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Negotiating Unethical Business Practices: Consumers in Urban Housing Market

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Abstract *Presumably, a 'consumer' suffers most when the market is speculative, exploitative, non-transparent and operates with no authority to regulate the market irregularities. The urban housing market in India is a case in point. The present paper, which forms part of a larger empirical study, suggests that the consumers in urban housing market frequent a series of tricky practices, termed as "critical issues", which are neither avoidable nor acceptable to them.The number of 'registered disputes' do not actually reveal the magnitude of close encounters with such issues as these do not always mature as 'dispute' requiring formal institutional intervention. Response of the consumers to 'critical issues' is not uniform. Individual difference in response is influenced by one's affordability of damage/loss caused by deception and/or, one's own assessment of self to withstand the probable 'costs' associated with resolution through formal dispute redressal mechanism. Chronic shortage of urban housing (that increases the chances of speculation), limited success of the state to ensure rigid enforcement of rules to contain deception, inadequate concern of the market for consumer justice and ignorance/reluctance of the consumers to 'contest' allow unethical practices in urban housing market to perpetuate. A set of strategies has been prescribed.*

Keywords *Consumer, Consumerism, Critical Issues, Real Estate*

INTRODUCTION

It is least contested that unethical business practices adversely impact economic growth as well as investment opportunities of an economy, apart from the business image of the enterprises engaged in such practices. A recent study with respect to Indian economy suggests that "the potential losses suffered by the Indian economy stands at INR364 billion and this excludes some large scams such as 2G, Commonwealth Games and Mining". The study is based on cases of corruption reported in media between October 2011 and September 2012 (EY-FICCI, 2012).Again, "some industries tend to have relatively higher instances of bribery and corruption than others". This becomes possible chiefly "because of link with multiple parties including government"(KPMG, 2011).

Unscrupulous or unethical or unfair business practices pose a challenge to the 'consumers' and 'consumerism', as well. Presumably, a consumer suffers most when the market is speculative, exploitative, non-transparent and operates with no authority to regulate the market-irregularities. The urban housing market in India is a case in point. Chronic shortage of housing in urban India (particularly in the affordable segment) continues with tragic implications for the consumers who are engaged in negotiation for a housing unit. It is tragic because the feeling of 'powerlessness' vis-a-vis the knowledge of events in the urban housing market dominate the thought-process of the prospective buyers. It tends to interfere with one's decision to approach the formal dispute redressal mechanism against unscrupulous practices. More often than not, the consumers ignore the unfair business practices unless otherwise impelled. It could be that deception in everyday-life-situation has become so "widespread and deep that the society instead of complaining and fighting for it has started accepting it" (Bana, 2006). The vulnerability and response of the consumers to the deceptive practices, the bases of persistence of such tendencies in urban housing sector and such other related issues have however, failed to attract adequate attention of the social researchers undertaking investigative studies on business ethics in India. The present paper, which forms part of an empirical study[1], seeks to address three major issues with

[1] The present paper forms part of a study on Consumer Justice in Urban Housing Market in India with particular focus on vulnerability and choices of the consumer vis-à-vis undying unethical business practices in urban housing market.The study was awarded by Indian Institute of Public Administration, New Delhi and sponsored by the Department of Consumer Affairs, GOI.The author is extremely indebted to the officials of the State Consumer Disputes Redressal Commission (both in Bengaluru and Kolkata) for their kind cooperation in all matters related to the study.The respondent-consumer, who kindly agreed to share his/her views on multiple issues even knowingly that the present researcher is unable to relieve him/her of undying property-related personal worries, deserve sincere thanks.

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policy prescriptions. These issues are: first; what are the "critical issues"frequented by the consumers in the urban housing market? Second; how do the consumers negotiate those issues? Third; why do unethical business practices persist in the urban housing market in India?

PRELIMINARY OBSERVATIONS

Before we proceed to deal with the issues in the inquiry and other such related issues, some observations related to the major elements of the study viz.; key words and methodology, seem necessary.

Key Words

(i) A "consumer" means any person who "buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose"; or

(ii) "hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who 'hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person "but does not include a person who avails of such services for any commercial purposes"(CPA, 1986; Kapoor, n.d.). It may be mentioned that the definition of 'service' in Section 2(1) (0) of the Consumer Protection Act (1986) has been amended to include the term "housing construction".

The term 'consumerism', for the present purpose, refers to the Acts, Laws, Rules and all other such initiatives intended to protect the rights of the consumers against market irregularities. It is wrong to assume that consumerism is a war against the business entrepreneurs. The thrust of consumerism is on development of 'collective consciousness on the part of consumers, business, government and civil society' to ensure consumer justice (Singh and Chadah, 2005). It is obvious that success of consumerism obviously depends on sufficient reciprocity in concern for consumer justice among the stakeholders.

The consumers, in course of buying a property, ordinarily encounter and experience a host of tricky issues which are neither avoidable nor acceptable to them. The term 'critical issues', for the present purpose, refers to these issues which amount to breach of contract and/or, deficiency in service and/or, willful neglect or non-compliance to promises and/or, contrary to legitimate expectations leading to personal miseries/sufferings.

The term 'real estate' refers to "the land, including the air above it and the ground below it, and any building or structures on it". The activities of the real estate sector include purchase, sale, development of land and residential and non-residential buildings. The real estate sector consists of multiple sub-sectors viz.; commercial, residential, retail and hospitality. The present paper concerns the urban housing (residential) sub-sector.

METHODOLOGY

The relevant data for the present study have been drawn from both sources: the primary and the secondary. The relevant empirical data have been drawn in a number of spells. The initial spell of fieldwork had been carried out with the intention to pre-test the Questionnaire/Schedule. Informal discussions with the functionaries of the Karnataka State Consumer Dispute Redressal Commission, the West Bengal State Consumer Dispute Redressal Commission and significant others were of much help. It was originally planned that the intensive field work for the study would be carried out, in spells, in two urban residential areas. These are: viz. White Field and New Town, located in the eastern part of Bengaluru and Kolkata, respectively. Later, Dumdum, a city-fringe [of Kolkata] was included as part of the study. The relevant primary data have been drawn from these three residential localities. The first two study areas, viz.; White Field and New Town are upcoming residential areas and in close proximity to the IT/ITES hub of respective cities. These residential localities are dominated by those who are mainly associated with the IT/ITES/service sector industry, often called, the 'new-age economy'. In White Field, a good number of private builders' apartments either have been completed or are near completion. In New Town, it has been found, some apartments are coming up under public-private partnership (PPP). Dumdum, on the other hand, is relatively an old and a congested area. Small investors are engaged in building ownership flats in this locality. A good many of the buyers had been attracted to this locality because of relatively low cost of housing and good connectivity including metro rail. The owners, who have recently moved in to their respective flats/ apartments after buying the same from the private builders/State Housing Board/Joint Venture Company, constitute the sample for the study. It was assumed that this category of buyers/residents must have developed fair knowledge about the urban housing market as they themselves have passed through the process of negotiation with the market. The relevant primary data for the study have been drawn through pre-tested and structured schedule. Informal interviews/meetings had been arranged with (a) the Functionaries of the Urban District Forum (Bengaluru and Kolkata) (b) the Functionaries of the State Consumer Disputes Redressal Commission of respective states (c) the Functionaries of the Resident Welfare Organisations. The informal meetings/interviews provided useful insights. It was decided that the size of the sample would be kept limited to 280 home-buyers chiefly for probing interaction with the respondents.

The discussion that follows is divided into five small segments. The first section provides a brief account of the history of the legislative initiatives towards prevention of unethical business practices in India; the second section relates to the 'critical issues' encountered and experienced by the consumers in the urban residential market in India[2]; while the next section focuses on responses of the consumers to 'critical issues'. As it will be evident, all 'critical issues', which the consumers encounter, do not actually mature as dispute requiring institutional intervention for resolution. The decision of the consumers to contest a critical issue in an appropriate consumer forum is mediated by social, economic and psychological considerations. The fourth section of the paper seeks to understand the bases of undying unethical business practices in urban residential market. The concluding segment concerns an overview with policy prescriptions.

LEGISLATIVE INITIATIVES

Initiative to regulate unethical practices in business to ensure consumer justice is neither a new phenomenon nor has it evolved in Indian society in recent past. Ancient India used to frequent adulteration, imperfect weight and measure and such other unethical business practices.There were rules to regulate such practices.There were provisions of punishment or penalty for the offenders. The provisions of penalty or punishment would undoubtedly secure greater compliance to rules. These have references in *Manu Smriti*, the most authentic and oft-quoted Text of ancient times. As well, Kautilya provided an exhaustive description of the methods of cheating and penalty/punishment for each kind of cheat committed by the merchants, artisans, craftsmen and such other service providers. The time to be taken and charge for various kinds of services (e.g.; washing/dyeing job, work involving precious metal) was specified. There were provisions of penalty against manipulation in "weights and measures, palming of precious metals, miscounting, describing an article of lower quality as of superior quality, giving a false shine, showing one product and selling the other and such other wrong doings"(Patil, 2011; Prasad, 2008; Rangarajan, 2010). The consumers in medieval India used to enjoy protection against exploitation in the market as reform of the market received adequate attention in medieval India and particularly during the reign of Allauddin Khalji (1290-1320 AD), who was the first to introduce price control policy in India. The much admired policy of price control of Allauddin Khalji however, ended with his demise (Naz, 2010). In order to protect the interest of the consumers, Acts were enacted in British India. The major Acts, having at least some implications for protection of consumers against fraudulent business practices, were: a) The Indian Penal Code, 1860; b) The Sale of Goods Act, 1930; c) The Agricultural Produce (Marking and Grading) Act, 1937; and d) The Drugs and Cosmetics Act, 1940. India, since her independence, has taken initiatives to enact new Acts as well as repeal, replace and amend certain Acts for protection of the consumers. The Consumer Protection Act 1986 was enacted to "provide better protection of the interests of consumers and for that purpose to make provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith" (CPA, 1986).What distinguishes the Consumer Protection Act (1986) from other Acts is that the former is both punitive and compensatory. Mention be made that the Consumer Protection Act, 1986 has been amended thrice (1991, 1993 and 2002). Further amendment to the Act is under consideration.

CRITICAL ISSUES

As it has already been stated, the expression 'critical issues', for the present purpose, refer to the issues, which are encountered and perceived by the consumers in the urban housing market as amounting to breach of contract and/or, deficiency in service and/or, willful neglect or non-compliance to promises and/or, contrary to legitimate expectations leading to personal miseries/sufferings.

There is no reason to believe that every consumer, negotiating with the urban housing market, experiences all 'critical issues' as revealed through the present study. As few 'critical issues' are more common than others, the 'critical issues' may be distributed based on the frequency of encounters or the commonalities of experiences among the consumers. Moreover, the 'critical issues' may be distributed in terms of type of issue involved viz.; financial, service and ownership. The discussion that follows begins with the 'critical issues'.

The respondents have identified, based on their personal experiences/perceived knowledge, a host of 'critical issues'. It has been known that the consumers encounter some

[2] Presumed that identification of the 'critical issues' would provide meaningful clues towards an understanding of the unscrupulous practices to which the consumers in the urban residential market are vulnerable. Also, it was felt that identification of the 'critical issues' could be one possible way to ascertain the pattern of concern of the urban residential market for consumer justice.

of these issues only after taking possession of the flat/ apartment. The 'critical issues' may therefore be broadly categorized as: pre-possession and post-possession.The pre-possession critical issues are: 1. Bargaining over price of the housing unit;2. Non-refund/unusual delay in refund of 'Booking Fee' against cancellation of 'Booking'; 3. Access to legal documents related to the property for verification is available only upon payment of requisite 'Booking fee'; 4. A part of the 'Booking fee' (not uniform) is deducted before refund is made in case of cancellation of Booking of the flat. Such deduction is made even when the buyer is not at fault; 5. Delayed delivery of the flat; 6. Non-payment of compensation for delayed delivery of the flat citing reasons beyond the control of the developer/builder; 7. Change in floor plan without the consent of the buyer; 8. Escalation in price of flat on flimsy grounds and the most common being the hike in price of raw materials and hiring charges of labour; 9. Difficulties associated with the 'Completion Certificate'; 10. Difficulties associated with Home Loan from Housing Finance Companies (HFC) for non-availability of valid documents from the seller regarding the property on sale.

The post-possession issues are: 1. Unauthorized construction; 2. Poor quality of material used in construction; 3. Problem associated with Super-Built-Area and Carpet Area; 4. Delay in transfer of Electric Meter in the name of the buyer; 5. Delay in conversion of electric connection from commercial to domestic; 6. Delay in Registration of Property/Khata Transfer; 7. Non-compliance or, partial compliance to commitments (particularly amenities).

Most of the respondents of the study (264: 94.29%) bought flats from the private builders.The price of flats/apartment ranges between Rs. 35 Lakhs and Rs. 60 Lakhs depending upon locality, floor area and amenities proposed. The first payment made by the respondents was at different stage of construction of their respective housing unit. The majority (193: 71.48%) of the buyers, who bought flat/apartment from the private builders, made the first payment while it was 'under construction', followed by those (44:16.67%) who made the first payment when the construction was 'near complete'. A fewer (27:10.23%) made the first payment when the flat/apartment was in a 'ready to move in' position. The last-mentioned category of the buyers focused mainly on the post-possession situation.

As it has already been stated, every consumer, negotiating with the urban housing market, does not necessarily experience all 'critical issues' as identified by the respondents. Few issues are more common than others. The 'critical issues' may thus be distributed as most frequent, frequent and less frequent depending upon the frequency of encounters with the issues by the consumers. A microscopic minority of the respondents, who indicated that they did not encounter any problem worth mentioning, agreed to distribute the issues in terms of frequency of occurrences based on their perceived knowledge in lieu of personal experiences. The issues, which could secure support of the majority of the respondents, have been only listed here-in-below.

The most frequent issues are: 1. Delayed delivery of flat/ apartment; 2. Non-payment of compensation for delay in delivery of housing unit; 3. Poor quality of material used in construction; 4. Non-compliance/partial compliance to commitments (interior fittings) proposed in the brochure;5. Problem associated with super-built-area, carpet area and common area.

The frequent issues are: 1. Delay in registration of property/ Khata Transfer; 2. Unauthorized construction; 3. Non-compliance / partial compliance to commitments regarding amenities proposed in the brochure; 4. Non-refund/delay in refund of 'Booking fee" against cancellation; 5. Bargaining over price of the flat; 6. Escalation in price of the flat on flimsy ground.

The less frequent issues are: 1.Difficulties associated with the 'Completion Certificate'; 2. Difficulties associated with securing Home Loan from HFCs for non-availability of valid documents from the seller regarding the property on sale; 3. Change in floor plan without consent of the buyer.

RESPONSE TO CRITICAL ISSUES

How do the consumers respond to the 'critical Issues'?While individual difference in response to the issues has been noted, the consumers have limited choices. The source of individual difference in response may be found rooted deep into difference in subjective understanding of one's affordability to damage/loss caused by deception and / or, one's own assessment of self to withstand the probable 'costs' associated with resolution through formal redressal mechanism. Generally speaking, the consumers tend to ignore a 'critical issue' until the loss/damage caused is well within one's own construct of 'affordable' limit. Beyond this point, the consumer becomes eager for a settlement through an intermediary, if necessary. A consumer decides to contest the issue either in an appropriate consumer forum or, in a court of law, it is only when any such initiative fails to yield desired result.

The decision of the consumers to contest in an appropriate consumer forum or, in a court of law is mediated by a host of considerations. These are: one's a) location in the socio-economic hierarchy; b) capacity to endure the 'costs' associated with a legal dispute; c) notion of self vis-à-vis the adversary; d) anticipation of outcome in case of litigation. That delay in disposal of a property-related dispute in particular has discouraging effect for the victim of deception was endorsed by most of the respondents.

Drawing cue from above, it may be argued, all 'critical issues', which the buyers encounter, do not actually qualify as a ‘dispute’. Again, the respondents reported that an out-of-court settlement of a ‘dispute’ is always encouraged. Out-of-court settlement is by and large also preferred by the parties to a dispute for a variety of reasons and chiefly to avoid the probable ‘costs’ associated with in-court settlement. It is thus a case is filed only when an effort towards a mutually acceptable out-of-court settlement fails. The point that we wish to make is that the cases, which are eventually filed at consumer disputes redressal forum [at various levels] do not actually reveal the magnitude of encounters of the consumers with unethical business practices in India. Again, it is evident that a consumer, even when he is not ignorant about the redressal mechanism or, do not suffer from lack of faith on it, prefers out-of-court negotiation to litigation. Moreover, the decision of a consumer to seek institutional intervention for favourable resolution of a ‘dispute’ is mediated by a range of considerations including uncertainties about outcome.

As it has already been stated, apprehension of possible delay in disposal of property-related cases in particular has been found to be the most prominent reason that discourages a consumer to stay away from formal redressal mechanism, unless otherwise impelled. It has been recorded that a significant number of cases filed against the builder/promoter is referred to the higher Forum in the form of an Appeal against the Order of a lower Forum. Available data from the Karnataka State Consumer Disputes Redressal Commission (Bengaluru) suggest that there were (as on 31/08/2012) as many as 3370 cases of appeals against the private builders. The number of appeals against the Government was 834. In fact, a review of the state of disposal of cases does not appear to be always encouraging as a good number of registered cases (dispute) are not disposed within time norms. The available data from the West Bengal State Consumer Dispute Redressal Commission (Kolkata) on state of disposal of cases (as on June 2012) demonstrate that 3304 cases (43.22%) were disposed off within time norms out of 7644 cases (filed after March 15, 2003).

PERSISTENCE OF UNETHICAL PRACTICES

Why do the consumers in urban housing market continue to be deceived? The respondents relate undying deception in the urban housing market to four major sources. These are: 1. Political tolerance/indifference to deceptive tendencies in the housing market; 2. State’s limited success in pre-empting unethical practices in real estate segment through effective enforcement of relevant laws; 3. Chronic shortage of urban housing for all income groups allowing speculation; 4. Ignorance reinforced by reluctance among the consumers to contest the deceptive tendencies of the market. As endorsed by the respondents, chronic shortage of urban housing that increases the opportunities for speculation is not alone responsible for persistence of unethical practices. It is associated with governance, as well. Again, ignorance reinforced by reluctance ‘to fight deception’ on the part of the consumers do not allow the deceptive tendencies to die. It is best put in some detail.

Housing inarguably improves livelihood of the general populace and contributes to generation of income opportunities leading to “enhanced financial stability and social inclusion”. Again, housing, an “asset with embedded value that keeps appreciating”, acts as insurance against personal/familial vicissitudes. Desire for housing thus transcends time, class and culture as housing ultimately means something beyond shelter.The growing demand for housing in urban India in recent years is attributed to a number of factors. These include natural growth of urban population, uninterrupted migration to cities from rural areas, surge in job opportunities in the urban-centric new-age economy, rapidly growing promising middle class, increasing nuclear family, surplus family income, availability of home loan, priority-shift among the new generation of home buyers and housing as safe investment. Again, there is the lure of possible capital appreciation and pressure of high rental that prompt to invest in housing using bank loan. Added to these, there are supply-side constraints (MHUPA, 2013; Real Estate, 2012; Crisil, 2010). Despite earnest efforts of the state in improving the state of housing in urban India, shortage of housing persists.

Moreover, it is generally held that the consumers in India suffer from high level of ignorance about their rights and the protective legislation. The major sources of low level of awareness among the consumers could be found associated with the perennial problems of economic inequality and low level of literacy. As India has been experiencing changing world of consumption in compatible with her growing purchasing power, it is important to make the consumers adequately aware of their rights, the protective laws and redressal mechanism. It is chiefly ill-information or, mal-information on the part of the consumers about the products and services that allow them to be deceived. The consumers also suffer from lack of adequate knowledge about the simple, speedy and less expensive grievance-redressal mechanism available to the victims of unethical business practices. It is also true that reluctance to contest deceptive business practices prevails.

The point that we wish to make is that despite legal and other initiatives in independent India to make the consumers aware of their rights, dispute redressal mechanism and such other matters, the level of awareness among the consumers in India “still demands serious attention”. Some of the major findings of a recent study, carried out in India by the CUTS Centre for Consumer Action, Research and Training, provide some useful clues towards an understanding of the state of the consumers in contemporary India. The study indicates:

a. Only 25% of the consumers know about the Consumer Protection Act, 1986;

b. Only 42% of the respondents are aware of the rights of the consumers;
c. Only 47% are aware of the grievance redressal mechanism;
d. Only 28% believe that the common people have access to the redressal mechanism;
e. 93% of the respondents reported that "they never bothered to lodge a complaint";
f. Of the remaining 7% of the respondents, who approached the redressal mechanism, "only 0.3% have achieved redress" (CUTS, 2012).

It is true that the number of cases filed in consumer grievance redressal forum, operating at different levels and more particularly at district level, has been increasing in absolute number. The observation that only 7% of the consumers "bother to lodge complaints formally" obviously suggests that the number of formally registered cases do not actually reveal the magnitude of fraudulent practices encountered by the consumers in everyday-life situation. As well, there is general reluctance to approach the formal redressal mechanism against deception. True it is, ignorance of the consumers seriously impedes progress of 'consumerism'. Truer it is, the less privileged, the worst victim of deception, is arguably endowed with limited choices to formally resist it, everywhere.

The response of the market has to be understood in the context of the policy of economic liberalisation. True it is, consequent upon the opening up of the Indian economy; the consumers have been enjoying access to a greater variety of products and services than ever before. The chances of being victims of fraudulent business practices have not however, diminished. The business entrepreneurs, national or multi-national, large or small, are more organized and mobile. In a competitive world of consumption, the enterprises are too aggressive to sell their products and services.Unless otherwise compelled, the market takes advantage of both: the ignorance and/or reluctance of the consumers to fight the deceptive tendencies in the market and the lapses/tolerance of the competent authority in terms of rigid enforcement of the rules to curb alleged unfair business practices. The state's occasional fraudulent practices as an entrepreneur tend to further weaken its position as the regulator of market-irregularities. Undeniable it is, these have necessary implications for the 'consumers' and 'consumerism'.

Delayed disposal of the cases does not allow the potential victims of deception in the market to be much optimistic. It is often argued that all the state governments and the non-state consumer organisations are not yet equally keen to make the consumers adequately alert to their rights or make them conversant with the redressal mechanism. It is also true that inadequate infrastructural support interrupts efforts to effectively implement the policies and programmes related to fair business practices. It is best debated, if the market is adequately committed to consumer justice.

CONCLUDING OBSERVATIONS

As the speculative, non-transparent and unregulated urban housing market contests over the city-space for its 'productive' use, the urban middle class is being gradually priced out to the 'city fringes', the low-cost residential areas having inadequate facilities for basic services. The low-income and the urban poor are being driven to settle "far away from the urban labour markets where they make their living". On the one hand, the cities are witnessing spatial expansion. On the other, the "right to city" is gradually becoming a privilege of "a small segment of political and economic elite who are in a position to shape cities after their own desires". Aggressive promotion of the urban real estate sector for 'conquest of space' "has been the central motive force of urban economic expansion" (Dittrich, 2007; Harvey, 2008; Smith, 2003). Presumably, everywhere, inherent in the process of urban re-making may be traced an element of either denial or deception or displacement or dispossession.

Chronic shortage of affordable housing, spurt in misleading advertisement, state's limited or fractured initiatives to regulate unfair practices in real estate business, political tolerance/indifference to market-irregularities, consumers' ignorance or reluctance to contest fraudulent practices chiefly allow the deceptive tendencies in the urban housing market to perpetuate. The promoters/builders become inclined to take up unlawful construction because it is well within their knowledge that 'violation' can be made lawful, any time. Annually, in Kolkata alone, about 3000 cases of unauthorized constructions are legalized. More so, the promoters/builders may not feel discouraged to violate the rules if such violation becomes gainful. A penalty for violation may have little discouraging effect on the offender if the amount of penalty imposed towards authorisation of irregularities is found too small compared to the profit made out of such irregularities.

While an accurate estimate is difficult to obtain, violation of building rules is allegedly rampant in Bengaluru. Recently, the Karnataka Town and Country Planning and Certain Other Laws (Amendment) Act 2009, popularly known as"Akrama Sakrama Scheme", has been passed to regularise the unauthorised constructions against payment of requisite penalty. The Act provides for regularisation of residential buildings with up to 50 percent irregularity and commercial buildings with up to 25 percent irregularity.The Act makes amendments to three Acts viz.; Karnataka Act 11 of 1963, Karnataka Act 14 of 1977 and Karnataka Act 22 of 1964(Indian Express, 2013).

Though appears to be disparate, intense drive towards re-making urban India, shortage of affordable urban housing, ignorance and/or reluctance of the consumers to desist unethical business practices, state's failure to ensure rigid application of rules and continued deception in urban housing market are intertwined issues. This makes it necessary to address all these issues simultaneously. Accordingly, a set of strategies are mentioned herein below.

1. The housing finance companies, whose number is on the rise both in public and private sector, may devise newer strategies to become more supportive to the home-buyers belonging to the lower end of the income distribution in particular;
2. It is not enough to make housing available to an urban poor/low income family. It is equally important to enhance the capacity of the urban poor/low income family to afford to own and maintain it;
3. A regulatory authority is only essential to make the urban housing market adequately transparent and accountable. Failing this, deception in urban housing market will continue with 'costs' to the home-buyers. The proposed Real Estate (Development and Regulation) Bill 2012 is an initiative towards this direction;
4. The neo-liberal bent of the state and its occasional fraudulent behaviour as an entrepreneur, weakens its position as a regulator of irregularities in the market. It is not enough to 'socialize' the consumers to seek redressal against unscrupulous practices of the market. Inarguably, the state enjoys the legitimacy to pre-empt the deceptive tendencies in the market;
5. The consumer movement needs to be strengthened with a focus on capacity building of the consumers to appropriately address the 'critical issues'. The operating Voluntary Consumer Organisations, the Resident Welfare Organisations and such other non-profit organizations with adequate concern for consumer welfare may act as the critical partners to the initiatives of the state;
6. The issue of reducing deception in the urban housing market is ultimately linked to political will. Passage of the Real Estate (Development and Regulation) Act, unaccompanied by commensurate political decision, is possibly based on certain myopia.

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