

Monitoring of Real Estate Project Progress by RERA

Prior to the Real Estate (Regulation and Development [R&D]) Act, 2016, the real estate sector faced accountability and discipline issues, especially regarding project cancellations, delays in project delivery and changes in project plans without informing allottees. The Act mandated developers to update regular information on the financial and structural progress of the project, and its provisions were supported by state rules. This policy brief reviews the efficacy of such publicly-available information regarding the progress of a real estate project in five select states. It then suggests recommendations on how this project progress information can be better managed and analysed.

It was observed that several builders do not update project progress information and thus deny homebuyers an avenue to track whether their project is likely to be delivered on time. Real Estate Regulatory Authorities (RERAs) need to ensure regular updation of project details for improved transparency. Some good practices regarding interpretation and display of this project information on RERA websites can be adapted in other states. It is recommended that RERAs should also monitor the progress of the project and ensure that any red flags in progress are spotted early, without loss of homebuyers' precious time.

1. Legal Provisions Require Regular Project Updates

A. What Does the Act Say?

Section 3 of the Act mandates that all commercial and residential real estate projects with more than eight units or over 500 sq. m of developable land must be registered with the appropriate RERA before advertising. Section 4 lists out the documents related to the project that must accompany the application for registration. Section 11 states that once the project is registered, the promoter shall update, on a quarterly basis, the inventory of the units, status of the project, status of approvals and any other information or documents specified by the respective state rules and regulations. These updates are typically known as Quarterly Progress Reports (QPRs).

B. State Rules

According to majority of state rules, QPRs should include the following detailed provisions:

- A list of the number and types of apartments, plots or garages booked.
- The status of the project, including progress of the construction of each building and floor,

internal infrastructure, and common areas. Photographs are also to be uploaded for each of these.

- A quarterly update on the status of approvals, including approvals received, applied for or planned to be applied for. This update also includes details of any modifications or amendments in the sanctioned plans of the registered project.

In most states, financial details of the project are also to be updated every quarter, although this is not mentioned in the state rules. The details disclose the summary of transactions and balance sheet at the end of the quarter, including any payments or proposed plans for funding.

In Maharashtra, RERA rules do not specify a separate list of quarterly updates. Instead, they require all project-related information to be updated at the end of the quarter.

2. Good Practices Followed in Study States on Quarterly Updates

To understand the status of the quarterly compliance mechanisms, the rules, regulations and websites of Maharashtra, Gujarat, Uttar Pradesh (UP), Haryana (Gurugram and Panchkula) and Madhya Pradesh (MP) RERAs were selected for analysis. Together, these states represent 58 per cent of total registered projects in the country (Ministry of Housing and Urban Affairs [MOHUA], 2023). It was observed that certain good practices exist within these states which can be adapted by others as well.

- In MP and UP, at the time of registration, the promotor has to submit information regarding the cost estimate and quarter-wise estimated progress of the project. These quarterly physical and financial targets give a fair basis for monitoring the updates received every quarter.
- In MP, RERA has recently directed the promotors to also fill in details of booking advance, contact details of allottees, status of sale deed, date of possession, refund amount in case of cancelled booking, and whether an association of allottees has been formed.
- Haryana (Panchkula) RERA regulations specify that in case of an event that may favourably or unfavourably affect the interests of apartment buyers, any change in project information or project progress must be immediately uploaded on the website.
- Gujarat RERA guidelines mention an additional set of information named 'last quarter update'. The promoter in the end quarter also has to upload additional block-wise building use

maps, building use certificate, conveyance deed, society formation certificate, completion certificate and the annual report.

- Maharashtra RERA (MahaRERA) also requires a quality assurance certificate from an engineer at the end of every financial quarter. This was introduced as a proactive approach to ensure the quality of materials and workmanship being used for the project.¹
- MahaRERA also specifies that information on sold/booked flats should be uploaded as soon as a sale or booking is made, and not necessarily at the end of the quarter.²

Recommendation: These good practices can be adapted by other states as well, while ensuring that regular compliance is not too burdensome for promotors. In addition, promotors can also be asked to update if any complaints have been filed against the project with the Consumer Disputes Redressal Commissions or with National Company Law Tribunal.

3. Good Practices on Representation of Project Progress Information

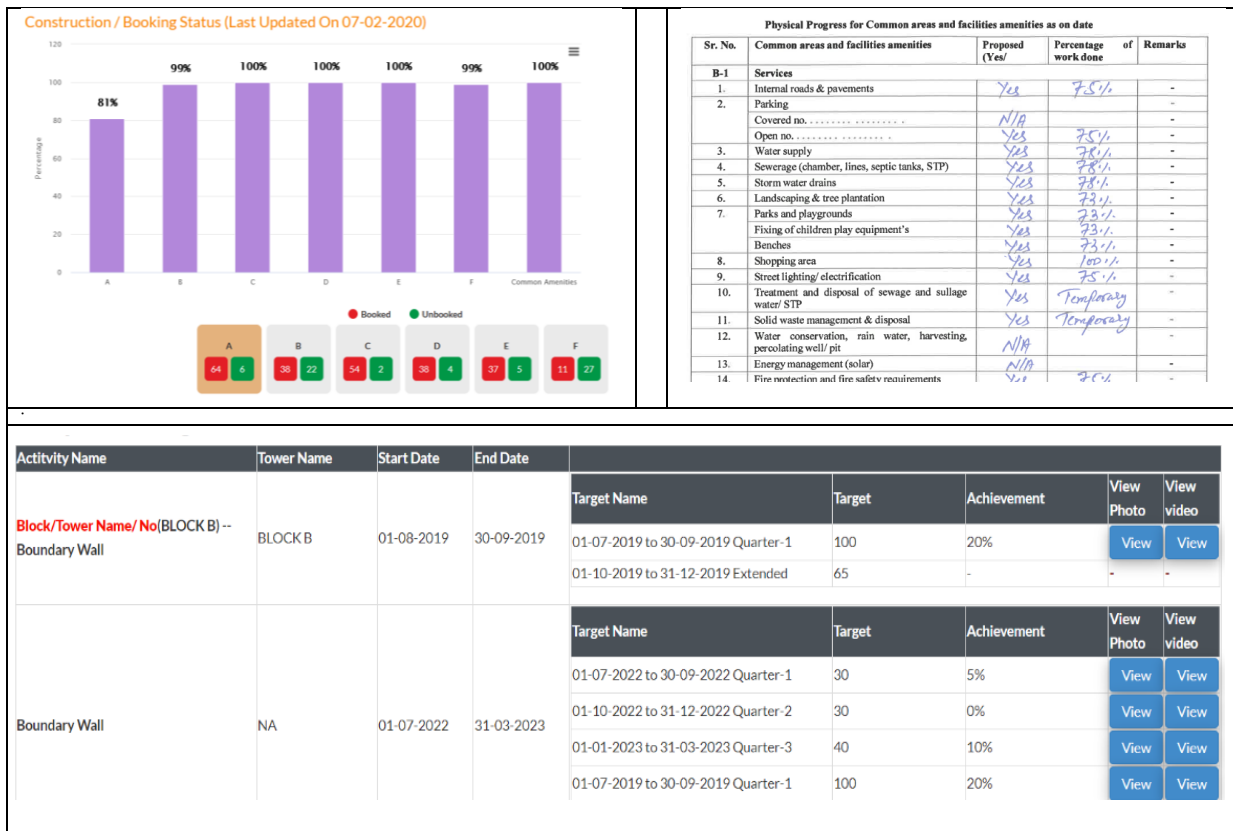
QPRs are uploaded in different ways by different state RERAs. States can learn from each other to improve the accessibility and usage of these reports.

- The Gujarat RERA progress report represents construction status and block- and unit-wise booking status using colour-coded charts and graphs (see Figure 1). Such representation directly gives a sense of the work completed or pending and helps the investor to gauge the progress of the project. However, the state does not provide any further details.

¹ See MahaRERA General (Amendment) Regulations, 2019.

² MahaRERA Circular No. 29 of 2021 on Promotor's Disclosure of Sold/Booked Inventory (Building Wise) in the Project.

Figure 1: Representation of project progress information (clockwise, from top-left: Gujarat, Haryana, Uttar Pradesh)



Source: Gujarat RERA website, 2023; Haryana RERA website, 2023; Uttar Pradesh RERA website, 2023

- The UP RERA provides the target set for every quarter and the percentage of achievement, both as mentioned by the promoter. Maharashtra and Haryana also provide detailed construction status in terms of percentage of work completed.
- On the MahaRERA and UP RERA websites, all updates (quarterly or otherwise) are directly integrated into the project page, thus reflecting the latest information at all times along with specifying the date of the last update. This is unlike Haryana and MP, where construction progress is typically accessed only through architect/engineer’s certificate uploaded as a PDF.

Recommendation: The information regarding construction status, amount of money utilised, and pending targets should be simple, clear and easy to access. This will make it easy for home buyers to understand and gauge the delivery status of the project. The simplicity of Gujarat’s representation, clubbed with detailed

information on the UP and Maharashtra websites, may work the best.

4. Poor Compliance by Promoters regarding Project Updates

Different state rules specify the number of working days³ from the expiry of each quarter within which project details are to be updated. In case of delay, the Authority can impose a penalty on the promoter, which may extend up to 5 per cent of the estimated cost of the real estate project (Section 61 and 63). For example, in UP, in case of delay, a late fee of ₹ 10,000 per quarter may be charged (Uttar Pradesh Real Estate Regulatory Authority [UP RERA], 2022). Similarly, MP RERA has also passed an order for imposing a late fee if there is delay in filing of quarterly details.

However, there is a lack of regular updates of project information by promoters. According to MahaRERA, nearly 75–80 per cent of ongoing real estate projects do not upload status reports (Thakkar, 2023). In Haryana, only 35 per cent (Gurugram) and 57 per

³ Ranges from 7–15 days.

cent (Panchkula) of registered projects have uploaded a report in any quarter. This could be due to lack of awareness among the promoter community about the provisions of the Act. They falsely believe that RERA registration is a one-time license valid till the end of the project.

Use of digital-only solutions by some RERAs could also be an issue (Maharashtra Real Estate Regulatory Authority [MahaRERA], 2020, p. 15). Additionally, it could be due to resistance to reveal information regularly to the Authority or prospective homebuyers, especially if the project is not progressing as expected. To address these, MahaRERA has undertaken awareness and capacity-building initiatives, including collaborating with self-regulatory organisations (SRO) of promoters.

Recommendation: States can use a combination of methods to improve compliance. This includes strict monitoring of QPR status, awareness measures to communicate that RERA-compliance is a continuous process, specifying penalty provisions, and issuing of notices and penalties.

5. Need for Project Monitoring by RERA

As a regulator, RERAs have a broad scope to interpret and implement the Act, which works well in case of state-specific matters. In this case, the Act does not necessarily require the Authority to monitor the submitted information actively or take proactive action in case of any delay in progress of the project.

However, there is a need for RERAs to play a more active role in tracking the progress of projects, and not just tracking whether the QPRs has been uploaded.

If the information provided in QPRs is regularly monitored by RERA, it will help in prior identification of a delayed/defaulted project, thereby alerting the promoter to take necessary corrective action to ensure the timely delivery of the project. It will also lead to greater monitoring by the Authority, which may result in improved transparency and accountability at the promoters' end. Kurup (2023) reports that MahaRERA has begun to analyse data from QPRs to red-flag projects that are behind schedule.

To implement this, robust IT systems must be established to analyse and display the project status in real time. This, in turn, will automatically reflect the correct number of stressed projects at any given point in time. A dedicated RERA team of professionals like architects, structural engineers and CAs could help in identifying mismatches in physical and financial progress, reasons for delay in project completion, and alert promoters and homebuyers about any non-compliances.

This will, to a larger extent, help in understanding the overall scenario of real estate development in the state and whether projects would meet the market demands on time or not.

Bibliography

Ministry of Housing and Urban Affairs. (2023). RERA implementation progress report (as on 19-06-2023). <https://mohua.gov.in/upload/uploadfiles/files/RERA-Status-Tracker-19-06-2023.pdf>

Kurup, E. J. (2023). Maharashtra regulator uses data, red flags to end real estate woes. *Money Control*. <https://www.moneycontrol.com/news/business/real-estate/maharashtra-regulator-uses-data-red-flags-to-end-real-estate-woes-10232131.html>

Thakkar, R. M. (2023, February 18). 75 to 80 percent of ongoing real estate projects do not upload status reports: MahaRERA. *Money Control*. <https://www.moneycontrol.com/news/business/real-estate/75-to-80-percent-of-ongoing-real-estate-projects-do-not-upload-status-reports-maharera-10117021.html>

Uttar Pradesh Real Estate Regulatory Authority. (2022). *RERA newsletter: July–December 2022*. https://up-rera.in/pdf/rerasankalp/Rera-Newsletter_Jul-Dec2022.pdf

Maharashtra Real Estate Regulatory Authority. (2020). *Annual report 2020*. <https://maharera.mahaonline.gov.in/Upload/PDF/Annual%20Report%202020.pdf>