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# No Title Without Transfer: Supreme Court Clarifies Legal Divide Between Agreement to Sell and Registered Conveyance

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## Introduction

In a recent decision clarifying the statutory framework governing immovable property transactions in India, the Supreme Court in Vinod Infra Developers Ltd. v. Mahaveer Lunia & Ors.1 held that a mere Agreement to Sell (ATS), even if accompanied by possession or payment, does not confer ownership rights unless followed by a registered sale deed. The Court reaffirmed that title to immovable property cannot pass through an unregistered ATS, and any claim based solely on such an agreement is unenforceable in the absence of a suit for specific performance. The decision is examined in the context of the relevant statutory framework and judicial interpretation, with emphasis on the legal distinction between an Agreement to Sell and registered conveyance.

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## Background of the Case

The dispute arose when Vinod Infra Developers Ltd., the appellant, challenged the validity of sale deeds executed by the respondents based on an unregistered agreement to sell and an unregistered power of attorney. The appellant contended that the documents in question were executed merely as security for a loan and were later revoked prior to the execution of the sale deeds. Despite the revocation, the respondents proceeded to register sale deeds and have them mutated in their names in the revenue records.

The appellant sought declaratory relief, cancellation of the sale deeds, possession of the property, and an injunction. The trial court held that triable issues existed. However, the High Court reversed the decision and rejected the plaint under Order VII Rule 11 of the Code of Civil Procedure, 1908 (CPC), leading to the present appeal before the Supreme Court.

## Judicial Determination

The Supreme Court allowed the appeal and restored the plaint. The Court held that:

- An unregistered Agreement to Sell does not create any right, title, or interest in the property.
- No suit for specific performance was filed by the respondent, and therefore, no legal right could be asserted based on the ATS.
- A power of attorney, even if notarized, does not confer title, especially where it has been revoked prior to the execution of sale deeds.
- Revenue entries are fiscal in nature and cannot establish proprietary rights in the absence of a registered conveyance.

The Court observed that the revocation of the power of attorney prior to execution rendered the subsequent sale deeds void of legal authority and thus ineffective in law.

Citing Suraj Lamp & Industries Pvt. Ltd. v. State of Haryana2, the Court reiterated that SA/GPA/WILL transactions do not constitute valid transfers and cannot substitute for a registered sale deed.

In addition, the Court clarified that where a plaint contains multiple causes of action, it cannot be rejected in its entirety solely because one relief appears legally untenable. This principle preserves the right to adjudication where triable issues are raised.

The Court also rejected the respondents' argument that revenue courts had jurisdiction under tenancy laws, holding that disputes concerning ownership and title fall within the exclusive domain of civil courts. Revenue records serve only fiscal purposes and do not confer title.

## Legal Position on ATS vs. Conveyance

### Agreement to Sell (ATS)

- An ATS is merely a contractual promise between the parties to execute a future sale.
- It is governed by the Indian Contract Act, 1872, and Section 54 of the Transfer of Property Act, 1882, which states that a contract for sale does not by itself create any interest in or charge on the property.
- The only remedy available to the buyer in the event of non-performance is to file a suit for specific performance under the Specific Relief Act, 1963.
- **Section 16(c) of the Specific Relief Act** stipulates that the party seeking specific performance must prove that they have performed, or have always been ready and willing to perform, the essential terms of the contract. This provision ensures that the relief of specific performance is granted only to those who demonstrate bona fide contractual compliance.

### Conveyance Deed (Sale Deed)

- A sale deed is the final and legally binding instrument that effects the transfer of title.
- It must be duly executed, stamped, and registered under the Registration Act, 1908.
- A registered sale deed is conclusive proof of ownership and allows for mutation of the property in revenue records.

## Statutory Framework

| Provision | Key Principle |
|---|---|
| Section 54, Transfer of Property Act, 1882 | A contract for sale does not create any interest in or charge on immovable property. |
| Sections 17 and 49, Registration Act, 1908 | Documents that are compulsorily registrable cannot affect property rights unless registered. |
| Section 23, Registration Act, 1908 | Documents must be presented for registration within four months of execution. |
| Section 53A, Transfer of Property Act, 1882 | Grants protection to a transferee in possession but does not confer ownership. |

## What the Decision Means for Property Transactions

The judgment is a significant clarification for stakeholders in real estate transactions. Its implications include:

- **For Buyers:** Executing an Agreement to Sell is not sufficient to obtain ownership. The transaction must culminate in a registered sale deed to be legally enforceable.
- **For Sellers/Lenders:** In the absence of a registered deed, sellers cannot assert ownership or enforce rights based solely on an ATS.
- **For Courts:** A plaint based solely on an unregistered ATS, without a corresponding prayer for specific performance, is liable to be rejected under Order VII Rule 11 CPC, unless distinct triable issues are disclosed.

## Conclusion

The decision in Vinod Infra Developers Ltd. reaffirms the foundational legal principle that immovable property can only be transferred through a registered conveyance deed. Informal arrangements, such as unregistered agreements or powers of attorney, cannot substitute the statutory requirement of a registered instrument.

The Supreme Court has, through consistent jurisprudence, sought to curb the reliance on such informal documents and has emphasized the necessity of compliance with statutory formalities for the legal transfer of title. This clarity is essential for property owners and buyers and for reducing litigation and promoting transparency in real estate transactions.

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## Frequently Asked Questions

### Does an agreement to sell transfer ownership of property?

No. In Vinod Infra Developers Ltd. v. Mahaveer Lunia, the Supreme Court held that an unregistered Agreement to Sell creates no right, title or interest in immovable property, even if accompanied by possession or payment. Title passes only through a registered sale deed (conveyance).

### Can you claim ownership based only on an agreement to sell?

No. A claim based solely on an unregistered Agreement to Sell is unenforceable unless a suit for specific performance is filed. The agreement by itself does not confer ownership.

### Does a notarized power of attorney transfer property title?

No. The Court held that a power of attorney, even if notarized, does not confer title, particularly where it has been revoked before the sale deeds were executed, which renders those deeds void of legal authority.

### Do revenue records prove ownership of property?

No. Revenue entries are fiscal in nature and cannot establish proprietary rights in the absence of a registered conveyance.

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