

## **Real Estate Regulation Act will reduce litigation, boost FDI flows & ensure timely project delivery: FICCI-Grant Thornton Report**

**NEW DELHI, 24 August 2016:** The **FICCI Grant Thornton Report, 'Real Estate Regulation Act, 2016 (RERA) – Are we ready?'** a survey-based Report, the first of its kind, reveals that a majority of the respondents are of the view that RERA will bring transparency and authority in doing real estate dealings and hence will reduce the litigations going forward. They also felt that RERA will boost the governance hold on the sector. This will eventually lead to increase in Foreign Domestic Investments (FDI) into the sector in near future. This will also improve the ease of availability of financing options in the market. A major outcome of the survey is that industry feels that the rule of depositing 70% of sales proceeds in a separate account will help in getting timely delivery of the project and eliminate fly-by-night operators in the real estate.

The report was released here today at FICCI, Federation House, by **Mr. Dilbag Singh Sihag, RERA Haryana Committee & Chief Town Planner, Haryana (Retd.), Haryana; Mr. Neeraj Sharma, Director, Grant Thornton Advisory Pvt Ltd.; Mr. Navin M. Raheja, Chairman, FICCI Real Estate Committee; and Dr. A. Didar Singh, Secretary General, FICCI,** at a conference on **RERA organized by FICCI & Grant Thornton.**

The report states that under RERA, the developers might need some time to get used to its provisions and complexity of its rules. The move by the developers to comply by the provisions of RERA might push prices upwards in the short-term. But one can expect stabilization due to the efficiencies brought in by the RERA. It will not only help in expediting the completion of the on-going projects but also immunize buyers from any fraudulent practices. The RBI has maintained status-quo on the interest rates allowing prospective homebuyers to avail cheaper home loans. Developers are now expecting more Foreign Direct Investment to flow in to the sector, thus creating more job opportunities and revitalizing the growth of the sector.

While various international markets have varying types of regulations, the sector is optimistic that the RERA is a perfect cut to solve the issues plaguing the Indian Real Estate Sector. Based on the responses and the interpretations drawn, one can conclude that the sector has given a thumbs up to RERA.

The real estate sector plays a catalytic role in fulfilling the need and demand for housing and infrastructure in the country. While this sector has grown significantly in recent years, it has been largely unregulated. There is, thus, absence of professionalism, standardization and lack of adequate consumer protection. Though the Consumer Protection Act, 1986 is available as a forum to the buyers in the real estate market, the recourse is only curative and is inadequate to address all the concerns of buyers and promoters in that sector. The lack of standardization has been a constraint to the healthy and orderly growth of the industry. Therefore, the need for regulating the sector has been emphasized on various forums, the report points out.

The following are the highlights of the report:

- Close to 65% of the respondents feel that, going forward, transparency will increase in real estate dealings.
- Close to 60% of the respondents feel that RERA will increase the governance hold in the sector and lead to increased investments.
- Approximately 50% of the respondents hope that the lending options from lenders will improve and availing finance will be easier.
- Close to 40% of the respondents feel that the implementation of RERA will help timely delivery of projects and also eliminate non-serious players from the sector.
- More than 40% of the respondents believe that maximum impact will be in the area of project planning and construction.

The report recommends that the compliance of this Act should not become one more layer of approvals to be obtained, but to ease out the entire approval process. The Act should also consider the impact of transmission issues and make it more pragmatic for the developers to comply at the end given the importance and contribution of real estate once feel that the current way of reforms should continue.

**Weblink:**

[http://ficci.in/spdocument/20755/FICCI-GT-Real\\_Estate\\_Regulation\\_Act\\_%20Report.pdf](http://ficci.in/spdocument/20755/FICCI-GT-Real_Estate_Regulation_Act_%20Report.pdf)

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