

A Study of Impact of GST and RERA on Building Construction Projects and Real Estate Sector For Pune Region

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Abstract: The construction business is one of India's most important and lucrative industries for economic development and progress. Most construction projects in India have time and expense overruns, according to conventional belief. The prior literature research were separated into two categories: factors that cause time overrun (delay) in construction projects and factors that cause cost overrun in construction projects (increasing of the cost). The purpose of this study is to examine the impact of the Real Estate Regulation Authority and the Goods and Services Tax on Pune. The paper's goals were met by a quantitative technique in which a valid questionnaire was issued online to owners, consultants, contractors, and project management firms. Responses from owners, consultants, project managers, and office engineers in the Indian (Pune) construction industry will be analysed using the Relative Importance Index Factor, and some key factors demonstrating the impact of the Real Estate Regulation Authority and the Goods and Services Tax on the Pune construction industry will be highlighted. The Indian real estate sector is not immune to the country's revolutionary tax reforms since 1947.

Keywords — Construction management, GST, Time management, Real estate Pune region, Project management.

I. INTRODUCTION

In the Indian Real Estate Industry's History The Real Estate Regulation and Development Act (RERA) of 2016 is a game-changing law. It was created to encourage real estate investment while simultaneously safeguarding the rights of home buyers. The Act promotes ethical behaviour in the real estate industry and attempts to increase openness. The Act covers both new and ongoing projects (which have to be registered by July 31, 2017). This statute covers both commercial and residential projects, as well as real estate agents and brokers. The developers will also be required to submit the project layout, government approvals, and land title status to the regulatory authorities. Failure to do so will result in a fine, jail, or both, depending on the gravity of the offence. The Real Estate Industry was in critical need of a transparent system to boost market sentiment and protect customers' money.

A. Significance of Research Area

The real estate industry is one of the most well-known in the world. It is India's second largest sector in terms of employment generation, after agriculture. This industry is predicted to increase at a 30% annual rate over the next

decade. Housing, retail, hotel, and commercial are the four sub-sectors of the real estate industry. Real estate is also booming, providing much-needed infrastructure to meet India's expanding demands. However, real estate will now be governed by RERA and GST. As a result, accounting is required to determine whether or not these norms and laws benefit the building industry.

II. LITERATURE REVIEW

These writers conducted study to examine the influence of GST (Goods and Services Tax) on the Indian tax system. In this paper, they provided a brief overview of the historical context of Indian taxation and its tax structure. Then they explained why the conventional tax structure needed to be replaced with the GST model. The background, quiet features, and impact of GST in India's current tax situation are all discussed in detail in these studies. The Goods and Services Tax (GST) is a value-added tax that will be imposed in India pending a decision. The GST is the only indirect tax that has a direct impact on all sectors and parts of our economy. Ignorance of the law is no excuse, but it is subject to panel provisions, so why not start studying GST now and save money? As a

result, whether willingly or compelled, we must all study it. The goods and services tax (GST) aims to create a unified market that benefits both businesses and the economy.[1]

The purpose of these papers is to investigate the impact of GST on India's real estate sector. Furthermore, the purpose of these papers is to comprehend the impact of previous taxes as well as the impact of GST on real estate in the current context. Furthermore, the authors of these publications stated that GST is one of the most revolutionary reforms in India's indirect taxation system since independence. The major goal of putting it in place is to avoid tax double-dipping. One nation, one tax is the focus. It also seeks to broaden the tax base. India's real estate market is predicted to increase at a rate of 12% each year through 2020. In addition, the real estate industry is undergoing fundamental changes as a result of new laws and regulations. The Indian government is focused on inexpensive housing projects in order to meet its goal of giving housing to everyone by 2022.[2]

These articles examined the process of implementing the Goods and Services Tax (GST), highlighting the opinions of many stakeholders as well as contentious issues. According to the authors, the Products and Services Tax (GST) is a value-added tax that was established in India, and it was made clear that there would be a dual GST, taxation power – both by the centre and the states – to charge taxes on goods and services. The GST is the only indirect tax that affects every sector and segment of our economy directly. The goods and services tax (GST) is a new type of VAT that includes many indirect taxes at the state and national levels and provides a comprehensive setoff for input tax credits. The Empowered Committee (EC) was formed in 2007 with the purpose of achieving GST agreement at the state level.[3]

The purpose and objective of the RERA act, according to the writers, is to reduce the mental and financial distress that customers have experienced as a result of unscrupulous builders and the Real Estate lobby. The RERA act will assist consumers in obtaining possession of their units more quickly and under better terms. This act will also bring complete transparency to the Real Estate sector, which will benefit both property buyers and developers. The RERA act will boost market confidence.[4] The researchers came to the conclusion that the industry is critical to the development of the country's infrastructure, which is necessary for high levels of economic growth. Cost overruns are common in building projects, and they place a significant financial strain on the customer or owner. As a result, several studies were conducted to determine the factors that contribute to building project cost overruns. The causes of cost overrun were discovered by a desk study and a questionnaire survey. Clients,

consultants, and contractors each filled out 30 questions in total. The results of the investigation revealed that respondents have a common understanding of the causes of cost overrun.[5]

III. RESEARCH PROGRAM

The information was gathered through interviews with building sector representatives. The following is a summary of the research:

1. Determined which projects are subject to RERA and GST.
2. Thoroughly examined all accessible plans, estimates, timelines, and work methods, as well as collecting all pertinent project data.
3. Examined the information gathered and contrasted the estimated and actual schedules and budgets to determine the reasons and consequences of RERA and GST overruns.
4. Used personal interviews or surveys to investigate the causes of the overruns.
5. Made a list of all the flaws.
6. Using a wide poll of opinion from Architects, Consultants, and Contractors, identified the causes of overruns and suggested viable solutions.

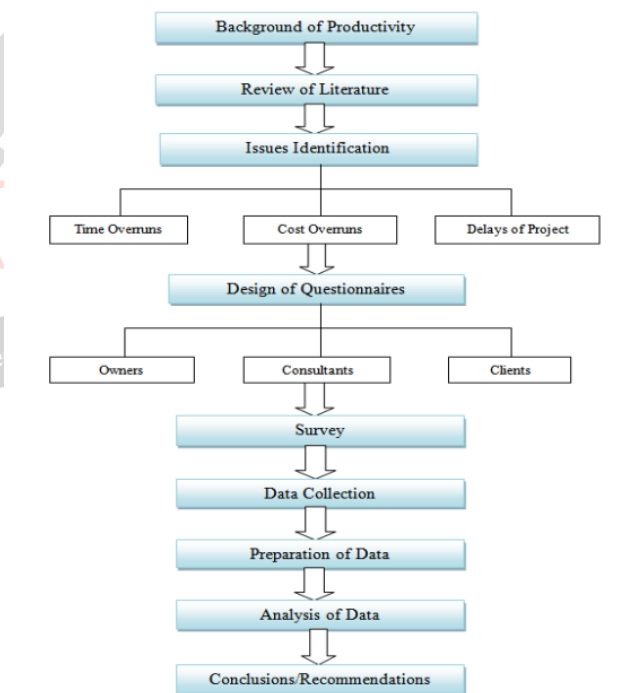


Figure no.1. Research program

A. Affective Factors In Construction Impact Of Rera And Gst In The Construction Industry On Building Construction Productivity

Building productivity is influenced by numerous elements, including material equipment, tools, construction processes, and managerial skills in terms of adequacy and

accurate application, according to Aiyetan, Ayodeji, and Olatunji (2010).

External Factors- Weather conditions are an important consideration for any construction project's completion. External work such as formwork, T-shape work, concrete casting, external plastering, external painting, and external tiling suffers from adverse winter weather, such as winds and rains.

Insufficient Time- According to Aibinu and Pasco (2008), construction projects needing design time of months or years that require the contractors to digest the tender materials and submit the tender within a short period of time have insufficient time

a relatively brief period Planning, estimating, designing a work strategy, investigations, and other tasks are completed in a short amount of time or not at all.

IV. DATA COLLECTED FROM THE SURVEY MEASUREMENT

The level of measurement must be investigated in order to determine the most appropriate study technique. There is (are) an appropriate method(s) for each measurement type that can be used. Ordinal scales were employed in this study.

Item	1	2	3	4	5
Scale	Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)

Table no 1. Survey data

A. Data Collected from Survey

One of the most critical phases in successfully fulfilling the study's principal goal is precise data collecting. The technique of data collection

	No.	Percentage of Total (%)
Total Questionnaires Sent	20	
Total Questionnaires Received	12	60
Invalid Data	-	-
Used for Study	12	60

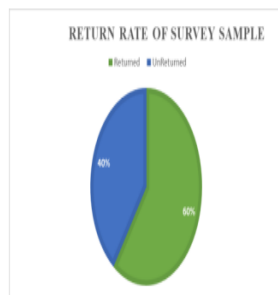


Figure no. 2 (a)Statistical Data of Questionnaires Sent and Received. (b) Return Rate of the Questionnaire

B. RII method analysis of factors impacting accuracy:

1. Factors related to schedule of the project

Factor	RII	Rank
Late repayment of Bills from your Client.	0.75	1
delay in implementation of RERA	0.7166	2
Application of new laws by Govt in between the ongoing activities	0.700	3
Unclear prices of the project details	0.666	4
In Adequate Help is getting from MIDC/DIC in the Procurement of Loan	0.6166	5
Extended time for process of complaint/ actions against the builder/promoter in case of fraud/complaint	0.6166	6
Adequate availability of Export and Import of materials	0.5833	7
Unclear of the rates of GST for Construction services under old scheme and new scheme	0.550	8

Table no 1. Project Schedule

2. Economic factors

Factors	RII	Ranking
Delay in implementation of RERA on some sites	0.7166	1
Clear idea about the application of GST	0.66	2
Demonisation, RERA RERA and GST application construction industry	0.65	3
Clearance on the prices of the products	0.65	4
Purchase from legal suppliers	0.633	5
They are Increase in prices due to GST	0.566	6
Rates of GST for new and old constructions	0.55	7
Rates for GST on commercial constructions old and new	0.55	8

Table no 2. Economic factors

3. Factors related to owner and client

Factors	RII's	ranking
Late repayment of bills from the client	0.75	1
Lower level of customer satisfaction	0.666	2
Unwillingness of builders to be dependent on strict rules and regulations	0.666	3
Unwillingness of the owner to pay GST	0.666	4
High cases of fraud by the builder	0.6166	5
Unequal rights to the buyer and seller	0.566	6
High rates of GST	0.55	7
Low communication between the owner and the client	0.5166	8
Builder does not guarantee hundred percent trustworthy information	0.50	9

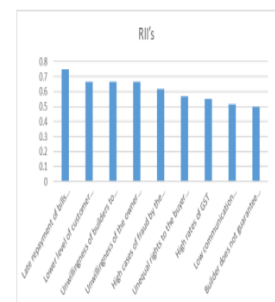


Table no 3. Client owner related factor

V. RECOMMENDATIONS AND CONCLUSION

Buyers should exercise caution before committing to the apartments. Always look into the builder's background. It makes no difference whether you're big or small. The builder should be someone you can trust. He had to have built comparable apartments before. This is only to ensure that they have hired the proper function Object() { [native code] } with extensive experience in multi-story building construction. The study identified 30 elements that have the greatest influence on productivity as a result of RERA

and GST implementation. It is strongly advised that all buyers insist on a copy of the RERA approval when booking flats.

It is clear that the application of GST has resulted in a significant decrease of up to 1.2 percent of the Project Cost.

GST has brought a great deal of transparency to the real estate sector while also helping to reduce illegal (black money) transactions.

VI. FUTURE RESEARCH SCOPE

The current study was restricted to the building construction business in Maharashtra's Pune region. A future study could be conducted in various sections of the state, focusing on certain types of building construction, such as commercial, educational, government, and skyscraper construction. For transportation projects, a study comparable to this one is needed to identify factors that affect highway construction productivity, which will aid transportation agencies in avoiding unwarranted cost escalations and project delays. The federal and state governments each spend a lot of money on road construction.

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