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Revocation of RERA registration - The
Real Estate (Regulation and
Development) Act, 2016 - Section 7
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REVOCATION OF RERA REGISTRATION - THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016 - SECTION 7



CA. Vinay Thyagaraj

RERA Real Estate (Regulation and Development) Act, 2016, was enacted by the Parliament of India with the aim of regulating and promoting the real estate sector in India. The Act came into effect on May 1, 2016, and was implemented across the country on May 1, 2017.

The primary objective of RERA is to protect the interests of homebuyers and to promote transparency and accountability in the real estate sector. The RERA Act empowers the state to establish a regulatory authority to oversee the functioning of the real estate sector and to ensure that real estate stakeholders adhere to the rules and regulations set forth in the Act.

As we are all aware that Section 3(1) of the RERA Act 2016 mandates the prior registration of Real Estate Project before marketing, sales, invitation, collection of advances from the prospective customers etc. Most of the States / UT's have established and appointed the Regulatory Authority's. More than 1 Lac Real Estate projects have registered across India.

In earlier articles, I have deliberated on various provisions includes Registration, periodical compliances, financial management, agreement of sale, modification of plan, transfer of projects, completion of the project etc.,

In this article, let us understand the Revocation of RERA Registration and its impact thereon.



Section 7 of the RERA Act empowers the RERA Authority to revoke the RERA registration on receipt of complaint or suo motu or on the recommendation of the competent authority after being satisfied that –

- The promoter makes default in doing anything required by or under this Act or the rules or the regulations made thereunder,
- The promoter violates any of the terms or conditions of the approval given by the competent authority,
- The promoter is involved in any kind of unfair practices or irregularities.
- The promoter Indulges in any fraudulent practices

Reference	Provision	Provisions	Details
Section 7(1)(a)	Default in doing anything required by or under this Act or the rules or the regulations thereof	<ol style="list-style-type: none"> Failure to utilise the funds received for the real estate project (funds diverted or mis-utilised) – Section 4(2)(L)(D) Failure to deliver the possession of the real estate project within the specified time or as extended time as per agreement of sale entered into with the allottees Failure to deliver the possession of the real estate project as per agreement of sale entered with the allottees 	<p>These provisions are mandatory under the RERA Act -</p> <ol style="list-style-type: none"> The defaults of the promoter results in jeopardizing the rights of the allottees in the project. The defaults of the promoter may result delay in completing the development works in the project

Reference	Provision	Provisions	Details
		<ul style="list-style-type: none"> d) Failure to enter into Agreement of Sale – Section 13 e) Failure to obtain the allottees consent before modification of sanctioned plan and specifications (Section 14) f) Failure to obtain the allottees consent before transfer of rights and liabilities in the project. g) Failure to comply with the orders of the Authority h) Failure to perform or comply with Section 11 of the Act 	
Section 7(1)(b)	Violates any of the terms or conditions of the approval given by the competent authority	<ul style="list-style-type: none"> a) Construction of the project not in accordance with the plans sanctioned b) The construction is hazardous or causes the risk to the environment or inhabitants 	<p>Every real estate project requires approval from the competent authorities.</p> <ul style="list-style-type: none"> a) Which includes planning authorities like Urban Development, DTCP, Municipalities etc b) Approval given by statutory authorities like Fire department, Environmental department, Coastal authorities etc
Section 7(1)(c)	Involved in any kind of unfair practices or irregularities	<p>Statement in writing or by visible representation, which -</p> <ul style="list-style-type: none"> a) Falsely represents that the service is of particular standard or grade <i>E.g., platinum green building or LEED Certified buildings, Energy Star buildings, and Naturally Occurring (or "Zero") Net Buildings.</i> b) Represents that the promoter has approval or affiliation which such promoter does not have – <i>Eg., member of international Real Estate Federation or group</i> c) Makes a false or misleading representation concerning the services <i>E.g., free maintenance for 3 years</i> 	<p>Unfair practice means, a practice which, for the purpose of promoting the sale or development of any real estate project, adopts any unfair method or unfair or deceptive practices.</p> <p>Indulge in unfair marketing.</p>
Section 7(1)(d)	Indulges in any fraudulent practices	Indulges in any fraudulent practices with an intention to defraud the allottees or other stakeholders of the real estate project.	<p>Fraudulent practices may include -</p> <ul style="list-style-type: none"> a) Ponzi schemes b) Multi-level marketing c) Buy back guarantee schemes d) Guaranteed Returns on investments (without having any financial planning)

The Maharashtra Real Estate Regulatory Authority (MahaRERA) has revoked the registration of projects being investigated in the Kalyan RERA scam for allegedly submitting fake commencement certificates for "unfair trade practices," and has ordered that their designated bank accounts associated with the projects be frozen.

Karnataka RERA has published the list of the revoked projects under the following link - <https://rera.karnataka.gov.in/viewAllWithdrawnProjects>

1. If the RERA Authority decides to revoke the registration of a real estate project, it shall send a notice to the promoter stating the reasons for revocation and give the promoter an opportunity to be heard. If the promoter fails to satisfy the RERA authority with the bona fide intention or evidence, the authority proceeds to pass the necessary revocation of the registration of real estate projects granted under section 5 of the RERA Act.
2. Further, the RERA Authority may, instead of revoking the RERA Registration, permit to remain in force subject to such further terms and conditions as it thinks fit to impose in the interest of the allottees and any such terms and conditions so imposed shall be binding upon the promoter.

3. The Authority Upon revocation of the RERA Registration –

- a. Shall debar the promoter
- b. Shall specify the promoter's name in the list of the defaulters – BLACKLISTING
- c. Shall inform to all other state RERA authorities
- d. Freeze the Bank Account of the RERA designated bank account
- e. Any other directions in the interest of the allottees or public interest

Conclusion – the revocation RERA registration of the project having far reaching effect on the promoter. The promoter may not be able to continue or carryout any further real estate projects in the state and other states (blacklisting of the promoter). Hence it is important to understand the importance of the various provisions under RERA and adhere from time to time.

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MCA UPDATES

The Central Government tweaked Anti-money laundering law to include role of CAs, CS, cost accountants now under PMLA. All client transactions done by CAs, CS and CMAs under the five broad categories of financial transactions for clients are brought under the anti-money laundering law namely- buying and selling of immovable property; managing of client money, securities or other assets; management of bank, savings or securities accounts; organisation of contributions for the creation, operation or management of companies; and creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities.

The Ministry of corporate affairs is set to introduce 30 new online forms for statutory filings under the Companies Act by the end of July, marking the final leg of the transition to an artificial intelligence (AI)-enabled corporate reporting regime including the critical Form AOC-4 and MGT-7.

The MCA has made effective Centre for Processing Accelerated Corporate Exit (CPACE) from May 1st for Companies keen to exit their business for quick regulatory clearance replacing the existing process of striking off of Companies and related forms.

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