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Real estate and Covid-19: Impact and regulatory response in India

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Abstract

As a supplier of commercial and residential infrastructure, real estate acts as a fulcrum for growth and enables holistic socio-economic development in India. This paper studies the extent of the impact of Covid-19 on the Indian real estate sector and evaluates the response to the challenges on the part of Real Estate Regulatory Authorities, government and other agencies in the real estate regulatory framework. Using primary data from a survey covering 257 respondents from 16 states, and secondary data from CREDAI and Anarock surveys conducted in two separate waves of Covid-19, notifications issued by RERAs and Ministries, RBI directives, stakeholder association representations, and a focus group discussion of experts, the regulatory response is assessed and evaluated. The data indicate that the measures announced are inadequate; a more robust response, including GST and other fiscal changes, and amendments to the RERA Act are required, as are technology infusion and management innovation for long-term adjustment.

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1. Introduction

On 30th January, 2020, the World Health Organization declared the novel corona virus outbreak a public health emergency of international concern (PHEIC), WHO's highest level of alarm [43]. Six weeks later, WHO took the unprecedented step of qualifying this still higher, when the Director-General declared that Covid-19 could be characterized as a pandemic [44].

The United Nations Conference on Trade and Development (UNCTAD) assessed that due to the Covid-19 pandemic global FDI flows decreased by 40 per cent in 2020 from US$ 1.54 trillion in 2019, and that the depressed investment climate was likely to persist in 2021. The predictions for future recovery are predicated on the permanent abatement of the pandemic, and are therefore uncertain [39]. The entire world is experiencing change of revolutionary proportions which, in this case, is not due to technological intervention or governmental policy, but due to a health emergency [5]. In a paper published just months after the outbreak, Vijander Singh *et. al.,* came out with a predictive model for Covid-19, which was intended to, inter alia, help plan resources and determine government policy [41].

The real estate market, particularly in the medium-term, does not move independently from the context of the broader economic variables of the other productive and commercial sectors of the global and national economies [9]. The evidence for this is forthcoming from a number of studies carried out in various parts of the world, and published in the literature.

Milcheva observed that Covid-19 resulted in lockdowns being implemented across the globe, closing down service-related industries, and a virtual shut-down of entire economies, including impacting international trade and travel due to the universal paralysis of air traffic and port activities. Striking a somber note, he wrote: "The economic implications of Covid-19 are expected to be worse than that of the Global Financial Crisis. According to OECD data, world Gross Domestic Product fell by about 4.16% in 2020....... Real estate is among the industries hardest hit." [28]

Tanrivermis informs us that the travel bans and severe restrictions in the tourism sector had significantly narrowed the volume of transactions in real estate [37].

Using micro-level data to comparatively analyze the pricing trends in real estate in the US between lockdown and post-lockdown periods, D'Lima et. al., found that while there was no significant pricing effect in the aggregate, the supply of properties had contracted with sellers preferring to withhold putting them on the market, hoping for a better price later [13]. This is a somewhat contradictory finding, but it is what the data show.

Milcheva actually constructed what he terms as CRFs (Covid-19 Risk Factors) to assess the risk exposure of real estate companies. He found that real estate segments demonstrated wide divergence in the US, with some segments doing much worse than others, whereas in Asia the segment divergence was less pronounced [28].

Hoesli and Malle reported that retail, hospitality and office space are the segments that have been most affected by the pandemic; the residential and industrial segments have shown slightly more resilience. They maintain that the future trajectory of real estate prices would continue to vary across segments in the sector, and would be dependent on macro-economic factors, which themselves would be dependent on the success or otherwise of the mass vaccination programmes [24]. In short, considerable uncertainty shrouds the future real estate scenario.

Based on an extensive survey of more than 5,800 small businesses in the US, Bartik et. al., found that even though the Coronavirus Aid, Relief, and Economic Security (CARES) Act had been passed by the US government, many businesses anticipated challenges in accessing the benefits under the programme due to the perceived bureaucratic red-tapism and difficulties in proving qualification under the eligibility criteria [2]. This situation seems to be mirrored in the Indian business scenario, as shown later in this paper.

The vulnerability of populations is not restricted to the adverse effects on physical health and well-being. Wang & Tang observed that it was inevitable that the pandemic would cast a long shadow on the future socioeconomic well-being of infected persons and the communities in which they live [42]. Given the widespread nature of the pandemic, these ill-effects touch practically every region in most countries.

With its succession of waves, the Covid-19 pandemic could well have sketched out the limits of a new normal in social and economic behaviour [3]. The Covid experience is such that it has permanently changed habits and patterns of behaviour that could in turn affect demand for certain classes of real estate assets in the long term [21].

Ambrus et. al., aver that Covid-19 could irreversibly impact the geography of urban spaces. In support of this contention, they cite the example of their research on how the cholera epidemic of 1854 in a specific locality of mid-nineteenth century London effected differences in housing prices that still persist even after 160 years [1]. Vaibhav Bhatnagar *et. al.,* proposed that the data indicated that age was not a factor in the influence of the pandemic [40].

Research shows that even in the short time since the onset of Covid-19, changing patterns in demand for housing has been discerned, with declining demand for units in high population density areas, and a preference for low-density housing [27]. While assessing the Turkish perspective on adaptations required to be made by the real estate sector due to the Covid-19 outbreak, Tanrivermis observes: “Change in business orientations, working and living conditions necessitates a review of planning, project development, marketing strategies, use and management processes of settlements.” [37]

Thus, though a number of studies have appeared in the literature on the impact of Covid-19 on real estate, most of these relate to countries other than India (the US, UK, China, Turkey, Switzerland, Italy etc.). While a few scholarly articles have been published relating to India, there are no studies relating to the regulatory response to the pandemic insofar as real estate in India is concerned, and this is a clearly discernible gap in the literature.

The present study, therefore, aims to:

- Review the extent of the impact of Covid-19 pandemic on the Indian real estate sector;
- Collate the response measures to the challenges on the part of RERAs, as well as other players in the Indian real estate regulatory framework, such as government agencies and other relevant financial institutions; and
- Asses the adequacy or lack thereof of such measures as perceived by the stakeholders in the real estate sector, and their perception of requirements for coping with the aftermath of the pandemic.

2. The Indian Context

The real estate sector in India has a substantial significance to the macro-economy of the country. It accounted for 6.5 per cent to India’s GDP in 2019 and, is second only to the agricultural sector in being the largest generator of employment in the country [26]. In 2019, 55 million people were engaged in real estate productive employment [29]. In terms of the direct, indirect and induced socio-economic effects manifested due to backward and forward linkages in the economy as a whole, the construction sector ranks third among 14 major sectors of the Indian economy, after agriculture and textiles, because it stimulates demand in 270 industries and sub-sectors of the economy [25] and [29]. Since the real estate sector is a supplier of both commercial and residential infrastructure, it performs the role of a 'growth fulcrum', enabling holistic socio-economic development, particularly in a developing country context [31].

Not with standing its critical socio-economic role, the real estate sector in India remained almost entirely unregulated until 2016, when the Real Estate (Regulation and Development) Bill was enacted into law. The main feature of the resultant Act was that it provided for the establishment of Real Estate Regulatory Authorities (RERAs) in each state of the country, so much so that in common parlance it is referred to as the RERA Act. The Act required that all real estate projects consisting of more than eight units (developed plots and built-up units – whether commercial or residential – taken together), or any project of more than 500 square metres, be registered with the respective RERAs within a period of three months if they were already under implementation at the time of the Act coming into force, and prior to their being advertised or launched for all future projects [16]. The RERAs are mandated, *inter alia*, to:

- Bring transparency to the functioning of, and transactions in, the sector;
- Ensure builder accountability;
- Improve completion and delivery, along with promised facilities;
- Curb financial mismanagement;
- Speedily redress grievances of stakeholders;
- Promote the development of the real estate sector. [11].

Such was the growth trajectory the real estate sector was riding on, that immediately prior to the outbreak of Covid-19 its market size was estimated to rise to US$ 650 billion by 2025 and cross US$ 1000 billion by 2030 from the then current US$ 180 billion [26]. However, in India, as elsewhere in the world, the Covid-19 pandemic has had severe repercussions. The deleterious effect was compounded by the pandemic manifesting itself in two waves, with a slight respite between them.

Sourcing figures from the Business Today, Singh and Neog rate the 'disruption severity' in the construction sector – of which the real estate sector is a major part – as 'complete'. They give the estimated size of the construction sector to be US$ 190 billion, contributing 8 per cent to the Gross Value Added (GVA) of the Indian economy; and the loss due to Covid-19 in a single year is placed at US$ 15 billion [36].

Choudhury observed how the massive migration of labour from construction sites in urban areas of India back to their villages hundreds of miles away in the hinterland as a result of the pandemic brought the real estate industry in the country to a virtual halt [6], and De Sa *et. al.,* point out that the standstill was not only because of the absence of on-site construction workers, but also because of the up-stream shortages of the basic construction material, namely bricks, which is a labour-intensive industry in India, and which had also been affected by the migration [10].

Uchehara *et. al.,* talk of another dimension to the real estate supply chain that is business process related. They observe that the inherent risks of the lockdown directives resulted in real estate developers facing stoppages that impacted not only the built environment but also the real estate business supply chain – return on investments initiated, sale and rental income stream, mortgage payments, etc. [38]

Sanchaniya predicted that though in the immediate term the commercial segment of real estate had been severely impacted, in the long run it would be the segment that would demonstrate the fastest recovery [35], but unfortunately does not substantiate this optimistic prognosis with any data.

3. Methodology

Both, primary as well as secondary data has been used for this research and analysis.

The primary data relied on is a segment of a larger geographically rich and well distributed survey undertaken as part of empirical research towards a doctoral research project on the impact of the RERA regulatory framework on the real estate sector in India. 257 responses received from builders, real estate agents, professionals and experts, and from stakeholder associations (of developers, agents and homebuyers) drawn from 16 states of India were considered. That part of the survey questionnaire that relates to the perceived causes on negative impact on bookings and sales, and the relative importance of the Covid-19 pandemic among the various possible causes, has been taken into consideration.

Prior to the drafting of the questionnaire, a brainstorming discussion was held with representatives of builders' associations, professionals and experts to identify the most commonly perceived reasons that were negatively impacting the growth of the real estate sector, and respondents were asked to rank these on a 5-point Likert scale.

The secondary data employed in the study has been gleaned from a number of sources, but chiefly from that which was collected in two major surveys – one done after the first wave of Covid-19 by Anarock Consultants, and the results reported in late 2020, and another administered by the Confederation of Real Estate Developers' Associations of India (CREDAI), which was conducted after the second wave of Covid-19, eliciting responses from 4,813 of its 13,000+ members, and published in June 2021.

By employing the data from surveys conducted after two separate waves of Covid-19, better comparative insights are obtained.

Notifications issued by various RERAs, the Ministry of Finance and the Ministry of Housing & Urban Affairs of the Government of India, and RBI directives have also been consulted, as are representations prepared by various builder associations on the one hand, and consumer representatives on the other, articulating the problems and suggestions from their respective perspectives.

In order to gain insight and bring definition to the matter, a focus group discussion of experts and professionals was organized to identify possible immediate as well as long-term measures to cope with the crisis in the real estate sector.

4. Findings

4.1 *Comparative impact of the two waves of Covid-19*

The data indicates that the effect of Covid-19 on the real estate sector after the first wave was not as impactful as that of the second wave. The real estate sector was under stress even before the start of the Covid-19 pandemic; for example, the FDI in construction and land development declined almost 8% between 2017 and 2019. India's GDP growth rate declined to 4.7 per cent in 2019, the lowest in seven years. Since the real estate sector has a direct and proportionate correlation with the health of the general economy, the sluggish economic situation cast its shadow on the real estate sector as well, hampering its potential and restricting its performance to sub-optimal levels [26].

However, when the first lockdown was eased in mid-2020, green shoots made their appearance: office space transactions amounting to a total of 22.2 million square feet were recorded in the top eight cities of the country (Ahmedabad, Bengaluru, Chennai, Delhi-NCR, Hyderabad, Kolkata, Mumbai Metropolitan Region and Pune) during the latter two quarters, from July 2020 to December 2020; during the same interval newly completed real estate projects added 17.2 million square feet to the stock in these cities, indicating that stalled construction activities had re-commenced. Warehousing real estate attracted almost a trillion dollars in private equity investment in 2020, and during the same period retail real estate mopped up 221 million dollars. Fresh launches, always indicative of the health of the sector, made their appearance: in the same top eight cities mentioned earlier in excess of 86,000 housing units were launched in the latter half of 2020, and home sales rose from a little more than 33,000 units in the third quarter of 2020 to almost 62,000 units in the last quarter [25]. All these developments indicate that both construction activities as well as business transactions had picked up after the initial lockdown.

The empirical survey for obtaining the primary data was conducted between the two waves. Table 1 shows the geographical and category-wise distribution of the responses in the empirical survey.

Table 1

Geographical and category-wise distribution of respondents

	State	**E/P**	**IB**	**BA**	**IA**	**AA**	**CA**	**TOTAL**
		(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	
1	Punjab	6	16		5			27
2	Haryana	1						1
3	Himachal	2	3	1	1			7
4	Delhi	2						2
5	Rajasthan	5	2				1	**8**
6	MP	21	32	1	5	1		60
7	Maharashtra	4	15		10	2	1	**32**
8	Gujarat	17	9		7			33
9	Goa	3						3
10	Chhattisgarh	6	10	1				17
11	Odisha	1						1

Contd...

12	Tamil Nadu	4	14	3				21
13	Andhra	4		3	1		1	**9**
14	Karnataka	10	10					20
15	Kerala		8		1			9
16	Puducherry	1	4	1	1			7
	TOTAL	87	123	10	31	3	3	257

(1) E/P – Experts & Professionals(2) IB – Individual Builders
(3) BA – Builders' Associations (4) IA – Individual Agents
(5) AA – Agents' Associations(6) CA – Consumer Associations
Source: Authors

The participants were asked to rank six factors perceived to be negatively impacting real estate bookings and sales on a Likert scale of 1 to 5:

- The demonetisation announcement in November 2016
- The Covid pandemic
- The general downturn in the economy
- The lack of bank credit
- Poor investor sentiment
- The stringent provisions of the RERA Act

The responses were tabulated and the relative importance index (RII) of each variable calculated by the formula:

$$\mathbf{RII = \Sigma\ W / (N * A),} \quad \text{where,}$$

W = weight as assigned on a Likert scale in a range from 1 to 5, where 1 = no negative impact, and 5 = huge negative impact.

A = Highest weight (here it is 5)

N =Total number in each sample.

Table 2 shows the results.

In the present study we are basically concerned with the perception of the stakeholders regarding the role of Covid-19 in the difficulties being faced by the real estate sector. Across stakeholder segments, Covid-19 has been perceived to be the most negatively impactful variable (by individual builders, builders' associations and consumer associations alike), or the second most impactful, after the demonetisation of November 2016 that struck a body blow to the Indian economy that still reverberates, (by experts and professionals as well as real estate agents). Only the real estate agent associations placed Covid-19 at rank 3 (since there were only

Table 2

RII and rank for negative impact on real estate sector

Variable	E/P (1)		IB (2)		BA (3)		IA (4)		AA (5)		CA (6)	
	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank
Demonetisation	0.75	**1**	0.84	**2**	0.84	**2**	0.86	**1**	0.74	**4**	0.87	**1**
Covid-19	0.74	**2**	0.85	**1**	0.88	**1**	0.78	**2**	0.87	**3**	0.87	**1**
Economic downturn	0.68	**3**	0.75	**3**	0.82	**3**	0.70	**3**	0.93	**2**	0.67	**3**
Credit crunch	0.61	**5**	0.68	**5**	0.72	**4**	0.59	**5**	0.67	**5**	0.60	**4**
Poor investor sentiment	0.62	**4**	0.70	**4**	0.68	**5**	0.70	**3**	1.00	**1**	0.47	5
RERA Act	0.34	**6**	0.52	**6**	0.44	**6**	0.41	**6**	0.27	**6**	0.47	**5**

(1) E/P – Experts & Professionals (2) IB – Individual Builders
(3) BA – Builders' Associations (4) IA – Individual Agents
(5) AA – Agents' Associations(6) CA – Consumer Associations
Source: Authors

three associations in that category, the results could well be skewed). It is significant that even when placed at rank 2, the relative difference between Covid-19 and demonetisation was considerably less than the difference between the ranks of the other variables. Thus, it can be concluded that even though this survey was conducted before the second wave, yet the majority of stakeholders, (particularly builders, buyers and experts) felt that the pandemic was the major cause of negative impact.

The position after the next lockdown following the onset of the second wave of Covid-19 towards the end of the first quarter of 2021 reveals an even more dire situation.

The Confederation of Real Estate Developers Associations of India (CREDAI) is the largest and most widespread industry association in the sector, comprising of 217 city chapters in 21 states, with a total membership in excess of thirteen thousand [8]. The CREDAI-commissioned survey was conducted over the last week of May, 2021 and the first week of June, 2021. It compiled data from 4,813 of its builder-developer members with projects spread over Tier I, Tier II and Tier III cities in India, as shown in Table 3.

The data collected in the CREDAI-commissioned survey [7] indicated that 95 per cent of the real estate projects under construction had been delayed, with 83 per cent progressing at less than fifty per cent normal construction capacity. The construction costs had increased by more than

Table 3

Geographical coverage city-type wise (CREDAI Survey, 2021)

Type of City	Number covered
Tier I	8
Tier II	102
Tier III	214
TOTAL	324
Total respondents	4,813

Note: Tier I consists of the 8 major metropolitan cities; Tier II of other cities which have a population in excess of half a million, but less than 4 million; and Tier III towns of less than half a million population.

Source: Authors (based on data from CREDAI survey, 2021)

10 per cent, and shortages of labour were being experienced by 92 per cent of the developers due to the departure of migrant workers, who had left the project sites to return to their native places during the pandemic. A substantial number of those workers who had returned after the first lockdown was eased, left again immediately on the declaration of the second lockdown, presumably to avoid a repetition of the disastrous situation that took place in April-May 2020 when many thousands of labourers had to trek on foot to their homes in distant states [10]. The installment payments by the homebuyers who had already booked houses were delayed in 85 per cent cases. Almost 42 per cent of the developers experienced a drop of more than 75 per cent in customer inquiries and walk-ins for on-site viewing at the project sites, indicating a sharp reduction in bookings.

The completion and delivery timelines of almost three hundred thousand flats in the Delhi-NCR metropolitan region alone could be impeded by a two-year delay because of manpower and supply-chain disruptions due to the added weight of the second wave of Covid-19 [4]. All these facts are indicative of the slowdown in the real estate sector in 2021 being more severe than in 2020.

The situation in Tier 2 and Tier 3 cities also reflects similar disparity between the aftermaths of the two Covid-19 waves. An analysis of the statistics relating to the state of Madhya Pradesh (the second largest state of India, in terms of geographical area, and fifth largest in terms of population, having two Tier II and eighteen Tier III cities) reveals that during the two quarters June-December 2020, 229 new real estate projects were registered; however, during the first quarter of 2021 the figure dropped to zero, and in the second quarter, March-June 2021 just three projects were registered. A very slight improvement is discerned in the third quarter July-September 2021, with 38 new projects being registered, but this too is way below the pre-Covid-19 average [34].

The impact of Covid-19 is not limited to developers alone. With the delay in delivery and project completion, and sluggishness in new project launches, other stakeholders in the real estate ecosystem, namely homebuyers and real estate agents are also adversely affected. As reported by QuantEco Research, consumption could be restricted post the second wave since people feel be prompted to save, in contrast to the situation post the first wave when economic growth contraction was principally due to supply disruptions. In effect the report suggests that while the sluggishness in the economy after the first wave was a temporary phenomenon due to extraneous factors, the situation after the second wave could herald a behavioural change with more lasting effects. [32].

4.2 *The regulatory response*

The Real Estate Regulatory Authorities of states (RERAs) are statutorily mandated to not just to register projects and monitor compliance, but also to promote the development of the sector. Hence the challenge before regulators was how to reconcile the protection of consumer rights with the precarious predicament of the real estate developers. After an urgent virtual national meeting of the Central Advisory Council (constituted under the RERA Act) held on 29th April, 2020, the Ministry of Housing and Urban Affairs, Government of India, issued an advisory on 13th May, 2020 recommending that the Covid-19 pandemic be viewed as a *force majeure* episode under section 6 of the RERA Act, and that by virtue of the powers conferred on RERAs under sec. 37 read with sec. 34 (f), the registrations of projects for which scheduled completion date was on or after 25th March, 2020 should be automatically extended by at least three months at the informed discretion of RERAs [20]. The RERAs responded by *suo moto* considering the pandemic a *force majeure* occurrence, and granting blanket extension in registration ranging from three months to five months to all projects with certain conditions. Many RERAs further extended this relaxation by another six months after the second wave. The question of whether such extensions apply only to the validity of registration, and do not affect the rights of home buyers to compensation for delay, remains unspecified.

A few weeks prior to the first lockdown the Union Cabinet had on 6th November, 2019, approved the establishment of a Stress Fund to provide priority debt financing for the completion of stalled housing projects in the Affordable and Middle-Income Housing sector. Due to various technical and operational difficulties, the stress fund remained largely unaccessed. A memorandum presented to the Chairman of RERA-MP by the MP chapter of CREDAI maintained that some of the conditions for release of funds were impractical. For example, the existing banker to the stressed project concerned was required to issue an NOC permitting first charge on the assets of the project to be transferred in favour of the designated nodal agency (SBI Cap Ventures) releasing money from the stress fund. However, the RBI refrained from issuing any notification regarding the provisioning of the assets mortgaged under loans, when such additional fund was released from the stress fund; as a result, the stress fund was almost a non-starter, with only relatively few stalled projects being able to access it. At a national virtual meeting of chairmen of all RERAs, the matter was raised by the Chairman of RERA-MP, and suggestions given for expediting the activation of the fund [15].

Discerning the strain being experienced by the industry, the Ministry of Finance issued a circular on 16th April, 2020, asking financial institutions to ensure timely credit to businesses in the context of COVID-19 pandemic. The Reserve Bank of India (RBI) issued instructions to the banks and financial institutions permitting banks to ease working capital financing by reducing margins for increasing drawing power and reassessing the working capital requirements of the existing borrowers, and also for providing emergency lines of credit to developers [17].

In furtherance of the Aatma Nirbhar Bharat Abhiyaan (Self Reliant India Campaign), and specifically as a measure to counter the ill-effects of Covid-19 on the economy, the Department of Financial Services launched the Emergency Credit Line Guarantee (ECLG) Scheme on 23rd May, 2020 in order to allow businesses to meet operational liabilities, and even restart their enterprises [19].

However, the focus of the above measures was micro, small and medium enterprises (MSMEs), and the conditions set were such that not many real estate developers could benefit from it.

4.3 *The stakeholder response*

The measures and concessions referred to above were initially welcomed by the promoters, but when the fine print began to surface, they expressed their disappointment at the inadequacy. They have argued for a more robust response that includes a moratorium on existing indebtedness across borrowers, freezing of SMA (Special Mention Accounts, as a prelude to NPA – Non-Performing Asset) classification, freezing of punitive proceedings under the Insolvency and Bankruptcy Code (IBC), and effective measures by the RBI to enhance liquidity to real estate companies. They also proposed the removal of anomalies in the GST regime through amendments, and allowing in-put tax credit for under-construction buildings [30], [7] and [31].

Some of the issues, such as correction of GST anomalies and broadening in-put tax credit conditions were raised by the developers even prior to the pandemic; but the adverse situation created by Covid-19 lent a new urgency to the demands. This seems to echo what Tanrivermis observed about real estate in post-Covid Turkey: "It is clear that the measures taken for radical change in the long run are still inadequate." [37].

The consumers too seem dissatisfied at the opacity regarding their right to compensation as a result of period for completion of projects being extended by RERAs. Consumer Associations held that the extension was for the purposes of registration validity, and the right to compensation remains irrespective, a sentiment articulated by Abhay Upadhyay, President of the Forum for People's Collective Efforts (FPCE), a national level civil society organization active in real estate related consumer issues [23].

4.4 *The Focus Group of Experts*

The focus group of experts and professionals under reference consisted of a Member of a RERA, a former Municipal Commissioner, a former Principal Secretary Urban Development, a Chartered Accountant, a lawyer, an engineer and an academician – all dealing or having dealt with, and familiar with, urban management and real estate industry matters. The issue for discussion was required regulatory response to effectively steer the real estate sector out of the current challenging situation and equip it to function more effectively in a post-Covid era. The expert group reviewed the summarized findings of the research study and recommended a judicious mix of immediate and long-term measures, as follows:

- Inter-ministerial co-ordination at government level so that the measures relating to the real estate sector devised by the Ministry of Housing and Urban Affairs have the meaningful support of the Ministry of Finance; an inter-ministerial empowered task force with a clear mandate to remove the practical difficulties encountered needs to be set up in order to translate intent into action.

- Intervention on the part of the RBI to issue clear directives to financial institutions, enabling them to issue the required NOCs so as to facilitate access of funding from the Stress Fund set up a year and a half ago.
- The RBI directives should include enabling banks and financial institutions to participate through loan re-structuring in RERA-formulated rejuvenation packages for stalled real estate projects.
- Remove the anomaly in the GST regime whereby under-construction homes are taxed at 18% while fully constructed 'readymade' houses are exempt from tax. This would go a long way in stimulating demand and increasing the affordability of the housing sector.
- A significant long-term measure suggested by the focus group of experts was the amendment of the RERA Act to:
- Grant powers to RERAs to issue directives to all stakeholders in the real estate ecosystem, not just to the promoters, consumers and agents as at present. Government agencies and financial institutions involved could also be included in their ambit, so that practical packages could be formulated to re-start stalled projects and obstacles removed in the implementation of projects.
- Remove the current confusion between parallel jurisdictions between the RERAs, IBC and consumer courts that is resulting in contradictory directives, and lack of a cohesive response to the challenges that may crop up. The RERAs being the specialized bodies dealing with the development of real estate are best placed to handle the matters in a holistic manner.

The focus group laid emphasis on the promotion of the use of latest technology, both in construction methods as well as business management, so as to encourage innovation in the real estate sector, and suggested that a comprehensive plan be drawn up for the same, going beyond just the effects of Covid-19.

5. Conclusions, Limitations and Future Scope

The Covid-19 pandemic had a significant impact on the real estate sector in India; while the aftermath of the first wave saw some optimistic signs of revival, the severity of the second wave remains a cause for serious concern for real estate. The various measures announced by the RERAs, RBI and the government, while providing some relief, have failed to stimulate the industry to the desired extent.

Urgent action to render the relief packages operational are necessary, including clear directives by the RBI and removal of anomalies in the GST regime so as to stimulate demand and increase affordability. Amendments to the RERA Act are also long overdue to make it more effective in dealing with the challenges faced by the stakeholders, and the sooner these are implemented, the better. Changes in the legal framework, however, would require a political consensus, given the inherent reluctance of the government to undertake any amendments to the RERA Act [14] and [33].

While regulatory and financial responses are advantageous, these can only have a limited effect on the industry. Hajdu & Isaac trenchantly observe that the generally accepted rule that practice usually lags behind theory applies to project planning as well [22]. Dixit points out, while reporting about the impact of management practices on construction productivity, that "one of the main attributes for the success of any construction project is commitment and the presence of right culture at the management level." [12]. There would have to be a fundamental and innovative reorientation to be initiated by the real estate companies themselves – a reorientation that spans the entire management paradigm, including technology adaptation and adoption, new approaches to risk mitigation and business continuity planning, and response to changing consumer behavior.

This study is limited to the extent that it relies partially on secondary data, the method of collection of which may not have followed the rigorous research standards adopted for the collection of the primary data. There is scope for further research on other amendments necessary to the RERA Act, and the most critical areas in the real estate sector which urgently require technological interventions and improved management practices.

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