

BEFORE THE TELANGANA REAL ESTATE REGULATORY AUTHORITY

(Under the Real Estate (Regulation and Development) Act, 2016)

Circular No. 379/ 2026/TG RERA

Dated : 16.03.2026

Subject: Clarification regarding treatment of Landowners / Investors / Revenue Share Holders as “Promoters” under Section 2(zk) of the RE(R&D) Act – Mandatory Compliance Directions

Whereas, under Section 37 of the Real Estate (Regulation and Development) Act, 2016 (“the RE(R&D) Act”), TG RERA for the purpose of discharging its functions, is vested with the powers to issue directions to the promoters, allottees or real estate agents as it considers necessary from time to time.

2. Whereas, the present Circular is issued in exercise of the aforesaid powers, as TG RERA considers it necessary in the interest of transparency, regulatory responsibility within the State of Telangana, and for safeguarding the interests of allottees and promoters.

3. **Whereas**, Section 2(zk) of the RE (R&D) Act defines “Promoter” as:

"promoter" means,--

(i) a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees; or

(ii) a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon; or

*(iii) any development authority or any other public body in respect of allottees of--
(a) buildings or apartments, as the case may be, constructed by such authority or body on lands owned by them or placed at their disposal by the Government; or
(b) plots owned by such authority or body or placed at their disposal by the Government,*

for the purpose of selling all or some of the apartments or plots; or

(iv) an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its Members or in respect of the allottees of such apartments or buildings; or

(v) any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale; or

(vi) such other person who constructs any building or apartment for sale to the

general public.

Explanation.-- For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations made thereunder;

4. **Whereas**, TG RERA has consistently maintained that in cases of Development Agreement/joint development agreements (JDA), revenue-share or area-share arrangements, the land owner / investor who is a beneficiary of sale proceeds or receives payments from allottees is a Promoter liable to adhere to all provisions of the RE(R&D) Act.

5. **Whereas**, during project registration and ongoing monitoring, it is observed that several developers enter into registered Development Agreements / JDAs with land owners / investors entitling the latter to a share of total revenue or saleable area. In many such cases, the land owner / investor, with an intent to sell, actively participates by marketing the project, advertising, inviting persons to purchase, calling prospective buyers, selling or causing sale of their share, or having a role in the development of the real estate project, directly falling under Section 2(zk) of the RE(R&D) Act and the Explanation thereto.

6. **Whereas**, a careful reading of the definition in light of the object and purpose of the RE (R&D) Act leaves no doubt that such land owners / investors are Promoters / Co-Promoters within the meaning of the RE(R&D) Act and must be jointly and severally liable for all functions and responsibilities.

7. **Whereas**, keeping in view the overall purpose, object and solemn intention behind the enactment of the Real Estate (Regulation and Development) Act, 2016, and more particularly the onerous duties, responsibilities and obligations cast upon TG RERA thereunder so as to, inter-alia, usher in the highest standards of transparency in the real estate sector, promote widespread awareness about the provisions of the RE(R&D) Act and educate the general public about its nuances, and it is of paramount importance to ensure absolute accountability of all stakeholders and to provide the strongest possible protection to the interests of allottees, it has been found imperative and absolutely necessary by TG RERA to issue this comprehensive clarification for the better

understanding, effective working and strict implementation of the RE(R&D) Act and the Rules framed thereunder, as also to remove all doubts, if any, and to establish an unambiguous, robust regulatory framework for the protection of allottees at large.

8. Therefore, following actions are mandatory:

- A. Any land owner / investor who is entitled to area share OR revenue share in the project AND/OR who markets, advertises, invites buyers, sells or causes to sell any portion of the project AND/OR exercises any control over development shall be treated as Promoter (Landowner / Investor Promoter) in the TG RERA portal.
- B. The online registration application shall explicitly capture “Promoter (Land Owner / Investor)” details (as already provided in the TG RERA module).
- C. A copy of the registered Development Agreement / JDA clearly specifying rights, shares, obligations, timelines and payment terms of each party shall be uploaded for public viewing on the TG RERA website.
- D. All Promoters (including Landowner/Investor Promoters) shall submit Declaration in Form B of the Telangana Real Estate (Regulation and Development) Rules, 2017.
- E. Such Promoter shall ensure strict compliance with Section 4(2)(l)(D) of the RE(R&D) Act, read with Circular No. 1558 of 2024 dated 09.09.2024 issued by TG RERA, regarding maintenance and operation of designated separate bank accounts. Each such Landowner / Investor Promoter who is entitled to revenue share or who receives sale consideration directly from allottees in respect of their share shall open and maintain a separate designated project bank account in a scheduled bank and shall deposit therein seventy percent (70%) of the amounts realised from allottees towards sale of their share in the project.
- F. For purposes of withdrawal from any project bank account, obligations and liabilities of all Promoters shall be at par (joint and several). Internal arrangements in the DAGPA/JDA shall not dilute liability towards allottees.
- G. All such Promoters shall be jointly and severally liable for every function and responsibility under the RE(R&D) Act. The land owner / investor’s liability is not limited merely to title transfer; they share full promoter obligations where they receive benefits from sales or exercise control over the project.

9. This Circular consolidates, strengthens and supersedes all earlier references / orders / FAQs on the subject. It shall be effective forthwith and shall apply to all pending / ongoing registrations as well as future projects.

(As approved by Authority in its meeting, Dt : 16.03.2026)

Sd/-
SECRETARY
TG RERA

TELANGANA REAL ESTATE REGULATORY AUTHORITY,
HYDERABAD

NOTE TO IT HEAD

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Therefore, you are hereby requested to take necessary action in the matter.

SECRETARY
TG RERA