

1st May 2017

GS : 2 - POLITY (BILL-ACTS)

Real estate Act will come into force

(The Hindu)

- The Real Estate Regulatory Act, 2016 (RERA) comes into force on May 1, 2017.
- It is aimed not only at bringing in more transparency and accountability but also provide mechanisms to simplify and regulate the buying and selling of all types of properties.

Key Points:

- Buyers and developers of real estate property can seek relief by approaching Real Estate Regulatory Authorities against violation of the contractual obligations and other provisions of the Act.
- The act provides for the mandatory registration of projects and real estate agents.
- The act mandates depositing 70% of the funds collected from buyers in a separate bank account for construction of the project.
- The funds could be withdrawn only for construction purposes.
- The act prescribes penalty on developers if the project is delayed. The project developers are required to disclose the project details on the website of the regulator and need to provide quarterly updates on construction progress.
- Under the act, the Regulatory authorities are required dispose of complaints in 60 days and Appellate Tribunals will be required to adjudicate cases in 60 days.

Real change around the corner

The Real Estate Regulation and Development Act aims to protect the interests of the consumer. Here's a quick take on the rules:

- All new projects are to be registered with the regulator
- All projects are to be sold only on basis of carpet area
- Licences of reselling agents can with be withdrawn in case of complaints
- Homebuyer can complain directly to the regulator
- Consumer complaints to be resolved in 60 days by the regulator
- Developer has liability for 5 years to repair structural defects
- Developer has to deposit 70% of money into the project's an escrow account
- Developer has to ensure that all points mentioned in advertisements are true
- Advance amount to be collected is capped at 10%, prior to inking agreement
- Deadline for rules, to implement provisions of the Act, to be formed by the State governments was Oct. 3 (2016)
- Maharashtra, Karnataka and Tamil Nadu have formed draft rules. Madhya Pradesh, Uttar Pradesh, West Bengal and Gujarat have notified rules
- Act mandates that state governments should establish the Real Estate Regulatory Authority within a year from May 1, 2016
- Each Regulatory Authority to form regulations concerning day-to-day functioning within 3 months from being constituted
- Real Estate Appellate Tribunals to be formed by April 30, 2017
- Title insurance, which protects buyers against fraud, is mandatory for the builder

Developer will not be able to divert money to other projects without completing the current project

GS : 3 - ECONOMY (BANKING)

RBI asks ARCs to have a minimum net corpus of Rs. 100 crore by 2019

(Indian Express)

- The Reserve Bank of India (RBI) has asked all the existing asset reconstruction companies (ARCs) to have a minimum net owned fund (NOF) of Rs100 crore by March 2019.
- As per the notification of RBI, the existing ARCs not meeting the minimum NOF criteria need to achieve the minimum NOF of Rs100 crore latest by 31 March 2019.

Asset Reconstruction companies (ARCs):

- ARC is a company registered under Section 3 of the Securitization and reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.
- ARCs are regulated by the RBI.
- They are the specialised agencies with a main role of resolving the stressed assets issue of the Indian banking system.
- They are involved in buying bad loans from Indian banks to turn them around.
- Narsimham Committee – II (1998) proposed setting up of ARCs on the similar lines with that of asset management companies present globally.

GS : 3 - ECONOMY

Sebi finalizes norms for listing of green bonds

(The Hindu)

- Regulator Sebi has finalized norms for issuance and listing of green bonds, which will help in raising funds from capital markets for investment in the renewable energy space.

Green bonds:

- Green bonds are like any other debt instrument but the funds raised from such a bond sale are used exclusively for renewable energy projects.
- Green bonds enhances an issuer's reputation, as it helps in showcasing their commitment to wards sustainable development.

MISCELLANEOUS

Infrastructure Investment Trust (InvITs)

- InvITs are similar to mutual funds. While mutual funds provide an opportunity to invest in equity stocks, an InvIT allows one to invest in infrastructure projects such as road and power.
- InvITs are registered as trusts with SEBI and there are four parties — trustee, sponsors, investment manager and project manager.
- As per present regulations, InvIT investments are not open for small and retail investors. The minimum application size for InvIT units is ₹10 lakh. The main investors could be foreign institutional investors, insurance and pension funds and domestic institutional investors (like mutual funds, banks) and super-rich individuals.
- InvITs raise funds from many investors and directly invest in infrastructure projects or through a special purpose vehicle.
- Two types of InvITs have been allowed:
 1. Which invests in completed and revenue generation infrastructure projects; the other, which has the flexibility to invest in completed or under-construction projects.
 2. InvITs which invest in completed projects take the route of public offer of its units, while those investing in under construction projects take the route of private placement of units.
- Both forms are required to be listed on stock exchanges.

Maharashtra becomes First State to Use Automated Weather Stations (AWS)

- Maharashtra government has inaugurated the state's first automatic weather station at Dongargaon in Nagpur.
- The state government proposes to install such weather stations across the state on a public private partnership (PPP) mode.
- The weather stations will be helpful in measuring the wind direction, wind speed, air temperature, relative humidity and record amount of rainfall.
- The information gathered by the weather stations would be shared among the farmers by making them available on Mahavedh portal (Maharashtra agriculture weather information network) as well as on the mobile application of Skymet.
- Weather forecast firm Skymet Weather Private Ltd will be setting up these weather stations.

Indian Railways will use RFID tags to Track Wagons and Coaches

- Leveraging information technology in a big way, the Indian Railways is set to make use of the radio-frequency identification tags (RFID) for tracking of wagons, coaches and locomotives to ensure the effective and transparent functioning of the system.
- The trackside readers that will be installed at stations and other key points would read the RFID tag fitted in the rolling stocks and would transmit the wagon identity over a network to a central computer.
- RFID tags will help the railways in knowing the exact location of wagons, locomotives and coaches.