

# Impacts of RERA Act, 2016 on Housing Projects: Case Study of Kolhapur

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**Abstract-** *The Real Estate (Regulation and Development) Act, 2016 is an Act of the Parliament of India which seeks to protect home-buyers as well as help boost investments in the real estate industry. The bill was passed by the Rajya Sabha and the Lok Sabha in March 2016. The Act came into force from 1 May 2016. Remaining provisions came into force from 1 May 2017. The objectives of this act are to Ensure Transparency & Efficiency in real estate sector in regards to sale of plot, apartment, building or real estate project Protecting the interest of consumers in real estate sector Establishing adjudicating mechanism for speedy dispute redressed and Establishing Appellate Tribunal to hear appeals from the decisions, directions or orders of the Real Estate Regulatory Authority. Prior to RERA, there was no clarity on carpet area, was sort of monopoly of Builders regarding loading, rates, modes of payments. There were Frauds, no clear picture of project, possession, sanctions. An attempt has been made to find out the immediate impact of this act on the Builders, and the customer. For this research work our plan is prepare a valid good questionnaire and then distribute it via Google Form to sellers and potential flat buyer using that questionnaire, we want to elicit there responses to our research. we use SPSS tool for data analysis we use reliability, normality as well as disciptive analysis in this project Purchasing decision is a complex process which become more complex when it is dealing with intense purchase decision of Residential Property. Different attributes of housing had different impact on the homogeneous group so need to realize the expectation and must be full fill by the sellers. Study have an evidence of huge gap in buyers and sellers rating on satisfaction.*

**Keywords-** RERA Act 2016, Housing Projects, Kolhapur, buyers, seller

## I. INTRODUCTION

Real estate sector is one of the big contributor to employment and economy in our country. Real estate sector plays very important role in fulfilling the demand of every economic classes. There is need to provide the backup infrastructure covering utility services such as water supply,

sewerage, drainage, roads and transport requirements. In addition the social infrastructures like schools, health and recreation facilities, commercial infrastructure etc. are to be taken into account.

The numbers of Indians living in urban areas are increasing rapidly and are expected to be about 600 million in 2031. The Indian economy experienced rapidly growth in the past decade and is expected to be one of the fastest growing economies in the coming years. It has also been estimated that real estate contribution to India's GDP is estimated to increase to about 13 % by 2028. . Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level, and urbanization. The growth of real estate sector is not only driven by growing economy but policy support from government as well. For instance, Government plans to build 100 smart cities which would reduce the migration of people to metro and other developed cities. Government initiatives such as various urban development policies and programmers (e.g., JNNURM, Land Acquisition Act. Affordable Housing, Ease in housing finances, Widening the scope of real estate market, change in FDI Regulation) are expected to contribute to enhanced urbanization. Urbanization and growing household incomes are driving demand for residential real estate and growth in the retail sector. India's urban population as a percentage of total population was around 32.4 percent in 2016 and is expected to rise to 40 percent by 2030. Industry players, including realtors and property analysts, are rooting for the creation of "Special Residential Zones" (SRZs), along the lines of SEZs.

To encounter the residential property buyers' needs and for achieving a competitive advantage, marketers can use the research outcomes to focus on those residential purchase factors, which significantly influence residential property buyers' purchase decision making. Further, the outcomes of this research will assist the government in developing more appropriate housing policies for all the different segments.

## Demographic Of Kolhapur Region

An official Census 2011 detail of Kolhapur, a district of Maharashtra has been released by Directorate of Census Operations in Maharashtra. Enumeration of key persons was also done by census officials in Kolhapur District of Maharashtra.

In 2011, Kolhapur had population of 3,876,001 of which male and female were 1,980,658 and 1,895,343 respectively. In 2001 census, Kolhapur had a population of 3,523,162 of which males were 1,807,470 and remaining 1,715,692 were females. Kolhapur District population constituted 3.45 percent of total Maharashtra population. In 2001 census, this figure for Kolhapur District was at 3.64 percent of Maharashtra population.

There was change of 10.01 percent in the population compared to population as per 2001. In the previous census of India 2001, Kolhapur District recorded increase of 17.85 percent to its population compared to 1991.

As per the above census data, the Kolhapur Region has high population growth. Kolhapur district Density/Km<sup>2</sup> increasing by years. This data shows the clear indication of need of more & more residence & investors are going to buy more houses. These facts are supported well to understand the investor's behaviour to take their purchasing decision.

In the earlier research work, many aspects of the decision-making processes of home buyers worldwide at different economic and cultural set up. There are limited studies in Indian scenario with vast diverse growing economic, cultural and regional aspects to have been examined with a limited understanding of the purchase behaviour of Indian home buyer's responses with respect to residential housing selection and performance.

### Objectives:

- To study the present status & collect the information about chronological event from development of RERA to till date.
- Identification of ongoing problems in construction industry & to analyses them.
- To prepare questionnaire survey obtained through builders and buyers.
- To carry out analysis of various responses obtained through live construction project in Kolhapur.
- To recommend best suggestive measures for reducing costs and delay.

## II. RESEARCH METHODOLOGY

It is an exploratory type and descriptive type of research where we have to explore and find out the impact of Rera.

### Sampling Method

The process of extracting a group of members of a population to make a sample is called as Sampling. Generally, sampling is done because the size of the population is quite big and it becomes a cumbersome job to study a population size of say 500 project or even more than that.

### Proposed Sample Size

For the study precision rate of 15% and Confidence level of 80% was considered. For 80% z-score is 1.25. Population Size is 500

The formula for determining the sample size

For this study the sample design was as follows:

$$\text{sample size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

Where,

**N = population size**

**e = Margin of error (percentage in decimal form)**

**z = z-score**

By calculating the sample size is 20

So Sample size of 20 contactor and potential flat buyer will be taken for the research where we will be doing on study on the basis of their responses in the questionnaire which will be circulated among them.

### Questionnaire

For this research work my plan for prepare a valid good questionnaire and then distribute it via Google Form to contactor and potential flat buyer using that questionnaire, I want to elicit my responses to my research as well as results relevant to my research.

**III. DATA ANALYSIS AND INTERPRETATION**

In This section presents the results of the analysis of the info collected throughout the study. In this project we circulate the questionnaire and get response after data analysis we get analysis below

**Reliability Of Sellers Data**

Table 3. 1Case Processing Summary

Cases	Valid	N	%
	Valid	10	100.0
	Excluded	0	.0
	Total	10	100.0

Table 3. 2Reliability Statistics

Cronbach's Alpha	N of Items
.770	12

Given table is the Reliability Statistics above Table which provides the value for Cronbach alpha which in this case is .770 and reflects the high reliability of the measuring instrument. Furthermore, it indicates a high level of internal consistency with respect to the specific sample.  
Reliability Of Buyers Data

Table 3. 3Case Processing Summary

Cases	Valid	N	%
	Valid	20	100.0
	Excluded	0	.0
	Total	20	100.0

Table 5. 4Reliability StatisticsChart 5. 1

a. List wise deletion based on all variables in the procedure.

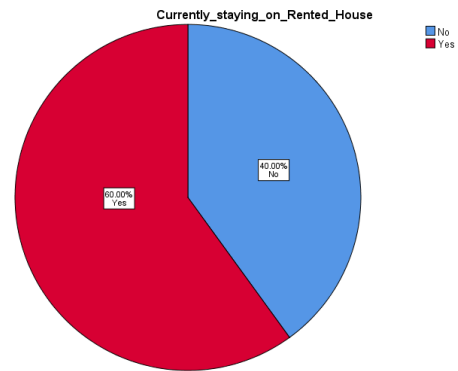
Cronbach's Alpha	N of Items
.899	71

Given table is the Reliability Statistics above Table which provides the value for Cronbach alpha which in this case is 0.899 and reflects the high reliability of the measuring instrument. Furthermore, it indicates a high level of internal consistency with respect to the specific sample.

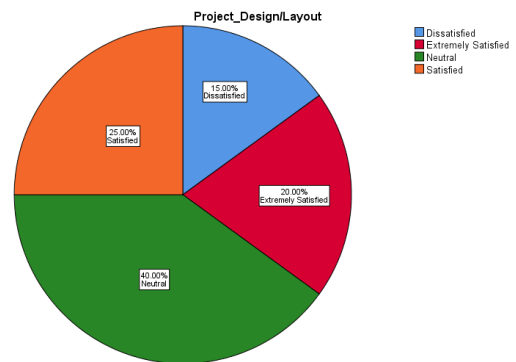
**Descriptive Analysis**

**Descriptive Analysis Of Buyer**

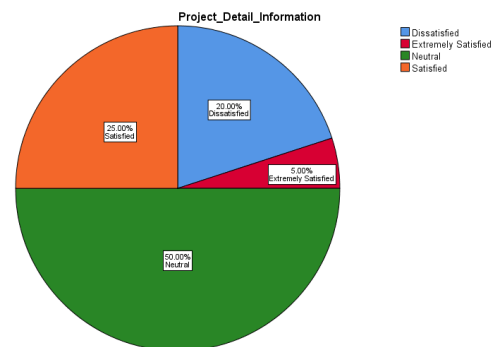
Preferred by Buyers for decision to buying House



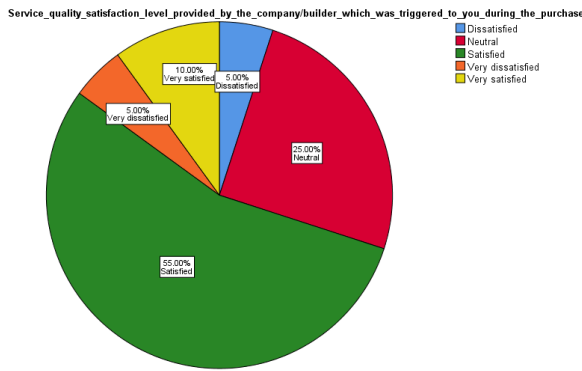
Buyer's satisfaction level on choosing the basic Housing Property attributes provided by Buyers builder



Buyers satisfaction on the service delivered by the Relationship Manager of the company on the given parameters



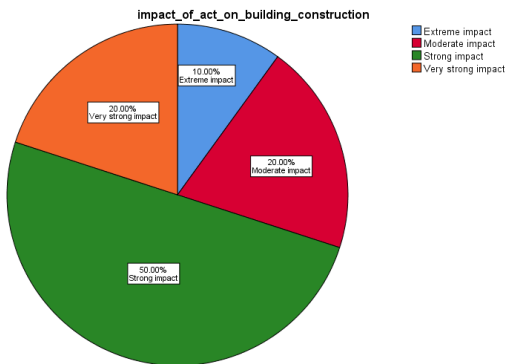
Product & Service quality satisfaction level provided by the company/builder which was triggered to Buyer during the purchase



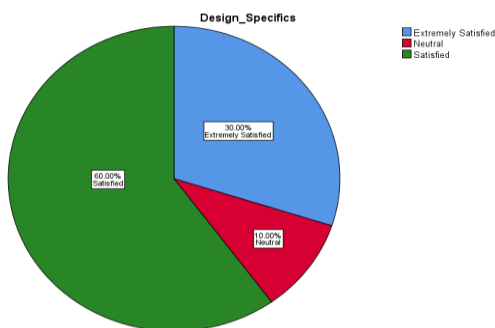
Service quality satisfaction level provided by the company/builder which was triggered to you during the purchase

**Descriptive Analysis Of Sellers**

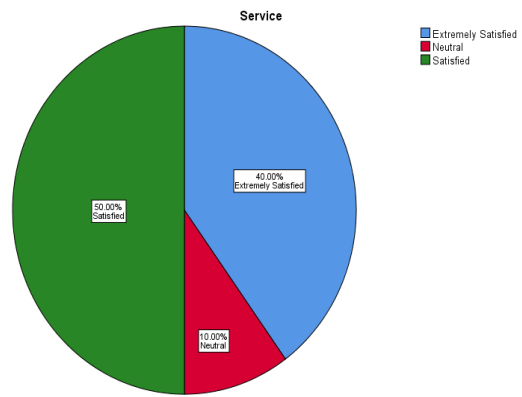
impact of act on building construction



Product & Service quality satisfaction level of your buyers which are provided by the company/builder which was triggered to your buyers during the purchase



Product & Service quality satisfaction level provided by the company/builder which was triggered to buyers during the purchase



**IV. FINDINGS, RECOMMENDATIONS, SUGGESTIONS AND CONCLUSION**

**Findings**

More profit for buyer is 40% and for seller is 60%. Project registration enquiry of respondents are 55%. On project information and building reputation checking on website is 40% -yes,30%-no and maybe.

Preferred by buyer -60% ,currently staying on rented house-60%,availability of money-50%,salary hike-50%disappointment with rent hike-70%,potential market growth for appreciation-65%,To plan for own house-65%,Going to be retired soon:80%, Increase in family size & need of bigger house -55%,Change in job Location/Transfer: 65%, Kids grown up so need of other house:45%, Like to buy Second House:15%, All your friends are buying House:20%, Family are insisting for purchasing house: 20%, Looking for better facilities at your house which is not present in existing residence:15%, Buying house for retired parents:15% and Buying for gifting:5% are having high preference

**Conclusion**

Product and service attributes are the quality or feature inherent part of the residential property. Purchasing decision is a process which become more complex when it is dealing with intense purchase decision of Residential Property which influenced by attributes. Post-Purchasing Satisfaction is an ultimate achievement for the seller to have delight customers for goodwill and future business in terms of word of mouth publicity and reference. Residential property is the need of all individual as a basic need so must be research is the path which will give inclusiveness to all the section of the society. It can be concluded from this research that in Kolhapur buyers’ framework of residential property purchasing which influence by the different attributes

differently based on personal demographic. Study says that the process is a complex process of processing information by buyers. Decision making triggered by many factors but primarily based on satisfaction on housing attributes including product and services. Post purchasing satisfaction mainly the outcome of housing attribute satisfaction more rely on product attributes. Satisfied behaviour always lead to further happiness and this results in references of existing customers to new customers.

The decision making process is not uniform across demographic and geographically. Various factors which can be prominent for homogeneous group across geography. India is a developing country where the diversity of the culture and difference in economy leads to be more relevant to have correct segment for correct marketing strategies to target the right segment. Different attributes of housing had different impact on the homogeneous group so need to realize the expectation and must be full fill by the sellers. Study have an evidence of huge gap in buyers and sellers rating on satisfaction, especially for service attributes which is not emphasis for correct process of selling. There is a need to have more and more study on the process betterment, understanding of consumer behaviour and then bridge the gap to balance the demand and supply. This will create win-win situation for sellers & buyers.

Relationship manager's role is very vital in the decision-making process of purchasing and his training need to be placed strategically to have better understanding of the customers and provide precise information and service. This research will be a small step to create a footprint for new emerging service sensitive market for purchasing residential property.

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