Property Rights of Minors in India

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Property Rights of Minors Latest News

- Recently, the Supreme Court ruled that a person can **reject a property sale** made by their guardian **after turning 18** if it was done without court approval.
- The court said this can be done either by filing a case or through actions—for example, reselling the property—within the legal time limit.
- The bench of Justices Pankaj Mithal and Prasanna B. Varale clarified that a formal lawsuit is not always necessary, reaffirming that a minor's property rights can be protected by their clear conduct showing refusal of the sale.

Laws Governing Property Rights of Minors

- Property transactions involving minors are regulated by three key laws:
  - The Indian Contract Act, 1872
  - The Hindu Minority and Guardianship Act, 1956
  - The Guardians and Wards Act, 1890

Minors Cannot Enter into Contracts

- Under **Section 11 of the Indian Contract Act**, only adults of sound mind can enter into valid contracts.
- Any contract made by a minor is void from the beginning (void ab initio). This means it cannot be enforced by or against the minor.
- Exceptions:
  - If the contract benefits the minor or provides necessities like food or education, the cost may be recovered from the minor's property.
  - A guardian can enter into a contract only if it benefits the minor.
  - A minor cannot be a business partner but may receive profit shares under a valid agreement.

Restrictions on Guardian's Power to Sell Property

- Under **Section 8 of the Hindu Minority and Guardianship Act**, 1956, a natural guardian can manage a minor's property only for their benefit.
  - The guardian cannot sell, mortgage, gift, or lease immovable property without court approval.
  - If such a sale happens, **Section 8(3)** makes it "voidable at the instance of the minor", meaning the minor can cancel it after turning 18.
- Similarly, **Section 29 of the Guardians and Wards Act**, 1890 also says a guardian needs court permission to dispose of a ward's property.

How a Minor Can Challenge the Sale After Majority

- When a guardian sells property without permission, the law allows the now-adult person to challenge it.
- Traditionally, courts held that a formal case must be filed to cancel such a sale.
- However, in **Abdul Rahman v. Sukhdayal Singh** (1905), the court ruled that filing a suit is not always necessary — a clear act of repudiation, like reselling the property, is enough to show rejection.

Time Limit for Challenging Such Sales

- According to the **Limitation Act, 1963**, the person has three years after turning 18 to challenge or reject a property sale made by their guardian without court approval.

Background of the Case

- The dispute involved two small plots (No. 56 and 57) in Davanagere, Karnataka, bought in 1971 by a father in the names of his three minor sons.
- Acting as their natural guardian, he later sold both plots without obtaining mandatory court approval.
- After turning 18, the sons resold both plots to another person, leading to two separate ownership disputes.

What Happened in the Lower Courts

- In the Plot 56 case, the High Court (2003) ruled that the sons' resale amounted to a valid rejection of their father's earlier sale. The ruling became final as it was not challenged.

- In the Plot 57 case, the buyer filed a case in 1997 claiming ownership.
- The trial court dismissed the suit, holding that the father's sale was voidable and had been repudiated when the sons sold it after reaching adulthood.

Appeals and High Court Ruling

- The first appellate court and the High Court later **reversed** the trial court's decision, saying the sons' later sale was invalid because they had not filed a formal case to cancel their father's sale.
- The High Court declared the buyer as the rightful owner of Plot 57.

Supreme Court Appeal

- This decision was challenged before the Supreme Court, which was asked to decide whether a person who was a minor at the time of sale must file a formal case to cancel the sale or can reject it by conduct after attaining majority.

Supreme Court on How Minors Can Reject Property Sales

- The Supreme Court clarified how a person can repudiate (reject) a property sale made by their guardian without court approval once they become an adult.
- The Court ruled that a **minor, after turning 18**, can reject such a sale in **two ways**:
  - **By filing a formal case (suit)** to cancel the sale deed, or
  - **By clear conduct** that shows they do not accept the earlier sale — for example, **reselling the property** or taking actions inconsistent with the guardian's sale.
- The Court said that once the person rejects the sale, it becomes **void from the beginning**, and the **buyer gains no rights** over the property.

Application in This Case

- The Court observed that the sons, after becoming adults, sold the same property within three years — the period allowed under law.
- Their names still appeared in the revenue records, and the earlier buyers had never taken possession.
- This conduct was enough to prove that the sons had repudiated their father's sale, so no separate case was needed.

Source: IE
