

THE REAL ESTATE ACT -2016 AS AN OPPORTUNITY TO STARTUP INDIA CAMPAIGN

¹ Dr.R.Sarvamangala, ² Mr.Aswatha Kumar.

¹Associate Professor, ²Research Scholar

¹Department of Commerce,

¹Bangalore University, Bengaluru, India.

Abstract: Any scheme of the government will have usually to be based on various appreciable circumstances which can reaches the aim of the scheme or campaign. An action plan started with an aim of promoting bank, financing, for startup ventures to boost entrepreneurship and to encourage start ups with creating of jobs is called as Startup India. The campaign was first announced by Prime Minister Narendra Modi in his address on 15th August, 2015 from the Red Fort. Besides by considering the historical and present background with future perspective of the real estate sector for shaping the way of it about future desired as government initiatives are necessary for every industry, the government has taken and taking various supporting measures. Out of which in the real estate sector The New Real Estate Act-2016 is an outstanding act which comes into force, for the positive impact for the sector. For the growth of real estate sector in Indian including residential, commercial and retail the main key drivers found are nuclear families, rapid urbanisation and rising house hold income. The sector is currently the fourth-largest sector in the country in terms of Foreign Direct Investment (FDI) inflows. It is fact that the real estate sector is directly or indirectly connected with different sectors of the economy, as any developments of the sector improves the other related sector or vice versa. In this way the real estate act becomes an opportunity to the appreciable scheme of the government i.e., Startup India campaign. Therefore, this paper attempts to look at several perspectives on the real estate act for the progress of the sector in India with reference to the Startup India campaign.

For this descriptive paper the research undertaken is exploratory in nature with relevant secondary data.

KEY WORDS: - Real estate, real estate act & startup India campaign.

I. Introduction to the Real Estate Sector in India:-

Globally India is becoming one of the leading destination for the real estate business with an urban population equaling to the total population of the United States of America and United kingdom and nearly 10 million people are moving into cites annually as per the reports. And also it is estimated that the sector may increase fivefold to reach USD 676 Billion by 2025. This strong growth expectation is provided strong opportunities to global real estate stake holders as there is lack of significant technical and financial support. The growth of the information technology(IT), Business Process Outsourcing(BPO) and Information Technology Enabled Services (ITES) in the country has created a strong demand for creating assets in the shape of IT parks with this also led to the building of multiplexes and malls to satisfy the shopping and recreation needs along with residential demands.

Because of increasing demand for office and residential spaces Indian has witnessed for the rapid growth in recent times. The construction development sector has received FDI equity inflows to the tune of US

\$24.156 billion in the period of April 2000- September 2015 on the basis of the data released by the Department of Industrial Policy and Promotion (DIPP).

Due to changes in the Union Government Policies in early 2005 FDI has allowed at 100% in construction projects, this led a positive impact in the Indian real estate sector. Where in one more important variable which influenced is return of 25% and more in the Indian projects, which is very low in the same sector of US and European markets.

II. STATEMENT OF THE PROBLEM:

In the present dynamic business environment the government of India is introduced the campaign called Startup India campaign which requires over all support in business environment. The country has moved up to third position and has the fastest growing base of start-ups worldwide. Any business for its formation it needs a right place with a right structure to run its business smoothly. The real estate sector which is an important sector which does not only provides its fruitful service to residential demand, which also provides and fulfills the commercial demand in the economy. The sector at the centre of construction industry which in turn encourages the demand for more than 250 ancillary industries, including steel, cement, paint and construction material, which also provides the huge employment opportunities which is considered as the key driver of the economy. Hence, it needs to analyse the real estate act 2016 and its connectivity with startup India campaign.

III. OBJECTIVE OF THE STUDY:-

-To analyse the connectivity between The Real Estate Act- 2016 and Startup India campaign.

IV. OVERVIEW OF THE REAL ESTATE ACT-2016:-

The bill for real estate act – 2016 was introduced in 2013 but it is approved in the rajya sabha on 10th march 2016, as the real estate (regulations and development) bill 2016 after passing the borders of many oppositions and amendments. This act is passed for the concern of the stake holders of the real estate sector mainly protecting the consumers from the problems facing in the real estate sector with establishing real estate regulatory authority for regulation and promotion of the sector.

V. HIGHLIGHTS OF THE REAL ESTATE ACT – 2016:-

5.1 Real estate regulatory authority:

A specialized forum called real estate regulatory authority has to be set up by the concerned state governments and UT's within one year from the date of coming into force of this act but it is extended till July- 2017, to regulate and promote the states and union territories real estate sector which should ensure the disclosure of real estate projects by promoters or developers, registration of real estate projects, registration of real estate agents, complaint redressal, advising and recommending the concerned governments in matters related to the development and promoting of real estate sector.

5.2 Registration with the regulatory authority:

All the projects should be registered before selling within the period of 3 months of commencing the act and exception is given for the projects where the area of land proposed doesn't exceed 500 square meters or the number of apartments to be constructed in the project doesn't exceed 8 apartments or the completion certificate has been received prior to the commencement of the act and projects which doesn't involve marketing advertising, selling and new allotment of any apartment plot or building.

5.3 Carpet Area:

The developer can sell only the net usable area of an apartment. It means that the selling area doesn't includes the external walls, areas under services shafts, verandah area and open terrace area but the wall includes walls of internal partition.

5.4 Deposit of 70% of realization:

Out of the amount realized from the allottees, 70% shall deposit from time to time in a scheduled bank with separate account. This amount can be withdrawn in proportion to completion of the project with a

certification of an engineer, an architect and an audit shall be maintained within six months of the completion of every financial year by a practicing chartered accountant.

5.5 Registration acceptance or refusal:

Once after receiving application by the concerned regulatory authority within 30 days it should grant or reject the registration.

5.6 Registration revocation or lapse:

On the receipt of complaint or on the recommendations of the competent authority the regulatory authority may revoke the registration granted.

5.7 Regulatory authority website:

All details of the proposed project shall enter by the promoter in his website created in the website of the regulatory authority.

5.8 Advertisement or prospectus by the promoter:

In the advertisement or prospectus given the details regarding website of the regulatory authority, where all details of the project and registration number obtained from the authority shall be given with similar details.

5.9 Receipt of advance payment:

Advance payment or an application fee from a person should not exceed 10% of the cost of the apartment before entering into a written agreement and register the said agreement of sale.

5.10 Addition and alteration in the plans;

For any alteration or addition in the approved and sanctioned plans, structural designs, specification and amenities of the apartment, plot or building a previous consent should get at least from two third of the allottees.

5.11 Structural defect:

Within the five years of the handing over of possession, if there is any structural defect or any other defect in the workmanship, quality or provision of services or any other obligations of the promoters are brought to the notice of the promoter it shall be rectified by the promoter without any further charge, within thirty days.

5.12 Transfer and assignment:

For transfer and assigning of the majority rights and liabilities of the promoter in respect to a project to a third party a prior written consent from two third of the allottees is required.

5.13 Delay in handing over possession leads refund:

The promoter shall be liable to return the amount received by him from the allottee with interest and compensation at the rate and manner as provided under the act if the promoter is unable to hand over possession.

5.14 Real estate appellate tribunal:

A real estate tribunal is also proposed. So, within one year from the date of commencement of the act, a tribunal is to be formed and any aggrieved person by the decision or directions of the regulatory authority or by an officer may appeal to tribunal within 60 days from the date of receipt of a copy of the order or direction. Within next 60 days the appellate tribunal shall deal the appeal.

5.15 Offences and penalty:

If any offences found for that penalty's are, if the project is not registered in RERA- penalty is 10% of the estimated cost of the project as determined by the RERA. If not comply with the aforesaid order of the RERA, penalty may go's to three years imprisonment with a further penalty of up to 10% of the estimated cost or both. For false information penalty is up to 5% of the estimated cost of the project or construction. For failing of following any directions of the RERA the penalty may be up to 5% of the cost of the plot, apartment or building during the period in which such default continuous. If any allottee doesn't follow the directions or rules or orders of the appellate tribunal, this may leads to imprisonment of one year or fine for every day for the period where default continues and it can be cumulatively extend up to 10% of the cost of the plot, apartment or building, as the case may be or both.

5.16 Effect of overriding:

The provision contained in the act and in any other law including the state law, if there is any inconsistency the provision of this act shall not be applicable. It means shall have an overriding effect.

VI. STARTUP INDIA CAMPAIGN:-

The Indian government has announced 'Start-up India, Stand up India' campaign with an objective of promoting bank financing for startups and offer incentives to boost entrepreneurship and job creation on 15th August 2015 on the occasion of 69th Independence day. Based on the three pillars simplification and handholding, funding support and incentives and industry- academia partnership and incubation an action plan is set by the government. 7 research parks across the country IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore, IIT Gandhinagar, IIT Delhi. 18 technology business incubators (TBIs) and 13 start up centre's are also in process for the progress of the start-ups in the country.

The startup Indian campaign is highlighted with the features like encouragement of entrepreneurship, extending loan facility, network creation for startup, transparent and online process, package of incentives for generating jobs. The action plan announced by the prime minister includes funding support, starting business in one day which was 15 to 20 days earlier, no tax on profit for three years, capital gain tax exemption, credit guarantee schemes, self certification based compliance for labor and environment laws, mobile app portal for registration, protection of intellectual property rights, special scheme for women entrepreneurs, encouragement of incubations centers, support to biotechnology startups, innovation encouragement in schools and national institutes and setting up research parks.

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

India has declared 2010-20 as the Decade of Innovation. Supporting to this the national innovation council (NiC) is established majorly. India is the 4th largest ecosystem in the World for Starts-Ups, with a rapidly evolving ecosystem which is driven by an extremely young population. According to the NASSCOM around 11,500 Start-ups will come up in the Country by 2020, creating over 2.5 lakh jobs, compared to the current 75,000 jobs. Angel and venture capital in India has its highest ever mark. State owned banks have ensured for funding to startups. The government which wants to raise the share of the manufacturing sector to 25% -30% of GDP by 2025 is looking at startups to create jobs for an estimated 15 million people who join the workforce every year. According to the India Brand Equity Foundation (IBEF), manufacturing sector create up to 90 million domestic jobs by 2025.

Hence, as the real estate sector encourages the demand of more than 250 ancillary industries the Startup India campaign and the growth of real estate market are inter connected each other with commercial success.

VIII. CONCLUDING OBSERVATIONS:-

The real estate act came into force from 1 May 2016. The Central and state governments are notifying the Rules under the act, even though, some states are becoming late in implementing the act properly, as the sector is protecting the interests of consumers with the effect the real estate act-2016 and most of the consumers of real estate are youths of the country with fresh mind, innovative ideas, required strength, energy, skill and new thinking to lead business and they are the better target of this startup India campaign. So, the act influences the Startup India Campaign through the healthy growth of real estate sector in an environment of trust, confidence, credible transactions and efficient and time bound execution of projects in right direction. With considering all the initiatives taken due to the effect of the real estate act 2016, it is true that The Real Estate Act 2016 is an opportunity to Startup India Campaign.

REFERENCES:-

- [1] The Real Estate Act- 2016
- [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-of-innovation&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

