REGULATING REAL ESTATE IN HARYANA: HRERA'S SHIELD FOR BUYERS AND SCRUTINY FOR DEVELOPERS

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HISTORICAL BACKGROUND

With the exponential rise of the real estate sector in India, the need for a robust regulatory framework became increasingly urgent. Addressing this necessity, the Real Estate (Regulation and Development) Act, 2016, commonly known as the RERA Act, marked a watershed moment in the country's real estate landscape. Enacted to curb rampant malpractices such as project delays, misleading advertisements, and exploitative conduct by developers, RERA introduced a much-needed layer of accountability and transparency. Originally tabled in Parliament in 2013 and reviewed by a select committee in 2015, the final Act came into force in 2016, structured across 10 chapters and comprising 92 sections.

At its core, RERA aims to protect the interests of homebuyers while ensuring fair play within the industry. To implement its provisions at the ground level, state-specific Real Estate Regulatory Authorities were set up. Among them, the Haryana Real Estate Regulatory Authority (HRERA) has emerged as a significant mechanism in regulating one of India's fastest-growing real estate markets. HRERA plays a dual role: it acts as a shield for homebuyers, safeguarding their rights and ensuring the timely delivery of projects, while simultaneously placing developers under strict scrutiny to ensure compliance with legal and ethical obligations.

This article explores the evolution, objectives, and operational framework of HRERA. It further examines the challenges encountered by both buyers and developers under its ambit and evaluates how effectively HRERA balances the scales in Haryana's dynamic real estate environment.

FRAMEWORK FOR HRERA

Two benches are established under HRERA, i.e. Panchkula Bench and Gurugram Bench. These benches facilitate the resolution of real estate disputes and ensure the fair and effective implementation of the Real Estate (Regulation and Development) Act in their respective jurisdictions. Various districts are allocated to different benches established under this act. Like districts of Ambala, Bhiwani, Faridabad, Hisar, Kaithal, Panchkula, Panipat and Rewari are covered under the **Panchkula Bench,** and the Gurugram Bench mainly regulates the real estate projects in the districts of **Gurugram**. Registration of the project is one of the most crucial steps to ensure proper compliance and regulation with the Real Estate (Regulation and Development) Act. Developers are required to register their upcoming real estate projects with the **Haryana Real Estate Regulatory Authority (HRERA)** before advertising, marketing, or selling[1]. These developers are required to disclose detailed information about the project, including the timeline for completion, status of approvals and layout plans. This compliance will ensure that buyers have access to all the necessary information regarding the investment in real estate before making a purchase decision[2]. HRERA also requires the registration of real estate agents to regulate their activities, ensure they adhere to ethical practices, and make the process more effective and efficient[3]. The act imposes the penalty and suggests that proactive actions should be taken against the developers and agents who fail to comply with regulations illustrated under the Act[4]. HRERA also obligates the developers to protect the interests of the buyers. They are obliged to complete the projects on time, using appropriate and legally permissible construction material and complying with the building codes and rules[5]. One of the most important provisions under HRERA mandates developers to maintain a separate escrow account for each project[6]. Under this Act, 70% of the amount realised must be deposited into this account. This account ensures that the capital is used for the specific projects and not diverted to other ventures, safeguarding the fiscal interest of the buyers. A proper dispute mechanism is also provided under this act for resolving conflicts between developers and buyers[7]. HRERA is vested with the power of adjudicating disputes, and the appellate tribunal handles the appeals[8]. This ensures that the system for the resolution of conflict is effective and efficient. Under this, developers are liable for the structural defects in the estate project for five

[1] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 3, India Code (2016)
[2] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 4(2)(I)(d), India Code (2016)
[3] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 9, India Code (2016)
[4] The Real Estate (Regulation and Development) Act, 2016, No. 16, Acts of Parliament, 2016, §§59, 61, 63, 64
[5] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 11(4)(b), India Code (2016)
[6] The Real Estate (Regulation and Development) Act, 2016, No. 16, Acts of Parliament, 2016, §4(2)(l)(D)
[7] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 31, India Code (2016)
[8] The Haryana Real Estate Regulatory Authority Act, 2017, § 43 (India)

years from the date of possession[9]. This provides the buyers with a layer of protection by ensuring that the developers are liable for the quality of construction. In the case of non-compliance with the rules and regulations, HRERA enforces strict penalties. Fines are imposed by the developers who fail to register projects, delay completion or violate other rules and regulations. Through this, a clear and transparent framework related to the protection of the interests of the buyers is established. Through the establishment of this project, a system of mutual benefit is created, which is favourable both for the developer and the buyer.

DUTIES AND OBLIGATIONS OF DEVELOPERS

Under the HRERA, developers are vested with the responsibility of undertaking the construction and monitoring the sale and purchase of the apartments under the approved plans. Developers are obligated under the HRERA to obtain the necessary approval as deemed necessary for the smooth execution of the project. These projects can be advertised subject to the advertising guidelines and regulations. Developers are mandated by the sales agreement to receive the payments from buyers or investors as per the agreed terms and conditions. Developers are also obligated under the law to rectify any deficiencies in the structure or common area of the project during the specified warranty period. Development agreements are required to be registered mandatorily. It was reiterated by the Hon'ble Apex Court in the case of ***M/s. Newtech Promoters and Developers Pvt. Ltd. vs. State of U.P. and others,*** developers are required to complete the project within the timeline as agreed to by both parties in the agreement[10]. In the case of ***Pioneer Urban Land and Infrastructure Ltd. v. Govindan Raghavan,*** it was held by the Supreme Court that developers/builders are under a fiduciary obligation to complete the project and give possession to them as promised. In this case only it was also highlighted that the developers are not given the liberty to insert any arbitrary clauses in buyer agreements[11]. As we know that developers are required to complete the project, and the National Consumer Dispute Redressal Commission (NCDRC) has highlighted in the case of ***Experion Developers (P) Ltd. v. Sushma Ashok Shiroor,2022,*** that the builder is liable to refund the amount with interest[12]. In conclusion, it is evident from various judicial pronouncements and regulatory mandates that developers must adhere to compliance requirements in a manner that not only ensures the timely and lawful completion of their

[9] The Real Estate (Regulation and Development) Act, No. 16 of 2016, § 14(3), India Code (2016)
[10] Newtech Promoters & Developers (P) Ltd. v. State of U.P., (2021) 18 SCC 1 (India).
[11] Pioneer Urban Land & Infrastructure Ltd. v. Union of India, (2019) 8 SCC 416 (India).
[12] Experion Developers (P) Ltd. v. Sushma Ashok Shiroor, (2022) 15 SCC 286 (India).

projects but also upholds the principles of transparency and accountability throughout the process. Such an approach is essential to restore trust in the real estate sector and protect the interests of homebuyers.

BENEFITS PROCURED BY A HOMEBUYER

If we critically analyse the Haryana Real Estate Regulatory Authority (HRERA), it is quite visible that a robust and clear mechanism is formulated for the protection of homebuyers from project delays and to ensure financial security. This mechanism helps in fostering trust and accountability in the real estate sector. These homebuyers are protected from unreasonable project delays and ensure financial security. Under section 19(3) of the RERA Act, 2016, developers are obligated to adhere to the timelines as agreed upon in the sale agreement[13]. If the developer is unable to complete the project according to the agreed timeline, then the homebuyer has the legal right to withdraw from the project and seek a refund[14]. In the areas within the proximity of the Gurgaon district, the application of this rule is of paramount importance as it builds the confidence of buyers, which will help in fetching business opportunities for developers. Moreover, escrow accounts are mandated to be formed, which prevents the misuse of the funds and ensures that the money is available to complete the project on time. This acts as a great benefit for the buyers as they are both financially guaranteed, and their investment is safeguarded. It is pertinent here to note that in the case of ***Bikram Chatterji v. Union of India (2019),*** it was reiterated by the Hon'ble Apex Court that the interest of the homebuyers should be of paramount importance and the same should be protected under the RERA and other State Real Estate Regulation Authorities[15]. Before the enactment of RERA, there was no regulatory framework ensuring that the advance payments were paid only up to a certain percentage. Now, after the enforcement of RERA, the developers cannot take more than 10% advance payment, that too without entering the same into the sales agreement agreed to by both parties. HRERA has benefited the state of Haryana by providing developers to comply with the strict rules and regulations, in turn increasing the quality of real estate projects in

Haryana generates revenue for the State. The special provision introduced for the registration of the projects before commencement has resulted in the reduction of fraud related to the real estate properties to a great extent. Homebuyers are also obligated under the RERA Act to make

[13] The Real Estate (Regulation and Development) Act, 2016, No. 16, Acts of Parliament, 2016, § 19(3)
[14] The Real Estate (Regulation and Development) Act, 2016, No. 16, Acts of Parliament, 2016, § 18
[15] Bikram Chatterji v. Union of India, (2019) 19 SCC 161 (India).

timely payments to the developers as per the agreement. Buyers' ought to have knowledge of the payment schedule and ensure that the same is done as per the stages defined under the agreement. If there is a delay on the buyer's side in making payments to the developer, then he is obligated under the law to make payment at a certain rate of interest.

CONCLUSION

The regulatory landscape of Haryana's real estate sector has been fundamentally transformed by the introduction and rigorous implementation of the HRERA framework. By establishing clear rules, strict compliance mechanisms, and robust dispute resolution systems, HRERA has brought much-needed transparency and accountability to a sector once plagued by uncertainty and malpractice. The dual-bench structure—Panchkula and Gurugram—ensures region-specific oversight, while mandatory project and agent registration, along with the use of escrow accounts, protects homebuyers from financial risk and project delays. Developers are now bound by legal obligations to deliver quality projects on time, rectify structural defects, and adhere to ethical practices, with significant penalties for non-compliance. Homebuyers, in turn, benefit from enhanced financial security, legal recourse in case of delays, and greater access to reliable information, while also being required to fulfil their payment obligations. Judicial pronouncements have further reinforced these protections, emphasising the fiduciary duty of developers and the primacy of buyer interests. Ultimately, HRERA has fostered a climate of mutual trust and benefit, elevating standards across the industry and ensuring that the interests of both buyers and developers are safeguarded in a fair, efficient, and transparent manner.