An Analytical Study on Impact of Rera on Indian Real Estate Sector

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ABSTRACT
The Real Estate (Regulation and Development) Act, 2016 (RERA) represents a major regulatory reform aimed at improving transparency, accountability, consumer protection and efficiency in the Indian real estate sector. Before the implementation of RERA, the sector faced several challenges, including project delays, inadequate disclosure of information, fund diversion, weak consumer protection and limited accountability among developers. This study examines the impact of RERA on the Indian real estate sector, with particular focus on transparency, consumer protection, developer accountability, financial discipline and project completion. The study adopts a descriptive and analytical research design based entirely on secondary data collected from sources such as India Code, government reports, State RERA Authorities, RBI, NHB, research articles and credible real estate industry reports. A comparison between the pre-RERA and post-RERA periods is used to understand the changes brought by the regulatory framework. The study finds that RERA has improved project registration, disclosure practices, financial discipline and accountability of developers and real estate agents. It has also strengthened homebuyer rights and provided dedicated mechanisms for grievance redressal and dispute resolution. However, challenges such as differences in implementation across states, delays in dispute resolution, increased compliance burdens and difficulties in addressing stalled or legacy projects continue to affect its effectiveness. The study concludes that RERA has contributed significantly to the formalisation and regulation of the Indian real estate sector. Stronger enforcement, faster dispute resolution, uniform implementation and greater stakeholder awareness are required to further enhance its effectiveness and strengthen consumer confidence.

KEYWORDS: RERA, Real Estate Sector, Consumer Protection, Transparency, Developer Accountability

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The real estate sector in India plays a significant role in economic development through housing, employment generation, infrastructure creation, investment, and its linkages with industries such as construction, cement, steel, banking, and financial services. Rapid urbanisation, population growth, rising income levels, and increasing demand for residential and commercial properties have contributed to the expansion of the sector. Despite this growth, the industry has traditionally faced several challenges, including lack of transparency, project delays, inadequate disclosure of information, financial mismanagement, changing project specifications, and weak consumer protection mechanisms**.** These challenges created information asymmetry between developers and homebuyers and affected consumer confidence in the real estate market.

The introduction of the Real Estate (Regulation and Development) Act, 2016 (RERA) marked an important turning point in the regulation of the Indian real estate industry. RERA was introduced to promote transparency, accountability, efficiency, and consumer protection in the sector. The Act provides for registration of eligible real estate projects and real estate agents, disclosure of project-related information, financial discipline through the requirement of maintaining a separate account for specified project funds, and mechanisms for resolving disputes between developers and buyers. RERA also established Real Estate Regulatory Authorities and Appellate Tribunals, creating a specialised institutional framework for handling complaints and appeals. These provisions were intended to reduce unfair practices and establish greater confidence among homebuyers and other stakeholders.

The implementation of RERA has influenced both developers and consumers. Developers have been required to improve documentation, financial management, project planning, disclosure practices, and compliance with regulatory requirements, while homebuyers have gained stronger statutory protections and access to grievance-redressal mechanisms. However, the effectiveness of RERA depends considerably on its implementation and enforcement at the state level. Differences in regulatory capacity, procedural delays, compliance costs, and variations in state-level rules continue to present challenges. Therefore, studying the impact of RERA is important for assessing whether the legislation has achieved its objectives of improving transparency, consumer protection, developer accountability, project completion, and overall confidence in India's real estate sector**.**

1.2 STATEMENT OF PROBLEM

The Indian real estate sector continues to face problems such as project delays, lack of transparency, inadequate information, and weak consumer protection. RERA was introduced in 2016 to address these issues and improve accountability in the sector. However, challenges related to implementation, compliance, and grievance redressal still exist. The actual effectiveness of RERA in protecting homebuyers and improving developer accountability remains a concern. Therefore, this study examines the impact of RERA on transparency, consumer protection, developer accountability, and project completion in India.

1.3 SIGNIFICANCE OF THE STUDY

The study is significant because the real estate sector plays an important role in India's economic growth, employment generation and urban development. The implementation of RERA has introduced greater transparency, accountability and consumer protection in the real estate sector. This study helps to understand how RERA has improved project registration, information disclosure, developer accountability and grievance redressal. It is useful for homebuyers, real estate developers, investors, policymakers and regulatory authorities in understanding the effectiveness of RERA and identifying areas that require further improvement. The study also contributes to the existing literature by examining the changes in the Indian real estate sector before and after the implementation of RERA using secondary data.

2. OBJECTIVES OF THE STUDY

- To examine the growth and development of the real estate sector in India and identify the major challenges faced by the industry before and after the introduction of RERA.

- To analyse the impact of RERA on transparency and accountability in the Indian real estate sector.
- To examine the impact of RERA on consumer protection, particularly with regard to homebuyer rights, project information, delays, and grievance redressal.
- To suggest policy and regulatory measures for strengthening the implementation and effectiveness of RERA in India.

3. REVIEW OF LITERATURE

Akerlof (1970), in his seminal study titled "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," examined the problem of information asymmetry and its effect on market efficiency. The study used a theoretical economic approach and explained how differences in information between buyers and sellers can result in inefficient market outcomes. The study concluded that when buyers cannot accurately assess product quality, uncertainty increases and market efficiency may decline. This theoretical perspective is highly relevant to the Indian real estate sector, where developers generally possess greater information about project approvals, construction progress, legal issues and financial conditions than individual homebuyers. The present study uses this theoretical foundation to examine how RERA's disclosure and transparency provisions can reduce information asymmetry and improve consumer decision-making.

Verma (2024), in the study "Impact of RERA on the Indian Real Estate Industry," examined the changes introduced by RERA in the Indian real estate sector. The study adopted a descriptive and legal analytical approach to examine the regulatory provisions and their implications for developers and consumers. The objective was to understand how RERA has influenced project registration, regulatory supervision and developer accountability. The study highlights that RERA has created a more structured regulatory environment and increased regulatory oversight of real estate projects. The study concluded that RERA has contributed to greater transparency and accountability in the sector. This study is directly related to the present research because it provides a regulatory foundation for examining the broader impact of RERA on the Indian real estate sector.

Bhartiya, Tiwari and Singh (2025), in their study "Impact of RERA on the Indian Construction Industry," examined the influence of RERA on transparency, accountability and the functioning of India's construction industry. The study adopted a secondary-data-based analytical approach to understand the changes resulting from the implementation of RERA. The findings indicate that RERA has strengthened transparency and accountability among developers and has contributed to a more organised regulatory environment. However, the study also identified differences in implementation across states, suggesting that regulatory effectiveness depends on the capacity and efficiency of state-level institutions. The authors concluded that the success of RERA depends not only on the provisions of the legislation but also on effective implementation. This finding is important to the present study because the present research also examines RERA implementation and its broader sectoral impact using secondary data.

Gupta and Mohila (2025), in their study "Contemporary Legal Provisions under RERA: Strengthening Consumer Protection in India's Real Estate Sector," examined the legal provisions of RERA relating to homebuyer protection, financial safeguards, contractual requirements and dispute resolution. The study adopted a doctrinal legal research methodology based on an examination of statutory provisions and regulatory mechanisms. The study found that RERA has strengthened consumer rights through project registration, financial safeguards, regulatory supervision and formal grievance-redressal mechanisms. It concluded that RERA represents an important regulatory development for protecting homebuyers and improving accountability within the real estate sector. This study is closely linked to the present research because consumer protection is one of the major dimensions used to assess the impact of RERA.

3.1 RESEARCH GAP

Existing studies have mainly focused on the legal provisions, consumer protection and transparency aspects of RERA. However, limited research examines its overall impact on the Indian real estate sector using secondary data. There is also a lack of systematic comparison between the pre-RERA and post-RERA periods. Therefore, the present study analyses the impact of RERA on transparency, consumer protection, developer accountability and dispute resolution using secondary data.

4. RESEARCH METHODOLOGY

4.1 RESEARCH DESIGN

The present study adopts a descriptive and analytical research design based on secondary data. It examines the development of the Indian real estate sector and the impact of RERA on transparency, consumer protection, developer accountability and dispute resolution. Data are collected from government reports, India Code, RERA authorities, RBI, NHB, research articles and industry reports. A pre-RERA and post-RERA comparison is used to identify changes in the sector after the implementation of RERA. The study also uses trend analysis and comparative analysis to understand changes over the study period. The research focuses on identifying the major regulatory improvements and continuing challenges in the implementation of RERA.

4.2 DATA SOURCES

The study uses secondary data collected from reliable and authoritative sources. Data are obtained from India Code, the Ministry of Housing and Urban Affairs, State RERA Authorities, Reserve Bank of India (RBI), National Housing Bank (NHB), government reports, research articles, Scopus-indexed journals and credible real estate industry reports. These sources provide information on project registration, consumer complaints, dispute resolution, regulatory actions, transparency and developments in the Indian real estate sector.

4.3 RESEARCH QUESTION

1. How has the implementation of RERA influenced the growth and development of the Indian real estate sector?
2. To what extent has RERA improved transparency and accountability in the real estate sector?
3. What are the major challenges faced by real estate developers in complying with RERA regulations?
4. How has RERA affected homebuyers' confidence and satisfaction in real estate transactions?
5. Is there a significant relationship between RERA implementation and the performance of the Indian real estate sector?

5. THEORETICAL FRAMEWORK

Four theoretical perspectives support the study.

5.1 INFORMATON ASYMMETRY THEORY

Akerlof (1970) argues that unequal information can distort markets.

In Indian real estate:

Developer = relatively high information

Consumer = relatively low information

RERA attempts to reduce this difference through disclosure.

5.2 AGENCY THEORY

Agency problems occur when one party acts on behalf of another while possessing greater information or control.

The developer-consumer relationship can contain agency characteristics because the developer controls construction and project execution while the consumer provides financial resources.

Regulation reduces agency problems through monitoring, reporting and accountability.

5.3 INSITUTIONAL THEORY

Institutional theory explains how formal rules shape organisational behaviour.

RERA creates institutional expectations concerning:

- compliance;
- transparency;
- disclosure;
- accountability;
- consumer rights.

Developers must therefore adapt organisational processes to meet regulatory expectations.

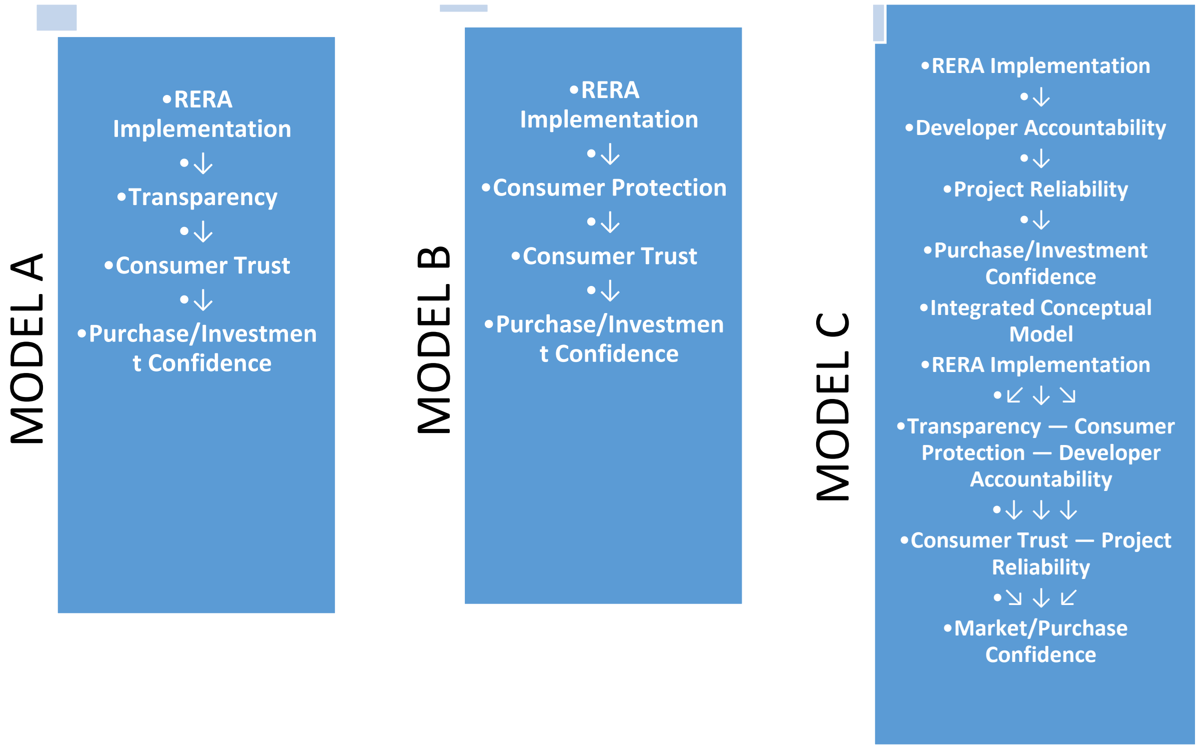
5.4 CONSUMER PROTECTION THEORY

Consumer protection theory suggests that regulatory intervention is justified when consumers face information disadvantages, unequal bargaining power and high transaction risks.

Real estate represents a particularly relevant application because consumers often commit significant financial resources.

6. CONCEPTUAL FRAMEWORK

The proposed framework is:



7. HYPOTHESES OF THE STUDY

H1: RERA has a significant positive impact on transparency and accountability in the Indian real estate sector.
H2: RERA has a significant positive impact on consumer protection and homebuyer rights in India.
H3: Effective implementation of RERA has a significant positive impact on the overall development and regulatory effectiveness of the Indian real estate sector.

7.1 CORRESPONDING NULL HYPOTHESES

H01: RERA has no significant impact on transparency and accountability in the Indian real estate sector.
H02: RERA has no significant impact on consumer protection and homebuyer rights in India.
H03: Effective implementation of RERA has no significant impact on the overall development and regulatory effectiveness of the Indian real estate sector.

8. GROWTH OF REAL ESTATE SECTOR IN INDIA

The Indian real estate sector has emerged as one of the important sectors of the economy, supported by rapid urbanisation, population growth, rising household incomes, infrastructure development and increasing demand for residential and commercial properties. The sector includes residential housing, commercial buildings, retail spaces, industrial properties and other infrastructure-related developments. Growing migration towards urban areas has increased the demand for housing, while expansion of businesses and industries has created additional demand for offices, warehouses and commercial spaces.
The growth of the sector has also been supported by government initiatives related to affordable housing, urban development and infrastructure. Improvements in transportation, digital connectivity and urban infrastructure have encouraged real estate development beyond major metropolitan cities into Tier-II and Tier-III cities. Increasing institutional investment and the gradual shift towards organised real estate development have further contributed to the formalisation of the sector.
However, the growth of the Indian real estate sector has not been free from challenges. Before the introduction of RERA, consumers frequently faced problems such as project delays, lack of transparency, changes in project plans, inadequate information and difficulties in obtaining timely remedies. These challenges affected consumer confidence and highlighted the need for stronger regulation.
The introduction of the Real Estate (Regulation and Development) Act, 2016 (RERA) marked an important stage in the development of the sector. RERA introduced greater regulation, project registration, disclosure requirements and mechanisms for consumer grievance redressal. These measures have encouraged greater transparency and accountability among developers and contributed to the formalisation of the real estate market.
Overall, the Indian real estate sector has moved from a relatively fragmented and less regulated environment towards a more organised and regulated market. Nevertheless, continued growth depends on effective implementation of RERA, faster project completion, improved access to housing finance, infrastructure development, consumer confidence and efficient regulatory mechanisms.

9. CHALLENGES PRE AND POST RERA IMPLEMENTATION

AREA	PRE-RERA CHALLENGES	POST-RERA CHALLENGES
Regulation	Real estate was largely unregulated, with limited sector-specific oversight.	Differences in implementation and rules across States/UTs create regulatory complexity.

AREA	PRE-RERA CHALLENGES	POST-RERA CHALLENGES
Transparency	Buyers often had limited access to reliable information about projects, approvals, costs and completion status.	Developers must disclose project information, but ensuring that information remains accurate and updated can still be challenging.
Project Delays	Delayed possession was a major problem, affecting homebuyers financially and emotionally.	RERA provides stronger accountability for delays, but resolving legacy stalled projects remains a challenge.
Fund Diversion	Money collected from buyers could be diverted to other projects, contributing to delays.	RERA requires 70% of collections from buyers to be maintained in a separate account for the project.
Builder–Buyer Agreements	Agreements were often one-sided and could contain terms unfavorable to buyers.	Standardized sale agreements and regulatory oversight provide greater protection to buyers.
Consumer Protection	Buyers had limited preventive regulatory protection and faced difficulties seeking timely remedies.	Regulatory authorities and appellate tribunals provide dedicated mechanisms for complaints and disputes.
Quality & Specifications	Changes in promised specifications and construction practices could create disputes.	Greater disclosure and promoter responsibilities have improved accountability.
Real Estate Agents	Agents operated with comparatively limited sector-specific regulatory oversight.	Registration of real estate agents dealing in covered projects is mandatory.
Compliance	Developers faced fewer standardized disclosure and reporting requirements.	Increased documentation, registration and compliance requirements raise administrative and operational burdens.
Cost & Financing	Lack of transparency increased uncertainty for buyers and investors.	Compliance costs and financial discipline can create short-term pressure on some developers.
Dispute Resolution	Consumers often faced lengthy and fragmented remedies.	RERA provides a dedicated regulatory and appellate framework, although enforcement and disposal of cases can still be challenging.
Market Confidence	Lack of transparency reduced confidence among buyers and investors.	RERA has contributed to greater transparency, accountability and credibility in the sector.

10. IMPACT OF RERA IN REAL ESTATE SECTOR

1. Increased Transparency

RERA requires developers to disclose important project information, including approvals, project status, layout plans, timelines and financial details. This has helped buyers make more informed decisions.

2. Reduction in Project Delays

Developers are required to follow the declared project schedule. In case of delays, homebuyers may be entitled to interest or other remedies under the Act. This has increased pressure on developers to complete projects on time.

3. Better Consumer Protection

RERA provides homebuyers with stronger legal protection against unfair practices, misleading information and non-compliance by developers. Buyers can approach the respective RERA authority for grievances.

4. Financial Discipline

The Act requires promoters to maintain a separate account for a substantial portion of the money collected from buyers for each project. This has improved financial discipline and reduced the possibility of diversion of project funds.

5. Regulation of Real Estate Agents

Real estate agents involved in RERA-registered projects are required to register with the relevant regulatory authority. This has increased accountability among agents and improved the formalization of the sector.

6. Improved Market Confidence

Greater transparency and regulatory oversight have helped improve confidence among homebuyers, investors and other stakeholders. The sector has gradually moved towards a more organized and regulated structure.

7. Increased Compliance Burden

At the same time, RERA has increased documentation, reporting and regulatory compliance requirements for developers. Smaller developers may face greater difficulties in meeting these requirements.

8. Improved Accountability

Developers are now more accountable for the information and commitments made to buyers. Changes to approved plans and specifications are subject to regulatory requirements, strengthening the position of consumers.

9. Better Dispute Resolution

RERA created dedicated regulatory authorities and appellate mechanisms for addressing real estate-related disputes. This provides homebuyers with a specialized platform for seeking remedies.

11. RERA FRAMEWORK

Central Government
↓
State / UT Government
↓
State RERA Authority
↓
Registration & Regulation
↓
Promoters + Real Estate Agents
↓
Project Disclosure & Compliance

↓
Homebuyers / Allottees
↓
Complaints & Dispute Resolution
↓
Real Estate Appellate Tribunal

12. POLICY IMPLICATION

- Strengthening RERA Regulatory Authorities – Provide adequate resources and staff for effective monitoring.
- Improving Transparency and Disclosure – Ensure timely and accurate project information on RERA portals.
- Enhancing Consumer Protection – Strengthen safeguards for homebuyers against unfair practices.
- Faster Dispute Resolution – Ensure speedy settlement of complaints and disputes.
- Strengthening Financial Regulation – Monitor proper utilisation of project funds.
- Uniform Implementation Across States – Ensure consistent RERA rules across all states.
- Supporting Small and Medium Developers – Simplify compliance procedures for smaller developers.
- Addressing Stalled and Delayed Projects – Introduce mechanisms to revive delayed and stalled projects.
- Improving Inter-Agency Coordination – Strengthen coordination among RERA and government agencies.
- Increasing Stakeholder Awareness – Conduct awareness programmes on RERA rights and responsibilities.
- Strengthening Enforcement Mechanisms – Impose effective penalties for regulatory violations.
- Promoting Sustainable Real Estate Development – Encourage environmentally sustainable construction practices.

13. FINDINGS OF THE STUDY

- The study found that the Indian real estate sector has experienced significant growth over the years.
- The implementation of RERA has improved transparency in real estate transactions.
- RERA has strengthened the protection of homebuyers and improved their legal rights.
- The Act has increased the accountability of real estate developers and promoters.
- RERA has contributed to better monitoring of project completion and delivery timelines.
- The registration and regulation of real estate agents have improved accountability in the sector.
- RERA has promoted greater financial discipline among real estate developers.
- The implementation of RERA has increased confidence among homebuyers and investors.
- The study found that regulatory compliance requirements have increased after the implementation of RERA.
- Despite improvements, delays in dispute resolution and enforcement remain important concerns.
- Differences in RERA implementation across States and Union Territories continue to create challenges.

14. CONCLUSION

The study concludes that the Indian real estate sector has undergone significant changes following the implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA). Before RERA, the sector faced major issues such as lack of transparency, project delays, weak consumer protection, fund diversion and limited accountability of developers. RERA was introduced to address these issues by establishing a structured regulatory framework for promoters, real estate agents and homebuyers.

The study finds that RERA has had a positive impact on the sector by improving transparency, strengthening consumer protection, increasing developer accountability and promoting financial discipline. Mandatory project registration, disclosure requirements and mechanisms for grievance redressal have helped create a more organized and regulated real estate market.However, the effectiveness of RERA continues to be affected by challenges such as differences in implementation across states, delays in dispute resolution, compliance burdens and difficulties associated with stalled or legacy projects. Therefore, stronger enforcement, better coordination among authorities and greater awareness among stakeholders are required.

Overall, RERA represents an important milestone in the development of the Indian real estate sector. With effective implementation and continuous improvement, it can further strengthen consumer confidence, promote responsible development and contribute to a more transparent, accountable and sustainable real estate industry in India.

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