

Impact of Government Policies on Real Estate Consumer Buying Behaviour: (With special reference to RERA & Affordable Housing)

S.K.S. Yadav^{a*}, Renuka Itoria^b

^aFaculty of Commerce & Business Administration, Meerut College Meerut (U.P.) India

^bFaculty of Commerce & Business Administration, Meerut College Meerut (U.P.) India

Email Id : sudhiryadaameerut@gmail.com

Abstract

The real estate sector in India assumed a greater prominence with the liberalisation of the economy, as the consequent increase in business opportunities and labour migration led to rising demand for commercial and housing space. At present, the real estate and construction sectors are playing a crucial role in the overall development of India's core infrastructure. The real estate industry's growth is linked to developments in the retail, hospitality and entertainment (hotels, resorts, cinema theatres) industries, economic services (hospitals, schools) and information technology (IT)-enabled services (like call centres) etc. and vice versa. This study is related to Real estate industry in India. Heightened realization on the part of all stakeholders that infrastructure would play a key role towards pushing India's GDP to the desirable 8 percent mark has come as a boon for India's construction industry. This study was basically concern with consumer buying behaviour towards residential properties. The basic objective behind carrying this study was to study the impact of Government Policies on consumer's property purchasing behaviour i.e. (Residential) of different types of customer in different area in NCR, to study the various factors affecting the customer-buying pattern especially in case of residential properties and to search out whether Government Policies will encourage a consumer to buy real estate property and to see whether customer's are getting confidence through this new regulatory body which is going to regulate the industry.

Key Words: Real Estate Industry; RERA; Affordable Housing & Consumer Behaviour.

PAPER/ARTICLE INFO

RECEIVED ON: 22/04/2019

ACCEPTED ON: 21/06/2019

Reference to this paper should be made as follows:

S.K.S. Yadav, Renuka Itoria (2019), "Impact of Government Policies on Real Estate Consumer Buying Behaviour: (With special reference to RERA & Affordable Housing)", *Int. J. of Trade and Commerce-IIARTC*, Vol. 8, No. 1, pp. 176-191

1. INTRODUCTION

The Indian real estate industry, although witnessing a boom time, is still in its infancy. This business is still dominated by regional and family-run enterprises that are undercapitalized. However, the increasing scale of operations in the sector requires huge inflows of funds. With globalization in full swing, several investment companies from across the world are looking at Indian real estate market to park their fund as the risk adjusted yields here far exceed those in the most mature markets. It can be a winning strategy for private equity investors in countries like India where the real estate business is growing rapidly.

Real estate sector in India is expected to reach US\$ 1 trillion by 2030. By 2025, it will contribute 13 per cent of the country's GDP. Real Estate stock in India is expected to reach 3.7 million square feet in 2019, with addition of 200 million square feet during the year. Rapid urbanisation bodes well for the sector. The number of Indians living in urban areas is expected to reach 543 million by 2025. More than 70 per cent of India's GDP will be contributed by the urban areas by 2020. Construction is the fourth largest sector in terms of FDI inflows. FDI in the sector stood at US\$ 38.92 billion from April 2000 to December 2018. Government of India's Housing for All initiative is expected to bring US\$ 1.3 trillion investments in the housing sector by 2025. Following tables also shows the present scenario.

Table No. 1: Indian Real Estate Market (US \$ billion)

Year	Market Size in US \$ billion
2017	120
2025	650
2030	1000

Source: RBI Annual Reports

Table No. 2: Urban Population in India (million)

Year	Population of Urban India in Million
2015	429
2018	461(E)
2020	483(E)
2025	543(E)

Source: United Nations World Urbanization Prospects 2018, E = estimated

Table No. 3: FDI inflows in India (US \$ billion)

Sector	FDI inflows in US \$ billion till FY 2018-19
Construction	14.80
Construction Development	25.04

Source: RBI Annual Reports

The Indian real estate industry, although witnessing a boom time, is still in its infancy. This business is still dominated by regional and family-run enterprises that are undercapitalized. However, the increasing scale of operations in the sector requires huge inflows of funds. With globalization in full swing, several investment companies from across the world are looking at Indian real estate market to park their fund as the risk adjusted yields here far exceed those in the most mature markets. It can be a winning strategy for private equity investors in countries like India where the real estate business is growing rapidly.

Riding piggyback on a steady GDP growth, which is expected to continue in the near future the Indian economy is continue a boom time. Growing job opportunities coupled with high pay packets, growing trend of nuclear families along with declining housing loan rates have all played a significant part in the real estate bonanza. It is estimated that urban housing sector would require long-term investments of \$25 bn over the next years.

Growth is expected in the emerging categories of real estate like commercial and retail space. "Indian service sector employment growth is expected to accelerate rapidly which would be roughly at 30%. The number of malls in the country is expected to rise from the current 40 to 250 by 201". At present, 250 retail malls were either being set up or were under construction across 50 cities.

To meet the needs of increasing demand from all sectors especially from outsourcing and retail companies, it is estimated that 66-mn sq. ft of commercial space would be required over the next five years. Commercial space and the residential township projects look attractive for investments as they continue to witness high capital appreciation with good returns. The returns on residential sector have been ranging between 20-30% over the past one-year whereas commercial yields are around 11-12%, which is highest in Asia.

One of the key attractions for private equity players is the ability to invest relatively large amounts of capital and earn returns in excess of 25%, over the holding period of such investments which is typically 5-7 years. (Padma Kumar, Revathi, Associate Director, KPMG Corporate Finance, London.)

1.1 The Real Estate Regulatory Authority (RERA): The Real Estate Regulatory Authority (RERA) will come into existence one year from the date of commencement of the act, by a notification, which will be issued by the appropriate government. The Government or Governments, as the case may be, have the discretion of establishing just one RERA for two or more states, or establish more than one RERA in a single state. The Government can appoint any authority to carry out the functions of a RERA for as long as the RERA is not established. As soon as the RERA is established, all the cases would be transferred from the authority acting as RERA to the established RERA. RERA shall be a body corporate.

1.2 Affordable housing in India: According to estimates, around 600 million people are expected to make urban India their home by 2031, a whopping 59% growth over 2011. As an increasing proportion of India's population starts participating in its growth story, it brings with it mounting pressure on the existing infrastructure, which needs to at least keep pace with the growing demand, if not be ahead of the curve. The current housing deficit in India stands at 19 million units, which, in the absence of any meaningful intervention, is slated to double to 38 million units by 2030. 95% of this deficit is around the EWS (Economically Weaker Sections) and LIG (Low Income Group) segments, which technically puts the figure at a staggering 18 million units in this category (approximately). While this number is huge, there is also a substantial chunk of upper end of LIG band and lower to middle end of MIG band, which we can say comprises 'the emerging middle class', who are also deprived of decent living conditions. The deficit in this category is approximately 4 lakh units, which, if not addressed, would further aggravate the

proliferation of unplanned and unsustainable urbanization. Statistics show that more than 80% of this category is staying in congested homes.

In India, it is appropriate to define affordability in housing as being a function of three broad parameters - the monthly household income (MHI) of prospective buyers, the size of the dwelling unit and the affordability of the home buyer (the ratio of the price of the home to annual income or the ratio of EMI to monthly income). First and foremost, the Affordable Housing customer seeks a strong value proposition. Limited income and difficulty in access to credit mean that a home will most likely comprise the most important asset/biggest investment in his/her lifetime, and will form the starting point for the long-term welfare of his/her family. A well-constructed home in a planned development with adequate sanitation, security, privacy, play areas for children, and uninterrupted water & electricity supply holds significant inspirational value for this customer, whose current living conditions are likely to be compromised. Good connectivity to places of work in urban centres and the presence of social infrastructure such as schools and hospitals are also keys.

In India, while home-ownership remains a long-cherished dream for the potential Affordable Housing customer, he/she faces several hurdles en route:

- a) **Connectivity** - For Affordable Housing to be truly sustainable, it is important for both development and throughput to be speedy and large scale. However, the lack of affordable and adequately sized land parcels in inner urban localities has driven the development of Affordable Housing to urban peripheries. This in turn often poses a challenge to the Affordable Housing customer, who requires efficient connectivity to areas of work in city business districts. The development of effective mass rapid transit systems is the solution to facilitate easy commute and reduce travel time.
- b) **Financial literacy** - Unable to produce formal pay slips and other relevant documentation to establish creditworthiness, EWS and LIG categories often find it difficult to secure formal housing finance. Financial assistance and financial literacy training is thus the need of the hour for the segment, and Non-Banking Financial Companies have stepped into provide the needful assistance to such customers in securing home loans.
- c) **Cost of ownership** - Lack of affordable land, various forms of taxes and levies like VAT, Service Tax, Stamp Duty etc. constitutes anywhere between 30% to 35% of the home cost, which increases the cost of home ownership. This is in addition to the inefficiencies that is brought to a project by local development rules which are more attuned to premium housing. Moreover, the lack of affordable land options within the city pushes the Affordable Housing corridors to the peri-urban areas which, when coupled with the lack of mass rapid transit systems, makes it difficult for the Affordable Housing customer to take the all-important decision of owning his/her first home. Positive intervention by respective state governments along with help from the central government will go a long way in increasing supplies within the city limits till at such time as last mile public infrastructure like mass rapid transit, water, electricity, sewage disposal facility, etc. is established in peri urban areas.

1.3 Government Initiatives: The Government of India along with the governments of the respective states have taken several initiatives to encourage the development in the sector. The

Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- The Ministry of Housing and Urban Poverty Alleviation has sanctioned the construction of 84,460 more affordable houses for urban poor in five states, namely West Bengal, Jharkhand, Punjab, Kerala and Manipur under the Pradhan Mantri Awas Yojana (Urban) scheme with a total investment of Rs 3,073 crore (US\$ 460 million).
- The Cabinet Committee on Economic Affairs (CCEA) has approved various measures to revive the construction sector, putting in place a mechanism to release funds stuck in arbitration awards to revive stalled projects.
- Brihanmumbai Municipal Corporation (BMC) has introduced a single-window clearance for construction which will cut the time taken for getting approvals for a building project and lead to correction in prices of residential property, thereby giving a fillip to Mumbai realty,
- The Securities and Exchange Board of India (Sebi) has proposed easier regulations for Real Estate Investment Trusts (REITs), such as raising the cap of investment of REITs' assets in under-construction projects from 10 per cent to 20 per cent, in order to attract the interest of developers, and also plans to relax the rules for foreign fund managers to relocate to India,
- SEBI has allowed Foreign Portfolio Investors (FPI) to invest in units of Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts, and category III alternative investment funds (AIFs), and also permitted them to acquire corporate bonds under default.
- The Rajya Sabha or the upper house of the Parliament has passed the Real Estate (Regulation and Development) Bill, 2013, which aims to protect consumer interest, ensure efficiency in all property related transactions, improve accountability of real estate developers, increase transparency and attract more investments into the realty sector in India.
- The Securities and Exchange Board of India (SEBI) has issued the consultation paper for public issue of Real Estate Investment Trusts (REITs), which include provisions such as capping of allocation to qualified institutional buyers (QIBs) at 75 per cent, among other topics.
- India's Prime Minister Mr. Narendra Modi approved the launch of Housing for All by 2022. Under the Sardar Patel Urban Housing Mission, 30 million houses will be built in India by 2022, mostly for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.
- The Securities and Exchange Board of India (SEBI) has notified final regulations that will govern real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). This move will enable easier access to funds for cash-strapped developers and create a new investment avenue for institutions and high net worth individuals, and eventually ordinary investors.

2. LITERATURE REVIEW

A literature review is a text of scholarly papers, which includes the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and do not report new or original experimental work.

- a. **Sunil Dhawan (May 09, 2017)** in his article “Will RERA impact real estate prices” published in *Economictimes.com*. Stated that RERA is going to impact real estate in terms of price. For existing property and as well as under construction property. As the Super built-up cost of a property will be calculated in carpet area itself, which will increase the overall price of the property.
- b. **Sobia Khan (13th July 2107)** in her article “Real estate brokers fear state RERA rules with hit them” published by ET bureau. Stated that Real estate brokers of Bengaluru are afraid that RERA will have a negative impact on their businesses, it is because of increase in the registration fees. Bengaluru is charging more than any other state in India, which the real estate agents cannot afford to pay.
- c. **RBI Bulletin (Jan, 2018)** Rapid urbanisation and migration to cities have caused severe urban housing shortages in India, particularly for the economically weaker sections. In this context, the Government and the Reserve Bank of India have undertaken a number of initiatives to boost affordable housing. Even as loan disbursements as well as launches of new projects in the affordable housing segment have risen sharply in 2016-17, there was an increase in nonperforming housing loans, particularly for the lower slabs of home loans. While the credit linked subsidy scheme was found to be effective in improving the housing affordability of the economically weaker sections, unlocking of land in the urban areas poses a major challenge for further development of the sector.
- d. **Sonia Sahni (2018)**, in her research explained different risks of real estate market before Indian, such as: **Liquidity Risk:** The real estate investment market is still in its infant stage. The time required for liquidity of real estate property can vary depending on the quality and location of the property. **Regulatory Risks:** In terms of property ownership, permission from the Reserve Bank of India is required for foreign investors. For capital repatriation, investors need to apply for approval from the RBI, and foreign direct investment is limited to a limited set of opportunities (e.g. townships). The REMFs work within the SEBI framework. Being a developing and growing sector, the rules, regulations and legalities demonstrate frequent changes, making it seem as a cumbersome investment option to the investors. **Property Market Transparency Risk:** The Indian property market has low transparency when compared to the more mature and developed real estate markets. Although market transparency has improved, reliable and consistent information on the Indian property market is still not easily available. There are also more professional due diligence and valuation institutions needed. This holds true even for the Tier I cities. **Macro economic Risks:** Interest rates, inflation and exchange rate risks are amongst the important macro economic indicators and have shown decreased volatility. The provision of facilities, is in many regions, still inadequate (education, transport infrastructure). These risk factors are not likely to disappear in the near future, impeding the development of the real estate sector. **Ownership and Land Title Issues:** Lack of information and low transparency in the real estate segment in India, coupled with the age old property related issues discourages the investment of the large players in the semi urban and rural areas thus slacking an overall growth of the real estate sector.

- e. **FICCI (2015)**, Real estate sector is one of the most critical sectors of Indian economy due to its huge multiplier effect on the economy. Any impact on real estate sector has a direct bearing on economic growth. 100% Foreign Direct Investment (FDI) was permitted for Indian real estate sector in 2005, which had led to a boom in investment and developmental activities in later years. According to DIPP, total FDI inflow in construction development sector (including townships, housing, built-up infrastructure) during April 2000 to September 2015 has been around US\$ 24.16 billion which is about 9% of total FDI inflows (in terms of UD\$) from April 2000 to September 2015. Since real estate is a state specific subject, majority of respondents highlighted that states should enhance their involvement in attracting foreign investments in real estate and reaping the benefits of relaxed FDI norms by announcing investor and developer friendly regulations. States should put in place a more efficient approval process system, ensure better governance through measures such as, single window clearance, time bound clearances; quicker legal remedies for investors and faster resolution of consumer woes through regulations such as state real estate regulators etc. Government of India should bring more clarity over the entry and exit norms and processes to be followed by investors post recent reform announcements. Both Centre and State must work together to ensure removal of bottlenecks for faster implementation of reform measures for foreign investments in real estate. Government of India could also consider a reduced lock-in-period applicable for FDI investments from 3 years currently to 1-2 years to further enhance investor interests.
- f. **Taiwo, A. A. et. al. (2014)**, explained some events in the building industry in Nigeria in the last decade show the important role the private sector played in housing finance. With the advent of the public-private partnership concept in almost every sector of the socio-economic spheres of the nation, the role of the private sector in housing finance cannot be over-emphasized. This paper clearly states that the low-income public servants do not easily have access to housing finance. The responsibility of generating housing finance at a relatively low interest rate repayable over a maximum period of twenty five years rests on whoever seeks for a housing loan through the Federal Mortgage Bank or the Primary Mortgage Institutions. This paper seeks mediatory role of the private sector between this class of the society and the mortgage banks to source for funds to enable them to own their houses. The research method employed in this paper is the survey research in which questionnaires were administered on members of three housing estates, two housing estates in Lagos and one in Abuja. This paper examines the role of the private sector in the public-private partnership in housing delivery to low-income earners in Nigeria through housing finance. The findings showed that majority of the respondents had access to either mortgage or commercial banks to source for funding or the purchase of the houses.
- g. **Godwin, A. (2006)**, questioned: should housing improvement be part of economic development strategies? Should housing improvement wait until high-economic growth attained? How much priority should be given to housing in view of the limited resources in less-developed countries? What are housing benefits in economic development vis-à-vis other

economic investments? These questions have generated heated debates, both in the literature on development problems and in planning and practice in the 1950s and 1960s. This paper draws on the accumulated body of knowledge resulting from past experiences in research and policy to revisit the earlier debates, survey the main lines of argument and reassess the economic potential of housing. It then attempts to generate broad policy considerations. The main contention of this paper is that in light of past and present evidence, the housing sector needs to be given serious consideration in economic growth strategies.

- h. Mahadevan (2015)**, explained that 'Affordable housing in India: Challenges & opportunities', It is a bit of a paradox that while a basic human necessity like housing is becoming increasingly expensive, luxury items such as smartphones and electronic goods are more and more affordable. The neighbourhood taxi driver may wield the latest mobile technology, but home might still mean a compromised solution. And yet, the future holds infinite possibilities. All it needs for Affordable Housing to become a widespread reality in India is a unified and sustainable approach by all stakeholders with one common goal in mind - "Quality Housing that is truly for All."
- i. Bagish Jha, Shubhra Pant, Sharmila Bhowmick (27th July 2017)** in their article "Most ongoing projects in NCR will be out of RERA" published by Times of India stated that Haryana and Uttar Pradesh RERA rules have a majority of ongoing real estate projects in NCR outside the ambit of the new real estate law, with the number as high as 90% in Gurugram. There are many projects in queue to get registered under RERA and because of this, buyers in NCR are facing a lot of trouble.

3. OBJECTIVES OF STUDY

The following are the objectives of this paper:

To Study how Government Policies specially implementation of RERA and Affordable Housing are going to affect consumer buying behavior while buying a residential property.

4. HYPOTHESIS OF THE STUDY

h_0 There is no change in the buying behaviour of consumers in post RERA and Affordable Housing Scheme implemented by Government.

5. RESEARCH METHODOLOGY

5.1 Need and Significance: Need for this research is important to know whether the Government Policies will be reliable or not. RERA is a body which is going to change whole game of real industry. To know the consumer behaviour while buying a residential real estate property this research is required. Every research has its special significance in solving problem of business and industry. This research is going to help real estate developers and real estate agents to know the consumer's perception toward buying a real estate property.

5.2 Research Design

Descriptive research includes surveys and facts findings enquiries of different kinds. The major purpose of Descriptive research is the description of the state of affairs, as it exists at present. It provides the data about the population or universe being studied.

Descriptive research is used when the objective is to provide a systematic description that is as factual as accurate possible. In this proper we have to find whether outdoor advertising influences people to buy products & services, therefore our research is descriptive in nature.

5.3 Sources of Data

For our study, we collected both Primary as well as Secondary Data:

1. Secondary Data was collected from internet browsing various websites, books, journals etc.
2. Primary Data was collected through questionnaires

5.4 Tool used for data collection: Data was collected through self-administered questionnaires. A majority of the questions were objective in nature in the form of multiple choice questions or ratings.

5.5 Sample Size: The sample size is 201 and the sample is chosen using simple random sampling technique so as to cover the groups of interest in the right proportions. Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample.

6. DATA ANALYSIS AND INTERPRETATION

Survey was conducted on consumers of residential real estate property to know what those factor which impact consumer are buying behavior due to implementation of RERA. Questionnaire are filled by consumer which consist of 200 sample size. Following are interpretation of the question asked to consumers.

Table No. 4: Age Group wise distribution of sample

Age	No. of Respondents	Percentage
20-30	36	17.9
30-40	88	43.8
40-50	58	29.3
50 & Above	18	9.0
Total	201	100.0

Source: Survey

Out of 201 responses, it is observed that 17.9% respondents (i.e. 36 people) belong to the age group of 20-30 years, 43.8% respondents (i.e. 88 people) belong to the age group of 31-40 years, and 29.3% respondents (i.e. 58 people) are between 41-50 years of age, whereas 18 people (9%) belong to the age group of 51 and above.

Middle aged people (31-50 years) are comparatively more into buying properties, the main reasons for buying a property being either for living or investment which surely has to be backed by the ability to spend. The youth (20-30 years) is seen to have relatively lower purchasing power than middle aged buyers due to less savings.

Table No. 5: Gender wise distribution of sample

Gender	No. of Respondents	Percentage
Male	162	80.6
Female	39	19.4
Total	201	100.0

Source: Survey

Out of 201 responses, 162 respondents i.e. 80.6% are males and only 39 respondents i.e. 19.4% are females. On the basis of gender, it is seen that approximately 80% buyers are males and rest 20% are females. The reason behind this is the working class ratio between men and women, less females belong to the working class and men being the ones working and earning.

Table No. 6: Occupation of the Respondents

Occupation	No. of Respondents	Percentage
Service	81	40.3
Business	74	36.8
Professional	41	20.4
Others	5	2.5
Total	201	100.0

Source: Survey

It is surveyed that out of 201 responses, 81 respondents (40.3%) are employees, the occupation of 74 respondents is business and 41 respondents (20.4%) are professionals. 5 respondents (2.5%) have selected "others" i.e. occupation rather than employee, business and professionals.

It is found that maximum people are in service, who are engaged in different industry. The maximum employees who are in the middle age are focused to buy a house on their own. The results show that in the age group of 30-40 yrs maximum people purchase real estate property for their end use.

Table No. 7: Annual Income of the Respondents

Annual Income per Annum	No. of Respondents	Percentage
Upto Rs. 500000	34	16.9
Rs. 500000 to Rs. 1000000	95	47.3
Rs. 1000000 & Above	72	35.8
Total	201	100.0

Source: Survey

Out of total 201 responses, the annual income of 34 respondents (16.9%) is between Rs 2,50,000 to 5,00,000. 95 respondents (47.3%) have an annual income ranging between Rs 5,00,000 to 10,00,000, whereas 72 (35.8%) people have an annual income of Rs 10,00,000 and above.

The major chunk belongs to employees so it can said that most of them belong to the 5 to 10 lacks annual income class, many can also belong to annual income of 10 lacks and above class. The income being the most important factor in purchase of any property, the ones with annual income of 2.5 to 5 lacks may or may not be able to afford the increasing prices of properties these days due to inflation and other factors and one of the important factor is that most of time people in this category apply for housing loan or else they will prefer subvention scheme offered by promoters and they get rejected by the bank due to the eligibility factor because of their income slab. People take home loans these days but the loans are only sanctioned on the basis of income and age factor, so the ones with higher income are able to afford and spend more on properties due to location and amenities being a very important factor. The another important aspect with reference to income is savings because there has to be an ample amount of savings for purchasing any property, the ones who save a significant amount of money from their monthly income are able to afford flats with better facilities than the ones who save less and cannot afford.

Table No. 8: Parameters for selecting a House

Parameter	Rank				
	1	2	3	4	5
Brand Name	40	11	60	40	50
Location	76	113	9	0	3
Price	84	62	36	6	13
Past Record	3	5	18	72	103
Amenities	5	13	78	85	20

Source: Survey

A total number of 201 people were surveyed and it is found that among these 5 parameters : 1) brand name, 2) location, 3) price, 4) builder's past and 5) amenities, most people (84 respondents) selected "price" as the highest parameter by ranking it "1st" which was then followed by location (76 respondents) as first ranking, brand name (40 respondents) as first ranking, amenities (5 respondents) as first ranking and builder's past (3 respondents) as first ranking. Research has found that the maximum people from the sample space of 201 are employees falling into the age group of 30 to 40 years. The most important factor for the purchase of a real estate property is price, because the first thing which comes into the mind of a person is whether the property is affordable or not. The second important factor is location as the area and the facilities in that area play a very crucial role in the buyer's mind. Out of 201 sample size, 84 people have ranked price 1st, whereas 76 people have ranked location as their first preference, as there is not much difference in these figures so we can interpret that location and price both play a crucial role. 40 people have ranked brand name 1st and this clearly means that these people are the ones belonging to higher income group for whom price is not a constraint and they cannot compromise on quality just because of higher prices, these people generally belong to the business (entrepreneurs) and professionals. 113 people have ranked location as 2nd most important factor. It is also seen that 2.5% of people have ranked amenities as their first preference, amenities are also important while buying a real estate property but not as important as location and price.

Table No. 9: Requirement of Consultant before buying

Requirement of Consultant	No. of Respondents	Percentage
Yes	95	47.3
No	41	20.4
May Be	65	32.3
Total	201	100.0

Source: Survey

On the preference of consulting a real estate broker while buying property, 95 people said "yes". There were 41 people who said "no" and 65 respondents may or may not prefer a consultant. According to the research, maximum number of people prefer consulting a real estate brokers who are also known as channel partners. In the survey, it is found that 47.3% people out of 200 would want to consult real estate brokers. Due to the implementation of RERA Act, it is mandatory for all the real estate brokers to get registered themselves with RERA. Due to this new clause of registering under RERA, it will prevent the buyers from getting misled by the real

estate brokers. They will only be allowed to disclose the information provided by the developer which will be available on the RERA website. The brokers or the developers who try to mislead the buyers by providing any false information or by not fulfilling what has been promised will have to pay penalty, which is mentioned in the clause. RERA will increase the level of confidence in the psyche of consumers and they will be able to trust the real estate brokers more easily because of no misrepresentation. Most people prefer to consult a real estate agent due to the lack of knowledge in buying properties. So it can be concluded that as time will pass people will be more familiar with RERA, which might change the decision of the ones saying "Maybe" to consult a broker.

Table No. 10: Consumer who want to see sample flat

Want to see Sample Flat	No. of Respondents	Percentage
Yes	197	98.0
No	4	2.0
Total	201	100.0

Source: Survey

Out of 201 respondents, 197 people would like to see the sample flat before buying and a very small number of people i.e. 4 (2%) would not like to see the sample flat. There are very few people who would say "no" to see a sample flat before buying. It is very important for any buyer to see the sample flat before buying because it gives an overview of the size, spaciousness, the look and it increases the chances of purchase decision just because it is now in the mind of the buyer. Promoters might upload wrong and incorrect information about the flat but it is not possible to fake it when there is a sample flat which a consumer sees before buying. When a buyer sees a sample flat, he might like it or not, but if he likes it then it becomes a dream for him to own that flat.

Table No. 11: People's Comfort ability with Builder

Comfortability with Builder	No. of Respondents	Percentage
Yes	174	86.6
No	27	13.4
Total	201	100.0

Source: Survey

Most of the buyers are comfortable with not so well known builders who are registered with RERA, as 86.6% said "yes" whereas 13.4% said "no". It is mandatory for every developer and real estate broker to register under RERA. They cannot sell any property which is not registered under RERA. RERA is the only body of regulation of real estate. The builder cannot misrepresent or fake any information as all the details will be uploaded on the RERA website, which will include location, price, amenities, brand name, etc. The age group of people from 26 – 35 years usually buy their first home during this age period and price being the most important factor rather than brand value, so they will be more informed about everything and cannot be mislead. The developers with low brand value cannot fool the buyers or cheat them because under RERA all the brands or names attached would be treated the same. All the updates regarding current status of project, possession date, CLP and Subvention payments schedule will be provided on the

website. The 13.4% saying "no" are the business category people because for them the brand matters and not the price.

Table No. 12: Consumers' checking registration of project under RERA

Checking Registration	No. of Respondents	Percentage
Yes	171	85.1
No	30	14.9
Total	201	100.0

Source: Survey

The above table showed that, 171 would like to check whether the project is registered under RERA or not and 30 people would not bother about the registration of the project under RERA. If a person is buying a product, he would preferably like to know whether the product is genuine or not, whether it will satisfy his wants or not. In the same way, before buying a real estate property, a customer would surely like to know whether he is investing in the right place or not. This privilege of checking the project details which is registered in RERA is now possible. RERA has given an opportunity where a customer can go on RERA website and by just entering the registration no of developer's project, he can get all the information related to project and get a clear picture of the project in which he is interested to invest. As buying real estate property is expensive and it's a long term decision of any consumer, so they want that their money should go in the right hands. Maximum people would want to check whether the project is registered under RERA or not. If the project is registered under RERA, it gives an assurance to the customer to go for it.

Table No. 13: Consumer who wants to go with well-known brand

Go with Well-Known Brand	No. of Respondents	Percentage
Yes	139	69.2
No	62	30.8
Total	201	100.0

Source: Survey

When asked about if people will go with well-known or reputed brands in real estate who are not registered with RERA, the response received was: 1) Yes - 139 people (69.2%). 2) No - 62 people (30.8%). Maximum responded do not want to go with unregistered well-known developers. Consumer had shown their trust on the RERA conditions towards developers that their every real estate construction should be RERA compliant. So RERA has impacted consumer's buying decision that they do not prefer well-known developers if they are not registered under RERA.

Table No. 14: Consumer who are comfortable with price increment due to RERA

Comfortable with price increment due to RERA	No. of Respondents	Percentage
Yes	124	61.7
No	77	38.3
Total	201	100.0

Source: Survey

RERA might lead to price increment of the properties, 124 people out of 201 are comfortable with this and 77 people (38.3%) are not comfortable with prices being increased. Major chunk of people

are comfortable with price increment due to implication of RERA, it shows that if the process of construction is on time and the consumer are getting exact amenities which they were promised then they are willing to pay more Figure 13 Consumer who are comfortable with price increment.

Table No. 15: Consumer's Reaction on Misrepresentation

Reaction	No. of Respondents	Percentage
File a complaint	36	17.9
Demand for replacement	92	45.8
Demand for compensation	58	28.9
Don't know	15	7.4
Total	201	100.0

Source: Survey

The reaction of people in case of misrepresentation of something which was promised and not delivered is shown in above table, 45.8% of respondents would demand for replacement. 58 people would demand for compensation, 36 people would file a complaint, whereas 7.4% people don't know. Mostly people have agreed to demand for replacement. In earlier days people could not raise their voice against the promoter if any misrepresentation has done, but due to implication of RERA now people can file complaint to the RERA executives and the developers has to compensate and provide replacement or ready to bare the consequences.

Table No. 16: Consumer who believes Transparency through RERA

Transparency through RERA	No. of Respondents	Percentage
Yes	142	70.7
No	27	13.4
May Be	32	15.9
Total	201	100.0

Source: Survey

Out of 201 respondents, 70.7% think that RERA will result in transparency. 32 people are not sure, whereas 27 people feel that RERA will not lead to transparency. Out of 201 people surveyed 70.6% believe that RERA will result into transparency in real estate industry but also there are few people who are not sure that it may. It is found that RERA will surely change the game. 142 people have shown trust on RERA that it will bring transparency the whole game and bring discipline.

7. FINDINGS OF THE STUDY

1. Maximum consumers are in the age group of 30 - 50 yrs.
2. Maximum respondents are employees followed by business oriented people.
3. Maximum number of respondents are of employee category with annual income of Rs. 5,00,000 to Rs. 10,00,000, which shows that price is the most important factor followed by location and brand name.
4. The consumers are concerned whether the project is registered under RERA or not. It does not matter either project is of big brand builder or any small builder.

5. Consumers are strongly agreeing with the clauses mentioned in the act and those clauses are generating positive factor in consumers mind to invest in real estate property.
6. Research shows that consumers are interested to invest in small builder's projects if they are registered under RERA.
7. Maximum number of consumers believes that RERA is going to change the picture of real estate industry and it will result in transparency. Recommendation RERA had changed the dimension of real estate sector. Developers are in fear about the norms in the act. In this research it is concluded that RERA has created a trust factor in the ideology consumers while buying real estate property. It is recommended to developers that they should disclose their proper track record of the projects. Real estate agents should promote only RERA registered projects and disclose only that information which is provided by developers on RERA website.

10. CONCLUSION

The Real Estate Regulation Act is enforcing the developers to get registered in RERA, which has created a fear in the industry. While buying real estate property, consumers are more concerned about even a small thing. RERA will throw a transparent picture of industry where a consumer can analyze the choices of property with the help of RERA. RERA has impacted positively on the consumer's perception of buying a real estate property. Survey was conducted to conclude the impact of RERA on consumer buying behaviour, out of 201 respondent almost people are strongly agreeing with the clauses mention in the Real Estate (Regulation and Development) Act, 2016 and it has enlarged confidence in the perception of consumer while buying real estate property. RERA has made home buyers king of the industry. It has given first priority to the home buyers. This regulatory body has made real estate industry more transparent. There is scope of more professionalism in this sector as the Developers and Real estate agent both have to adhere the norms and conditions of RERA.

REFERENCE

Articles

- [1]. **Dhawan, S. (2017, May 09)**. Will RERA impact real estate price, Mumbai: Retrieved from Economic Times on 30th July 2017: [http://economictimes.indiatimes.com/wealth/real-estate/will-rera-impact-real-estate-prices/article show/](http://economictimes.indiatimes.com/wealth/real-estate/will-rera-impact-real-estate-prices/article-show/) retrived on 30th July 2017
- [2]. FICCI, 'Impact of FDI Reforms on Indian Real Estate Sector', Survey Report, December, 2015
- [3]. **Godwin, A., (2006)**, 'The housing and economic development debate revisited: economic significance of housing in developing countries'. Journal of Housing and the Built Environment, December 2006, Volume 21, Issue 4, pp 377-395
- [4]. **Jha , B., Pant, S., & Bhowmick, S. (2017, July 27)**. Most ongoing projects in NCR will be out of RERA Retrieved from timesofindia.com on 30th July 2017
- [5]. **Khan, S. (2017, July 13)**. Real estate fear state RERa rules will hit them. Et Bureau.
- [6]. **Mahadevan, (2015)**, 'Affordable housing in India: Challenges & opportunities' Realty.com, Oct. 2015
- [7]. **RBI Bulletin (Jan, 2018)**



- [8]. **Sahni Sonia (2018)**, 'Real Estate Sector - The India Story', ABN AMRO Bank Research Report
- [9]. **Taiwo, A. A. et. el. (2014)**, 'The Role of the Private Sector in Public-Private Partnership in Housing Delivery for the Low-Income in Nigeria', International Journal of Architecture and Urban Development, Vol.4, No.3, Summer 2014, pp 5-10

Annual Reports

- [1]. ABN Amro Bank Reports
- [2]. HUDCO Reports
- [3]. RBI Annual Reports
- [4]. United Nations World Urbanization Reports