

COMPREHENSIVE STUDY ON THE REAL ESTATE SECTOR WITH REFERENCE TO THE POST-RERA PERIOD

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Abstract

This research paper explores the transformation of the Indian real estate sector post the enactment of the Real Estate (Regulation and Development) Act, 2016 (RERA). RERA has introduced significant changes aimed at improving transparency, accountability, and consumer protection in the sector. The study investigates the positive impacts of the regulation on both homebuyers and developers, addressing long-standing challenges such as project delays, lack of financial transparency, and inadequate consumer grievance redressal. The paper concludes by providing recommendations for strengthening RERA's implementation, enhancing consumer awareness, and promoting sustainable growth in the real estate market and focusing on Consumers satisfaction level, transference and accountability towards their investment in Realty sector.

Keywords: RERA Act, Pre- and Post-Real Estate Sector, Home Buyer, Accountability, Transparency, Confidentiality Challenges, Provisions for Redressal Mechanism.

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I. Introduction

The real estate sector is a cornerstone of the Indian economy, contributing substantially to GDP and employment. However, it has historically faced numerous issues, including delays in project completions, poor transparency, lack of consumer protection, and financial mismanagement, all of which diminished consumer trust. The enactment of the Real Estate (Regulation and Development) Act (RERA) in 2016 was a transformative step aimed at addressing these challenges. By establishing a regulatory framework, RERA sought to streamline project registrations, ensure timely possession, improve financial transparency, and foster accountability.

This research focuses on the post-RERA period, assessing whether the act has successfully addressed the inefficiencies of the pre-RERA era and how it has influenced the operations of developers, consumer confidence, and project delivery timelines. Additionally, it evaluates the challenges faced in the implementation of RERA and identifies areas requiring improvement for its full realization.

II. Objectives of the Study

1. To evaluate the impact of RERA on consumer confidence and satisfaction.
2. To assess improvements in project timelines and delivery post-RERA.
3. To examine transparency and accountability in real estate transactions.
4. To study the effectiveness of RERA's grievance redressal mechanism.

III. Hypotheses for the Study

- **H1:** The implementation of RERA has significantly improved consumer confidence in the real estate sector.

- **H0:** The implementation of RERA has not significantly impacted consumer confidence in the real estate sector.
- **H2:** The introduction of RERA has reduced delays in project completion compared to the pre-RERA period.
- **H0:** The introduction of RERA has not reduced delays in project completion compared to the pre-RERA period.
- **H3:** RERA has significantly increased transparency and accountability in real estate transactions.
- **H0:** RERA has not significantly increased transparency and accountability in real estate transactions.

IV. Research Methodology

1. Primary Data

A structured questionnaire was prepared and administered to 100 homebuyers, focusing on:

- **Accountability:** Developers' accountability regarding project delays and financial transparency.
- **Timely Possession:** Homebuyers' experiences regarding the timely delivery of properties.
- **Transparency:** Clarity of project details, contractual obligations, and financial disclosures post-RERA.
- **Satisfaction Level:** Consumer satisfaction with the RERA framework, including grievance redressal and developer compliance.

2. Secondary Data

Secondary data was gathered from various sources:

- Periodicals, articles, and industry reports.
- Official RERA websites and government publications.
- Academic journals and research papers on RERA's impact on the real estate sector.

IV-A. Literature Review

Various studies highlight the problems faced by the real estate sector prior to RERA. Kapoor and Sharma (2015) emphasized the absence of regulatory oversight, leading to delays, mismanagement, and poor consumer grievance systems. Mehta et al. (2014) noted the lack of mandatory project registrations and transparency, creating a trust deficit. Gupta (2016) highlighted fraudulent practices such as the diversion of funds, exacerbating project delays.

RERA, according to Chaudhary (2018), aimed to rectify these issues by mandating developers to disclose crucial project information, thereby enhancing consumer trust. Jain and Patel (2019) found that consumer confidence increased significantly after RERA's implementation, especially in states with robust enforcement. Kumar and Singh (2020) reported reduced delays in project completion due to stricter regulations.

Agarwal et al. (2019) noted that while RERA improved accountability, small developers faced challenges in complying with financial and regulatory requirements.

MahaRERA Redressal Mechanism

The **Redressal Mechanism under RERA (Real Estate Regulatory Authority)** is designed to address grievances of homebuyers, developers, and other stakeholders in the real estate sector. It ensures transparency, accountability, and efficiency in resolving disputes.

Key Features of RERA Redressal Mechanism

1. Filing a Complaint

- Homebuyers, developers, or agents can file a complaint with the **RERA authority** in their respective state.
- Complaints can be related to project delays, false advertising, non-disclosure of information, or poor construction quality.
- The complaint can be filed online or offline, depending on the state's RERA portal.

2. Hearing & Resolution by RERA Authority

- Once a complaint is registered, RERA conducts a hearing and passes an order within **60 days** (in most cases).
- If the complainant is not satisfied, they can appeal to the **RERA Appellate Tribunal**.

3. RERA Appellate Tribunal

- If either party is dissatisfied with the RERA authority's decision, they can appeal to the tribunal within **60 days** of the order.
- The tribunal ensures a fair hearing and must resolve the dispute efficiently.

4. Further Appeal to High Court & Supreme Court

- If the party is still not satisfied, they can approach the **High Court** within 60 days of the tribunal's decision.
- A final appeal can be made to the **Supreme Court** if necessary.

5. Penalties & Compensation

- **For Developers:** If found guilty of misconduct (like project delays or false promises), penalties include heavy fines, imprisonment (up to 3 years), or both.
- **For Buyers:** If a buyer fails to comply with RERA's decision, they may have to pay fines.
- **For Agents:** Misrepresentation or non-compliance can lead to fines and deregistration.

Benefits of RERA Redressal Mechanism

- Quick dispute resolution (**compared to traditional courts**)
- Protection against unfair practice
- Ensures project completion as per promise
- Builds confidence in real estate investments

Key Process of the RERA Redressal Mechanism:

1. Filing a Complaint:

- **Eligibility:** Any aggrieved person, including homebuyers, developers, or agents, can file a complaint concerning violations of the Act or any rules and regulations established under it.
- **Procedure:** Complaints are to be filed with the Real Estate Regulatory Authority (RERA) of the respective state. Many states offer online portals for this purpose. For instance, in Maharashtra, complaints can be filed through the [MahaRERA website](#).

2. Conciliation Mechanism:

- **Objective:** To facilitate amicable settlement of disputes between promoters and allottees, avoiding prolonged litigation.
- **Process:** Some states have established Conciliation and Dispute Resolution Forums. In Maharashtra, the [MahaRERA Conciliation and Dispute Resolution Forum](#) allows parties to resolve issues with the assistance of neutral mediators.

3. Adjudication by RERA:

- **Timeline:** Upon receiving a complaint, RERA aims to resolve the matter within 60 days.

- **Orders:** If a violation is established, RERA can direct the promoter, allottee, or agent to comply with specific provisions, rectify defaults, and may impose penalties.

4. Appellate Tribunal:

- **Appeal Process:** If dissatisfied with RERA's decision, parties can appeal to the Real Estate Appellate Tribunal within the prescribed timeframe.
- **Further Appeals:** Decisions of the Appellate Tribunal can be challenged in the High Court and, subsequently, the Supreme Court, if necessary.

5. Penalties and Enforcement:

- **For Non-Compliance:** RERA can impose penalties on promoters, agents, or allottees for non-compliance with its orders.
- **Grievance Redressal Cells:** Some states mandate developers to establish internal grievance redressal cells. In August 2023, [MahaRERA directed developers](#) to set up such cells to address homebuyers' complaints promptly.

This structured redressal mechanism under RERA empowers stakeholders to seek timely and effective resolution of disputes, fostering trust and transparency in the real estate sector

V. Data Collection and Interpretation

A study was conducted with a sample size of 100 homebuyers in 11 localities within Thane. The sampling method used was random sampling, ensuring that each homebuyer had an equal chance of being selected. This approach helped minimize bias and provided a representative sample of the population. By covering multiple localities, the study aimed to capture diverse preferences, purchasing behaviors, and factors influencing home buying decisions. The random selection process also enhanced the reliability and generalizability of the findings, making them applicable to a broader segment of homebuyers in the region.

VI. Data Analysis and Hypothesis Testing

H1: Impact of RERA on Consumer Confidence

- **Conclusion:** 70% of homebuyers expressed satisfaction with the transparency, accountability, and structured processes introduced by RERA, indicating significant improvement in consumer confidence. The null hypothesis (H0) is rejected in favor of the alternative hypothesis (H1).

H2: Reduction in Project Delays Post-RERA

- **Conclusion:** While 80% of respondents reported improvements in project timelines, 20% still experienced delays. Thus, the impact on reducing delays is not as significant as expected, and the null hypothesis (H0) cannot be fully rejected.

H3: Increase in Transparency and Accountability

- **Conclusion:** The majority of respondents reported satisfaction with the increased transparency and accountability in real estate transactions post-RERA. The null hypothesis (H0) is rejected in favor of the alternative hypothesis (H3).

VII. Conclusion

The study confirms that the implementation of the Real Estate (Regulation and Development) Act (RERA) has significantly improved consumer confidence, transparency, and accountability in the real estate sector. Homebuyers now have greater access to accurate project details, regulatory safeguards, and legal recourse in case of disputes. Developers are also more accountable, as they must adhere to strict disclosure norms and timelines.

However, despite these positive developments, challenges persist. One of the most significant issues is project delays, which continue to be a concern for homebuyers. While RERA mandates timely project completion and penalizes delays, enforcement has not been uniform, leading to gaps in implementation. Additionally, the effectiveness of grievance redressal mechanisms remains a challenge. Many homebuyers feel that the resolution process is slow and sometimes favors developers, reducing the act's intended impact.

For RERA to fully achieve its objectives, stricter enforcement of rules is necessary. Regulatory authorities need to ensure that penalties for delays are imposed consistently and that developers comply with commitments. Furthermore, grievance redressal mechanisms must be strengthened to provide faster and more efficient dispute resolution. Lastly, increased public awareness is crucial. Many homebuyers are still unaware of their rights under RERA, limiting their ability to hold developers accountable. Enhanced awareness campaigns and accessible information can empower consumers to make informed decisions and seek redressal when needed.

Overall, while RERA has brought about substantial improvements in the real estate sector, addressing these challenges through better enforcement, stronger grievance redressal systems, and widespread awareness will be key to realizing its full potential.

VIII. Recommendations

1. **Strengthen Enforcement:** Stricter enforcement of timelines and quality standards is necessary to reduce delays.
2. **Improve Grievance Redressal:** An efficient and accessible grievance redressal system should be implemented to address consumer concerns.
3. **Increase Awareness:** Public education campaigns, especially targeting first-time homebuyers, should be prioritized.
4. **Continuous Feedback:** Regular consumer feedback should be incorporated to improve and adapt RERA's implementation.

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