

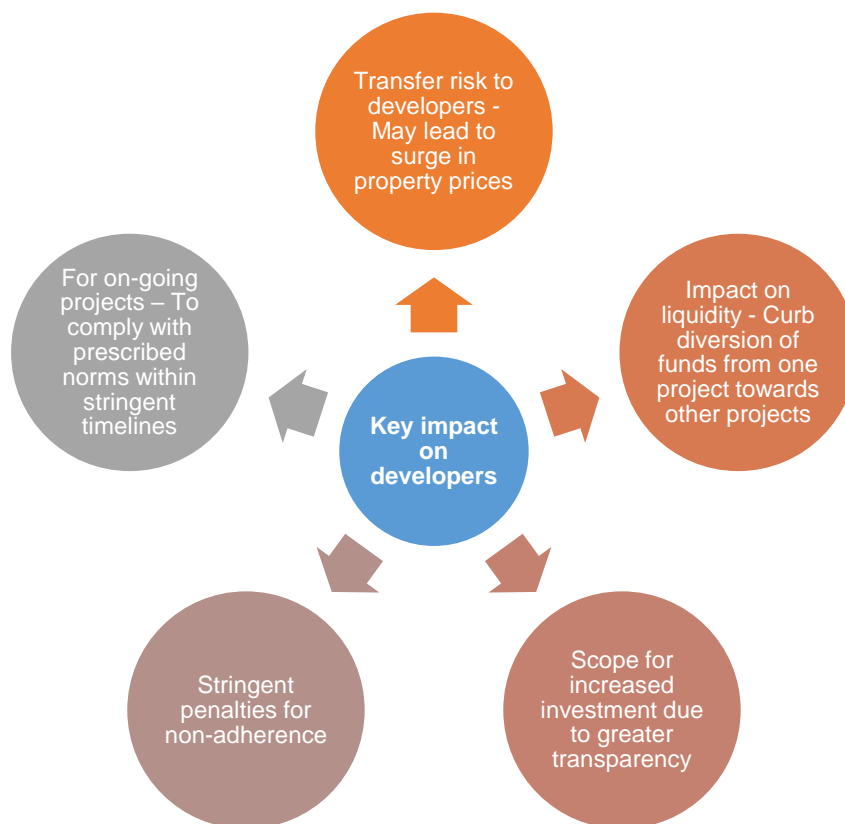
## The Real Estate (Regulation and Development) Act, 2016 (RERA)

### Background

The Indian Government has introduced RERA with the aim of encouraging transparency and bring about increased regulation in the real estate sector. The introduction of RERA paves the way for empowering all stakeholders engaged in the business and consumption of real estate, including consumers, real estate developers, brokers and intermediaries, amongst others.

RERA is expected to lead to, *inter alia*, consolidation and discipline in the sector with regards to on-time project delivery and financial prudence. Through the introduction of RERA, the Government has codified some of the best practices for the first time in this sector which will go a long way in defining growth from here on.

RERA is expected to greatly impact the way business is currently undertaken by developers. Some of the key impact areas for developers are as indicated below:





## Way Forward

Given the demand for housing in India, formal funding of the real estate sector is expected to grow exponentially in next few years. Real estate developers will be expected to tie up the required finances before they start the sales of units, and this is where institutional capital will play a key role.

On account of the various conditions imposed by RERA, private equity players, NBFCs and banks are expected to have greater confidence in providing funding to developers. This should result in lower costs of equity, as well as a reduction in debt for real estate developers.

Planning of future/ existing projects, advertising of projects, and completion in a timely manner, are some aspects which will also require due consideration.

The implementation of RERA will require a thorough reassessment of risk viz. business, regulatory, market and operational amongst the developer fraternity.

RERA signifies the dawn of a new era for the Indian real estate sector.

Some of the key areas in which Dhruva can assist are as indicated below:



### Assess

- Identification of the impact areas
- Identification of key changes required from a business and process standpoint
- Identification of policy issues requiring representation
- Setting the framework for future phases



### Identify

- Plot business and process changes
- Frame tasks and timelines:
- Reconsider product pricing
  - Supply chain management
  - Upgrade of the IT systems
  - New/Modified operational strategies
  - Revisiting long-term contracts



### Implementation

- Implementation and change management
- Employee training
- Preparation of SOP
- Commitment to quality and align with to stiff norms in terms of standards and measurements



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