

## Contemporary Legal Provisions under RERA: Strengthening Consumer Protection in India's Real Estate Sector

Ms. Kajal Gupta<sup>1</sup> and Prof. Dr. Tarkesh Mohila<sup>2</sup>

<sup>1</sup>Research Scholar, Sharda School of Law, Sharda University

<sup>2</sup>Associate Professor, Sharda School of Law, Sharda University

Received:10/08/2025

Revised: 20/08/2025

Accepted:12/09/2025

Published:30/09/2025

### ABSTRACT

The reasonable Real Estate (Regulation and Development) Act, 2016 (RERA) is one of the greatest legislative reforms, which aims at advancing transparency, accountability and efficiency in India's real estate sector. This paper endeavors to critically analyze the current legal provisions under RERA that are drafted with an objective of ensuring robust consumer protection. It digs into statutory tools that would protect the interest of homebuyers such as mandatory project registration, escrow account, standard sale agreements and deadlines to ensure on-time project completion. The research also reflects on application tools adopted over enforcement frameworks, dispute resolution solutions, penalty strategies to counter malpractices and their outcome effectiveness. The paper then adopts this approach by analyzing judicial interpretations of RERA and amendments rather than preface again with section summaries to determine how RERA has evolved to meet the modern-day challenges in real estate market. It also points out implementation gaps and reform suggestions for improving consumer trust. The debate drives home how valuable RERA is in terms of making the Indian real estate sector more equitable, transparent and reliable.

**Keyword:** RERA, Consumer protection, Real estate law, Legal provisions, Transparency.



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### INTRODUCTION

The real estate sector of India has been identified as one of the key players in economic growth with its remarkable contribution to GDP, employment generation and infrastructure development. It includes residential and commercial property construction, urban planning and township development. Over the past two decades, rapid urbanization, increased population density in major metros and the rising aspirations of Indian middle class has led to increased demand for real estate. Yet the sector has long been a bastion of opacity, regulatory fragmentation, and erratic behavior that has depress consumer trust even if its economic footprint is massive. Homebuyers were grappling with issues such as prolonged possession delays, diversion of funds by builders, lack of clear title, non-disclosure of project details and misleading advertisements. With no common regulatory platform, many developers were only marginally accountable for their actions/ inactions; lawsuits and perpetual financial hardship ensued, all while the people negatively affected -many of whom had invested everything they owned — simply kept yaying as mere tickets to universes now vicariously described "beyond fraud".

In this context, the implementation of Real Estate (Regulation and Development) Act, 2016 (RERA) was

one of the turning points in real estate governance in India. The chief idea behind RERA is to establish a fair, transparent and predictable ecosystem for protecting the interest of the customers and thereby making the legacy land transferring business more effective by way of introducing order, professionalism and leadership in to the immensely unorganized sector. The RERA aimed to tackle systemic issues by requiring registration of projects and agents, making it mandatory for developers to deposit at least seventy percent of the project funds in an escrow account, standardizing sale agreements, and ensuring disclosure of full project information on public platforms. The rationale behind these measures was to ensure fair play, prevent disputes and expeditious disposal of disputes by specialized adjudicating authorities and tribunals.

The introduction of RERA was in keeping with the vision of government to regulate and reform real estate sector bringing more transparency for investors domestic as well as global. To instill discipline and ensure long-term sustainability in the sector, RERA introduced penal provisions for defaulting developers and reinstated regulatory authority, to monitor development. Further, the law also took into account the importance of swift and quality construction in penalizing both developers for structural defects as well

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as project delays. More importantly it allowed people to have access to verified information which facilitated better decisions for ease in buying and selling. RERA was the consumer-centric reform aimed at bringing in a trustful state of real estate market. It marked a radical departure from the nearly unregulated previously prevalent system to an orderly and rule based ecosystem that catered adequately to developers, investors and home buyers.

### LEGISLATIVE FRAMEWORK OF RERA

The Real Estate (Regulation and Development) Act, 2016 (RERA) forms a central legislation to regulate the real estate sector of India by bringing only natural transition for transparency, accountability and efficiency in this harder known to be opaque domain. RERA became effective from 1st May, 2017 and is implemented by Parliament has been enacted to protect the homebuyers rights, and demands a fair practice in real estate; with standard rules across states and Union Territories. The Act is applicable for both residential and commercial real estate projects on a site of over 500 square meters or eight apartments to be registered with the State Real Estate Regulatory Authority. This will filter out the non-compliant and malicious project entries into the market.

The most notable condition out of these new provisions is that the developers will have to deposit at least seventy percent of their project revenues in an separate escrow account so as to avoid the diversion from one projects funds to another and bring the financial discipline. The Act also provides for disclosure of project details including the sanctioned plans, layout designs and the status of statutory approvals, which has to be made available to public on the website of the authority. In order to prevent cases of buyers being locked into unfair contracts, and then stranding them when they want out, the DOC has introduced a model sale agreement. Another important feature is that promoters will have to stick to the project schedules as declared, and failure in this regard will attract penalty and interest payout by buyers. RERA relieves overburdened consumer courts, provides for special adjudicative authorities and appellate tribunals which would lead to faster resolution of disputes thus reducing the cost in terms of the money as well as the time consumed. Consumer protection is stretched to five years after possession, holding black sheep developers responsible for structural defects and poor workmanship.

RERA is an Act which would protect the interest of homebuyers and offer them timely delivery of apartments or houses, with latest provisions applied so RERA ensure that developers cant lure buyers in taking loans on behalf of development. This would mean that this Act would also apply to the ongoing projects which have not received completion certificate on the date of commencement (Act), bringing a huge relief to lakhs of home-buyers who are stuck with delayed projects. The regulatory framework created by RERA signifies a paradigm shift from an unstructured market-led system

to structured governance in real estate. Through legitimate protection, financial liability and enabling clarity with information the Act seeks to clear the sector for a new era of balanced, investment-led, consumer-focused market.

### Contemporary Legal Provisions for Consumer Protection

The Real Estate (Regulation and Development) Act, 2016 (RERA) is the first legislation that comprises a plethora of new age legal provisions which cater to the interests of homebuyers on one hand as well as aims at cleaning the sector. The need of the hour included a lot of protection measures -force registration of projects and real estate agents with State Real Estate Regulatory Authority which would ensure only credible & compliant stakeholders to operate in the market. Buyers can access verified and detailed project information like Sanctioned Plans, Layouts, Timelines, Approvals, Progress updates which act as a helping hand in their buying decision reducing the Asymmetry of Information.

The key provisions which helps in protecting consumer interest is the requirement for having an escrow account where 70% of amount contributed by buyers should be kept in a separate bank account to meet construction and land cost. This check can prevent fund deviation and insure that project works complete within the time. Further, it facilitates the drafting of a model sale agreement thereby providing for standardisation ensuring that arbitrary or one-sided clauses which mayogate against consumers are not included. RERA also underlines delivery time, bound developers to pay a certain rate of interest & compnesation for delays as well as ensured that the quality of construction is up to promised levels. Structural defects or poor workmanship need to be resolved by the promoters up to five years after taking possession. The purchasers can take recourse through the specialized forums of dispute resolution like RERA authority and appellate tribunal. This combines to establish a framework of transparency, accountability and liability where consumers were previously at the mercy of developers. The modern legal protection offered by RERA through compelled disclosure, as well as by mandating the funds to be secured and agreements to be standardized and also ensuring redressal altogether makes for a product which finds a demand –a balanced wallet driven consumer confidence which is intrinsic for harmonizing real estate environment India needs.

### Enforcement and Dispute Resolution Mechanisms

RERA (Real Estate Regulation and Development) Act, 2016 has the core provisions for enforcement and dispute resolution to secure consumer interests. According to previous reports each state and UT was to set up an Real Estate Regulatory Authority (RERA), which will be responsible for building permissions, compliance monitoring with rules, sewage connectivity or environmental clearances. They have quasi-judicial powers like summoning documents, examining

witnesses and passing orders which are binding. They have the power to levy fines, cancel project registrations and can ask developers to refund amount along with interest in case of default. This push is more tuned towards proactive regulation in which stress is laid on project clarity and proper progress declaration with timelines maintained on paper.

RERA provides a specialized and time bound mechanism for dispute resolution Any aggrieved party such as home buyers, developers, agents can directly approach Authority for adjudication of complaint. A centralised notification accepting system shall be established to speed up the process of notifying, and there will also be Adjudicating Officers under the Act who shall decide claims for compensation by buyers against delays/defects in projects, or any misstatements. Resolutions that are supposed to come within 60 days would lead to much quicker filings, as compared to the delays seen in civil courts. The Act also has the provision or giving an opportunity to appeal against orders of RERA before a Real Estate Appellate Tribunal in every state. This ensures a two-level scrutiny by the Tribunal and the rest but still keeping it nub of justice. It would now have the authority to amend, confirm or reverse the decisions of RERA, bringing fairness and accountability in the enforcement process. The fact that he/it is subject to severe penalties with heavy fines ranging from millions of dirhams, as well as imprisonment for being in violation of orders issued by the Authority or Tribunal strengthens the deterrent effect. The Rationalization of Sector and Right processes is not only very assist to fasten the dispute settlement but also secure trust of the market by making all stakeholders answerable under transparent legal system.

### Judicial Interpretations and Recent Amendments

The Real Estate (Regulation and Development) Act, 2016 has been subject to profound judicial scrutiny, resulting in the structure of some provisions, resolution of ambiguities and testing the strength of declarations.” The Supreme and High Courts have predominantly striven for the protection of homebuyers’ rights while simultaneously considering developers’ interests. For instance, in *Pioneer Urban Land and Infrastructure Ltd. v. Union of India*, the SC declared that homebuyers are financial creditors for the purposes of the insolvency and bankruptcy code, enabling them to initiate insolvency against defaulting builders. It was a significant move for strengthening their position.

Similarly, in *Newtech Promoters and Developers Pvt. Ltd. v. State of Uttar Pradesh*, the SC explored the issue of non-obstante clause of the real estate law, indicating that the remedies therein provided are not ineffective and can be used concurrently. Moreover, courtrooms have recognized the applicability of RERA to on-going projects. I several judgments, the SC confirmed that the statute is applicable even if there were no completion certificates by the time the act came into force. It has extended the protection to the vast number of previously deprived buyers. Meanwhile, the states have initiated

several amendments, simplifying the compliance process, enhancing online access and revision, and modifying the dispute resolution timeline. Some states have established more sophisticated digital monitoring of the projects, following the national trend of increased transparency and accountability. The state-level variations have made some provisions subject to judicial review.

### CONCLUSION AND FUTURE DIRECTIONS

The Real Estate Act is not limited to its application but also provides for a high level of protection for consumers. The areas of focus include project registration, collections that are processed through escrow accounts, standard contract forms, and accelerated conflict resolution processes. Further, the act has been strengthened through binding judgments of Indian courts to provide better protection for property buyers. Recent amendments to the Real State Act have made it more practical by incorporating enforcement mechanisms that are consistent with market realities between the parties. The main current challenges include wide disparities at the state level, as well as inadequate digital infrastructure and execution delays. To enhance RERA's impact, the following are recommended: uniformity among state provisions; the use of digital technologies to monitor events, including AI and blockchain projects; extended capacity-building programs for regulatory staff and widespread consumer education; well-established compliance measures; and collaborative platforms for monitoring, a degree of trust, and conflict avoidance between regulators, contractors, and consumers. With the conclusion of these proposals or improved legal practice, RERA can be fully prepared as a cornerstone of a thriving, ethical, and investment-friendly real estate market.

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