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## RERA: Increasing transparency in real estate sector

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India's real estate sector has come a long way in the past few decades. From a largely unorganized and unregulated sector, it has become one of the largest and most resilient real estate industries in the world. Today it is one of the most significant contributors to the country's GDP. It also employs one of the highest numbers of unskilled and semi-skilled labourers. However, the real estate sector in the country has had a fair share of ups and downs during this period. There were periods when the sector saw a boom while there were other periods where it was struck by the slowdown. Delays in project delivery, inflated costs, poor construction quality, changes in project plans without informing allottees, project cancellations, and dissatisfied investors were getting a prevalent practice. There was a serious trust deficit building among the customers towards the sector overall.

There was a long-standing demand from the end users for a regulator. The demand was met by the government in 2016 when the Real Estate Regulation Act (RERA) was enacted. The primary purpose of RERA was to curb the irregularities in the sector and safeguard the rights of buyers. The provisions that were acutely tilted towards builders and developers were now balanced.

RERA mandates developers to register their projects with the RERA authority in case they exceed the 500 sq meters in the area or have more than 8 apartments planned. The RERA registration number must be mentioned in all the advertisements and communication related to the project. All the information related to the project, developer, status of the land, approvals, and schedule of completion of the project need to be mentioned and regularly updated on the authority website. RERA also directs the builders to keep 70% of the project receivables in an escrow account. This amount can only be utilized for project purposes.

Prior to RERA, there were so many versions and interpretations of Areas, such as Carpet Area, Built-up Area, Super built-up area and Saleable Area. With RERA clearly defining Carpet Area term, and there is no ambiguity now. The Act also has the provisions of penalty to the developers and interest to be paid to the buyers in case of any delays in the project. There are various other measures and provisions to ensure that the projects are streamlined.

### Transparency

Before RERA, the real estate sector suffered from opaqueness. The customers had to rely on the words of the developers and their brochures and advertisements. In case of any changes in the project plans or details, most builders didn't bother to inform the existing customers. However, after the enactment of RERA, developers have to provide comprehensive information regarding the project on the authority website. In case of any changes in the project plans, the developers need to immediately update the information on the website. Customers can now stay updated about the project and know the exact status of the project from the RERA website anywhere anytime.

### Timely project completion

In the pre-RERA period, project delays were a common thing. There were no provisions for any penalty to the developers, therefore they had nothing to fear. In a lot of cases, funds from one project were diverted to another and this often led to a financial crunch in the project which in turn caused a delay in project delivery. The provision of an escrow account for the project now prevents this from happening. RERA has provisions for financial penalties for the developers in case of delays. Therefore, developers are monitoring the project timelines carefully.

### Dispute resolution

As mentioned previously, there were a lot of malpractices in the real estate sector before the enactment of RERA. False promises, altered project plans, poor construction quality, overcharging, and late delivery were common. Now, RERA has the provision of fast-track dispute resolution for all the issues faced by home buyers.

### The increased trust of buyers

As the projects were being delayed and stories of malpractices by the developers started coming out, homebuyers had started losing faith in the sector. Due to the wrongdoings of a small portion of developers, the entire sector was suffering. This is reflected in falling sales in the sector. RERA has helped the real estate sector win back the trust of the buyers. Buyers can now be assured that the information provided by the builder is true and transparent. They need not worry about the diversion of funds from one project to another. Now the buyers feel relaxed that there is an authority to safeguard their rights and interest. The renewed trust of buyers and increased sales prove this fact.

RERA has a comprehensive framework to protect the rights of real estate customers. Customers can now relax and invest in the sector with a fearless mind. For a few builders, RERA initially appeared to be an obstacle, as they had to invest time and resources in uploading a lot of information on the authority website and it left a little scope for them to play around with the information. The increased trust of the customers and sales proved it to be actually facilitator.

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