



INTERNATIONAL JOURNAL OF HUMAN RIGHTS LAW REVIEW

An International Open Access Double Blind Peer Reviewed, Referred Journal

Volume 4 | Issue 3 | 2025

Art. 15

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Recommended Citation

Osho Gupta and Dr. Bhavna Batra, *Regulating Realty: Tracing the Evolution, Impact, and Emerging Challenges of RERA in India*, 4 IJHRLR 211-223 (2025).
Available at www.humanrightlawreview.in/archives/.

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Regulating Realty: Tracing the Evolution, Impact, and Emerging Challenges of RERA in India

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Manuscript Received
02 May 2025

Manuscript Accepted
05 May 2025

Manuscript Published
12 May, 2025

ABSTRACT

With an emphasis on the Real Estate Regulation and Development Act (RERA), this study examines the changing patterns in Indian real estate development laws. The purpose of the study is to evaluate how RERA has affected the real estate industry and how well it has worked to advance accountability, transparency, and consumer protection. This paper advances knowledge of the regulatory environment in the Indian real estate sector by providing a thorough analysis of the legislative framework, case studies, and expert opinions.

KEYWORDS

RERA, Consumer Protection, Legislative Framework, Transparency.

INTRODUCTION

With the passage of the Real Estate Regulation and Development Act (RERA), the Indian real estate industry—a vital part of the country's economy—has seen substantial regulatory changes. RERA was enacted in [year] with the intention of promoting consumer protection, accountability, and transparency in the real estate industry. With an emphasis on the effects and application of RERA, this paper offers a thorough examination of the changing trends in real estate development regulations. The study attempts to shed light on the revolutionary role of RERA in influencing the dynamics of the real estate sector by analysing the Act's main provisions, closely examining its enforcement procedures, and

evaluating its efficacy¹. With almost 6-8% of the country's total economic output and millions of jobs, the Indian real estate industry is one of the biggest contributors to the GDP of the country. Notwithstanding its significance, the sector has historically been plagued by problems like unreliable project delivery, a lack of accountability, and opaque financial practices, all of which have damaged consumer confidence and slowed market expansion. The Indian government passed the Real Estate (Regulation and Development) Act (RERA) in 2016 after realizing these structural issues.²

RERA is intended to provide thorough industry regulation, guaranteeing openness in project approvals, schedules, and funding allocations. Its requirements include managing escrow accounts, requiring project registration, and establishing grievance redressed procedures through state-specific RERA authorities. Although RERA has been widely praised as a game-changer, state-level differences, low consumer awareness, and infrastructure bottlenecks have all contributed to criticism of its implementation.

ORIGINS AND KEY OBJECTIVES OF RERA:

The Real Estate Regulation and Development Act (RERA) in India was born out of the enduring problems with the real estate industry, which for many years had been beset by unethical behavior, a lack of transparency, and a weak regulatory framework. As the industry became more and more important to the nation's economy, there was a growing need for a regulatory body that could handle the numerous issues that developers and homebuyers faced. RERA's origins can be understood in the context of the Indian real estate market in the early years of the twenty-first century.³

After experiencing exponential growth, the industry was tainted by cases of project delays, dishonest business practices, and a notable information asymmetry between homebuyers and developers. Due to changes in project specifications or delays in project delivery, homebuyers were frequently left in the dark and ended up in drawn-out legal disputes with developers, which

¹ Prasanna S & Lavanya P, *Evolving Trends in Real Estate Development Regulations: A Study of RERA (Real Estate Regulation and Development Act)*, 1 ILE Prop. & Land L. Rev. 26 (2023).

² Ministry of Information & Broadcasting, Govt. of India, *Reforms in Real Estate Sector: RERA-2016* (2021), <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/sep/doc202191751.pdf>.

³ Asha Verma, *Impact of Real Estate (Regulation and Development) Act, 2016 on the Indian Real Estate Industry*, 5 Nat'l J. Real Est. L. 26 (2022), <https://lawjournals.celnet.in/index.php/njrel/article/view/1235>.

exacerbated the already widespread mistrust of real estate transactions.

RERA was passed in 2016 in response to these issues, with the main goal being to fundamentally alter the real estate industry. Through the introduction of an open and accountable regulatory framework, the Act sought to engender confidence among investors, homebuyers, and other stakeholders. In order to promote fair competition and moral business practices, one of the main goals of RERA was to level the playing field for all players in the real estate market. Consumer protection was the primary goal of the Act, which aimed to accomplish a number of important goals. RERA aimed to provide buyers with thorough information about real estate developments so they could make wise choices.⁴The Act required developers to register their projects with the regulatory body prior to marketing or selling any units in order to achieve this. This forced developer to follow predetermined project specifications and timelines in addition to creating a centralized repository of information.

Addressing the problem of project delays, a recurring issue in the real estate industry, was another important goal of RERA. RERA sought to guarantee that project funds were used for the intended project and lessen the possibility of diversion for other uses by requiring developers to place a sizeable amount of the funds in a special escrow account. This financial restraint was intended to speed up project completion and improve developer accountability, and it was combined with severe penalties for project delays.

RERA's origins and goals are a reflection of a sophisticated awareness of the difficulties the Indian real estate industry faces and the need to set up a regulatory framework that guarantees the industry's long-term expansion. RERA aimed to change the dynamics of the real estate market by emphasizing consumer protection, responsibility, and transparency in order to create an atmosphere where confidence and trust could flourish. This study will examine RERA's main features in greater detail in the sections that follow, as well as how it has affected India's changing real estate development laws.⁵

IMPORTANT RERA PROVISIONS: REVISING INDIA'S REAL

⁴ B&B Associates LLP, *Critical Analysis of RERA Act, 2016*, B&B Legal Articles (2021), <https://bnblegal.com/article/critical-analysis-of-rera-act-2016/>.

⁵ Vinay Thyagaraj, *7 Years of RERA: Building Trust, Transparency & Transformation in Real Estate*, TaxGuru (May 8, 2024), <https://taxguru.in/corporate-law/7-years-rera-building-trust-transparency-transformation-real-estate.html>.

ESTATE DEVELOPMENT LAWS:

A significant change in the framework of real estate development laws in India was brought about by the Real Estate Regulation and Development Act (RERA), which was passed in [year]. This section examines RERA's main provisions in detail, highlighting how they support the Act's main goals of accountability, transparency, and consumer protection. Real estate projects must be registered with the regulatory body, which is one of the main tenets of RERA. Developers must register their projects and include comprehensive details about the project's approvals, timeline, layout plans, and land title status. In order to protect homebuyers' interests, this requirement attempts to reduce the frequency of delayed projects and guarantees that developers follow the suggested timelines.

Real estate projects must be registered with the regulatory body, which is one of the main tenets of RERA. Developers must register their projects and include comprehensive details about the project's approvals, timeline, layout plans, and land title status. In order to protect homebuyers' interests, this requirement attempts to reduce the frequency of delayed projects and guarantees that developers follow the suggested timelines. ⁶The Act promotes transparency and stops deceptive promises that are frequently made in the pre-launch phases by requiring developers to obtain this registration before they can advertise or sell units in a project.

RERA also enforces strict guidelines for real estate projects' financial management. Developers are required to fund a specific escrow account with a predetermined portion of the project's overall cost. This action stops money from being diverted to other projects, which is a widespread practice in the sector that has historically caused project delays. To ensure that the money received from homebuyers is used exclusively for the assigned project, discipline, and accountability developers, a separate escrow account is required.

RERA offers a number of provisions to empower homebuyers in the context of consumer protection. According to the Act, developers are required to post comprehensive project details, such as layout plans, land status, approval status, and project specifications, on the website of the regulatory body. In addition to improving transparency, this clause empowers prospective purchasers to make knowledgeable choices.

⁶ ReunionHQ, *The Rise of RERA in India: A Comprehensive Overview*, ReunionHQ Blog (July 28, 2023), <https://reunionhq.in/blog/the-rise-of-rera-in-india-a-comprehensive-overview/>.

In addition, developers must fix structural flaws and other problems within a certain amount of time after homeowners take possession, giving them a safety net. Another crucial component of RERA is the penalties for noncompliance. Developers risk harsh consequences, such as monetary fines and jail time, for neglecting to register projects, give accurate information, or adhere to project deadlines. This strict enforcement mechanism forces developers to abide by the Act's provisions by acting as a deterrent. In addition to ensuring compliance, penalties are used to safeguard the interests of homebuyers who have historically been at risk from dishonest business practices.⁷ Another significant clause is the creation of Real Estate Regulatory Authorities (RERAs) at the state level and Real Estate Appellate Tribunals at both the federal and state levels. These organizations act as quasi-judicial tribunals to settle disagreements and complaints between homebuyers and developers. Compared to more conventional legal channels, the establishment of these institutions expedites the dispute resolution process and provides a quicker and more accessible forum. But even with RERA's revolutionary effects, there are still obstacles to its successful application. Ongoing obstacles include differing state-by-state compliance, varying degrees of ambiguous interpretations of specific provisions, and the requirement for ongoing monitoring to address new issues. Resolving these issues and guaranteeing a consistent and strong implementation across all jurisdictions are essential to the Act's success.

In conclusion, India's real estate development laws have undergone a substantial change as a result of the main RERA provisions. An era of accountability in the real estate industry is being ushered in by the Act's emphasis on transparency, financial discipline, and consumer protection, which represents a break from conventional practices. Even though there are still obstacles to overcome, RERA is a ray of hope that the Indian real estate market is moving in the right direction toward greater regulation, transparency, and consumer focus.

EFFECT ON THE PROTECTION OF CONSUMERS:

A paradigm shift in the dynamics between developers and homebuyers has been brought about by the Real Estate Regulation and Development Act (RERA), which has become a crucial piece of legislation in the Indian real estate industry. Providing measures that encourage accountability, transparency, and equity in real estate transactions is one of RERA's main goals

⁷ Aran Law, *Defective Construction of Building – Builders Liability Under RERA Act*, Aran Law Blog (Dec. 31, 2024), <https://aranlaw.in/blog/property-law/defective-construction-builders-liability-under-rera-act/>.

in order to protect consumers. RERA has made the real estate industry much more transparent, particularly when it comes to project marketing. Developers are now required to register their projects with the regulatory body, supplying comprehensive details about the project, such as approvals, layout plans, and completion dates. Because of this transparency, homebuyers have access to thorough information that helps them make wise choices.⁸ Throughout the course of the project, buyers will always have access to the most recent information thanks to the requirement that developers update project details on the RERA portal on a regular basis.

According to RERA, developers are required to keep a distinct escrow account for every project, into which 70% of the money received from purchasers must be deposited. This clause guarantees that the money raised for a particular project will only be used for that project. This financial discipline gives homebuyers an additional layer of financial protection by reducing the possibility that funds will be diverted to other projects. Buyers are more likely to get their money back from the designated escrow account in the event that the project is delayed or never gets finished.⁹

In every state and union territory, RERA creates Real Estate Regulatory Authorities (RERAs), which serve as forums for resolving consumer complaints. There is now a simplified process for homeowners to complain to developers about problems with quality, delays in possession, or any other breach of the contract. The deployment of specialized adjudicating officers guarantees a more rapid and more effective dispute resolution, providing customers with a convenient way to seek compensation without having to engage in drawn-out legal battles. RERA addresses a critical component of consumer protection by requiring developers to provide a clear and marketable title of the land. This lowers the possibility of legal issues after the sale by giving buyers greater assurance regarding the validity of the property titles.

Furthermore, developers are held responsible for any structural flaws or subpar workmanship thanks to the five-year defects liability clause, which raises the standard of quality assurance in real estate projects overall.

⁸ Nitin Gupta, *Real Estate Regulatory Reforms Shaping the Future*, The Hindu (Nov. 11, 2023), <https://www.thehindu.com/real-estate/house-building-real-estate-construction-properties/article67325733.ece>.

⁹ India Brand Equity Foundation, *Real Estate Regulation and Development Act (RERA) Progress: The Journey of Increasing Trust*, IBEF Blog (Apr. 23, 2025), <https://www.ibef.org/blogs/real-estate-regulation-and-development-act-rera-progress-the-journey-of-increasing-trust>.

Although there is no denying RERA's positive effects on consumer protection, there are still issues with its full implementation. States' differing levels of adoption, unclear interpretations of some provisions, and the requirement for constant attention to resolve new issues underscore the ongoing process of realizing RERA's full potential. However, there is no denying that the Act has tipped the scales in favor of homebuyers, creating a more secure and egalitarian atmosphere in the Indian real estate market. The effect of RERA on consumer protection is still a crucial topic of research for legislators, attorneys, and industry participants as the real estate sector develops.¹⁰

CHALLENGES IN RERA IMPLEMENTATION:

An important turning point in the regulatory environment of the Indian real estate market was the Real Estate Regulation and Development Act (RERA). Notwithstanding its lofty goals and carefully thought-out provisions, RERA's implementation has run into a number of obstacles that have reduced its ability to produce the intended results. The main obstacles to RERA's implementation are critically examined in this section, illuminating the subtleties and complexity that have surfaced since the law's creation.¹¹

The varied and decentralized character of the Indian real estate market is one of the main obstacles to RERA implementation. Since RERA is a federal law, state governments are primarily responsible for ensuring its implementation. Although the Act offers a general framework, each state and union territory is free to create its own laws and regulations, which causes notable regional differences in how they are implemented. It is challenging to evaluate the overall effects of RERA on a national level because of the complexity this lack of uniformity adds. Additionally, given that some states have stronger enforcement systems than others, it calls into question how consistently homebuyers' rights are being upheld.

The lack of knowledge and comprehension of RERA among developers and homebuyers is another significant issue. A sizable section of the real estate industry is still unfamiliar with the complexities of the Act, despite the government's efforts to raise awareness through a variety of platforms. This ignorance

¹⁰ LawCrust Editorial Team, *RERA Implementation: A Catalyst for Change in India's Real Estate Sector*, LawCrust (Sept. 2024), <https://lawcrust.com/rera-implementation-india/>.

¹¹ Raju Sabar & Snigdhadip Ghosh, *A Critical Study on the Effects of RERA Regulations on India's Real Estate Industry*, 20 *Nanotechnology Perceptions* 754 (2024), <https://www.nano-ntp.com>.

frequently results in inadvertent noncompliance since developers might not completely understand the scope of their RERA-related responsibilities. Lack of knowledge on the part of consumers may make it difficult for them to effectively exercise their rights, negating RERA's goal of ensuring knowledgeable and capable homebuyers.¹²

Another obstacle to the effective application of RERA is the enforcement and adjudication processes. Although the Act creates state-level regulatory bodies to settle disputes and enforce compliance, these bodies' effectiveness varies greatly. There is a backlog of cases in some states as a result of delays in the creation of appellate tribunals and the appointment of adjudicating officers. This defeats the goal of RERA as a prompt and effective mechanism for resolving grievances by delaying the resolution of disputes.

Additionally, the consistency and quality of decisions made by these bodies may be impacted by a lack of qualified staff, casting doubt on the adjudication process's overall efficacy.

Despite the strict requirements of RERA, the problem of unfinished projects and delayed possession persists. Numerous developers still encounter monetary limitations, legal restrictions, and other unanticipated difficulties that prevent projects from being finished within the allotted time frames. The complicated nature of real estate projects frequently leads to unforeseen challenges, even though RERA requires project registration and penalizes delays. It is still difficult to implement RERA in a way that strikes a balance between holding developers responsible for delays and giving them the latitude they need to resolve real problems.

Another obstacle to RERA implementation is the real estate industry's innate susceptibility to changes in the economy. Economic downturns, market turbulence, and outside variables that developers cannot control can have a big impact on project budgets and schedules. The long-term viability of RERA depends on finding a balance between safeguarding homebuyers' interests and taking into account the difficulties faced by developers in these situations.¹³

In conclusion, even though RERA is a commendable attempt to

¹² N. Chawla & B. Kumar, *Does Indian Real Estate Regulation Protect Urban Homebuyers? Policy Implications*, 9 *Cogent Bus. & Mgmt.* (2022), <https://doi.org/10.1080/23311975.2022.2117164>.

¹³ R. Gowda & Karthik P., *Impact of RERA on Real Estate Industry: A Study with Reference to Building Constructions in Bengaluru City*, 13 *Vidyabharati Int'l Interdiscip. Res. J.* 2 (2024), ISSN 2319-4979.

improve the Indian real estate industry's transparency, accountability, and consumer protection, there are many obstacles in the way of its implementation. The federal and state governments, business stakeholders, and regulatory agencies must work together to address these issues aiming for increased consistency in how RERA is applied in different states, raising awareness, fortifying enforcement.

FUTURE TRENDS

Although the Real Estate Regulation and Development Act (RERA) has unquestionably represented a major turning point in the regulation of the Indian real estate market, the industry's dynamic character demands constant assessment of its efficacy and adjustment to new developments. This section explores potential developments in real estate development laws and offers suggestions for improving the RERA framework. Cross-border cooperation in regulation is essential as the real estate market grows more globalized. Increased collaboration between Indian regulatory agencies and their foreign counterparts could be a trend in the future. This cooperation might involve exchanging best practices, working together to look into international real estate transactions, and creating uniform rules that follow international guidelines.

It is anticipated that future real estate laws will be shaped by an increasing focus on sustainable development. Green building certifications, energy efficiency guidelines, and eco-friendly practices could all be incorporated into regulatory frameworks.

Promoting ecologically responsible development guarantees the longevity and resilience of real estate projects while also being in line with international efforts to combat climate change.

For real estate laws to be successful, consumers must be empowered via education and active engagement. Initiatives to inform homebuyers of their rights, the complexities of the home-buying process, and how to successfully negotiate the regulatory environment may be part of future trends. The regulatory framework may be strengthened even more by platforms that promote consumer input and involvement in regulatory procedures.

CONCLUSION

In a complex and changing landscape in the Indian real estate industry is revealed by the examination of changing trends in real estate development regulations, with an emphasis on the Real Estate Regulation and Development Act (RERA). A major turning

point in the industry's regulatory history was reached with the implementation of RERA, which sought to address persistent problems with accountability, transparency, and consumer protection. It is clear from considering the main conclusions and ramifications of this study that RERA has significantly altered the dynamics of Indian real estate development.

Making the real estate market more transparent was one of RERA's main goals. The Act required developers to register their projects in order to create a publicly accessible centralized database. Homebuyers now have access to vital information like project schedules, financial disclosures, and legal documentation thanks to this transparency. RERA has reduced information asymmetry in the real estate transaction process by empowering consumers to make educated decisions and promoting a more equitable relationship between homebuyers and developers.¹⁴

RERA has a significant effect on consumer protection. The Act imposed penalties for project delays and defects and established strict standards for project delivery. Each state now has a dedicated forum for handling customer complaints, guaranteeing prompt resolution, and raising general customer satisfaction thanks to the creation of Real Estate Regulatory Authorities (RERAs). In an environment where real estate transactions entail sizeable financial investment and long-term commitments, the emphasis on safeguarding homebuyers' interests is especially pertinent.

Notwithstanding the difficulties, these encouraging developments continue to exist in the successful application of RERA. Among the issues that need to be addressed are the need for a simplified dispute resolution procedure, variations in the extent of enforcement among states, and ambiguities in specific provisions.

For RERA to have the desired effect, consistency in how it is applied in each state is essential. A stronger and more stable regulatory environment will also result from resolving ambiguities and changing legal interpretations.

Looking ahead, the continued development of RERA is probably going to influence future developments in real estate development regulations. Policymakers need to be on the lookout for new issues as the real estate industry continues to adjust to the regulatory changes. It is worthwhile to investigate how technology can support compliance and monitoring procedures. RERA's efficacy

¹⁴ Bhatt & Joshi Associates, *Real Estate Regulation in India: The Real Estate Regulatory Authority (RERA)*, Bhatt & Joshi Associates (2024), <https://bhattachandjoshiassociates.com/real-estate-regulation-in-india-the-real-estate-regulatory-authority-rera/>.

and efficiency can be further increased by incorporating digital platforms for project registration, documentation, and dispute resolution.

The RERA framework should be strengthened and improved by implementing international best practices where appropriate, encouraging standardized practices, and conducting periodic reviews to address new issues. Fostering a cooperative approach to industry regulation requires cooperation between stakeholders, such as developers, regulators, and consumer advocacy organizations. Furthermore, an informed and empowered real estate ecosystem will result from ongoing capacity building for RERA officials, developers, and consumers. The study's conclusion emphasizes how crucial RERA was in changing the Indian real estate development scene. While appreciating its beneficial effects on accountability, transparency, and consumer protection, it is crucial to address the current issue India's real estate industry can progress toward a more sustainable and customer-friendly future by taking note of the achievements and difficulties of RERA. The development of an effective and transparent real estate market is a continuous process, and the long-term viability of RERA and the general expansion of the Indian real estate market depend heavily on ongoing efforts to improve regulatory frameworks for a more thorough and consistent implementation.

RECOMMENDATIONS & WAY FORWARD

- ***Uniform Implementation Across States***

The inconsistent application of RERA in various states and union territories is one of the ongoing issues the law faces. A concentrated effort is required to persuade states to embrace a standardized approach in order to address this. In order to resolve differences and guarantee a more uniform and cohesive implementation of the regulatory framework across the country, regular consultations between the federal government and state authorities can be beneficial.

- ***Periodic Review and Amendments***

Because the real estate industry is so dynamic, regulatory frameworks need to change to meet the challenges and trends of the times. RERA should be reviewed on a regular basis to find any gaps, evaluate its effects, and suggest any necessary changes. The interests of developers and consumers will be better served by a flexible regulatory framework that adjusts to changing market conditions.

- **Public-Private Partnerships**

Government cooperation with private parties can help ensure that regulations are effective. Creating public-private partnerships may result in the exchange of data, resources, and expertise. By working together, regulatory bodies can better manage the intricacies of the real estate market and promote a more cordial working relationship between developers and regulators.¹⁵

- **Ongoing Stakeholder Discussion**

For any regulatory framework to be successful, inclusivity is essential. The regulatory process should include ongoing consultation with all parties involved, including consumers, developers, and legal professionals. Over time, the regulatory framework can be improved and refined by gathering input, holding frequent workshops, and establishing a forum for candid discussion.

It can be concluded that India's real estate development laws are expected to be innovative and flexible in the future. The regulatory environment can change to accommodate the changing demands of the dynamic real estate industry by adopting technological innovations, encouraging cross-border cooperation, encouraging sustainability, and putting strategic recommendations into practice. A more resilient, open, and customer-friendly real estate market in India may result from the combination of these upcoming trends and suggestions.

¹⁵ CW Team, *RERA's Impact Five Years Later*, Construction World (Apr. 21, 2025), [https://www.constructionworld.in/latest-construction-news/real-estate-news/rera---s-impact-five-years-later/72422.​;contentReference\[oaicite:2\]{index=2}](https://www.constructionworld.in/latest-construction-news/real-estate-news/rera---s-impact-five-years-later/72422.​;contentReference[oaicite:2]{index=2})