



Impact of RERA on Real Estate

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Abstract

In 2016, the Real Estate (Regulation and Development) Act (RERA) was enacted in India with the aim of stimulating growth in the housing sector. RERA serves as the regulatory authority overseeing the real estate domain in the country. It mandates that developers, buyers, and sellers adhere to its prescribed rules and regulations. RERA holds legal authority to supervise the construction of estates, buildings, and flats, as well as to regulate minimum selling prices of apartment houses. To assess the impact of RERA on the real estate sector, a questionnaire was devised in collaboration with real estate experts. The data gathered through this survey was analyzed using frequency index analysis & Relative index method to discern both positive and negative impacts of the RERA act on India's real estate sector. Following analysis, the top 5 factors were identified, revealing that RERA projects provide a sense of security, benefiting homebuyers, builders, and contractors alike. Additionally, it was found that approximately 70 % of individuals working within the real estate sector possess a comprehensive understanding of the RERA act. Notably, instances of fraudulent transactions have witnessed a decline post the implementation of RERA. Developers now recognize the necessity of obtaining written consent from homebuyers should they intend to make any alterations to the project plan. Moreover, RERA mandates that developers adhere to project timelines following registration, thereby ensuring timely project completion. This comprehensive framework established by RERA fosters transparency and accountability within the real estate sector, ultimately enhancing consumer trust and investor confidence.

Keywords: RERA, Real estate regulation, Security for homebuyers, Fraud reduction, Timely project

1. Introduction

The Real Estate Regulation and Development Act (RERA) of 2016 brought big changes to how real estate works in India. Before RERA, there were a lot of problems. People didn't always get what they were promised when buying a home. Sometimes, projects got delayed, or builders didn't follow through on their commitments. This made people lose trust in the real estate market. RERA was created to fix these problems. It was made to make real estate

transactions more transparent, fair, and safe for buyers. In 2017, Maharashtra became the first state to implement RERA, setting an example for other states to follow. RERA introduced new rules that developers had to follow. They had to register their Projects and provide clear details about them. This helped buyers make informed decisions. RERA also set deadlines for project completion and required developers to keep buyer funds safe in special



accounts. We will look at how RERA has changed the real estate market in India. We'll see how it has affected different people involved, like buyers and developers, and how it has influenced the way the market works. By understanding the impact of RERA, we can learn how regulations can make real estate better for everyone. As we explore the effects of RERA, we'll see how it has improved things like project timelines, prices, and trust among buyers. We'll also see where there are still challenges and how RERA can be improved in the future. Overall, RERA has made a big difference in India's real estate sector. It shows that when there are good rules in place, everyone benefits. By studying the impact of RERA, we can learn important lessons for making real estate fairer and more reliable in the future.

1.1 History of RERA Act

The Real Estate (Regulation and Development) Act, commonly known as RERA, has its roots in concerns that emerged in the early 2000s regarding the regulation of the Indian real estate sector. Designed to address a range of challenges including unethical practices, project delays, and disputes between buyers and developers, RERA was conceived as a comprehensive legislative framework. The Government of India took the initiative to draft the Real Estate (Regulation and Development) Bill, which underwent parliamentary scrutiny and was ultimately passed into law on March 25, 2016. Following its enactment, states across India began establishing their respective regulatory authorities, with Maharashtra being among the first to do so in 2017. Since its implementation, RERA has undergone amendments aimed at enhancing its effectiveness and bolstering consumer protection measures. These continuous updates reflect ongoing efforts to refine and strengthen the regulatory framework governing the real estate sector in India. (Kadam et al., 2019) [1]

1.2 Advantages of RERA:

- Enhanced Transparency
- Accountability and Financial Discipline
- Timely Project Completion

- Quality Assurance
- Consumer Protection
- Prevention of Unethical Practices
- Stimulating Real Estate Investments
- Boosting Developer Credibility

1.3 Limitations of RERA

- Limited Coverage
- Uneven Implementation
- Lengthy Dispute Resolution
- Loopholes in Enforcement
- Limited Redressal Mechanisms
- Dependency on Regulatory Authorities:
- Impact on Housing Supply.
- Exemption for Ongoing Projects.

1.4 Objectives

To evaluate the awareness levels of individuals in the real estate sector regarding the rules and regulations stipulated under the RERA Act. To analyze the perceived benefits of the RERA Act for builders, contractors, and homebuyers. To identify any gaps in understanding or implementation of the RERA Act among industry stakeholders. To provide insights into how increased awareness and compliance with the RERA Act can positively impact the real estate industry. [2-5]

2. Literature Review

Existing literature on the RERA Act and its implications for the real estate sector will be reviewed to provide a comprehensive understanding of its provisions, challenges, and benefits. This review will help contextualize the study within the broader landscape of real estate regulation and development. [6]

3. Data Collection

There are various approaches to gathering data, with one of the primary methods being surveys conducted via questionnaires. In this research, data on the impact of the Real Estate (Regulation and Development) Act (RERA) in India on developers, engineers, and contractors was initially collected through questionnaires. These questionnaires were crafted with the assistance of experts in the real estate field, encompassing key aspects related to the

regulations stipulated by RERA in India.

The survey questionnaire is implemented using two distinct methods:

- Distributing physical copies of the questionnaire.
- Utilizing Google Forms for questionnaire distribution.

3.1 Sample Size Calculation

The population of this study includes all the stakeholders associated with the construction contractor firms. In order to obtain the desired outcome, sample size calculations were made in order to determine a limited number for the samples that were to be gathered. [7]

This method established by was used to determine the sample size for an infinite population,

$$n = \frac{z^2 \times p \times q}{e^2}$$

Were,

n = Number of Samples

z = Confidence Level (90%)

p= Sample proportion ex: (For Infinite Universe – 50% - 0.50)

q = 1 – p (0.50)

e = 0.12 (12% acceptance Error)

4. Data Analysis

4.1 Frequency Index Analysis

Frequency index analysis method is used to analyse 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 conducted based on the following equation:

$$F.I. (\%) = \sum [a \times (n / N)] \times (100/ 5)$$

Were,

F.I. = Frequency Index

a = Weight of Likert scale

n = no. of response on a scale

N = no. of respondents (ex: 72)

Using help with spss software

Designed to address a range of challenges including unethical practices, project delays, and disputes between buyers and developers, RERA was conceived as a comprehensive. Figure 1 shows the Top 10 most liked questionnaire chart by frequency index analysis. Figure 2 shows the Top 10 most liked questionnaire chart by frequency index analysis. Figure 3 shows the relative importance analysis chart. Figure 4 shows the Top 10 most liked questionnaire by relative importance method.

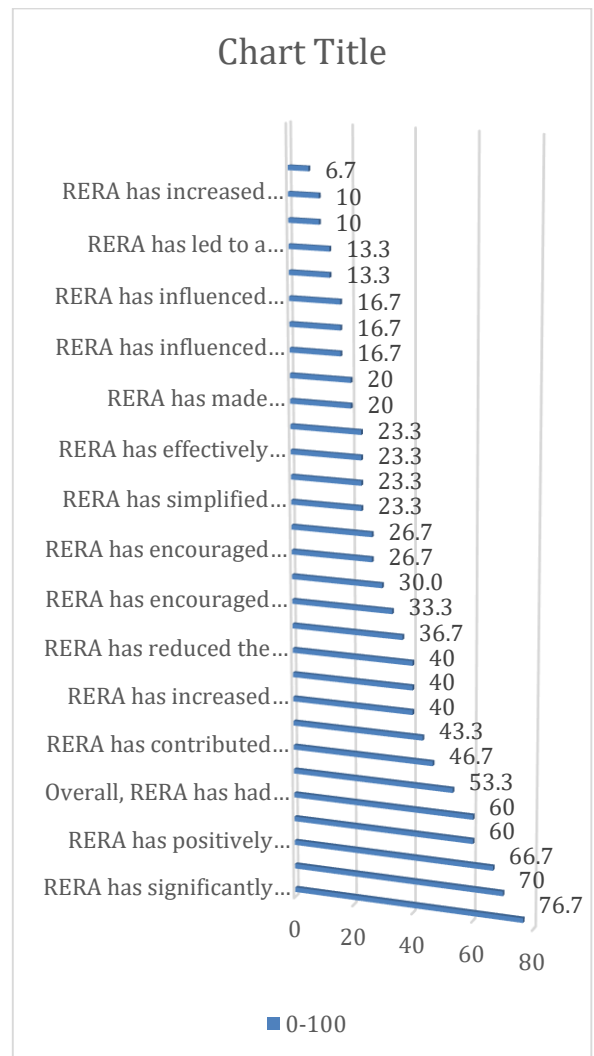


Figure 1 Top 10 Most Liked Questionnaire Chart by Frequency Index Analysis

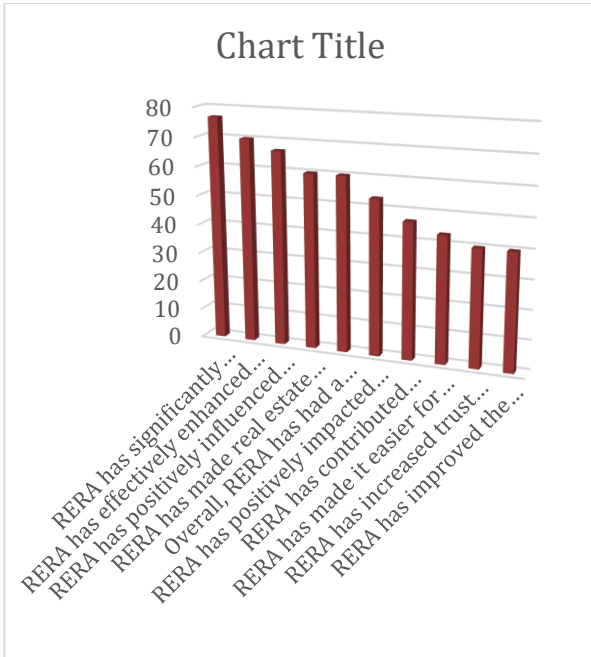


Figure 2 Top 10 Most Liked Questionnaire Chart by Frequency Index Analysis

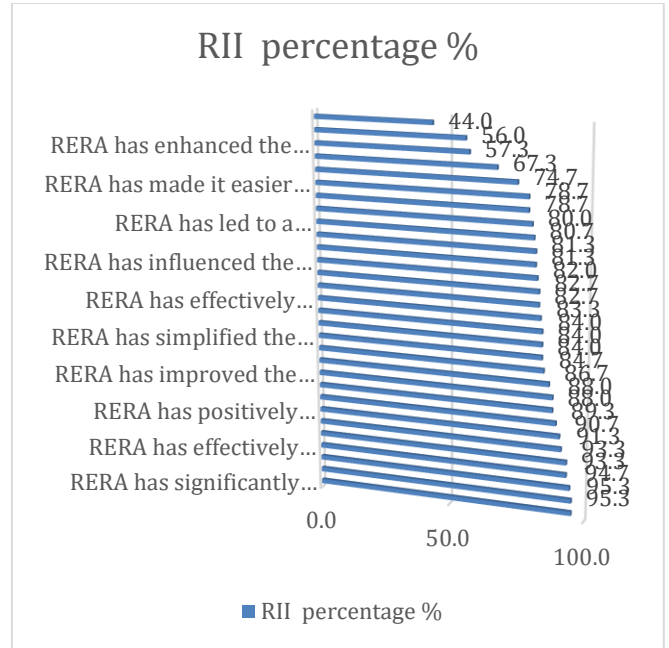


Figure 3 Relative Importance Index Analysis Chart

5. Relative Importance Index

The Relative Importance Index (RII) Is A Method Used to Assess and Rank the Importance of Various Indicators Based On Respondents' Ratings Using a Likert Scale. In This Scale:

1. Indicates "Strongly Disagree"
2. Indicates "Disagree"
3. Indicates "Neutral"
4. Indicates "Agree"
- 5 Indicates "Strongly Agree"

To Compute The RII for an Indicator:

Calculate The Average Weight W Assigned to The Indicator Across All Respondents.

Divide This Average by The Highest Possible Weight On the Likert Scale, Which Is 5.

N = Total Number in The Sample

RELATIVE IMPORTANCE INDEX = $\frac{\sum W}{A * N}$

$$\sum \frac{W}{AN} = \frac{5n_5 + 4n_4 + 3n_3 + 2n_2 + 1n_1}{5N}$$

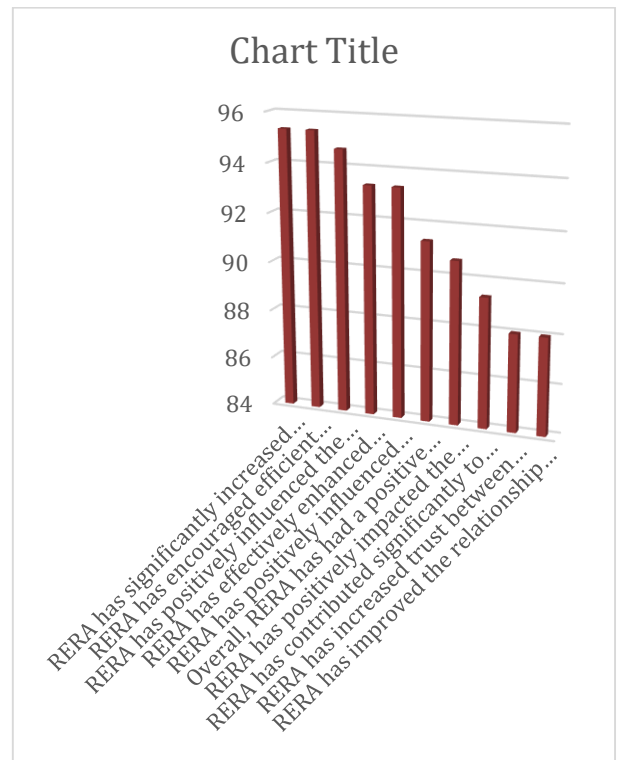


Figure 4 Top 10 Most Liked Questionnaire by Relative Importance Method



6. Results and Discussion

Based on the frequency index method & relative importance method, the top 5 questions in a Likert scale questionnaire regarding the impact of RERA (Real Estate (Regulation and Development) Act) on the real estate sector would likely be:

- RERA has significantly increased transparency in real estate transactions.
- RERA has effectively enhanced accountability among developers for project delivery timelines.
- RERA has positively influenced investor confidence in the real estate market.
- RERA has positively impacted the planning and execution of real estate projects.
- RERA has contributed significantly to improving the quality of construction in real estate projects.

Conclusion

The Real Estate (Regulation and Development) Act, commonly known as RERA, has brought a notable transformation to the real estate sector. A survey designed to assess its impact reveals that RERA has positively influenced the industry. Participants consistently noted improved transparency, accountability, and reliability, boosting confidence among homebuyers and attracting regulated investments. Developers are now prioritizing quality and timely completion due to stringent RERA regulations, raising overall project standards. RERA is seen as elevating professionalism and integrity in real estate, despite ongoing adaptation challenges. Its long-term benefits in fostering transparency, accountability, and sustainability are evident. Based on the survey's analysis, key impacts of RERA are observed in legal compliance, investor confidence, and consumer protection, influencing market dynamics and stakeholder trust. The framework combines qualitative assessment using the Like art scale with quantitative insights from Frequency Index and RII methods.

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