

# IMPACT OF REAL ESTATE REGULATORY AUTHORITY (RERA) ON RESIDENTIAL PROJECT

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**Abstract** - In India real estate sector is 2<sup>nd</sup> largest largest industry which gives employment. And its value comes one lakh crore. Hence the real estate industry makes significant influence on gross domestic property (GDP). But, this industry remain unregulated. To be significant extent this sector is handled by state government. Also nation face heavy revenue loss from this industry. Other black mark can be related to real estate industry are criminal activity, unregulated land acquisition, hawala money, etc. We can point out out pores judicial system and inefficient state government make real estate to be a mafia. Here comes importance of RERA its regulatory bill which come to existence on March 2016. RERA will be same as what SEBI do in financial sector. It will great relief to client/buyer. As their concerns and right were taken into account. In past history developer make buyer on tight ride by delay in completion, absence of essential approval, and absence of minimum living facility etc. RERA will ensure complete concern on above problem. And if necessary RERA authority make penalty or imprisonment.

**Key Words:** Real estate, RERA, Promoter

## 1. INTRODUCTION

The following Act of Parliament received the assent of the President on the 25th March, 2016, and is hereby published for general information THE REAL ESTATE REGULATION AND DEVELOPMENT ACT, 2016 and commenced into effect. An Act to establish the Real Estate Regulatory Authority for regulation and promotion of the real estate sector and to ensure sale of plot apartment or building, as the case may be, or sale of real estate project, in an efficient and transparent manner and to protect the interest of consumers in the real estate sector and to establish an adjudicating mechanism for speedy dispute redressal. The real estate industry is one of the most valuable and job creating industry. As real estate industry face lot of problem. Also it indirectly connect to some illegal issues like criminal activities and illegal money transaction etc. Under this scenario we have to note that many customer are cheated by builders and many are dissatisfied with service of builder. To face above situation government passed the law called real estate regulation and development act 2016. The aim of the project is to study what is the impact will make on the real estate industry on short term basis and long term basics. Is this help full to stop all unethical and illegal activities happen in this sector. The law may rise interest of both client and builder.

## 1.1 OBJECTIVE

Bringing cheer to homebuyers, the bill has now paved way for setting up of sector regulator that is expected to offer them protection from unscrupulous activities. 70% of collections from homebuyers need to be deposited in an escrow account that can be used for the same project as against a minimum of 50% suggested earlier.

- The regulation is capable of reduce illegal approaches which are freely obeyed in present scenario
- The law enhance fast and efficient dispute resolution
- Application process
- The protection of consumer wrights
- This will enhance transparency and accountability
- The organization and manpower comes under rule
- To predict impact of RERA on construction industry such that is lead to a positive growth rate or negative growth rate.
- The government or judicial system will become monitory agency
- The revenue from this newly regulated matter
- The concerns of promoter
- The response of promoter, buyer

## 1.2 APPLICATION PROCESS

The government of India has finally decided that a time has come where the real estate property seekers in India should be saved from the exploitation by the promoters. The promoters, commonly known as builders, are doing more harm than good to the real estate sector in India. Where this sector is considered as one of the most important economic interest for people in the developed countries, in India, it is seen as a blot in the economy. Our real estate situation was not always like this, but with the growth of India economically in other sectors, the rich builders' greed has also gone up. For their personal profits, many promoters seek unethical and cunning ways to get money from a middle-class person, who innocently gives away his whole life's income to own a house for himself and his family. In return, these middle-class buyers get delayed possession of their flats, faulty societies and many such problems. Many promoter often forget that richness is not an individual luxury.



**1.3 CARPET AREA**

The area of a property is often calculated in three different ways – carpet area, built-up area and super built-up area. Hence, when it comes to buying a property, this can lead to a lot of disconnect, between what you pay and what you actually get. It is now mandatory for the developers of all ongoing projects, to disclose the size of their apartments, on the basis on carpet area (i.e., the area within four walls). This includes usable spaces, like kitchen and toilets. This imparts clarity, which was not the case earlier.”

According to the RERA, carpet area is defined as ‘the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment’. As per the RERA guidelines, a builder must disclose the exact carpet area, so that a customer knows what he is paying for. However, the act does not make it mandatory for the builders, to sell a flat on the basis of carpet area.

**2. INTERVIEW RESPONSE**

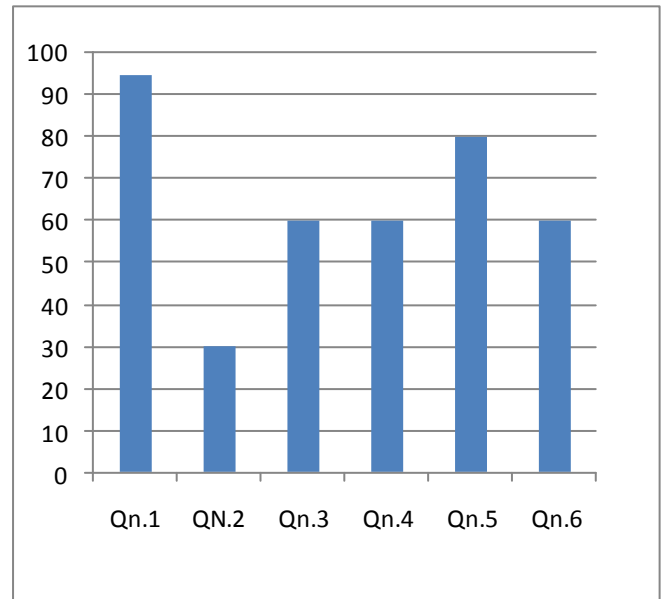
Hence interview is held between a group of promoter and Buyer. Finding were plotted by graph. In graph y-axis given Percent and X-axis is plotted with question.

**2.1 Builder**

**QUESTION**

- 1-Is registration process is complicated?
- 2-Chance of price will occur?
- 3-Is carpet area definition will helpful?
- 4-Cashflow management will become difficult?

- 5-Do you feel equal right for buyer and seller?
- 6-Are you expecting home loan sector will grow Up?

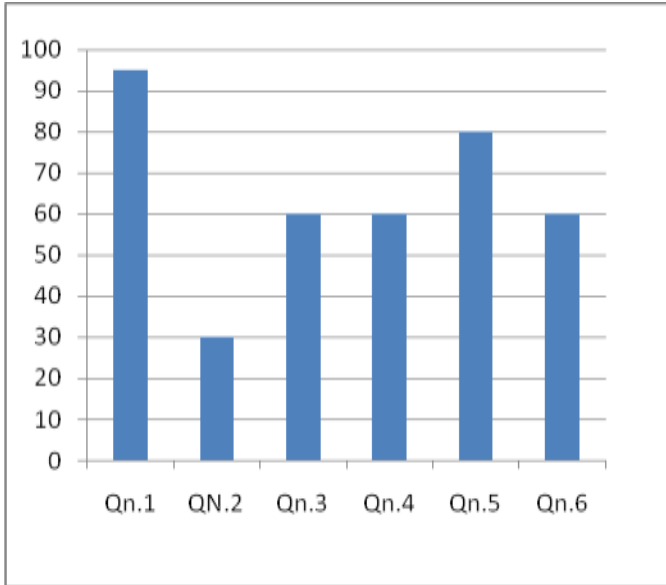


In chapter 4 rights and duties of buyer are specified. Which include, he/she should have right to obtain the information relating to sanctioned plans, layout plans along with the specifications, approved by the competent authority. The allottee shall be entitled to know stage-wise time schedule of completion of the project. Also entitled to claim the refund of amount paid along with interest at such rate as may be prescribed and compensation in the manner as provided under this Act, from the promoter. Every allottee, who has entered into an agreement for sale to take an apartment, plot or building as the case may be, under section 13, shall be responsible to make necessary payment.

**2.2 Buyer**

**QUESTION**

- 1-Is registration process is complicated?
- 2-Chance of price will occur?
- 3-Is carpet area definition will helpful?
- 4-Cashflow management will become difficult?
- 5-Do you feel equal right for buyer and seller?
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### 3. CONCLUSIONS

The concept of RERA is excellent if implemented as it is. But the diversion and modification of rules by the states from the Central Act will not fulfill the purpose of RERA. The home buyers are stressing the state governments to not to modify the original Act rules so that the benefits are not compromised with. The state wise regulations stated above shows that the state governments are unwilling to dump the benefits of big players of the real estate.

Hence under this law each project has to be registered with RERA and it will act as governing body. It will bring more transparency and client/allottee will get more information about project, promoter, past history of promoter, agent etc. Also now days RERA registration will be helpfull in obtaining bank loans. Hence customer can double check information though website. It is responsibility of corresponding state government to give more publicity by giving advertisement on media, other seminar etc. Hence the aim of real estate regulatory authority is to make construction sector clean and regulate .So all case related to that will come under RERA tribunal .Now days these case goes to civil court and take several years for judgment.

In the days of mobile application it is very use full for customer if state government notice of main drawback found

on this law is that there is only mention of allottee and builder. In present scenario builder itself construct all project. They handover construction to contractor. So if contractor delay the project he will responsible for compensation to client. Also there are several type of work contractor like civil, electrical, interior etc.. Each should be responsible for there work as same as builder until guarantee period introduce a mobile application. As people trust mobile more than computers.

- Project efficiency and robust project delivery
- Standardization and quality
- Enhance confidence of investors
- Attract higher investments and PE funding
- Regulated environment
- Governance and transparency
- Common and best practices
- Increase efficiency
- Consolidation of sector
- Corporate branding
- Higher investment
- Increase in organized fund
- Significant buyers protection
- Quality products and timely delivery
- Balanced agreements and treatment
- Transparency – sale based on carpet area
- Transparency on money utilization

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