

Occupancy certificate is considered an important document when it comes to buying a new home as it ensures that the property is constructed as per the prescribed laws. Let's have a look at what is an occupancy certificate, what it means and why it is necessary to obtain the occupancy certificate these days.

What is an Occupancy Certificate (OC)

A legal document issued by the government agency or the local development authority affirming that a constructed property is in compliance with the national building code and is fit for occupancy is called an Occupancy Certificate (OC). Whether a purchaser plans to use the property for the end or wants to sell the space, OC for a property transaction is required.

What does a Property with Occupancy Certificate Means

That the property is constructed according to law and the approved plan

That the building been constructed in compliance with the building code

That it has all the basic needs required such as drainage, electricity, etc.

That all the required clearances including the NOC from the fire department are obtained

7 steps to get clearance for building construction

How to get an Occupancy Certificate

It is the responsibility of the builder / developer to apply to OC with the local municipal development authority of the property. The certificate will only be awarded after the inspection authority is satisfied that the project is built according to the approved construction plan and mandatory standards. In certain cases, though, the contractor can take partial OC and sell ownership. For instance, in the case of construction projects with mixed uses, a building contractor is allowed to acquire partial OCs of partially completed housing buildings and to pass ownership to the owners of flats. Therefore, it is essential that the buyer receives the document to make the possession of the property legal.

Ask-your-builder-for-your-occupancy-certificateThe builder must give you the occupancy certificate

Documents required for obtaining an Occupancy Certificate

Ideally, within thirty days after project completion, a builder should submit an OC application to the Municipal Corporation. However, buildings with some design differences and which have flouted authorized building plans do not qualify for the OC. The list of documents required for obtaining occupancy certificate are:

Copy of approved plan of building

NOC document copies obtained from pollution board and airport authority

Certificate for the commencement of construction

Updated or recent property tax slips

What happens if you occupy the building without an Occupancy Certificate?

The constructed building can be declared as an illegal property

The legal authorities hold rights to evict the residents

Due to the illicit status, the property is liable to demolition

Loan approval and sales of the property will be constrained

Disconnection of supply of water and electricity without any intimation

Penalty on the property will be imposed, which will require higher property tax payment

Receiving Khata certificate is be an issue

Submit-the-relevant-documents-and-get-your-occupancy-certificateApply for occupancy certificate with basic documents

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What is Partial Occupancy Certificate

The partial OC is majorly seen in case of large development plans, where the construction is done in multiple phases. In this case the partial OC is given as the developer for tower wise construction.

The main advantage of partial OC is that it provides all the access to the basic amenities and uphold legal rights of the property by homebuyers. However, the amenities such as swimming pools, fitness center and others are not accessible under the accessed. Also, the approval of home loans and the obtaining of the Katha certificate will be a problem.

What is "OC" & "CC" in real estate?

Occupancy Certificate vs Completion Certificate vs Possession Certificate

The three terms may seem overlapping and confusing but they are very different from each other. A housing project will get a 'completion certificate' from the authorities when it is liveable with all facilities. The project will get its 'occupancy certificate' when the authorities are sure that the construction followed all rules, laws and by-laws. A possession certificate, on the other hand, is the confirmation of the transfer of the property from the builder to the buyer. The builder issues a 'possession certificate' and it has the date when the buyer officially takes over the property.

Completion certificate

Occupancy certificate

Possession certificate

States whether the building has all requirements to make it liveable

States whether the construction norms and building by-laws are followed

States the date of transfer of ownership from the developer to the buyer

Issued by authorities to the builder

Issued by authorities to the builder

Issued by the builder to the buyer

Possession of the building is offered after CC issuance

Builder can apply for utilities like electricity, water supply etc. after OC

Issued within 30 days of OC and CC issuance and buyer can move in

Occupancy Certificate: Protection for Property Owners

An occupancy certificate ensures the suitability of a property for possession. It helps you ensure that neither any untoward accident occurs nor are you offered an unsafe building to reside in. As a buyer vigilance is important so that you are not duped and you can secure your rights over your property. If your builder refuses to give you an OC, you can file a complaint in the consumer's forum. A legal notice, asking him to hand over the OC, should reach him within a month. You can come together with other buyers and report to the RERA if the project is registered under RERA (Real Estate Regulation and development Act).

Summing Up - Occupancy Certificate:

An occupancy certificate is an important document of property rights. It helps secure government/municipal services such as electricity, water supply etc. You must remain very vigilant and ensure to receive OC from the builder. You can complain to the consumer forum or the RERA in case your builder misses/refuses to give you one.

Latest Updates on Occupancy Certificate

Limit Responsibility of Architects to 7 days Post Issue of Occupancy Certificate - say Gurgaon Architects

Sep 23, 2023: Members of Architects Association of Gurgaon who hold the authority to issue OCs to residential buildings have put in a demand that a time limit be fixed after they issue the certificate to the builder. They have demanded a time limit of 7 days to be set. Read full story.

MCs cannot cancel OCs of Builders who do not obtain NOC - says Bombay High Court

May 2023: In a recent development, it was noticed that Municipal Corporation cannot cancel a developer's Occupancy Certificate if they cannot obtain NOC. This decision comes after a case between developers of Mumbai and Navi Mumbai Municipal Corporation. In Maharashtra, the No Objection Certificate (NOC) is obtained from the City and Industrial Development Corporation (CIDCO). The same rule will also be implemented in the case of a commencement certificate.

The Bombay High Court also passed a verdict stating that a Commencement certificate or Occupancy certificate cannot be revoked using the powers under Section 51 of the Maharashtra Regional Town Planning Act, 1966 (MRTP Act) due to any breach of such certificate, including but not limited to non-obtainment of NOC or a no dues letter of any authority. Even if an authority finds it right to cancel the OC, they cannot if the construction or development of the project is started.

Checklist for Certificates and Frauds

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RERA MP (RERA Madhya Pradesh) Registration @rera.mp.gov.in

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Property Title Fraud

Frequently asked questions

Can I buy the property in case the builder does not have the Occupancy Certificate?

It is always advisable to order both OC and CC before you buy a house. If the builder will not have OC or CC, the buyer-seller arrangement would be the next course of action. In case of delay in providing the OC or CC, the buyer can request the rent for the concerned period.

Can I sell my building without an occupancy certificate?

Selling a property without OC is not possible, as without the document you are not the legal owner of the property.

What is the difference between the Occupancy Certificate and Completion Certificate ?

Occupancy Permit shall inspect and approve a property that complies with national code, municipal utilities, electricity, sanitation and other authorizations. The completion certificate, on the other hand, is a declaration certifying that the property is suitable for buyers to purchase.

Who issues the Occupancy Certificate?

The municipal corporation (local municipal body) issues an occupancy certificate. They will only do so if they are satisfied that all the rules and local regulations have been followed during construction. The builder will receive the certificate which they will pass on to you.

What if the builder does not give the Occupancy Certificate ?

In case your builder misses giving you the occupancy certificate, ask them upfront. If they still refuse, you can complain to the consumer forum or the RERA.

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