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Detail Study of Provision of RERA Act for the Delays in Construction Industry

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ABSTRACT: A construction project is successful when project is achieved with respect to finishing a project within time, within budget and also required quality standard. Delay in construction industry is considered as major problems which gives negative effects on the construction projects. Construction delays can be minimized only when their cause are identified. There are 101 causes are identified which divides in seven different group. For very long home buyers complained that real estate and home prices are heavy in favor of the developers. So to overcome these problems the central government of India Established a Real Estate Regulatory Authority (RERA) act this came into existence from 1 May 2016 and came into force from 1 May 2017. The Act Ensures Transparency & Efficiency in construction sector in with respect to sale of plot, apartment, building or real estate project it also Protect the interest of consumers. The paper studies are limited to Pune region only. Thus this paper will help to find out the different delays in construction industry. In this paper we have considered some of delays which are important for Pune region and also paper studies the different provisions of the RERA act to overcome these delays.

KEYWORDS: RERA (Registration of Real Estate Project and Registration of Real Estate Agents), Delays in construction, Homebuyer.

I.INTRODUCTION

Delay is the most the common problems in the construction industry within the housing projects. Delays have adverse effect on the project in terms of performance, time and price. Thus, it's essential to identify the delays during project and after completion of the project. Delays may appear alongside or subsequently and can be compensated sometimes. Their presence results in additional cost generation, conflicts among project participants and, in worst-case scenario, litigation where additional costs could also be generated. When handling the delays, it's not only important to spot delays and quantify the delay affects on project performance but also to spot and quantify the impacts of delays already occurred.

The mitigation of construction delays are often achieved by adopting the method of data management and some of technique like Relative important index (RII) and Important Index (II).To minimized the delays and conflicts among the project participants in construction company the Government has taken a initiative and establish The Real Estate Regulatory Authority Act, (RERA) which will taken care of all these problems. The RERA Act is an act of Parliament of India which aims to guard home-buyers also helps to boost investments in the real estate industry. The bill was passed by both the RajyaSabha and the LokSabha on March 2016. The Act came into law force from 1 May 2017. This act provides for establishing regulatory authorities at the state level to register residential real estate projects and seeks to regulate contracts between buyers and sellers in real estate sector to guarantee sale of plots, building or apartments etc. in an efficient and transparent manner. This act gives single window system where any dispute can be resolved by the order of the Real Estate Regulatory Authority. Prior to RERA, in construction industry there was no clarity of material quality and their rates, carpet area, modes of payments which ultimately leads to delays in project .The paper studies also aims to vow greater accountability towards consumers and significantly reduce frauds and delays. An attempt has been made to find out the immediate impact of this act on the different stakeholders in construction industry



II.OBJECTIVES

The main objective of this study includes the following.

1. To identify the various causes of delay in construction projects
2. To Study RERA act and understanding the provisions given in the act.

III.REVIEW OF LITERATURE

Naikwadi Sumaiyya Et.Al.(2014)^[1] were studied that delays are one of the biggest problem in construction industry .They presented the identification of the delays can be minimized only when their causes are indentified. For this past literature review is study by the author. It concluded that there are many factors induced in the delay like; lack of fund, changes in drawing, lack of effective communication, poor project management. It recommended the adequate construction budget, timely issuing drawings and information, good project management skills should be main focus of project procurement process.

Desai Megha Et.Al.(2013)^[2] were studied the total 59 causes were indentified under 9 major groups with the help of literature review and structured interviews for the construction project in central Gujarat region. It Also takes an approach to suggested to carry out ranking of these causes by two different techniques; Relative importance index and Importance index based on degree of severity and degree of frequency.

Raj Kapur Shah Et.Al.(2016)^[3] aimed to studied to discover the most influence factors causing the project delay and cost overruns and recommended the possible measures by investigating the case studied in three different countries in the world. They also find the most influential factors like ; planning and scheduling deficiencies, method of construction, contractors improper planning, poor site management. It concluded that there are diverse group of delay from one country to other that causing project delays and cost overruns.

Shripad S.Merchant Et.Al.(2018)^[4] were studied the analysis of the rules passed by the states in India for implementing the Real Estate Act passed by the parliament. They found that the law is passed to protect the interest of the consumers and many state changes the provisions of law and notified the rules. The paper analyses the shortcomings of the diluted rules in favour of the buyer and developers.

IV.METHODOLOGY

The research methodology for present study contains two parts. The first part contains literature search were 101 causes of delays in construction project has been identified in 7 different groups. In the second part to overcome these delays in construction how the RERA Act is helpful is identified.

A. Identification of Causes of Delays in construction project

Following are 7 Classification of causes of delays with respect to their importance.

Categories	Causes of Delays
Owner	Late in revising and approving design documents
	Delay to furnish and deliver the site
	Delay in progress payment
	Conflicts between joint-ownership of the project
	Suspension of work by owner
	Conflicts in sub-contractor's schedule during execution
	Difficulties in financing project

Contractor	Conflicts between contractor and other participants
	Ineffective and inadequate early planning and scheduling of project
	Rework due to errors during construction
Consultant	Poor classification & inadequate experience of consultant's engineering staff
	Delay in approving overall designs, shop drawing, sample tested materials and major changes in the work
	Poor management by consultant
	Delaying in performing site inspection and testing
Designer	Insufficient data collection and survey before design
	Using poor /old engineering design software
	Complexity of project conception & designing
	Misunderstanding of owner's requirements by design engineer
Labour	Working permit of labours
	Shortage of labours
	Low skilled/productivity level or unqualified labours
	High labour wages insist to hire low amount of labours
	Labors safety and health problems when working in hazardous conditions
Material	Shortage of construction materials in market
	Delay in material delivery especially while importing
	Late procurement of materials/late ordering
	Price fluctuation/inflation in material prices
	Problem with material transport and processing at site
Equipment	Equipment breakdown and their idle time and lack of tool in market
	Shortage of heavy equipment when needed
	Complication of hiring and transporting to the site
	Low productivity and efficiency of equipment
	Lack of hi-tech, advanced and special equipment

Table 3.1 causes of Delays in construction project

The second part includes the study and understanding the provision of RERA act which will helpful to overcome these delays in construction project and also protect the interest of homebuyer.

- B. Real Estate Regulatory Authority Act; The biggest problems homebuyer face is a delay of project which may happen due to various reasons like court intervention in land issues, finance, approval etc. also there is no provision of necessary compensation from side of government.
The Real Estate Act, 2016 (RERA) is an act passed by the Indian parliament. The RERA seeks to protect the interest of homebuyers and also boost investments in real estate sector.
- C. Maharashtra RERA ; The Maharashtra Real Estate Regularity Authority (Maha RERA) came into existence on May 1,2017.Builders and real estate agents have been given a 90 days window, to register their new and ongoing project , with the real estate authority, which ends on July 31,2017.The paper study is limited to only Pune region where MahaRERA Act is in existence.
- D. Project comes under RERA ; as the regulatory act came into enforces in the real estate sector, it notify that which projects comes under RERA
- Commercial and residential project including plotted development
 - Projects measuring more than 500 sqmts or 8 units.
 - Projects without Completion Certificate, before commencement of the Act.
 - The project is only for the purpose of renovation / repair / re-development which does not involve re-allotment and marketing, advertising, selling or new allotment of any apartments, plot or building in the real estate project, will not come under RERA.

- Each phase is to be treated as standalone real estate project requiring fresh registration.
- E. The most positive aspect of this act is that it provides a legal boundaries for the purchase of the flat, apartments, etc. there are certain key highlights of the act; i) establishment of regulatory authority ii) compulsory registration iii) Escrow Account iv) continual disclosure by promoters v) title representation vi) standardization of sale agreement. vii) Penalty.
- F. Implication of RERA on different stakeholders like; Industry, Buyers and Developers; the RERA implementation on different stakeholders reforms the promises to bring the much needed transparency and accountability in the real estate sector.

V. CONCLUSION

The present study outlines the various causes of delays in the construction industry where that can be minimized by the suggested research methodology of RERA act where different provision are made for every stakeholders. This act is accepted by the seller and buyers. Single window system plays an important role in the success of the RERA Act.

1. This act brought better transparency and accountability.
2. This act will improve to mitigate causes of delay that are enlisted above.
3. Escrow account is very good concept. It control the diversion of money from one project to another, also the chances of corruption will reduce.
4. Ongoing projects are affected by the RERA. Especially those projects which are project closure stage.
5. RERA is beneficial for both consumer and builder.

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