THE BEGUR BULLETIN

REAL ESTATE

APRIL TO JUNE 2026

QUARTERLY REGULATORY UPDATE

WELCOME TO THE BEGUR BULLETIN!

This edition of the Begur Bulletin captures the key real estate regulatory and judicial developments for the period of April to June 2026, covering significant legislative amendments, regulatory reforms, and judicial pronouncements shaping India's real estate sector. The quarter witnessed continued efforts to strengthen the regulatory framework under RERA, alongside reforms aimed at improving access to institutional capital and enhancing certainty in project governance.

A notable development during the quarter was the liberalisation of the financing framework for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) through the RBI's revised lending norms, reflecting a broader policy objective of deepening institutional investment in the real estate sector. Simultaneously, amendments brought into force under the Jan Vishwas (Amendment of Provisions) Act, 2026 furthered the Government's agenda of decriminalising regulatory offences by replacing imprisonment with monetary penalties for specified non-compliance under RERA.

The quarter also saw several significant judicial pronouncements clarifying the interplay between RERA and other legal frameworks, reinforcing the rights of homebuyers, housing societies, and apartment owners. State RERA authorities, including MahaRERA, Punjab RERA, TNRERA, and Karnataka RERA, continued to shape the regulatory landscape through decisions addressing possession, parking rights, contractual pricing, project registration, and governance of residential developments.

Overall, the developments during this quarter reflect a regulatory environment focused on balancing ease of doing business, investor confidence, and consumer protection, while providing greater clarity on the implementation of RERA and related real estate laws. As the sector continues to evolve, these developments are expected to have a lasting impact on developers, financial institutions, investors, and homebuyers alike.

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LEGISLATIVE UPDATES

1. RERA AMENDMENT: IMPRISONMENT REMOVED FOR ALLOTTEES' FAILURE TO COMPLY WITH APPELLATE TRIBUNAL ORDERS

The Ministry of Housing and Urban Affairs, vide notification dated May 07, 2026, notified amendments to the Real Estate (Regulation and Development) Act, 2016 ("**RERA**") under the Jan Vishwas (Amendment of Provisions) Act, 2026. The amendment revises Section 68 of the RERA, which prescribes the consequences for an allottee's failure to comply with any order, decision, or direction of the Real Estate Appellate Tribunal.

Prior to the amendment, an allottee who failed to comply with an order or direction of the Appellate Tribunal could face imprisonment for a term extending up to one year, or a daily fine that could cumulatively extend up to 10% of the cost of the plot, apartment, or building, or both. The amendment removes the provision for imprisonment. Consequently, an allottee who fails to comply with, or contravenes, any order, decision, or direction of the Appellate Tribunal is now liable only to a monetary penalty, which may extend up to 10% of the cost of the plot, apartment, or building, as applicable.

B&P View: The amendment is part of the Government's broader Jan Vishwas initiative aimed at decriminalising regulatory offences and promoting ease of doing business by replacing imprisonment with monetary penalties for procedural and compliance-related defaults. While the obligation to comply with orders of the Real Estate Appellate Tribunal remains unchanged, the removal of criminal sanctions reduces the penal consequences for allottees and aligns RERA's enforcement framework with the Government's policy of rationalising criminal liability for regulatory non-compliance. Developers, allottees, and legal practitioners should nevertheless ensure timely compliance with Appellate Tribunal orders, as substantial financial penalties of up to 10% of the property value continue to apply for contraventions.

REAL ESTATE INVESTMENT TRUSTS (REITs) & INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)

1. RBI EASES BANK LENDING NORMS FOR REITs and InvITs

The Reserve Bank of India ("RBI"), through the Commercial Banks (Credit Facilities) Third Amendment Directions, 2026 issued on June 10, 2026, has introduced a formal framework permitting commercial banks to extend credit facilities to Real Estate Investment Trusts (REITs) and has harmonised the existing lending framework applicable to Infrastructure Investment Trusts (InvITs). The amendments, which incorporate stakeholder feedback received on the draft directions issued earlier this year, are aimed at facilitating institutional financing while preserving prudential safeguards. The revised framework will come into effect from October 01, 2026.

Under the revised framework, banks may extend finance directly to REITs and InvITs, subject to regulatory exposure limits, asset quality norms, and prescribed prudential conditions. However, financing remains prohibited for land acquisition and under-construction assets, and repayment structures such as bullet and balloon payments are not permitted. The amendments also retain safeguards relating to concentration of exposure and risk management, ensuring that the expanded lending framework does not compromise financial stability while enabling greater access to bank credit for trust-based investment vehicles.

B&P View: The amendment marks a significant policy shift by formally recognising REITs as eligible borrowers under the RBI's commercial lending framework and streamlining the regulatory treatment of InvIT financing. By opening an additional source of institutional funding, the framework is expected to reduce financing costs, enhance liquidity, and support the continued growth of India's real estate and infrastructure investment sectors. At the same time, the RBI has balanced this liberalisation with robust prudential safeguards, ensuring that banks maintain disciplined credit underwriting and risk management practices. REITs, InvITs, lenders, and financial advisers should review financing structures, exposure limits, and repayment mechanisms to ensure compliance before the framework becomes operational on 1 October 2026.

2. SEBI PROPOSES RELAXATION IN NDCF FRAMEWORK FOR DEBT-FUNDED MAJOR MAINTENANCE EXPENSES BY ROAD INVITS

SEBI issued a consultation paper dated June 01, 2026, proposing amendments to the framework for calculation of Net Distributable Cash Flows ("NDCF") for InvITs. The proposal follows representations received from the Bharat InvITs Association highlighting practical challenges faced by road sector InvITs, where major maintenance expenses, though essential for preserving infrastructure assets, are treated as operating expenses under accounting principles and are typically financed through debt. The proposed amendments seek to facilitate ease of doing business by permitting debt-funded major maintenance expenses for eligible road projects to be added back while computing NDCF, subject to stringent unitholder approvals, disclosure obligations and regulatory safeguards.

Key Proposals

a. **Permitting Add-back of Debt Funded Major Maintenance Expenses**: SEBI has proposed allowing payments made towards major maintenance (MM) expenses for road projects, to the extent funded through external borrowing, to be added back while computing NDCF at both the SPV/HoldCo level and the Trust level. This marks a limited exception to the existing framework, which generally prohibits the use of external debt for distributable cash flows. The relaxation is restricted to projects within the "Roads and Bridges" infrastructure sub-sector and applies only to major maintenance activities undertaken in accordance with the relevant concession agreements.

b. **Unitholder Approval and Safeguards**: The proposal requires prior approval of unitholders under Regulation 22(5) of the InvIT Regulations before borrowing for major maintenance expenses can be considered in NDCF computation. Approval may be obtained either on a one-time basis for the entire project life cycle or for specific maintenance expenditures, with any subsequent deviations requiring fresh approval. Additionally, statutory auditors must certify that the expenses qualify as major maintenance under the concession agreement and have been funded through external borrowings before any add-back is permitted.

c. **Enhanced Disclosure Requirements:** To ensure transparency, SEBI proposes extensive disclosure obligations while seeking unitholder approval. InvITs must disclose project-wise details of proposed borrowings, categories of eligible maintenance expenses, year wise estimates based on valuation reports, impact on leverage and future growth, expected effect on distributions before and after the maintenance cycle, and alternative funding arrangements if debt is unavailable. Further, periodic financial disclosures must separately identify borrowings raised for major maintenance, disclose outstanding balances, reflect such borrowings in debt maturity profiles and segregate them within the Net Borrowing Ratio disclosures.

d. **Amendments to the Existing NDCF Framework:** The draft circular proposes corresponding amendments to Chapter 3 of the Master Circular for InvITs by inserting new line items permitting the add-back of eligible major maintenance expenses in the NDCF computation tables for both Trusts and SPVs/HoldCos. It also revises the existing prohibition on debt-funded distributions by introducing a specific carve-out for debt-funded major maintenance expenses and inserts a new explanatory note prescribing the conditions, approvals, certifications and disclosure requirements governing the proposed relaxation.

B&P View: The proposal acknowledges the unique financing structure of road InvITs, where periodic major maintenance is typically debt-funded despite being treated as an operating expense under accounting standards. By permitting a limited exception to the NDCF framework while prescribing comprehensive governance, disclosure and investor approval requirements, SEBI seeks to balance distribution flexibility with transparency and investor protection, thereby facilitating more efficient capital management for road sector InvITs.

3. SEBI CLARIFIES PERMISSIBLE USE OF BORROWINGS BY HIGHLY LEVERAGED InvITs

SEBI vide its circular dated May 15, 2026, specified the purposes for which Infrastructure Investment Trusts ("InvITs") with net borrowings exceeding 49% of the value of their assets may utilise fresh borrowings.

The circular permits such borrowings to be utilised for:

- **Capital expenditure** undertaken to enhance asset performance or augment capacity;
- **Major maintenance expenditure** in relation to road projects, provided such expenditure is non-routine and incurred in accordance with the relevant concession agreement; and
- **Refinancing of existing debt** at the InvIT, SPV or Holdco level, subject to the conditions that (i) the original borrowing was utilised for a permitted purpose under the InvIT Regulations, and (ii) only the principal amount (and not accrued interest, charges or fees) is refinanced.

B&P View: The circular operationalises the recent amendment to the InvIT Regulations by clearly delineating the circumstances in which InvITs with leverage exceeding the 49% threshold may raise additional debt. While the framework preserves the regulatory intent of restricting excessive leverage, it recognises that borrowings may be necessary for value-accretive purposes such as capacity expansion, major lifecycle maintenance of infrastructure assets and efficient liability management through refinancing. By permitting refinancing only of the principal amount of qualifying debt, SEBI has also ensured that the enhanced flexibility cannot be used to capitalise financing costs, thereby striking a balance between operational flexibility and prudent leverage management.

JUDICIAL UPDATES

1. **BOMBAY HIGH COURT HOLDS FUTURE DEVELOPMENT CANNOT DELAY DEEMED CONVEYANCE**

The Bombay High Court, in *One Astoria CHS Federation Ltd. & Ors. v. Peninsula Land Ltd. & Ors. (judgment dated 17 March 2026*), held that future development or incomplete project phases cannot be used to deny or postpone deemed conveyance under Section 11(3) of the Maharashtra Ownership Flats Act, 1963 ("MOFA"). The Court clarified that RERA does not override MOFA, and both statutes operate harmoniously to protect the rights of flat purchasers.

The Court ruled that once a society is formed and the statutory period under MOFA has expired, the promoter must execute conveyance. It further held that common areas, including open spaces, roads, amenities, and clubhouses shown in the sanctioned plan, must be conveyed along with the proportionate undivided share in the land, and cannot be retained on the pretext of future development or additional FSI/TDR. The Court also observed that procedural objections or parallel civil proceedings do not defeat the statutory right to deemed conveyance.

B&P View: The judgment strengthens the rights of housing societies by reaffirming that promoters cannot delay conveyance due to future development plans. It also clarifies that MOFA continues to provide an independent remedy alongside RERA, ensuring that purchasers receive timely conveyance of completed buildings together with their proportionate rights in land and common areas.

2. **BOMBAY HIGH COURT HOLDS SHARED AMENITIES MAY REQUIRE A SINGLE SOCIETY ACROSS MOFA AND RERA PHASES**

The Bombay High Court, in *Gera Developers Private Limited v. State of Maharashtra & Ors. (judgment dated 21 April 2026*), dismissed a review petition challenging the formation of a single co-operative housing society for a phased development comprising both Maharashtra Ownership Flats Act, 1963 and RERA governed towers. The promoter contended that the MOFA Validation Act, 2025 and the RERA Rules, 2017 required separate societies for RERA-registered buildings.

The Court held that the MOFA Validation Act, 2025 does not exclude the application of MOFA in every transitional or composite development. It observed that where different phases share common amenities and infrastructure, the practical realities of the project must be considered. The Court further clarified that Rule 9 of the RERA Rules, 2017 does not mandate tower-wise societies, and the Registrar retains the authority under the Maharashtra Co-operative Societies Act, 1960 to determine whether a composite society is appropriate. Accordingly, the review petition was dismissed.

B&P View: The judgment provides important clarity for phased developments with shared amenities, confirming that promoters cannot insist on tower-wise societies merely because different phases are governed by MOFA and RERA. Instead, the appropriate society structure should reflect the functional layout and shared facilities of the project, ensuring efficient management and avoiding unnecessary fragmentation.

3. **BOMBAY HIGH COURT: MRT REMAINED COMPETENT APPELLATE FORUM UNTIL MahaREAT OPERATIONALIZED**

The Bombay High Court, in *Runwal Constructions v. Bharat Shah & Ors. (Second Appeal Nos. 251–261 of 2022*, decided 8 June

2026), upheld the jurisdiction of the Maharashtra Revenue Tribunal (MRT) to hear RERA appeals during the transitional period before the Maharashtra Real Estate Appellate Tribunal (MahaREAT) became functional. Justice Madhav J. Jamdar dismissed ten connected appeals filed by Runwal Constructions, which had challenged orders passed by the MRT granting relief and delay interest to homebuyers in the Runwal Infinity project (2005–2007 allottees).

The Court held that mere appointment of MahaREAT's chairperson and members on 8 May 2018 did not establish the tribunal. The tribunal came into legal existence only on 24 December 2018, when the chairperson and members took oath. Until that date, the MRT remained the designated appellate forum under RERA. The Court observed that accepting the developers' contrary argument would have resulted in pending appeals being transferred to a non-existent and non-functional tribunal. The designated appellate tribunal granted interest to allottees effective 1 February 2014, despite possession dates ranging from 2008–2010, and the Court found no substantive merit in the developers' challenges. After 20 years without possession, the Court dismissed interim relief requests and imposed costs of ₹10,000–₹1 lakh per appeal.

B&P View: The judgment clarifies critical ambiguity in RERA's appellate architecture during state-level implementation. It establishes that functional commencement (oath-taking by members), not administrative appointment alone, marks a tribunal's legal establishment. A principle with broader applicability to regulatory bodies. The decision protects homebuyer remedies during transitional phases and prevents developers from gaming procedural gaps. That possession remains undelivered after two decades underscores the Court's impatience with dilatory compliance.

STATE SPECIFIC UPDATES

1. MAHARERA CLARIFIES THAT POSSESSION IS INCOMPLETE WITHOUT PROPER PARKING ALLOTMENT

In a series of orders passed in April 2026, including *Nehanshu Kishorebhai Tank v. M/s Krisala Enterprises (2 April 2026), Pramod Vitthalrao Kadam & Anr. v. Aastha Infra Buildcon & Ors. (9 April 2026), and Vijay Shrimal Khivansara v. M/s Vrindavan Realtors (9 April 2026),* MahaRERA clarified that the issuance of an Occupation Certificate alone does not constitute lawful possession under RERA. The Authority held that possession is complete only when the unit is fully habitable and all contractual obligations, including the allotment and handover of agreed parking spaces, have been fulfilled. It further observed that promoters cannot substitute agreed covered parking with an alternative arrangement, retain parking spaces, or make arbitrary allotments contrary to the agreement for sale and sanctioned plans. While delay interest was not awarded where possession had been taken after receipt of the Occupation Certificate, the allottees were granted liberty to seek compensation before the Adjudicating Officer.

B&P View: The rulings reaffirm that lawful possession under RERA extends beyond physical handover and includes compliance with all contractual commitments. By recognising parking spaces as an integral part of the project, MahaRERA has reinforced that promoters must allot and hand over parking strictly in accordance with the agreement for sale and applicable regulations. Developers should review their possession and parking allocation practices to ensure compliance and minimise disputes, while allottees retain the right to seek specific performance and compensation for any deficiencies.

2. PUNJAB RERA UPHOLDS CONTRACTUALLY AGREED SUPER AREA PRICING

In *Megha Chowdhuri and Another v. M/s Omaxe New Chandigarh Developers Pvt. Ltd. (Complaint No. RERA/GC No. 0445 of 2023),* Punjab RERA held that homebuyers cannot seek a refund of amounts charged on the basis of super area where the pricing mechanism was clearly disclosed and accepted under the buyer's agreement. The Authority rejected the refund claim, observing that mutually agreed contractual terms are binding unless they contravene applicable law. However, it clarified that developers cannot unilaterally charge for any increase in carpet area or super area unless expressly permitted under the agreement.

B&P View: The ruling reaffirms that pricing based on super area is enforceable where it forms part of the agreed contractual framework. It also underscores that any increase in saleable area and the corresponding charges must have a clear contractual basis. Developers should ensure transparent drafting of pricing clauses, while homebuyers should carefully review area-related provisions before execution of the agreement

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3. MAHARERA CLARIFICATION: PORTAL EXTENSION DOES NOT DEFER REFUND OBLIGATION

MahaRERA has clarified that extending a project's completion date on the RERA portal does not defer a promoter's refund or interest liability under RERA. The authority reaffirmed that developers cannot defer statutory refund or delay-interest obligations merely by modifying the completion timeline in the regulatory system. This clarification reinforces that promoters cannot use administrative extensions as a tool to delay financial obligations, a practice that had created regulatory ambiguity in project extensions.

B&P View: The clarification is an important enforcement development, clarifying that the RERA portal's administrative functions (project timeline updates) remain separate from the substantive financial obligations tied to delay and refund. It curtails potential developer workarounds and strengthens allottee protections.

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