6.5 CONCLUSIONS

Indian real estate market is undecided in current state as the economy is under continuous pressure of economy downfall. In current scenario, the property prices are moving for correction though the real estate market is moving more over towards crash situation and buyers are waiting till more lowering down of property prices.

The ongoing recession period has been lasted due to tight monetary regulation and high inflation rates, in fact, the banks have implied tough norms and conditions in terms of lending loans to real estate market. In September 2015, Reserve Bank of India directed banks to be cautious and not to lend money under subvention scheme (Builder promises to bear the bank interest on loan taken on the name of customer for certain specified period) to real estate developers. The Reserve Bank of India stated that, in such bank loans the terms and conditions of bank bounds customer in case the real estate developer makes any default.

It is highly risky in case of such real estate projects where lump-sum payments have been asked from banks, in fact the banks must go for disbursal of bank loan as per the stage of construction in spite of giving upfront loan disbursal at under construction property. Property prices are undergoing continuous correction but, this correction could not be considered as deliberate effort as the reason for price change could be different. There could be different reason for each property location, for example, the property prices have been fallen in Hyderabad due to political issues whereas NRI exiled the money in Kochi, which lead to sudden fall in property prices.

In main Delhi location, the property prices have been curbed by 10 to 12% during last one year but comparatively the property prices have taken a rise of 5% in Delhi NCR regions whereas property prices are either stable or seeing hike in other metro cities, like in Mumbai the property prices have been increased by 8 to 11% and 8 to 10% of the price rose has been noticed in Bangalore too. In fact, two tier cities are getting property hike of 4 to 6% since last six months.

Despite the recession period, the property developers are still launching new projects and coming up with attractive marketing ideas to promote sales and even poor economic situation could not stop the launch of 65000 new units in metro cities. Small property developers are in huge problem as the giant and established property developers are launching the project with huge discount and giving subsidy in property rates but the
fact is that, urban India is under shortage of housing and property prices will surely rise in future though, it is under pressure currently.

In this study, the analysis has been done on the customer satisfaction and marketing strategy towards real estate industry with respect to Delhi NCR and the study indicates that, the initial negligence of customer leads to blunder of customer satisfaction issue at later stage. The fact is sure that, the customer needs a particular property but, one thing is also true that, the property will also not get vanished in few hours or days from the location and must not be in hurry during property buying process, also not to agree with one sided bounding terms and conditions implemented by real estate developer. The customer must not rely on the information provided by third party as third party is more interested in their commission and the customer has to check every detail from personal perspective and also get the documentation properly. In fact, before involving into financial transaction with property developer, the customer must look that the property selected by him must be suitable in every aspect.

Though, it has been noticed that, the actual frauds use to be created by developers by putting up undue terms and conditions on customers and the customer who is looking for property has to bear those fraudulent terms and conditions because these developers have made a kind of cartel where the legal procedure is almost same for every developer. Though, this real estate cartel is not explicitly visible but this cartel has been formed just be adapting the agreement form applied by one developer to other developer, putting customer into miserable situation. The era required strict real estate law, where every issue must be legally implied and the legal fraternity must pose some power in hand of customers too.

The real estate sector must have separate terms of rules and regulation for each customer as well as real estate developer and the law must have bounding capability to both the parties. The ongoing frauds, mis-management of customer’s fund and criminalization of sector could be curbed with help of government and legal support.

Till now, there is no proper regulatory authority in real estate sector, as what we have in Share market, Insurance market. (Singh, 2009)\textsuperscript{\textdagger} The central government is working on a model of real estate regulation bill to provide guidelines to facilitate growth and promotion of healthy and transparent, efficient and competitive real estate sector in the country; this is a welcome move from everyone and will help the sector in becoming
efficient and competitive for everyone specifically for investors. But, initially government is planning to set SEBI as regulatory authority for the real estate sector as well. However, developers feel the government should form a separate regulator on the lines of Securities and Exchange Board of India (SEBI) to regulate the sector. Because they feel that same set of regulations which have been applied on financial market cannot be applied over real estate market too.

Addressing a conference on real estate, the urban development minister said “that Indian real estate market is unorganized and fragmented and that most of property transactions are based on certain perceptions, not necessarily on sound business principles”. However, what exactly happens, the developers start selling their products just at pre-launching stage, where there are no proper approvals with them along with any layout plans and specification details. They show *jannat (heaven)* on barren land with nothing on it. The customers have to trust their words, as the developers show them the toy of price increment very soon and the property will get out of their reach, if they do not invest at such initial stage. At such hustle stage, customers invest their hard earned money and end up with no satisfaction. At the end, customer satisfaction is low and if they go for any redressal procedure then redressal procedure is long and cumbersome, which is very painful too. Because, as they have already lost their life earned hard money and now they have to face legal problems to get their rights too. This creates problems for both buyers and developers. As end users are not sure of delivery of a house by builders on time, they don’t want to risk themselves by taking a loan from the bank.

Apart from this, many buyers are not even sure of the specifications, which developer promised while selling them the houses/flats. Worse still, when developers do not deliver on time or stick to the promised specifications while selling, buyers do not know where to for redressal. Going to a court is not only time consuming but also expensive.

This has forced buyers to either defer their purchase or to go for completed projects. But, such acts sometimes land up expensive to the customer because the completed project cost much higher and reach out of their budget. But, this apprehension of end users have affected genuine developers too, which have a plan and required finances to complete the project, and they have complete plan of delivering of promised specifications too. However, in the last couple of months, end users have started showing
interest in buying new projects. But, they want to buy the projects of reputed developers, because the customers have already gone through with their previous delivered projects and can rely on their delivery time and specification based on the previous one. This has created problem for the new but good developers, who wants to attain the same level as what the old developers are and suppose to deliver the best than the older ones.

A senior developer states, if the sector is well regulated, then the role of brokers and investors can be reduced as these people have created heavy mess. They cheat the end users just for the sake of money and shake their confidence too. So, developers approach buyer directly without keeping any middleman in between, because this helps the developers as well as the end users free of the tensions. (Sahu & Menon, 2011) In most of the cases, investors, who have better understanding of the sector and who can invest time and money, invest at the early stage of implementation of a project and make easy money by selling them to end users at high prices when the project comes at completion stage. The end user, on the other hand are comfortable in buying a house when projects are close to completion, hence making the sector over dependent on investors. Consequently, in last one year of market downturn, the entire real estate sector came to a screeching halt as investors disappeared from the market, and flow of money in the market has been stopped due to huge recessions of 2008. Investors have stopped funding builders, during that period because the Investors and developers both lied in the financial crashes. The builders were not able to complete their projects and at the same time investors also not got any end users to buy their holdings, due to which their money is blocked. But, if the sector had been well regulated, then end users would have been bold enough to buy at the early stage of project implementation, this would be beneficial to them also, because the end users will have got the houses at lesser costs and this would have helped developers too, as they need not to give any cutting prices to the investors and the developers would also lend up profit.

However, another problem in regulating the sector is that it comes under the state subject as well and each state has its own rules and regulations in terms of registry and other constructions terms. Because the FSI (Floor Space Index) and FAR (Floors Area Ratio) differs state to state and place to place. In fact, the rules regarding the marketing stage and construction stage also differs state to state in India. Thus, a senior official says nothing much can be done unless state governments show interest, As Haryana Government has already passed an act to regulate the sector. But, the results are not
encouraging, thus far, because the rules have not been implemented with pure strictness and the developers still work as per their nonsense terms even it was assured to stakeholders that the government will accord full cooperation and support to encourage the implemented regulations but at the end nothing happened.

(Vishwakarma & French, 2010) The housing sector in India holds tremendous potential as India’s population is second largest in world and youth of country is shifting towards urban cities for their education and jobs, due to which they need their personal space and search for a good residential option, and it has positive impact on the social and economic development of the country too because this sector is second largest employment provider in our country. In 2006-07 when it was considered that, that time was the best in terms of economic growth of the country in fact the country's growth was about 9.6% which was a good one at that time the real estate sector was about 4.5% of country's Gross Domestic Product and comprised approximately 7% of the total urban workforce. And after that, now the growth trend is fast in this sector so it is assumed that now it may comprise of not less than 6% of the total GDP.

Housing is the largest component of the construction sector and central to economic growth. However, provision of affordable housing for all is a complex problem with challenges emerging from many facets of urban sector. The urban development minister said there are many impediments to the growth of affordable housing, land and capital being the two key constraints, because the availability of the land and that is also at very affordable rates is almost dream and impossible to get, So somewhere the concept of affordable housing losses its availability.

To increase the stock for affordable housing the focus has to be on augmenting land supplies. Kumari Selja said the issue is a critical one and requires a number of measures such as alternative methods of land assembly, development and disposal to be pursued, check on prices of urban land, encouraging public-private partnership, promoting intense use of land-higher densities, revision in Floor Area Ratio or Floor Space Index and change of norms to suit local situations, discouraging speculation in land development, and allotment or disposal process to check rising prices of land.