

**EXPRESS CLINIC**
NAME: **SHIKHA ARORA, 29**

RESIDES IN: HIMACHAL PRADESH

PROFESSION: GOVERNMENT SERVICE

NET ANNUAL INCOME

**(₹ 13.20 LAKH)**
**STATUS & GOALS**

SHIKHA'S HUSBAND, VINOD (31) IS ALSO A GOVERNMENT EMPLOYEE. THE COUPLE HAVE A SON SAMAR, 1, AND A DAUGHTER, SANJANA, 3 MONTHS. SHIKHA LOOKS AFTER FAMILY'S FINANCES AND TAKES ALL IMPORTANT FINANCIAL DECISIONS. SHE WANTS TO HAVE A PROPER PLAN FOR FUTURE GOALS OF CHILDREN AND A HOUSE ALONG WITH A COMMERCIAL PROPERTY WHICH CAN GENERATE RENTAL INCOME

**NEEDED**

A financial plan that will take care of their needs and provide stable income after retirement

MONTHLY INCOME (Post Tax)

**₹ 1,10,000**

TOTAL EXPENSES

**₹ 36,000**

NET MONTHLY SURPLUS

**₹ 52,000**
**GOALS**

IN ORDER OF PRIORITY

**SAMAR'S EDUCATION**

(Inflation assumed 10 per cent by 2028)

CURRENT VALUE

**₹ 10,00,000**

FUTURE VALUE

**₹ 50,54,470**
**SAMAR'S MARRIAGE**

(Inflation assumed 6 per cent by 2032)

CURRENT VALUE

**₹ 15,00,000**

FUTURE VALUE

**₹ 50,99,345**
**SANJANA'S EDUCATION**

(Inflation assumed 10 per cent by 2029)

CURRENT VALUE

**₹ 5,00,000**

FUTURE VALUE

**₹ 27,79,958**
**SANJANA'S MARRIAGE**

(Inflation assumed 6 per cent by 2033)

CURRENT VALUE

**₹ 15,00,000**

FUTURE VALUE

**₹ 54,05,346**
**BUYING HOUSE**

(Inflation assumed 8 per cent by 2025)

CURRENT VALUE

**₹ 50,00,000**

FUTURE VALUE

**₹ 1.46 crore**
**BUYING COMMERCIAL BUILDING**

(Inflation assumed 8 per cent by 2025)

CURRENT VALUE

**₹ 30,00,000**

FUTURE VALUE

**₹ 88,11,581**
**RETIREMENT PLANNING (2042)**

(Inflation 7% and Life Expectancy 85 years)

MONTHLY EXPENSE

**₹ 36,000**

FUTURE VALUE (2037)

**₹ 32,88,494**

CORPUS REQUIRED

**₹ 5.39 crore**
**OBSERVATION**

Shikha's current savings is going towards insurance policies, bank deposits and Sahara RDs. Being government employees, retirement benefits are enough to continue their present lifestyle after retirement.

**FINDINGS**

**BANK ACCOUNT:** Balance in savings bank account is ₹ 8 lakh.  
**HEALTH INSURANCE:** Currently entitled to reimbursement for treatment in any government recognised hospital. Health insurance will not be a bad choice if you need medical treatment from private hospital.  
**LIFE INSURANCE:** Though you have ₹ 45 lakh sum assured, it is through expensive policies - premium outgo being ₹ 1.44 lakh per annum.  
**LONG TERM INVESTMENTS:** ₹ 4 lakh investment in bonds, ₹ 10,000 per month RD and real estate worth ₹ 12 lakh.  
**RETIREMENT:** She would like to retire at age of 59-60 and expenses thereafter will be taken care by pension and income from commercial property.  
**LIABILITIES:** She has to repay a car loan of ₹ 2,00,000.

**RECOMMENDATIONS**

**EMERGENCY FUND:** Maintain ₹ 50,000 in savings bank account. Keep around ₹ 1 lakh in short term funds, which can be made available in three working days.

**Express Tip:** Do not keep money for more than 3-4 months of expenses in the emergency fund. Excess amount there will hamper long term growth.

**LIFE INSURANCE:** You can buy a term plan of ₹ 50 lakh and for Vinod ₹ 1 Crore - total annual premium will be approximately ₹ 36,000.

**Express Tip:** Life insurance is for family protection and not for capital growth. Stick to term plans.

**PLAN BY:** HEMANT BENIWAL,  
CERTIFIED FINANCIAL PLANNER,  
MEMBER OF THE FINANCIAL PLANNERS' GUILD, INDIA (www.fpgindia.org)

For expert guidance on your financial planning email us your details at [expressmoney@expressindia.com](mailto:expressmoney@expressindia.com)

**REALTY**

# Real estate deals to get a reality check

RITU KANT OJHA

**R**EAL estate transactions will never be the same again. Buyers, sellers or builders who thought a property deal could be easily concluded and taxes evaded by using instruments like general power of attorney (GPA), agreement to sale (SA) or a Will have woken up to a new reality after a recent order by the Supreme Court.

The apex court last week passed a landmark judgment in the case of Suraj Lamp & Industries clarifying that immovable property can only be transferred or conveyed by a registered deed of conveyance. The judgment states "there cannot be a sale by execution of a power of attorney nor can there be a transfer by execution of an agreement of sale and a power of attorney and will... these kinds of transactions were evolved to avoid prohibitions/ conditions regarding certain transfers, to avoid payment of stamp duty and registration charges on deeds of conveyance, to avoid payment of capital gains on transfers, to invest unaccounted money (black money) and to avoid payment of 'un-earned increases' due to Development Authorities on transfer".

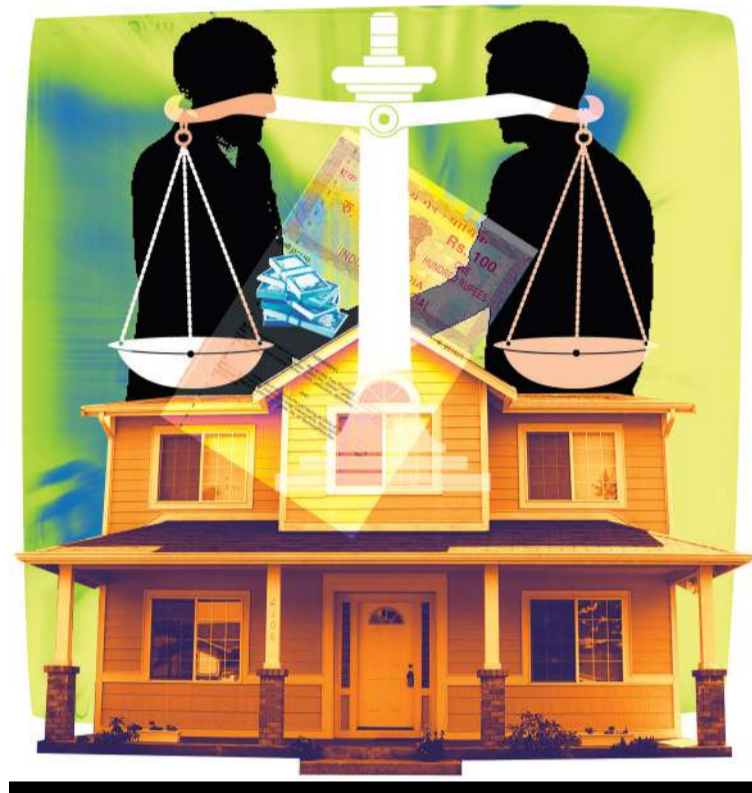
**PROPERTY TRANSACTIONS**

WHILE stamp duties and registration are known to be one of the largest sources of revenue for State governments, these duties more often than not have tended to impose high compliance costs on taxpayers. Consequently, these duties have been subject to considerable evasion. With a large percentage of properties, specifically with the Delhi and NCR regions, resorting to sales through power of attorneys - the mutation of property does not reflect in the municipal and revenue records on account of rights, title or interest in the property not being passed on GPAs, which are primarily just sale agreements.

In recent years, a number of people have been transferring immovable property by executing "agreement to sale". This agreement does not actually "transfer" the property nor does it create any rights in the immovable property but only gives a right to the intending buyer to sue the seller for the money. In other cases, people have sold immovable property by making agreements to sell and giving a power of attorney to the buyer to do all acts on behalf of the seller in connection with the property. In some cases, the seller even makes a Will leaving the property to the buyer. "Originally the GPA practice originated because of the ridiculously high transfer fees charged by the housing authorities such as DDA.

Immovable property can only be transferred or conveyed by a registered deed of conveyance, says the SC. The verdict will bring more transparency, make title search an effective tool and stop evasion of stamp duty and proliferation of black money in real estate deals

C R SASIKUMAR



The utilisation of black money for real estate transactions was only facilitated due to this practice," says Harsh Roongta, CEO, Apnapaisa.

The Supreme Court observed that all these methodologies do not really constitute a transfer and are undertaken by people to evade stamp duty, registration fees or to park their unaccounted earnings. In many cases, land is provided by Authorities such as DDA in Delhi or CIDCO in Maharashtra for affordable housing. With a view to discouraging profiteering, these authorities place restrictions on resale or demand a percentage of the unearned premium upon sale by the allottee. In other cases, people have constructed "ground plus one" structures and sold off the first floor premises illegally to others.

With a view to effecting the so-called transfer, many people resort to documents such as agreement to sell, GPA or Wills as their registration is not possible.

“Going ahead, all purchases and even lease of immovable property will have to be effected by a 'deed of conveyance / assignment of lease' respectively”

VINAY SINGH

According to the experts, builders too are defaulters here. For example, the Maharashtra Ownership Flats Act prohibits builders from accepting any money unless they execute and register the agreement for sale. "It is an open secret that hardly any builder, including the reputed corporate ones, follow this rule. The happy-ending up being short-changed in many areas whether it is price, timely possession, or getting what they booked," says Vinay Singh, a Mumbai-based real estate expert.

**WHAT THIS JUDGMENT MEANS?**

THE Registration Act of 1908 makes it clear that all agreements for transfer of immovable property of the value of Rs 100 or more must be registered compulsorily. However, the number of properties actually registered are a fraction of total transactions that take place. The Court has clearly

stated that "making declaration that GPA sales, SA and Will transfers are not legally valid modes of transfer is likely to create hardship to a large number of persons...they should be given sufficient time to regularise the transactions by obtaining deeds of conveyance. It is also submitted that this decision is made applicable prospectively to avoid hardship".

"Going ahead all purchases and even lease of immovable property will have to be effected by a 'deed of conveyance / assignment of lease' respectively. Failure to do so will mean that the title will remain with the seller," says Vinay Singh.

"While liquidity will be affected to some extent, the ruling will help establish clear titles to property, thereby safeguarding the interests of consumers," opines Sachin Sandhir, MD, RICS - South Asia

**NO NEED TO PANIC**

THOUGH the order is expected to have wider implications for the real estate industry, those that have already executed property deals through GPA, SA and Wills must not panic. "Such people should take advantage of the regularisation offers made by the relevant authorities such as DDA. Prospective buyers should not enter into such transactions at all," suggests Roongta.

The judgment may have impact on the prices in the unauthorised segment. "There are 1,500 unauthorised colonies in Delhi alone where clear transfer of title does not happen. There may be a pain in the short term, especially for the developers in the unauthorised segment. There might be suppression of prices in the secondary market for some time," says MD, Eldeco, Pankaj Bajaj.

It would be prudent for the buyers to get the agreement registered by paying stamp duty as unregistered deed would not have a legal validity. Even in the case of under-construction property, one has to get the agreement/ deed registered without which the title would remain with the original owner, as court said "it will not treat such transactions as completed". Remember that now it would be difficult to get relief from a court, by the buyer, if the transaction/exchange of money is based on unregistered agreement as the title would stay with the seller until it is transferred to the new owner.

The judgment is certain to bring more transparency in property deals, make title search an effective tool, stop evasion of stamp duty and proliferation of black money in real estate transactions. It will also do away with malpractices by the builders who cheat flat buyers by not executing and registering the agreements. ♦

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**TAKING WINGS**

**PANDURANG TAWARE**

Agri Tourism Development Corporation

**ABOUT ME**

Name	Pandurang Taware
Age	41
Hometown	Baramati
Family background	First generation entrepreneur
More than 1 company?	No
Education	Bachelors
Graduated from	TC College
Former employer	Vascon Engineers
Former designation	Divisional Manager
Area of responsibility	Hospitality Divisional Head
Favorite book/movie	Vegalya Vikasache vatade

**MY BUSINESS**

Company Name	: Agri Tourism Development Corporation
Founded in	: 2005
Headquartered in	: Pune
Company website	: agritourism.in
Industry	: Agribusiness/ Agriculture
Stage of the company	: Several customers and locations
Source of idea	: Discovered by chance

**NUMBER CRUNCHING**

	2009	2010
No. of employees	: 6	12
No. of locations	: 4	5
No. of customers	: 19,000	24,000
Turnover	: Approx ₹ 1cr	Around ₹ 1.25 cr
Profits	: 21%	21%
Initial funding	: Personal savings	
Primary source of additional funding	: Family & friends	
Raised institutional	: No capital?	

National Entrepreneurship Network, a non-profit organisation that supports high-potential entrepreneurs, contributes to this weekly feature

**MY GAMEPLAN**

Started in 2005 agri-tourism is defined as travel that combines agriculture and tourism. The experience itself is our product, besides which tourists can buy fresh products directly from farmers without any middle-men. The idea is to make tourists live the life of a villager, right from milking cows, ploughing fields, bathing in a well, to climbing trees and plucking fruits. Also, because directly or indirectly we are all linked to agriculture and most of the people in the country would like to see how their forefathers lived, most of the tourists feel nostalgic after visiting a farm or working alongside a farmer. That is the main appeal of agri-tourism.

ATDC's concepts and projects will be adopted worldwide now, and this will help in supplementing tourism to core agricultural activities and provide financial support to the sector.

**The best advice I got...**

It was Sharad Pawar who advised me to develop a model agri-tourism center wherein I can train the farmers, and support the policy makers with the research on latest trends and facts of agri-tourism industry, through which agri-tourism centers could be replicated in all the parts of our country.

**The defining moment...**

It was when we received the National Tourism Award as the most innovative

and unique tourism product category in the year 2008-09. ATDC has carved a niche for itself and brought Pune on the international agriculture map and is extremely proud to have been instrumental in bringing about this change. It is an important milestone in India's Agri-Tourism development.

**What keeps me awake at night...**

Unless our villages are self-sufficient, our nation cannot progress. We must go to villages in order to achieve development of villages. This mantra given by Mahatma Gandhi still holds true and I stay awake at night thinking up ways to make this dream come true.

**I thought I would give up...**

This thought did come to my mind when none of the banks were ready to support the project financially, assuming that agri-tourism had no scope. But I knew what I wanted and now I am what I always wanted to be.

**My word of advice for others...**

In comparison with the world, our country has highest cultivable land, rainfall and human resource; still, 30 per cent of the population lives under poverty line. Youth like us should come forward and manage the resources available to lessen the poverty percentage. ATDC, Pune has taken a step in this direction. ♦