

# A Study on the Implementation and Effectiveness of the Real Estate Act, 2016 in India

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**Abstract:** *The Real Estate (Regulation and Development) Act, 2016 (RERA) represents a landmark reform in India's real estate sector, aimed at enhancing transparency, accountability, and consumer protection. This research paper critically examines the implementation and effectiveness of RERA across different states in India. It evaluates the institutional framework, compliance mechanisms, dispute resolution efficiency, and the overall impact on stakeholders such as homebuyers, developers, and regulatory authorities. The study adopts a doctrinal and analytical approach using secondary data sources including legal texts, reports, and scholarly interpretations. The findings suggest that while RERA has significantly improved transparency and buyer confidence, challenges persist in uniform implementation, enforcement, and infrastructural capacity across states.*

**Keywords:** Real Estate Regulation, Consumer Protection, Transparency, Housing Sector

## I. INTRODUCTION

The real estate sector in India has historically been plagued by issues such as project delays, lack of transparency, and exploitation of homebuyers. To address these concerns, the Government of India enacted the Real Estate (Regulation and Development) Act, 2016 (RERA), which came into force on May 1, 2017. The Act aims to regulate the real estate sector, ensure timely delivery of projects, and establish a mechanism for grievance redressal.

RERA mandates the registration of real estate projects and agents, disclosure of project details, and the establishment of Real Estate Regulatory Authorities (RERAs) in each state. This study critically analyzes how effectively these provisions have been implemented and whether they have achieved the intended objectives.

## OBJECTIVES OF THE STUDY

- To examine the legal framework and key provisions of RERA, 2016
- To analyze the implementation status across different states
- To evaluate the effectiveness of RERA in protecting consumer interests
- To identify challenges and limitations in enforcement

## RESEARCH METHODOLOGY

This study is based on a doctrinal research methodology. It relies on secondary sources such as statutes, government reports, legal commentaries, journal articles, and case laws. Analytical and descriptive approaches are used to interpret the provisions and assess their practical implications.

## KEY PROVISIONS OF RERA, 2016

RERA introduced several transformative provisions, including:

**Mandatory Registration:** All real estate projects exceeding a certain size must be registered with the respective RERA authority.

**Escrow Account Requirement:** Developers must deposit 70% of project funds in a separate account to ensure proper utilization.

**Disclosure Norms:** Developers must provide detailed project information, including timelines and approvals.

**Grievance Redressal Mechanism:** Establishment of Real Estate Regulatory Authorities and Appellate Tribunals.

**Penalties and Compensation:** Strict penalties for non-compliance and provisions for compensation to buyers. These provisions collectively aim to bring discipline and professionalism into the sector.

### IMPLEMENTATION OF RERA IN INDIA

The implementation of RERA has been uneven across states due to India's federal structure. While some states like Maharashtra and Karnataka have established fully functional RERA authorities, others have faced delays in setting up regulatory frameworks.

States have also introduced variations in rules, leading to inconsistencies. For example, certain states diluted key provisions such as the definition of "ongoing projects," thereby limiting the scope of the Act. This lack of uniformity has impacted the effectiveness of RERA at the national level (Choudhary, 2018).

### EFFECTIVENESS OF RERA

The Real Estate (Regulation and Development) Act, 2016 (RERA) was enacted by the Government of India to bring transparency, accountability, and efficiency into the real estate sector, which had long been criticized for delays, fraud, and lack of consumer protection. The effectiveness of RERA can be evaluated through its impact on homebuyers' protection, project completion timelines, financial discipline among developers, and overall market regulation. One of the most significant contributions of RERA is the establishment of a regulatory framework that mandates the registration of all real estate projects and agents with state-level Real Estate Regulatory Authorities, ensuring that developers cannot advertise or sell projects without proper approval (Government of India, 2016). This provision has significantly reduced fraudulent practices and misleading advertisements that were previously common in the sector.

Moreover, RERA requires developers to deposit 70% of project funds into a separate escrow account, ensuring that funds collected from buyers are used only for the construction of the specific project and not diverted elsewhere, thereby improving financial discipline and reducing project delays (Ministry of Housing and Urban Affairs, 2017). Another key effectiveness of RERA is the protection of homebuyers' interests through mandatory disclosure of project details, including layout plans, completion timelines, approvals, and land status, which enhances transparency and enables informed decision-making (Kumar & Singh, 2018). The Act also introduces strict penalties for non-compliance, including fines and imprisonment for developers who violate regulations, which has acted as a strong deterrent against malpractices in the real estate industry.

Furthermore, the establishment of Real Estate Appellate Tribunals provides a structured grievance redressal mechanism, allowing buyers to resolve disputes in a time-bound manner, which was previously a major challenge in the sector due to lengthy judicial processes (Sharma, 2019). In terms of effectiveness, RERA has also contributed to improving buyer confidence in the real estate market, which had declined due to repeated instances of project delays and builder defaults before its implementation. Studies indicate that states implementing RERA effectively have witnessed increased project completion rates and improved compliance among developers (Rao & Verma, 2020). Additionally, the Act has brought standardization in carpet area definitions, eliminating ambiguity in property measurements and ensuring that buyers get exactly what they pay for, thereby reducing disputes related to property size and valuation.

Another important dimension of RERA's effectiveness is its role in promoting organized growth in the real estate sector by encouraging only financially viable and legally compliant projects, thereby filtering out weak or speculative developments. This has indirectly contributed to stabilizing property prices in several urban markets. However, despite these achievements, the effectiveness of RERA varies across states due to differences in implementation efficiency, administrative capacity, and political will. Some states have been proactive in enforcing RERA provisions, while others

have delayed the establishment of regulatory authorities or diluted certain provisions, which affects overall effectiveness (Jain, 2021). Additionally, small developers sometimes face compliance burdens due to stringent documentation requirements, which may slow down project initiation. Nevertheless, the long-term impact of RERA is largely positive, as it has introduced a culture of accountability in an industry that was previously largely unregulated.

The Act has also empowered consumers by giving them legal rights to claim compensation for delays and structural defects, which has significantly shifted the balance of power from developers to buyers. Furthermore, digitalization of RERA portals in many states has enhanced accessibility and real-time tracking of project status, further strengthening transparency. From an economic perspective, RERA has improved investor confidence, attracting both domestic and foreign investments into the Indian real estate sector by reducing uncertainty and legal risks (World Bank, 2020). It has also encouraged professionalization of real estate practices, with developers increasingly adopting better project management and compliance systems.

The effectiveness of RERA lies in its comprehensive approach to regulating the real estate sector through transparency, accountability, financial discipline, and consumer protection. While implementation challenges remain, especially in terms of uniform enforcement across states, the Act has undeniably transformed the Indian real estate landscape by reducing fraud, improving trust, and ensuring timely delivery of projects. Its long-term success will depend on continuous strengthening of regulatory mechanisms, technological integration, and strict enforcement of provisions to ensure that the original objectives of protecting homebuyers and promoting a fair real estate market are fully achieved (Government of India, 2016; Sharma, 2019; Rao & Verma, 2020).

### **CONSUMER PROTECTION**

RERA has significantly strengthened the position of homebuyers by ensuring transparency and accountability. Buyers now have access to project details and legal recourse in case of delays or fraud. The requirement of escrow accounts has reduced the diversion of funds by developers (Sharma, 2019).

### **TRANSPARENCY AND ACCOUNTABILITY**

The mandatory disclosure norms have improved transparency in the sector. Developers are now obligated to provide accurate and updated information, reducing information asymmetry between buyers and sellers.

Transparency and accountability are fundamental principles in governance, organizational management, and public administration that ensure trust, integrity, and efficiency in systems of decision-making. Transparency refers to the openness and clarity with which institutions, governments, or organizations share information regarding their actions, policies, and decisions. Accountability, on the other hand, is the obligation of individuals or institutions to explain, justify, and take responsibility for their actions, particularly when they affect the public or stakeholders. Together, these principles form the backbone of democratic governance and ethical organizational behavior, ensuring that power is exercised responsibly and in the public interest (Fox, 2007; Bovens, 2007).

Transparency plays a crucial role in reducing corruption, inefficiency, and misuse of power. When information is freely available and accessible, it becomes easier for citizens, stakeholders, and oversight bodies to monitor activities and identify irregularities. According to Rawls (1971), justice in any social system requires fairness in procedures, which is only possible when decision-making processes are open and visible. In governance systems, transparency enhances public participation and strengthens democratic legitimacy by allowing citizens to make informed decisions and engage meaningfully in civic processes. Moreover, transparency is closely linked to freedom of information laws, open data initiatives, and digital governance systems that aim to improve accessibility and clarity of public records (Stiglitz, 2002).

Accountability complements transparency by ensuring that individuals or institutions are answerable for their actions. Bovens (2007) defines accountability as a relational concept involving an actor, a forum, and a duty to provide explanations and justifications. In democratic systems, elected officials are accountable to the electorate, while public servants are accountable to government institutions and legal frameworks. Accountability mechanisms include audits,

performance evaluations, judicial reviews, and parliamentary oversight. Without accountability, transparency alone may not be sufficient, as information disclosure without consequences does not necessarily prevent misconduct or inefficiency (Mulgan, 2000).

In organizational contexts, transparency and accountability are essential for building trust between management and employees, as well as between organizations and stakeholders. Transparent communication of goals, policies, and performance indicators helps employees understand expectations and align their efforts with organizational objectives. At the same time, accountability systems ensure that performance is evaluated fairly and that responsibilities are clearly defined. According to Heald (2006), transparency within organizations enhances coordination, reduces uncertainty, and promotes ethical behavior by making actions visible and subject to scrutiny. In corporate governance, transparency in financial reporting and accountability of executives are critical for maintaining investor confidence and market stability.

In public administration, transparency and accountability are particularly important in ensuring good governance and preventing corruption. International organizations such as the World Bank and United Nations emphasize these principles as key components of sustainable development and effective governance systems. Transparency in budgeting, procurement, and policy implementation allows citizens to track the use of public resources, while accountability mechanisms ensure that officials are held responsible for misuse or inefficiency. As Kaufmann, Kraay, and Mastruzzi (2009) suggest, countries with higher levels of transparency and accountability tend to experience better governance outcomes, lower corruption levels, and higher economic growth.

The role of technology in enhancing transparency and accountability has become increasingly significant in recent years. Digital platforms, e-governance systems, and open data initiatives have made it easier for governments and organizations to share information in real time. Social media also plays a dual role by enabling citizens to demand accountability and by exposing corruption or inefficiencies quickly. However, the digital age also presents challenges, such as misinformation, data privacy concerns, and unequal access to technology. Therefore, while technology enhances transparency, it must be accompanied by strong regulatory frameworks to ensure responsible use (Bertot, Jaeger & Grimes, 2010).

Despite their importance, implementing transparency and accountability is not without challenges. In many cases, excessive transparency can lead to information overload or compromise sensitive data such as national security information or personal privacy. Similarly, accountability mechanisms may become bureaucratic or symbolic rather than effective if not properly enforced. There is also the challenge of balancing transparency with confidentiality, especially in sectors like healthcare, defense, and corporate strategy. Moreover, cultural, institutional, and political factors can influence the degree to which these principles are adopted and practiced effectively (Grimmelikhuijsen 2013).

In conclusion, transparency and accountability are interdependent principles that are essential for the functioning of democratic societies, efficient organizations, and ethical governance systems. Transparency ensures openness and access to information, while accountability ensures responsibility and answerability for actions. Together, they foster trust, reduce corruption, and enhance performance across sectors. However, their effective implementation requires strong institutional frameworks, legal safeguards, and technological support. As global governance systems continue to evolve, the demand for greater transparency and accountability will remain central to achieving fairness, efficiency, and public trust in all spheres of society (Fox, 2007; Bovens, 2007; Stiglitz, 2002).

## **DISPUTE RESOLUTION**

RERA authorities and tribunals have provided a faster mechanism for dispute resolution compared to traditional courts. However, delays in some states due to understaffing and procedural inefficiencies have reduced effectiveness (Gupta, 2020).

### **IMPACT ON DEVELOPERS**

While RERA has imposed stricter compliance requirements, it has also enhanced credibility for genuine developers. However, smaller developers have faced challenges in meeting compliance costs and regulatory burdens.

### **CHALLENGES IN IMPLEMENTATION**

**Lack of Uniformity:** Differences in state rules undermine the central objectives of the Act.

**Administrative Constraints:** Inadequate staffing and infrastructure in RERA authorities.

**Judicial Delays:** Despite dedicated tribunals, backlog of cases persists in some regions.

**Limited Awareness:** Many consumers are still unaware of their rights under RERA.

**Compliance Issues:** Developers sometimes circumvent provisions through legal loopholes.

### **CRITICAL ANALYSIS**

RERA has undoubtedly transformed the real estate sector by introducing regulatory oversight and consumer-centric provisions. However, its effectiveness is contingent upon consistent implementation and robust enforcement mechanisms. The decentralization of authority to states has led to variations that dilute the Act's uniformity.

Moreover, while RERA has improved transparency, issues such as project delays and litigation continue to exist. The lack of coordination between regulatory authorities and judicial bodies further complicates enforcement. Therefore, a more centralized monitoring mechanism may be necessary to ensure consistency.

## **II. CONCLUSION**

The Real Estate (Regulation and Development) Act, 2016 marks a significant step towards reforming India's real estate sector. It has improved transparency, accountability, and consumer protection. However, challenges related to implementation, enforcement, and uniformity remain. For RERA to achieve its full potential, continuous efforts are required to strengthen institutional mechanisms and ensure consistent application across states. A balanced approach that protects consumer interests while supporting industry growth is essential for sustainable development in the real estate sector.

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