

RERA will bring in transparency, reduce litigation, boost FDI in real estate: FICCI-Grant Thornton report: The

The recently cleared real estate regulatory act (RERA) will bring in transparency in real estate transactions, reducing the number of litigations in the sector, according to a survey-based report by FICCI and Grant Thornton.

Respondents of the survey 'Real Estate Regulation Act, 2016 (RERA) - Are we ready?' also felt that the new act will improve the hold of governance on the sector which will push more foreign domestic investments into the sector in the short term.

"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 said.

According to the report, developers might need some time to get used to provisions and complexity of rules under RERA and compliance with these provisions "might push prices upwards in the short-term".

Eventually, because of the efficiencies that RERA will bring in, prices will stabilize. RERA will not only help speeding up under construction projects but also immunize buyers from any fraudulent practices.

Over 65% of the respondents in the report feel transparency will increase in real estate dealings going forward. Around 60% think RERA will increase governance hold on the sector, lead to increased investments. Approximately 50% of the respondents hope lending options from lenders will improve and availing finance will be easier.

Around 40% of the respondents feel implementation of RERA will help in 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 complying with this act should not become another layer of approval and rather eases the entire approval process for builders.