

## FEASIBILITY ANALYSIS OF IMPACT OF GST AND RERA ON BUILDING CONSTRUCTION PROJECTS AND REAL ESTATE SECTOR AT PUNE REGION

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### ABSTRACT

Construction industry is considered one of the major and valuable industries for economic development and the growth in India. It is very popular that there is time and cost overrun in most of construction projects in India. The aim of this research is to analyze the impact of GST and RERA on the city of Pune. The objectives of the paper were achieved through quantitative approach where a valid questionnaire was distributed online to owner, consultant, and contractors and project management companies. Responses received from the owners, consultants, project managers and office engineers within the Indian (Pune) construction industry will be analyzed using Relative Importance Index Factor and some major factors that show the impact of RERA and GST on the construction industry of Pune will be highlighted.

Real estate sector of India is not the exception for the revolutionary changes in Indian tax system. The present scenario of this sector is changed as it is going through the transit implementation of new acts and bodies like RERA (Real Estate Regulatory Authority (2016)), REITs (Real Estate Investment Trusts), InIVTs (Infrastructure Investment Trusts) GST (Goods and Service Tax). Real estate sector in India is expected to grow 12% annually till 2020. The government of India is focusing on affordable housing programs so that it can achieve its target of providing houses to all by 2022. Hence, the need to study the impact of these newly laid norms has arisen to identify its accountability to the growth of the construction sector in Pune, which is a fast and rapidly developing area for the real estate sector.

**KEYWORDS:** Relative importance of index, Survey, Real Estate Regulatory Authority, Goods and Service, Real Estate Investment Trusts, Infrastructure Investment Trusts.

### I. INTRODUCTION

In the History of the Indian Real estate sector The Real Estate Regulation and Development Act (RERA) 2016 proves to be a revolutionary Act. It is introduced to boost the investment in the real estate sector and also to protect home buyers' interests. The Act encourages fair practices in the Real Estate Sector and aims to improve transparency. Commercial and Residential projects are included under this act as well as Real estate agents or brokers are also included under the umbrella. The Real Estate Sector was in a desperate need for such a transparent system to improve the market sentiment and to preserve the customer's investments. The Bill also mandates buyers to pay their payments to developers within the stipulated time, failing which suitable action can be taken against them.

The GST has changed the entire scenario of the indirect taxation system in India. It is considered as the biggest ever tax reformation since 1947. GST unifies all the indirect taxes under one umbrella and created a smooth national market. The main objective behind implementing GST is to avoid duplication of taxes and thus focus on one nation one tax. The Construction industry has a great influence on the economy of all countries. It is one of the parts that provide vital factors for the development of any economy. Thus the need has arisen to analyse the impact of the above said acts on this real estate sector to find out its advantages and disadvantages for the construction industry.

### II. OBJECTIVE OF THE STUDY

1. To identify the main issues those influence the GST and RERA in large construction projects in Pune;
2. The evaluation of the impact of RERA and GST through quantitative analysis by conducting survey on construction sites located in Pune, Maharashtra.

3. To establish a relationship between RERA-GST and productivity on construction sites
4. Layout a guideline based on the obtained results for identifying the effective factors for successful implementation of RERA and GST in construction projects;
5. To propose awareness regarding RERA and GST.

### III. PROBLEM STATEMENT

1. In the construction industry productivity loss is one of the greatest and severe problems.
2. A commonality among construction industry is the inability to complete projects on time and within budget
3. This is a chronic problem for the construction industry due to various factors related with owner, contractor, consultant, design, material, equipment and other project changes.
4. As the construction industry continues to grow in size, so do planning and budgeting problems.
5. As the construction industry in Pune is rapidly progressing there is need to assess the effects of RERA and GST in context of time and cost.

### IV. LIMITATION OF THE STUDY

The work for evaluation of the impact of RERA and GST in construction projects is carried out only in the construction industry of Pune. The work is limited to the residential real estate sector only.

### V. METHODOLOGY

#### a) Data Collection:

The data collection for the study involved two stages. The primary data was gathered through a questionnaire survey targeted at some contractors, clients, and consultants in construction projects in Pune. The secondary data were obtained from the literature. A questionnaire was then developed to assess the perceptions of clients, consultants, and contractors on the relative importance of causes and effects of factors in the Pune construction industry and the responses are as recorded.

#### b) Factors considered for Questionnaires content-

- Factors related to schedule of the project
- Economic factors
- Factors related to owner-client
- Factors related to consultant of the project
- Factors related to contractor of the project
- Factors which are related to material, manpower and equipment
- External factors.

#### c) Method used for ranking the data-

Relative Importance Index method is been used. Respondents were asked to rank the questions from one to five based on their importance like very low, low, medium high and very high. Relative importance index was used to determine the relative significance and ranking of the causes.

### VI. REASON FOR SELECTION

The various reasons were identified from literature survey and to remove solution to the problems and issues occurring, opinions were taken from the experts and as per the opinions the final reasons for the factors affecting productivity on construction, time overrun and cost overruns were selected.

### VII. CONCLUSION

**From the literature study, results we can conclude that,**

1. In today's world, the construction industry is rated as one of the key industry. It helps in developing and achieving the goal of society.
2. Study and knowledge of construction productivity are very important because they cause losses to the governing agencies and also influence the economics of the construction industry.

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