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ASSET

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REalVIEW

Dear Readers,

REalVIEW 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
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KERALA RERA'S LANDMARK RULING: WHY LANDOWNERS NOW SHARE RESPONSIBILITY WITH BUILDERS

The Kerala Real Estate Regulatory Authority (K-RERA) has delivered a landmark ruling that strengthens homebuyer protection in joint development projects. In a significant decision, K-RERA held that landowners who actively participate in a project's finances or profit-sharing cannot distance themselves from liability if the project fails.

The ruling clarifies that such landowners may be treated as joint promoters, making them equally responsible alongside developers for fulfilling commitments made to homebuyers.

1 THE GROWING FOOTPRINT OF PREMIUM HOUSING

Traditionally, landowners in joint development projects maintained that their role ended with providing the land, leaving builders solely responsible for project execution.

K-RERA has now clarified that where landowners play an active commercial or financial role in the project, they may be treated as joint promoters under RERA.

This means they can be held accountable for:

- Project completion
- Delivery of promised amenities
- Compliance with RERA obligations
- Responsibilities owed to homebuyers

The ruling places accountability on all parties who benefit from the project.

2 THE CASE BEHIND THE DECISION

The ruling arose from a residential project where homebuyers had paid nearly the full value of their apartments, yet construction remained incomplete and essential services such as electricity and water were not provided.

During the proceedings, K-RERA found that the landowner had actively participated in the project's financial arrangements, including mortgaging the project land for a construction loan and receiving payments connected with the development.

Based on these findings, the Authority concluded that the landowner could not avoid responsibility by claiming to be merely the owner of the land.

3 WHY THIS MATTERS FOR HOMEBUYERS

The decision significantly strengthens consumer protection by expanding accountability beyond the builder alone.

- Greater legal protection in delayed or incomplete projects
- Increased transparency in joint development arrangements
- Better chances of project completion through shared responsibility
- Improved confidence among homebuyers

The ruling reinforces the principle that responsibility should follow actual involvement rather than contractual labels.

4 IMPACT ON DEVELOPERS & LANDOWNERS

The ruling encourages both developers and landowners to clearly define their respective responsibilities from the outset of a project.

Going forward, stakeholders may need to:

- Structure Joint Development Agreements more carefully
- Maintain greater financial transparency
- Ensure full regulatory compliance
- Clearly disclose project-related financial obligations

The decision is expected to improve governance and reduce disputes in future real estate developments.

5 WHAT THIS MEANS FOR KERALA'S REAL ESTATE MARKET

The ruling marks an important step towards greater accountability in Kerala's real estate sector.

For buyers, it provides stronger safeguards against project delays and defaults.

For developers and landowners, it reinforces the importance of transparent partnerships and responsible project management.

Overall, the decision is expected to promote greater trust, improve regulatory compliance, and contribute to a healthier and more transparent real estate ecosystem.

OUTLOOK

K-RERA's landmark decision signals a shift towards shared accountability in joint development projects. By recognising financially involved landowners as joint promoters where appropriate, the Authority has strengthened the protection available to homebuyers while encouraging greater transparency across the industry.

As Kerala's real estate market continues to evolve, this ruling is likely to set a stronger benchmark for responsible development, better governance, and increased confidence among property buyers.