1676/2025	Re-submission of applications and 10% fee forfeiture

S. No.	Date	Document	Subject
8	07.05.2025 / 15.05.2025	Circular No. TNRERA/A3/1677/2025	Security deposit for ongoing layouts (effective 01.06.2025)
9	07.05.2025	Circular No. TNRERA/A3/1678/2025	Compound wall and gates in layouts

FAQ'S on RERA Registration

1. Does the definition of 'promoter' include public bodies such as Development Authorities, Housing Boards, Housing Co Operative Societies?

   Ans. The Act covers all bodies [private and public] which develop real estate projects for sale to the general public or to its members. This includes bodies like Development Authorities, Housing Board, Housing Societies etc.,

2. Does the Act cover layout, residential and commercial real estate?

   The Act covers for layout, residential and commercial real estate projects which intends to sell (i.e., if it is constructed with an intention to self-use or for rentals, not covered)

3. Can Promoter sell after obtaining completion certificate without RERA registration?

   The Act mandates the projects to be registered before advertise, market, book or sell. So irrespective of the stage of development, every project mandate registration. Hence promoter required to register before selling the apartments or plots even after completion with own money or borrowed money.

4. Who should file application for RERA Registration in case of Joint Development?

   The developer holding the JDA and GPA shall submit the application for grant of RERA Registration.

5. Does advertisement include solicitation by emails and sms? Is issuance of prospectus considered to be a case of advertisement?

   Any medium adopted in soliciting for sale would be covered under the said definition, including sms and emails etc.,

6. Does the Act cover ongoing/incomplete project?

   As regards the ambit of the Act, there is no distinction between an ongoing, incomplete project and a future project, i.e. both ongoing / incomplete project and future projects are covered under and Act.

7. Does the Act cover all projects in urban and in rural areas?

   All projects within a planning area will require to be registered with the Authority and the Authority can order/direct the promoter to register projects beyond the planning area, which has the requisite permission of the local authority

8. Which projects are exempt from the ambit of the Act?

   The following are excluded:

a) where the area of land proposed to be developed does not exceed five hundred square meters or the number of apartments proposed to be developed does not exceed eight, inclusive of all phase;
b) where the promoter has received completion certificate for a real estate project prior to commencement of this Act;
c) for the purpose of renovation or repair or re-development which does not involve marketing, advertising selling or new allotment of any apartment, plot or building, as the case may be, under the real estate project.

9. At what stage can a promoter start to advertise his project for sale?

The promoter can advertise his project for sale after the project has been registered with the Real Estate Regulatory Authority.

10. Is the promoter required to maintain an 'project bank account' or a 'separate account'?

The promoter should maintain a separate account for every project undertaken by him wherein 70 % of the money received from the allottees shall be deposited to meet the cost of construction and land cost. Such account shall open at the time of RERA registration and submit along with the application for grant of RERA registration.

11. What is the punishment prescribed for non-registration of a project under the Act?

The Promoter become liable to a penalty upto 10% percent of the estimated cost of the project. In case the failure to comply with directions / orders of the Authority an additional fine of 10% percent of the estimated cost of the project or imprisonment upto 3 years or both.

Financial Management, discipline and withdrawal of funds under RERA

Important Circular with respect to Bank Account Operation -
Proc. No. TNRERA/A3/3816/2025 dt (12.12.2025)
Maintenance of Bank Accounts in a Scheduled Bank under Section 4(2)(l)(D) - Directions issued under Section 37 of the Real Estate (Regulation and Development) Act, 2016

This Chapter Includes –

1) RERA Separate Bank Account – 100 %, 70 % and 30 %
2) Borrowing of funds for the Project
3) Change of Bank Accounts and Approval
4) Closure of RERA Separate Bank Account post closure of the Project
5) Obligation of the Bankers
6) Maintainance or transfer to Fixed Deposit from RERA Account

Any business or ventures shall forecast, plan the financial aspects while conceptualisation and shall consider the various associated risks and costs thereon. This Industry is not an exception to that. Being the project development takes place over number of years and Various risks of availability of timely finance, political unrest, government policies, government regulations, availability of materials, men, market etc impact the feasibility, profitability of the project

Prior to RERA most of the promoters were used to start a project without comprehending various costs associated for development of the project, they used to realise during the development that project may not be financially viable and results in loss or distress. E.g, Borrowing costs in case of low sales, compensation to the Allottees in case of delay in delivery of the project, changes in government levies apart from escalation in material, labour costs etc.,

The mandatory information to be filed at the time of application for grant of RERA registration is the Estimated Cost of the Real Estate Project [section 2(v)] [TN RERA Rule 5] and End date of the Project [Section 4(2)(l)(c)]. Now Promoters shall arrive at the Estimated cost of the Real Estate Project after considering all possible risks and costs associated with the development of the Project.

One of the concerns of the Real Estate Industry is the collection of money from allottees, utilisation of such collected money for the purpose which was collected and utilise the collected money and enable the promoters to complete the development of the project and deliver the units to the buyers. This discipline is in built in The *Real Estate (Regulation and Development) Act 2016 which* provides for :



1. **When to** Collect money - Only After Registration of Project - Sec 3(1)
2. **How** to Collect the money from the allottees - (K RERA Rule 8A) Agreement for Sale
3. Having collected the money, **where to** deposit - project designate bank account - Sec 4(2)(l)(D)
4. **How much** money to be deposited into the project separate bank account - Sec 4(2)(l)(D) - 70 % of realisation
5. **When to** withdraw money from the project separate bank account - Sec 4(2)(l)(D)- after having completed the development work
6. **How to** withdraw money - Sec 4(2)(l)(D) - based on percentage of completion of work and after being certified through Professional Certificates
7. **How much** money to be withdrawn from the project separate bank account - Based on percentage of Completion of development works in the project
8. Utilization of withdrawn money for the specific project - Sec 4(2)(l)(D)

The financial discipline under RERA helps all the stakeholders in the projects viz., Landowners, vendors, suppliers, allottees, government agencies, lenders, investors etc in many ways -

1. Promoters plan their project cost and cash flows in accordance with development of the project.
2. Allottees money shall be utilised for the specific project development. Unspent money if any, is available in the separate project bank account.
3. With the restriction on usage of allottees money, Promoters also prepare themselves and restrict to utilise the allottees money for the same project, enabling promoters to have the sufficient money available to complete the development works in the project.
4. Investors / lenders / financial institutions interest is protected and will have reliable information on sale / realisation of the project / expenses incurred etc.,
5. RERA Authorities have the right to freeze the separate project bank account and funds available in the bank account can be used for remaining development works in the project in case of revocation/lapse of registration.
6. Revenue / Government Agencies viz., Income Tax, GST departments will have access to reliable information

Section 4(2)(l)(D) of the Real Estate (Regulation and Development) Act 2016 mandates Seventy percent of the amounts realised for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used for oily for that purposes.

1st proviso to Section 4(2)(l)(D) of the Act provides that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project.

2nd proviso to Section 4(2)(l)(D) of the Act provides that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project.

Analysis and practical approach -

1. The Act mandates the promoter to open the Separate bank account for the specific project in a scheduled bank. Promoter shall provide such Separate bank details at the time of project registration. Further, each state has a regulation or direction from the authority in relation to mode of opening of separate bank account, maintenance of project bank account and procedure for change of such bank account etc. Name of the Bank Accounts shall be as follows –

Note - In case of the real estate projects developed based on Joint Development Agreement (JDA) two set of the above 3 accounts to be opened i.e. **one set for the land owner and another set for the promoter, irrespective of number of land owners and promoters**. [Refer - **Proc. No. TNRERA/A3/3816/2025 dt (12.12.2025)]**

   a. RERA Designated **Collection** Account (100%) (Name of the project) (Name of the promoter)
      i. no debits or withdrawals are permitted by means of cheque, debit card, credit card, internet banking facility or any other payment methods or any means of instruments from this account
   b. The promoter shall furnish particulars of the 'RERA Designated Collection Account' of the project in the allotment letter and in the agreement with the existing/prospective home buyers for the purpose of receiving payments towards allotment in the registered project.
      i. Once the amount is received in the 'RERA Designated Collection Account', 70% of the amount shall be transferred to the 'RERA Designated Separate Account' and the balance 30% to the 'RERA Designated Transaction Account' through auto sweep facility at the end of the same day

c. RERA Designated **Separate** Account (70%) - (Name of the project) - (Name of the promoter)"

   i. Account shall be free from all encumbrances

   ii. should not be an escrow account.

   iii. This account shall be free from lien, loans, third party control i.e. lender / bank / financial institution and cannot be attached by any other Government Authority / body unless any direction is given by Tamil Nadu Real Estate Regulatory Authority (TNRERA).

   iv. The amount from the 'RERA Designated Separate Account' shall be withdrawn by the promoter only after **submission to the bank** of Form 1 (Architect Certificate), Form 2 (Engineer Certificate) and Form 3 (Certificate by Chartered Accountant in practice) as prescribed in TN RERA Regulation 7

   v. Should be **uploaded on TNRERA's portal**. All the Certificates issued by Chartered Accountant shall contain QR Code. The money withdrawn from the separate account shall be **credited** to the 'RERA Designated **Transaction Account'** and shall be utilized only for meeting the following expenditure incurred on the project.

      1. Land Cost
      2. Cost of Construction / Development cost
      3. Refund of the principal amount, if any, to the allottees subject to a maximum of 70% of the total refund.

d. RERA Designated **Transaction** Account (30%) - (Name of the project) – (Name of the promoter)

   i. Funds mobilized by the promoter from sources other than the allottees such as **project loan, promoter's contribution**, etc. shall also be credited in the 'RERA Designated Transaction Account'.

   ii. This amount can be utilized for meeting expenses towards refund (subject to a maximum of 30% of the total refund), compensation, interest on refund / compensation, marketing, **repayment including interest on project loans**, project administrative and overhead expenses and the penalty, if any, imposed by TNRERA.

2. The Act mandates 70 % amount so realised from the allottees to be deposited into the separate project bank account.
3. Otherwise, 30 % can be deposited into the project separate bank account or to any other bank account of the promoter.
4. The Act has made it mandatory to open the project separate bank account in Scheduled Bank only, this requirement is made in order to protect the stakeholders and interest of allottees. (The Schedule bank Scheduled banks are banks that are listed in the 2nd schedule of the Reserve Bank of India Act, 1934) as scheduled banks norms are directly monitored by RBI.
5. The Act allows the promoter to withdraw the money based on percentage completion of the project. Such percentage of completion shall be duly certified by the professionals like Architect, Engineer and a Chartered Accountant in practice.
6. Once the amount is withdrawn from the project separate bank account, the same shall be utilised only for the same purpose (same project). The promoter shall settle the vendors / taxes etc without keeping the liability on the project. Effectively, the money shall be utilised for the development of the project.
7. State Authorities have notified the professional certificate formats. Accordingly Chartered Accountant formats are notified. With these certificates the amount eligible to be withdrawn can be calculated.
8. As a Chartered Accountant, while issuing the Certificate under RERA, it should be ensured, whether money realised from the allottees is deposited, amount incurred / spent for the project based on the books of accounts maintained by the promoter.
9. Act mandates the Certificate shall be issued by Chartered Accountant holding Certificate of Practice (employees of promoter are not eligible to issue these certificates)
10. Any money left in the project bank account can be withdrawn by the promoter at the end of the project / on completion of all development works in the project
11. The project separate bank account is "self regulated" and "self maintained" and it is "not an escrow account" requiring approval of the banker / Authority etc for withdrawal of money. However, these certificates shall be submitted to the authorities during the quarterly updates. These certificates shall be retained by the promoter for annual audit purposes
12. TN state provides for a separate project bank account for landowner and developer separately to deposit their share of money. However, compliance and reporting under Sec 4(2)(l)(D) is mandatory including both the account details
13. The Chartered Accountant holding certificate of practice shall issue the certificate for withdrawal of funds in accordance with sec 4(2)(l)(D). Such certificates shall be issued only after obtaining the certificates of Engineer and Architect and assess the content of those certificates and consider the information, correlate the same while issuing the certificate. Tamilnadu Real Estate (Regulation and Development) Rules 2017 mentioned-

a. the engineer shall certify that the items shown in the cost of construction is matching to the physical condition at the site of the real estate project;
b. the architect shall certify that the physical condition at the site is built as per the sanctioned plan; and chartered accountant shall certify the cost incurred on construction cost and land cost;
c. the chartered accountant shall also certify the proportion of the cost incurred on construction and land cost to the total estimated cost of the project

Borrowing on Projects

Report to the Authority:

Reference - Proc.No.TNRERA/A3/3816/2025 dt 12.12.205

The promoter shall submit following disclosure for existing secured/ unsecured finances availed for the real estate project by mortgaging land or building/flat or both and serve the loan and interest thereon from 'RERA Designated Transaction Account'.

a) Name of the lender
b) Address of the lender or lender branch
c) Date of borrowing/ disbursement
d) Sanctioned amount
e) Disbursed amount
f) Outstanding amount
g) Details of mortgage (If any)
h) Declaration of Chartered Accountant certifying that loan amount is used for this project only.

If the promoter is availing project loan after registration with TNRERA he shall disclose the details as mentioned above, then and there, immediately

Change of three Bank Accounts of the Project

Any change in the RERA three bank accounts of the project, after registration of the real estate project with the TNRERA will be permitted –

a) for valid reasons only
b) with the prior written approval of the Authority.
c) The promoter shall submit affidavit cum declaration, Form RA1, RA2, RA3 & RA4 as per the format duly certified by the professionals etc for change of bank accounts.

Closure of Bank Accounts

a) On completion of the project, the promoter shall file an application for completion of the real estate project as per the checklist along with the prescribed fee.
b) On issue of completion report by TNRERA, and on receipt of the said completion report by the bank, the bank may permit the promoter to withdraw the balance amount from all the three accounts.
c) This Authority will also notify about the completion of the project on the Authority's website.

Obligations of the Bank

The banks shall be obliged to follow the provisions of opening, operating and closing of all three accounts.

a) All the three TNRERA Designated Bank Accounts shall be opened in the same bank and branch.
b) The bank and branch where the three accounts are opened shall ensure that no debits or withdrawal are permitted from the 'RERA Designated Collection Account (100%)' by means of cheque, debit card, credit card, internet banking facility or any other payment methods or any means of instruments except through an auto sweep facility to transfer the 70% of the amount from the RERA Designated Collection Account' to the RERA Designated Separate Account' and 30% to the 'RERA Designated Transaction Account.
c) The banks shall strictly follow the nomenclature prescribed by TNRERA.
d) The bank shall take a written standing advice from the promoters at the time of opening of the three accounts for auto transfer of funds deposited in the RERA Designated Collection Account of the real estate project in the proportion of 70% and 30% to the 'RERA Designated Separate Account' and RERA Designated Transaction Account respectively.
e) The banks shall issue the certificate in the prescribed format, (Form-A) as hosted in this Authority's website to the promoter and the promoter shall upload the bank certificate while filing of application for project registration.
f) The bank shall suspend withdrawals/transfers from all the three accounts of the project upon lapse of registration as mentioned in Form-C issued by TNRERA. However, the bank accounts shall remain operational only in the event where TNRERA has granted extension of the project validity which is uploaded in the Authority's website.
g) In the event of any orders of the Authority for freezing/de-freezing of any of the project accounts, the banks shall immediately comply with such orders of the Authority and shall accordingly freeze/de-freeze the concerned accounts.

Transfer of amount from 'RERA Designated Separate Account (70%)' to Fixed Deposit:

The promoters may transfer the amount available in the 'RERA Designated Separate Account (70%)' to Fixed Deposit through Auto sweep facility subject to the following conditions:

a) The amount collected in the RERA Designated Separate Account may be transferred to the Fixed Deposit attached to the RERA Designated Separate Account and shall not be transferred to any other account in the same branch or to any other bank/branch.
b) On maturity of the Fixed Deposit or on pre-mature closure of the Fixed Deposit, the principal amount along with interest shall be credited to the 'RERA Designated Separate Account' only.
c) The Fixed Deposit will be "No Lien" fixed Deposit.
d) No loan can be obtained against or on such fixed Deposit.
e) No charge can be created on such Fixed Deposit.

The audit under RERA

The audit under RERA extends beyond verifying the accuracy of financial statements. It requires the auditor to assess whether the promoter has complied with the Act's financial discipline, maintained project-wise accountability, safeguarded homebuyers' funds, and adhered to the prescribed regulatory framework. Since non-compliance with RERA may have significant financial reporting and legal implications, auditors should adopt a risk-based approach while planning and executing their audit procedures. The following checklist highlights the important areas that deserve special attention during the audit of a RERA registered real estate project.

Sl No	Audit Area	Key Audit Considerations
1	Project Registration	Whether the project has been duly registered under the applicable provisions of RERA and all registration particulars are valid and up to date.
2	Separate Project Bank Account	Whether a separate designated bank account has been maintained for the project and operated in accordance with the requirements prescribed under Section 4(2)(l)(D) of RERA.
3	Deposit of 70% of Collections	Whether at least 70% of the amounts realized from allottees have been deposited into the designated project bank account within the prescribed timelines.
4	Withdrawal of Project Funds	Whether withdrawals from the designated bank account are supported by valid Engineer, Architect, and Chartered Accountant certificates and are restricted to the amount eligible for withdrawal based on the certified percentage of completion.
5	Project Cost Allocation	Whether project costs have been correctly identified, classified, allocated, and supported by adequate documentation in accordance with applicable accounting standards and RERA requirements.
6	Percentage of Completion	Whether the percentage of completion has been accurately determined based on eligible project costs incurred and reconciled with the physical progress certified by the Architect and Engineer.
7	Interest and Finance Costs	Whether borrowing costs and statutory interest liabilities have been appropriately recognized, capitalized or charged to the Statement of Profit and Loss, as applicable, in accordance with the relevant accounting standards.
8	Claims, Litigations & Contingent Liabilities	Whether all material legal disputes, customer claims, arbitration matters, and contingent liabilities have been properly evaluated, recognized or disclosed in the financial statements wherever required.
9	Project-wise Books of Account	Whether separate books of account and supporting records have been maintained for each registered project to ensure accurate financial reporting and regulatory compliance.

Sl No	Audit Area	Key Audit Considerations
10	Fund Utilization	Whether amounts collected from allottees have been utilized exclusively for the respective project and there is no diversion of funds to other projects or purposes.
11	Financial Reporting & Disclosures	Whether the financial statements contain all disclosures required under RERA, the Companies Act, applicable Accounting Standards/Ind AS, and other regulatory requirements.
12	Quarterly RERA Compliance	Whether quarterly certifications, regulatory filings, and updates submitted to the RERA Authority are consistent with the underlying financial records and supporting documentation.
13	Internal Financial Controls	Whether adequate internal financial controls exist over project accounting, fund withdrawals, cost allocation, certification processes, and regulatory reporting.
14	Recognition of all liabilities in case of delay in the delivery of the project	RERA mandates the promoter to pay interest for the delayed delivery of the project. Hence, auditors shall ensure whether the provisions are made in the books of accounts for delayed interest in case of delay in delivery of the project

f) Certain **financial ratios** have become valuable tools for management, auditors, lenders, regulators, and other stakeholders in assessing the financial health and regulatory compliance of a real estate project. These ratios not only facilitate performance analysis but also help identify potential risks such as excess fund withdrawals, cost overruns, liquidity constraints, and delays in project completion. When analyzed periodically, they provide meaningful insights into whether project funds are being utilized prudently and in accordance with the objectives of RERA.

Project-Specific Ratios			
Sl. No.	**Ratio**	**Formula**	**Importance**
1	Project Completion Ratio	Cost Incurred ÷ Estimated Total Cost	Used for revenue recognition and RERA monitoring.
2	Construction Cost Variance	Actual Cost ÷ Budgeted Cost	Measures cost overruns.
3	Sales Velocity	Units Sold ÷ Total Units Available	Indicates market acceptance.
4	Inventory Turnover	Sales Value ÷ Unsold Inventory	Measures inventory movement.
5	Unsold Inventory Months	Unsold Units ÷ Average Monthly Sales	Predicts inventory holding period.
6	Collection Efficiency Ratio	Amount Collected ÷ Amount Due	Measures receivable recovery.
7	Customer Advance Ratio	Customer Advances ÷ Total Project Cost	Indicates dependence on customer funding.
8	Cost to Complete Ratio	Estimated Cost to Complete ÷ Total Estimated Cost	Useful for lenders and investors.
9	Construction Progress Ratio	Physical Progress ÷ Financial Progress	Detects fund diversion or execution delays.

Project-Specific Ratios			
Sl. No.	**Ratio**	**Formula**	**Importance**
10	Land Cost Ratio	Land Cost ÷ Total Project Cost	Important for project viability.
11	RERA Escrow Utilisation Ratio	Amount Withdrawn ÷ Eligible Withdrawal	Ensures withdrawals comply with Section 4(2)(l)(D).
12	Project Fund Utilisation Ratio	Amount Utilised for Project ÷ Total Collections	Detects diversion of funds.
13	Collection vs Construction Ratio	Collections ÷ Construction Cost Incurred	Indicates whether collections are ahead of execution.
14	Financial Progress vs Physical Progress	Financial Progress ÷ Physical Progress	Identifies abnormal spending patterns.
15	Certification Ratio	Certified Cost ÷ Actual Expenditure	Assesses certification consistency.
16	Cost Incurred Ratio	Cost Incurred / Total Cost	Completion Percentage
17	RERA Compliance	Withdrawal / Eligible Withdrawal	Compliance Ratio
18	Protection	Separate Bank account Balance / Customer Collection	Fund Protection
19	Financial Risk	Litigation Provision / Net Worth	Financial Risk

g) Although no single ratio provides a complete picture of project performance, a combination of operational and financial indicators enables stakeholders to assess whether project resources are being managed prudently and in accordance with RERA objectives.

h) RERA's financial framework is built on the principles of **transparency, accountability, and investor protection**. For Promoters and stakeholders, compliance is not just regulatory it is a key driver of credibility in the real estate market.

i) Accurate allocation of project costs, adherence to escrow regulations, recognition of revenue based on prescribed accounting principles, and timely audit and disclosure requirements collectively ensure that project funds are utilized solely for their intended purpose. These measures not only protect the interests of homebuyers and investors but also promote financial integrity and reduce the risk of project delays and fund diversion.

j) For Chartered Accountants, auditors, and finance professionals, RERA compliance presents an opportunity to play a strategic role in strengthening governance within the real estate sector. Their responsibilities extend beyond compliance verification to advising Promoters on financial planning, internal controls, risk management, and regulatory adherence.

k) Financial reporting under the RERA is no longer a matter of compliance alone it is a critical pillar for protecting the interests of homebuyers, lenders, investors, regulators, and the real estate industry as a whole. As regulatory scrutiny continues to intensify, inadequate financial governance may lead to serious legal and financial consequences. At the same time, this evolving framework presents a significant opportunity for Chartered Accountants to emerge as trusted advisors in project governance, financial discipline, and regulatory compliance. Those who invest in developing expertise in Real Estate and RERA today will not only create a niche professional practice but also contribute meaningfully to building a transparent, accountable, and sustainable real estate ecosystem.

Estimated Cost of the real Estate Project [Section 2(v)]

The process of creating plans to spend and use finance in an organisation makes up budgeting (estimates). Budgeting (estimates) helps determine the spread of resources /finance available for project development. Execution of budgeting (estimates) in project management /development is essential. This ensures that project efficiency, standards, timely delivery of the project.

A good Project Budget sustains itself as a tool to estimate project costs. All costs that are likely to incur in a project can highlight in the planning stage. A good project budget would include the following cost planning:

Labour costs	Material costs	Other Construction and Development costs	Borrowing Costs

a) Considering the similar requirement while the development of Real Estate Project, the RERA Act 2016 has included the concept of "estimated cost of real estate project" and defined the under Section 2(v)"estimated cost of real estate project" means the total cost involved in developing the real estate project and includes the land cost, taxes, cess, development and other charges.
b) The Estimated Cost of the Real Estate Project has not been detailed in the Act. However, guidance is given by the TN RERA authorities by way of formats of CA Certificates or explanatory notes or by circulars.
c) Promoters and professionals should know and understand the importance of The Estimated Cost of the Real Estate Project under RERA and how it impacts on the cash flow of the project. The details of such The Estimated Cost of the Real Estate Project shall be provided while filing an application for grant of registration of Real Estate Project.
d) As the term Estimated Cost of the Real Estate Project suggests, it is an estimate and cannot be accurate. Hence reasonable efforts shall be made by the promoters to arrive at the Estimated Cost of the Real Estate Project based on the scheme of the project, timelines for completion, funding for the project, specifications, offering by the promoters etc.,
e) The Estimated Cost of the Real Estate Project = Estimated Land Cost +Estimated development Cost
    i. Estimated Land Cost includes the market value of the land, stamp duty, registration fees for acquiring ownership [TN RERA rule 5(1)]
    ii. Estimated construction cost includes - Onsite Costs, Off-Site Costs, Taxes, fees charges paid for obtaining the necessary statutory approvals or clearances, cost of TDR, Premium FSI, Finance Cost, professional consulting charges.
    iii. Income Tax is shall not be part of the Cost of the Project.
    iv. Marketing or sales cost are not part of the Estimated Cost - as it is not associated with the development of the project (it is associated with sales and marketing activities)
    v. Borrowing / Interest cost - for the purpose of development of the project. Such borrowing cost shall have direct nexus to the project (many a time promoter does borrow based on the project, however, borrowed funds are deployed other than for the project. In those scenarios, such borrowing costs shall not be considered as part of the project cost)
    vi. Borrowing/interest cost on land also can be considered as part of land cost.
    vii. Various states have given guidance on the estimated cost of Real Estate projects.

f) Challenges and practical difficulties in arriving at The Estimated Cost of the Real Estate Project -
    i. As the Estimated Cost of the Real Estate Project is required to be mentioned in the application, the costs tend to change depending on various factors, scheme of the project. E.g., changes in material costs, cost of borrowing depending on cash flow, government levies.
    ii. It is difficult to predict whether borrowing is necessary or not. As it depends on the sales velocity and collections (cash flows).

iii. Apportionment or allocation of Common Costs depending on the business and number of projects or number of businesses etc., E.g., Promoter having multiple projects and development at a different stage of completion. Promoter having multiple businesses (eg., real estate, FMCG, Power etc)

g) Sensitivity and Importance of The Estimated Cost of the Real Estate Project –
   i. Sensitive and important for the purpose of withdrawal of funds from the Project Designated bank account
   ii. Basis for the Authority for levy or imposition of Penalties Under Chapter VIII of the Act.
   iii. Allottees/customers evaluate the quality of offerings based on the cost of the development
   iv. Various statutory authorities viz., GST, Income Tax may consider these costs while assessment
   v. Investors or Lenders or financial institutions take the reference during the transactions

h) Professional Advice:

Based on our experience over the years, we advise professionals and promoters shall prepare the Estimated Cost of the Real Estate Project scientifically with the help of experts of the field i.e., Engineers, Architect and CA at the time of filing an application for grant of registration.

   i. Retain such Estimated Cost of the Real Estate Project workings, breakup and details as a reference till the end of the project.
   ii. Once the estimated cost of a Real Estate Project is filled in the application and registration is granted, then for all the practical purposes of issuance of professional certificates etc, the same shall be considered. If the promoter intends to modify such costs, then separate applications shall be filed with supporting documents and details.
   iii. Most of the states have referred how to arrive at the estimated cost of land in its Rules, acquisition cost or the guidance value as on date of application, whichever is higher shall be considered for the purpose of RERA Application.

i) Impact of not mention of the estimated cost of the real estate project -

It is observed that many applications were filed without mentioning the land cost, development costs are erroneous as the same is not calculated on a scientific basis. This is not correct and results in impacting the withdrawal of funds from the designated project bank account under section 4(2)(l)(D) of the Act.

Questions frequently Asked on the estimated cost of the Real Estate Project -

1. **In case if the Land is inherited, what is the estimated cost for the purpose of RERA application** – TN RERA for the Purpose of Section 4(2)(l)(D) mention in TN RERA Rule 5(1) – stating Land Cost shall be the market Value of the Land (i.e., on the filing application for RERA Registration, equivalent to Sub registrar value)
2. **Is it mandatory to mention the Land cost in case of Joint Development Agreement while filing an application for grant of registration** – Please note that the application for grant of registration is for the project (not for the promoter). The project includes Land and Development. Hence irrespective of the type of model (JDA, JV, Own, Lease) the Land Cost shall be mentioned in the application for grant of Registration.
3. **What is the impact of mentioning the estimated cost of the real estate project excess or less than what is calculated** – promoter or professionals shall calculate the estimated cost of the real estate project scientifically based on the various parameters. If such calculation is erroneous or values mentioned in the application is having large variance (less or more), which will have a direct impact ability of withdrawal of funds from the 70 % designated bank account.

a. **E.g., XYZ promoter mentioned 150 in place of 100 as the estimated cost of the real estate project.** If promoter incurs 30 as cost, then the percentage of completion is only 30/150=20% instead of 30/100=30%. Means ability to withdraw is only 20% against 30 %, also the authorities levy penalty based on the estimated cost of the real estate project.

4. **Can I amend the estimated cost of the real estate project once registration is granted –** promoters shall make a separate application and representation to the authorities to make necessary amendments along with necessary documents, affidavits and professional certificates.
5. **Should I report to RERA in case of overrun of the estimated cost of the real estate project** – The engineer certificate has a reference, wherein the engineer shall certify the additional expenses and details thereon. Otherwise, as the name says it is only the estimate, always actuals vary. Reasonable escalation or reduction is acceptable.
6. **Should I include GST as part of the estimated cost of the real estate –** Post amendment of GST applicable to Real Estate, in case of projects not eligible for ITC, can consider GST as cost. In case of projects that consume ITC, they can maintain separate ledger account for input and output and need not consider GST as cost of the project (in case of commercial or mixed development project, the promoter may consider input and output method and need not consider GST is a cost)
7. **Is borrowing cost on Land is part of the estimated cost of the real estate** – Yes, few RERA authorities have clarified that any interest incurred in relation to the acquisition of land can be considered as the cost of the land. TN RERA do not have specific mention about the interest on Land as the market value is considered.
8. **Can CA Certify the estimated cost of the real estate -** In line with the guidance note, a chartered accountant can participate in the preparation of profit or financial forecasts and can review them, provided he indicates clearly in his report precise terms of reference, sources of information, the basis of estimates and the major assumptions made in arriving at the estimates, relying on the work of the experts etc. (As per SA 620: The estimation of the total project costs requires technical expertise which the engineer and the architect possess. Therefore, the chartered accountant may rely on such estimated total project cost for the purpose of his certification certifying the percentage of completion of the project work. The chartered accountant. to this extent is using the work of an Auditor's Expert.
9. **Under the Joint Development Agreement model, do I have the option to consider the cost of the development work pertaining to the share of the landowners as the cost of the land** – No, RERA rules or authority notifications defined how to calculate the estimated cost of the land. Hence promoters will not have any other option other than to mention as per Rules

10. **Can I consider the cost of subvention as part of the estimated cost of the real estate project –** Yes, promoter or professionals shall calculate the cost of subvention (interest payout to the allottees in the project) based on the scheme of the project and offerings and shall be included under borrowing cost/interest cost

11. **In case of the development of the project in a phased manner, what is the best method to arrive at common cost as part of the estimated cost of the real estate –** in many instances promoters register the project in phase-wise in accordance with the explanation to section 3(2) of the RERA Act 2016, in those instances promoter and professionals shall calculate various common cost scientifically. Eg., borrowing cost based on the utilization of funds. Management cost based on the % development of work in the project etc

12. **Capital expenses viz., purchase of machinery etc., be considered as the estimated cost of the real estate –** In our opinion, the depreciation portion of the capital asset shall be considered for the purpose of the estimated cost of the real estate project.
13. **Is advance money paid to the landowner to be considered as the estimated cost of the real estate project –** nonrefundable and refundable advance or goodwill shall be included as part of the estimated cost of the real estate. As RERA always look at the amount realized and utilized (inflow and outflow)
14. **Is payment made for the acquisition of TDR or additional FSI to be included as land or development cost –** the format of CA Certificate notified by the authorities mentions that the amount incurred towards the acquisition of TDR, additional FSI, compensation, litigation expenses, rehabilitation expenses etc shall be considered as part of the estimated cost of the Land.

Audit of Accounts of Real Estate Project under RERA

Audit of accounts of real estate projects is conducted to report whether the funds collected from homebuyers are being utilized in line with the progress of development or construction of the real estate project. These audits help stakeholders gain confidence and ensure that promoters complete projects within the stipulated timelines

Audit of Accounts of the Real Estate project under RERA - RERA Act 2016 and Tamilnadu RERA Rules 2017 -

3rd Proviso to section 4(2)(L)(D) of the RERA Act 2016 – *Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by* ***a chartered accountant in practice****, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project*

Audit of Accounts of the Real Estate project under RERA	RERA Act 2016 – 3rd proviso to sec 4(2)(l)(D)	1. Amounts collected from allottees for a particular project have been utilized only for that project. 2. Withdrawals of funds have been made in proportion to the percentage of completion of the project. 3. Compliance with the provisions of the RERA Act, 2016
	Due date for obtaining the Audit Report under RERA Act 2016	With in six months from the end of the financial year (i.e., 30th Sep, 20XX for the year ending 31st March 20XX)

Tamil Nadu RERA has prescribed Form 7 as the format of the audit report to be issued by Chartered Accountants (CAs). This emphasizes the role of CAs in supporting transparency and compliance in real estate projects.

This form must be certified by a Chartered Accountant who holds a valid certificate of practice. The certification process involves a thorough examination of the real estate project's financials to ensure that they align with the regulations set forth by RERA.

The summary of the form 7 is as follows –

1. Report on Statement of Accounts on project fund utilisation and withdrawal -
    a. Completion of % of the Project
    b. Amount collected from the allottees of the project
        i. During the year
        ii. Since inception to till date
    c. Amount withdrawn for the project
        i. During the year
        ii. Since inception to till date

2. Examination and certification are based on the books of accounts, other details, documents, information received from the promoter
3. Further, the certifying professional shall mention, if the funds are withdrawn in excess of eligible amount or any other exceptions.

Non-compliance or failure to furnish Form 7 (Annual Report on Statement of Accounts) within the prescribed time attracts penal provisions under the RERA Act, 2016. The Authority has the power to invoke Section 60 of the RERA Act 2016, and the penalty may extend up to 5% of the estimated cost of the real estate project, as determined by the Authority.

1. **Note –**
    1. **State-Specific Reporting Formats**: Different states have prescribed specific formats for the RERA audit report, along with detailed instructions to ensure uniformity and compliance with regulations.

    2. **Certification by Chartered Accountant**: The report must be issued by a Chartered Accountant (CA) holding a valid Certificate of Practice, ensuring that only qualified professionals certify the financial health and compliance of the project.

    3. **Collection of Project Information**: The Chartered Accountant is responsible for gathering comprehensive financial and non-financial information related to the project from the promoter. This includes all relevant documentation and records necessary for accurate reporting.

    4. **Estimation and Cost Analysis**: The CA must collect detailed information on the estimated cost of the project, including any potential escalations, and thoroughly document these figures. This ensures that the financial planning of the project is transparent and properly accounted for.

    5. **Consideration of Professional Certificates**: The CA is required to review and consider all professional certificates issued by other experts, such as Architects, Engineers, and Chartered Accountants, which are necessary for the withdrawal of funds from the project. These certificates are crucial for verifying the legitimacy and compliance of financial transactions.

    6. **Identification and Reporting of non-compliance**: While certifying the amounts, if the CA observes any **non-compliance** of the provisions of the RERA Act, Rules, Regulations, Circulars, or Orders, these discrepancies must be clearly listed and reported. Examples include:

        a) Misuse of Allottee Funds: If funds collected from allottees are deposited into an account other than the separate bank account, the CA must report the specific misallocated amount.

        b) Excessive Withdrawals: If funds have been withdrawn in excess of what is permitted under the CA's certificate (Form-4), the CA must report the overdrawn amount.

        c) Diversion of Funds: Any diversion of funds to other projects or purposes must be highlighted and reported as a serious compliance issue.

d) Non-Compliance with Certification Requirements: If an Architect's (Form-5) or Engineer's (Form-6) certificate has not been obtained, or if discrepancies exist between these certificates and the project's financial status, such issues must be reported by the CA.

2. Responsibility of the promoters (Landowners, Developers, Builders) of the Real Estate Project

(a) The promoter must maintain financial and other relevant information related to the registered real estate project.
(b) This information should be provided to Chartered Accountant professionals for obtaining the RERA Audit Report on an annual basis.
(c) The audit report must be submitted to the Authority either online.
(d) Reconcile receivables, amounts received, funds utilized, and the balance in the bank account as of 31-03-20XX
(e) Follow best practices and standard operating procedures.
(f) Reconcile the project cost and costs incurred as per RERA with the books of accounts, ensuring compliance with other statutes such as GST, Income Tax, ROC, and statements submitted to bankers and investors.
(g) Maintain and update data in the books of accounts on a project wise basis to enable easier and more accurate reconciliation across various statutes.
(h) Seek support from consultants and experts to understand and implement the requirements of the statute.

3. **Documentation and verification of records for the issuance Annual Report on Statement of Accounts under RERA by a Chartered Accountant -**

(a) Accounting Records: updated books of accounts.

(b) RERA Registration Application: copy of the application filed for project registration under the RERA Act to verify the details submitted by the promoter.

(c) Project Cost Calculation: Maintain detailed calculations of the estimated cost of the project, including land cost and construction cost.

(d) Project Related Documents: Keep all project related documents, such as land records, sanctions, clearances, and NOCs, to track the costs incurred in obtaining them.

(e) Bank Statements: Retain all bank statements of the RERA project account and any other accounts where the promoter deposits funds.

(f) Allottee/Customer Statements: Maintain allottee/customer statements, including a list of sales agreements, advances received, and balance receivables.

(g) Allottee Funds Management: Ensure that 70% of the money collected from allottees is deposited into the Separate RERA project bank account.

(h) Cost Variance Analysis: Document and analyze any variance between the estimated project cost and the actual cost incurred, along with reasons for the variance.

(i) Certificates for Fund Withdrawal: Retain certificates from the Engineer, Architect, and CA for withdrawal of money based on the percentage of construction completion.

(j) Loan Statements: Maintain statements of project loans and other borrowings.

(k) Interest Allocation: Calculate and allocate interest to the respective RERA project based on fund utilization, especially if a single loan is used for multiple projects (e.g., term loan or overdraft).

(l) Indirect Taxes/GST: Track and reconcile indirect taxes and GST paid periodically.

(m) TDS Reconciliation: Reconcile and ensure proper TDS deductions at 1% made by buyers.

(n) Details of Amount Collected towards advance for CAM or Corpus deposit

4. <u>RERA Audit – Challenges</u>

(a) Sufficient knowledge of the Act and Rules required for both promoters and professionals.
(b) Erroneous information filled during registration – what stand to take before certification and issuance of Report
(c) Record/Data/Expense Maintenance: Maintain project wise records for each RERA project.
(d) Allocation of Common Expenses (RERA project-wise):
  i. Define the basis of allocation.
  ii. Allocate loan availed and interest proportionately to each RERA project.
(e) Reconciliation at various stages and across different records.
(f) In case of a Joint Development Projects– obtain information from the landlord (as a Co-Promoter) and ensure compliance under RERA.

5. <u>RERA Audit – tip to professionals</u>

(a) Do not show bias in the information or reporting.

(b) Do not allow yourself to be influenced by promoters or any other parties.

(c) Do not be casual while preparing reports or issuing certifications.

(d) Collect and verify sufficient documents and information before issuing any report.

(e) If you do not know, seek guidance from others.

(f) If you are uncertain, disclose it in the report.

(g) Remember that certificates issued may become public documents and can be accessed under the RTI Act.

6. Penal action may be initiated by the Authority against professionals who have issued certificates for withdrawals or reports which are not in compliance with the Act, Rules, Regulations, Circulars, orders etc.

The Authority, in addition to taking penal actions as contemplated in the Act and the Rules, shall also take up the matter with the concerned regulatory body of the said professionals of the architect, engineer or chartered accountant, for necessary penal action against them, including dismemberment, if the form 7 issued by the Chartered Accountant reveals that:

a) any certificate issued by the project architect, engineer or the chartered accountant has false or incorrect information and
b) the amounts collected for a particular project have not been utilized for the project and
c) the withdrawal has not been in compliance with the proportion to the percentage of completion of the project

We recommend to reconcile the values across the Books of Accounts, RERA submissions, GST returns, and Income Tax filings before finalizing and submitting the RERA Audit Report. This reconciliation will help ensure consistency and accuracy in financial reporting, compliance with regulatory requirements, and minimize the risk of discrepancies that could result in penalties or legal issues. Proper reconciliation will also support effective decision-making, provide a reliable audit trail, facilitate smoother audits, and maintain stakeholder confidence.

Quarterly updates under RERA – mandatory compliance under RERA

The Real Estate (Regulation and Development) Act, 2016 (RERA) is indeed a transformative regulation for the real estate sector. Its implementation has brought significant changes the way real estate industry doing the business and the projects are developed, marketed, & sold.

a) In order to regulate the industry many provisions are built in the statute. Starting from Registration, periodical compliance viz., Quarterly updates, Annual Audits, standardized reporting formats, advertisement, formation of association, modification, changes in registration details etc. The promoter required to continue with RERA from registration to completion of the project.

b) The RERA authority collects the information from the promoter on progress of the project through Quarterly updates / Quarterly Progress reports. Quarterly Progress Report under RERA is designed to ensure transparency and provide updates on the status of the real estate project to both the regulatory authorities and the allottees. The details of such a report, as indicated in the documents, are typically included in the various forms and rules under RERA. Each of these forms is part of the compliance documents necessary for submission to the RERA authority to demonstrate the physical and financial progress of the project.

c) Section 11(1) of the RERA Act mandates the promoter to submit the information on quarterly basis once receives the real estate registration. the details are presented in a Tabular manner for the reader to understand better -

Sl No	Details	Details
1	Legal Reference under the RERA Act 2016 for Quarterly updates	Section 11(1) of RERA Act 2016
2	Legal Reference under the TN RERA Rules 2017	TN RERA Rule 17 (1)(d)
3	How to submit the Quarterly updates	Mail particulars to "reg.tnrera@tn.gov.in" if the registration has been obtained offline and for online application, QPR should be uploaded using the Login.
4	Any exemptions / relaxation for small or rural projects	No, Applicable to all the registered real estate projects irrespective of type, size, location
5	When should promoter start filing the Quarterly updates	Applicable from the quarter, project receives the registration.
6	Due Dates for filing the quarterly updates	For March Quarter – 15th April For June Quarter – 15th July For September Quarter – 15th October For December Quarter – 15th January
7	Upto what period, the promoter needs to file the Quarterly updates	All quarter from the registration date till the progress of project reaches 100% and filed completion
8	Project received the Occupancy Certificate, should the promoter continue to file the Quarterly updates	Yes or No, depending on the completion of the project. Generally, the planning authority issue the occupancy certificate for the Building Structure. However, many works would be pending ever after receipt of Occupancy Certificate viz., common amenities, facilities, garden etc. Hence the promoter continues to file the quarterly updates till reaches 100% of the promises as mentioned in Agreement for sale or marketing collaterals

Sl No	Details	Details
9	Certificates to be uploaded during the quarterly updates	Form 3 – Chartered Accountants Certificate Form 1 – Architect Certificate Form 2 – Engineer Certificate
10	Can promoter himself submit the Quarterly updates or does he need support of professionals.	If the promoter is knowledgeable about RERA, they can submit the necessary information, documents, and certificates related to the project online. However, we recommend seeking the support of professionals to verify and submit these documents. This ensures compliance with the latest circulars, notifications, and guidelines issued by RERA.
11	Non filing of the Quarterly updates with in due date	Section 61 of the RERA Act, 2016 empowers the RERA Authority to levy penalties for non-compliance with its provisions. The penalties for such non-compliance can be substantial and may extend up to 5% of the estimated cost of the real estate project.
12	Information and required submit during the Quarterly updates	Refer Annexure 1
13	Documents to be uploaded during the quarterly updates	Refer Annexure 2
14	As a professional, what are the precautions to be taken while issuing the Certificates	Yes, certainly all 3 professionals Architects, Engineers and the Chartered Accountant in Practice shall follow the professional conduct while issuing the certificates. For details. Refer Annexure 3

Annexure – 1 - Information and required submit during the Quarterly updates

1. **Financial Progress**:
    a) RERA Account Numbers – 100 %, 70 % and 30 %
    b) Amount collected from the allottees and deposited in the RERA Designated Collection Account (100%)
    c) Amount transferred to the RERA Designated Separate Account (70%)
    d) Amount transferred to the RERA Designated Transaction Account (30%)
    e) Bank Statement for the concerned Quarter duly certified by the Bank to be enclosed during the Quarter
    f) Project loans and other sources of finance availed and deposited in the RERA Designated Transaction Account during the Quarter
    g) Transfer of Amount from "RERA Designated Separate Account" to Fixed Deposit during the Quarter
2. **Details of the Blocks registered with TNRERA**
    a) Total No. of Flats Block wise
    b) Common Amenities provided
3. **Inventory movement**:
    a) Flats Booked (As given in Carpet Area Statement) Block / Tower wise
    b) UDS Registered
    c) Details of Flats Booked and Sold
        1. Flat Nos. as per carpet area statement
        2. Flats Booked
        3. UDS Registered / Sale deed executed
4. **Physical Progress of construction**:
    a) Stage of construction of each Block/Tower, Floor-wise
    b) Status of Common Amenities for each Block/Tower, Item-wise as per approved plan

c) Status of other Common Amenities as indicated in the Construction Agreement
    1. Percentage of completion Block / Tower Floor-wise
        a. Physical
        b. Financial (Enter Anticipated Project Cost in Lakhs) % & Rs. In Lakhs
    2. Percentage of completion of Common Amenities
        a. Physical
        b. Financial (Enter Anticipated Project Cost in Lakhs) % & Rs. In Lakhs

5. **Professional Certifications**: Verification and Certification

a) **Architect's Certificate**: Certifying the physical progress of percentage of completion of the project as per the approved plan.
b) **Engineer's Certificate**: Valuation of the completed of the work at site
c) **Chartered Accountant's Certificate**: Verification of total amount incurred, amount realised from the allottees, deposited into the bank account and eligible to withdraw, balance available

Annexure 2 - Documents to be uploaded during the quarterly updates –

1. Photographs of work progress at project
2. Professional certificates in Form 1, Form 2 and Form 3

Annexure – 3 As a professional, what are the precautions to be taken while issuing the Certificates

As a professional issuing certificates under RERA, it is crucial to exercise due diligence and adhere to a range of precautions to ensure accuracy, compliance, and integrity. Here are key precautions to consider:

1. Understanding the scheme of the project and Thorough Verification

a) **Understanding the scheme of the Project**: professional shall understand the type, size of the project, scheme of development, promises made and the details as provided during the registration. This is the basis for the professionals to issue the certificates.
b) **Check Documentation**: Verify all project-related documents, including land titles report, approvals, and sanctioned plans (one time exercise and make a note of the details)
c) **Cross-Check Data**: Ensure the data provided by the promoter matches the actual progress and financial records.

2. Adherence to RERA Guidelines

a) **Stay Updated**: Regularly review the latest RERA circulars, notifications, and guidelines.
b) **Compliance**: Ensure all certificates comply with the specific requirements outlined by RERA in your state.

3. Detailed Inspection

a) **Site Visits**: Conduct regular site visits to assess the physical progress of the project (by the Architect before issuance of Architect Certificates)
b) **Quality Checks**: Evaluate the quality of construction and adherence to approved plans and specifications (Engineer before issuance of the Certificates)

4. Accurate Financial Reporting

a) **Understand the components –** one time exercise of understanding the components of cost. This is very important concept, against each cost, the chartered accountant certifies the cost incurred.
b) **Cost incurred during the quarter**: Verify the costs incurred vis-à-vis cost estimated based on the books of accounts maintained by the promoter
c) **Amount Realised from the Allottees and deposit into RERA Separate bank account:** verify the amount realised from the allottees and whether minimum 70 % amount is deposited into the RERA Separate bank account
d) **Borrowings if any:** any borrowings during the quarter, ensure 100% borrowings shall be deposited into the RERA Separate bank account

5. Professional Integrity

a) **Objectivity**: Maintain objectivity and independence while issuing certificates.
b) **Ethical Standards**: Adhere to ethical standards and avoid conflicts of interest.

6. Documentation and Record Keeping

a) **Maintain Records**: Keep detailed records of all inspections, verifications, and communications with the promoter.
b) **Backup Documents**: Maintain copies of all supporting documents and certificates issued.

7. Legal Compliance

a) **Legal Awareness**: Be aware of all legal requirements and implications related to issuing RERA certificates.
b) **Insurance**: Ensure the project is adequately insured as per RERA guidelines.

8. Clear Communication

a) **Transparent Reporting**: Clearly report any discrepancies or issues found during verification.
b) **Detailed Certificates**: Provide detailed and comprehensive certificates, outlining the basis of your verification and findings.

9. Continuous Learning

a) **Training**: Participate in ongoing training and development programs related to RERA compliance and real estate regulations.
b) **Networking**: Engage with other professionals and regulatory bodies to stay informed about best practices and updates.

10. Example Clauses for Certificates:

a) **Architect's Certificate**: "I have inspected the site and verified the construction progress as per the approved plans. The quality of construction is satisfactory, and the project is proceeding as scheduled."
b) **Engineer's Certificate**: "Based on my inspection, the project has achieved the specified milestones in terms of structural completion. The quality of materials used is as per the standards prescribed."
c) **Chartered Accountant's Certificate**: "I have verified the financial records and bank statements. The funds collected from allottees have been appropriately utilized, and the remaining amount is duly deposited in the escrow account."

From Passive Compliance to Active Disclosure - Developers and professionals are no longer filing data merely to meet statutory requirements; the data is now subject to public scrutiny, increasing the need for accuracy and consistency.

From Regulatory Oversight to Market Driven Discipline - Public availability of data enables market participants buyers, investors, and lenders to independently assess project performance, thereby introducing a layer of market accountability.

Implications for Professionals -

a) Certifications are no longer internal documents; they are publicly relied upon
b) Increased exposure to regulatory scrutiny and third-party reliance
c) Need for required documentation, working papers, and audit trails
d) Higher standards of professional skepticism and due diligence

For Homebuyers and Allottees, ability to track actual construction progress against declared timelines, visibility into status of the approvals, movement of inventory, greater confidence in fund utilization and project viability

For Investors and Lenders, Access to reliable, regulator verified financial and physical progress data, improved credit appraisal and risk assessment, early identification of stressed or non performing projects, market acceptance and bookings, collection and utilisation of funds.

For Promoters, establish proper internal compliance systems, align project accounting with RERA reporting formats, ensure consistency across financial, taxes, technical, and legal disclosures.

For Chartered Accountants, evaluate certification methodologies, maintain detailed reconciliation between books of accounts, bank statements, project cost records. Ensure alignment between physical progress and financial utilization. this marks a shift from certifiers of information to custodians of trust in a transparent regulatory ecosystem.

For Engineers and Architects, strengthen documentation supporting stage wise completion and Ensure coordination with financial certifications

The role of professionals under RERA Act, particularly Chartered Accountants, has evolved substantially, with certifications now subject to public view and scrutiny, necessitating documentation, due verification, and strong audit working papers. For promoters, this calls for strengthened internal compliance systems and alignment of accounting, GST, financial practices with RERA requirements, while professionals must ensure reconciliation across financial and technical records and maintain consistency in reporting. Ultimately, this initiative is transformative, bringing a culture of proactive compliance, integrated reporting, enhanced governance, and ethical responsibility, laying the foundation for the improved efficiency, greater trust and credibility in the real estate sector.

Carpet area – Unit of Measurement for Real Estate Transaction

Section 2 (k) - "carpet area" means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

Explanation - For the purpose of this clause, the expression "exclusive balcony or verandah area" means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee; and "exclusive open terrace area" means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee;

Carpet area, as defined under RERA, is the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area, and exclusive open terrace area. It essentially represents the actual area within the walls of the apartment that can be used by the allottee / home buyer.

The exclusion of certain areas ensures that only the actual living space is considered when calculating the carpet area, providing greater transparency to homebuyers about the space they are purchasing. The carpet area is significant because it is used to determine the cost of the property and is also considered while specifying the dimensions of rooms.

Developers are required to provide accurate information about the carpet area in their projects to prospective buyers under RERA. This is part of the broader objective of RERA to promote fairness, transparency, and efficiency in the real estate sector in India. It's important for all the stakeholders of the real estate industry to be aware of the carpet area to make informed decisions about their property purchases.

Carpet Area is a transformation practice in the Real Estate Business. Prior to RERA the industry practice the business based on Saleable Area or Super built-up Area or built-up Area etc. further saleable Are not being defined anywhere (like building bye laws, etc.,) the ambiguity in terms of the area built up area being developed was always exploited to the disadvantage of a home buyer by the small section of the group.

Further the requirement of a Promoter of the Real estate project to disclose the number, type and the carpet area of apartments for sale in the project along with the area of the exclusive balcony or verandah areas and the exclusive open terrace areas apartment with the apartment in accordance with Sec 4(2)(h) of the Act, makes it that much more transparent for a home buyer while purchasing an apartment.

Allottees/Customers do understand, appreciate when they have common comparison - lets understand the sensitivity of Carpet Area with a small Example –

Details	Project A	Project B	Other factors
Apartment	2 BHK Unit	2 BHK Unit	
Super-built Up Area	1200 Sft	1200 Sft	Both are good, similar location equally good
Total Price	54 Lacs	60 Lacs	Generally, everyone tries to compare the price. Lower one would be considered
Carpet Area	800 Sft	900 Sft	
Rate per Sft of Carpet Area	Rs.6,750 per sft	Rs.6,666 per Sft	Given the details of Carpet Area, one would prefer Project B, even though the total price is more. As the price per square feet of carpet area is less and the purchaser gets more area in the apartment.

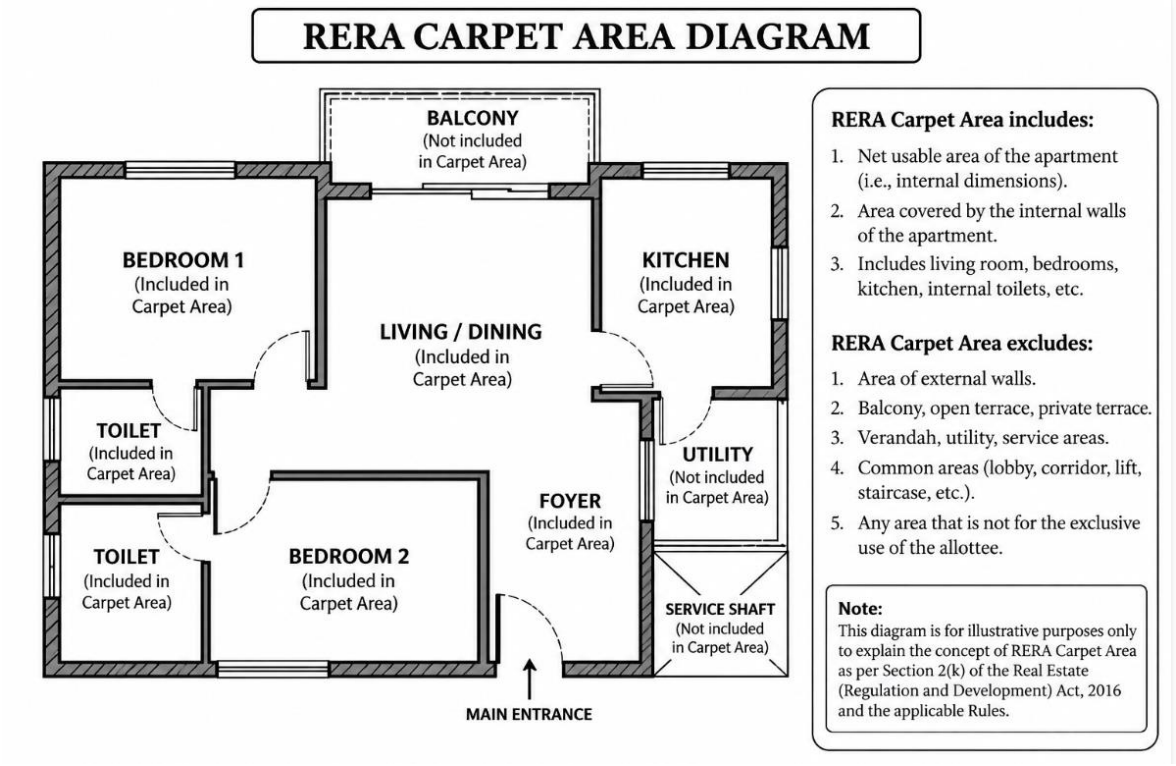
In summary CARPET AREA = NET USABLE FLOOR AREA + INTERNAL WALLS

RERA's definition is further emphasized by the fact that other statutes, such as the Income Tax Act, GST, FEMA, and PMLA, rely on RERA's definitions. This will ensure uniform understanding of these words across different legal frameworks, which is decisive for effective enforcement and compliance.

All documents related to the project i.e., marketing documents, application, allotment letter, agreement for sale, sale deed, Deed of declaration, all communication shall have the reference of the carpet area.

Most of the States have started mentioning the RERA Carpet Area in the building sanction plan, registration of the apartment based on the carpet area etc

Hence, it is important for all the stakeholders to understand the RERA Carpet Area and adopt the same across all transactions



Encumbrances, Mortgage Reporting under RERA

Real Estate (Regulation and Development) Act, 2016 (RERA), is a landmark legislation introduced by the Government of India (even though the land related legislations are under the ambit / control of the States). The RERA was enacted with an intention to Regulate and Develop the Real Estate Industry. The outcome of the RERA includes standardisation of practices, bringing transparency, making stakeholders responsible which results in enhancing the efficiency and effectiveness in practices.

RERA Act, Rules mandates to submit the information, documents, affidavits, information along with the application for grant of RERA Registration. Without these mandatory details, documents the authority may not grant the RERA registration. With the registration, we can expect and achieve -

a) Detailed Disclosure of Project Information
b) Public Access to Information with respect to project, promoters, credibility etc
c) Timely Updates on Project Progress
d) Separate bank Account for Funds management
e) Standardized Agreements – Agreement for Sale, Allotment letters etc
f) Clear Advertising and Marketing Norms
g) Resolution of Financial Encumbrances

On the other hand, the real estate industry, being a capital-intensive sector, faces challenges in raising funds for projects due to the lack of official "Industry" status from the Government. As a common practice, industry players and promoters seek construction finance for the development of projects. To overcome these financial challenges, promoters often borrow money by mortgaging assets such as land, buildings, or project rights. These borrowings result in the creation of encumbrances on those assets.

Reference in the Act, Rules etc

Section 4(2)(l)(B) of the RERA Act *- that the land is free from all encumbrances, or as the case may be details of the encumbrances on such land including any rights, title, interest or name of any party in or over such land along with details;*

It is mandatory under RERA to disclose the encumbrances on the project land. Further the promoter shall give an affidavit in Form B disclosing the encumbrances.

Extract of Form B - See sub-rule (4) of rule 3 -
That the said land is free from all encumbrances OR
That details of encumbrances _____ *including details of any rights, title, interest or name of any party in or over such land, along with details.*

1. If the promoter borrows money after obtaining RERA registration for the project and creates encumbrances, such encumbrances must be reported in the quarterly updates or filings –
    a. *Project loans and other sources of finance availed and deposited in the RERA Designated Transaction Account during the Quarter*

2. Details to be Disclosed with respect to encumbrance -
    a. Nature of the encumbrance (e.g., mortgage, lien, etc.).
    b. Name of the financial institution or party in whose favor the encumbrance exists.
    c. Amount of liability associated with the encumbrance.
    d. Status of repayment or settlement of the encumbrance.

3. Mandatory Compliance and Penalties
    a. Non-disclosure or misrepresentation of encumbrances can lead to penalties under RERA, including fines, project deregistration etc.
    b. Buyers can seek redressal through the RERA authority if they find discrepancies in the disclosure.
4. On settlement of the borrowings the promoter shall remove the encumbrance on the project land and facilitate of handing over to the allottees or associations -

5. **Section 11(4)(g) of the RERA Act** – the promoter shall pay all outgoings until he transfers the physical possession of the real estate project to the allottee or the associations of allottees, as the case may be, which he has collected from the allottees, for the payment of outgoings (including land cost, ground rent, municipal or other local taxes, charges for water or electricity, maintenance charges, ***including mortgage loan and interest on mortgages or other encumbrances and such other liabilities*** payable to competent authorities, banks and financial institutions, which are related to the project).

6. Further, while reporting the completion, the copy of the Discharge letter from Banker shall be uploaded as a proof of document.

7. In practice, when the promoter obtains a loan and creates a mortgage or encumbrance on the project land, they must obtain a No Objection Certificate (NOC) from the lender for each unit, plot, or apartment and provide it to the allottees or buyers. This NOC ensures that the specific unit is free from encumbrances related to the lender. However, the original title documents remain in the custody of the lender until the mortgage is fully repaid.

8. Therefore, it is the duty of the promoter to hand over the original title documents, along with an encumbrance-free certificate and the NOC from the lender, to the Association of Allottees once the mortgage is fully cleared.

It is the responsibility of the promoter to report the encumbrances initially and during the development of the project. Post settlement of the borrowings, removal of encumbrances and reporting of the same shall be followed.

Matching the Numbers: RERA Compliance Insights

Importance of matching or reconciling the data/numbers across various statutes for the real estate business/promoters. Further, the data and information in business should support decision-making and enhance stakeholder confidence. To achieve this, it is essential to match and reconcile data across departments and regulatory requirements. This process helps maintain accuracy, consistency, and compliance, ultimately strengthening trust in financial and operational decisions.

Let us understand the various information or data of the Real Estate Industry and the importance of reconciliation and matching with various stakeholders.

Who are the stakeholders interested in the data and information from time to time, let me list down and start explaining it –

Sl No	Stakeholders
1	Promoters / Board of Directors / Management of the Business – in case of a large organisation, management/board of directors to know the various critical numbers/data of the organisation/business
2	Regulatory Body – Real Estate Regulatory Authority – is the custodian of all information related to the real estate project. Act as a bridge between the promoter entity and the public at large
3	Lenders (financial institutions) – to ensure the funds so released/lent is utilized for the purpose of project development or intended use
4	Prospective Customers – Customers will look into the project details, business house, or organisation before they make a decision in the selection of the property and more so, the performance & delivery of the earlier projects to the customers.
5	Government Agencies – planning authorities and other statutory authorities, granted permission to construct or develop the real estate project
6	Tax Authorities – wanting to collect the applicable taxes based on the transactions
7	Research Agencies – Research Agencies to prepare the Analytical report to publish
8	Investors
9	Stock Exchanges
10	Vendors / Service Providers

The report and analysis made by the few leading agencies revealed that the lenders were aggressively lent money to the few real estate businesses/projects, which are beyond the requirement for the cost of development of the particular project. The lending or loans granted were not effectively used in the construction of the real estate project, payment to the suppliers or vendors of the project. The money so borrowed was used for a purpose other than intended. Having lent money and not utilised appropriately, the recovery of loans from the business/real estate project has been impacted and results in nonperforming assets to the bankers/lenders. We have seen various lenders have compromised for one-time settlement to conclude and to eliminate the bad assets in their books of accounts of admitted in NCLT etc.

The promoters of a real estate project are legally required to provide complete and accurate details to each stakeholder during their transactions. Additionally, the details shared by the promoter must be consistent with the data submitted to the RERA authorities, strengthening trust and compliance with regulatory standards -

Sl No	Information
1	Complete details of the real estate project (plotted, residential, commercial) – location, plans, approvals, inventory, amenities, facilities etc
2	Details of the status of booking (sold) to the prospective customers
3	Details of sold or unsold units to the lenders / financial institutions – having raised the loans
4	Details of the amount collected from the allottees to the lenders/financial institutions
5	Details of the amount collected from the allottees to the tax authorities to discharge the GST
6	Details of the status of % completion of work in the project for the purpose of revenue recognition to Income Tax
7	Details of the Estimated cost of the project to the tax authorities, investors, lenders etc
8	Details of the project profitability to investors
9	Details of litigation on the project land to the allottees
10	Details of borrowing/mortgage of project land to the allottees
11	Details of modification of sanctioned plan to the allottees
12	Details provided for the purpose of Audit under various statutes – LLP's / Company's Act, Co-operative Housing Society etc
13	On completion of the project, professional certificates of architect, engineer and a chartered accountant certifying the details, cost incurred etc – to the Banker to close the RERA Separate bank account

It is now the responsibility of each stakeholder to ensure that the data provided by the promoter aligns with the details and information submitted to the RERA authorities, as these records may be publicly accessible. If so, what data are the promoters mandated to submit to the RERA authorities, and what information is accessible to the public at large -

Sl No	Details and Documents
1	Details of the scheme of the project – sanctioned plan, approvals, NOCs, KYC etc
2	Details of the promoters of the project, Land Owners in case of JDA etc
3	Details of the Estimated Land Cost, Approval Cost and Construction cost
4	Details of the Total inventory in the project – total inventory, sold, unsold
5	Details of Area (measurement) of each unit in the project – Carpet Area, Common Area, Saleable Area etc
6	Total number of car parking available in the project
7	Details of litigation on project land
8	Details of schedule of development in the project including end date to complete the development in the project
9	List of complaints filed by the allottees – under trial, orders passed, settled, recovery notice issued
10	Details of Borrowings and Encumbrances
11	**During the quarterly progress reports and annual audits, the promoters mandatorily submit the following information, details, documents etc –**
12	Total Sold units / unsold units
13	The total amount realised from the allottees and balance receivables
14	Total amount incurred towards development works in the project

Sl No	Details and Documents
15	% Of completion of development works in the project
16	Details of pending development work in the project
17	Copies of professional certificates like CA's, Architect and Engineer's

Based on our experience the following are the variances between statutes –

Sl No	Details and Documents
1	The Estimated costs submitted with RERA are different from that of cost details as per books of accounts and submitted to the lenders/financial institutions
2	Details of Amount realised from the allottees as per RERA and as per Books of Accounts. The amount realised is classified under various heads (like sales, current liabilities, taxes etc) – further with GST, without GST, deposit collected etc
3	% Of completion generally more as per RERA and less with Income Tax or GST
4	Number of units booked/sold generally more as per RERA compared to Income Tax or GST
5	Amount incurred as per RERA is more compared with the Purchases in GST R
6	Amount incurred as per RERA is more compared the Books of Accounts audited
7	Sold/unsold inventory or receivables as per RERA compared to the certificate submitted to the banker as stock or receivable statements.

we accept that discrepancies may arise in the data submitted under different statutes. In such cases, we recommend that promoters maintain a comprehensive reconciliation statement with the documentary evidences. This approach ensures transparency but also serves as a safeguard against potential inquiries or inadvertent notices from tax authorities in the future. By keeping a well-documented reconciliation, promoters can demonstrate compliance, mitigate risks, and avoid unnecessary legal or financial complications.

We recommend that project promoters provide uniform data to all stakeholders to ensure compliance with the RERA Act and other statutes. Failure to do so may lead to penalties or legal action. Professionals must also guide their clients in line with the RERA Act, Rules, Notifications, and Circulars

Advertisement Compliance under RERA

Advertisement plays a critical role in the real estate industry, as it directly impacts the visibility, credibility, and overall success of real estate projects. Given the high-value nature of real estate transactions, effective advertising can significantly influence potential buyers' decisions. Real estate advertising is a powerful tool for generating interest, building trust, and driving sales. With the high stakes involved in real estate purchases, advertisements not only showcase a property but also build credibility and trust in the minds of potential buyers. Moreover, in an industry that is increasingly regulated (such as under RERA), transparent and honest advertising is essential for engaging with consumers and promoting successful real estate projects.

Real Estate (Regulation and Development) Act 2016 defines ***"advertisement"*** *(section **2(b)**) means any document described or issued as advertisement through any medium and includes any notice, circular or other documents or publicity in any form, informing persons about a real estate project, or offering for sale of a plot, building or apartment or inviting persons to purchase in any manner such plot, building or apartment or to make advances or deposits for such purposes;*

1. **Let us analyse and deliberate the definition of advertisement and its relevance –**

Sl No	Details	Analysis
1	**Medium of Advertisement** -The term "advertisement" includes any document or communication issued as an advertisement, regardless of the medium used. This could be:	a. **Print Media:** Newspaper ads, brochures, leaflets, or magazines. b. **Electronic Media**: TV commercials, radio spots, digital billboards, or podcasts. c. **Online and Social media**: Websites, social media platforms, email campaigns, and online property listings. d. **Outdoor and Public Spaces**: Hoardings, banners, posters, and physical signage. This inclusion of various media ensures that promoters are held accountable for the information they disseminate, no matter how it is shared with the public.
2	**Document Formats** - The term also covers any notice, circular, or other documents. This means that any official or unofficial written communication or printed material that informs the public about a real estate project is considered an advertisement. These may include:	a. **Notices**: Public or private announcements about the launch or status of a project. b. **Circulars**: Informative documents distributed to potential buyers, partners, or agents to share details about the project. c. **Other Documents**: These could be flyers, sales pamphlets, or even documents shared at real estate exhibitions or events.
3	**Purpose of Advertisement** - The definition highlights that an advertisement serves to inform people about a real estate project. This could involve:	a. **General Project Information**: Sharing basic details like the project's name, location, developer, or features. b. **Promotional Offers**: Presenting special offers, discounts, or deals related to the purchase of property units. c. **Project Timelines**: Mentioning project completion or possession timelines, which are critical for buyers to make informed decisions.

Sl No	Details	Analysis
4	**Offering for Sale** - Advertisements can also explicitly or implicitly offer the sale of plots, buildings, or apartments. This means any message that promotes the availability of real estate for sale, whether by mentioning prices, discounts, or unit availability, qualifies as an advertisement under RERA.	**Invitations to Purchase**: An advertisement could be an invitation to potential buyers to express interest or book a property. This includes offers to visit a sales office, register for project updates, or even attend promotional events.
5	**Soliciting Advances or Deposits** - The term "advertisement" also encompasses any material that encourages individuals to make advances or deposits for purchasing real estate. This could involve:	a. **Booking Amounts**: Promoters might invite potential buyers to pay a booking or reservation amount to secure their interest in a property. b. **Pre-launch Offers**: In some cases, advertisements invite buyers to invest in pre-launch projects where buyers are encouraged to make payments before formal approvals or launches. c. **Advance Payments**: Any promotional material asking potential buyers to put down an advance or make deposits for future purchase falls under this definition.
6	**Publicity in Any Form** - The phrase "publicity in any form" ensures that the Act captures even non-traditional or indirect methods of promotion. This can include:	a. **Word-of-Mouth Campaigns**: Though not a traditional form of advertisement, if organized by the developer, word-of-mouth efforts through agents or brokers to spread the word about a project could be considered an advertisement. b. **Influencer Marketing**: On social media, if an influencer or celebrity endorses or promotes a real estate project, it can be treated as an advertisement under RERA.

Tamil Nadu RERA has issued the following circular and notification with respect to advertisements –

Sl No	Tamil Nadu RERA circular	Contents of the circular
1	Directions on advertisement and promotion, with clarification a) Proceedings No.TNRERA/A3/1840/2026-1, dated 16.06.2026. b) Authority's resolution dated 09.04.2026, 24.04.2026, 29.05.2026 and 18.06.2026. c) Circular No.TNRERA/ A3/1483/2026, dated 24.06.2026.	**<u>Guidelines for Releasing of advertisement in Newspapers and Magazines or Website or Brochures and leaflets:</u>** a) All advertisements in the newspapers and magazines (print media) or on websites must contain the TNRERA registration number along with QR code of the Form-C (Registration Certificate issued by TNRERA) and Website address of the Authority. b) **The TNRERA registration number with QR code and website address displayed preferably <u>at the top right corner</u> of the advertisement.**

Sl No	Tamil Nadu RERA circular	Contents of the circular
	d) Circular No.TNRERA/ A3/1483/2026-2, dated 03.07.2026 e) Authority's resolution dated 30.07.2026 (30th Authority Meeting) f) Circular No.TNRERA A3/1483/2026-3	c) **The font size** of the letters and numbers used **shall not be less than twelve** in case where the advertisement is in quarter page or more than quarter page of a news paper. For advertisement with less than quarter page, the font size of the letters and numbers shall **not be less than eight.** d) Further, if the advertisement for a real estate project is in more than one page, TNRERA registration number and Authority's website address shall be mentioned at **the top right side of the first page** along with the QR Code of the Form-C. e) If the advertisement is **for multiple projects**, RERA registration number has to be mentioned for every real estate project and TNRERA's website address to be provided at an appropriate place in the advertisement. f) The font size of the letters and numbers used shall be legible and readable.
2	**Outdoor publicity**	a) All outdoor publicity boards and hoardings including small size hoardings such as on road divider, on street light poles, advertisement on the buses, vehicles and bus shelters, etc. must contain RERA registration number with QR code of the Form-C and website address of the TNRERA. b) These details shall be displayed at the top right corner of the advertisement. The font size of the letters and numbers used shall be legible and readable to the passerby.
3	**Electronic Media:** **Television, Radio and other Electronic Media**	While advertising real estate projects on TV or radio, it has to be mentioned whether the project is a "**RERA Registered Project**". The info graphics used to advertise the project on TV, shall have the RERA registration number with QR code Form-C, and website address of the TNRERA.
	Social media:	All communications of the promoter's project on websites, Facebook, Twitter, Instagram or Linkedin pages or on any other social media platform, shall mention the RERA registration number with QR code of Form-C and the link to the TNRERA's website.
	The **online property sites**	websites which are advertising, facilitating or promoting sale of real estate projects in any manner shall not advertise any real estate project without TNRERA registration number with QR code of Form-C and TNRERA's website address.
	Terms and Conditions – mention clearly	terms and conditions mentioned by the promoter in the advertisement, the promoter shall not mention any disclaimer clause such as "terms and conditions apply". The

Sl No	Tamil Nadu RERA circular	Contents of the circular
		promoter has to clearly mention the terms and conditions to facilitate the homebuyers to take informed decision.
		The advertisement must contain the promoter's name, office address and contact details besides the exact location of the project.
	All amenities should be disclosed	The mere number of amenities, such as 100 + amenities shall not be mentioned. If any promoter desires to mention the amenities in the advertisement, they may do so, however, only the amenities as promised in the sale agreement shall be indicated in the advertisement.
	market price and shall talk only about their project/ price, amenities provided in the project advertised (not other projects)	The price of the real estate project depends on several factors such as location of the project, quality of the construction, amenities / infrastructure provided, etc., Comparing the price of their project with so called "market price" is not fair and amounts to misleading the home buyers. Therefore, **the promoters shall not compare their price with so called "market price" or price of the other projects / promoters while advertising their projects.** Promoter shall talk only about their project/ price, amenities provided in the project advertised.
	Categorisation of violations as **major** for levy of penalty	a) Advertisement and promotion of real estate projects not registered with TNRERA. b) Misleading advertisement in terms of price comparison and location. Suo-moto cognizance or on complaint.
	Categorisation of violations as **minor** for levy of penalty	a) Advertisements without the website address of TNRERA. b) TNRERA registration obtained but wrong project registration number displayed in the Advertisement. c) TNRERA registration obtained but QR Code of Form-C is not mentioned. d) QR Code available but not readable. e) Advertisement without RERA registration number. f) Advertisement without promoter's office address.
		Advertisement through Radio F.M and T.V should mention **"RERA approved"**
	In case of the violations, not covered under above categories, the Authority shall decide from time to time.	Notwithstanding anything stated above, the Authority shall have the right to impose higher penalty as provided in the Real Estate (Regulation and Development) Act, 2016.

VIOLATION	PENALTY in Rs.
MAJOR	Rs.1,00,000/-
MINOR	Rs.25,000/-

2. Other important aspects of Advertisements under RERA –

Sl No	Details	Analysis
1	**Disclaimer in the advertisement is not allowed**	a. The Authority has issued a circular stating disclaimer in the advertisement materials stating subject to change etc. b. These disclaimers are not permitted, promoters cannot shy away by mentioning the disclaimer and not delivering as promised in the advertising collaterals.
2	**Legal Accountability**	This wide-ranging definition ensures that promoters and developers cannot escape legal liability by claiming that their material was not a formal advertisement. If they make any claims or statements that influence a buyer's decision, these fall within the scope of "advertisement" under RERA
3	**Truth and Accuracy**	As per RERA Act, Rules, regulations, any advertisement must reflect the true status of the project, be compliant with legal approvals, and avoid any misleading or false information. False advertising can lead to significant penalties.
4	**Collection Expression of Interest by agent or promoter before obtaining the RERA Registration**	Collecting Expressions of Interest before obtaining RERA registration violates the section 3(1) of the RERA Act. Expression of interest not only risks legal repercussions but also invites regulatory scrutiny. It is important for promoters, agents, channel partners to adhere strictly to RERA provisions to protect their business interests and avoid penal provisions.

3. Standard Operating Procedures under RERA for Advertisements -

Every promoter entity should develop a Standard Operating Procedure (SOP) for preparing and publishing advertisements in any media, ensuring full compliance with the requirements set by the Real Estate (Regulation and Development) Act, 2016 (RERA). This SOP is essential for maintaining transparency, avoiding misleading information, and ensuring the protection of potential buyers. Below is a suggested structure for creating such an SOP –

Sl No	Details	Analysis
1	**Purpose**	The purpose of this SOP is to establish a standardized approach for creating and publishing advertisements for real estate projects. This ensures that all advertisements comply with RERA guidelines and protect the interests of both the promoter and the consumers by providing accurate and transparent information
2	**Scope**	This SOP applies to all advertisements, regardless of the medium (print, electronic, outdoor, digital, etc.), issued by the promoter or on behalf of the promoter by third parties (agents, brokers, etc.)
3	**Responsibilities**	a. **Marketing Team**: Responsible for preparing and designing the advertisement. b. **Legal/Compliance Team**: Ensures that the advertisement complies with all RERA guidelines. c. **Approving Authority**: A designated individual or committee within the promoter entity responsible for final approval before the advertisement is released.

Sl No	Details	Analysis
		d. **RERA Professionals / Consultants / Advisors**: If external advertising agencies are involved, they must also adhere to the RERA-compliant SOP.
4	Advertisement Content Preparation - The content of the advertisement should pass the RERA compliance test, which includes the following:	a. **Mandatory Information**: Every advertisement must include the following: i. RERA Registration Number: The registration number issued by the respective state RERA authority for the project. ii. Project Name and Location: Accurate details about the name and exact location of the project. iii. Promoter's Name and Contact Details: The name, address, and contact details of the promoter. iv. Approval Status: Whether the project has received necessary approvals (Completion Certificate or Occupancy Certificate) or if they are pending. v. Details of Amenities/Facilities: All amenities and features must be clearly mentioned and should match what will be delivered. b. **Accuracy of Information**: The advertisement must reflect the true status of the project without exaggeration or false claims. For instance: i. No inflated promises about the number of amenities, completion time, or returns on investment. ii. No use of speculative language that could mislead potential buyers (e.g., "hurry before prices rise!" unless there is factual evidence).
5	Design and format	a. Font Size and Placement: The RERA registration number must be placed in the top-right corner of the advertisement and should be no less than half the font size used for the project name. b. Clear Mention of RERA Website: The advertisement must include a link to the respective state RERA website where buyers can verify the project details. c. Use of Visuals: Any images or visual representations used should be true to the actual project. If artistic impressions or renderings are used, they should be clearly labeled as such. **d.** "RERA Registered" Information: The length and size of the "RERA Registered" information must cover at least 10% of the length or breadth (whichever is greater) of the advertisement in print or digital format.
6	Digital and Electronic Media Guidelines	a. Radio/TV Ads: The RERA registration number should be clearly mentioned in all radio and television ads. b. SMS/Email/Online Ads: Digital advertisements via SMS, emails, or social media must also include the RERA registration number and a link to the state RERA website. c. Website and Portals: Ensure that property listing portals include a link to the state RERA site for verification of project registration.
7	Grievance Redressal	**Buyer Complaints:** A system must be in place for handling grievances or complaints from buyers regarding advertisements. Any buyer concerns about misleading information or non-compliance should be addressed promptly.

Sl No	Details	Analysis
8	Documentation and Record-Keeping	a. The promoter should maintain records of all advertisements released (including digital formats) for a minimum period, in case of audits or legal disputes. **b.** Copies of advertisements should be stored along with a compliance checklist, showing that each aspect has been reviewed and approved.
9	Monitoring and Auditing	a. The compliance team should regularly monitor the release of advertisements to ensure adherence to the SOP and RERA guidelines. b. Internal Audits: should be included in periodic audits to ensure that the SOP is being followed and updated according to any changes in the law.

4. Model Flat / Show Flat in project area

Indeed, the model flat serves as a pivotal tool for builders to showcase their projects. Constructed with premium products and features, it acts as a tangible advertisement, offering potential buyers a glimpse into the quality and lifestyle their investment could afford. However, it's imperative that the model flat remains as factual as possible. While it's common to highlight the best features of the project, it's equally essential to ensure that the model flat accurately represents what buyers can expect upon completion. From the layout and dimensions to the quality of materials used, transparency is paramount. By maintaining honesty and integrity in the construction of the model flat, builders not only build trust with potential buyers but also uphold the standards of compliance, particularly in accordance with regulations like RERA. This approach not only benefits the builder but also ensures that buyers can make well-informed decisions based on realistic expectations. Some of the factors requires the attention of the promoters with respect to show flats -

a) Generally, the height of the model flat is more than actual offering
b) The room size or living or kitchen size are large compare to actual offerings
c) The wall thickness is less as usage of glass partitions/ gypsum boards instead of concrete walls, increased ceiling height and lighting.
d) Sample Flats generally created to look more better
e) Sample Flats gives the feeling of Premium and luxury
f) Standard and nonstandard fittings, changed dimensions etc must be made known to the customer and written confirmation taken
g) Floor tiles, fixtures, wall texture etc in model apartment could significantly vary from one actually used in
h) Show the unfurnished sample flat as well, if possible (and feasible)

5. **Role of Chartered Accountant as an advisor or a consultant under RERA –**

a) Chartered Accountant shall make additional efforts to check whether any advertisement or marketing is made by the promoter of the project. It may be verified in google or online portals, further check any marketing or sale expenses incurred for the project considering for registration.

b) Chartered Accountant can advice the promoters and the agents about importance of compliance of advertisement under RERA and its implications for non-compliance

c) Chartered Accountant can conduct the periodical review or audit of adherence to the advertisement compliances under RERA

d) It is important to verify and certify as part of the annual audit and in completion certificate that the promoter has made payment to the registered agents only.

By following this SOP's, promoters can ensure that all advertisements comply with RERA requirements, are accurate, and uphold transparency. This protects the promoter from legal liabilities and builds trust with buyers, ensuring fair practices in the real estate market.

These guidelines ensure that digital portals maintain transparency and accountability while advertising real estate projects under RERA. By adhering to these rules, portals can help foster trust and confidence among buyers, promoting a fair and transparent real estate market. They also help protect buyers from fraudulent practices, enabling them to make informed decisions based on reliable information.

compliance with advertisement regulations under RERA is essential for maintaining transparency, credibility, and consumer trust in the real estate industry. Proper advertisement practices not only protect potential buyers from misleading information but also uphold the integrity of real estate promoters. Non-compliance can lead to severe penalties, including fines etc. Furthermore, adherence to advertising guidelines fosters a more trustworthy marketplace, where buyers can make informed decisions based on accurate information. By prioritizing compliance, real estate promoters can enhance their reputation, build lasting relationships with clients, and ultimately drive the success of their projects.

Important Dates under RERA –

Sl No	Provision of the RERA Act	Details	Section
1	Prior Registration of Real Estate Project	Obtain the RERA registration on receipt of the Sanctioned plan (may be postponed if the intention is not to sell immediately)	Sec 3 / Sec 4
2	First time Update / Post Registration	On registration of the Project	Sec 11
3	Quarterly Updates	Within 15 days from the end of each Quarter	Sec 11 read with Rules 17(1)(d)
4	Annual Audit of Accounts	Within 6 months from the end of financial year	Sec 4(2)(L)(D)
5	Obtaining Professional Certificates – a) Architect, b) Engineer, and c) Chartered Accountant	Architect, Engineer, and Chartered Accountant in Practice certificates shall be obtained for each withdrawal of funds from the RERA Designated bank account.	Sec 4(2)(L)(D)
6	Reporting of Completion	On completion of 100% development (internal and development) works in the project. Report within the same quarter of completion	Circular
7	Application for Extension of End date for the project	Within 3 months before the end date of registration	Sec 6 read with TN RERA Rule 7
8	Modification Application	Prior / post-approval of the authority for any modification in the Registration Application depending on the modification/amendment.	Sec14
9	Formation of Association of Allottees	shall be formed within three months of the majority of allottees having booked the plot/apartment	Sec 11
10	Transfer of Title	within three months from date of issue of occupancy certificate.	Sec 17
11	Refund/Return of amount on Cancellation	Within 90 days of Such Cancellation	Sec 18 read with TN RERA Rule 19
12	Conveyance of plot/apartment	Conveyance deed after receipt of Occupancy certificate	Sec 17
13	Hand- over a. the necessary documents b. plans c. including common areas to the association of the allottees	within thirty days after obtaining the occupancy certificate	Sec 17
14	Structural Defect warranty by the Promoter	Five years from the date of handing over to the allottee	Sec 14
15	Attend to Structural Defect by the Promoter	Promoter to rectify such defects without further charge, within thirty days from the date of notice	Sec 14
16	Grant of Registration by the authority for the real estate project	Within 30 days from the date of application	Sec 5

Allottees under RERA - Rights and duties of allottees

Real Estate (Regulation and Development) Act 2016 (RERA Act) is a transformational statute with an objective to REGULATE and DEVELOP the real estate industry.

a) As we all aware the Real Estate Sector is second largest industry after agriculture. Real Estate contributes considerable % to GDP (7% to 8%) of the country, Direct and Indirect Taxes, Employment (skilled and unskilled) and the requirements and existence of this industry would be everlasting.

b) The RERA Act has an inbuilt provision/regulation/direction to the stakeholders with respect to action or activities of the real estate business viz., when to launch the project (on receipt of plan sanction and RERA Registration), financial management (money collection, deposit, withdrawal and utilsation), quality and assurance on the product (defect liability and insurance), promotional activities (veracity of advertisement), form and contents of legal documents (allotment, agreement, sale deed), delivery of the product (conveyance, handover), compensation (for delay of delivery and breach of agreement), alternative resolution, speedy dispute resolutions (timely disposal of complaints), penal provisions for non-compliance to the provisions of statute.

c) The Stakeholders of the industry means and includes landowner, builder, developer, banker, financial institutions, lenders, customers, vendors, suppliers, service providers, professionals (engineer, architects, chartered accountants, advocates) etc

d) Each stakeholders plays a vital and important role under RERA. In this article, the importance of Customers/buyers of the real estate is deliberated.

Under RERA, customer/buyer/purchaser is collectively called as Allottee. *Sec 2(d) of the RERA Act defines "Allottee" in relation to a real estate project, means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfers or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent.*

CHAPTER IV of the RERA Act provides for RIGHTS AND DUTIES OF ALLOTTEES (Section 19 of the RERA Act) in the project. The details of the same is summarised in the tabular manner -

Sl No	Details	Rights of the Allottees
1	The allottee shall be entitled to **obtain**	the information relating 1. to sanctioned plans, layout plans along with the specifications, approved by the competent authority and 2. such other information as provided in this Act or the rules and regulations made thereunder or the agreement for sale signed with the promoter
2	The allottee shall be entitled to **know**	the stage-wise time schedule 1. of completion of the project, 2. including the provisions for water, sanitation, electricity and 3. other amenities and services as agreed to between the promoter and the allottee in accordance with the terms and conditions of the agreement for sale
3	The allottee shall be entitled to **claim**	The allottee shall be entitled to 1. claim the possession of the apartment, plot or building, as the case may be, and 2. the association of allottees shall be entitled to claim the possession of the common areas
4	The allottee shall be entitled **to claim the refund** of the amount paid along with **interest**	1. if the promoter fails to comply or 2. is unable to give possession of the apartment, plot or building, as the case may be, in accordance with the terms of agreement for sale or 3. due to discontinuance of his business as a developer on account of suspension or revocation of his RERA registration
5	The allottee shall be entitled to **have**	1. the necessary documents and plans, including that of common areas, after handing over the physical possession of the apartment or plot or building
6	Every allottee who has entered into an agreement for sale shall be **responsible** to	1. make necessary payments 2. in the manner and 3. within the time as specified in the agreement for sale and

Sl No	Details	Rights of the Allottees
		4. shall pay at the proper time and place - a. the share of the registration charges, b. municipal taxes, c. water charges, d. electricity charges, e. maintenance charges, f. ground rent, and g. other charges, if any
7	The allottee shall be **liable** to pay interest	1. at such rate as may be prescribed (maximum of SBI MCLR +2%) 2. for any delay in payment towards any amount or charges to be paid as per agreement for sale
8	Every allottee shall **participate**	1. towards the formation of an association or society or cooperative society of the allottees, or a federation of the same
9	Every allottee shall take physical **possession**	1. within a period of two months of the occupancy certificate issued for the said apartment, plot or building
10	Every allottee shall **participate**	1. towards the registration of the conveyance deed of the apartment, plot or building

In case of a complaint filed by the promoter on the allottee for failure to perform their duties or as per terms of the agreement, the Authority or Appellate Tribunal may pass necessary orders based on the facts and merits of the case directing the Allottee to comply. If the Allottees fail to comply with such orders, then the punitive provisions under the Act is attracted.

RERA Act has a provision to penalise the Allottees if they fail to comply with the orders of the Authority or Appellate Tribunal. The details of contravention and the quantum of penalty or imprisonment is summarised in the table below -

Reference in the Act	Provision	Contravention and Quantum of Penalty
Section 67	Penalty for failure to comply with **orders of Authority** by the allottee	1. If any allottee fails to comply with or contravenes any of the orders, decisions or **directions of the Authority** 2. shall be liable to a penalty 3. for the period during which such default continues, 4. may cumulatively extend up to **five percent** of the plot, apartment or building cost, 5. as the case may be, as determined by the Authority.
Section 68	Penalty for failure to comply with **orders of Appellate Tribunal** by the allottee	1. If any allottee, who fails to comply with, or contravenes any of the orders or **directions of the Appellate Tribunal,** 2. he shall be punishable with **imprisonment** for a term which may extend **up to one year** or 3. with fine for every day during which such default continues, which may cumulatively extend up to **ten per cent** of the plot, apartment or building cost, as the case may be, or 4. **with both**

Few points based on the judicial pronouncement –

Details	Outcome and reference of Judgement
Is Lessee come under the definition of 'allottee'	1. Yes, lessee is allottee. All provisions are applicable 2. Lavasa Corporation's Brookview project at Lavasa City
Distinguishing genuine homebuyers from speculative actors, the Court has reinforced the constitutional obligation of the State and regulators to protect vulnerable stakeholders	3. Supreme Court's ruling in Mansi Brar Fernandes

With the introduction of RERA Act, the Act has given rights to the allottees and also duty to perform in relation to the transaction with the promoter. This will enable the promoter to implement and allottees to follow the uniform, standard practices.

RERA establishes an important framework of rights, duties and accountability at different stages of a real estate project. During development and sale, it regulates the relationship between the promoter and the allottee. After handover, the association and the owners collectively take on the responsibilities applicable to the management and maintenance of the property.

The larger objective is to move from a relationship based merely on individual expectations to one governed by defined rights, clear responsibilities, transparency and compliance. When promoters fulfil their obligations, allottees honour their commitments, and associations manage common property responsibly, the result is a better-maintained, safer and more sustainable residential community.

Further, Section 19(6) reinforces that allottees are legally bound to contribute towards maintenance charges, ensuring the financial sustainability of such services post-handover.

Accordingly, the Act establishes a **structured and seamless transition mechanism**

Stage	Responsible Party	Key Aspect
Pre-possession	Promoter	Provides services & collects charges
Post-possession (before AOA)	Promoter	Continues maintenance
Post-AOA formation	Society/RWA	Full control of management and maintenance

In essence, RERA does not merely protect homebuyers it promotes accountability across all stakeholders. The obligation to pay participate, involve, pay is not discretionary but a statutory duty, integral to the efficient functioning and long-term sustainability of real estate projects. Compliance with these provisions is therefore essential to uphold the spirit of transparency, fairness, and discipline envisioned under the Act.

Delayed Possession in a Rising Real Estate Market

RERA - time is not merely a contractual obligation rather it is a statutory commitment.

While Home Buyers book their apartment/plot, the developer promised possession by December 2028. It was more than just a date on paper. It became the foundation of their future plans. buyer arranged a home loan and structured his finances around the expected possession date. Family planned their daughter's school admission near the new home. The family dreamt of celebrating their first Diwali in their own apartment and finally moving out of their rented house. The promoter too had made commitments. Project finance was secured, contractors were appointed, approvals were pursued, and construction schedules were meticulously planned. Lenders, consultants, suppliers, RERA and government authorities all became part of a complex ecosystem working towards a common objective the timely completion of the project.

a) **Then came the unexpected. A crucial approval took longer than anticipated. Global geopolitical developments disrupted supply chains and increased material costs. Unseasonal rains slowed construction activities. Labour shortages emerged. One challenge led to another, and the project timeline began to stretch.**
b) The promoter's intention to deliver on time remained intact, but circumstances beyond anyone's control altered the schedule. A six-month delay gradually became 2 years.
c) The consequences rippled across the ecosystem. Homebuyers continued to bear both rent and EMI obligations. Banks had to recalibrate repayment schedules. Contractors faced cash flow pressures. Suppliers experienced delayed payments. The promoter incurred additional financing and compliance costs. What appeared to be a delay in construction became a challenge for every stakeholder connected to the project.
d) A balanced approach of accountability, transparency, and cooperation among promoters, homebuyers, lenders, contractors, and regulators can help mitigate the impact of delays and ensure that the interests of the entire real estate ecosystem are ultimately protected.
e) For most homebuyers in the Indian Market, purchasing a property is not merely a financial investment but a significant milestone in their life. Buyers often commit their lifetime savings, avail housing loans and plan their future cash flows based on the possession timeline promised by the developer.
f) Recognizing the need for greater transparency, accountability, and discipline in the real estate sector, the Real Estate (Regulation and Development) Act, 2016 (RERA) introduced a standardized regulatory framework across India. The Act prohibits promoters from marketing, selling, or collecting monies from allottees without obtaining the requisite approvals and registering the project with the Real Estate Regulatory Authority. By requiring promoters to **declare a realistic completion timeline** after considering regulatory requirements, project specific risks, and industry challenges, RERA seeks to eliminate erratic business practices, bring uniformity and discipline to project execution, and **provide greater certainty to homebuyers,** lenders, investors, and other stakeholders regarding project delivery commitments.

RERA's Inbuilt Checks and Balances - Framework for Ensuring Timely Project Completion and Possession –

Sl No	Statutory Provisions under RERA	Explanation
1	Verification of applicable Approvals by RERA Prior to RERA Registration	Ensure the promoters have obtained required approvals so to start and complete the project as planned
2	Mandatory RERA Registration Before Marketing and Sale	Ensures certainty of start of construction activities, as RERA mandates all mandatory approvals from different agency
3	Declaration of Project Completion Timeline (Form B Affidavit) as part of RERA Registration	Mandatory Sworn Affidavit (form B) by the Promoter Declaring the Committed Date of Project Completion Creates a Binding Statutory Obligation for Timely Delivery
4	Mandatory Maintenance of a Separate Project Bank Account.	Ensures that the funds required for project construction are deposited into a dedicated Project Account, thereby assuring all stakeholders that such funds are ring-fenced and exclusively channelised towards the development of the project in accordance with the provisions of RERA.
5	Restriction on usage of the Funds for the Project – land and construction	Ensures the availability of funds exclusively for the concerned project and prevents the diversion of project funds by the promoter, thereby safeguarding timely completion of the project
6	Professional Certification for Fund Withdrawals – CA's Architects and Engineers	Funds lying in the separate Project Account can be withdrawn only upon certification by the prescribed professionals, thereby creating a robust mechanism of accountability, ensuring that withdrawals are proportionate to the actual progress of the project and that project funds are utilised solely for the intended purpose.
7	Quarterly Disclosure and Progress Reporting	Continuous monitoring of the project's construction progress by allottees, lenders, bankers, and the Authority serves as an effective early-warning mechanism, enabling timely intervention and corrective action to address delays and other issues well before project completion.
8	Standardized Agreement for Sale	The RERA-notified Agreement for Sale brings uniformity, transparency, and contractual certainty by clearly defining the rights, obligations, and responsibilities of the promoter and the allottee, thereby minimising ambiguity and reducing the scope for disputes, ensuring the focus is towards completion of the project
9	Restrictions on modification of Approved Plans	Obtaining the prior consent of at least two-thirds of the allottees for specified modifications establishes transparency, strengthens stakeholder confidence, reduces the likelihood of

Sl No	Statutory Provisions under RERA	Explanation
		litigation, and ensures the smooth and timely execution of the project.
10	Mandatory Annual Audit of Project Accounts	The statutory annual audit of the Real Estate Project accounts strengthens financial discipline and accountability by independently verifying the utilisation of project funds, thereby enhancing stakeholder confidence and contributing to the timely completion of the project

Despite RERA's Comprehensive Framework to Ensure Timely Project Completion, Delays May Still Occur, Whether Due to the Promoter's Default or Unavoidable Circumstances. What Are the Consequences Under RERA, and What Rights and Remedies Are Available to the Allottees?

a) Statutory liabilities of the promoter
b) Interest and compensation
c) Refund of amount collected
d) Regulatory powers of the Authority
e) Adjudication
f) Revocation of registration
g) Penalties
h) Consumer protection available to allottees

Legal provisions governing interest on delayed possession, the applicable rate of interest, judicial interpretations, practical issues arising in its computation, and the impact of force majeure events on the liability of promoters under RERA.

Possession of a property marks the culmination of a homebuyer's financial commitment and personal aspirations. However, delays in handing over possession have long been one of the most contentious issues between developers and homebuyers. In recent years, despite strong growth in India's real estate market, developers have faced challenges such as rising construction costs, labour shortages, regulatory approvals, funding constraints, and supply chain disruptions. While some delays may arise from genuine commercial difficulties, the financial burden ultimately falls upon homebuyers who continue to bear housing loan EMIs, rental expenses, and opportunity costs while awaiting possession of their homes.

Against the backdrop of an evolving real estate market and increasing consumer awareness, the issue of interest on delayed possession has assumed significant importance for developers, homebuyers, lenders, and professionals alike

What is obligation of the promoter towards return of amount and compensation to the allottee?

Section 18 of the Act provides for provisions as regards various situations in which the allottee would be compensated by the promoter due to delay in completion and delivery of the unit/project

Section 18 of RERA provides relief, If the promoter fails to complete or is unable to give possession of an apartment in accordance with the terms of the agreement for sale, he shall be liable on demand to return the amount received together with interest at such rate as may be prescribed.

Scenario 1: Buyer Withdraws from the Project

Where the allottee chooses to withdraw due to delayed possession, the promoter shall:

1. Return the entire amount received;
2. Pay interest at the prescribed rate;
3. Pay compensation wherever applicable.

Scenario 2: Buyer Continues with the Project

If the allottee does not withdraw and wishes to continue, the promoter is liable to pay:

1. Interest for every month of delay
2. Until possession is handed over.

Having established that an allottee is entitled to interest for delayed possession under Section 18 of RERA, the next question is: ***What is the rate of interest payable by the promoter?***

The rate of interest is prescribed by respective State RERA Rules. Most states follow:

State Bank of India Highest Marginal Cost of Lending Rate (MCLR) + 2%

In Tamil Nadu, the rate of interest is prescribed under **Rule 16** of the Tamil Nadu Real Estate (Regulation and Development) Rules, 2017

"The rate of interest payable by the promoter to the allottee or by the allottee to the promoter, as the case may be, shall be the State Bank of India Highest Marginal Cost of Lending Rate (MCLR) plus two percent."

If a project is delayed due to Force Majeure events such as floods, earthquakes, pandemics, war, government restrictions, or other circumstances beyond the promoter's control, is the allottee entitled to interest for delayed possession?

Under RERA, *Force Majeure* refers to a case of war, flood, drought, fire, cyclone, earthquake, or any other natural calamity affecting the regular development of a real estate project. The underlying principle is that a promoter should not be penalized for events that are beyond its control and could not have been reasonably anticipated or avoided.

Can every delay be classified as Force Majeure merely because an external event occurred, or must the promoter establish that the specific event directly prevented completion of the project during the relevant period?

Courts and RERA authorities have consistently adopted a narrow interpretation of Force Majeure. Delays arising from financial difficulties, shortage of funds, market slowdown, labour disputes, internal management issues, non-availability of purchasers, or delays in obtaining routine approvals are generally not considered Force Majeure events. Developers are expected to factor such commercial and regulatory risks into their project planning and execution.

Several judicial pronouncements have emphasized that Force Majeure is an exception and not a defence that can be routinely invoked to escape liability under Section 18 of RERA. Unless the promoter establishes a direct nexus between the extraordinary event and the delay in project completion, liability to pay interest for delayed possession continues to subsist.

Practical Illustration for reference, in Tamil Nadu, Considering the Covid 19 as a Force Majeure -

1. Committed possession date: 31 December 2024
2. Project delayed by 12 months
3. Out of the 12 months, 9 months were due to covid 19, officially recognized as a Force Majeure event.
4. Remaining 3 months were due to the promoter's internal construction delays.

   Accordingly, the RERA has allowed 3 months as a delay.

While advising clients on claims relating to delayed possession under RERA, a professional should undertake a comprehensive review of both the contractual and statutory aspects of the transaction.

1. Whether the event qualifies as Force Majeure under RERA and applicable state rules.
2. Whether there is a direct nexus between the event and the delay.
3. Whether the promoter has obtained or sought extension of registration from the RERA authority.
4. Whether the delay continued even after the Force Majeure event ceased.
5. Availability of documentary evidence such as government notifications, authority orders, site closure notices, etc.

Can the promoter restrict his liability to the contractual compensation on the Builder Buyer agreement clause, or will the allottee be entitled to claim interest under RERA notwithstanding the terms of the agreement?

Before RERA, such clauses often disadvantaged homebuyers. But Post-RERA,

1. Statutory rights prevail over contractual limitations.
2. Promoters cannot rely upon unfair contractual provisions to deny relief under Section 18.

Several RERA authorities have held that statutory interest under RERA overrides restrictive contractual clauses. Professionals advising allottees should assess the agreements and documents before initiating proceedings.

While the statutory provisions under the Real Estate (Regulation and Development) Act, 2016 provide the legal framework governing interest on delayed possession, their practical application has been shaped significantly through decisions of RERA Authorities, Appellate Tribunals, High Courts, and the Supreme Court. These rulings offer valuable guidance on the interpretation of Section 18, the circumstances under which interest becomes payable, the rights available to allottees, and the defenses available to promoters.

Section 31 - Filing of complaints with the Authority or the adjudicating officer

Explanation

Section 31 is the gateway to adjudication under the Act. Any aggrieved person may complain to the Authority or the Adjudicating Officer, as the case may be, about any violation of the Act, rules or regulations by a promoter, an allottee or a real estate agent. The Explanation enlarges "person" to include an association of allottees and any registered voluntary consumer association. The form, manner and fee are left to the State rules; the word "prescribed" was substituted for "specified by regulations" by the Removal of Difficulties Order, 2016.

Regulators have read the provision with some care at both ends. On standing, the Bihar RERA has held a complaint not maintainable by a person who was neither an allottee nor otherwise shown to have an interest under the Act. On the respondent's side, the Assam RERA was reported in 2026 to have held that while an association of allottees can file a complaint, it is not among the persons against whom a Section 31 complaint lies, since the provision names only promoters, allottees and agents.

Commentators also highlight the choice of forum. An allottee may approach RERA or a consumer commission, but most State rules, including Tamil Nadu's Form M and Form N, require a declaration that the same matter is not pending before any other court, authority or tribunal.

Sources for the explanation: iPleaders, "RERA or Consumer Forum" (https://blog.ipleaders.in/?p=28694); LiveLaw Biz, Assam RERA (2026) (https://www.livelawbiz.com/rera/flat-owners-association-can-file-rera-complaint-but-cannot-be-sued-under-it-assam-rera-547680); Bihar RERA order, Sunita Devi v. Technoculture (2022) (https://rera.bihar.gov.in/Order/CC%201200%202021.pdf); CourtBook, Section 31 with amendment note (https://courtbook.in/real-estate-regulation-and-development-act-2016/section-31).

Judicial extracts

Supreme Court of India - *Newtech Promoters* (11.11.2021)

Para 26

> "If we turn to the power of the authority, it envisages under Section 31, the complaints can be filed either with the authority or adjudicating officer for violation or contravention of the provisions of the Act or the rules and regulations framed thereunder. Such complaint can be filed against "any promoter, allottee or real estate agent", as the case may be, and can be filed by "any aggrieved person", and it has to be read with an explanation, "person" includes an association of allottees or any voluntary consumer association registered under any law for the time being in force. The form and manner in which complaint is to be instituted has been provided under sub-section(2) of Section 31."

Para 76 (extract)

> "[…] after the Act 2016 has come into force, if any person aggrieved wants to make complaint for refund against the promotor or real estate agent other than compensation, it is to be lodged to the regulatory authority and for adjudging compensation to the adjudicating officer, and the delineation has been made to expedite the process of adjudication invoked by the person aggrieved when a complaint has been made under Section 31 of the Act to be adjudicated either by the authority/adjudicating officer as per the procedure prescribed under the Act."

Para 83

> "So far as the single complaint is filed seeking a combination of reliefs, it is suffice to say, that after the rules have been framed, the aggrieved person has to file complaint in a separate format. If there is a violation of the provisions of Sections 12, 14, 18 and 19, the person aggrieved has to file a complaint as per form (M) or for compensation under form (N) as referred to under Rules 33(1) and 34(1) of the Rules. The procedure for inquiry is different in both the set of adjudication and as observed, there is no room for any inconsistency and the power of adjudication being delineated, still if composite application is filed, can be segregated at the appropriate stage."

(Rules 33(1) and 34(1) in para 83 are of the Uttar Pradesh Rules, 2016; the Tamil Nadu equivalents are Rules 37 and 38.)

Delhi High Court - *M/s Revanta Multistate CGHS Ltd. v. Sunny Sapen*, RERA Appeal No. 1 of 2024, decided 30.05.2025 (Navin Chawla and Shalinder Kaur, JJ.)

Para 59

> "In the present case, the respondent had filed his complaint seeking the refund of the amount paid by him along with the interest. The same was, therefore, correctly filed in Form 'M' and has been rightly adjudicated by the RERA Authority. We, therefore, find no merit in the objection raised by the appellant Society on this account."

Patna High Court - *M/s Nesh India Infrastructure Pvt. Ltd. v. State of Bihar*, C.W.J.C. No. 15444 of 2021, decided 28.08.2024 (Sandeep Kumar, J.)

Para 28

> "On perusal of the aforesaid provision, it appears that the use of the phrase 'any aggrieved person' is having a wide import to include the land-owners within its ambit and therefore to invoke the jurisdiction of RERA."

Supreme Court of India - *Newtech Promoters* (11.11.2021)

Para 119

> "That scheme of the Act, 2016 provides an in-built mechanism and any order passed on a complaint by the authority under Section 31 is appealable before the tribunal under Section 43(5) and further in appeal to the High Court under Section 58 of the Act on one or more ground specified under Section 100 of the Code of Civil Procedure, 1908, if any manifest error is left by the authority either in computation or in the amount refundable to the allottee/home buyer, is open to be considered at the appellate stage on the complaint made by the person aggrieved."

Section 35 - Powers of Authority to call for information and conduct investigations

Explanation

Section 35 gives the Authority an investigative power, exercisable on a complaint or suo motu. By a written order recording reasons, it may call upon a promoter, allottee or real estate agent to furnish information or explanation about its affairs, and may appoint one or more persons to inquire into those affairs. For this purpose the Authority has the powers of a civil court under the Code of Civil Procedure for discovery and production of books and documents, summoning and examining persons on oath, and issuing commissions, among other matters prescribed.

Law-firm commentary has described this as the tool that lets regulators look behind a promoter's own disclosures, for instance by appointing a quantity surveyor to assess the work actually done, using the expert-assistance provisions in State rules (Rule 21 in Haryana; Rule 25(2) in Tamil Nadu). At the same time, a

2026 decision of the Real Estate Appellate Tribunal for the NCT of Delhi, as reported, cautioned that suo motu proceedings should not be launched merely on an RTI query after a project has been completed and possession handed over, and that the Authority should ordinarily begin by seeking information through a formal letter before invoking Sections 35 and 37.

Sources for the explanation: Cyril Amarchand Mangaldas Blog, "Powers of State Real Estate Authorities" (2018) (https://corporate.cyrilamarchandblogs.com/2018/10/powers-of-state-real-estate-authorities-rera/); iPleaders, "Investigation powers of Real Estate Regulatory Authorities" (https://blog.ipleaders.in/investigation-powers-real-estate-regulatory-authorities/); LiveLaw Biz, Delhi REAT (2026) (https://www.livelawbiz.com/rera/rera-cannot-start-suo-motu-proceedings-solely-on-rti-query-reat-for-nct-of-delhi-and-ut-of-chandigarh-526223).

Judicial extracts
No holding on Section 35 was verified from an official website. The Tamil Nadu rule supplementing Section 35 is reproduced instead.

Tamil Nadu Real Estate (Regulation and Development) Rules, 2017 - Rule 25 (Additional powers of the Authority), sub-rules (1) and (2)

> "(1) In addition to the powers specified in sub-section (2) of section 35 of the Act, the Authority shall have the following additional powers, namely:
>
> (a) To require the promoter, allottee or real estate agent to furnish in writing such information or explanation or produce such documents within such reasonable time, as it may deem necessary;
>
> (b) requisitioning, subject to the provisions of sections 123 and 124 of the Indian Evidence Act, 1872 (1 of 1872), any public record or document or copy of such record or document from any office.
>
> (2) The Authority may, call upon such experts or consultants from the fields of economics, commerce, accountancy, real estate, town planning, competition, construction, architecture, or engineering or from any other discipline as it deems necessary, to assist the Authority in the conduct of any inquiry or proceedings before it."

Sections 71 and 72 - Power to adjudicate; factors to be taken into account by the adjudicating officer

Explanation
Section 71 provides a specialised forum for compensation. For adjudging compensation under Sections 12, 14, 18 and 19, the Authority appoints, in consultation with the appropriate Government, one or more judicial officers who are or have been District Judges as Adjudicating Officers. The Adjudicating Officer holds an inquiry after giving a reasonable opportunity of hearing, must dispose of the application within sixty days (recording reasons if that is not possible), and has power to summon witnesses and call for documents. The proviso allowed complainants with matters pending before consumer fora at commencement to withdraw them, with permission, and file before the Adjudicating Officer.

Section 72 lists the factors for fixing the quantum of compensation or interest: the disproportionate gain or unfair advantage made by the default, where quantifiable; the loss caused by the default; whether the default is repetitive; and any other factor the Adjudicating Officer considers necessary in furtherance of justice. Orders reported from the Haryana and Bihar regulators show these factors being applied in practice, including refusal of compensation where default was not proved, and awards that include litigation expenses and compensation for mental agony and harassment.

Sources for the explanation: Haryana REAT, Appeal No. 434 of 2023 (Sanjay Kumar Goel v. Jindal Realty) (https://haryanarera.gov.in/assistancecontrol/viewOrderPdf/MjAzMDk5); Haryana REAT, Appeal No. 686 of 2023 (Kumar Manglam Dalmia v. Chintels India) (https://haryanarera.gov.in/assistancecontrol/viewOrderPdf/MjIxNDk2); Bihar RERA, Adjudicating Officer, RERA/CC/164/2023 (https://rera.bihar.gov.in/Order/164-2023.pdf).

Judicial extracts

Supreme Court of India - *Newtech Promoters* (11.11.2021)

Para 30

"Under sub-section (3) of Section 71, the adjudicating officer has been empowered not only to summon and enforce the attendance of persons acquainted with the facts and circumstances of the case to give evidence or to produce any document which may be useful and relevant for adjudication, is supposed to take note of the various parameters as referred to under Section 72 which still is illustrative and not exhaustive while adjudging the quantum of compensation payable to the person aggrieved and interest, as the case may be."

Para 75

"The legislature in its wisdom has made a specific provision delineating power to be exercised by the regulatory authority/adjudicating officer. "Refund of the amount" and "compensation" are two distinct components which the allottee or the person aggrieved is entitled to claim if the promoter has not been able to hand over possession with a nature of enquiry and mechanism provided under the Act. So far as the claim with respect to refund of amount on demand under Sections 18(1) and 19(4) of the Act is concerned, it vests within the jurisdiction of the regulatory authority. Section 71 carves out the jurisdiction of the adjudicating officer to adjudge compensation under Sections 12, 14, 18 and 19 after holding enquiry under Section 71(3) of the Act keeping in view the broad contours referred to under Section 72 of the Act."

Para 81

"The opening words of Section 71(1) of the Act make it clear that the scope and functions of the adjudicating officer are only for "adjudging compensation" under Sections 12, 14, 18 and 19 of the Act. If the legislative intent was to expand the scope of the powers of the adjudicating officer, then the wording of Section 71(1) ought to have been different. On the contrary, even the opening words of Section 71(2) of the Act make it clear that an application before the adjudicating officer is only for "adjudging compensation". Even in Section 71(3) of the Act, it is reiterated that the adjudicating officer may direct "to pay such compensation or interest" as the case may be as he thinks fit, in accordance with provisions of Sections 12, 14, 18 and 19 of the Act. This has to be seen together with the opening words of Section 72 of the Act, which reads "while adjudging the quantum of compensation or interest, as the case may be, under Section 71, the adjudicating officer shall have due regards" to the broad parameters to be kept in mind while adjudging compensation to be determined under Section 71 of the Act."

Para 86

"From the scheme of the Act of which a detailed reference has been made and taking note of power of adjudication delineated with the regulatory authority and adjudicating officer, what finally culls out is that although the Act indicates the distinct expressions like 'refund', 'interest', 'penalty' and 'compensation', a conjoint reading of Sections 18 and 19 clearly manifests that when it comes to refund of the amount, and interest on the refund amount, or directing payment of interest for delayed delivery of possession, or penalty and interest thereon, it is the regulatory authority which has the power to examine and determine the

outcome of a complaint. At the same time, when it comes to a question of seeking the relief of adjudging compensation and interest thereon under Sections 12, 14, 18 and 19, the adjudicating officer exclusively has the power to determine, keeping in view the collective reading of Section 71 read with Section 72 of the Act. If the adjudication under Sections 12, 14, 18 and 19 other than compensation as envisaged, if extended to the adjudicating officer as prayed that, in our view, may intend to expand the ambit and scope of the powers and functions of the adjudicating officer under Section 71 and that would be against the mandate of the Act 2016."

Para 118 (extract)

"At the same time, the power to be exercised by the adjudicating officer who has been appointed by the authority in consultation with the appropriate Government under Section 71 of the Act, such powers are non-delegable to any of its members or officers in exercise of power under Section 81 of the Act."

Allahabad High Court (Lucknow) - *U.P. Avas Evam Vikas Parishad v. Dhruv Kumar Chaturvedi*, RERA Appeal No. 67 of 2023 and connected appeals, decided 18.11.2023 (Om Prakash Shukla, J.), 2023:AHC-LKO:76514

Para 149

"This Court finds that the aforesaid ground has been a subject matter of challenge in similar other matters, which were decided by this court in the lead matter- "RERA Appeal No. 67 of 2023 (Complainant- Dhruv Kr. Chaturvedi), wherein this court held that compensation in the form of interest can be awarded by the Adjudicating Officer and as such has rejected the said contention and dismissed the appeal of the Parishad."

Haryana Real Estate Appellate Tribunal - *Vivek Lamba v. M/s S.S. Group Pvt. Ltd.*, Appeal No. 13 of 2019, decided 21.03.2022 (Justice Darshan Singh (Retd.), Chairman; Inderjeet Mehta, Member (Judicial); Anil Kumar Gupta, Member (Technical))

Para 25 (extract)

"So, as per the aforesaid authoritative pronouncement of the Hon'ble Apex Court, it is the authority which has jurisdiction to entertain and adjudicate the complaint regarding the refund of the amount and the interest on the interest amount, as claimed by the appellant in the present case."

Punjab and Haryana High Court - *M/s International Land Developers Pvt. Ltd. v. Aditi Chauhan*, CWP No. 7738 of 2022, decided 17.08.2022 (Amol Rattan Singh and Lalit Batra, JJ.), I.L.R. 2022(2) P&H 1240

Para 99 (second paragraph)

"It is to be observed that execution of orders is a function that can be effectively carried out by the Adjudicating Officer, especially with Section 71 of the Act stipulating that such officer would be a person who is or has been a District Judge. Thus, very obviously such Adjudicating Officer would be completely familiar with the manner of execution of a decree issued or order passed in civil proceedings; and consequently would be the appropriate person to execute his own orders as also those of the Tribunal/Authority under the Act."

Supreme Court of India - *Imperia Structures* (02.11.2020)

Para 28 (opening sentences, on the proviso to Section 71(1))

"Proviso to Section 71(1) of the RERA Act entitles a complainant who had initiated proceedings under the CP Act before the RERA Act came into force, to withdraw the proceedings under the CP Act with the permission of the Forum or Commission and file an appropriate application before the adjudicating officer under the RERA Act. The proviso thus

gives a right or an option to the concerned complainant but does not statutorily force him to withdraw such complaint nor do the provisions of the RERA Act create any mechanism for transfer of such pending proceedings to authorities under the RERA Act."

Tamil Nadu RERA: complaints, adjudication and appeals

A complaint for any violation goes to TNRERA in Form M (Rule 37); a claim for compensation under Sections 12, 14, 18 and 19 goes to the Adjudicating Officer in Form N (Rule 38); an appeal from either lies to the Tamil Nadu Real Estate Appellate Tribunal in Form L (Rule 29), and from there to the High Court under Section 58. Rule references are to the Tamil Nadu Real Estate (Regulation and Development) Rules, 2017, G.O.(Ms.) No. 112, Housing and Urban Development Department, 22.06.2017.

Complaint to TNRERA - Section 31 read with Rule 37

Who and what: "Any aggrieved person" for "any violation under the Act or the rules and regulations made thereunder, save as those provided to be adjudicated by the adjudicating officer" (Rule 37(1)).

Form: Form M, "Complaint to Regulatory Authority".

Fee: "as specified by the Authority" (Rule 37(1)). TNRERA Circular No. TNRERA/002/2018 dated 19.06.2018 is reported to fix ₹1,000 plus ₹600 postage, paid online; confirm the current fee on rera.tn.gov.in before filing.

Contents of Form M: particulars of complainant and respondent; declaration of jurisdiction; concise facts and grounds; reliefs sought with legal provisions; interim order, if prayed; declaration that the matter is not pending elsewhere; fee particulars; enclosures; verification.

Procedure (Rule 37(2), summary procedure):

1. Notice to the respondent with particulars of the alleged contravention and relevant documents, fixing a date and time of hearing.

2. On that date, the Authority explains the alleged contravention. If the respondent pleads guilty, the plea is recorded and orders, including penalty, are passed; if contested, an explanation is demanded.

3. If no further inquiry is required, the complaint may be dismissed; if further hearing is needed, production of documents or other evidence is ordered.

4. The inquiry is carried out on the basis of documents and submissions.

5. On finding contravention, orders including penalty are passed; otherwise the complaint is dismissed with reasons recorded in writing.

6. If a party fails to appear, the Authority may proceed in that party's absence after recording reasons.

Time: Section 29(4) requires questions before the Authority to be disposed of within 60 days of receipt of the application, with reasons recorded if not.

Complaint to the Adjudicating Officer - Section 71 read with Rule 38

Who and what: "Any aggrieved person" for "compensation under section 12, 14, 18 and 19" (Rule 38(1)).

Form: Form N, "Application to Adjudicating Officer - Claim for compensation under section 31 read with section 71".

Fee: "rupees five thousand in the form prescribed by the Authority" (Rule 38(1)); the 2018 circular is reported to add ₹600 postage, paid online.

Contents of Form N: particulars of applicant, including details of the apartment, plot or building; particulars of respondent, including project registration number; jurisdiction; facts and grounds of claim; compensation sought with legal provisions; non-pendency declaration; fee particulars; enclosures; verification.

Procedure (Rule 38(2)): notice to the promoter fixing a hearing; explanation of the alleged contravention; compensation on a plea of guilt; explanation demanded if contested; dismissal or an order for evidence; inquiry on documents and submissions; written order directing compensation, or dismissal with reasons; power to proceed in a party's absence.

Time: Section 71(2) requires disposal within 60 days of receipt, with reasons recorded if not.

C. Interest, refund timeline and enforcement

Rate of interest (Rule 18): "the State Bank of India highest Marginal Cost of Lending Rate plus two per cent", payable by promoter or allottee alike.

Timeline for refund (Rule 19(1)): payable "within Ninety days from the date on which such refund along with applicable interest and compensation, if any, becomes due."

Recovery (Rule 26): "as an arrear of land revenue under the Tamil Nadu Revenue Recovery Act, 1864".

Execution (Rule 27): orders are enforced "in the same manner as if it were a decree or order made by the Civil Court", with power to send the order to the competent Civil Court.

Allahabad High Court - *M/s Newtech Promoters and Developers Pvt. Ltd. v. State of U.P. and 5 Others*, Writ-C No. 26446 of 2020, decided 29.01.2021 (Munishwar Nath Bhandari and Rohit Ranjan Agarwal, JJ.)

On whether the refunded principal (and not only interest) is recoverable as arrears of land revenue under Section 40(1):

> "We thus hold that the purpose and object of Section 40(1) is to allow recovery of the amount as arrears of land revenue so as to expeditiously give the relief to the consumer having suffered in the hands of the Promoter. Section 40(1) has to be given interpretation by reading down the provision to make it purposeful and akin to the object of the Act of 2016. Section 40(2) is for any other direction either to act in a particular manner or to restrain a party to do certain act and execution of it can be made by the Adjudicating Authority and in case of failure, by the civil court. Section 40(2) covers basically the case of an order of injunction or mandatory injunction."

Punjab and Haryana High Court - *M/s International Land Developers Pvt. Ltd. v. Aditi Chauhan*, CWP No. 7738 of 2022, decided 17.08.2022 (Amol Rattan Singh and Lalit Batra, JJ.), I.L.R. 2022(2) P&H 1240

Para 97

> "It needs to be emphasized here that we are in complete agreement with learned counsel for the respondent Authority that referring recovery proceedings to the revenue authorities, i.e. the Collector/other revenue officers under the provisions of the Land Revenue Act, would indeed result in an extremely lengthy and almost never ending process of a recovery actually being effected, especially when the revenue authorities are already over burdened with enforcement of the provisions relating to recovery of various dues as arrears of land revenue, as have been provided in different statutes including of course the Land Revenue Act itself."

Appeal to the Tamil Nadu Real Estate Appellate Tribunal - Sections 43(5) and 44 read with Rule 29

Who: any person aggrieved by a direction, decision or order of the Authority or the Adjudicating Officer (Section 43(5)).

Limitation: 60 days from receipt of a copy of the order, with power to entertain a later appeal on sufficient cause (Section 44(2)).

Form and fee: Form L, with "rupees One thousand in the form of a demand draft drawn on a scheduled bank in favour of the Appellate Tribunal" (Rule 29(1)).

Documents (Rule 29(2)): attested true copy of the order appealed against; copies of documents relied upon; an index.

Procedure: "as decided by the Appellate Tribunal" (Rule 29(3)). Form L must be in English (or with an English translation), typed in double spacing on one side, paginated, indexed and stitched in paper-book form.

Pre-deposit by a promoter (proviso to Section 43(5)): at least 30% of the penalty, or such higher percentage as the Tribunal determines, or the total amount payable to the allottee including interest and compensation, or both, before the appeal is heard.

Supreme Court of India - *Newtech Promoters* (11.11.2021)

Para 79

> "To safeguard the interests of the parties, on being decided by the regulatory authority/adjudicating officer, it is always subject to appeal before the Tribunal under Section 43(5) provided condition of pre-deposit being complied with can be further challenged in appeal before the High Court under Section 58 of the Act and, thus, the legislature has put reasonable restriction and safeguards at all stages."

Allahabad High Court (Lucknow) - *M/s Ansal Properties & Infrastructure Ltd. v. Union of India*, Misc. Bench No. 5867 of 2020, decided 28.02.2020 (Munishwar Nath Bhandari and Manish Kumar, JJ.)

Para 27

> "Contrary to the above, Section 43 of the Act of 2016 provides remedy of appeal after adjudication of the dispute by the Real Estate Regulatory Authority after providing opportunity of hearing to the parties. Thus, appeal thereupon is after adjudication of the complaint and not against a unilateral act of any party."

Para 31 (extract)

> "The object of the Act of 2016 is quite clear and Section 43 (5) is for the purpose sought to be achieved. It is to secure the complainant after adjudication of the matter by Real Estate Regulatory Authority. Thus, even on the facts of this case and in reference to the provisions of the Act of 2016, we find condition of pre deposit for hearing of the appeal to be neither unreasonable nor onerous so as to treat remedy to be illusory."

Allahabad High Court (Lucknow) - *M/s ATS Reality Pvt. Ltd. v. U.P. Real Estate Appellate Tribunal*, Misc. Bench No. 23900 of 2020, decided 14.12.2020 (Pankaj Mithal and Saurabh Lavania, JJ.)

> "[…] we are of the view that the legislature in its wisdom has rightly provided for the deposit of the total amount including interest and compensation or atleast thirty percent of the penalty as a condition precedent for entertaining and hearing the appeal of the promoter. The money

decrees if complied with during pendency of appeal do not result in any irreparable loss and injury which cannot be compensated adequately subsequently."

Patna High Court - *M/s Nesh India Infrastructure Pvt. Ltd. v. State of Bihar*, C.W.J.C. No. 15444 of 2021, decided 28.08.2024 (Sandeep Kumar, J.)

Para 41 (extract)

"I am of the view that that the amount awarded by the Adjudicating Officer in this case squarely comes under the second category and therefore, the total amount of interest and compensation imposed is required to be deposited before the said appeal is heard on merits. The Adjudicating Officer under Section 71 of the Act is appointed by the authority for the purposes of adjudging compensation under the relevant provisions of the Act. In the present case, the amount awarded by the Adjudicating Officer under is interest and compensation and not penalty."

Punjab and Haryana High Court - *M/s International Land Developers Pvt. Ltd. v. Aditi Chauhan*, CWP No. 7738 of 2022, decided 17.08.2022 (Amol Rattan Singh and Lalit Batra, JJ.), I.L.R. 2022(2) P&H 1240

Para 102 (extract)

"[…] we would not find any arbitrariness in that order so as to waive payment of the pre-deposit in terms of the proviso to Section 43(5) of the Act; but of course the petitioner would be free to raise its plea in that regard also before the Tribunal, if any such appeal is filed by it upon making the pre-deposit required. Yet, it is made clear that no arbitrariness in the amount to be paid is found by us at this stage, so as to exercise jurisdiction under Article 226 to direct a waiver of such pre-deposit."

On limitation for the appeal under Section 44(2):

Allahabad High Court (Lucknow) - *Dhiresh Pandey v. Real Estate Appellate Tribunal U.P.*, Second Appeal Defective No. 268 of 2018, decided 23.10.2019 (Rajan Roy, J.)

"As observed by the Supreme Court the Courts do not put a premium on a decision by default, but on merits, therefore, in the facts of the present case the Appellate Tribunal erred in not condoning the delay in filing the appeal, thereby causing grave prejudice to his rights and materially affecting the same."

"The learned Tribunal also adopted a hyper technical approach in declining to grant the benefit of the time taken by the Regulatory Authority in processing the application of the appellant for grant of attested true copy of the order of the Regulatory Authority by deducting it for the purposes of calculation of limitation on the ground that the provisions of the Act 1963 do not apply. Even if they did not apply, such period should normally be excluded on first principle, as after filing such an application the God is with the concerned Court or Tribunal or Authority and it is not in the hands of the applicant to ensure that the attested copy is provided at the earliest."

Experts (Rule 34): the Tribunal may call upon experts or consultants to assist it.

Second appeal: to the High Court under Section 58, within 60 days, on one or more grounds specified in Section 100 of the Code of Civil Procedure, 1908 (see *Newtech*, para 119, under Section 31).

RERA – REGULATOR and PROMOTER of the REAL ESTATE

The Real Estate Regulatory Authority (in short RERA) performs administrative, quasi-judicial, penal, regulatory, compliance, advocacy, awareness programs, make necessary recommendation to government. These efforts and functions results in overall development of real estate industry. The Authority vested with bundle of powers to perform the functions under the Act.

The Real Estate Regulation Authority establishes, and its functions are as per section 20 to section 40 under chapter V of the RERA Act.

Appointment, Composition, Qualification, Tenure of RERA –

Section	Details	Provisions of the Act
Section 21	Composition of RERA Authority - In order to perform the functions and exercise powers	Authority shall consist of a (a) Chairperson and (b) minimum 2 wholetime members to be appointed by the state Government.
Section 22	Selection, composition of the Chairperson and Members of Authority	(a) Such chairperson and other members of the Authority shall be appointed by the state government on the recommendations of a selection committee consisting of – i. the chief justice of High court or his nominee, ii. the secretary of the Housing Department and iii. the Law Secretary.
	Qualification of the Chairperson and Members of Authority	(a) Shall have knowledge of and professional experience of - i. Minimum 20 years for Chairperson ii. Minimum 15 years for members (b) In the field of Urban development, Housing, real estate development, infrastructure, economics, technical experts from the relevant fields of planning, law, commerce, accountancy, industry, management, social service, public affairs or administration.
	Past Positions held / Experience	(a) For Chairperson - i. Shall not be appointed unless, has held the post of Additional Secretary to the Central Government or any equivalent post in the central or State Government (b) For members - ii. Shall not be appointed unless, has held the post of Secretary to the state Government or any equivalent post in the central or State Government
Section 23	Term or Tenure of office Chairperson and Members	(a) Not more than 5 years Or (b) Until they attain the age of 65 years Whichever is earlier

Section	Details	Provisions of the Act
		And Not be eligible for re-appointment
Section 28	Officers and other employees of Authority	(a) State Government may, in consultation with the Authority appoint such officers and employees for the efficient discharge their functions under this Act (b) Such functions shall be discharged under the general superintendence of the Chairperson

Functions and Powers of RERA Authority under the Act -

Sl No	Section	Details	Details
1	Sec 32	Functions of Authority for promotion of real estate sector	To Promote and development overall of real estate industry
2	Sec 33	Advocacy and awareness measures	Creating awareness and imparting training about laws relating to real estate sector and policies
3	Sec 34	Functions of Authority	In relation to RERA viz., registration of projects, agents, complaints – (a) Maintain Website and data base (b) Regulations and fixation of fees (c) Ensure Compliances under the Act to be complied by the promoter, agent and the allottees
4	Sec 35	Powers of Authority to call for information, conduct investigations	Investigating – the proceedings are as vested in a civil court under the Code of Civil Procedure, 1908, which includes – (a) Production of books of accounts and other documents (b) Summoning and enforcing attendance of person (c) Issuing commissions for examination
5	Sec 36	Power to issue interim orders	Issue interim order to promoters, allottees and agents during an inquiry/proceedings - restrain any promoter, allottee or real estate agent from carrying on such act until the conclusion of such inquiry of until further orders
6	Sec 37	Powers of Authority to issue directions	Issue directions to promoters, allottees and agents during an inquiry/proceedings
7	Sec 38	Powers of Authority regarding Penalty and Interest	Power to impose penalty on promoter, allottees or agent for contraventions under the Act – Refer Section 59 to section 64. The Penalties under the Act is upto 10 % of the Estimated cost of the real estate project.
8	Sec 39	Rectification of orders	For the Mistakes apparent on orders with-in 2 years from the date of the orders made under the Act. Authority shall not, while rectifying any mistake apparent from record, amend substantive part of its order passed under the provisions of Act.
9	Sec 40	Recovery of interest or penalty or compensation	Such recovery is on account of non-payment of interest, penalty or compensation as may be prescribed as an arrears of land revenue –

		and enforcement of order, etc	If a promoter or an allottee or a real estate agent, as the case may be, fails to pay any interest or penalty or compensation imposed on him, by the adjudicating officer or the Regulatory Authority or the Appellate Authority

Functions of Authority for promotion of real estate sector - Section 32

The Authority shall in order to facilitate the growth and promotion of a healthy, transparent, efficient and competitive real estate sector make recommendations to the appropriate Government of the competent authority, as the case may be, on —

a) Protection of interest of the allottees, promoter and real estate agent;
b) Creation of a single window system for ensuring time bound project approvals and clearances for timely completion of the project;
c) Creation of a transparent and robust grievance redressal mechanism against acts of omission and commission of competent authorities and their officials;
d) measures to encourage investment in the real estate sector including measures to increase financial assistance to affordable housing segment;
e) measures to encourage construction of environmentally sustainable and affordable housing, promoting standardization and use of appropriate construction materials, fixtures, fittings and construction techniques;
f) measures to encourage grading of projects on various parameters of development including grading of promoters;
g) measures to facilitate amicable conciliation of disputes between the promoters and the allottees through dispute settlement forums set up by the consumer or promoter associations;
h) measures to facilitate digitization of land records and system towards conclusive property titles with title guarantee;
i) to render advice to the appropriate Government in matters relating to the development of real estate sector;
j) Any other issue that the Authority may think necessary for the promotion of the real estate sector.

The Act, Rules has carefully drafted and considered various aspects for the Authority (Regulator) to function to Regulate and Promote the Real Estate Industry. The Authority has many powers under the Act and play a vital role in recommending the government in the interest of all stake holders.

PART C