

## Leveraging the Real Estate Act, 2016 for Startup India: Opportunities and Policy Synergies

**\*Dr. Chhavi S. Chaturvedi**

### **Abstract:**

Any government program must typically be predicated on a number of noteworthy situations that might achieve the campaign's goal. Startup India is an action plan that was created with the intention of encouraging bank funding for startup businesses in order to increase entrepreneurship and encourage startups to create employment. Prime Minister Narendra Modi made the first announcement about the campaign during his speech from the Red Fort on August 15, 2015. In addition to taking into account the real estate industry's past, present, and future in order to shape its intended future, the government has implemented a number of supportive measures since government efforts are essential for any business. of which in the real estate industry The New Real Estate Act of 2016 is a remarkable law that will have a beneficial effect on the industry. The primary factors contributing to the expansion of India's residential, commercial, and retail real estate markets include nuclear families, fast urbanization, and growing household incomes. In terms of foreign direct investment (FDI) inflows, the industry is now the fourth biggest in the nation. It is a reality that the real estate industry is either directly or indirectly linked to other economic sectors since advancements in one area benefit adjacent industries or vice versa. In this sense, the government's commendable initiative, the Startup India campaign, is made possible by the real estate act. In light of the Startup India initiative, this paper aims to examine various viewpoints on the real estate act for the advancement of the industry in India. The research used for this descriptive study is exploratory in character and includes pertinent secondary data.

**Keywords:** Startup India Campaign, Real Estate, And Real Estate Legislation.

### **I. Introduction**

With an urban population comparable to that of the United States and the United Kingdom, India is emerging as one of the world's top real estate destinations. According to studies, around 10 million people move into cities every year. Additionally, the industry is predicted to grow fivefold by 2025, reaching USD 676 billion. Due to the absence of substantial technical and financial assistance, global real estate stakeholders have excellent prospects due to this large growth forecast.

The nation's growth in information technology (IT), business process outsourcing (BPO), and information technology enabled services (ITES) has led to a strong demand for the creation of assets in the form of IT parks. This has also resulted in the construction of multiplexes and malls to meet

---

## Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies

*Dr. Chhavi S. Chaturvedi*

residential, recreational, and shopping needs.

India has seen remarkable expansion in recent years due to the rising need for business and residential space. According to statistics supplied by the Department of Industrial Policy and Promotion (DIPP), FDI equity inflows to the construction development industry totaled US \$24.156 billion between April 2000 and September 2015.

Early in 2005, the Union Government changed its policies, allowing 100% FDI in building projects. This had a favorable effect on the Indian real estate market. The return of 25% and more in Indian projects, which is very low in the same sector of US and European markets, is another significant factor that affected

## **II. PROBLEM STATEMENT:**

The Indian government launched the Startup India initiative, which calls for widespread support in the current dynamic economic climate. The nation is now in third place and has the fastest-growing startup base globally. For any firm to be established and operate well, it must have the proper location and structure. The real estate industry is a significant industry that serves both residential and commercial needs in the economy. The industry at the heart of the construction sector, which in turn stimulates the need for over 250 auxiliary sectors, such as steel, cement, paint, and building materials, and offers enormous job prospects, is regarded as the main engine of the economy. It must thus examine the Real Estate Act of 2016 and how it relates to the Startup India program.

## **III. Objectives of the Study:**

To examine the interrelationship between the Real Estate (Regulation and Development) Act, 2016 and the Startup India campaign.

To evaluate how the Real Estate Act, 2016 creates opportunities for entrepreneurship and innovation within India's real estate and allied sectors.

To assess the policy implications and economic impact of integrating RERA 2016 with the broader objectives of the Startup India initiative.

## **IV. SUMMARY OF THE 2016 REAL ESTATE ACT:**

The Real Estate Act of 2016 was presented in 2013, but on March 10, 2016, the Rajya Sabha adopted it as the Real Estate (Regulations and Development) Bill of 2016, despite several objections and revisions. This law was created in response to the concerns of the real estate industry's stakeholders, primarily to safeguard consumers from the issues the industry faces by creating a real estate regulatory body to oversee and advance the industry.

## **V. SUMMARY OF THE 2016 REAL ESTATE ACT:**

### **5.1 Authority for real estate regulation:**

In order to regulate and promote the real estate sector in the states and union territories, a

---

## **Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies**

*Dr. Chhavi S. Chaturvedi*

specialized forum known as the real estate regulatory authority must be established by the relevant state governments and UTs within a year of the act's enactment, though this deadline has been extended until July 2017. This forum must guarantee the disclosure of real estate projects by promoters or developers, the registration of real estate projects and real estate agents, the resolution of complaints, and the advising and recommending the concerned governments on matters pertaining to the development and promotion of the real estate sector.

**5.2 Enrolling in the regulating body:** All projects must be registered before being sold within three months of the act's start date. There is an exception for projects that don't involve marketing, advertising, selling, or the new allotment of any apartment plot or building, as well as projects whose proposed land area doesn't exceed 500 square meters, the number of apartments to be constructed in the project doesn't exceed eight apartments, or the completion certificate was received prior to the act's start.

**5.3 Carpet Area:** Only an apartment's net useable space may be sold by the developer. This indicates that the walls of the internal partition are included in the selling area, but the exterior walls, regions under service shafts, verandah space, and open terrace area are not.

**5.4 70% of realization deposit:** Seventy percent of the money received from the allottees will sometimes be deposited into a designated bank account. A professional chartered accountant must keep an audit within six months of the end of each fiscal year, and this sum may be removed in proportion to the project's completion with the certification of an engineer or architect.

**5.5 Acceptance or rejection of registration:** The relevant regulatory body must either approve or reject the registration within 30 days of receiving the application.

**5.6 Revocation or lapse of registration:** The regulatory body may revoke a given registration upon receiving a complaint or on the advice of the relevant authority.

**5.7 Regulatory authority website:** The promoter must put all project facts on the website he built for the regulatory body.

**5.8 Promoter's advertising or prospectus:** In the advertisement or prospectus, information about the regulatory body's website is included, together with all project specifics and the authority's registration number.

**5.9 Receipt of advance payment:** Before engaging into a formal agreement and registering the stated agreement of sale, a person's advance payment or application fee cannot exceed 10% of the apartment's cost.

**5.10 Modification and addition to the plans:** Prior approval from at least two thirds of the allottees is required for any modification or addition to the authorized and sanctioned plans, structural designs, specifications, and amenities of the apartment, plot, or building.

**5.11 Structural defect:** If a structural defect or any other flaw in the workmanship, quality, or provision of services, or any other obligations of the promoters, is brought to the promoter's attention within five years of the handover of possession, it must be fixed by the promoter within thirty days at no additional cost.

---

## Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies

*Dr. Chhavi S. Chaturvedi*

**5.12 Transfer and assignment:** Two thirds of the allottees must provide their prior written approval before the promoter's majority rights and responsibilities for a project may be transferred to a third party.

**5.13 Delay in transferring possession results in refund:** If the promoter is unable to transfer possession, he will be responsible for returning the money he received from the allottee together with interest and compensation at the rate and method specified by the act.

**5.14 Real estate appellate tribunal:** There is also a proposal for a real estate tribunal. Therefore, a tribunal must be established within a year of the act's start date, and anybody who feels wronged by an officer's or the regulatory authority's decision or directives may file an appeal with the tribunal within sixty days of receiving a copy of the order or directive. The appeal will be heard by the appellate panel within the following sixty days.

**5.15 Violations and penalties:** If any violations are discovered, the penalty is 10% of the project's projected cost as assessed by RERA if the project is not registered in RERA. Failure to comply with the aforementioned RERA order may result in a sentence of three years in jail and an additional penalty of up to 10% of the anticipated cost, or both. Penalties for providing misleading information might reach 5% of the project's or construction's anticipated cost.

If any of the RERA's instructions are not followed, there might be a penalty of up to 5% of the plot, apartment, or building's cost for the duration of the noncompliance. Any allottee who disobeys the appellate tribunal's instructions, rules, or orders faces a year in prison or a daily fine for the duration of the default, which can add up to 10% of the cost of the plot, apartment, or building, depending on the situation, or both.

**5.16 Overriding effect:** If there is any discrepancy between the act's provisions and those of any other law, including state law, the act's provisions will not apply. It implies that it will take precedence.

## **VI. INDIA STARTUP CAMPAIGN:**

On August 15, 2015, in honor of the 69th Independence Day, the Indian government launched the "Start-up India, Stand up India" campaign with the goal of encouraging bank funding for startups and providing incentives to stimulate entrepreneurship and job development. The government develops an action plan based on three pillars: industry-academia collaboration and incubation; budgetary assistance and incentives; and simplification and handholding. IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore, IIT Gandhinagar, and IIT Delhi are the seven research parks located around the nation. Thirteen start-up centers and eighteen technology business incubators (TBIs) are being established to support the nation's start-ups.

Features like promoting entrepreneurship, expanding credit facilities, building startup networks, clear and online processes, and a package of incentives for creating employment are what make the startup Indian campaign stand out. The prime minister's action plan includes funding support, starting a business in one day instead of 15 to 20 days earlier, a three-year exemption from capital

---

## **Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies**

*Dr. Chhavi S. Chaturvedi*

gain tax, credit guarantee schemes, self-certification based compliance with labor and environmental laws, a mobile app portal for registration, intellectual property rights protection, a special program for women entrepreneurs, support for biotechnology startups, encouragement of incubation centers, encouragement of innovation in schools and national institutes, and the establishment of research parks.

#### **VII. LINKAGE IN THE ECONOMY BETWEEN THE STARTUP INDIA CAMPAIGN AND THE REAL ESTATE ACT-2016: -**

India has proclaimed 2010–20 to be the Decade of Innovation. The National Innovation Council (NiC) is primarily intended to support this. India is the fourth-largest ecosystem in the world for startups, and its exceptionally youthful population is driving the ecosystem's fast evolution. The NASSCOM predicts that by 2020, there would be over 11,500 start-ups in the nation, generating over 2.5 lakh employment as opposed to the existing 75,000. India's angel and venture capital mark is at an all-time high. Startups have been guaranteed financing by state-owned institutions. The government, which aims to increase the manufacturing sector's GDP contribution to 25%–30% by 2025, is turning to startups to provide employment for an expected 15 million new workers annually. By 2025, the manufacturing industry might provide up to 90 million domestic employments, according to the India Brand Equity Foundation (IBEF).

Therefore, the Startup India campaign and the expansion of the real estate market are linked with commercial success as the real estate industry stimulates the demand of over 250 auxiliary sectors.

#### **VIII. Conclusion:**

The Real Estate Act becomes operative on May 1st, 2016. The Real Estate Act of 2016 protects the interests of consumers, and the majority of real estate consumers are young people in the country with fresh minds, creative ideas, and the strength, energy, skill, and new thinking needed to lead businesses. As a result, the Central and state governments are announcing the Rules under the act, even though some states are taking longer than expected to properly implement the act. This makes them a better target for this startup India campaign. Therefore, the legislation has an impact on the Startup India Campaign by promoting the real estate industry's healthy development in a setting of confidence, trust, and trustworthy transactions as well as the timely and effective completion of projects. It is true that the Real Estate Act of 2016 presents an opportunity for the Startup India Campaign, given all the efforts implemented as a result of the Act.

**\*Post Doctoral Fellow (PDF)  
Department of EAFM  
University of Rajasthan  
Jaipur (Raj.)**

#### **REFERENCES: -**

1. The Real Estate Act- 2016

---

### **Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies**

*Dr. Chhavi S. Chaturvedi*

2. <http://startupindia.gov.in/>
3. <http://www.apnarera.com/>
4. <https://nsdl.co.in/>
5. [http://innovationcouncilarchive.nic.in/index.php?option=com\\_content&view=article&id=36:decade-ofinnovation&catid=7:presentation&Itemid=8](http://innovationcouncilarchive.nic.in/index.php?option=com_content&view=article&id=36:decade-ofinnovation&catid=7:presentation&Itemid=8)
6. <https://thenextweb.com/in/2015/07/05/india-the-worlds-fastest-growing-startup-ecosystem/>
7. <http://www.thehindu.com/business/jobs-impact-of-make-in-india-under-review/article17616497.ece> [8] [https://en.wikipedia.org/wiki/Startup\\_India](https://en.wikipedia.org/wiki/Startup_India)

---

**Leveraging the Real Estate Act, 2016 For Startup India: Opportunities and Policy Synergies**

*Dr. Chhavi S. Chaturvedi*