

In the absence of a suit for specific performance of a contract, an unregistered agreement to sell can't be relied upon for claiming ownership or title over the property

While hearing a case where one of the parties, in the absence of a suit for specific performance of the contract, has sought enforcement of an agreement to sell to claim transfer benefits, the Supreme Court in the case of **Vinod Infra Developers Ltd. vs. Mahaveer Lunia & Ors. [2025 INSC 772] dated May 23, 2025**, reiterated that in the absence of a suit for specific performance of a contract, an agreement to sell cannot be relied upon for claiming ownership or title over the property.

As far as the background of the case is concerned, the Appellant filed a suit seeking a declaration of title, possession, and injunction over the suit property, arguing that the Respondent No.1 doesn't hold a good title because an agreement to sell and the Power of Attorney ("PoA") executed in Respondent No.1's favour was revoked. Despite revocation, the Respondent No.1 executed sale deeds in his favour and mutated the property in revenue records. Challenging this action, the Appellant filed a suit seeking a declaration of title, possession, and injunction over the suit property. Being aggrieved by the High Court's decision to reject his suit under Order VII Rule 11 CPC, the Appellant approached the Supreme Court.

The Supreme Court set aside the decision of the High Court and held that merely relying on an 'agreement to sell' is insufficient to claim transfer benefits under the Transfer of Property Act, 1882 (TPA), and a suit for specific performance of the contract must be filed. Further, referring to Section 54 TPA, the Court said that even though the suit for specific performance of contract was not instituted, an unregistered agreement to sell would not have benefitted the Respondent No.1 as unregistered agreements to sell, even if coupled with possession, do not convey title or create any interest in the immovable property. The Court clarified that title and ownership of immovable property can only be conveyed by a registered deed of sale.

Accordingly, the Apex Court emphasised that the unregistered agreement to sell cannot, under any circumstances, create or convey any right, title or interest in favour of Respondent No.1 under Section 54 of the TPA, and the subsequent revocation of authority further nullifies any claim to title based on such documents.