



POSITIVE IMPACT OF REAL ESTATE (REGULATION & DEVELOPMENT) ACT, 2016 ON DEVELOPERS WITH REFERENCE TO THE SIVAGANGA DISTRICT, TAMIL NADU

S.ANITHA, Research Scholar, Alagappa University, Karaikudi

DR.A.ABBAS MANTHIRI, Principal, Dr.Zakir Husain College, Ilayankudi.

ABSTRACT

Real Estate sector in India is a capital and manpower intensive sector which contributes 5 to 6 percent of its Gross Domestic Product. It is transforming to be more organized in the recent past. The competition among the real estate players in India has been intense and the rising inventory levels have been of concern. However the demand for housing in the affordable segment has seen an upsurge. The Government initiatives to regulate the real estate sector have been welcomed by the customers as this would reduce the undue project delays and ambiguity in the industry. The interest of the Private equity players in the Indian realty sector has gone up and is indicated by the recent capital infusions and investments made by them. The emergence of Real Estate Investment Trust in the Indian market has also opened up a new window of investment for the investors to participate the real estate growth story. The paper aims at highlighting the changing scenario of the real estate in India. The paper suggests that developers should concentrate on the quality-based differences in their projects to cover the genuine consumers.

KEYWORDS: Real estate, Developers, Penalty, Promoters, Approval

INTRODUCTION

RERA is an act for regulation and promotion of the real estate sector to ensure the sale of apartment, plot or building in an efficient and transparent manner. The Act aims to protect the interest of consumers. It was enacted by the Parliament in May 2016 and the Act has come into force with all its 92 sections from 1st May, 2017 across India..

The implementation of RERA is expected to bring relief to the homebuyers as builders will be accountable for the timely delivery of the projects and to protect buyers



from fraud sellers. The developers would also gain from the increased confidence of the consumers in a regulated environment.

It is mandatory for the developers to get all approvals from various government agencies before launching a project and disclose all the information on the website that the respective state RERA regulatory authority will set up.

Real estate agents will be provided a registration number by the regulator which they have to mention in every property sale. This will help in eliminating the possibility of misleading the purchaser. The authority has wide ranging powers to impose penalties and imprisonment of agents in case of violation of law.

REVIEW OF LITERATURE

Dikshita Gajera¹, Dr. Mohammed shakil S. Malek (2018) pointed out that purchasing a house is generally considered as the most important achievement for an individual. It is mostly the most expensive things people can buy and involves many emotional considerations as well.

RudhranBaraasu (2019) added that the TNRERA registration has been mandated for new projects after notification of the RERA Act and the realtors could not sell their projects (flats or plots) without registering.

OBJECTIVES OF THE STUDY

- To know about the developers' knowledge regarding the Real Estate (Regulation and Development) Act, 2016
- To measure the real estate developers' reaction towards the Act.

RESEARCH METHODOLOGY

SAMPLE OF THE STUDY

The sample for the present study was chosen from the population of real estate property developers, aged between 30 and 60 years in Sivaganga District, Tamil Nadu, through interview method. The sample size was 100 developers. The convenience sampling method was used.



ANALYSIS AND INTERPRETATION

- **REVIVAL OF RESIDENTIAL REAL ESTATE**

With the Regulatory Authority actively functioning in the real estate sector, there is a significant increase in the confidence of home buyers. RERA-compliant developers immediately get an edge over other developers in gaining the trust of end-use customers. Overall, with RERA bodies coming into effect, a prominent revival of residential real estate can be seen.

Table No. 1

Edge over other developers

S.No	Factors	No. of respondents
1	Strongly Agree	48
2	Agree	21
3	Neutral	18
4	Disagree	13
5	Strongly Disagree	-
	Total	100

Majority of the respondents (48 per cent) strongly agree that RERA-compliant developers get an edge over other developers in gaining the trust of customers, 21 per cent of the respondents agree, 13 per cent of respondents stood in the neutral position and 13 per cent of respondents disagree to the above statement.

- **INFLOW OF MORE FUNDS FOR REAL ESTATE PROJECTS**

A major hurdle for real estate developers is getting funds upfront at the start of a project. Demonetization has increased transparency in financial transactions. This is encouraging more global and local investors to invest in projects in India. Hence there is greater institutionalized capital inflow giving way for a smoother execution of realty projects.



Table No. 2

Inflow of more funds for real estate projects

S.No	Factors	No. of respondents
1	Strongly Agree	72
2	Agree	24
3	Neutral	4
4	Disagree	-
5	Strongly Disagree	-
	Total	100

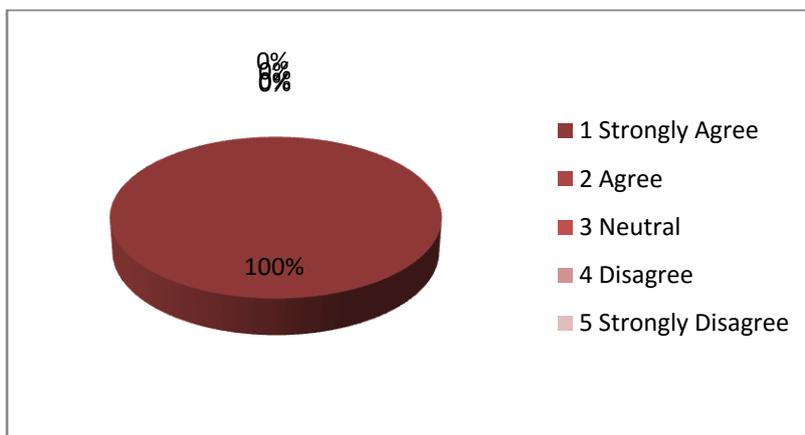
72 per cent of respondents strongly agree that there will be an increase in the institutionalized capital inflow into the sector, 24 per cent of respondents agree and 4 per cent of respondents stood in the neutral position.

- **PENALTY ON PAYMENT DEFAULTERS**

While the Act imposes a stringent penalty on developers for delaying construction of real estate projects, it also penalises the buyer for delayed installments. Incessant delays despite a prior notice empower the developer to cancel the booking and refund the amount to the buyer.

Exhibit No. 1

Penalty on buyers





The above exhibit reveals that all the developers (100 per cent) in the Sivaganga district, Tamil Nadu welcome the provision of the Act that it also penalises the buyer for payment of delayed installments.

- **ENHANCED HOUSING DEMAND**

The Act is anticipated to fuel housing demand and thus, accelerate absorption of unsold housing units. Developers will be the immediate beneficiaries of the renewed confidence in the sector.

Table No. 4

Enhanced housing demand

S.No	Factors	No. of respondents
1	Strongly Agree	92
2	Agree	08
3	Neutral	-
4	Disagree	-
5	Strongly Disagree	-
	Total	100

Majority of the respondents (92 per cent) strongly agree to the statement that the developers will get benefitted out of enhanced housing demand after RERA and 11 per cent of respondents agree.

FINDINGS OF THE STUDY

- Majority of the respondents (48 per cent) strongly agree that RERA-compliant developers get an edge over other developers in gaining the trust of customers.
- 72 per cent of respondents strongly agree that there will be an increase in the institutionalized capital inflow into the sector
- All the developers (100 per cent) in the Sivaganga district, Tamil Nadu welcome the provision of the Act that it also penalises the buyer for payment of delayed installments.



- Majority of the respondents (92 per cent) strongly agree to the statement that the developers will get benefitted out of enhanced housing demand after RERA

SUGGESTIONS

- The real estate developers and buyers should adhere to the provisions and the rules under RERA Act and should not find loopholes in it.
- Developers shall update about their own progress with the Real Estate Regulatory Authority in their respective states.
- The developers should concentrate on the quality-based differences in their projects to cover the genuine consumers.
- Promoters /developers must take steps to facilitate registration of agents and to clarify any misconceptions regarding the Real Estate (Regulation & Development) Act, 2016.

CONCLUSION

The Act aims to bring credibility into the currently unorganised real estate sector. The post-RERA real estate sector is witnessing major transformations with the introduction of strict laws regarding purchase, registration and project delivery time that favour home buyers over real estate developers. However, it is undeniable that RERA holds promises of better opportunities for real estate developers, especially in the long run

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