

Clarification on Depositing of 70%

For the purpose of sub-clause (D) of Clause (I) of sub-section (2) of section 4 of the Act, 70% of the amount realized for the Real Estate projects 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, provided the promoter shall withdraw the amount from the separate account, to cover the cost of the project, in proportionate to the percentage of completion of the project.

The promoter can deposit the entire 100% realized from the allottees in the said separate account; but only minimum 70% shall be accounted for the purpose covered in the above Section. Similarly, financial institutions can issue cheque for the entire 100%; but only 70% will be accounted for the purpose stated in the above said Clause.