

*Privy Council Appeal No. 53 of 1926.*

Sakalaguna Nayudu and another - - - - - *Appellants*

v.

Chinna Munuswami Nayakar - - - - - *Respondent*

FROM

THE HIGH COURT OF JUDICATURE AT MADRAS.

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JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF THE  
PRIVY COUNCIL, DELIVERED THE 24TH APRIL, 1928.

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*Present at the Hearing :*

LORD PHILLIMORE.

LORD CARSON.

SIR LANCELOT SANDERSON.

[*Delivered by* SIR LANCELOT SANDERSON.]

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This is an appeal by the defendants in the suit against a decree dated the 5th March, 1925, of the High Court of Judicature at Madras, which reversed a decree dated the 26th June, 1922, of the Subordinate Judge of Chingleput.

The suit was brought by the plaintiff in order to obtain a direction by the Court that the defendants should execute a conveyance of the property in suit in favour of the plaintiff and other consequent reliefs.

The learned Subordinate Judge dismissed the suit with costs ; the High Court allowed the plaintiff's appeal with costs and ordered the defendants to execute the conveyance in favour of the plaintiff as prayed, and gave other necessary directions in respect thereof.

The material facts of this case are as follows :—The defendants are the sons of one Venkatapathi Naidu. By a deed dated the 27th January, 1891, Venkata Subrahmanya Ayyar, on behalf of himself and as guardian of his minor son Krishnasami Ayyar, sold the village of Siyatti to the above-mentioned Venkatapathi for the consideration of Rs. 10,000.

On the same day the parties executed what was called a "counterpart document," by which it was provided that Venkata-

pathi should reconvey the said village to Venkata Subrahmanya after a period of thirty years from that date, *i.e.*, in the Ani cultivation season of the thirtieth year, in case Venkata Subrahmanya wished to have the village again, and upon his paying to Venkatapathi the sum of Rs. 10,000.

The learned Judges of the High Court treated the "counterpart document" as having been executed by Venkatapathi in favour of Venkata Subrahmanya and his son Krishnasami, though the latter's name is not mentioned in the "counterpart document."

Their Lordships are of opinion that this was a right conclusion, because Venkata Subrahmanya and Krishnasami were members of a joint Hindu family, and the deed of sale was executed by Venkata Subrahmanya on behalf of his minor son as well as on his own behalf, and the "counterpart document" was obviously intended to give the right to call for a reconveyance of the property to the persons who were parties to the deed of sale.

In 1897 Venkata Subrahmanya was adjudicated insolvent and in 1899 he died, leaving Krishnasami, his only son, surviving him.

By a deed dated the 12th May, 1910, Krishnasami sold the village of Siyatti to the plaintiff for the consideration of Rs. 19,200. It was agreed on behalf of the appellant that this deed contained not only a conveyance of the village but also an assignment of Krishnasami's right to the benefit of the "counterpart document."

By a deed dated the 22nd February, 1916, the official assignee of Madras, and "as such the assignee of the estate and effects "of C. Venkata Subrahmanya Ayyar," in consideration of the sum of Rs. 3,000 conveyed and assigned all the right title and interest of the insolvent, Venkata Subrahmanya, in the house and lands in Siyatti village described in the schedule thereto unto the said Krishnasami Ayyar.

It appears that both Venkatapathi and Krishnasami died in or about the year 1919.

On the 29th June, 1920, notice was given on behalf of the plaintiff to the defendants, alleging that the plaintiff was the assignee from Krishnasami, and as such was entitled to the reconveyance of the property in suit. There is no question before the Board as to the sufficiency of the tender of the money referred to in the notice, nor is there any question as to whether the reconveyance was called for at the proper time.

On the 12th July, 1920, the present suit was instituted by the plaintiff.

On the 16th February, 1921, the widow of Krishnasami executed what was called a deed of release in favour of the plaintiff. The deed recited, among other matters, that Krishnasami had settled matters with the official assignee and had obtained from him a sale deed for the benefit of the plaintiff in his own name, and had handed the same over to the plaintiff.

It concluded by stating that from the date on which Krishnasami executed the sale to the plaintiff, neither Krishnasami nor his widow, who was his heir, had any interest in the property comprised in the sale, and that even if there should be any interest possessed by the widow she relinquished the same to the plaintiff.

The evidence of the plaintiff with respect to the transaction with the official assignee was to the effect that he had contributed the sum of Rs. 1,500, part of the Rs. 3,000 paid to the official assignee, and that Krishnasami had given to him the receipt which the official assignee had granted in respect of such payment; that the deed of the 27th February, 1916, was executed in favour of Krishnasami because the official assignee had said that it must be taken in the name of Krishnasami, but that the deed was obtained to safeguard the plaintiff's interest and for his benefit; and that the deed was handed by Krishnasami to the plaintiff after it had been registered.

The main question in this appeal is whether there was a contract made on the 27th January, 1891, between Venkatapathi of the one part and Venkata Subrahmanya and Krishnasami of the other part, by which Venkatapathi undertook for consideration to reconvey the property if the other parties to the contract offered to purchase the same at the time stated and for the amount mentioned in the "counterpart document," or whether, as alleged on behalf of the appellants and held by the learned Subordinate Judge, there was no completed contract, but only a standing offer by Venkatapathi, the benefit of which could not be assigned to a stranger such as the plaintiff, until the offer had been accepted by the tender of the amount in June, 1920, and the offer had ripened into a contract to buy and sell.

Their Lordships are of opinion that there was a completed contract between the parties on the 27th January, 1891.

All the elements necessary to constitute a contract were present. There was an undertaking on the part of Venkatapathi to reconvey the village to Venkata Subrahmanya and Krishnasami in the event of their calling for a conveyance at the time and upon the terms set out in the "counterpart document." The time at which the option was to be exercised and the price which was to be paid for the property were specified.

There was consideration for the contract because Venkatapathi, by the sale of the 27th January, 1891, obtained possession of the property, and Venkata Subrahmanya received Rs. 10,000, besides acquiring the right and benefit of getting back the village upon the conditions specified in the "counterpart document."

Their Lordships therefore concur with the conclusion of the learned Judges of the High Court on this question.

They are also of the opinion that it was not intended that the option could be exercised only by Venkata Subrahmanya and Krishnasami personally. The terms of the contract and the time at which the option was to be exercised go to show that the intention was that the option might be exercised by the above-mentioned two persons or their heirs.

It was not disputed that if the transaction of the 27th January, 1891, amounted to a completed contract, as their Lordships have decided, the benefit of the contract could be assigned.

The only further question is whether the benefit of the contract had been effectually assigned to the plaintiff before the suit was instituted.

It was argued on behalf of the appellant-defendants that on the insolvency of Venkata Subrahmanya the property of the joint family, including the benefit of the above-mentioned contract, vested in the official assignee, and that the benefit of the contract never was assigned to the plaintiff. On the other hand, it was argued on behalf of the plaintiff that on the insolvency of Vankata Subrahmanya the joint family property remained in the joint family subject to any action which the official assignee might take to get possession of Venkata Subrahmanya's share.

In view of the facts of this case their Lordships do not think it necessary to enter upon the consideration of this question or to decide which of the above-mentioned contentions is correct, because which ever of them be adopted, their Lordships are of opinion that the plaintiff must succeed.

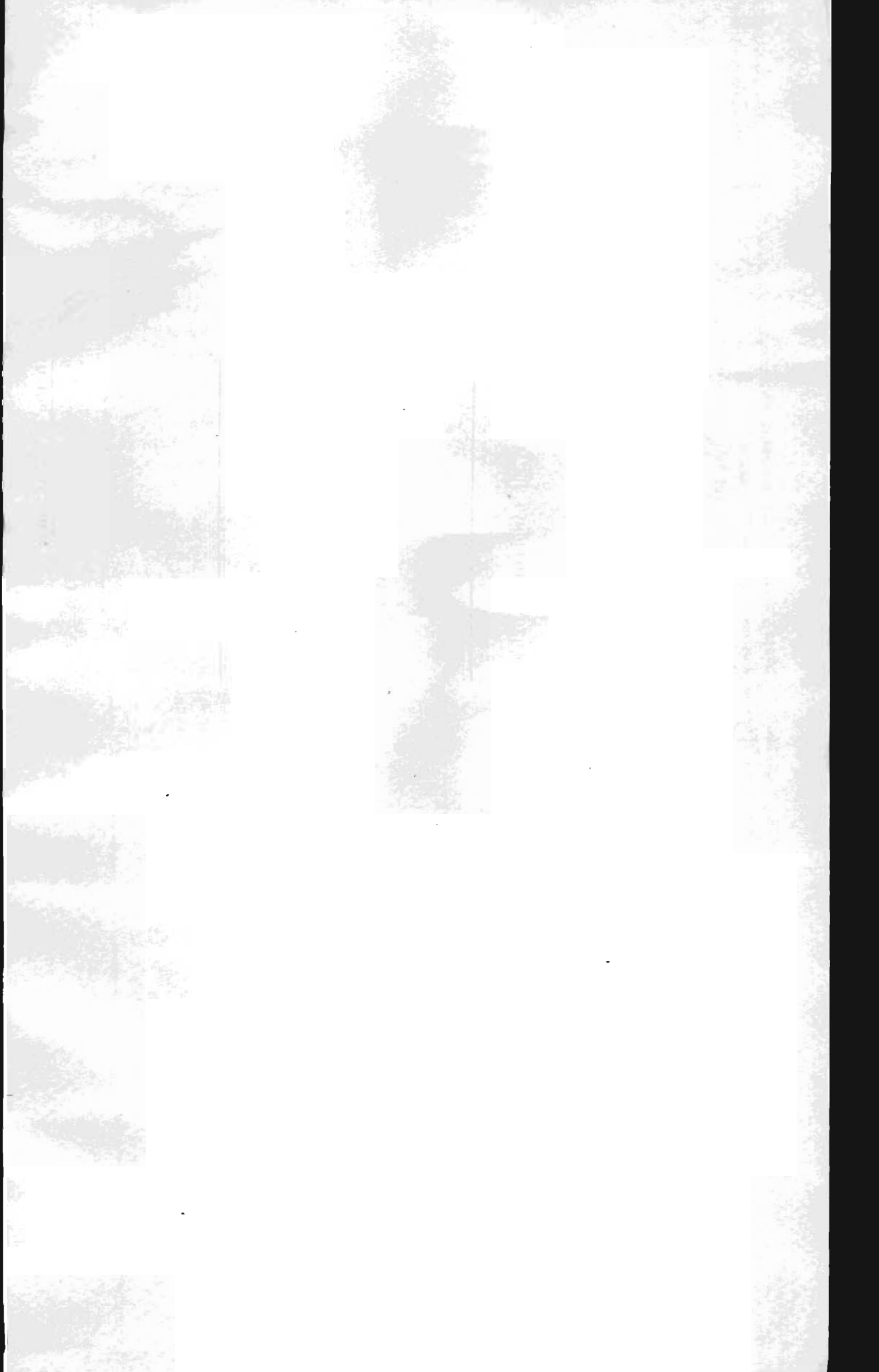
If the first of the above-mentioned contentions be adopted, the plaintiff is entitled to rely on the conveyance of the 27th February, 1916, by which the official assignee conveyed all the right title and interest of the insolvent Venkata Subrahmanya in the village to Krishnasami. It is clear on the evidence that this conveyance, though taken in the name of Krishnasami, was on behalf of, and for the benefit of, the plaintiff, who had supplied part of the money paid to the official assignee and who had already purchased the village and the benefit of the contract dated the 27th January, 1891, for valuable consideration.

Krishnasami had at the time of the conveyance by the official assignee no interest in the village or the contract, as was subsequently acknowledged by his widow and heir.

If the second of the above-mentioned contentions be adopted, then the deed of the 12th May, 1910, by which Krishnasami conveyed the village and assigned the benefit of the contract of the 27th January, 1891, to the plaintiff is sufficient to support the plaintiff's title and his right to sue for the enforcement of the said contract.

Their Lordships, therefore, are of opinion that which ever of the above-mentioned contentions be adopted, the benefit of the contract had become vested in the plaintiff before the institution of the suit, and the plaintiff, having made an adequate tender of the amount specified in the contract at the time mentioned therein, was entitled to call upon the defendants, the sons and heirs of Venkatapathi, for a conveyance of the property.

Their Lordships are of opinion that the decree of the High Court dated the 5th March, 1925, was correct, and that this appeal should be dismissed with costs. They will humbly advise His Majesty accordingly.



In the Privy Council.

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v.

CHINNA MUNUSWAMI NAYAKAR.

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DELIVERED BY SIR LANCELOT SANDERSON.

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