

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4983
ANSWERED ON:02.09.2011
BENAMI TRANSACTION
Majhi Shri Pradeep Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to seize property found to be benami in the country;
- (b) if so, the details in this regard;
- (c) the details of modalities finalized by the Government in this regard;
- (d) whether the Government proposes to amend the Benami Transaction (Prohibition) Act, 1988;
- (e) if so, the details thereof; and
- (f) the extent to which such amendments are likely to plug the loopholes and close the doors of benami transactions in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE:(SHRI S.S. PALANIMANICKAM)

(a) Yes, Madam.

(b) The Benami Transactions (Prohibition) Bill, 2011, introduced in Lok Sabha on 18.08.2011 (Bill No. 56 of 2011), proposes that any property, which is subject matter of benami transaction, not being a benami transaction entered into by any person, being an individual, in the name of his- (a) spouse; (b) brother or sister; or (c) any lineal ascendant or descendant, shall be liable to be confiscated by the Central Government.

(c) The detailed modalities proposed by the Government in this regard have been dealt with in Chapter-IV of the above-mentioned Bill.

(d) Yes, Madam.

(e) The Benami Transactions (Prohibition) Act, 1988 is proposed to be repealed and a new comprehensive legislation is sought to be enacted in the form of the Benami Transactions (Prohibition) Bill, 2011 (No. 56 of 2011) introduced in Lok Sabha on 18.08.2011.

(f) The proposed Bill contains elaborate provisions dealing with the definition of benami transaction and benami property, prohibited benami transactions, consequences of entering into a prohibited benami transaction and the procedure for implementing the benami law. The Bill proposes the following:-

(i) no suit, claim or action to enforce any right in respect of any property held benami against the person in whose name the property is held or against any other person shall lie by, or, on behalf of, a person claiming to be the real owner of such property;

(ii) benami property arising out of prohibited benami transaction shall be liable to confiscation;

(iii) where any person enters into a prohibited benami transaction in order to defeat the provisions of any law or to avoid payment of statutory dues or to avoid payment to creditors, the beneficial owner, benamidar and any other person who abets or induces any person to enter into such benami transaction, shall be liable to be prosecuted (punishable with imprisonment for a term which shall not be less than six months but which may extend to two years and shall also be liable to a fine).

With the promulgation of the new law, it is expected that the existing loopholes in the benami law will be plugged and effective deterrence will be in place against benami transactions.