

Benefits of regulation

*Regulatory bodies at the state and central level will help the industry, says **Milan Kothary***

Besides offering protection to the Industry by regulating and offering protection to consumers/ end users, the major role of any regulatory body should be to protect the public interest - in short, to achieve impartiality. How many of the existing regulatory bodies do this? That is why the need for an impartial 'Regulatory Body'. A regulatory body is absolutely essential to encourage professionalism, impart real estate education and implement best international real estate practices.

Everyone is well aware of the fragmented nature of Indian real estate. True, there are proficient builders but the Indian real estate scene is dotted by fly-by-night operators as well and these can be weeded out by the evolution of a well organised sector. With sectors like telecom and banking being regulated, the real estate market also needs a regulator to address the complaints of investors, builders as well as consumers.

Take for instance a sector like the 'Food' sector which is constantly being monitored through advertisements calling for checking of food quality, nutritional content, prices ... such an effort is not visible in the real estate sector although 'shelter' forms one of the three basic needs alongside food and clothing. A regulatory body would be required to shoulder such an onus lending greater transparency to the real estate sector.

A well defined Regulatory Body that works towards addressing the genuine needs of the 'Real Estate Industry' is certainly essential but it should be an independent regulator with clearly set guidelines and directives to ensure fair competition and protection of the interests of the investors, builders and the consumers. It should be formed with a clear intent to curb unscrupulous practices reigning in the lucrative real estate market and bringing greater accountability to a sector that sorely lacks it.

Besides these obvious reasons for its existence the Regulatory Body should also be responsible for:

Having a clear vision of the entire industry across the country.

Setting of guidelines, disciplinary action and accountability for real estate developers

Laying down minimum system requirements, standardising real estate construction and enforcing the same.

Formulating a land utilisation policy which essentially focuses on preservation of land assets and provides an enabling environment for the people.

Developing a rating system for builders and developers based on their projects, financial stability, their presence, quality of construction and delivery of services and coming out with realistic index values for properties in different regions so that the customer will get a fair idea of the prevailing rates

Introducing issue and renew of licenses

It is however, pertinent to note that a formation of a regulatory body is merely not enough. Enforcement of the rules and regulations so formulated is of equal importance and with the increasing use of the Internet in real estate transactions, a regulatory body especially one which incorporates technology is a must to conserve resources and adopt safeguards.

MILAN KOTHARY IS MANAGING DIRECTOR GVA INTERCAPITALIS, INTERNATIONAL PROPERTY CONSULTANTS

