

Supreme Court's verdict

IMMOVABLE PROPERTY TRANSFERS- DUE DILIGENCE AND REGISTRATION ARE ANSWERS



WEDNESDAY WISDOM

09.07.2025

While buying or selling property, many people assume that signing of agreement or taking possession of the property is enough to establish ownership. However, unless the agreement or deed is properly executed and registered at the Sub-Registrar's office, legal ownership does not transfer, no matter the amount paid, or the number of documents signed. Further, the person executing and registering the transfer document should be properly entitled to the property, and if the title of seller is defective, no title passes over to the buyer.

Recently, in Mahnoor Fatima Imran & Ors. vs. Visweswara Infrastructure Pvt. Ltd. & Ors[2]., the Supreme Court reiterated this fundamental principle of property law that the ownership of immovable property passes only through properly executed and registered deed of conveyance. One cannot claim ownership merely on the basis of possession and unregistered instruments.



[1]The article reflects the general work of the author on the date of publication and the views expressed are personal. No reader should act on any statement contained herein without seeking detailed professional advice.

[2] Civil Appeal Nos. ... of 2025 (arising out of SLP (C) Nos. 1866, 3660, 3661, and Dy. No.19071 of 2024)

Background:

The present appeal is concerned about 53 acres of land in Survey No. 83/2, Raidurg Panmaktha, Ranga Reddy District, Telangana which is part of larger holding of about 525 acres originally owned by 11 owners.

- 1974: The original owners executed a registered General Power of Attorney (GPA) in favour of partnership firm, Sri Venkateswara Enterprises.
- 1975: Approximately 99 acres of this large land had been declared surplus and vested in the State under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act, 1973.
- 1982: Despite the statutory vesting in favor of the State, the GPA holders executed an unregistered agreement of sale in favour of Bhavana Co-operative Housing Society Ltd. ("First Purchaser- Bhavana Society"). This agreement was bad in the eyes of law, being unregistered and due to the fact that the land purported to be transferred was actually vested in the State.
- 2006: The unregistered agreement was validated and First Purchaser - Bhavana Society executed registered sale deeds in favour of the Subsequent Purchasers- Mahnoor Fatima Imran & others, who thereafter claimed ownership and possession of 53 acres of land. Though registered, the subject matter of the agreement, never belonged to First Purchaser- Bhavana Society and thus, this agreement was also bad in law.
- 2015: This validation was held to be fraudulent by the District Registrar, Karimnagar by order dated 12 August 2015. It came to light that there were discrepancies in the original unregistered agreement and the validated agreement, indicating a fraud.
- When the Telangana State Industrial Infrastructure Corporation (TSIIC) sought to take over the land, the Subsequent Purchasers-Mahnoor Fatima approached the High Court claiming protection from dispossession.[3] The Single Judge dismissed the petition, finding no proof of lawful possession or valid title, and noting the fraudulent and inconsistent transactions.

[3] There were various parties added to the litigation, as the parties were in various litigations

- The Division Bench reversed this decision, stating that Subsequent Purchasers- Mahnoor had rights and restrained TSIIC from evicting them without due process.
- This was challenged before the Supreme Court, asserting that the land had lawfully vested with the State since 1975 and that the Subsequent Purchasers claims were fraudulent and untenable.

Arguments of Parties:

State argued that:

- The unregistered agreement of sale dated 19 March 1982 (“1982 Agreement”), relied upon by First Purchasers- Bhavana Society, was improper due to the vesting of land in State and thus incapable of transferring title.
- Since First Purchaser- Bhavana Society itself never acquired valid ownership, the subsequent registered sale deeds executed in favour of the Subsequent Purchasers- Mahnoor conveyed no ownership rights and the Subsequent Purchasers- Mahnoor had no valid title to the said land.
- Subsequent Purchasers- Mahnoor had fraudulently used these doubtful sale deeds to secure loans, leading to CBI investigation and criminal proceedings. Since the land had lawfully vested in the State under the Ceiling laws, both ownership and possession remained with the State.

On the other side, Subsequent Purchasers - Mahnoor, claimed that:

- their ownership was, based on registered sale deeds, which had never been challenged in Court.
- They relied on the Supreme Court’s judgment in Suraj Lamp & Industries Pvt. Ltd. v. State of Haryana[1] (“Suraj Lamp case”) to argue that registered sale deeds remain valid unless cancelled/set aside by Civil Court.

[4] (2012) 1 SCC 656

Supreme Court's Observations and Decision:

The Supreme Court restored the Single Judge's judgment, making several critical findings:

- The disputed 53 acres formed part of surplus land that vested in the State in 1975.
- The 1982 Agreement, relied upon by the Subsequent Purchaser- Mahnoor, was unregistered and executed after the land had already vested in the State.
- Validated agreement in 2006 was inconsistent, unregistered, and appeared to be a dishonest attempt to assert ownership unlawfully.
- Bhavana Society never acquired valid title, as its suit for specific performance was dismissed for default, and its claim of possession was not proven.
- The Court reaffirmed the principle laid down in Suraj Lamp case that ownership of immovable property cannot pass through unregistered Agreements to Sale/GPA/ Wills which are created in the name of the purchasers, in order to hide from the authorities. Only a properly executed and registered conveyance deed can transfer title.

The Court held that the Subsequent Purchasers-Mahnoor had failed to establish a valid claim to the property and could not invoke the extraordinary jurisdiction of the High Court to prevent the State from asserting its rights over the land. Accordingly, the Court dismissed the petition and restored the judgment of the Single Judge, while granting liberty to the parties to pursue appropriate remedies before competent forums, if available.

Why is registration of property documents mandatory?

Registration of property documents is compulsory to transfer legal validity and enforceability of transactions involving immovable property. Merely signing agreement or exchanging possession does not transfer ownership under law. The process of registration, records the transaction in official government records, making it publicly known and legally binding.

Under Section 17 of the Registration Act, 1908 (“Act”), any transaction that creating, assigning, transferring any right, title, or interest in immovable property valued over Rs. 100 should be registered. Further, Section 49 of the Act states that an unregistered document required to be registered shall have no effect on the immovable property and shall not be admitted in evidence of any transaction affecting such property.

The Act also prescribes a timeline for registration. According to Section 23 of the Act, a document must be presented for registration within 4 months from the date of its execution. However, if any delay occurs due to unavoidable reasons, Section 25 permits the Registrar to accept the document for registration even after the expiry of the initial 4 months, provided it is presented within an additional 4 months and upon payment of a prescribed fine (not exceeding 10 times the amount of the registration fee).



Key takeaway for property Buyers and Sellers:

For buyers of property, due diligence is paramount. Always ensure that the seller has clear and marketable title of the property, and that the transfer is completed through a properly executed and registered sale deed. Seeking all the original title documents, obtaining encumbrance certificates, search reports and validating latest revenue records, are the basic steps to verify the title. Accepting title at face value and thereafter, merely signing an agreement or taking possession does not transfer ownership and may lead to disputes and eviction.

For sellers, you cannot transfer a better title than you lawfully hold. Any attempt to sell property without valid title is invalid and can also expose you to civil and criminal liability.

Statistics reveal that 66% of all civil cases in India are related to land/property disputes and the average pendency of a land acquisition dispute, from creation of the dispute to resolution by the Supreme Court, is 20 years[5].

If appropriate precautions for due diligence and registration are not taken, then the parties may end up in dispute for decades altogether, incurring heavy litigation expenses. Thus, as emphasised by the Supreme Court, registration of property documents along with proper due diligence, will ensure clarity of title, transparency, and protection against fraud and baseless claims.

Ignoring this requirement weakens your legal position and invites unnecessary litigation.

[5] [Understanding Land Conflict in India and Suggestions for Reform - CPR](#)

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