Impact of RERA on Transparency and Accountability in the Construction Industry

Chinmay Raskar

Course: MBA in Project and Construction Management, MIT ADT University, Pune, India
EN.No: ADT24MGTM0554

Abstract: ***This paper examines the extent to which the Real Estate (Regulation & Development) Act, 2016 (RERA) has influenced transparency and accountability in India's construction (real-estate) industry. Through review of the legislative provisions, secondary literature, and empirical observations, the study finds that while RERA has significantly improved disclosure, mandatory registration, escrow fund discipline, and buyer protection mechanisms, there remain gaps in enforcement, state-level variation and timely dispute resolution which limit its full impact. The paper concludes with recommendations to strengthen implementation, harmonise state-level rules, and further integrate digital tracking to deepen transparency and accountability.***

Keywords: Transparency in real estate, RERA enforcement, accountability mechanisms, buyer protection, regulatory compliance

1. Introduction

The construction and real estate industry in India has long been characterised by opacity: lack of project-level disclosures, delayed deliveries, misuse of buyer funds, unclear timelines and weak buyer recourse. In response, the Real Estate (Regulation & Development) Act, 2016 (RERA) was passed with the aim of bringing in regulatory oversight, consumer protection and uniform transparency requirements across states. RERA mandates registration of projects, quarterly disclosures, escrow fund requirements, structural defect liability and grievance redress mechanisms. The objective of this paper is to evaluate how these mechanisms have impacted transparency (i.e., openness, access to information, clarity of process) and accountability (i.e., responsibility of developers/promoters, redress of grievances, penalty for non-compliance) in the construction industry.

2. Literature Review

A range of recent studies and industry commentary show that RERA has brought positive shifts. For example, Yelukar et al. (2023) in their study of homebuyers found that transparency had a mean score of 4.2 and accountability a mean score of 4.0 post-RERA implementation. (iciset.in)

Industry articles note that project registration, mandatory disclosures, and escrow rules have boosted buyer confidence. (PropertyPistol)

Legal commentary highlights that RERA's provisions for mandatory registration and escrow account creation strengthen buyer protection and developer discipline. (Advances in Consumer Research)

However, the literature also points to limitations: inconsistent implementation across states, backlog of tribunals, and enforcement shortfalls. (Rudra Law Firm)

In sum, while the theoretical architecture for transparency and accountability is strong, real-world impact appears uneven.

3. Research Methodology

The paper uses a qualitative secondary research methodology. Sources include: published academic articles and journals analysing RERA's impact; industry articles and reports; regulatory authority public data; and legal commentary. The focus is on transparency and accountability as the key dependent variables, with RERA provisions and their implementation as the independent variable. The scope covers the Indian construction/real-estate sector broadly rather than a specific state or project. Limitations include absence of primary survey data, variation across states, and underlying heterogeneity in projects.

4. Analysis & Findings

4.1 Key Provisions of RERA Relevant to Transparency & Accountability

- Mandatory registration of projects and real-estate agents before advertising or sale. This ensures public access to project details (land title, approvals, timelines) and reduces the risk of unregistered or fraudulent promotions. (gtm.co.in)
- Obligation to disclose project details (approvals, progress report, financial disclosures) and updates on the regulator portal. This aids transparency. (IJARSCT)
- Escrow account requirement (commonly ~70% of funds collected must be used for land & construction) to prevent diversion of funds to other projects. This strengthens accountability of builders. (dearsociety.in)
- Structural defect liability (developers responsible for defects for a defined period) and timeline commitments for delivery. These impose accountability for quality and timeliness. (JETIR)
- Grievance redressal mechanisms: establishment of regulatory authority and appellate tribunal enabling buyers to raise complaints. (IJFMR)

4.2 Evidence of Improved Transparency & Accountability

- According to a stakeholder survey across several states, 76% of consumers aware of RERA prefer to buy RERA

registered properties, indicating heightened buyer demand for transparency. (Construction World)
- Reports show that fraudulent transactions have declined in projects registered under RERA, as disclosure and registration reduce information asymmetry. (goldncloudpublications.com)
- Industry commentary notes improved buyer-developer relations as there is clearer guideline, obligation and recourse. (PropertyPistol)

4.3 Persisting Gaps & Implementation Challenges

- Enforcement variation: Some states have weaker regulatory capacity, backlogs in tribunals, delays in adjudication. (Telangana NavaNirmana Sena)
- Projects initiated before RERA often fall outside its protection, leaving many homebuyers unprotected. (Confident Group)
- Despite registration and disclosure, there are continued cases of builders mis-advertising project details, non-compliance with approved plan, misuse of fund diversion in certain jurisdictions. (Reddit)
- Cost escalation & compliance burden: Some developers, especially smaller ones, claim that stringent rules (like escrow, separate accounts) increase cost and delay, which can paradoxically affect accountability and timely delivery. (Rudra Law Firm)

4.4 Overall Assessment

Overall, the implementation of RERA has undeniably raised the baseline of transparency and accountability in the Indian construction/real-estate sector. However, the impact is asymmetric: in states with active regulatory authorities, strong portals, and high compliance the benefits are more visible; in other states, inadequacies persist. The construction industry being highly fragmented and jurisdictionally varied means that regulatory uniformity is still a challenge.

5. Conclusion & Recommendations

The study concludes that RERA has been an important reform instrument bringing structural improvements in transparency (through disclosures, registration, information access) and accountability (through escrow funds, developer liability, buyer recourse). But to fully realise its promise, the following recommendations are proposed:
- **Strengthen state-level implementation**: Ensure each state's regulatory authority has adequate staffing, digital infrastructure, and monitoring capacity.
- **Uniformity and standardisation across states**: Harmonise rules, disclosures, portal designs and enforcement norms so that buyers across states receive similar protections.
- **Enhance digital transparency tools**: Build on portals, dashboards, mobile apps that allow real-time tracking of fund utilisation, project progress and builder history.
- **Accelerate grievance redressal**: Reduce backlog in tribunals, set defined timelines for complaint disposal, publish regulator performance data (turnaround times etc).
- **Greater coverage of legacy projects**: Consider extending the ambit of RERA or creating transitional mechanisms for pre-RERA projects so that they too enjoy transparency and accountability frameworks.
- **Capacity building and awareness**: Educate homebuyers, small developers and agents about their rights, obligations and responsibilities under RERA so that the transparency mechanisms are effectively utilised.
- **Periodic audit and public reporting**: Regulators should publish periodic audits of how much fund diversion, project delays, complaints and enforcement actions have occurred; this will further strengthen accountability.

Acknowledgement
Guide Name- Prof. Priyanka Patil

References

[1] Anwar Yelukar, S., Anand Burte, S., Bector, R., Mugdha Prasad, P., & Raut, R. G. (2023). "Impact of the Real Estate (Regulation and Development) Act on Homebuyers". *IJETIR*. (iciset.in)
[2] "Impact of RERA on Real Estate" (2024). *IRJAEM*. (goldncloudpublications.com)
[3] Gupta, K., & Mohila, T. (2025). "Contemporary Legal Provisions under RERA: Strengthening Consumer Protection in India's Real Estate Sector". *Advances in Consumer Research*. (Advances in Consumer Research)
[4] "RERA: A Beacon of Transparency in the Real Estate Maze!" PropertyPistol Blog. (PropertyPistol)
[5] JETIR (2019). "Impact of RERA on Real Estate Industry". (JETIR)
[6] "Benefits of RERA in 2023 | Advantages of RERA & MAHARERA". DearSociety. (dearsociety.in)