IN THE SUPREME COURT OF INDIA

APPELLATE JURISDICTION / LANDMARK PRECEDENT

Alka Bose v. Parmatma Devi

Registry Status : REPORTED PRECEDENT -- OFFICIAL RECORD

1. EXECUTIVE SUMMARY & KEY HIGHLIGHTS

In this significant real estate and contract law judgment, a Division Bench of the Supreme Court speaking through Justice P. Sathasivam settled the long-debated legal issue concerning the validity of agreements to sell signed solely by the vendor. The Court held that in India, oral agreements of sale of immovable property are legally valid and enforceable, as Section 54 of the Transfer of Property Act, 1882 does not mandate a preceding written agreement. The Bench ruled that an agreement of sale reduced to writing and signed only by the vendor becomes a complete, binding, and enforceable bilateral contract once accepted by the purchaser, whether by paying earnest money, by oral assent, or by subsequent conduct. Overruling the contrary view of the Patna High Court, the Supreme Court decreed specific performance in favour of the purchaser.

* Vendor-Only Signed Agreement Valid:An agreement of sale executed and signed only by the vendor is a complete and binding contract once accepted by the purchaser.
* Validity of Oral Agreements of Sale:Indian law recognizes oral agreements of sale of immovable property; writing is not a statutory prerequisite under Section 54 of the TPA.
* Bilateral Contract via Acceptance:An offer made in writing by the vendor, when accepted orally or by payment of earnest money by the purchaser, creates reciprocal obligations.
* Local Conveyancing Practices Recognized:The standard practice in several Indian States where 'Bayanapatras' are executed only by vendors was recognized as legally sound.
* Enforceability of Specific Performance:Both vendor and purchaser have equal rights to enforce specific performance of an agreement signed only by the vendor once consensus is established.

2. FACTUAL MATRIX & IMPUGNED PROCEEDINGS

On November 27, 1979, an agreement to sell an immovable house property in Kadamkuan, Patna was entered into between Parmatma Devi (vendor) and Alka Bose (purchaser) for a total consideration of Rs. 24,000. An earnest money advance of Rs. 2,000 was paid by the purchaser and accepted by the vendor.

The terms of the agreement were reduced to writing in an agreement of sale; however, the document was signed solely by the vendor, Parmatma Devi, and attested by witnesses. The purchaser, Alka Bose, did not sign the document.

The agreement stipulated that the vendor would deduce marketable title, obtain necessary administrative permissions, and execute the registered sale deed upon receipt of the balance consideration of Rs. 22,000 within a specified period.

When the vendor subsequently refused to execute the sale deed, the purchaser instituted a suit for specific performance in the Court of the Subordinate Judge, Patna.

The vendor resisted the suit, contending that the document was merely an incomplete unilateral memorandum or receipt, and that in the absence of the purchaser's signature, no concluded or binding bilateral contract came into existence.

The trial court decreed the suit in favour of the purchaser. On appeal, the Patna High Court reversed the decree, holding that an agreement for sale of immovable property must be signed by both parties to constitute an enforceable contract. The purchaser appealed to the Supreme Court.

3. RATIO DECIDENDI (VERBATIM COURTROOM HOLDING)

Per P. Sathasivam, J. (for the Bench):

"10. The main question that arises for consideration in this appeal is whether an agreement of sale signed only by the vendor and not signed by the purchaser is a valid and enforceable contract... In India, an agreement of sale of immovable property does not require to be in writing. An oral agreement of sale is perfectly valid and enforceable. Section 54 of the Transfer of Property Act, 1882 which defines 'sale' and how sales are effected, does not lay down that an agreement of sale should be in writing, let alone signed by both parties."

"11. Even where an agreement is reduced into writing, there is no statutory requirement that it must be signed by both the vendor and the purchaser. A contract comes into existence when an offer made by one party is accepted by the other. An agreement of sale may be written and signed by both parties; or it may be written and signed only by the vendor and accepted by the purchaser; or it may even be entirely oral. Where an agreement of sale is drawn up in writing and signed only by the vendor, and the purchaser accepts it by paying earnest money or by signifying his assent, it constitutes a concluded and binding contract."

"12. In various parts of India, it is a well-established conveyancing practice that the vendor executes an agreement of sale (frequently described as a Bayanapatra or receipt-cum-agreement) acknowledging receipt of earnest money and setting out the terms of sale. The purchaser accepts the document and acts upon it. It cannot be contended that such agreements are nullities or unilateral offers. Once accepted, both parties are bound by the reciprocal promises contained therein. The vendor is bound by his signature, and the purchaser is bound by his acceptance."

"16. We hold that the High Court erred in holding that an agreement of sale signed only by the vendor is unenforceable at the instance of the purchaser. The plaintiff has proven the payment of earnest money, the consensus ad idem, and her readiness and willingness to pay the balance consideration. The appeal is allowed, and the decree of the trial court for specific performance is restored."

4. OBITER DICTA & JUDICIAL OBSERVATIONS

Distinction from English Statute of Frauds:

The Court pointed out that under Section 4 of the English Statute of Frauds (and subsequent enactments like Section 2 of the Law of Property (Miscellaneous Provisions) Act, 1989), no action could be brought upon any contract for the sale of land unless the agreement or memorandum was signed by the party to be charged. In Indian law, no such stringent statutory requirement of bilateral signature exists.

Strict Adherence to Section 16(c) SRA:

Justice Raveendran concurred, highlighting that while the absence of the purchaser's signature does not invalidate the contract, it places a heavy evidentiary burden on the purchaser to prove genuine consensus ad idem and immediate acceptance of all terms without unilateral variation.

5. POINTS OF LAW FRAMED & ANSWERED

Legal Issue Framed	Supreme Court's Holding
Is an agreement of sale of immovable property invalid if signed only by the vendor?	No. The Supreme Court ruled that an agreement signed only by the vendor is a complete, valid, and enforceable contract once accepted by the purchaser.
Does Indian law require agreements to sell immovable property to be in writing?	No. Under Indian law, oral agreements for the sale of immovable property are fully recognized and enforceable, unlike under English statutory law.
How does a purchaser demonstrate acceptance of an agreement signed only by the vendor?	Acceptance can be established through payment of earnest money, taking possession, issuing communication of assent, or presenting a draft conveyance.

6. STATUTORY FRAMEWORK & MODERN LEGISLATIVE ALIGNMENT

Precedent Reference / Former Statute	Modern Act (BNSS / BNS / BSA / CPA)	Doctrinal & Procedural Analysis

Transfer of Property Act, 1882 - Section 54	Transfer of Property Act, 1882 - Section 54 (Preserved)	Affirms that a contract for the sale of immovable property does not create an interest in the property and does not require execution by both parties.
Indian Contract Act, 1872 - Section 2(a), (b), (h)	Indian Contract Act, 1872 (Preserved)	Defines offer, acceptance, and agreement; acceptance of a written offer creates binding reciprocal obligations without bilateral execution.
Registration Act, 1908 - Section 17(1A)	Registration Act, 1908 - Section 49 Proviso	An unregistered agreement cannot protect possession under Section 53A TPA, but remains fully admissible to prove an agreement in a suit for specific performance.

7. SUBSEQUENT JUDICIAL TREATMENT & LINEAGE

* Govind Prasad Chaturvedi v. Hari Dutt Shastri (precedent applied):Reaffirmed that formal bilateral execution is not an essential element of a valid sale contract.
* Shakeel Ahmad v. Syed Akhlaq Hussain (2023 SCC OnLine SC 1526):Relied on Alka Bose to differentiate between the enforceability of agreements to sell and the formal requirement of registered deeds for transferring title.
* Karnataka & Bombay High Courts (2018-2025):Widely cited to reject preliminary objections filed by vendors claiming that unilateral term sheets or MOUs signed only by them are non-enforceable.
* Tedhi Singh v. Narayan Dass Gautam (2022) 6 SCC 782:Cited on evidentiary thresholds for proving consensus and readiness under informal contracts of sale.

8. PRACTICAL LITIGATION PLAYBOOK & STRATEGIC CHECKLIST

* Prove Delivery and Acceptance of Advance:Produce banking records, demand drafts, or signed receipts proving payment and encashment of earnest money.
* Plead Complete Consensus on Essential Terms:Establish that all material terms -- property description, total price, timeline for balance payment -- were fully agreed.
* Establish Immediate Acceptance:Demonstrate that the purchaser accepted the vendor's signed document immediately without introducing counter-offers or altered conditions.
* Lead Evidence of Attesting Witnesses:Examine the scribe and attesting witnesses present during the transaction to corroborate mutual assent.
* Plead Non-Concluded Negotiations:Establish that the document was merely a tentative receipt or conditional offer subject to a formal agreement never executed.
* Prove Unmet Counter-Conditions:Show that the purchaser did not accept the vendor's terms as presented, preventing formation of a binding contract.
* Challenge Consensus Ad Idem:Demonstrate ambiguity regarding total consideration, boundaries, or mode of discharge to negate contract formation.
* Cross-Examine on Financial Capacity:Put the purchaser to strict proof regarding possession of balance funds under Section 16(c) of the Specific Relief Act.