



# JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)

An International Scholarly Open Access, Peer-reviewed, Refereed Journal

## IMPACT OF RERA ON REAL ESTATE SECTOR

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**Abstract:** The bill of RERA was passed in the year 2016 to boost the development of housing sector in the country. The real estate sector is regulated by RERA in India. The developers, buyers, and sellers in the sector of real estate have to follow the rules and regulations implemented by RERA. RERA is the legal body that has the power to control construction of estate, buildings, and flats and to control the minimum sell prices of apartment houses. To carry out the study of the impact of RERA on the real estate sector, a questionnaire was formed with the help of experts of the real estate sector. The method of frequency index analysis is used to analyze the data to generate positive and negative impacts of RERA act in the Indian real estate sector. Top 10 factors are identified after analysis of the data from the questionnaire survey that concluded RERA projects are safe which is beneficial for homebuyers, builders, and contractors. In the real estate sector, approximately 73% of the population working in the sector are fully aware about the RERA act. The fraud transactions have been reduced after the implementation of the RERA act. The developers are aware that if they want to make any changes in the plan they have to get a written consent from the homebuyers. After the project registration with RERA, the developers have to finish the project within time.

**Keywords:** RERA, real estate sector, builders, homebuyers.

### I. INTRODUCTION

In the Indian parliament of 2016 i.e. RERA act is to protect homebuyers in help in the development real sector business. In each state, RERA act is implemented so that, the real estate industry being regulated hence immediate action carried out to solve the dispute. The purpose of RERA act is to reduce the fraud cases/incidents that occur to the land buyers or home buyers. The appellate tribunal is setup to hear appeals and the adjudicating officer's looks after to dispute presented to the court and make decision to solve the matters. RERA helps to restore public trust in the real estate industry. RERA act got implemented on and from 1<sup>st</sup> May 2016. Around then, only 52 sections were notified from the total of 92 sections. All the remaining provisions were implemented on and from 1<sup>st</sup> May, 2017. The main purpose of RERA is to protect the buyers from the unethical practices of builders/developers.

### 1.1 HISTORY OF RERA ACT

In 2013, Dr. Girija Vyas presented the bill of RERA act to the minister of Housing and Urban Poverty Alleviation. Rajya Sabha Committee analysed the bill of RERA act and proposed Union Cabinet of India to approve 20 major corrections to the bill that got approved in December 2015.

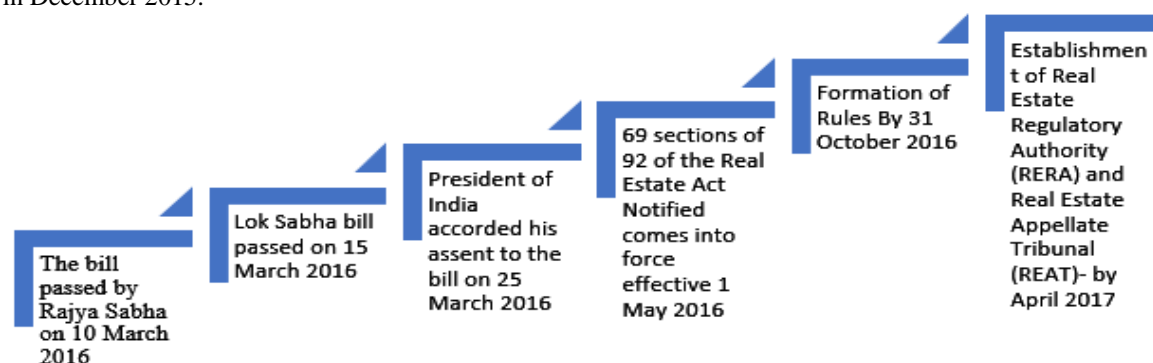


Fig 1: History of RERA act

## 1.2 NEED OF STUDY

To identify whether the people/workforce in real estate sector are aware about the rules and regulation of RERA Act, 2016. The purpose of study is to increase my knowledge about how RERA Act is beneficial to builders, contractors and homebuyers.

## 1.3 OBJECTIVES

- To study the benefits of RERA.
- To study effectiveness of RERA for Buyers.
- To implementation some RERA rules in Real Estate Sector.

## 1.4 SCOPE OF WORK

A questionnaire survey will be completed for the developers/Engineers/Contractors to find the impact of RERA in real estate sector. As RERA was carried out in the year 2017 so there is not so much study conducted on RERA.

## II. RESEARCH METHODOLOGY

Fig 2: Research methodology



## III. LITERATURE REVIEW

Literature review related to topic were collected and studied. After the studied this literature review for further information many other internet sources was used. After the studying many research paper to identify the factors is impacted to the real estate industry. Through this study carry out 27 factors is impacted to the real estate sector. Some rules RERA rules and regulation in real estate sector.

## IV. DATA COLLECTION

There are different methods of collecting data, main methods which are most commonly used are questionnaires survey method through schedule. In this method the general data for the research was first collected by questionnaires. This questionnaire covers the impact of RERA in real estate sectors in India and how it is impact to developers/Engineers/Contractors. The questionnaire was designed with the help of expertise in real estate and general factors were mentioned to rules and regulation of RERA act in India.

The Questionnaire survey is in two methods:

- Floating the physical copies of Questionnaire
- Floating the Google Form of Questionnaire

The experts assisted to narrow down factors to a number of 27 from 31 factors that were presented to them for the approval. In this method of scale is used for conducting the survey with the Likert scale from Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree.

Table 1: Likert scale

Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly agree	5

## 4.1 SAMPLE SIZE

$$SS = \frac{Z^2 \times (p) \times (1-p)}{c^2}$$

Where,

Z = 94% statistic value for the confidence level = 1.88

p = 50% used for percentage picking a choice = 0.5

C = 12% confidence interval = 0.12

SS = 62 say

## V. DATA ANALYSIS

Questions mentioned in questionnaire has their own meaning and intent to get particular answers. The respondents gave their valuable time and gave the responses to the questionnaire.

### 5.1 FREQUENCY INDEX ANALYSIS

Frequency index analysis method is used to analyze the collected data, in this method a formula is used to rank the impact of factors based on frequency of occurrence as identified by the respondents. After the analysis data our findings are below in the table.

The data analysis is calculated as per below equation:

$$F.I. (\%) = \sum [a \times (n / N)] \times \left( \frac{100}{5} \right) \%$$

Where,

F.I. = Frequency index

a = weight of Likert scale

n = no. of response on a<sup>th</sup> scale

N = no. of respondents (i.e. 62)

### 5.2 IMPACT OF FACTORS IN REAL ESTATE SECTOR

The below mentioned findings as per frequency index analysis method in percentage are listed from highest to lowest impact on real estate sector.

*Table 2: Impact of factors in real estate sector*

RERA projects are safe.	78.71
RERA is beneficial for the homebuyers.	78.06
RERA has helped to develop real estate sector in India.	77.42
The major benefits of RERA act is to homebuyers.	77.10
Impact of RERA in real estate sector has benefited builders, contractors and buyers.	75.16
You are fully aware of RERA Act.	73.87
After the project registration with RERA, the developers have to finish the project within time.	73.55
RERA is beneficial for the builders.	73.23
After implementation of RERA the fraud transaction has reduced.	71.29
According RERA if there are any changes in plan the developer has to take written consent.	70.97
RERA website is easy to use for user.	70.32
RERA helps developer to give possession on time.	70.00
Developer cannot promote their project before the RERA registration. This can directly affect the deals of project.	69.35
Legal expenses of the project has increased after implementation of RERA.	69.35
Developers take just 10% amount on booking.	68.06
Developers/customers/Engineers are satisfied with the norms of RERA bills.	68.06
Before RERA came into existence, developers used to show a greater number of booking than actual as a marketing strategy to draw in customers.	67.10
After implementation of RERA's regulation, construction quality has been improved.	66.45
Before RERA came into existence the situation of construction industry was irregular in India.	65.81
Developer should pay penalty of 10% of total project cost for any non-compliance rule of RERA authority.	65.16
RERA registration process is complex.	64.84
RERA is beneficial for the contractors.	64.19
The rule of usage of up to 70% of escrow fund for a particular project has improved builder's financial cycle.	62.90
RERA rules and regulation are also applicable in rural areas.	62.58
RERA registration process is time consuming hence it can negatively affect the project.	61.29
Developers' benefits have reduced after the existence of RERA.	60.65
Small Developers cannot do different project at the same time after the implementation of RERA.	58.06

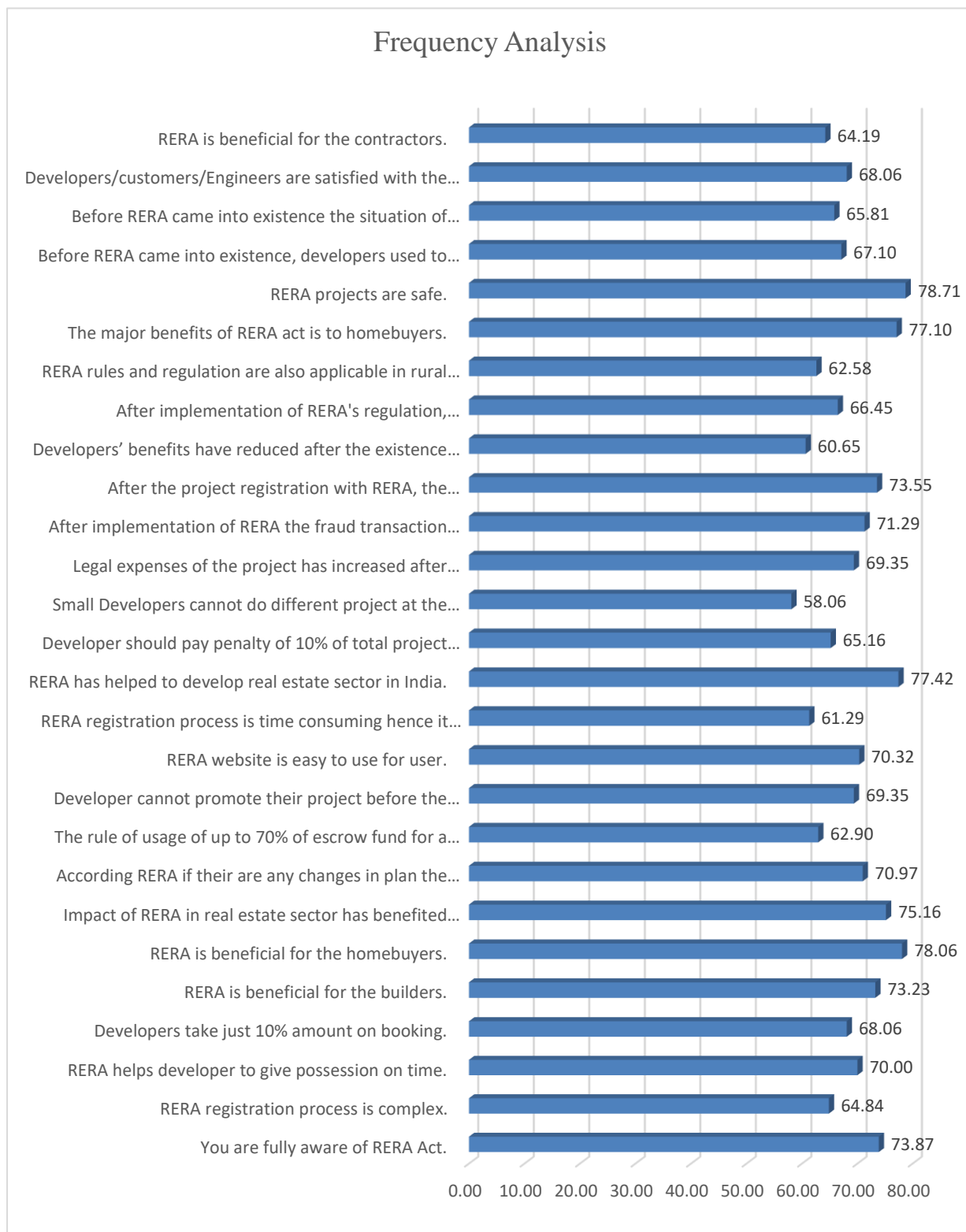


Fig 3: Graph of frequency index analysis

As we can see in above graph we have identified the most important factor is that RERA project are safe while the least important factor is small developers cannot do different project at the same time after the implementation of RERA.

#### IV. RESULTS AND DISCUSSION

In our country, India; the uniformity in the principle of RERA Act in all the states of the country helps the nation get the transparency of project transaction. As per analysis from the sample size of the respondents, RERA projects are safe which is beneficial for the homebuyers, builders and contractors. In real estate sector, approximately 73% of population working in that sector are fully aware about RERA act. The fraud transactions have been reduced after the implementation of RERA act. The developers are aware that if they want to make any changes in the plan they have to get a written consent from the homebuyers. After the project registration with RERA, the developers have to finish the project within time. However, Developers cannot promote their project before the RERA registration which can directly affect the deals of project. RERA registration process is time consuming hence it can negatively affect the project. Developers' benefits have reduced after the existence of RERA. Small Developers cannot do different project at the same time after the implementation of RERA. The top 10 factors which impact on real estate market.

- RERA projects are safe.

- RERA is beneficial for the homebuyers.
- RERA has helped to develop real estate sector in India.
- The major benefits of RERA act is to homebuyers.
- Impact of RERA in real estate sector has benefited builders, contractors and buyers.
- You are fully aware of RERA Act.
- After the project registration with RERA, the developers have to finish the project within time.
- RERA is beneficial for the builders.
- After implementation of RERA the fraud transaction has reduced.
- According RERA if there are any changes in plan the developer has to take written consent.

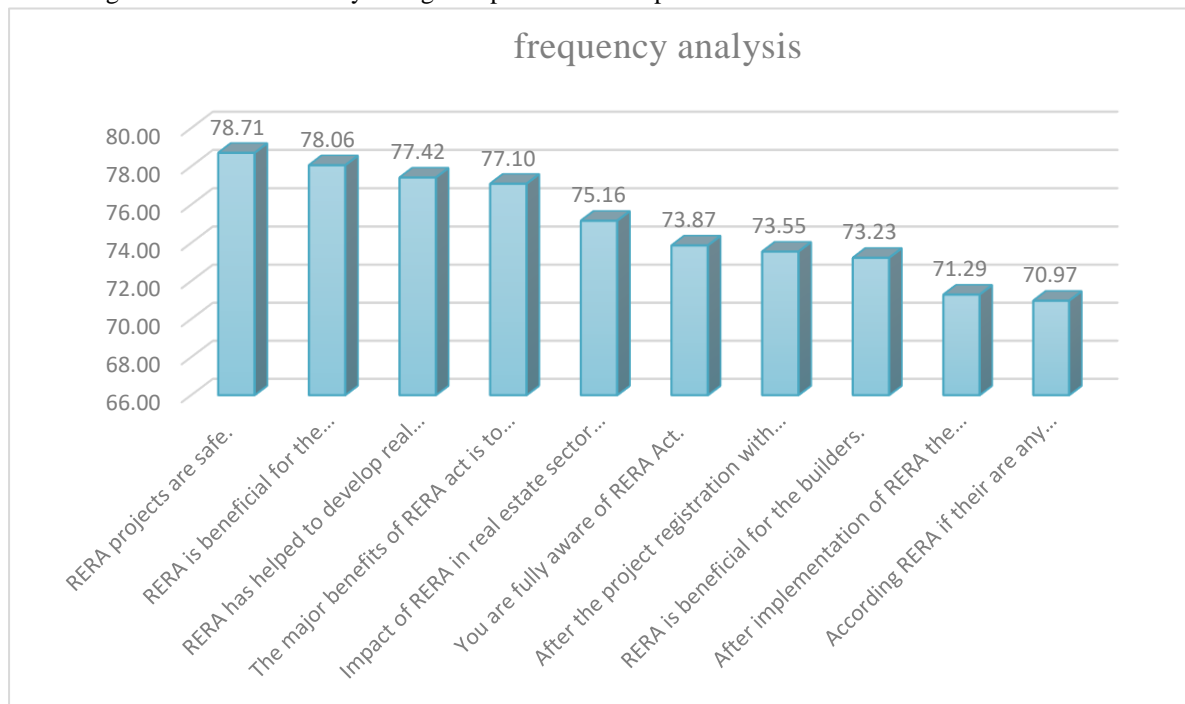


Fig 4: Graph of top 10 factors

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