

ANSH

e-NEWSLETTER

AHMEDABAD BRANCH OF WICASA OF WIRC OF ICAI



The Institute of Chartered Accountant of India
(Set up by an Act of Parliament)



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Co-Editor

Dear Students,

"An Experience of a Great Organization [WICASA] becomes a Great Attitude, which becomes a Great Day which becomes a Great Month which becomes a Great Year which becomes a Great Life"

Ahmedabad Branch of WIRC of ICAI is the second largest branch in India having more than 9,500 members and 30,000 students. The student wing in the branch is represented by 'Ahmedabad Branch of WICASA' where the activities are managed by elected representatives of students.

WICASA is a platform provided by the ICAI to the students to learn, share, participate and perform on various aspects of CA curriculum. The main intention of the WICASA is to build stronger knowledge base of the students and at the same time sharpen their leadership, communication & networking skills. I appreciate and congratulate TEAM WICASA Ahmedabad Branch under the able leadership of CA Fenil Shah (Chairman WICASA) to start with a new initiative of STUDENTS STUDY GROUP to provide a platform to Students to express their views and I was happy to notice the overwhelming & participatory response to it.

In addition to seminar on topics related to studies, other events such as motivational lectures, sports, quiz/elocution competition and many more are also arranged round the year. I invite all the students pursuing the Chartered Accountancy course to take active part in the activities of WICASA.

Wishing Best of Luck to the Students who will appear in the Examinations to be conducted in May 2018.

My compliments to the team WICASA for publishing Newsletter which provides an opportunity to the students to express their creativity and share articles written by them, which in a way acts a source of motivation for many others.

"The secret in education lies in respecting the student - Ralph Emerson"
Wishing you all the best and enjoy reading!

CA. NIRAV CHOKSI

Chairman- Ahmedabad Branch of WIRC of ICAI.



From Chairman's Ink



“If everything was perfect, you would never learn and you would never grow”

The above lines convey that we all have some imperfections on which we rarely focus and that why we miss an opportunity to remove those imperfections of sharpen ourselves to convert them into perfections and strength. Change is taking place so fast that if we want to survive and succeed then we have to change with change or before change but if we don't change then change will change us. Changes in form of amendments are such now a days that it requires not only to learn new things but also to unlearn and relearn old things.

In the last month we started the STUDENTS STUDY GROUP, an unique platform for the students to express their views. On the Sunday evening it receives an overwhelming response and seeing to it now we propose to launch another session under the mentorship of any Subject Expert. We invite proposals from your side. In order to take the advantage of those opportunities and to serve the nation, we need to equip ourselves with the knowledge of the same.

Special appreciation for the efforts poured by Editorial Board of WICASA of Ahmedabad Branch of WIRC of ICAI to make this newsletter very useful for students' fraternity.

Wish you all the students Best of Luck for appearing in the Examination of May 2018.

CA. Fenil Shah
Chairman
WICASA, Ahmedabad Branch of WIRC of ICAI



From Co-Editors' Ink

Hello all,

We are pleased to present to you ANSH, March 2018. March- the last month of financial year, as always must have been very hectic for us, but this time it has brought a lot of success and happiness with it. It has always been an honor serving WICASA, but this year is the best as we have received best branch award not only in the western region but Nationwide as well. I would like to sincerely thank you all for your immense support and hard work. Looking forward for more and more achievements and participation from the newbies.



Wishing you all the best and success for upcoming year.

Thank you.

With profound regards,

Akshay Sedani

Vice-chairman

Ahmedabad branch of WICASA

From Co-Editors' Ink

"Life is like photography, you use negatives to develop."

Dear Friends,

With warm regards of new financial year that has begun this month,



It gives me immense pleasure to inform you all that Ahmedabad Branch of WICASA have been awarded with First Prize in Large Category as Best Branch of Students' Association across all branches and across West Region (WIRC) as well. We thank all the students of Ahmedabad without whom this wouldn't have been possible.

I would like to Thank CA Purushottam Khandelwal Sir for all his support as Chairman of Ahmedabad Branch of WICASA throughout the year and also would like to Welcome and Congratulate CA Nirav Choksi Sir and CA Fenil Shah Sir on taking charge as Chairman of Ahmedabad Branch of WIRC and Chairman of Ahmedabad Branch of WICASA respectively. Further, through this medium I would also like to Congratulate students of our fraternity who cleared there Final-CA exams in Nov'17. I wish them all the very best for successful career ahead.

In the month of March, Team WICASA organized and initiated a study circle meet whereby nearly hundred students took part. Through this volume of E-Newsletter I would like to invite all the students to take part in this study circle meet and whoever wants to participate as "key note speaker" in this sessions can contact me or any of the member of Team WICASA. We would be pleased to have you on this forum known as Study Circle.

Looking forward to your participation in our upcoming events!

Thank you,

Maulin Amitbhai Shah

Co-Editor and Treasurer,

Ahmedabad Branch of WICASA



From Co-Editors' Ink



Dear Friends,

It gives us unbound pleasure to bring March 2018 edition of Ansh to you through which we have tried to cover knowledge enriching topics.

We would like to express our gratitude to our dynamic friends from all over the nation who have worked extensively in contributing their valuable Write-ups, Responses and Suggestions. This magnetizing participation of our friends is the factual motivation for us to keep going ahead in bringing more and more activities which could prove to be a greater platform to explore our hidden interests and talents.

The March month is the end of our Financial Year and a very known proverb says that all is good that ends good. So, this Financial Year for WICASA proved to be a great one as Ahmedabad Branch of WICASA received best branch award not just in whole Western Region but whole nationwide as well. Further, introduction of students own Study Circle added cherry on the top.

WICASA is something which is absolutely for the students, of the students and by the students. And thereupon, your WICASA looks forward towards your continuing participations at all the levels henceforth.

Wishing you all a great Financial Year 2018-19 ahead.

With profound regards
Kartiki Yashwant Kalbhor
Co-editor & Jt. Secretary
Ahmedabad branch of WICASA



From Co-Editors' Ink



Dear All,

First of all so many wishes for the Financial year 2018-19. May its assessment be favorable to you, May Audit of same goes as per your expected audit Plan and program and Finally God, the Almighty auditor may give clean report for the same.

With this newest opportunity and responsibility of co-Editor of Newsletter committee of Ahmedabad Branch of WICASA I personally feel proud while preparing this issue of e-Newsletter appreciating all the women starting from our Mothers and ending to all, who contributed so many things for ourselves, Nation, society and to Mankind.

Today's woman is no longer a dependent soul; she is Independent and self-reliant in every respect and is capable of doing everything. Let's recognise the importance of their existence and motivate them for the future achievements.

Wishes you happy reading !

With profound regards

Hetvi Lakhani

Co-editor.

Ahmedabad branch of WICASA



Students' Write ups

Real Estate (Regulation and Development) Act, 2016

An Act to establish the Real Estate Regulatory Authority for regulation and promotion of the real estate sector and to ensure sale of plot, apartment of building, as the case may be, or sale of real estate project, in an efficient and transparent manner and to protect the interest of consumers in the real estate sector and to establish an adjudicating mechanism for speedy dispute redressal and also to establish the Appellate Tribunal to hear appeals from the decisions, directions or orders of the Real Estate Regulatory Authority and the adjudicating officer and for matters connected therewith or incidental thereto.



Ø Objective:

The Real Estate (Regulation and Development) Act, 2016 is an Act of the Parliament of India which seeks to protect home-buyers as well as help boost investments in the Real estate industry.

Ø Protection to Buyer:

- The Act prohibits unaccounted money from being pumped into the sector and as of now 70% of the money shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose.

Provided that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project.

Provided further that the promoter shall get his accounts audited within six months after the end of every financial year by a chartered accountant in practice, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilized for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project.



A major benefit for consumers included in the Act is that builders will have to quote prices based on carpet area and not super built-up area, while carpet area has been clearly defined in the Act to include usable spaces like kitchen and toilets.

Ø No deposit or advance to be taken by promoter without first entering into agreement for sale:

- A promoter shall not accept a sum more than ten per cent of the cost of the apartment, plot, or building as the case may be, as an advance payment or an application fee, from a person without first entering into a written agreement for sale with such person and register the said agreement for sale, under any law for the time being in force.

Ø Transfer of title:

- The promoter shall execute a registered conveyance deed in favour of the allottee along with the undivided proportionate title in the common areas to the association of the allottees or the competent authority, as the case may be, and hand over the physical possession of the plot, apartment or building, as the case may be, to the allottees and the common areas to the association of the allottees or the competent authority, as the case may be, in a real estate project, and the other title documents pertaining thereto within specified period as per sanctioned plans as provided under the local laws.
- After obtaining the occupancy certificate and handing over physical possession to the allottees it shall be the responsibility of the promoter to hand-over the necessary documents and plans, including common areas, to the association of the allottees or the competent authority, as the case may be, as per the local laws.

Ø Registration:

- The Real Estate Act makes it mandatory for all commercial and residential real estate projects where the land is over 500 square metres, or eight apartments, to register with the Real Estate Regulatory Authority (RERA) for launching a project, in order to provide greater transparency in project-marketing and execution.

Provided that, if the appropriate Government considers it necessary, it may, reduce the threshold below five hundred square meters or eight apartments, as the case may be, inclusive of all phases, for exemption from registration under this Act.

- For on-going projects which have not received completion certificate on the date of commencement of the Act, will have to seek registration within 3 months.
- Application for registration must be either approved or rejected by the RERA within a period of 30 days from the date of application. On successful registration, the promoter of the project will be provided with a registration number, a login id and password for the applicants to fill up essential details on the website of the RERA.

Provided that no application shall be rejected unless the applicant has been given an opportunity of being heard in the matter.



- If the Authority fails to grant the registration or reject the application, as the case may be, as provided under sub-section , the project shall be deemed to have been registered, and the Authority shall within a period of seven days of the expiry of the said period of thirty days specified under sub-section , provide a registration number and a Login Id and password to the promoter for accessing the website of the Authority and to create his web page and to fill therein the details of the proposed project.
- For failure to register, a penalty of up to 10 percent of the project cost or three years' imprisonment may be imposed.

Ø Real Estate Regulatory Authority and Appellate Tribunal:

- It will help establish state-level Real Estate Regulatory Authorities (RERAs) to regulate transactions related to both residential and commercial projects and ensure their timely completion and handover.
- Appellate Tribunals will now be required to adjudicate cases in 60 days as against the earlier provision of 90 days and Regulatory Authorities to dispose of complaints in 60 days while no time frame was indicated in earlier Bill.

Ø Registration of Real Estate Agent:

- No real estate agent shall facilitate the sale or purchase of or act on behalf of any person to facilitate the sale or purchase of any plot, apartment or building, as the case may be, in a real estate project or part of it, being the part of the real estate project registered under section 3, being sold by the promoter in any planning area, without obtaining registration under this section.
- Every real estate agent shall make an application to the Authority for registration in such form, manner, within such time and accompanied by such fee and documents as may be prescribed.

Ø Implementation:

- The central Real Estate (Regulation and Development) Act (RERA) was notified on May 1, 2016, and has come into effect nation-wide from May 1, 2017.
- However, only seven states moved to implement the new rules so far namely- Madhya Pradesh, Rajasthan, Gujarat, Andhra Pradesh, Bihar, Chandigarh and Orissa.



MS. PALAK RANA
WRO0514469



Bank Audit : Practical Approach



- ✓ The Depth and Spread of the Banking System in any country is a major indicator of the economic strength of that country. The development of a robust banking system contributes to the economic development of that country. One has seen the banking system in the world undergoing substantial ups and downs especially in the last decade. One has to appreciate the strength and the manner in which the banking system in India has withstood the pressures from within and outside the country. The credit for this sustenance goes to all those who were controlling and managing the banking system during this turbulent period.

The audit profession could be looking at bank audits as an area of tremendous opportunities. However, the Society at large looks upon the auditors to give them an assurance that banking Channels are going well in banking system. This requirement of assurance which is expected by the society from the auditors raises various issues for the audit profession and these require careful consideration. In fact these issues indicate the Concerns in Bank Audit which the audit profession should address to immediately by responding in a comprehensive and reliable manner. The Audit of banks has played a major role in assisting the Regulators to supervise the entire banking system in the country even through these difficult times. At the root of importance of audit is this supplementary role played by the auditors along with banking regulators.

- ✓ There is a comprehensive legal system which governs and deals with the banking system in the country. The major laws governing the banking operations and activities in the country can be illustrated as below :
- The Reserve Bank of India Act, 1934
- Banking Regulation Act, 1949
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- State Bank of India Act, 1955
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980
- State Bank of India (Subsidiary Banks) Act, 1959
- The Companies Act, 2013
- Prevention of Money Laundering Act, 2002
- Information Technology Act, 2002



- Information Technology Act, 2002
- Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act,2002)
- Credit Information Companies Regulation Act, 2005
- Payment and Settlement systems Act,2007

What is Bank Audit???

The Banking system has been using the services of CA profession in a big way so as to examine the banking operations from a “Safety and Soundness” perspective. Similarly, RBI as the Regulator has been depending upon the CA profession to ensure that the Banking system remains within control. The society at large including the bank depositors look at the bank auditors to ensure that their deposits are safe and secured in the Banks.

Now a days, scenario of banking system has been changed and Increasing of Non Performing Assets (NPA) in the Banking Sector and increase in the ratio of stressed advances to the total advances and for the listed banks on the Recognized Stock Exchange it becomes more difficult as provision on advances increasing on very large scale and profit decreases. For recognizing these diverse expectations, the Opportunities and Concerns need to be discussed from the viewpoint of Auditors, Banks, Regulators and the society at large.

According to section 30 of Banking Regulation Act, 1949, “the balance sheet and profit and loss account prepared in accordance with section 29 shall be audited by a person duly qualified under any law for time being in force to be an auditor of a companies. Further, according to sub-section (1A), notwithstanding anything contained in law for the time being in force or in any contract to the contrary, every banking shall, before appointing, re-appointing or removing any auditor or auditors, obtain the previous approval of Reserve Bank.”

Statutory Requirements:

Auditor of a Banking Company also need to comply with the provision of The Companies Act, 2013

- Statutory Provision as per Section 143(8) of Companies Act, 2013 which need him to comply with Branch Audit of that entity.
- Auditor’s Rights and Duties as per Section 143(1) of Companies Act, 2013
- Auditor’s Obligation to report Fraud as per Section 143(12).

Opportunities in Bank Audit

The opportunities in Bank Audit from the view point of Audit Profession can be analysed as follows:

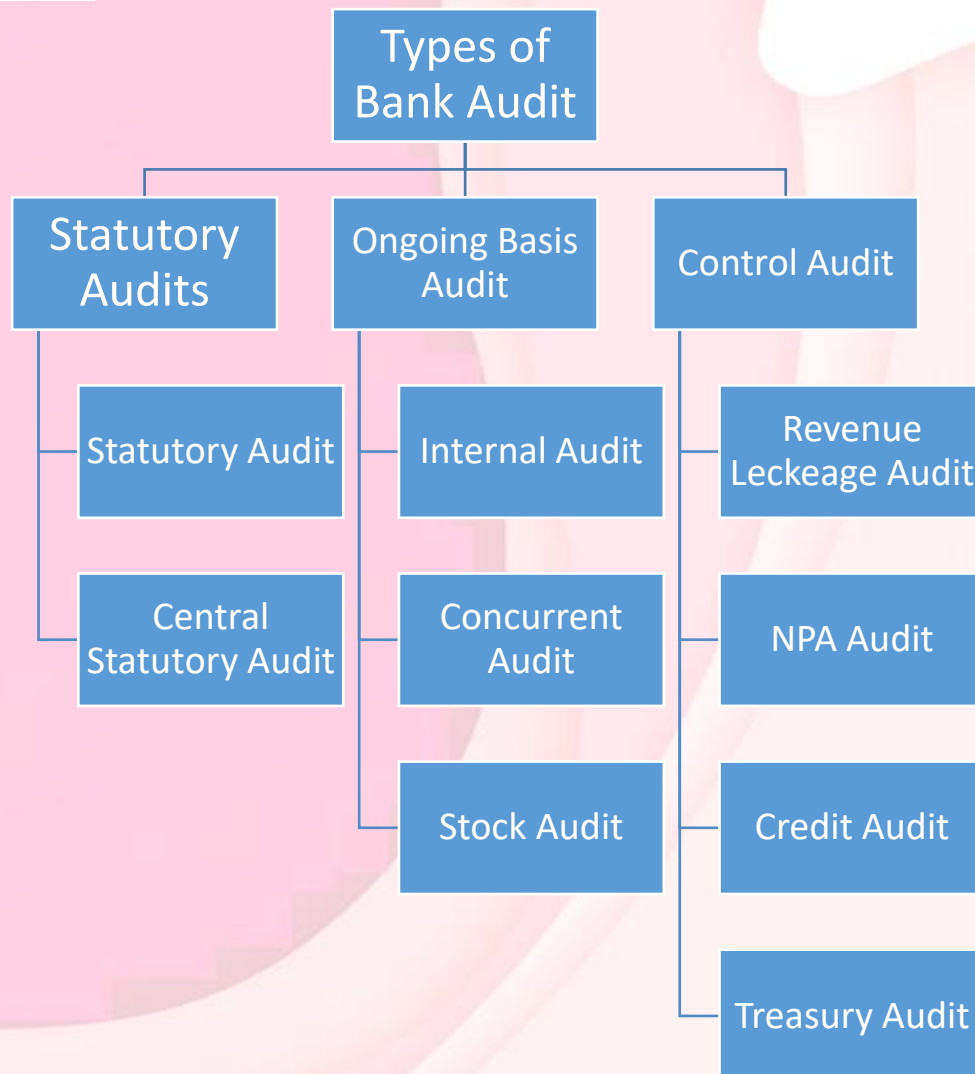


- ✓ **Statutory Audit:** Every Bank in the country requires under the respective Act to get its accounts audited. Reserve Bank of India Act requires RBI to have statutory audit and the rights and obligations of the Statutory Auditor are specified in the Act. Banking Regulation Act requires every bank in the country to get its accounts audited under the law. All the Financial Institutions in the country also have to get their accounts audited under the respective laws. The Co-operative Societies Act (Central and State) also prescribe statutory audit. It is interesting to study the specific Sections under the respective laws and the Rules framed thereunder in relation to rights and obligations of the Statutory Auditor. There are certain fine distinctions in the rights as well as the obligations under the different laws. The Statutory Auditor therefore has to study them carefully while undertaking statutory audit.
- ✓ **Long Form Audit Report:** The Reserve Bank of India requires the Statutory Auditor of a commercial bank to prepare and submit to the management of the bank and RBI a specific report called Long Form Audit Report (LFAR) on completion of statutory audit. The contents of the Long Form Audit Report in a way enable the statutory Auditor to report specifically on various issues. In case, the matters on which the auditors give report in LFAR are so important that these would necessitate a qualification in main audit report, it is not sufficient for the auditors to report in LFAR alone. In such cases, the Auditor should consider whether the matter needs to be mentioned as a qualification in the main Audit Report.
- ✓ **Concurrent Audit:** The Banks have been using the services of CA firms to carry out concurrent audit of banks in big way. The auditors are required to check transactions and documents on an ongoing basis when they carry out concurrent audit. The number of branches of various banks in the country is very large and therefore the scope for the audit profession is also very large.
- ✓ **Stock Audit:** The banks appoint CA firms to verify and report on the stocks maintained by the borrowers of the Banks. The auditors are required to report on the system of record keeping and verify the actual stocks held on a timely basis.
- ✓ **Revenue Audit:** The banks appoint CA firms to check the income of the branches and require the auditors to check that all the revenues of the bank are properly and regularly accounted for.
- ✓ **Snap Audit:** The CA firms are appointed to check and verify certain specific aspects within the bank or branches and report to the top management on these specific matters. Banks also appoint CA firms to check certain specific issues or matters in respect of certain borrowers and require them to carry out Snap Audit.



- ✓ **Credit Audit:** Some banks ask CA firms to review and report on certain credit proposals. The CA firms look into the loan transaction covering the process of sanction, documentation and operation of the loan account. Such credit audit can bring out the lacunas, if any, in the processing and sanctioning of loans as well as the problems in documentation and monitoring of loan accounts.

Types of Bank Audit



Main Aspects of Bank Audit:

Basically, there are three aspects covered under the bank audit

- Advances
- IRAC NORMS
- RBI Circulars & other highlights

Advances:

Advances are the key factor and having more important than any other aspect in the banking sector.

Types of Advances:

Fund Based Facility	Non Fund Based Facility
<ul style="list-style-type: none">• Term Loan	<ul style="list-style-type: none">• Letter of Credit (LC)
<ul style="list-style-type: none">• Working Capital Loans	<ul style="list-style-type: none">• Letter of Guarantee/Bank Guarantee(LG/BG)
<ul style="list-style-type: none">• Cash Credit Loans	<ul style="list-style-type: none">• Bill Discounting
<ul style="list-style-type: none">• Overdraft Loans	
<ul style="list-style-type: none">• Funded Interest Term Loan	
<ul style="list-style-type: none">• Packing Credit Loan	

Review of Advances

Following points need to be taken care while verifying particular advance

- ✓ Authorization Level
- ✓ Authorization Limit
- ✓ Credibility of Customer
- ✓ Documents provided
- ✓ Track record of customer
- ✓ Policy of Bank
- ✓ Installment Terms
- ✓ Sanction letter terms
- ✓ Account Performance
- ✓ Proper charging of interest and installment to the advance account
- ✓ Review of account at regular interval



Analysis of Advances

Amount of
Guarantee
claim settled

Value of
other
security

Amount of
provision

Value of
credit/ cash
margin

Amount of
URI
(unrealized
interest)

Date of last
credit in
account

Credit
turnover in
the account

Interest
debited

Overdue
amount

Accounts under watch
category/ Potential NPA/
Special mention Accounts

Accounts
which have
been
restructured

Borrower Code

Name of the
Borrower

Asset Code/
Classification

Date since NPA

Date of Sanction/
renewal

Date of last stock
statement
submitted

Account Number

Facility Code/
type

Amount
outstanding

Value of
Primary/Colletral
security

Type of
Guarantee cover



IRAC Norms

It is the Master Circular prescribed by *RBI Circular No. DBR.No.BP.BC.2/21.04.048/2015-16* for Recognition of Advances and Recognition of the income for the same

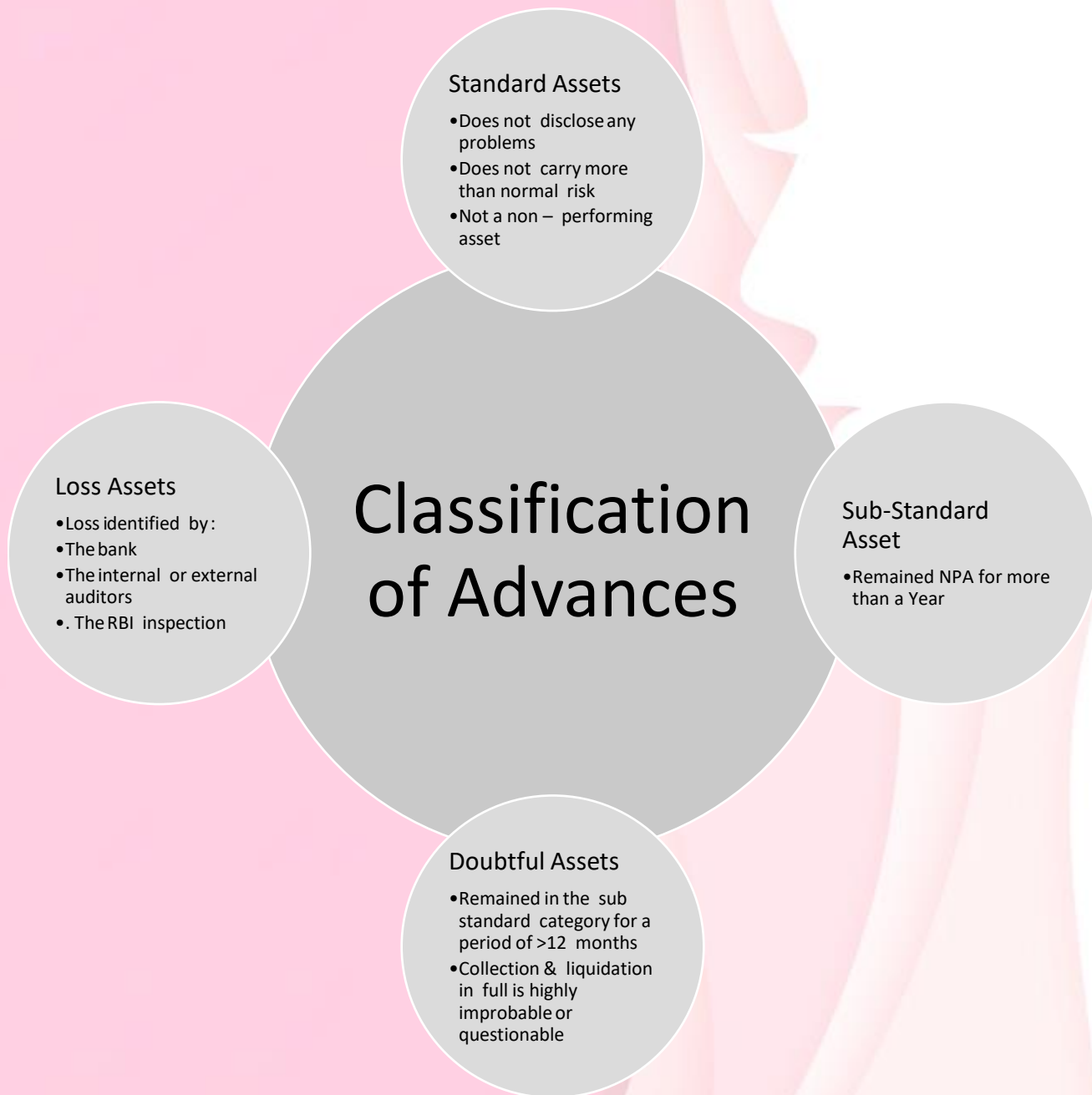
IRAC Norms
(Income Recognition and Asset
Classification)

Asset
Classification

Income
Recognition



Basically, advances are categorized in following four categories



Provision on the Loans & Advances Prescribed by the RBI

- **Standard Assets:**

	Category of Standard asset	Rate of provisioning
➤	Direct advances to agricultural & Small & Micro Enterprises (SME) Sectors	0.25 %
➤	Advances to commercial Real Estate (CRE)	1.00 %
➤	Advances to commercial Real Estate - Residential Housing Sector (CRE- RH)	0.75 %
➤	Housing Loans extended at teaser rates The provisioning on these assets would revert to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates if the accounts remain 'Standard'.	2.00 %
➤	The above mentioned Higher provision on restructured standard advances are as under With Effect from March 31,2016 (spread over the four quarters of 2015-16)	5.00%
➤	All Other Loans and Advances not included Above	0.40%

- **Sub Standard Assets :**

- **Provisioning Required : 15% on secured outstanding balance**
- **On unsecured exposures an additional provision of 10% apart from the 15% totaling to 25% will be required.**
- **Unsecured exposure is defined as an exposure where the "realizable value of security" as assessed by the bank/approved valuers/ RBI inspecting officers is not more than 10%, ab initio, of the "outstanding exposure".**



- **Doubtful Assets :**

<u>Period during which classified as Non-performing</u>	<u>Provision Required</u>
Classified as NPA (i.e. : upto 1 year from the date, the account has been categorized as Doubtful) D1	25% on Secured portion (Less INC, if any) 100% on Unsecured Portion
Classified as NPA (1 to 3 years from the date the account has been categorized as Doubtful) D2	40% on Secured portion (Less INC, if any) 100% on Unsecured portion
Classified as NPA (More than 3 years from the date, the account has been categorized as doubtful) D3	100%

- **Loss Assets :**

- 100% Provision on Outstanding

Non-Performing Assets

An Asset including a leased asset, becomes non performing when it ceases to generate income for the bank.

A loans or Advances where

- Interest &/or installment of principal remain overdue for a period of more than 90 days in respect of a Term loan
- The account remains 'Out of Order' in respect of an Overdraft/ Cash credit (OD/CC) for a period of 90 days
- The bill remains overdue for a period of more than 90 days in case of bills purchased & discounted
- The account where the regular / adhoc credit limits have not been reviewed / renewed within 180 days from the due date/ date of adhoc sanction



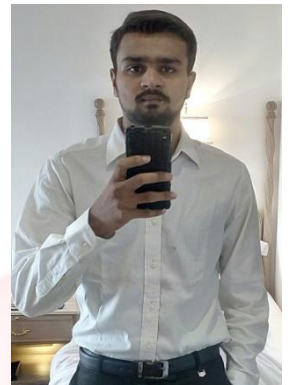
Conclusion



It is clear from the above that the opportunities for bank audit are very large. The audit profession has the strength to meet the challenges and concerns in bank audit effectively. ICAI lays down various auditing standards and the total compliance with these standards will ensure that the quality of bank audit would be good. It is within the powers of professionals to show that they can do complete justice to the bank audit.

It is relevant to note the following quote from Aristotle

"We are what we repeatedly do. Excellence, therefore, is not an act but a habit".



By Shwetark Shukla
WRO 0564857



Benami Transactions (Prohibition) Amendment Act, 2016

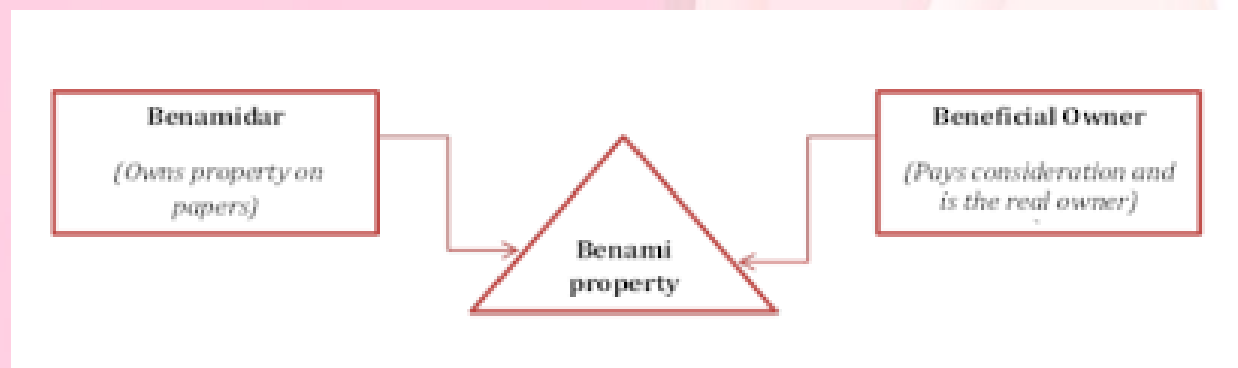


INTRODUCTION

In a regime to wash off black money from the Country, the Indian Government took another laudable leap by initiating the Benami Transactions Bill, 2015 for amending the Benami Transactions (Prohibition) Act. 1988. The Benami Transactions (Prohibition) Amendment Act, 2016 (hereinafter referred to as the "Act" received the President's assent on August 10, 2016 and has come into force from November 1, 2016. The Act provides for expedite procedures to deal with benami property and authorities to execute such procedures and stringent punishment for offenders.

There are many forms of transactions where people prefer to deal in another person's name instead of their own, either to evade taxation, to surpass property ceiling laws or to invest their black money etc. It was also a prevalent custom in traditional Hindu families to buy properties in the name of daughters, sons, fathers or wives. The Act seeks to deal with all such transactions which are carried out by a certain person but the consideration is provided and benefits are availed by some other person. With this, the beneficiary/Financer enjoys the property but does not fulfil legal responsibilities towards such properties.

WHAT IS BENAMI TRANSACTION?



A benami transaction, as defined under Section 2(9) of the Act is a transaction in which:

- the property is held by one person and paid for by another; or
- it is held in a fictitious name; or
- the owner of such property is unaware of or denies having knowledge of such ownership; or
- the person financing such transaction is not traceable

Exceptions to benami transaction:

The Act prescribes certain exceptions to benami transactions under Section 2(9). These exceptions include property held by:

- karta for his or his family member's benefit; or
- a person standing in fiduciary capacity for the benefit of another, including a trustee, an executor, a partner, a company director or a depository participant or agent; or
- a person for the benefit of his spouse or child; or
- brother or sister or lineal ascendant or descendent

Provided the consideration paid for such transactions comes from known and traceable resources

Also, the Central Government may, by notification, exempt any property relating to charitable or religious trusts from the operation of this Act.

WHAT IS BENAMI PROPERTY?



Benami in Hindi means without name. So, a property bought by an individual not under his or her name is benami property. It can include property held in the name of spouse or child for which the amount is paid out of known sources of income. A joint property with brother, sister or other relatives for which the amount is paid out of known sources of income also falls under benami property.

Benami property is the one whose legal owner is different from the actual owner. The amended Act gives a comprehensive definition of benami property.



As per the amendment, Benami property includes: immovable assets such as land, flat or house, movable assets such as gold, stocks, mutual fund holdings, bank deposits etc. If the property is sold, then the proceeds from the sale is also included under benami property

WHAT ARE THE AUTHORITIES ESTABLISHED UNDER THIS ACT?

The Authorities set out for the purpose of this act are:

- The Initiating Officer
- Approving Authority
- Administration Authority
- Adjudicating Authority

WHAT WILL HAPPEN TO BENAMI PROPERTY?

➤ Issuing a show cause notice :

If, upon the material available to the Initiating Officer, he has reason to believe that any person is a benamidar in respect of a property, he may, issue a notice to the person to show cause why the property should not be treated as benami property within the time specified in the notice. He must record the reasons in writing.

➤ Effect of Alienation after notice :

If any person, after receiving a show cause notice from the Initiating Officer in respect of any property, attempts to alienate that property, such a transaction will be held null and void.

➤ Provisional Attachment :

If the Initiating officer has reasons to believe that the property is benami property and the notified person may alienate such property during the period specified in the notice he may by order in writing attach provisionally the property in a manner as may be prescribed for a period not exceeding 90 days from the date of issue of notice. Before attaching the property he must seek the approval of the approving authority.

➤ Reference to Adjudicating Authority :

Where the Initiating officer passes an order continuing the provisional attachment of property or passes an order provisionally attaching the property, he shall within 15 Days from the date of attachment draw up the statement of the case and refer it to the adjudicating authority.

➤ Attachment and Confiscation:

Upon providing notice (within a period of 30 days of receiving reference) and a subsequent opportunity of hearing to benamidar the adjudicating authority



may pass an order either revoking or confirming the order of attachment. The adjudicating authority shall after giving an opportunity of being heard to the person concerned makes an order confiscating the property held to be a benami property. Where an order of confiscation has been made all the rights and title in such property shall vest absolutely in the Central Government free from all encumbrances and no compensation shall be paid in respect of such confiscation

An appeal from the order of the adjudicating authority can be made to Appellate Tribunal established under the act within 45 days of date of such order.

➤ Administration:

The administrator shall have the power to receive and manage the property, in relation to which an order of confiscation is made. He is empowered to take such measures as necessary for managing such property. He also has the powers to enforce possession by giving reasonable notice to occupier of such property.

WHAT ARE THE PENALTIES UNDER THIS ACT?



The Act prescribes that whoever is found guilty of the offence of a benami transaction shall be punishable with rigorous imprisonment for a term which shall not be less than 1 year, but which may extend to 7 years and shall also be liable to fine which may extend to 25 % of the fair market value of the property. Further, if any person knowingly provides false information to any authority or furnishes any false document he/she shall be punishable with rigorous imprisonment for a term which shall not be less than 6 months but which may extend to five years and shall also be liable to fine which may extend to 10% of the fair market value of the property. These provisions of penalty are stricter than those given in the erstwhile Act, which prescribed penalty by way of imprisonment only up to 3 years.

SUMMARY AND IMPLICATIONS:

The core aim of the act is to route the unaccounted money into the financial system; seize Benami properties and prosecute / punish those who are involved in these properties. The amended law has tried to give a clear definition of Benami transactions; established adjudicating authorities; set up appellate tribunal and specified the penalties for entering into the Benami transaction. This law will have long term impacts on real estate industry in the country and will increase the practice of including the correct name in property transactions. This in turn would bring transparency in



residential market. With an increased transparency, the risks would be minimized and residential properties transactions would get boost. It will also boost the confidence of lenders {banks or private individuals}. The stringent law would also bring down the prices of real estate because such transactions are done by cash rich investors to park their unaccounted wealth in real estate.



Riya Rajani
WRO-0490871



Creative Corner

Poems



Raise a toast to life

Life's so short to regret
So lets celebrate
Every moment good or bad
For a moment keep aside your pride
Explore the beauty of life
Don't reside to lousy tequilas
And aim for mishaps
Seek solace in mother's lap
Step in the rain
Let's not go for Jacuzzi
Enjoy the dampen beak
Of new born baby
Step out of your shoes
Feel the green hues
Let your fingers run naked
In search of shells in soothing waves
To adorn your neck
For once allow setting sun
To make your cheeks blush
When darkness falls
Give a goodbye call
As silence creeps in
Listen the whispers of wind
Engrave the smile of rejoice &
Raise a toast to life.

-Kritika Mehta
CRO0438947

"Measurement of Success"

Success is the self-satisfaction,
Which is got in fractions.
Comparison leads to Destruction,
Moving to Frustration.
Creation of Actions,
Will decide Fractions.
More the determination fetched,
Higher the success cracked.
Happiness is Hacked,
Sadness is Packed.

-Risha Tolia
WRO0574657



में गिरा,
में टुटा,
में संभला,
में फिर गिरा
मगर इस बार ना टुटा,
दोस्तों ने पागल कहा,
मेने भी मान लिया,
माँ को फिकर हुई,
पापा ने भी डाँट दिया,
तूने मुसीबते रखी,
देख जरा मेने वो भी जित लिया,
में वो बनकर रहूँगा,
जो में चाहता हूँ,
में वो ना बनूँगा जो दुनिया चाहती है,
तू तोड़ दे मुझे किसी भी हद्द तक,
में फिर उठूँगा, और देख लेना तू भी
इस बार में फिर ना गिरूँगा ।

- Archana Paikaray
WRO0470020



Thanks

