

**REAL ESTATE
(REGULATION AND
DEVELOPMENT)
ACT, 2016**

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THE REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016

Objective:

- to achieve professionalism, standardization and transparency in real estate sector
- to establish the Real Estate Regulatory Authority for regulation and promotion of the real estate sector and to ensure sale of plot, apartment or building in an efficient and transparent manner
- to protect the interest of consumers in the real estate sector
- to establish an adjudicating mechanism for speedy dispute redressal and also to establish the Appellate Tribunal to hear appeals from the decisions, directions or orders of the Real Estate Regulatory Authority and the adjudicating officer and for matters connected therewith or incidental thereto.

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Salient Features:

State level Real Estate Regulatory Authority

- A state level regulatory authority called Real Estate Regulatory Authority (RERA) to be established under the Act. The promoters cannot book or offer these projects for sale without registering them with the regulatory body. Real estate agents dealing in these projects also need to register with RERAs.

Registration of Projects.

- All projects, including the ongoing ones, need to be registered with the Regulator within 3 months to ensure compliance of the orders of the Regulatory authority.

Disclosure of all information

- Developers will be required to disclose all relevant information by uploading it on the website of RERA, including schedule of development works, land status, status of statutory approvals, pro-forma agreements, names and addresses of real estate agents, contractors and architects.

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70% of sale proceeds in escrow account

- It will be mandatory for the Developers to set aside 70 per cent of the sales proceeds from a project in an escrow account and obtain all compulsory approvals prior to the launch of any project. This will prevent them from diverting the sales income into their other projects, which till now, has been the major reason for delay in the completion of projects.

Disclose personal details

- Developers will be required to submit personal details, photos of all promoters, location details with demarcation of land and time frame of completion.

Disclose all details of project details launched in last 5 years.

- Also, the developers will be required to submit details of all projects launched by them in the previous five years, with present status and information about any legal cases pending against them.

Web based online system

- States will be required to create a web based online system for submitting applications for registration of projects within one year of the establishment of Regulatory Authorities.

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RERA to prevail

- Some states have enacted laws to regulate real estate projects. In case of inconsistencies, the provisions of this law will override the provisions of these state laws.

Accountability, transparency & efficiency

- All purchases will become more buyers' friendly. The enhanced accountability and transparency will prevent the buyers from being taken for a ride by the crafty developers and promoters.

Disclose personal details

- The penalty clauses on the developers will put pressure on them and help the buyers to easily take legal recourse against them in case of infringement of the agreement.

Disclosure of carpet area.

- Disclosure of the carpet area before sale of a property has been mandatory, which will prevent the builders to sell on the basis of super built-up area.

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Property brokers accountable

- Property brokers have been made accountable and any non-compliance of the orders of Regulatory Authority and Appellate Tribunals has been made punishable under this law.

Promoters responsible for structural defects for 5 years

- All promoters will be liable for structural defects for five years after it has been handed over to the buyer.

Buyers can be punished.

- Even the home buyers can be imprisoned for up to one year in case they do not abide by the orders of the Regulatory Authority or the Appellate Tribunal.

Revocation of registration

- The regulatory authorities will have the power to cancel project registration in case of persistent violations and decide on the further course of action regarding completion of such projects.

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Blacklist

- The names of such defaulting developers and blacklisted real estate companies will be displayed on the RERA website for information of all concerned.

State level Appellate Tribunals

- State level tribunals called Real Estate Appellate Tribunals will be established for appealing against the decisions of RERA, and other forms of dispute settlement.

Appeals

- Appeals against adjudicating officer and Regulatory Authority will lie with the Appellate Tribunals to be set up and final appeals will lie only with High Courts.

Complaints will be decided in 60 days

- Appellate Tribunals will now be required to adjudicate cases in 60 days as against the earlier provision of 90 days and Regulatory Authorities will have to dispose of complaints in 60 days.

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Some Important terms:

- **Allottee:** person to whom a plot, apartment or building has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building is given on rent.
- **Apartment:** a separate and self-contained part of any immovable property, including one or more rooms or enclosed spaces, located on one or more floors in a building or on a plot of land, used or intended to be used for any residential or commercial use such as residence, office, shop, showroom or godown or for carrying on any business, occupation, profession or trade which may even be called block, chamber, dwelling unit, flat, office, showroom, shop, godown, premises, suit, tenement, unit or by any other name.

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- **Building:** any structure or erection or part of a structure or erection which is intended to be used for residential, commercial or for the purpose of any business, occupation, profession or trade, or for any other related purposes.
- **Carpet Area:** net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.
- **Common Areas means and includes:**
 - entire land for the real estate project or where the project is developed in phases and registration under this Act is sought for a phase, the entire land for that phase

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- stair cases, lifts, staircase and lift lobbies, fire escapes, and common entrances and exits of buildings
- the common basements, terraces, parks, play areas, open parking areas and common storage spaces
- premises for the lodging of persons employed for the management of the property including accommodation for watch and ward staffs or for the lodging of community service personnel
- installations of central services such as electricity, gas, water and sanitation, air-conditioning and incinerating, system for water conservation and renewable energy
- water tanks, sumps, motors, fans, compressors, ducts and all apparatus connected with installations for common use

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- all community and commercial facilities as provided in the real estate project
- all other portion of the project necessary or convenient for its maintenance, safety, etc., and in common use

External Development Works includes roads and road systems landscaping, water supply, sewage and drainage systems, electricity supply transformer, sub-station, solid waste management and disposal or any other work which may have to be executed in the periphery of, or outside, a project for its benefit, as may be provided under the local laws

Garage means a place within a project having a roof and walls on three sides for parking any vehicle, but does not include an unenclosed or uncovered parking space such as open parking areas

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Internal Development Works means roads, footpaths, water supply, sewers, drains, parks, tree planting, street lighting, provision for community buildings and for treatment and disposal of sewage and sullage water, solid waste management and disposal, water conservation, energy management, fire protection and fire safety requirements, social infrastructure such as educational health and other public amenities or any other work in a project for its benefit, as per sanctioned plans.

Real Estate Project means the development of a building or a building consisting of apartments, or converting an existing building or a part thereof into apartments, or the development of land into plots or apartment for the purpose of selling all or some of the said apartments or plots or building and includes the common areas, the development works, all improvements and structures thereon, and all easement, rights and appurtenances belonging thereto.

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Real Estate Agent means and includes any person, who negotiates or acts on behalf of one person in a transaction of transfer of his plot, apartment or building in a real estate project, by way of sale, with another person or transfer of plot, apartment or building, of any other person to him and receives remuneration or fees or any other charges for his services whether as commission or otherwise and includes a person who introduces, through any medium, prospective buyers and sellers to each other for negotiation for sale or purchase of plot, apartment or building, and includes property dealers, brokers, middlemen, by whatever name called.

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REGISTRATION OF REAL ESTATE PROJECT AND REGISTRATION OF REAL ESTATE AGENTS

Prior registration of real estate project with Real Estate Regulatory Authority: (Section 3)

- No promoter can advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building in any real estate project or part of it, in any planning area, without registering the real estate project with the Real Estate Regulatory Authority established under this Act.
- Promoters are required to register their real estate projects if their projects exceeds five hundred square meters or the number of apartments proposed to be developed exceeds eight inclusive of all phases.

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- The promoter shall make an application to the Authority for registration of the projects, that are ongoing on the date of commencement of this Act and for which the completion certificate has not been issued, within a period of three months from the date of commencement of this Act.
- The Authority may, by order, direct the promoter of projects which are developed beyond the planning area, to register their projects with the Authority, after taking requisite permissions from the local authorities, if it thinks that registration of such projects are necessary & in the interest of allottees.

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- **No registration of the real estate project required in the following events:**
 - (a) where the area of land proposed to be developed does not exceed five hundred square meters or the number of apartments proposed to be developed does not exceed eight inclusive of all phases
 - (b) where the promoter has received completion certificate for a real estate project prior to commencement of this Act
 - (c) for the purpose of renovation or repair or re-development which does not involve marketing, advertising selling or new allotment of any apartment, plot or building, as the case may be, under the real estate project.

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It is important to note that where the real estate project is to be developed in phases, every such phase shall be considered a standalone real estate project, and the promoter shall obtain registration under this Act for each phase separately.

Application for registration of real estate projects (Section 4)

Every promoter is required to make an application to the Authority for registration of the real estate project in a prescribed form, manner and further within a prescribed time along with payment of requisite fees as may be specified by the regulations made by the Authority.

The application is required to be filed along with the following documents:

1. brief details of the enterprise including its name, registered address, type of enterprise (proprietorship, societies, partnership, companies, competent authority) and the particulars of registration, and the names and photographs of the promoter;

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2. brief detail of the projects launched in the past five years and whether they are already completed or being developed along with the current status of the said projects, any delay in its completion, details of cases pending, details of type of land and payments pending;
3. authenticated copy of the approvals and commencement certificate from the competent authority obtained in accordance with the laws for the real estate project mentioned in the application and where the project is proposed to be developed in phases, an authenticated copy of the approvals and commencement certificate from the competent authority for each of such phases;
4. sanctioned plan, layout plan and specifications of the proposed project or the phase thereof, and the whole project as sanctioned by the competent authority;
5. plan of development works to be executed in the proposed project and the proposed facilities to be provided thereof including firefighting facilities, drinking water facilities, emergency evacuation services, use of renewable energy;

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6. location details of the project, with clear demarcation of land dedicated for the project along with its boundaries including the latitude and longitude of the end points of the project;
7. proforma of the allotment letter, agreement for sale, and the conveyance deed proposed to be signed with the allottees;
8. number, type and the carpet area of apartments for sale in the project along with the area of the exclusive balcony or verandah areas and the exclusive open terrace areas apartment with the apartment, if any;
9. number and areas of garage for sale in the project;
10. names and addresses of his real estate agents, if any, for the proposed project;
11. names and addresses of the contractors, architect, structural engineer, if any and other persons concerned with the development of the proposed project;

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12. declaration, supported by an affidavit, which shall be signed by the promoter or any person authorised by the promoter, stating:

(a) that he has a legal title to the land on which the development is proposed along with legally valid documents with authentication of such title, if such land is owned by another person;

(b) that the land is free from all encumbrances, or details of the encumbrances on such land including any rights, title, interest or name of any party in or over such land along with details;

(c) time period within which he undertakes to complete the project or phase thereof;

(d) that seventy percent of the amounts realised for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose

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(e) that he shall take all the pending approvals on time, from the competent authorities;

(f) that he has furnished such other documents as may be prescribed by the rules or regulations made under this Act; and

13. such other information and documents as may be prescribed.

The Act also proposes that the authority shall operationalise a web based online system for submitting applications for registration of projects within a period of one year from the date of its establishment.

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Grant of registration (Section 5)

Once an application is filed before the Authority in the manner as described hereinbefore, the Authority shall within a period of thirty days from receipt of the said application,

- (a) grant registration and provide a registration number, including a Login Id and password to the applicant for accessing the website of the Authority and to create his web page and to fill therein the details of the proposed project; or
- (b) reject the application for reasons to be recorded in writing if such application does not conform to the provisions of this Act or the rules or regulations made thereunder.

The however provides that no application shall be rejected unless the applicant has been given an opportunity of being heard in the matter.

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If the Authority fails to grant the registration or reject the application, the project shall be deemed to have been registered, and the Authority shall within a period of seven days of the expiry of the said period of thirty days, provide a registration number and a Login Id and password to the promoter for accessing the website of the Authority and to create his web page and to fill therein the details of the proposed project.

The registration granted under this section shall be valid for a period declared by the promoter in its affidavit as contemplated under section 4 for completion of the project or phase thereof, as the case may be.

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Revocation of registration (Section 7)

The Authority may, on receipt of a complaint or suo motu in this behalf or on the recommendation of the competent authority, revoke the registration granted under section 5, after being satisfied that—

- the promoter makes default in doing anything required by or under this Act or the rules or the regulations made thereunder;
- the promoter violates any of the terms or conditions of the approval given by the competent authority;
- the promoter is involved in any kind of unfair practice or irregularities;

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- the promoter permits the publication of any advertisement or prospectus whether in any newspaper or otherwise of services that are not intended to be offered;
- the promoter indulges in any fraudulent practices;

The Authority cannot revoke the registration granted to the promoter under section 5 without giving the promoter, a thirty days' notice in writing, stating the grounds on which it is proposed to revoke the registration, and has considered any cause shown by the promoter within the period of that notice against the proposed revocation.

The Authority further has powers to permit the registration to remain in force subject to such further terms and conditions as it thinks fit to impose in the interest of the allottees, and any such terms and conditions, instead of revoking the registration under sub-section (1)

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Upon the revocation of the registration, the promotor shall be debarred from accessing its website in relation to that project and specify his name in the list of defaulters and display his photograph on its website and also inform the other Real Estate Regulatory Authority in other States and Union territories about such revocation or registration;

The Authority shall further direct the bank holding the project back account to freeze the account and thereafter take such further necessary actions, including consequent de-freezing of the said account, towards facilitating the remaining development works.

The Authority further has powers to issue such directions as it may deem necessary to protect the interest of allottees or in the public interest

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Registration of real estate agents (Section 9)

Section 9 of the Act specifically provides that no real estate agent shall facilitate the sale or purchase of or act on behalf of any person to facilitate the sale or purchase of any plot, apartment or building, as the case may be, in a real estate project or part of it, being the part of the real estate project registered under section 3, being sold by the promoter in any planning area, without obtaining registration.

Every real estate agent is required to make an application to the Authority for registration in such form, manner, within such time and accompanied by such fee and documents as may be prescribed.

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The Authority shall, within such period, in such manner and upon satisfying itself of the fulfillment of such conditions, as may be prescribed—

- (a) grant a single registration to the real estate agent for the entire State or Union territory;
- (b) reject the application for reasons to be recorded in writing, if such application does not conform to the provisions of the Act or the rules or regulations made thereunder.

That the Authority cannot reject the application filed by the real estate agents without giving the applicant an opportunity of being heard in the matter.

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Every real estate agent who is registered as per the provisions of this Act or the rules and regulations made thereunder, shall be granted a registration number by the Authority, which shall be quoted by the real estate agent in every sale facilitated by him under this Act.

Every registration shall be valid for such period as may be prescribed, and shall be renewable for a period in such manner and on payment of such fee as may be prescribed.

Where any real estate agent who has been granted registration under this Act commits breach of any of the conditions thereof or any other terms and conditions specified under this Act or any rules or regulations made thereunder, or where the Authority is satisfied that such registration has been secured by the real estate agent through

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misrepresentation or fraud, the Authority may, without prejudice to any other provisions under this Act, revoke the registration or suspend the same for such period as it thinks fit. However no such revocation or suspension shall be made by the Authority unless an opportunity of being heard has been given to the real estate agent.

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Functions of real estate agents (Section 10)

Every registered real estate agent shall have the following functions:

- (a) Facilitate the sale or purchase of any plot, apartment or building, as the case may be, in a real estate project or part of it, being sold by the promoter in any planning area, which is registered with the Authority;
- (b) maintain and preserve such books of account, records and documents as may prescribed;

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- (c) not involve himself in any unfair trade practices, such as (i) permitting the publication of any advertisement whether in any newspaper or otherwise of services that are not intended to be offered (ii) the practice of making any statement, whether orally or in writing or by visible representation which falsely represents that the services are of a particular standard or grade and/or represents that the promoter or himself has approval or affiliation which such promoter or himself does not have; or makes a false or misleading representation concerning the services.
- (d) facilitate the possession of all the information and documents, as the allottee, is entitled to, at the time of booking of any plot, apartment or building;
- (e) discharge such other functions as may be prescribed.

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Establishment and incorporation of Real Estate Regulatory Authority (Section 20)

Section 20 of the Act confers power upon the appropriate Government to pass necessary notifications, within a period of one year from the date of coming into force of this Act and establish an Authority to be known as the Real Estate Regulatory Authority to exercise the powers conferred on it and to perform the functions assigned to it under this Act.

Filing of complaints with the Authority or the adjudicating officer (Section 31)

The Act confers right upon any aggrieved person to file a complaint with the Authority or the adjudicating officer, as the case may be, against any promoter allottee or real estate agent for any violation or contravention of the provisions of this Act or the rules and regulations made thereunder.

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The word "person" shall include an association of allottees or any voluntary consumer association registered under any law for the time being in force.

The form, manner and fees for filing complaint shall be specified by regulations.

Functions of Authority for promotion of real estate sector (Section 32)

The Authority in order to facilitate the growth and promotion of a healthy, transparent, efficient and competitive real estate sector make recommendations to the appropriate Government of the competent authority on the following:

- a) protection of interest of the allottees, promoter and real estate agent;

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- b) creation of a single window system for ensuring time bound project approvals and clearances for timely completion of the project;
- c) creation of a transparent and robust grievance redressal mechanism against acts of omission and commission of competent authorities and their officials;
- d) measures to encourage investment in the real estate sector including measures to increase financial assistance to affordable housing segment;
- e) measures to encourage construction of environmentally sustainable and affordable housing, promoting standardization and use of appropriate construction materials, fixtures, fittings and construction techniques;

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- f) measures to encourage grading of projects on various parameters of development including grading of promoters;
- g) measures to facilitate amicable conciliation of disputes between the promoters and the allottees through dispute settlement forums set up by the consumer or promoter associations;
- h) measures to facilitate digitization of land records and system towards conclusive property titles with title guarantee;
- i) to render advice to the appropriate Government in matters relating to the development of real estate sector;
- j) any other issue that the Authority may think necessary for the promotion of the real estate sector

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The functions of the Authority shall include (Section 34)

- a) to register and regulate real estate projects and real estate agents registered under this Act;
- b) to publish and maintain a website of records, for public viewing, of all real estate projects for which registration has been given, with such details as may be prescribed, including information provided in the application for which registration has been granted;
- c) to maintain a database, on its website, for public viewing, and enter the names and photographs of promoters as defaulters including the project details, registration for which has been revoked or have been penalised under this Act, with reasons therefor, for access to the general public;

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- d) to maintain a database, on its website, for public viewing, and enter the names and photographs of real estate agents who have applied and registered under this Act, with such details as may be prescribed, including those whose registration has been rejected or revoked;
- e) to fix through regulations for each areas under its jurisdiction the standard fees to be levied on the allottees or the promoter or the real estate agent, as the case may be;
- f) to ensure compliance of the obligations cast upon the promoters, the allottees and the real estate agents under this Act and the rules and regulations made thereunder;
- g) to ensure compliance of its regulations or orders or directions made in exercise of its powers under this Act;

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h) to perform such other functions as may be entrusted to the Authority by the appropriate Government as may be necessary to carry out the provisions of this Act.

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OFFENCES, PENALTIES AND ADJUDICATION

Punishment for nonregistration (Section 59)

If any promoter contravenes the provisions of registrations as provided in the Act, he shall be liable to a penalty which may extend up to ten per cent of the estimated cost of the real estate project as determined by the Authority.

If any promoter does not comply with the orders, decisions or directions issued or continues to violate the provisions of registration, he shall be punishable with imprisonment for a term which may extend up to three years or with fine which may extend up to a further ten per cent of the estimated cost of the real estate project, or with both.

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Penalty for contravention of provisions relating to application for registration of real estate projects (Section 60)

If any promoter provides false information or contravenes the provisions relating to application for registration of real estate projects as provided under section 4, he shall be liable to a penalty which may extend up to five percent of the estimated cost of the real estate project, as determined by the Authority.

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Penalty for nonregistration and contravention of provisions by real estate agents (Section 62)

If any real estate agent fails to comply with or contravenes the provisions of section 9 or section 10, he shall be liable to a penalty of ten thousand rupees for every day during which such default continues, which may cumulatively extend up to five percent of the cost of plot, apartment or buildings, as the case may be, of the real estate project, for which the sale or purchase has been facilitated as determined by the Authority.

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Penalty for failure to comply with orders of Authority by promoter (Section 63)

If any promoter, who fails to comply with, or contravenes any of the orders or directions of the Authority, he shall be liable to a penalty for every day during which such default continues, which may cumulatively extend up to five per cent., of the estimated cost of the real estate project as determined by the Authority.

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Penalty for failure to comply with orders of Appellate Tribunal by promoter (Section 64)

If any promoter, who fails to comply with, or contravenes any of the orders, decisions or directions of the Appellate Tribunal, he shall be punishable with imprisonment for a term which may extend up to three years or with fine for every day during which such default continues, which may cumulatively extend up to ten percent of the estimated cost of the real estate project, or with both.

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Penalty for failure to comply with orders of Authority by real estate agent (Section 65)

If any real estate agent, who fails to comply with, or contravenes any of the orders or directions of the Authority, he shall be liable to a penalty for every day during which such default continues, which may cumulatively extend up to five percent of the estimated cost of plot, apartment or building of the real estate project, for which the sale or purchase has been facilitated and as determined by the Authority.

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Penalty for failure to comply with orders of Appellate Tribunal by real estate agent (Section 66)

If any real estate agent, who fails to comply with, or contravenes any of the orders, decisions or directions of the Appellate Tribunal, he shall be punishable with imprisonment for a term which may extend up to one year or with fine for every day during which such default continues, which may cumulatively extend up to ten percent of the estimated cost of plot, apartment or building of the real estate project for which the sale or purchase has been facilitated, or with both.

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Penalty for failure to comply with orders of Authority by allottee (Section 67)

If any allottee, who fails to comply with, or contravenes any of the orders, decisions or directions of the Authority he shall be liable to a penalty for the period during which such default continues, which may cumulatively extend up to five percent of the plot, apartment or building cost as determined by the Authority.

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Penalty for failure to comply with orders of Appellate Tribunal by allottee (Section 68)

If any allottee who fails to comply with or contravenes any of the orders or directions of the Appellate Tribunal, he shall be punishable with imprisonment for a term which may extend up to one year or with fine for every day during which such default continues, which may cumulatively extend up to ten percent of the plot, apartment or building cost or with both.

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Offences by companies (Section 69)

Where an Offence under this Act has been committed by a company, every person who, at the time, the offence was committed was in charge of, or was responsible to the company for the conduct of, the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

However a person shall not be punished for the offence as stated hereinabove, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence

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It is to be noted here that where an offence under this Act has been committed by a company, and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

"Company" means a body corporate and includes a firm, or other association of individuals; and "Director" in relation to a firm, means a partner in the firm.

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Compounding of offences (Section 70)

Notwithstanding anything contained in the Code of Criminal Procedure, 1973, if any person is punished with imprisonment under this Act, the punishment may, either before or after the institution of the prosecution, be compounded by the court on such terms and conditions and on payment of such sums as may be prescribed:

Provided that the sum prescribed shall not, in any case, exceed the maximum amount of the fine which may be imposed for the offence so compounded.

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Power to adjudicate (Section 71)

For the purpose of adjudging compensation under sections 12, 14, 18 and section 19, the Authority shall appoint in consultation with the appropriate Government one or more judicial officer as deemed necessary, who is or has been a District Judge to be an adjudicating officer for holding an inquiry in the prescribed manner, after giving any person concerned a reasonable opportunity of being heard.

Any person whose complaint in respect of matters covered under sections 12, 14, 18 and section 19 is pending before the Consumer Disputes Redressal Forum or the Consumer Disputes Redressal Commission or the National Consumer Redressal Commission, established under section 9 of the Consumer Protection Act, 1986, on or before the commencement of this Act, he may, with the permission of such Forum or Commission, as the case may be, withdraw the complaint pending before it and file an application before the adjudicating officer under this Act.

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The application for adjudging compensation shall be dealt with by the adjudicating officer as expeditiously as possible and dispose of the same within a period of sixty days from the date of receipt of the application. Where any such application could not be disposed of within the said period of sixty days, the adjudicating officer shall record his reasons in writing for not disposing of the application within that period.

While holding an inquiry the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which may be useful for or relevant to the subject matter of the inquiry. If upon inquiry, the adjudicating officer is satisfied that the person has failed to comply with the provisions of any of the sections, the adjudicating officer may direct to pay such compensation or interest as he thinks fit in accordance with the provisions of any of those sections.

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Factors to be taken into account by the adjudicating officer (Section 72)

While adjudging the quantum of compensation or interest under section 71, the adjudicating officer shall have due regard to the following factors:

- the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default
- the amount of loss caused as a result of the default
- the repetitive nature of the default
- such other factors which the adjudicating officer considers necessary to the case in furtherance of justice

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