

'Customers should pay only for built-up area'

Kamal Sagar is the Founder and Director of Bengaluru-based Total Environment. In an interview with **Furquan Moharkan** of *Deccan Herald*, Sagar hopes that the Bill will reduce the money laundering allegations against real estate firms. He suggests that for finalising the Bill, the government should create a panel that takes on-board—customers, architects, and reputed developers, among others.

Are there any loopholes in the existing law relating to real estate in India? What are the measures that need to be taken to curb those loopholes?

The biggest loophole is that the sanctioning authorities have not been included in the Bill. Without their inclusion, the delays in delivery will continue and make it more and more difficult for professional developers to deliver quality products on time.

How will the advent of the regulatory authorities impact the real estate

sector in India?

This would depend entirely on how the Bill is implemented in different states. If implemented well and in a manner that interpretations are not left to the officers in charge, then it could have a very positive impact for the customers. On the other hand, if this becomes just another approval hurdle, and is used to extort more monies from developers, it could end up delaying projects and increasing their costs.

Will the increased allocation towards escrow account lead to a liquidity crunch in the firms?

I think 70 per cent is a manageable ratio. Ideally, a developer should be allowed to use these funds across projects as long as they are used only for construction and not for acquiring new lands. Also, there are several common expenses that the Bill does not provide clarity on how those would be addressed. For instance, salaries and overheads of a company running multiple projects, common marketing and

branding costs, R&D and other such expenses.

There are quite a lot of allegations against real estate firms aiding money laundering. How will the mandatory disclosure clause help improving the image on that front?

This Bill will hopefully reduce the money laundering allegations.

If passed, how is it going to impact the ongoing projects?

In the long run, it should not really impact the ongoing projects. However, in the short-term, there could be delays owing to the new rules being framed by the states, leading to a lack of clarity and other hurdles during the early stage.

As a realty expert what are your re-



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actions on the proposed legislation?

On the whole, if we were to look at the big picture, I would think that the Bill should be concerned about protecting the customer value for what he or she is paying on a uniform basis for pricing, timely delivery, quality of product, well thought out and simple regulations for the association, protecting soci-

ety at large, better zoning regulations and building bye-laws. Our current regulations for buildings are archaic and produce negative end results. It should

also be concerned about protecting the economically weaker sections. To bring out a real change, the Bill needs to address clear and simple building bye-laws, clear land laws, computerisation and proper land records. Developers

suffer huge unplanned losses and delays due to the misuse by landowners. Though the Bill does propose digitisation of land records, the requirement is much larger than just that. It also needs to make the built-up area as the basis for calculation of saleable area.

Built-up area of an apartment is the total area of the apartment, including internal walls and external walls and up to the centre of the common walls. This area does not include any share of common areas or any other areas that are not part of the apartment unit itself. Internationally, the concept used is built-up area, which is simple and easy to measure. And also, it is what the customer is purchasing and this is what he should be paying for. A simple transparent approach to finalising the terms of the Bill would be to select a panel of typical customers, architects, reputed developers, and some people to represent the economically weaker section, as well as some respected persons from society.

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