



REaVIEW

a monthly realty news digest

Dear Readers,

REaVIEW is a monthly news digest bringing to our clients and well-wishers news updates on major developments in the realty industry. The periodical will keep the readers updated on the significant changes and trends affecting real estate development within the country as well as globally, thus helping them in taking informed and calculated investment decisions.

Responsibly yours,

Sunil Kumar V
Founder & Managing Director
Asset Homes

Kerala's Thrikkakara, Edapally account for over 50% flat registrations



KOCHI: Residential real estate segment in Thrikkakara and Edapally areas are experiencing significant growth if one goes by the data from the registration department in Ernakulam. In the past four months, these regions accounted for more than 50% of flat registrations in the district.

Registrations of new flats are taking place in the city and Tripunithura as well, but their numbers are fewer compared to Thrikkakara and Edapally areas.

Overall, property registrations in the district, both of flats and lands, in the district have come down this year when compared to last year.

"Very few registrations took place for two years in 2020 and 2021 due to the pandemic. This led to a high number of registrations in 2022, and our revenues exceeded the target set by the government. However, this year, till now, we have been able to collect only 24% against a revenue target of 33% due to a decline in registrations," said an official with the registration department.

The registration department in the district collected Rs 1,312.22 crore against the target of Rs 1,037.61 crore in the last fiscal, but this year, the department has so far collected only Rs 330.70 crore in the last four months, against a yearly target of Rs 1,363 crore.

Department officials said this could be because of the changing trends in the real estate market. Internal assessments show

that though several flats have been announced within city limits, transactions are comparatively fewer. It has also been found that properties are being frequently resold within a short span of purchase-often within a few months. "Of the total flat registrations this year, 90% are of resold flats," the official said.

According to industry insiders and revenue department officials, one possible reason for this might be the high cost of new flats that are coming up in the district.

A two-bedroom flat costs anything between Rs 60-Rs 80 lakh, and a three-bedroom flat costs above Rs 1 crore at launch, and the cost increases further by the time they are ready for occupancy. "In contrast, a flat for resale in a prime location is much cheaper and more affordable," the official said.

Stakeholders in the field, however, don't agree with this view. "Resale is a secondary market and a constant. Registration of new flats is primary, and in less than three months of a project being completed, the registration happens. The completion of projects depends on when they have started and how they have progressed. The units of ongoing projects are not registered.

With the Kerala Real Estate Regulatory Authority in place, the builders are now trying to get the projects completed within a fixed time frame," said Najeeb Zackeria, former chairman of The Confederation of Real Estate Developers Associations of India (Kerala chapter).

In a first, builder sent to jail for ignoring Kerala consumer panel order



THIRUVANANTHAPURAM: For the first time, Kerala State Consumer Disputes Redressal Commission has on Thursday awarded six-month simple imprisonment to a Chennai-based builder for not honouring the commission's order to pay compensation to a petitioner whom the builder had duped around Rs 50 lakh in 2014 after offering an apartment in Kozhikode.

The builder Ajith Thomas Abraham, MD, Southern Investment was sent to Poojappura Central prison after he refused to honour the commission's order to pay Rs 1.1 crore as compensation to the petitioner Cherukat Vijayakumar.

The builder had collected Rs 49,68,460 from the petitioner in March 2014 on the assurance to deliver an apartment with a car parking area in Rain Tree Heights Sarovaram, Kozhikode, with an undivided share of 20,965 cents of land. However, the assurance was not fulfilled as the flat construction remained incomplete.

Vijayakumar filed a petition before the commission alleging unfair trade practice and deficiency in service. On October 31, 2016, the commission gave directions to complete the work in six months or else pay back the money with interest at 12% per annum.

The builder 'deliberately evaded' from complying with the order and failed to comply with the order despite getting several chances, forcing the commission to issue a warrant against him, the commission observed.

The builder had challenged the order before the national commission, which dismissed the appeal with a finding that the builder is liable to comply with the state commission order.

The commission issued a show cause notice as to why he should not be sentenced to imprisonment if he fails to respond within 15 days.

But the accused who appeared before the commission on Thursday filed an explanation reiterating his earlier stand.

"Even after proposing penal action, no attempt was made by him to comply with the order," the commission observed.

The builder claimed that he was unable to pay the money and said that the disputes of the same nature involving him were pending before the National Company Law Tribunal (NCLT) and the disputed properties were under the custody of the liquidator.

All aggrieved parties, except the decreeholder, had filed claim petitions, the builder said and requested the commission to direct the petitioner to approach NCLT for grievance redressal.

The commission division bench led by judicial member Ajith Kumar D said the builder tried to make the proceedings of the commission a mockery and was adamant about not complying with the commission order. The jail term was awarded to the builder under Section 72 (1) of the consumer protection Act, 2019.

Raw material price hike hits Life Mission project



THIRUVANANTHAPURAM: The government's apartment complex project under its ambitious Life Mission project has hit a roadblock as work on most of the complexes have come to a grinding halt as contractors have demanded more funds citing indiscriminate rise in price of raw materials. Only four of the 29 sanctioned apartment complexes have been completed till date.

As per the government details accessed by TOI which was prepared for a review meeting of the project held last week, it was said that the price of steel - which is used abundantly in the construction of apartments using prefab technology - had increased steeply. Because of the price increase, the whole construction cost has exceeded by more than 50% of the originally fixed cost and the contractors have stopped construction citing this reason.

As the issue has a major financial implication on the exchequer, the government has constituted a technical committee under the chairmanship of the chief engineer of LSG department, which has now given necessary recommendations to the government in this regard. The committee's recommendations are under the consideration of the government.

Of the 29 apartment complexes that have been sanctioned, only the ones in Punalur (Kollam), Karimannur (Idukki), Vijayapuram

(Kottayam) and Kadambur (Kannur) have been completed and 174 families stay there. The work of the remaining 25 complexes (supposed to house 1201 families), are in various stages of construction, mostly foundation works.

With regards to individual houses under the mission, the progress is not good. In the latest phase of the mission (Life 2020) 3,69,262 families were found eligible and an agreement for housing was inked with only 60,346 families (16.34%).

Under the mission, for individual houses a sum of Rs 4 lakh is granted to a beneficiary which is released in multiple instalments. As per government estimates, the government will need Rs 14,406.88 crore to disburse money to all eligible beneficiaries under Life Mission.

Of this lot, Rs 3,300 crore is the government's share, Rs 3,329.88 crore is the share of local bodies and Rs 7,777 crore is the loan that must be raised by local bodies. Though the loan is planned to be availed from Kerala Bank, local bodies have to give bank guarantees (which can be assets or own funds of the local body). But, most local bodies do not have documents of their assets or do not have sufficient funds for a bank guarantee. These factors are causing another stalemate in the smooth progress of the mission.

<https://realty.economicstimes.indiatimes.com/news/residential/raw-material-price-hike-hits-life-mission-project/102432428>

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