

IMPACT OF RERA ON BUILDER'S AND BUYER'S

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Abstract: RERA (Real estate regulation act) this is an act of parliament of INDIA which was passed at march 2016 , it came into force from May 2016, remaining rules and law came into force from 1 May 2017. The objective of this act is to ensure sale of plot, apartment of building or sale of real estate project in an efficient manner and bring transparency in transaction done between consumer and developer , prior to RERA there was no clarity on carpet area and there was a sort of monopoly of builders regarding loading, modes of payment, rates etc. There were many frauds taking place because of unclear picture of project, possession, sanction etc. Also, establishing adjudicating mechanism for fast dispute redressal and establishing appellate tribunal to hear appeals from the decisions, directions or orders of the Real Estate Regulatory Authority. RERA and the government main aim is to create more easy and fair transaction between the buyer and seller, especially to those who are not aware of provisions and laws of the Real Estate. RERA is the first regulator of real estate industry in INDIA. . RERA gives unified legal regime for the purchase in Real Estate. Government with the help of this act trying to standardise the same real estate practice across the country.

This research paper will highlight the importance and the impact of RERA on builders and buyers through the standard common questionnaires.

Keywords: RERA (Registration of Real Estate Project and Registration of Real Estate Agents), Promoters, Developers, Allottee, Builders, Real estate project, Buyers, Investors, Registration.

Introduction:

The Real Estate (Regulation and Development) Act is known as RERA .The government need to make laws and set up a team to make provision laid down in the act RERA which is a central act in INDIA. Real Estate field always gets public attention and limelight in INDIA as compare to other countries due to the growing population and rising demand for spaces in residential as well as commercial sector. To avoid cheating and fooling the common innocent investors and old and new buyers by diverting the funds to other personal use and other ongoing and upcoming ventures.

In general term Real Estate is nothing but built environment in every aspect of an economy, society and environment which plays an important role in this sector.

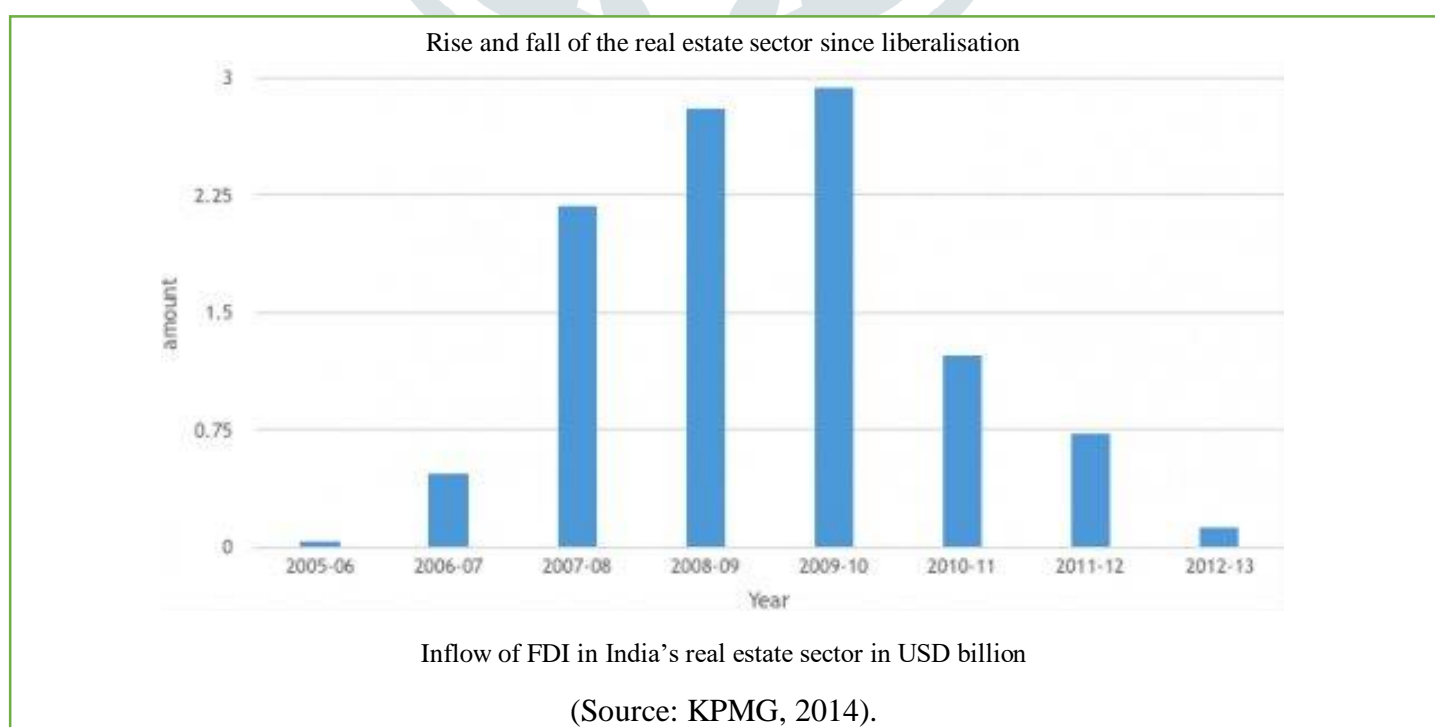


Figure No-1

Objective:

1. To study the mind set of Developers/Builders/Home buyers and Investors by framing a questionnaire which was framed with the help of literature.
2. Actual Impact of RERA on each i.e. Developers/Builders/Home buyers and Investors.
3. With the help of answers of the questionnaire we will create a graph considering Developers/Builders/Home buyers and Investors.

Pie-chart showing current registration and ongoing registration of the project in MAHARASTRA (Date as on 2nd April 2019)



Figure No -2

Methodology:

Case study: Personal interviews were conducted with builders and buyers in order to get the reviews of them on IMPACT OF RERA on the projects with the help of questionnaire prepared for personal interviews.

Following are question were framed for personal interviews with the builders:

- 1) RERA in general your views....
- 2) What was the outcome after RERA?
- 3) IS there any changes on rates and sale ratio?
- 4) Were you satisfied after changes related to area and loading done in this act?
- 5) Is there any difficulties faced in registering your project?
- 6) After RERA, how cash flow is managed?
- 7) Is advertising is became an issue for a new project, does it have any criteria?
- 8) Any delay or difficulties found on ongoing project due to RERA?
- 9) Is RERA giving you equal rights to buyers and sellers?
- 10) Is there any impact related to employment?
- 11) What are the penalty charges prescribed for non-registration of a project?
- 12) Demonetization, RERA and now GST, is it effecting real estate industry?
- 13) After RERA does buyers getting assurance about money he invested in the project?
- 14) What is your point of view related to changes made in sell of parking areas?
- 15) What was the reason behind this act?
- 16) In case of delay in getting possession from the promoters will buyers get interest amount paid by them?
- 17) Can promoter can file the complaint against buyers?
- 18) Is there any problem faced while registering joint venture projects?
- 19) After RERA does buyers get the transparency of the project?
- 20) Are u satisfied with this act?

Following are questions were framed for personal interviews with the buyers:

- 1) Were u aware of Real estate regulation act?
- 2) Do you know about provisions given in the act about customer rights?
- 3) Are you satisfied with the outcome of RERA?
- 4) The information which is provided in RERA website related to ongoing projects are they satisfying your questions?
- 5) Is it easy to access RERA website?
- 6) Do you find information correct on RERA website?
- 7) Do you know change in carpet area after the RERA came into force?
- 8) Does RERA gives equal rights to buyers and seller?
- 9) What was the reason behind this act?
- 10) Does loan process is easy than before?

Research and Reviews:

The mentioned graph (Figure No-3) is prepared by the following common questions prepared with the help of references and data collected by the Builders and Buyers; which were converted then into ratings -

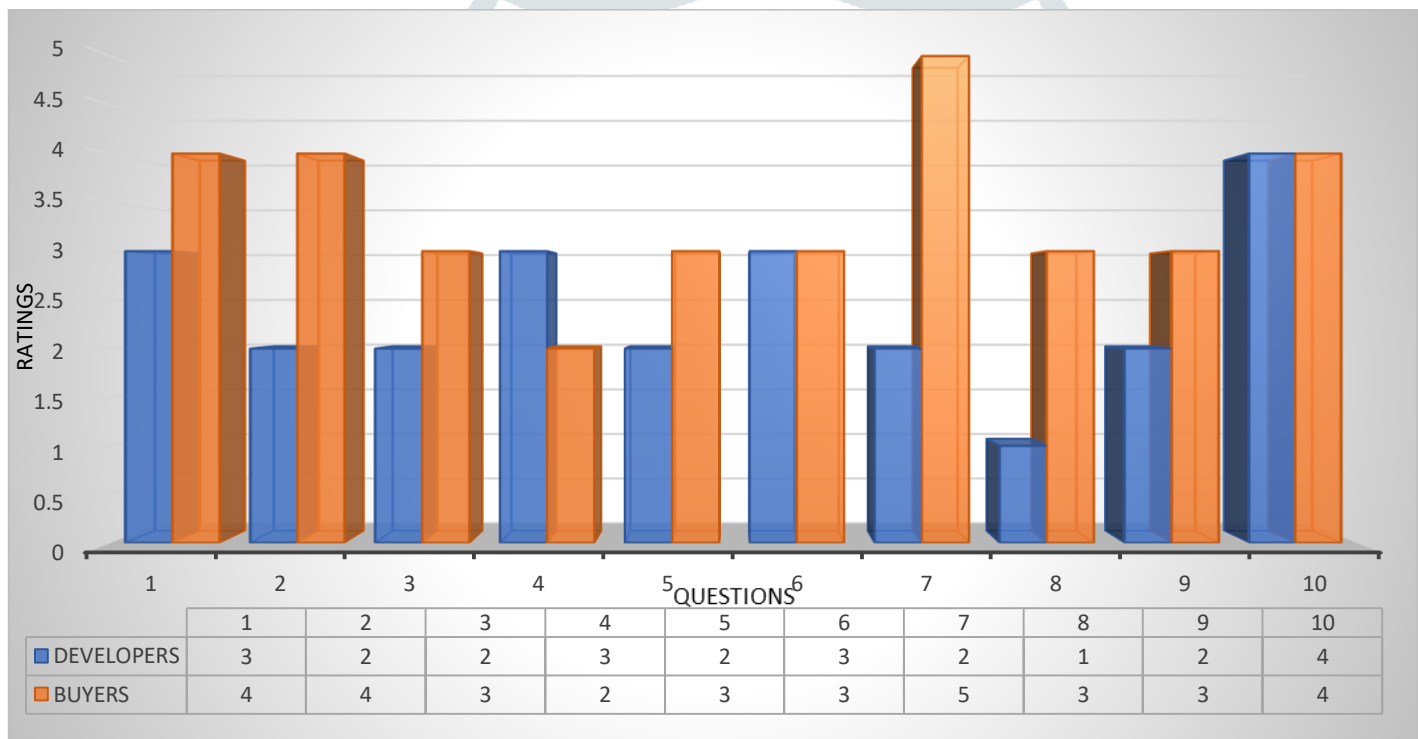


Figure No-3

- 1) Was RERA necessary?
- 2) What was the outcome after RERA?
- 3) Does RERA affected the sale ratio?
- 4) Was there any coordination between builders and buyers before RERA?
- 5) Is RERA gives equal rights to buyers and seller?
- 6) Does it covers all the problems related to Real Estate?
- 7) Is RERA was helpful for Builders/Buyers?
- 8) Was corruption is the reason?
- 9) Does loan process is easy than before?
- 10) Was a trust developed between Builders and Buyers?

Recorded interviews:

A)Didar Singh Secretary General | FICCI-

After undergoing unprecedented change in the last two decades, the real estate sector continues to be at the forefront of the Indian Government's agenda on account of its potential to propel economic growth significantly. I am happy to share with you the findings of the FICCI-Grant Thornton-Khaitan & Co report "Real Estate (Regulation & Development) Act (RERA) - The State Affair". This report has brought to light some interesting facts about the rules at the state level. A first of its kind, the report presents a holistic assessment of pan-India (Uttar Pradesh, Madhya Pradesh, Maharashtra, Telangana, Delhi, Tamil Nadu, Karnataka, West Bengal, and union territories) RERA rules and puts forth recommendations for states that are still in the process of formulating the rules. The report also assesses the impact of the regulation on various stakeholders covered under the Act. Notified last year, RERA is now seen as one of the most significant reforms in the real estate sector. According to RERA, all the state governments were to put in place the Act's rules and regulations by May 1, 2017. While some states and union territories have either notified or drafted the rules, others are yet to frame their own rules.

The release of the report in the seminar on Real Estate Regulation Rules, GST & Affordable Housing (Credit Linked Subsidy Scheme) on May 4, 2017 at Federation House, New Delhi, would set the tone for deliberations. I am sure that findings of the report would be invaluable not only to realtors, but to consumers, government, research, academia and the industry as well. The ideas and conclusions that arise from this report would go a long way in addressing the regulatory challenges and show the path for taking the real estate sector to greater heights.

B)Neeraj Sharma Director, Grant Thornton Advisory Private Limited-

We are delighted to share with you the FICCI-Grant Thornton-Khaitan & Co report "Real Estate (Regulation & Development) Act (RERA) - The State Affair" which gives an insight into some of the key provisions of the Act across various states in a comparative form. It's a defining moment for the real estate sector which is set for a tectonic shift with the implementation of this Act and its various provisions. RERA has the potential of transforming the real estate sector by bringing in much-needed transparency and consistency, apart from boosting the customer confidence and attracting investments for the sector. Going forward, companies in the real estate sector would need to ramp up their systems/processes and focus on areas of project planning and design. Besides, companies should also work towards efficient working capital management to ensure full compliance with the law.

C)Sudip Mullick Partner, Khaitan & Co-

While states like Gujarat, Maharashtra, Uttar Pradesh, Madhya Pradesh, and Odisha have finalised their rules, in some states, current rules are still in the draft stages. It is in the interest of the sector that states are able to comply with the timelines. I hope this report not only facilitates a healthy discussion among the panellists present here today, but also helps various stakeholders understand the impact of some of the key provisions in their respective states.

Conclusion:

There is also lack of awareness among the buyers about this act which should be promoted by the government and RERA authority by using social networking sites, advertisement, seminars etc.

Indian real estate market is undecided in current state as the economy is under continuous pressure of economy downfall. In current stage the property prices are moving higher in the real estate market and moving more toward cash situation and buyers are waiting till more lowering down of property prices.

It is expected that from the figure number 4 the number of launches and its sales will be harmonize after RERA.

Graphical representation of launch v/s sale ratio from before RERA (2010-2016)

Launch v/s sales (in '000')

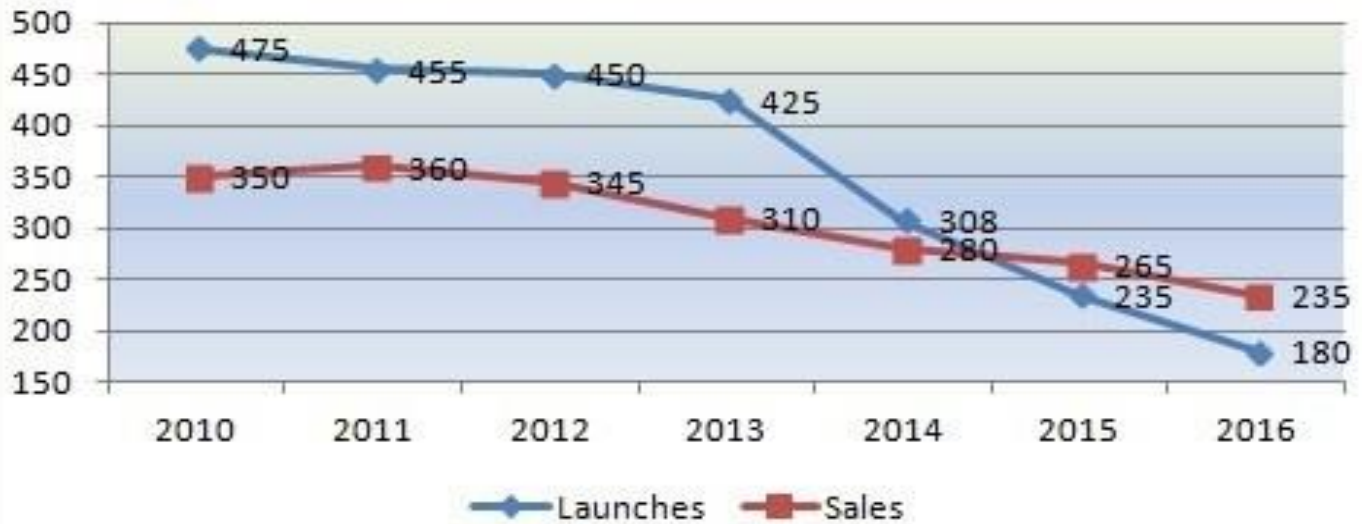


Figure no-4

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