

## Slum rehabilitation projects : Things to ensure before purchase

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YEARLY ROUND-UP ▼

***Booking an SRA property requires few precautions that one should ensure from a legal perspective to be in a safer position. Here are few cautionary measures that a homebuyer should comply with.***



The State Government in Maharashtra has been implementing slum rehabilitation schemes for over decade with a presented view of providing adequate and proper housing to the poor while ensuring enough incentives for the builders to step into and implement such schemes. Contrary to the conventional approach of slum demolition and rendering the slum-dwellers as illegal squatters, slum redevelopment in Maharashtra involves the demolition of existing slums and their subsequent redevelopment.

The Maharashtra Slum Areas (Improvement, Clearance, and Redevelopment) Act, 1971 ("**Act**"), is the main legislation dealing with the slum rehabilitation in Maharashtra. Section 3A of the Act provides for constitution of Slum Rehabilitation Authority (SRA) which is entrusted with the vast duties of declaring the areas as Slum and also for approving the schemes for the rehabilitation of the same. In case a builder

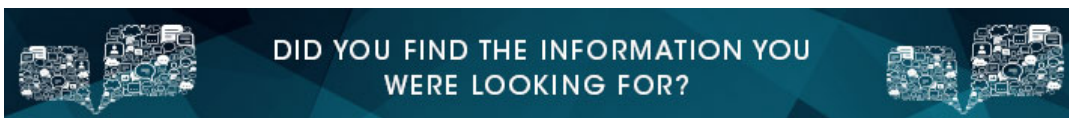
who has been chosen for the implementation of a rehabilitation scheme does not implement the same, the SRA has the authority to replace the builder and appoint another builder instead. But what about the expenses already incurred by the erstwhile builder and what about the areas already allotted/sold by such builders. In relation to the expenses made by the builder, the SRA simply asks the new builder to reimburse all expenses incurred by the erstwhile builder and also asks the new builder to fulfil all the obligations of the erstwhile builder. This would take care of the concerns of the SRA and the slum dwellers, however, still does not mitigate the risks for the buyers who had booked units/flats in the free sale area of the project.

What additional precautions one should take from a legal perspective so as to be in a safer position while booking a property in SRA project? Normally SRA does not permit construction of the free sale area unless certain portions of the rehabilitation areas have been constructed by the builder. One must check that in addition to the letter of intent ("**LOI**") and the intimation of approval ("**IOA**") issued by SRA, the builder also has LOI and IOA for the free sale area. This tends to show the genuineness of the builder and reduced chances of the builder being involved in the project merely for profit booking. Other permissions which one may be required to be seen can be found in the copies of the LOI and IOA provided by the SRA. If all such permissions/conditions, as may be required depending on the stage of construction, are in place/complied with, the chances of one getting timely possession of the unit/flat is much better.

That said the only conclusive way of safeguarding the rights of the buyers in SRA would be that the State Government makes it compulsory for all the sales in free sale component of a slum rehabilitation to be reported to SRA on regular intervals and a list of the buyers with the area is published and made available to public to ensure that such frauds in slum rehabilitation projects are kept at a minimum level and new slums are not created (with people spending their entire savings and taking additional debt to buy a property) in order to remove the old ones.

### **Disclaimer:**

*This article has been authored by Babu Sivaprakasam, who is a Partner; and Aditya Khadria, who is a Senior Associate at Economic Laws Practice (ELP), Advocates & Solicitors. The information provided in the article is intended for informational purposes only and does not constitute legal opinion or advice.*



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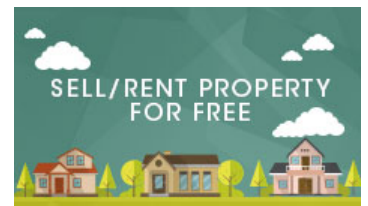
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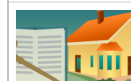
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