
THE IMPACT OF RERA ON REAL ESTATE BROKERS: ANALYZING CHALLENGES AND OPPORTUNITIES

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Abstract

The Real Estate (Regulation and Development) Act, 2016 (RERA) was introduced to bring transparency, accountability, and professionalization to the real estate industry in India. While RERA primarily aims to protect consumer interests, its impact on real estate brokers has been profound, reshaping their roles, practices, and business dynamics. This paper investigates how RERA has affected brokers in terms of professional ethics, commission structures, regulatory compliance, and business opportunities. Through surveys and interviews with real estate professionals, this study analyzes the challenges brokers face due to RERA's regulatory framework, as well as the opportunities that arise from a more organized and transparent real estate market. The findings suggest that while brokers face initial challenges related to compliance and adaptation, RERA also provides new avenues for growth through increased professionalism, better consumer trust, and opportunities for leveraging technology.

Keywords: RERA, Real Estate Brokers, Commission Structure, Professionalism, Regulation, Real Estate Industry.

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1. Introduction

The Indian real estate market has long been marred by issues of transparency, delayed project delivery, and unethical practices. In response to these challenges, the Government of India introduced the Real Estate (Regulation and Development) Act, 2016 (RERA) to regulate the industry and improve consumer confidence. While RERA's primary focus is to protect homebuyers, its impact on real estate brokers has also been significant. Brokers are central players in the real estate ecosystem, acting as intermediaries between developers and customers. This paper examines how RERA has transformed the role of brokers, its challenges, and the new opportunities it presents for them.

2. Objective of the Study

1. To assess the impact of RERA on the professional conduct and practices of real estate brokers.
2. To identify the challenges faced by brokers in complying with RERA's regulations.
3. To evaluate the opportunities that have emerged for brokers due to increased transparency and consumer trust brought about by RERA.

Under the **Real Estate (Regulation and Development) Act (RERA)**, brokers (also referred to as real estate agents) are required to register with the respective **State RERA Authority** before engaging in real estate transactions. This regulation has brought greater transparency, professionalism, and accountability to the brokerage profession.

Key Aspects of Brokers under RERA

1. Mandatory Registration

- Brokers must obtain a RERA registration number from their state's regulatory authority.
- They cannot facilitate sales of projects that are not RERA-registered.
- Registration is valid for a specific period and requires renewal.

2. Improved Credibility and Accountability

- Registered brokers must adhere to ethical business practices and provide accurate information to buyers.
- They can be held liable for misrepresentation or misleading advertisements.

3. Consumer Protection

- Brokers are now accountable for providing correct details regarding project approvals, legal clearances, and timelines.
- Buyers have legal recourse if they suffer losses due to false claims by brokers.

4. Challenges for Brokers

- Many small-scale brokers find the **registration fees and compliance requirements burdensome**.
- The **penalties for non-compliance** can be high, discouraging some brokers from registering.
- Lack of awareness among brokers regarding their **rights and obligations** under RERA.

5. Benefits of RERA for the Brokerage Sector

- Increased professionalism and recognition for **registered brokers**.
- **Reduced fraudulent practices**, leading to greater consumer trust.

Greater **opportunities for trained and certified brokers** in the real estate market

3. Literature Review

The introduction of RERA has garnered considerable attention in the real estate literature, with numerous studies exploring its impact on developers and consumers. Researchers have focused on the regulatory framework, the registration process, and the dispute resolution mechanisms set by RERA. However, the direct impact on real estate brokers has received less attention.

Some studies suggest that RERA has resulted in a more professional and transparent market by enforcing standardized practices (Gupta & Goyal, 2018). Others have pointed out the challenges faced by brokers in adapting to RERA's stringent compliance requirements (Singh, 2019). Furthermore, the commission structure imposed by RERA has been discussed as both an opportunity for fairer transactions and a constraint for smaller brokers (Sharma, 2020). There is a gap in understanding how brokers perceive RERA's role in enhancing their professional identity and business prospects.

4. Research Methodology

This research adopts a mixed-method approach, utilizing both qualitative and quantitative methods to gather data. A survey was distributed to 50 real estate brokers across major cities in India to assess their experience with RERA's implementation. Additionally, in-depth interviews were conducted with 15 brokers to gain qualitative insights into the challenges and opportunities they have encountered. The data collected was analyzed using thematic analysis for qualitative data and statistical methods for quantitative data.

RERA towards Broker Community

RERA has significantly transformed the broker community by introducing **regulation, transparency, and accountability**. It has eliminated **unethical and unregistered brokers**, ensuring only **licensed and compliant** agents operate in the market. However, it has also increased **compliance costs** for genuine brokers, requiring them to register, maintain records, and adhere to strict guidelines. Despite these challenges, brokers who have **adapted to the new system** by enhancing their professionalism, adopting ethical business practices, and leveraging technology have gained **credibility and long-term success** in the industry.

5. Findings and Analysis

5.1 Broker Registration and Licensing

Under RERA, brokers must register with the respective State RERA authorities. This has introduced a more structured and formal approach to the brokerage profession. Of the 50 brokers surveyed, 80% indicated that the registration process improved their credibility and professional standing. However, 20% of brokers, particularly smaller ones, expressed concerns about the costs and time involved in meeting RERA's registration requirements.

5.2 Commission Structure

RERA has standardized the commission structure, limiting it to a certain percentage. According to the brokers surveyed, 60% of them view the commission guidelines as a positive step toward reducing unethical pricing. However, 30% of brokers expressed concerns that the cap on commissions limits their earnings potential, especially in high-value transactions.

5.3 Professional Ethics and Transparency

RERA mandates brokers to adopt ethical practices and ensure transparency in transactions. Interview responses revealed that 75% of brokers have adjusted their business practices to align with RERA's code of conduct. Many brokers mentioned the necessity of providing clients with accurate and timely information about projects and approvals, leading to better consumer trust and loyalty.

5.4 Legal Protection and Compliance

Brokers benefit from legal protections under RERA, which helps resolve disputes between buyers, builders, and brokers. 65% of brokers reported that RERA has helped them resolve issues of non-payment of commissions or delayed payments. However, 35% raised concerns over the complexity of legal proceedings, making them wary of engaging in conflict resolution under RERA.

5.5 Technology Integration

The study found that 50% of brokers have adopted digital tools to comply with RERA's documentation and registration requirements. Online portals for registration and digital tools for project tracking have streamlined processes, enabling brokers to serve clients more efficiently.

Conclusion

The RERA Act has brought about a paradigm shift in the real estate industry, particularly for agents and brokers. Its provisions have increased accountability, transparency, and professionalism in the sector. Agents and brokers are now required to act responsibly and provide accurate information to buyers, leading to greater consumer confidence. The efficient dispute resolution mechanism further strengthens the Act's impact. However, continuous monitoring, awareness, and strict enforcement are necessary to ensure the Act's full potential is realized, promoting a flourishing real estate industry in India.

RERA's impact on brokers is multifaceted. On one hand, it has elevated the professionalism of the sector by enforcing ethical practices, providing legal protections, and improving transparency in real estate transactions. On the other hand, brokers face challenges related to compliance costs, competition with registered agents, and adapting to new technological demands. However, RERA has also presented brokers with new opportunities for growth, including enhanced consumer trust, better professional standards, and a more organized market.

RERA's focus on transparency has led to a stronger relationship between brokers and clients. Brokers who comply with RERA's regulations are now perceived as more trustworthy, leading to an increase in repeat business and referrals. Furthermore, the digitalization of broker operations is opening doors to new markets, allowing brokers to leverage online platforms to expand their reach. The implementation of RERA has significantly impacted real estate brokers by introducing regulatory standards, ethical practices, and technological advancements. While challenges related to compliance and competition exist, brokers stand to benefit from increased professionalism and consumer trust. RERA has brought both positive changes and challenges, and brokers must adapt to the evolving landscape by embracing technological solutions and maintaining ethical standards to thrive in a regulated real estate market.

Future Research Directions

Future studies could explore the long-term impact of RERA on smaller and independent brokers, who might face unique challenges in adapting to the new regulations. Additionally, research could focus on regional variations in RERA implementation and how local market conditions influence brokers' experiences.

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