

Measures taken by the Tamil Nadu Govt. to safeguard the Real Estate Sector
written by Sudhaman | June 17, 2020



Tamil Nadu Govt For Real Estate - Tamil Nadu Govt Provides Measures to Mend Real Estate Sector

It is not unknown that the Real Estate Sector of India is currently facing a crisis due to the ongoing lockdown, however, even before the lockdown, the sector was already in a critical situation due to various factors like losses incurred because of unsold units, increase in the cost of construction material, increase in the wages of labourers, cost of land, various compliances such as RERA, challenges in securing project funding from banking and nonbanking financial corporations, delay in completion of projects due to various other innumerable factors. The developers, promoters, construction companies were faced with a number of challenges in the execution and completion of the projects undertaken by them.

In the current scenario, the Central Government imposed nationwide complete lockdown from March 25, 2020, to control the spread of Covid-19 across India, which lead to a complete stop on all the real estate activities such as transportation of construction materials, transportation for workers, securing funds for the project from non-banking financial corporations ("NBFC"), housing finance corporations, statutory compliances, property registrations, joint venture activities between landowners and promoters, etc.

Impact

The real estate players like promoters, developers, property owners, financial institutions, construction material suppliers became clueless of what action they must take as their hands are tied because of this lockdown. Labourers who worked in the project sites started going back to their native place as there were no employment opportunities present at the time due to this lockdown situation.

Various builders associations decided to approach the government to relax the restrictions imposed with respect to the real estate activities as the relaxations will help them in resuming the construction and other ancillary activities.

The Confederation of Real Estate Developer's Association of India (CREDAI) approached the Government of Tamil Nadu and requested to permit them to carry out construction activities during the lockdown in non-containment zones and support from the government, which will be a greater step in reviving the

activities related to real estate and the same will lead to income generation to the government through the property registration process.

Relaxations

Based on the representations made by the Real Estate Developer's body and other recommendations from various sources, the government decided to restart the registration activity in the Sub Registrar Offices from April 20th 2020[1] to facilitate the property registration activities whereby sale of properties, home loan funding activities will be resumed which will lead to the collection of stamp duty and registration fees which is one of the major sources of income to the government.

The aforesaid decision by the government will help the promoters, developers to sell the properties to the purchasers, as the said transactions were kept pending due to the lockdown and whereby the real estate activities will get resume slowly. Further, the said decision will help the housing finance corporations to revive their home loan sanctioning activities to the property purchasers.

The government also granted the permission to carry out the construction activities in the non-containment zones with a condition that the construction companies will use the workers who are staying in the project site and by maintaining social distancing during the construction activity. The government allowed the sale of construction materials through the shops with restricted timings which help in the supply of building materials to the construction sites, whereby the real estate activities have started to resume slowly.

The government relaxed certain compliance for builders, developers, promoters under Real Estate Regulatory Authority (RERA), whereby Tamil Nadu Real Estate Regulatory Authority issued a circular[2] dated April 6th, 2020 extending the validity of registrations of real estate projects as on February 01, 2020, for a period of 5 months upto June 30, 2020, by invoking *force majeure* due to Covid 19 pandemic, which is greater relief to the builders, developers, promoters as they will get more time to complete the projects. The Government of Tamil Nadu also extended the date for other compliances which were due in March 2020 and June 2020 to September 2020.

Further, the Tamil Nadu Real Estate Regulatory Authority issued a circular[3] dated May 22, 2020, referring to the circular dated April 6th, 2020 whereby it extended the validity of real estate project registrations for another one more month above the already extended period of 5 months on account of the Covid 19 pandemic.

The central government launched a special liquidity package amounting to Rs.30,000/- crore to stressed NBFCs, which is a part of first tranche of the Rs.21 Lakh crore comprehensive economic package. The said package will provide additional liquidity facility and would benefit the NBFC, HFC and MSI as the same will enhance its lending capacity, which will help the promoters in availing the funds to develop the real estate projects.

Conclusion

The aforesaid measures by the Central and State governments such as relaxation in construction activities, allowing property registration activities, relaxations in compliances under RERA, financial assistance will encourage the real estate sector to revive its activities and in resuming their construction, sales and other related real estate activities.

• [1] https://cms.tn.gov.in/sites/default/files/go/revenue_e_193_2020.pdf

- [\[2\]](#)
<http://www.tnrera.in/Downloads/CircularsAndOrders/TNRERA-Circular-06042020.pdf>
- [\[3\]](#)
<http://www.tnrera.in/Downloads/CircularsAndOrders/TNRERA-Circular-22052020.pdf>

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