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Circular No. 79 /RERA/2023/137

Raipur, Dated: 12/01 /2023

//Circular//

Subject: - Clarifications on annexure 19 regarding the disclosure of figures.

Reference: - Circular No. 06/RERA/2018/158 Dated 19-04-2018.

(CA Certificate issued at the time of withdrawal from RERA Designated Account)

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As per the subject and reference mentioned above, the Chhattisgarh Real Estate Regulatory Authority (RERA) had vide its Circular No. 06/RERA/2018/158 dated 19.04.2018 issued instructions for Real Estate Projects regarding withdrawal of funds from RERA Designated accounts as follows:

Withdrawals from Account --

(1) As per the provisions of Section 4(2)(1)(D) of the Act, - Promoter can withdraw the amount from the RERA Designated account, proportional to the completion of the project. It has to be certified by the Engineer, Architect and Chartered Accountant that the amount is being withdrawn in proportion to the completion of the project.

(2) To ensure that the withdrawal from the RERA designated account is proportional to the completion of the project, the promoter has to present following three certificates of professionals to the bank.

(i) Annexure-17, Architect's Certificate regarding the progress /completion of the project.

(ii) Annexure-18, Engineer Certificate regarding actual expenditure incurred on construction cost in the project.

- (iii) Annexure-19, Chartered Accountant Certificate regarding the estimated cost of land and construction in the project, vis-a-vis the actual cost and other expenditures as per Books of Accounts.

It has also to be clearly verified in the above certificate by the Chartered Accountant, that out of the total estimated cost of project what is the proportion of actual expenditure on land and cost of construction so far.

It should clearly bring out the completion percentage of the work as compared to the total estimated cost of the project. The amount allowed to be drawn from the RERA designated account should not exceed this percentage.

But it has been observed in many of the cases that figures disclosed in the annexure-19 are not meeting the intentions of the annexure. Therefore, the Authority issues following clarification regarding Annexure-19:-

- (1) The Note 2 in annexure-19 is applicable only for **ongoing projects** and the amounts to be disclosed here are figures as on the **date of making application for registration**; but many of the promoters disclose the till-date sale proceeds and amount of the costs incurred on the project.

The amount in Note 2 should not change with the quarterly progress of the project; it should remain constant throughout the project's life. The sale proceeds received and cost-incurred-amount should be the amount as on the date of application.

For ready reference, note 2 is attached:

Note 2: Amount withdrawn as on the date of making application for registration of Real Estate Project as per the Books of Accounts and Bank Statement (for ongoing Projects) shall be lower of the two as under:

SN.	Particulars	(Rs.)	(Rs)
1	100% of the amount received towards the consideration of the sale of the apartment of the real estate project till date.		
2	Amount of project cost incurred as reflected at clause number 3 of the certificate of CA issued.		
3	Amount to be considered as withdrawn for the purpose of CGRERA should be lower of the above two figures.		

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- (2) In the annexure -19, Sr. No -7, it requires amount withdrawn as on the date of making application for registration of the project as per the Books of Accounts and Bank Statements (Note 2), plus subsequent withdrawals done from the RERA designate Account till date.

While the promoters provide only the figures derived by note 2 (which is also not accurate) ignoring the subsequent withdrawals from RERA Designated Account.

- (3) The entire scenario is being explained with the help of an example

Example: There is a project named XYZ which is an ongoing project and the promoter has applied for registration on XX-XX-2018 and on the date of making application for registration 100% of the amount received towards the consideration of the sale of the apartment was Rs.125 lakhs and amount of cost-incurred on the project was Rs. 280.15 lakhs. Subsequently, for the quarter jul-sep 2019, total cost incurred on project comes to Rs. 3042.40 lakhs and 100% of the amount received towards the consideration of the sale of the apartment till date amounts to Rs. 2658.85 lakhs. And in between; the amount withdrawn from the RERA Designated Account was Rs. 2456.33 lakhs.

Now the Note 2 and Sr no. 7 working is shown below:


Note 2: Amount withdrawn as on the date of making application for registration of Real Estate Project as per the Books of Accounts and Bank Statement (for ongoing Projects) shall be lower of the two as under:

SN.	Particulars	As Required	In Practice What's being done wrongly
1	100% of the amount received towards the consideration of the sale of the apartment of the real estate project till date.	125	2658.85
2	Amount of project cost incurred as reflected at clause number 3 of the certificate of CA issued.	280.15	3042.40
3	Amount to be considered as withdrawn for the purpose of CGRERA should be lower of the above two figures.	125	2658.85

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S.No	Particulars	As Required	Practice Done
6	Amount Which can be withdrawn from the RERA Designated Account (Total Estimated Cost * Proportion of cost incurred (Sr. number 2 * Sr. number 5))	3042.40	3042.40
7	Less: Amount withdrawn as on the date of making application for registration of the project as per the Books of Accounts and Bank Statements (Note 2) plus subsequent withdrawals done from the RERA designate Account till date.	2581.33 (125+2456.33)	2658.85
8	Net Amount which can be withdrawn from the RERA Designated Bank Account under this certificate	461.07	383.55

The above clarification is issued for all the promoters guiding therewith for the correct calculation of net amount which can be withdrawn from RERA Designated Account. The promoters are also directed to provide correct information as per this clarification in their respective quarter updates post issuance of this circular.
(Approved by Hon'ble Chairman)


(Dr. Anupriya Mishra)
 Registrar
 Chhattisgarh Real Estate
 Regulatory Authority, Raipur