



## NEWSLETTER



### Seminar on Wills, Family Settlements and Trusts



Ms. Kanchan Zutshi, Secretary, Law and Justice Committee; Mr. Vinod Kumar Jain, Chairman, INMACS; Mr. Ravi Singhania, Managing Director, Singhania & Partner, LLP and Co-Chairman, Law and Justice Committee, Mr. Rupinder Suri, Senior Advocate, Supreme Court of India; Mr. Vipul Maheshwari, Managing Partner, Maheshwari & Co. and Chairman, Law & Justice Committee, PHD Chamber and Mr. Ashish Mittal, Partner, Maheshwari & Co.

PHD Chamber organized a seminar on 'Wills, Family settlements and Trusts' on April 8, 2014 at PHD House, New Delhi to create awareness with regard to the legal aspects of such documents.

All intricate aspects of wills drafting, registration and other connected matters in relation to family settlements and trust were discussed in the seminar. A variety of real-life issues were also discussed, including common estate planning errors, asset protection strategies, estate tax reduction strategies and avoiding probate.

In his welcome remarks, Mr. Vipul Maheshwari, Chairman, Law & Justice Committee, PHD Chamber, said that traditionally, corporate India was governed by many family-owned businesses, where it was assumed that the baton would pass to a member of the family and hence, succession planning as a concept, was neglected. However, with the changing business landscape and the entry of more MNCs, businesses in India have become more conscious of the need to include succession planning in their business continuity.

"Trust and Will are two words generally used together. But there is a difference between a Trust and a Will. A trust is a legal relationship which arises when one person hands over all or some his property to another for the benefit of a third person or himself. A will is a legal instrument by which a person may lay down as to how his property shall be disposed of after his demise. Any person can make a will provided he is of sound mind, is not a minor and has made it voluntarily."

Mr Rupinder Suri, Senior Advocate, Supreme Court of India gave a presentation on 'Litigation Aspects of Wills and Family Settlements'. He elaborated on the essentials of a legally valid will and the points which should be taken care of while drafting a will. He also elaborated on the ground on which wills are mostly challenged, viz. dispute on the ground of unsound mind. It is suggested that care should be taken that the will should be in the testators own handwriting and should have a declaration that the testator is of sound mind. In case of an uneducated testator, the will should be in simple language.

Mr. Ashish Mittal, Partner, Maheshwari & Co gave a presentation on 'Practical Aspects and Drafting of Wills'. He said that a will should be written in simple language and the asset should be written in simple language and should be clearly defined. He further said that the family settlement is an arrangement to resolve family disputes and rival claims by a fair and equitable division or allotment of properties between the various members of the family.

Mr Vinod Kumar Jain, Chairman, INMACS gave a presentation on 'Taxation Aspects of Wills and Family Settlements'. He gave a brief overview of the provisions in the Income Tax Act, 1961, impacting trusts and also elaborated on the types of trusts. A trust may be discretionary or non-discretionary. A discretionary trust can also be called specific trust. A trust is specific or non-discretionary, if the shares of the beneficiaries are clearly defined by the settler while in discretionary trusts the share of the beneficiaries are not defined.

Mr. Ravi Singhania, Co-Chairman, Law and Justice Committee, PHD Chamber proposed the vote-of-thanks to the audience.

## **RBI circular regarding Foreign Direct Investment in Pharmaceuticals sector – clarification**

RBI has issued a circular regarding clarification on Foreign Direct Investment in Pharmaceuticals sector. As per the present FDI Policy, Foreign Direct Investment (FDI) up to 100 per cent is permitted under automatic route for Greenfield investments and FDI up to 100 per cent is permitted under Government approval route for Brownfield investments (i.e. investments in existing companies) in pharmaceuticals sector.

RBI has decided that with immediate effect the existing policy would continue with the condition that 'non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board (FIPB) of the Government of India.

## **India's growth likely to recover to 5.4 per cent in 2014: IMF**

India's growth could recover to 5.4 per cent in the current fiscal year and increase by one percentage point to 6.4 per cent in the next year to March 2016 due to stronger global growth, an improvement in export competitiveness and implementation of the recently-approved investment projects, according to the International Monetary Fund (IMF). A reiteration of January forecast is an indication that IMF's view of the Indian economy has not changed in the last three months, even as global investors have bought Indian shares in the hope of the economy doing better.

In the just-ended fiscal year, IMF expects the economy to expand 4.4 per cent, according to its World Economic Outlook, which urged more economic reforms.

"Priorities include market-based pricing of natural resources to boost investment, addressing delays in the implementation of infrastructure projects, improving policy frameworks in the power and mining sectors, reforming the extensive network of subsidies, and securing passage of the new goods and services tax to underpin medium-term fiscal consolidation," according to the report.

IMF measures GDP in terms of market prices while India gives more weight to the factor-cost method. In terms of factor cost, IMF expects the Indian economy to expand 4.6 per cent in 2013-14, close to the country's official estimate of 4.9 per cent.

### **BRIC to Lead Civil Aviation Market in Next Ten Years**

Emerging economy leaders or BRIC (Brazil, Russia, India, China) nations is forecast to lead the civil aviation market in the next ten years. According to a study by Oxford Economics and commissioned by Amadeus, states that Asia would become the growth leader in outbound travel expenditure overtaking Europe by 2023. APAC outbound travel is expected to reach \$752.8 billion or account for 40-55 per cent of the global total, the study has revealed.

Indian domestic air traffic grew 4 per cent in 2013 reiterating the potential for growth in one of the largest markets in the world for civil aviation.

According to the International Air Transport Association (IATA) Indian domestic air traffic witnessed a de-growth of 2.1 per cent in 2012. Indian air carriers saw a total of 60,115,100 passengers in all scheduled domestic carriers here compared to 57,785,210 passengers in all operators in 2013 according to aviation regulator, Directorate General of Civil Aviation (DGCA).

India was close to the 5.2 per cent increase seen globally in passenger demand compared to 2012. "We saw healthy demand growth in 2013 despite the very difficult economic environment. There was a clear improvement trend over the course of the year which bodes well for 2014," Tony Tyler, IATA's Director General and CEO reportedly had said in a recent statement.

## **Indian business optimism at its highest since 2010**

Indian business optimism has surged to its highest since the end of 2010 on hopes of a more business-friendly administration after the elections, according to the Grant Thornton International Business Report. The report noted that at 89 per cent, optimism amongst Indian business owners was ahead of the global average of 44 per cent. "This is up 20 per cent since the previous quarter. This optimism is driven by the fact that 92 per cent of Indian businesses expect their revenues to rise in the next 12 months, while 87 per cent believe their profitability will get a boost," said the report.

"The data provides hope that the recovery will move onto more sustainable footing and with economic uncertainty declining, the hope is that businesses will renew investment in the coming months to ensure long-term growth," the report added. However, it also cautioned of certain constraints facing businesses globally.

For India, the percentage of businesses citing economic uncertainty as a key constraint to growth has reduced to 60 per cent in this quarter from 78 per cent in the previous quarter, largely driven by the "hope of a stable government and significant reduction in the rupee volatility."

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