

Sujan Singh Sadhana Vs Mohkam Chand Jain and Others

Court: High Court Of Punjab And Haryana At Chandigarh

Date of Decision: Sept. 23, 1982

Acts Referred: Land Acquisition Act, 1894 " Section 16, 31(2), 4, 6
Transfer of Property Act, 1882 " Section 54

Citation: AIR 1983 P&H 180 : (1983) 2 ILR (P&H) 24

Hon'ble Judges: J.V. Gupta, J

Bench: Single Bench

Judgement

1. This is defendant's appeal, against whom a decree for possession by specific performance of an agreement of sale has been passed by the trial

Court.

2. The plaintiff-respondent filed a suit for possession by specific performance of the agreement of sale dated 27th of Oct., 1959(Ext. P-1)

whereby the defendant is alleged to have agreed to sell one-half share in bungalow No. K51/5/13 situated at Court Road, Amritsar, along with

vacant land and outhouses appurtenant thereto. The suit property is an evacuee property which vested in the Custodian of Evacuee Properties and

afterwards in the Central Government by virtue of the provisions of the Displaced Persons (Compensation and Rehabilitation) Act, 1954. The

Central Government under the provisions of the said Act through the Local District Rent and Managing Officer put the property on auction-sale on

19th Oct., 1950. The parties are said to be displaced persons. According to the plaintiff, at one stage of the auction he and the defendant mutually

agreed not to outbid each other and they both entered into a mutual under-standing whereby the plaintiff was refrained from giving any further bid at

that auction, and the defendant was thus to convey one-half share of the property in favour of the plaintiff in the event of acceptance of their bid

and on the transfer of property in defendant's favour by the Central Government pursuant to the said auction-sale. The plaintiff maintains that in

pursuance of that mutual understanding refrained himself from giving any further bid at the auction and the defendant gave a bid of Rs. 68,100/-

which was finally accepted buy the authorities concerned.

3. The plaintiff further states that afterwards on 27th of Oct., 1959, the defendant executed in his favour the agreement, a copy of which is also

Ext. P. 7 promising to convey one-half share in the property in his favour after the sale certificate had been given to the defendant by the Central

Government under the provisions of the aforesaid Act. The agreement shows that the defendant was to furnish as consideration of the sale,

verified claims in the aggregate amount of Rs. 68,100/- out of which verified claim to the extent of 10 per cent had been made over by him to the

Government by way of earnest money at the auction-sale. The relevant terms and conditions of the agreement are as under :--

(a) That Rs. 2,200/- (Rupees two thousand and two hundred only) are being paid as an earnest money by the purchaser to the seller by Cheque

No. G-025218 dated 27-10-1959 on the Allahabad Bank Ltd., Amritsar, and when the payment of Rs. 34,050/ (Rupees thirty four thousand and

fifty only) in the shape of verified claim or bonds shall be made by the purchaser to the seller and accepted by the department the sum of Rupees

2,200/- paid as an earnest money shall be refunded.

(b) That the purchaser shall submit bonds or verified claim of Rs. 34,050/- within the specified period to the seller when demanded in writing by

the seller, duly supported by the required formalities.

(c) That in case the bid of the seller is not accepted by the sanctioning authority, the earnest money paid by the purchaser shall be refunded to him

within a week from the intimation of rejection of the bid for which the purchaser shall be informed by the seller.

(d) That if any default is found in the claim or bonds of any of the parties, each will be solely responsible for it.

(e) That the sale deed shall be executed by the seller in favour of the purchaser when demanded in writing within thirty days from the date the

property is registered in the name of the seller and the intimation of the same shall be given to the purchaser by the seller in writing and all expenses

pertaining to registration etc. for the sale of half share of bungalow shall be borne by the purchaser.

(f) That the income, rents, taxes and profits, liabilities and losses of the above-mentioned property shall be shared by the parties equally till the

execution of the sale is completed.

The plaintiff further pleaded that he has always been ready and willing to perform his part of the agreement but the defendant illegally and without

reasonable cause has repudiated the same and has not allowed him to share the profits accruing from this property as per terms of the agreement.

4. According to the plaintiff, the earnest money of Rs. 2,200/- was duly paid on 3rd of Nov., 1959, by obtaining a cash order of the same amount

as the defendant has created some dispute about the encashment of the cheque dated 27th of Oct., 1959, which was given to him at the time of

agreement Exhibit P-7, Subsequent thereto, two notices, Ext. P-3 dated 21-11-1959 and Ext. P-9 dated 7-7-1960, were given to the defendant

calling upon him to perform his part of the agreement. Since the defendant never performed his part and rather tried to transfer the house in

dispute, the plaintiff was obliged to file a suit on 27th of July, 1960 for injunction restraining the defendant to alienate the property in any manner. A

copy of the plaint is Ext. DA on the record and a copy of the written statement filed thereto is Exhibit P-12, and a copy of the judgment dated 6-

12-1960 is Ext. P-13, The said suit was dismissed as it was pleaded by the defendant that the suit as such was not maintainable because so far he

had not been granted the sale certificate and thus no cause of action had accrued to the plaintiff.

5. Before filing the present suit on 11th of Feb., 1966, the plaintiff again issued a notice dated 7-1-1966 Ext. P-14 calling upon the defendant to

perform his part of the agreement. In para 23 of the plaint it was stated that the cause of action arose to the plaintiff on 8-4-1965 when the

certificate of sale was issued to the defendant and on 10-1-1966 when the defendant refused to abide by his commitments and render the

accounts.

6. In the last, a prayer was made that a decree for possession by specific performance of the contract dated 27th Oct., 1959. And for rendition of

accounts from 27th Oct., 1959, till date, be passed in favour of the plaintiff against the defendant. It was further prayed that the defendant be

ordered to fulfil his obligations as detailed in the agreement of sale dated 27th Oct., 1959, and get the sale deed registered, deliver possession and

receive its consideration as agreed or in cash. The plaintiff be granted such other reliefs to which he is entitled under law and equity.

7. The defendant in his written statement took all possible pleas and objections. He denied having entered into an agreement as alleged by the

plaintiff. He also denied that he and the plaintiff agreed at the auction-sale in question not to bid out each other and to let him alone to give bid at

the auction-sale. According to him, such an agreement would be against public policy and, therefore, void in the years of law. According to the

defendant, the parties on 27th of Oct., 1959 discussed the sale of one-half portion of the property in dispute in favour of the plaintiff and a

proposed agreement in that behalf was drafted by the same could not be concluded so as to bind the parties. However, the defendant admitted

that a cheque of Rs. 2,200/- was given to him by the plaintiff but, nevertheless, it was mutually agreed between them that the proposed agreement

was to take effect only if the said cheque had been honoured by the plaintiff's bankers. Since the said cheque was dishonoured, no binding

agreement came into existence between him and the plaintiff. The receipt of any cash bank order of Rs. 2,200/- dated 3rd Nov., 1959 in lieu

thereof sent by the plaintiff was denied.

8. It was pleaded that the agreement could not be enforced because, at the time of its execution, the defendant had no title or interest in the

property in question, which vested, for all purposes, in the Central Government. In para 7 of the Preliminary Objections in the written statement, it

was averred that the property in suit stands acquired by the Amritsar Improvement Trust through the Collector and, therefore, no suit for specific

performance is legally maintainable nor can any such alleged agreement be specifically enforced. It was also denied that the plaintiff was ready and

willing to perform his part of the agreement and, therefore, under these circumstances, the suit was liable to be dismissed.

9. Under the replication filed on behalf of the plaintiff, the averments made in the plaint were reiterated. In reply to para 7 of the Preliminary

Objections in the written statement, suit was stated that there has been no acquisition of the property in dispute and much less is there any bar to

the specific performance being granted.

10. On the pleadings of the parties, the trial Court framed the following issues :--

(1) Whether the mutual understanding as detailed in para No. 4 of the plaint was arrived at between the parties on 19-10-1959, as alleged ?

(2) Whether in pursuance of the said understanding the plaintiff refrained from bidding at the auction and eventually in 27-10-1959, an agreement

to sell 1/2 of the property as detailed in para No. 1 of the plaint was executed by the defendant in favour of the plaintiff? If so, what were the terms

and conditions of the said agreement?

(3) Whether the plaintiff has been ready and willing to perform his part of the contract?

(4) Whether the defendants with an ulterior motive dishonestly and with a view to wriggle out of the commitments made some unauthorised

additions at the foot of the agreement without the plaintiff's consent and knowledge. If so, to what effect on the said agreement?

(5) Whether the point does not disclose any cause of action for bringing a suit for possession by specific performance as alleged in para No. 2 of

the preliminary objections ?

(6) Whether the suit merits dismissal as alleged in para No. 3 of the preliminary objections of the written statement ?

(7) Whether the agreement dated 27-10-1959 is void for the reasons as detailed in paras Nos. 4 and 5 the preliminary objections of the written

statement ?

(8) Whether the plaintiff has committed breach of the terms of the agreement dated 27-10-1959?

(9) Whether the suit for specific performance is not legally maintainable for the reasons as alleged in para No. 7 of the preliminary objections of the

written statement?

(10) Whether the agreement as aforesaid is unenforceable for the reasons as detailed in para No. 9 of the preliminary objections of the written

statement?

(11) Whether the agreement dated 27-10-1959 cannot be specifically enforced for the reasons as detailed in paras Nos. 8 and 10 of the

preliminary objections of the written statement?

(12) Whether the suit is within time?

(13) Whether the present suit is barred under the provisions of O. 22, R. 2, C. P. C. ?

(14) Whether the plaintiff is entitled to the relief of specific performance ?

(15) Whether the defendant is liable to render accounts in respect of the rents and profits and expenditure in connection with the suit property, to

the plaintiff ?

(16) Whether the plaintiff is guilty of laches and delay for the reasons as detailed in para No. 19 of the written statement on merits?

(17) Whether the suit for specific performance is not legally maintainable as alleged in para No. 1 of the preliminary objections of the written

statement ?

(18) Relief.

Issues Nos. 1 and 2 were discussed together by the trial Court and were decided in favour of the plaintiff. It was concluded thereunder that the

defendant executed agreement Ext. D-1 and thereby agreed to convey one-half share in the property in favour of the plaintiff. Issue No. 7 was

decided against the defendant and it was held that there was no infirmity in the agreement in question on account of any vagueness of any of its

terms. Issues Nos. 10, 4, 8 and 3 were discussed together and were decided in favour of the plaintiff and against the defendant. It was found

thereunder that the plaintiff had always been ready and willing to perform his part of the agreement. Issues Nos. 6 and 11 were also discussed

together and were decided against the defendant. According to the finding of the trial Court, the agreement in question clearly lays down that after

the defendant had obtained the sale certificate in his name from the Government and the same has been registered by the Department he was then

to execute a regular sale deed in favour of the plaintiff. Under issue No. 9, which is the most material issue in the present case, it was held that even

though the acquisition proceedings have been taken to acquire the property in dispute but since the possession has not been taken as yet by the

Improvement Trust, the property still vests in the defendants and, therefore, the plaintiff is entitled to the decree prayed for and, in any case, the

principles of equality require that the defendant shares with the plaintiff the amount of compensation to be received by him on account of the

acquisition of the property by the Government. Under issue No.12, the suit was held to be within time.. Issues Nos. 13, 16, 14, 5 and 7 were

decided against the defendant. Under issue No. 15, the trial Court came to the conclusion that the defendant must render accounts to the plaintiff

and also pay to him one-half share of the profits and income which have accrued from his property. As a result of these findings, the plaintiff's suit

for specific performance of the agreement was decreed. Along with it, a preliminary decree for rendition of accounts regarding the income and

profits which have accrued to the defendants from this property from the date on which the defendant entered into possession thereof till the

execution of sale deed by him pursuant to this decree, was also passed in favour of the plaintiff and against the defendant. Dissatisfied with the

same, the defendant has come up in appeal to this Court.

11. During the pendency of this appeal, the defendant-appellant filed Civil Misc. Application No. 460-C of 1975 dated 10th Feb., 1975 in which

it was stated that the Improvement Trust of Amritsar took possession of the house in dispute on 28th of Oct., 1973, in pursuance of the acquisition

proceedings taken earlier and the compensation to the tune of Rs. 1,17,655.50 p. for the whole property has been deposited with the President,

Land Acquisition Tribunal, Amritsar, on 6th of Feb., 1973 and, therefore under these circumstances, the specific performance of agreement has

become impossible and the appellant is in no position to execute any sale deed for the property in dispute in favour of the plaintiff as the property

stands transferred in the name of the Improvement Trust. Notice of this application was given to the plaintiff-respondent and a detailed reply dated

1st of Feb., 1981, was filed thereto. The taking over of the possession by the Improvement Trust was not specifically denied though it was stated

that it is still very much in dispute as to whether the Improvement Trust has been able to take actual physical possession or not. However, it was

admitted that the award dated 26th August, 1967, has been made and since there was a dispute as to the payment of compensation, the same was

deposited u/s 31(2) of the Land Acquisition Act, 1894, with the Tribunal. However, the defendant-appellant filed along with the said civil

miscellaneous application, a certificate from the Land Acquisition Collector, Amritsar Improvement Trust, dated 27th March, 1974, to the effect

that the said amount of compensation was deposited and the possession of the house was delivered to the Trust on 28th Oct., 1973. This fact was

never specifically denied by the plaintiff-respondent. The said civil miscellaneous application was directed to be heard with the main case, vide this

Court's order dated 28th Feb., 1975 and thus the same will be dealt with subsequently in this order.

12. I have heard the learned counsel for the parties and also gone through the relevant documents on the record. Learned counsel for the

defendant-appellant contended that the agreement of sale dated 27th of Oct., 1959 was unenforceable as there was interpolation and the same

was against public policy because the parties could not enter into any such agreement as alleged by the plaintiff. In any case, the plaintiff had not

enough money in his bank on the date of agreement and, therefore, the cheque was rightly dishonoured and on that agreement became

inexecutable as per its terms.

13. It was next contended that the plaintiff was not ready and willing to perform his part of the agreement. Even if the same was repudiated by the

defendant, still the plaintiff was to show his readiness and willingness to perform his part. According to the learned counsel, the plaintiff has already

sold his verified claim in the year 1961 whereas the sale certificate was issued in favour of the defendant on 3rd April, 1965 and the same was

registered on 19th April, 1966. Thus, the plaintiff should have proved his readiness and willingness on these relevant dates to perform his part of

the agreement. Moreover, according to the learned counsel, the defendant could not enter into any such agreement as to convey the title in the

property in the year 1959 because he had no such title at the time in his favour. The title, if any, would have vested in the defendant-appellant on

the execution of the sale deed in his favour.

14. It was lastly contended that the performance of the contract became impossible because the property in dispute was acquired under the Land

Acquisition Act in as much as even possession had been taken by the Improvement Trust on 28th Oct., 1973. And, therefore, no decree for

specific performance of the agreement could be passed under these circumstances. In any case, unless a sale deed was executed in favour of the

plaintiff, no title can be said to have passed to him and, therefore, he was not entitled to claim any rendition of accounts from the date of the

agreement till the execution of the sale deed, if any, as per clause (f) of the agreement Ext. P-7.

15. As regards the point as to whether there was any interpolation or not in the agreement, and, therefore, the same was not enforceable, I do not

find any force in the contention raised on behalf of the appellant. From the evidence on the record, it is amply proved that the said interpolation

was at the instance of the defendant. It does not bear the signature of the plaintiff nor was he said to be present at the time when the said clause

was inserted. From the conduct of the defendant, it is quite evident that he has no regard for truth. He is capable of making any statement which

may suit his interests. The trial Court has discussed the entire evidence in detail and the learned counsel for the appellant was unable to challenge

the same. From the copy of the accounts book Ext. P.W. 2/3 it is quite clear that the plaintiff had enough money in his account as to honour the

cheque for a sum of Rupees 2,200/- The same was dishonoured as the signatures of the plaintiff did not tally. The finding of the trial Court on this

matter that this was done by the defendant because the cheque was in his possession and the said interpolation was made with a purpose to

repudiate the agreement on that account, is therefore, maintained.

16. The contention of the learned counsel for the appellant that the said agreement was against public policy has also no force. In support of his

contention, he relied upon *Chattamal Jethmal v. Rewachand* AIR 1914 Sind 165; *Parduman Chand v. Kashmira Singh* AIR 1943 Lah 100 ; and

AIR 1949 113 (Nagpur) . On the other hand, learned counsel for the respondent cited *Bhagwant Genuji Girme Vs. Gangabisan Ramgopal*, ;

Mahommad Isack alias Papa Saheb Vs. Doddapaneni Sreeramalu, ; and AIR 1933 124 (Oudh) .

17. After hearing the learned counsel for the parties, and going through the case law cited at the Bar, I am of the considered opinion that the said

agreement between the parties could not be said to be against public policy. In *Parduman Chand's* case (supra) what was held was that an

agreement by the intending bidders at an auction forming a ring to share the profits resulting from the "knock out" is against public policy, which is

not the position in the present case. Such a matter has been discussed in *Bhagwant Genuji Girme's* case (supra) and held that a partnership

formed solely with a view to take toll contracts at a public auction is in itself not illegal. The principle of public policy cannot be made to sons who

agreed not to bid against one another at a public sale held for forming out public revenues. The combination of persons who agreed not to bid for

forming out public revenues. The combination is not rendered illegal merely because Government is a party to the sale or that the proceeds of the

sale would be credited to public revenues or that it might result in possible loss to the Government. Nor can the combination be regarded as other

than innocent merely because it discouraged competition amongst the partners themselves. Similarly, in the present case, if both the parties agreed

not that the defendant will convey half of the property in favour of the plaintiff in case his bid was accepted and the sale deed was duly executed in

his favour could not be said to be against any public policy. Therefore, there is nothing wrong in the finding of the trial Court in this respect and the

same is affirmed.

18. It was next contended on behalf of the defendant-appellant that the plaintiff was never ready and willing to perform his part of the contract. In

any case, there was no question of any repudiation on the part of the defendant because, according to the terms of agreement, he was required to

execute the sale deed in favour of the plaintiff from the date the property was registered in the name of the defendant. According to the learned

counsel, though the sale certificate in favour of the defendant was issued on 3rd April, 1965, yet the same was registered on 19th April, 1966

whereas, the present suit was filed on 15th Feb., 1966. Therefore, under these circumstances the plaintiff has failed to prove his readiness and

willingness at the relevant time even if there was any repudiation on the part of the defendant. In support of his contention, he referred to AIR 1933

233 (Privy Council); Saral Kumar Chatterjee Vs. Madhusudan Auddy and Another, ; Raj Rani Bhasin and Others Vs. S. Kartar Singh Mehta, ;

and Durjyodhan Palei and Others Vs. Padana Charan Das and Others, . Learned counsel for the plaintiff-respondent drew my attention to the

notices issued to the defendant from time to time. The first notice is Exhibit P-2 dated 4th of Nov., 1959 and the third notice is Ext. P-9 dated 17th

July, 1960. After these notices, the plaintiff had to file a suit for injunction on 27th of July, 1960, which was dismissed on 6th of Dec., 1960, vide

Ext. P.13, because the defendant had pleaded that no cause of action has arisen as yet to the plaintiff because no sale deed had been executed in

favour of the defendant. The present suit was filed on 11th Feb., 1966. Before filing the present suit, again notice Ext. P-14 dated 7th Jan., 1966,

was given to the defendant calling upon him to perform his part of the contract. Moreover, immediately when the suit was decreed by the trial

Court, the sale money was deposited in the trial Court, the sale money was deposited in the trial Court within the time allowed. From all these facts

and circumstances, according to the learned counsel for the plaintiff-respondent, it is quite evident that at all relevant times, the plaintiff had always

been ready and willing to perform his part of the agreement. Thus, from the said documentary evidence. It has been rightly held by trial Court that

the plaintiff had always been ready and willing to perform his part of the agreement and, thus, the relevant issue was rightly decided in favour of the

plaintiff.

19. The most material issue in this appeal is as to what is the effect of the proceedings under the Land Acquisition Act, taken at the instance of the

Improvement Trust for implementation of its scheme. It is the common case of the parties now the notification under Sections 4 and 6 of the Land

Acquisition Act, 1894, were issued in the year 1962 and the award was given by the Collector on 26th July, 1967, i.e. during the pendency of the

suit in the trial Court. Now. On 28th Oct., 1973, the possession has also been taken by the Improvement Trust as is evident from the certificate of

the Land Acquisition Collector, Amritsar Improvement Trust, filed along with Civil Misc. Appln. No. 460-C of 1975, which has not been denied

in the reply filed to the said application. This was the subject matter of issue No. 9 before the trial Court. The trial Court took the view that since

the possession had not been taken u/s 16 of the Land Acquisition Act as yet, the property as such does vest in the State Government and legally it

still remains to be property of the owner. Reliance in this respect was placed on State of Bihar Vs. Dr. G.H. Grant and Another, , and Assam

Railways and Trading CO. Ltd. v. Union of India and North Eastern Rly. AIR 1965 Gau 12. under these circumstances, the plaintiff was held to

be entitled, to the decree for specific performance. In any case, according to the trial Court, the principles of equity require that the defendant

shares with the plaintiff the amount of compensation to be received by him on account of the acquisition of the property by the Government.

Learned counsel for the appellant vehemently contended that though this issue was wrongly decided by the trial Court yet, in any case, now during

the pendency of this appeal even the possession had been taken over on 28th Oct., 1973 by the Improvement Trust by whom the property in

dispute was acquired and, therefore, now it absolutely vests in the State Government as provided u/s 16 of the Land Acquisition Act and the

defendant has no more any title or interest therein and hence the performance of the agreement has been rendered impossible in view of these

subsequent events. In support of this contention, he strongly relied on AIR 1947 254 (Nagpur) ; T. V. Kochuvareed v. P. Mariappa Gounder AIR

1954 TC 10 ; Sardarilal and Others Vs. Shrimati Shakuntla Devi, ; and A.N. Ranganatha Naidu Vs. Senthamarai and Others, . According to

these judgments, a contract of sale of immovable property does not, of itself, create any interest in or charge on such property in view of the

provision of Section 54 of the Transfer of Property Act, which is to the following effect :--

"Sale defined--"Sale" is a transfer of ownership in exchange for a price paid or ownership or part paid and part promised.

Sale how made--Such transfer, in the case of tangible immovable property of the value of hundred rupees and upwards, or in the case of aversion

or other intangible thing, can be made only by a registered instrument.

In the case of tangible immovable property of a value of less than one hundred rupees, such transfer may be made either by a registered instrument

or by delivery of the property

Delivery of tangible immovable property takes place when the seller places the buyer, or such person as he directs, in possession of the property.

Contract for sale--A contract for sale of immovable property is a contract that a sale of such property shall take place on terms settled between the

parties.

It does not, of itself, create any interest in or charge on such property.

The learned counsel for the plaintiff-respondent tried to distinguish these authorities by contending that the present agreement Exhibit P-7 is not

simpliciter an agreement for sale. From the terms of the agreement, the learned counsel contended, it is quite evident that the parties were entitled

to share equally income, rents, taxes, profits, liabilities and losses with respect to the property in dispute till the execution of the sale deed was

completed. This term, according to the learned counsel, being an integral part of the whole agreement, created a charge on the property in dispute

and, therefore, the said agreement is not covered by the provisions of Section 54 of the Transfer of Property Act. However, no case law has been

cited by the learned counsel to support his contention.

20. After going through the case law relied upon by the learned counsel for the appellant, I am of the considered opinion applicable to the facts of

the present case. In AIR 1947 254 (Nagpur) , it has been held that a contract for sale of immovable property does not create any interest in or

charge on such property. Hence where property is agreed to be sold is compulsorily acquired, the vendee suing for specific performance is not

even entitled to the compensation money lying with the Collector, Similarly, in T. V. Kochuvareed's case AIR 1954 Ker 10 (supra) the matter has

been discussed in paras Nos. 45 and 46 thereof. It has been observed therein that the plaintiff has, at best, only an agreement for sale in his favour.

Such an agreement has not the effect of transferring any legal or equitable estate in favour of the plaintiff. This position is made clear by the last

clause to Section 54 of the Transfer of Property Act where it is stated that a contract for sale of immovable property does not, of itself, create any

interest in or charge on such property any interest in or charge on such property. In this respect, the Indian law is different from the English law

which recognises an equitable estate in favour of a party who has entered into a contract for the sale of immovable property. Under the Indian law,

such a person gets only right to compel the other to execute a sale deed in respect of the property and unless and until such a sale deed is actually

brought into existence by act of party or under a decree of Court, the party who has contracted for the purchase cannot be said to have

acquired ownership over the property. In *Sardarilal and Others Vs. Shrimati Shakuntla Devi*, , the provisions of Section 54 of the transfer of

property Act were being considered. In para 10 thereof it has been observed that this section also provides that a contract for the sale of

immovable property shall take place on terms settled between the parties but such a contract, does not of itself, create any interest in or charge on

such property. Again in *A.N. Ranganatha Naidu Vs. Senthamarai and Others*, it has been observed in para 12 of the report that it is well known

that under Indian law an agreement to sell does not create any interest over immovable property. Thus, if it is once held that the agreement to sell,

itself, does not create any interest over the property in dispute, then the plaintiff would have arisen only if, by an agreement of sale, any charge was

created on the suit property, The plaintiff's right in the suit property, if any, will arise only after the execution of the sale deed in his favour. If, on

account of certain eventualities, the agreement as such could not be legally enforced as having become impossible of its performance, then the

question of allowing any compensation awarded with respect to the suit property, does not arise on that basis. The clause (f) of the agreement Ext.

JP-7 on the basis of which it is being contended on behalf of the plaintiff that the said agreement was not simpliciter an it created a charge not suit

property, is also of no consequence. That clause is an integral part of the whole agreement as such is capable of specific performance. If the

agreement as such cannot be specifically enforce, the said clause (f) of the agreement cannot be independently enforced and, therefore, under the

present circumstances of the case, it cannot be held that the said agreement was not a simple agreement for sale. For all intents and purposes, it

was agreement for the sale of half of the suit property in favour of the plaintiff. The cause of action under the said terms of the agreement was to

arise after the execution of the sale deed in favour of the defendant by the Rehabilitation Department, which was registered in favour of the

defendant on 19th April, 1966. Prior, to that, the proceedings under the Land Acquisition Act had already started and in pursuance of those

proceedings the award for compensation was made on 26th July, 1967 during the pendency of the suit. Now, during the pendency of this appeal

which is deemed to be the continuation of the suit, the possession had also been taken by the Improvement Trust on 28th Oct., 1973, and thus the

property had absolutely vested in the State Government. Under these circumstances, the plaintiff is neither entitled to the specific performance of

the contract of sale nor to any rendition of accounts as held by the trial Court in his favour.

21. For the reasons recorded above, this appeal succeeds, the judgment and decree of the trial Court are set aside and the plaintiff-respondent's

suit for specific performance of the contract is dismissed with no order as to costs.

22. Appeal allowed.