

CHECKMATE

# The power of attorney

As a sequel to my last column on GPA for property purchase and sale there are few pointers a buyer should note, says Arati Bhargava



scribe as mutual trust rather than a tangible proof of consideration paid. Obviously a cash payment without receipts is risky proposition. For if things go wrong and the deal falls through the buyer can claim from the seller only the amount for which he has a valid receipt. To ensure that nothing goes wrong it is vital that the paperwork for Agreement to Sell and GPA are vetted and prepared by qualified lawyers or reputed experts in the business, says Goswami.

Interestingly, the authorities have tightened the provisions relating to stamp duty and transfer duty. Earlier, people also preferred to buy and sell property on basis of a GPA as it cost much less. A GPA was prepared on a stamp paper of Rs 50. In the case of a Sale Deed the buyer purchased stamp papers to the value of specified percentage of the price amount of the property mentioned in the Sale Deed. It was felt that selling properties through an Agreement to Sell and GPA led to evasion of huge stamp duties and transfer duties. So as to contain this, the authorities streamlined the system. Says ADM Head Quarters of the Revenue Department, Vinay Kumar that the amount of stamp duty and transfer duty for an Agreement to Sell and GPA is determined by the content of the document. If the Agreement to Sell contains only an intention to sell then the amount charged is 30 per cent of what the stamp and transfer duty would have been had it been a sale deed. The prevalent rate of stamp and transfer duty is 6 per cent of the sale amount if the buyer is a male, of which 3 per cent is stamp duty and the remaining 3 per cent is transfer duty. In case the property is purchased by a woman the stamp and transfer duty is four per cent of the price of property mentioned in the sale deed, of this 2 per cent is stamp duty and 2 per cent is transfer duty. But if the content of the GPA amounts to a sale of the property then the buyer would be required to pay the stamp and transfer duty as specified for a sale deed. However, if the document is made in favour of a blood relative then the person is required to pay the stamp duty but not the transfer fee.

Says Goswami it is vital to pay the right amount of stamp and transfer duty. For if this is not done then the stub registrar may raise an objection on this count and refuse to register the document. Worse still, should there be a dispute later and the matter is taken to court where it is found that the stamp duty paid is not correct the court can impound the document and then the person would have to pay ten times the amount found deficient.

In my next column I shall dwell on property purchase and sale through sale deed.

The writer is a senior columnist.

The major chunk of property sales in Delhi is done through a General Power of Attorney (GPA) made by the seller whereby he transfers his rights as an owner to the buyer. This method of property sale largely adopted in case of leasehold properties needs much attention in preparing the paperwork for it. As a sequel to my last column on GPA for property purchase and sale there are few pointers a buyer should note. A GPA is used as an instrument to give certain rights to a person. A buyer then should examine that the seller actually has the right to what he is then transferring to the buyer. This is important as sometimes the seller may well in-

clude certain rights or even spaces in the property to which he did not have any right in the first place. The check can be done by carefully reading the ownership title that the seller has in his name. Or if he too has a GPA then its provisions should tally with what is being given to the new buyer.

Significantly, a GPA can be revoked, but if the buyer possesses receipts for the money paid as agreed upon, the GPA becomes irrevocable. As a safety measure many buyers also take a Will from the seller bequeathing the property to the buyer. The Will naturally comes into effect only after the death of the seller. So in order to be on a safe wicket prior



REAL PROBLEM

## No space for retail

Lack of adequate real estate space is proving to be a big obstacle in the growth of the retail sector in Shimla, says Pramod Bhargwaj

Though touted as the one of the prime destinations for the retail boom in the country, Shimla has failed to live up to the expectation of the market experts. The primary cause for lack of growth of the retail sector in the state capital is attributed to the lack of realty space for retail within the city.

The space constraints within the city have pushed the retail outlets outside the city. But already struggling with parking and traffic congestions the city residents are not so keen to juggle with the traffic and then buy commodities from these stores. How one can think to travel five or ten kilometers in Shimla to buy inventories from a retail mall. The

non-availability of space is a big obstacle in the reach of retailing here, says a real estate expert. Non-availability of commercial space within city and retail demand has pushed the retail prices very high, he adds. This kind of constraint has nullified the importance of Shimla as the retail destination. A saturated tourist destination, Shimla with high land prices does not fit in the expansion plans of retailers, says a real estate consultant Rohit Sood said. While the organised retail sector is constrained due to lack availability of real estate space, the retailers in the unorganised sector are located at strategic location right across the city.