

## THE TRANSFER OF PROPERTY ACT AND PROPERTY TRANSACTIONS IN THE MODERN ERA: A STUDY WITH SPECIAL REFERENCE TO FINTECH

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### Introduction

The *Transfer of Property Act, 1882* (TPA), is a cornerstone of Indian property law. It governs the transfer of immovable property between living persons and outlines the manner, conditions, and legality of such transfers. When this legislation was enacted, India's legal and economic frameworks were vastly different.

In recent decades, the rise of **financial technologies (FinTech)** has drastically altered how property transactions are executed—bringing in online documentation, blockchain-based records, digital payments, and automated legal agreements. This article examines the TPA's relevance in the digital era and proposes legal reforms to ensure the law keeps pace with India's growing digital property economy.

### Legal Framework of the Transfer of Property Act

The TPA was enacted to bring clarity and uniformity to property transactions. It governs various legal relationships involving the transfer of immovable property including **sale, mortgage, lease, gift, and exchange**.

Some key provisions include:

**Section 5:** Defines “transfer of property.”

**Section 6:** Lists properties that can be transferred.

**Section 54:** Deals with the mode and formalities of sale of immovable property.

However, the Act was drafted at a time when transactions were entirely physical. It does not recognize **digital documents, e-signatures, or online execution of property transfers**, leaving room for ambiguity in FinTech-driven transactions.

### FinTech's Role in Indian Property Transactions

FinTech is revolutionizing the real estate landscape in India through:

**Digital payment systems** (e.g., UPI, NEFT, IMPS)

**Blockchain-based land registries**

**Smart contracts** for automatic property transfer

**Online loan and mortgage platforms**

**E-signatures** authenticated under the Information Technology Act, 2000

States like Maharashtra have begun implementing **blockchain pilot projects** to digitize land records and reduce fraud. Meanwhile, e-signatures and virtual agreements have seen wide use in private contracts but lack clear legal standing under the TPA.

Although these tools increase transparency and reduce delays, the TPA does not yet account for such innovations—raising questions about legal enforceability and validity of FinTech-assisted property transfers.

### Legal Challenges and Gaps

Despite the benefits, the use of FinTech in property law faces the following legal hurdles:

#### 1. Smart Contract Recognition

Not expressly recognized under Indian law or the TPA.

Raises enforceability issues in case of breach.

#### 2. Blockchain Uncertainty

Courts and registrars still require paper documents.

Blockchain records are not officially recognized as proof of title.

#### 3. E-Registration Limitations

Although e-stamping is adopted in many states, digital registration of property deeds is not uniform across India.

#### 4. Data Privacy & Cybersecurity

Property data stored or shared via FinTech tools may be vulnerable.

TPA and related acts do not yet align with **Data Protection Laws** (Digital Personal Data Protection Act, 2023).

#### 5. Lack of Uniform Digital Infrastructure

Digitization of land records is fragmented and inconsistent across states, making full-scale digital property transactions unviable in many regions.

### Conclusion and Way Forward

The *Transfer of Property Act, 1882* is a well-structured and enduring piece of legislation. However, it must be updated to remain relevant in India's rapidly digitizing legal environment. To

bridge the gap between traditional property law and FinTech, the following reforms are needed:

### Recommendations:

1. **Amend the TPA** to explicitly recognize digital and electronic modes of transfer.
2. **Legally validate smart contracts** and blockchain land records under real estate laws.
3. **Digitize land records uniformly** across states with centralized verification systems.
4. **Incorporate data protection compliance** into FinTech-based property solutions.
5. **Train legal professionals and registry staff** in handling technology-integrated property transactions.

**Final Words:** India is entering a new era of real estate law, where **speed, security, and transparency** are paramount. While FinTech offers all these, laws like the Transfer of Property Act must evolve to embrace them legally. Legislative reforms, administrative innovation, and digital infrastructure will together shape the future of property law in India.

### Footnotes (Bluebook, 20th ed.)

1. Transfer of Property Act, No. 4 of 1882, INDIA CODE (1882), §§ 5, 6, 54.
2. Id. § 5.
3. Id. § 6.
4. Id. § 54.
5. Information Technology Act, No. 21 of 2000, INDIA CODE (2000), §§ 2(1)(ta), 5.
6. Registration Act, No. 16 of 1908, INDIA CODE (1908), §§ 17, 18.
7. Reserve Bank of India, Guidelines on Digital Lending (2022), <https://www.rbi.org.in>.
8. Government of Maharashtra, Blockchain Pilot for Land Records, MAHARASHTRA GOVT (2022), <https://mahabhumi.gov.in>.
9. Digital Personal Data Protection Act, No. 22 of 2023, INDIA CODE (2023).

10. "Smart Contracts: Legal Recognition and Challenges," NITI AAYOG DISCUSSION PAPER (2021), <https://www.niti.gov.in>.
11. Nishith Desai Associates, "Legal Validity of E-Signatures in India," RESEARCH PAPER (2022).
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13. Union Budget 2023–24, Ministry of Finance, <https://www.indiabudget.gov.in>.
14. K.S. Puttaswamy v. Union of India, (2017) 10 SCC 1 (India).
15. Aparna Mehra, "FinTech and Real Estate in India: A Legal Overview," 14 J. LEGAL INNOV. & TECH. 213 (2022).

