

A RAGHUNATH (D) BY LRS.

v.

RADHA MOHAN (D) THR. LRS & ORS.

(Civil Appeal No. 1442 of 2016)

B OCTOBER 13, 2020

**[SANJAY KISHAN KAUL, ANIRUDDHA BOSE AND  
KRISHNA MURARI, JJ.]**

*Rajasthan Pre-Emption Act, 1966 – ss.3, 6, 8 , 9 and 21 –*

- C *Exercise of right of Pre-emption – Limitation for – Plaintiff's suit for pre-emption over a transaction effected on 21.01.1974 – Three sale transactions involving the subject property had earlier taken place in 1945, 1946 and 1966 – Right in property was predicated on account of having a common portion therein – Trial Court eventually held the suit to be barred by limitation in absence of*
- D *challenge to sale deed of 1966 – Upheld by first appellate court – High Court inter alia held the suit to be filed within time – On appeal, held: Right of pre-emption is a weak right – It is only exercisable for the first time when the cause of such a right arises, in a situation where the plaintiff-pre-emptor chooses to waive such right after the*
- E *1966 Act becoming operational – s.9 operates as a bar on his exercising such right on a subsequent transaction relating to the same immovable property – Impugned order set aside – Order of trial court dtd. 01.02.1988 and the first appellate court dated 30.03.1989 upheld – As the original plaintiff has not challenged the sale effected on 05.11.1966, the suit is thus barred by limitation*
- F *– Limitation Act, 1963 – Article 97 – Pre-emption.*

**Allowing the appeal, the Court**

- G **1.1 The Rajasthan Pre-Emption Act, 1966 was brought into force on 1.2.1966. In view of the rights conferred under the Act, a suit was filed by the predecessor-in-interest of respondent No.1 seeking a decree of pre-emption against the predecessor-in-interest of the appellant herein and respondent Nos. 4 to 6 herein, on 10.1.1974, which was numbered as Civil Suit No. 40/1975. The property in question is situated in a building bearing AMC No. XV/290 situated in Kayasth Mohalla, Ajmer and is predicated**

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on account of having a common portion in the said property. The plaint stated that respondents 5 and 6 herein (original defendants 3 and 4) were owners and in possession of the part of the property which was sold to respondent No. 4 herein (the original defendant No. 2), *vide* sale deed dated 10.01.1974 for a consideration of Rs. 4000/-.

Respondent No. 4 further sold this property to the appellant herein (original defendant No. 1 being the predecessor-in-interest) on 21.01.1974 once again for the same consideration.

The other facts stated in the plaint are not required to be gone into nor pleaded, except that there is an allegation that the two portions were part and parcel of the same house having main entrance, lavatory and staircase in common and that no notice, as provided for under Section 8 of the Act, had been served, which mandates a notice to pre-emptors (forming part of the procedure as set out in Chapter III of the Act).

The historical perspective of the right of pre-emption shows that it owes its originination to the advent of the Mohammedan rule, based on customs, which came to be accepted in various courts largely located in the north of India.

The pre-emptor has been held by the judicial pronouncements to have two rights. Firstly, the inherent or primary right, which is the right to the offer of a thing about to be sold and the secondary or remedial right to follow the thing sold. It is a secondary right, which is simply a right of substitution in place of the original vendee.

The pre-emptor is bound to show that he not only has a right as good as that of the vendee, but it is superior to that of the vendee; And that too at the time when the pre-emptor exercises his right.

The right of pre-emption is a “very weak right” and is, thus, capable of being defeated by all legitimate methods including the claim of superior or equal right.

Right to pre-emption is defined in Section 3 of the Rajasthan Pre-Emption Act, 1966.

Section 6 sets out the right of persons to whom the right pre-emption accrues and it would suffice to reproduce sub-section (1) as the other sub-sections deal with different classes of persons having such right.

Chapter III sets out the procedure for the exercise of the right of pre-emption.

Section 8 under the said Chapter mandates issuance of notice.

The limitation for exercise of the aforesaid right is stipulated in Section 21.

Section 21 in turn refers to Article 97 of

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- A the First Schedule of the Limitation Act, 1963. The question has to be, thus, analysed in the context of a conjoint reading of Section 21 of the said Act and Article 97 of the First Schedule to the Limitation Act, 1963. The stipulation in Section 21 is that the right of pre-emption has to be exercised, in case of a sale, within one year from the date of sale and if the sale is not by a registered deed, on the purchaser taking the physical possession of any part of the property sold. Since the period has to be as per Article 97, the wordings of the Article show that it is one year from the date when the sale is registered (in case such registration takes place as is in the present case). It is this expression, which is sought
- B to be construed by the respondent No. 1 as well as by the High Court to mean that it is a recurring right for every sale. The loss of right of pre-emption on transfer has been defined under Section 9 of the said Act. A reading of the Section shows that the loss is only occasioned, when, within two months from the date of service of the notice, the price is not tendered. However, that is the loss of the right, vis-à-vis the transaction in question. The moot point is whether such a right of pre-emption is a recurring right, i.e. every time the property is sold, the right would rearise, in a case the pre-empting plaintiff himself has chosen not to exercise such right over the subject immovable property when sold to another
- C E purchaser earlier. [Paras 3, 12, 14, 16 and 17][468-G-H; 469-A-E; 473-D-H; 474-A-H; 476-A-H; 47-A-D]

1.2 It would not be appropriate or permissible to adopt legal reasoning making such a weak right, some kind of a right in perpetuity arising to a plaintiff every time there is a subsequent

- F transaction or sale once the plaintiff has waived his right or pre-emption over the subject immovable property. The loss of right mandated under Section 9 of the Act is absolute. A plain reading of the said provision does not reveal that such right can re-arise to the person who waives his right of pre-emption in an earlier transaction. To do so would mean that a person, whether not having the means or for any other reason, does not exercise the right of pre-emption and yet he, even after decades, can exercise such a right. This would create, if one may say, some sort of a cloud on a title and uncertainty as a subsequent purchaser would not know, when he wants to sell the property, whether he can
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complete the transaction or not or whether a co-sharer will jump into the scene. This is not contemplated in the 1966 Act. This is bound to have an effect on the price offered by a purchaser at that time because he would have an impression of uncertainty about the proposed transaction. This Court is in agreement with the consistent view taken in the judgments earlier of the Rajasthan High Court. So far as the case of Kutina Bibi is concerned, the factual basis of that decision does not fit with the legal controversy involved in this proceeding. [Paras 18, 19] [477-D-H; 478-A-C]

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*Indira Bai v. Nand Kishore (1990) 4 SCC 668 : [1990] 1 Suppl. SCR 349 – referred to.*

1.3 The right of pre-emption is only exercisable for the first time when the cause of such a right arises, in a situation where the plaintiff-pre-emptor chooses to waive such right after the 1966 Act becoming operational. Section 9 of the said Act operates as a bar on his exercising such right on a subsequent transaction relating to the same immovable property. The result is the impugned order is set aside and the order of the trial court dated 01.02.1988 and the first appellate court dated 30.03.1989 are upheld. As the original plaintiff has not challenged the sale effected by him on 5<sup>th</sup> November, 1966, the suit of respondent No. 1 (original plaintiff, now represented by his legal representatives) is thus barred by limitation. [Paras 22, 23][479-A-D]

*Kutina Bibi and another v. Vaiukuntha Chandra Dutta and others AIR 1961 Assam 1 – distinguished.*

*Barasat Eye Hospital & Ors. v. Kaustabh Mondal 2019 SCC Online SC 1351; Bishan Singh v. Khazan Singh AIR 1958 SC 838:[1959] SCR 878 – referred to.*

*Gobind Dayal v. Inayatullah (1885) ILR 7 All 775, 809; Prahlad Kumar v. Kishan Chand & Ors. 2009 (3) RLW 2441; Mangti Ram v. Onkar Sahai (1994) 1 RLW 55; Ghulam Jilani v. Hassan Khan & Ors. PLR 1905 (Vol.VI) 338; Ghanshyam v. Chand Bihari & Ors. (2008) 2 RLW (Rev) 1011; Rukmani Devi (Smt.) v. Prabhu Marayan & Ors. (2007) 4 RLW 2882 – referred to.*

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**Case Law Reference**

[1959] SCR 878	referred to	Para 10
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[1990] 1 Suppl. SCR 349	referred to	Para 21
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CIVIL APPELLATE JURISDICTION: Civil Appeal No. 1442

B of 2016

From the Judgment and Order dated 29.06.2009 of the High Court of Judicature for Rajasthan at Jaipur Bench, Jaipur in S.B. Civil Second Appeal No. 65/1989.

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Irshad Ahmad, Ms. Christi Jain, Puneet Jain, Harsh Jain, Harshit Khanduja, Akshat Maheshwari For Ms. Pratibha Jain, Advs. for the appearing parties.

The Judgment of the Court was delivered by

**SANJAY KISHAN KAUL, J.**

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1. The singular question this Court had framed for consideration in this appeal was whether the limitation shall commence from the first sale deed after coming into force of the Rajasthan Pre-Emption Act, 1966 or from any other subsequent sale on the basis of Article 97 of the Limitation Act, 1963. This question arises in this proceeding in a situation

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where the original plaintiff sought to enforce such right after three sale transactions had taken place in the past involving the subject immovable property in the years 1945, 1946 and 1966. The last transaction was effected on 5<sup>th</sup> November that year, after the 1966 Act had become operational. The factum of the plaintiff's entitlement otherwise claim right of pre-emption in terms of Section 6 of the 1966 Act is not in

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dispute in this proceeding. In the suit out of which this appeal arises, the plaintiff's suit for pre-emption over a transaction effected on 21st January 1974 was resisted on the ground of being barred by limitation.

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2. In order to determine the aforesaid question of law framed by this Court in terms of the order dated 05.01.2016, it is necessary to discuss the nature of the right of pre-emption. In this behalf, we had discussed the right of pre-emption in a recent judgment in *Barasat Eye Hospital & Ors. v. Kaustabh Mondal*<sup>1</sup>. The said judgment, authored by one of us (Sanjay Kishan Kaul, J.), in its initial paragraph itself discusses this aspect and it would suffice to quote the same.

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<sup>1</sup> (2019) SCC Online SC 1351

“**1.** The right of pre-emption holds its origination to the advent of the Mohammedan rule, based on customs which came to be accepted in various courts largely located in the north of India. This law is stated to be largely absent in the south of India on account of the fact that it never formed a part of Hindu law in respect of property. However, this law came to be incorporated in various statutes, both, prior to the Constitution of India (for short ‘the Constitution’) coming into force, and even post that.<sup>2</sup> The constitutional validity of such laws of pre-emption came to be debated before the Constitution Bench of this Court, in *Bhau Ram*,<sup>3</sup>. There are different views expressed by the members of the Constitution Bench of five Judges, and also dependent on the various State legislations in this regard. Even though there were views expressed that this right of pre-emption is opposed to the principles of justice, equity and good conscience, it was felt that the reasonableness of these statutes has to be appreciated in the context of a society where there were certain privileged classes holding land and, thus, there may have been utility in allowing persons to prevent a stranger from acquiring property in an area which has been populated by a particular fraternity or class of people. This aspect was sought to be balanced with the constitutional scheme, prohibiting discrimination against citizens on the grounds of only religion, race, caste, sex, place of birth or any of them, under Article 15 of the Constitution, and the guarantees given to every citizen to acquire, hold and dispose of property, subject only to the test of reasonable restriction and the interest of general public.”

The judicial approach adopted towards this right of pre-emption was thereafter discussed in the said judgment in the following terms:

“**10.** In order to appreciate the aforesaid provisions relating to the right of pre-emption, it would be appropriate to refer to an extremely lucid judgment of this Court by Justice K. Subbarao (as he then was), setting forth the contours of the right of pre-emption in *Bishan Singh v. Khazan Singh*<sup>4</sup>, in a four Judge Bench judgement. The Bench proceeded to discuss the view of

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<sup>2</sup> *Bhau Ram v. Baij Nath Singh* , AIR 1962 SC 1476

<sup>3</sup> supra

<sup>4</sup> AIR 1958 SC 838

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- A different Courts on this right of preemption, as found in the following:
- Plowden, J. in *Dhani Nath v. Budhu*,<sup>5</sup>
  - Mahmood, J. in *Gobind Dayal v. Inayatullah*,<sup>6</sup>.
  - Mool Chand v. Ganga Jal*.<sup>7</sup>
- B **11.** In view of the aforesaid elucidation, it was opined that the preemptor has two rights: first, the inherent or primary right, i.e., right for the offer of a thing about to be sold; and second, the secondary or remedial right to follow the thing sold. The secondary right of preemption is simply a right of substitution, in place of an original vendee and the pre-emptor is bound to show not only that his right is as good as that of that vendee, but that it is superior to that of the vendee. Such superior right has to subsist at the time when the pre-emptor exercises his right. The position is thereafter summarized in the following terms:
- C “11. ....(1) The right of pre-emption is not a right to the thing sold but a right to the offer of a thing about to be sold. This right is called the primary or inherent right. (2) The pre-emptor has a secondary right or a remedial right to follow the thing sold. (3) It is a right of substitution but not of re-purchase i. e., the pre-emptor takes the entire bargain and steps into the shoes of the original vendee. (4) It is a right to acquire the whole of the property sold and not a share of the property sold. (5) Preference being the essence of the right, the plaintiff must have a superior right to that of the vendee or the person substituted in his place. (6) The right being a very weak right, it can be defeated by all legitimate methods, such as the vendee allowing the claimant of a superior or equal right being substituted in his place.”
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On having set down the contours of the aforesaid right, we turn to the facts of the present case.

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#### Facts:

3. The Rajasthan Pre-Emption Act, 1966 (hereinafter referred to as ‘the Act’) was brought into force on 1.2.1966. In view of the rights

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<sup>5</sup> 136 P.R. 1894

<sup>6</sup> (1885) ILR 7 All 775, 809

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conferred under the Act, a suit was filed by the predecessor-in-interest of respondent No.1 seeking a decree of pre-emption against the predecessor-in-interest of the appellant herein and respondent Nos. 4 to 6 herein, on 10.1.1974, which was numbered as Civil Suit No. 40/1975. The property in question is situated in a building bearing AMC No. XV/ 290 situated in Kayasth Mohalla, Ajmer ('suit schedule property') and is predicated on account of having a common portion in the said property. The plaint stated that respondents 5 and 6 herein (original defendants 3 and 4) were owners and in possession of the part of the property which was sold to respondent No. 4 herein (the original defendant No. 2), *vide* sale deed dated 10.01.1974 for a consideration of Rs. 4000/- respondent No. 4 further sold this property to the appellant herein (original defendant No.1 being the predecessor-in-interest) on 21.01.1974 once again for the same consideration. The other facts stated in the plaint are not required to be gone into nor pleaded, except that there is an allegation that the two portions were part and parcel of the same house having main entrance, lavatory and staircase in common and that no notice, as provided for under Section 8 of the Act, had been served, which mandates a notice to pre-emptors (forming part of the procedure as set out in Chapter III of the Act). The suit was resisted. The sale of the property as per the two sale deeds was not disputed. The plea was, however, raised that there were two separate lockable premises and as such no right of pre-emption accrued in favour of the original plaintiff. Once again, it is not necessary to go into other defences for adjudication of the present matter. It may, however, be noted that the written statement stated that yet another sale agreement was entered into on 25.10.1974 and the purchaser had not been made a party to the suit.

4. The Trial Court framed as many as eight issues including the plea of bar of limitation. The suit was decreed in terms of the judgment dated 30.6.1977, *inter alia* finding that the suit had been filed within the period of limitation of one year. An appeal was preferred against this order and during the pendency of the appeal an application was filed to amend the written statement *inter alia* raising the plea that there were even earlier sale deeds of 1945, 1946 and 1966 where the respondents 5 and 6 herein had purchased the property *vide* sale deed dated 5.11.1966. The earlier sale deeds not having been challenged, the right of pre-emption could not be exercised and was barred by time. This resulted in four additional issues being framed arising from the plea of limitation and the matter was remitted to the Trial Court in terms of the judgment dated 22.5.1987 of the first appellate Court.

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- A        5. The Trial Court gave its consideration on the additional issues and took note of the fact that the earlier two sale deeds were even prior to the coming into force of the said Act. The court, however, noticed that even prior to the coming into force of the said Act, laws of pre-emption did exist in Ajmer. The sale deed dated 5.11.1966 came into existence after the said Act came into force. It was opined by judgment dated 1.2.1988 that without challenging that sale deed, the suit would not be maintainable and would be barred by limitation relying upon the judgment of the Assam High Court in *Kutina Bibi and another vs. Baikuntha Chandra Dutta and others*<sup>8</sup>.
- B        6. The first appellate Court once again considered this judgment of the Trial Court in Civil Appeal No.129/1985 on the additional issues decided in terms of that judgment. The appellate court, in terms of the judgment dated 30.03.1989, agreed with the finding of the Trial Court on the ratio of *Kutina Bibi* (supra).
- C        7. The matter was thereafter taken upto the Rajasthan High Court vide S.B.C.S. Appeal No. 65/1989. The High Court noticed that the only question before it was on the point of limitation as per the provisions of Article 97 of the Limitation Act. 1963. The High Court in terms of the impugned judgment dated 29.06.2009 opined that the one year limitation period is to run from the date of registration of the sale deed or the date when physical possession of the property was given; and the sale deed would be the sale deed in question. The High Court negated the plea that the earlier sale deeds would have to be assailed and concluded that each sale of such property gives a fresh cause of action. The suit was found to have been filed within time and the matter was remitted back on merits to be decided by the first appellate Court. In the Special Leave Petition filed, notice was issued on 9.10.2009 and interim stay of the impugned order was directed. Leave was granted on 12.2.2016 and the question of law was framed on 05.01.2016.

**Rival Contentions:**

- G        8. The arguments advanced by Mr. Irshad Ahmad, learned counsel for the appellant is on dual contours. The first argument was based on the policy behind the right of pre-emption, i.e. that no stranger should be allowed to thrust himself upon the co-sharer in a property against their will and to prevent apprehended inconvenience to the co-sharer. In that context, it was urged that the admitted position was that the predecessor-

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in-interest of the appellant herein was a distant relative of the predecessor-in-interest of respondent No.1 herein and this fact had been admitted by the original plaintiff as also by the son of Manna Lal (the executor of the sale deed of 1946) in their depositions. The second plea advanced was that if a plaintiff waived his right of pre-emption by conduct, no such right is available on a subsequent sale of the same property and the plaintiff is estopped from claiming any right of pre-emption of subsequent sale.

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9. In support of their contention, learned counsel referred to the following judgments:

(a) *Prahlad Kumar vs. Kishan Chand & Ors.*<sup>9</sup>

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This judgment of the Rajasthan High Court, while rejecting the right of pre-emption, based it on two aspects. The first was a factual one that it was not a case of sharing a common property. The relevant portion is the second aspect where it was held even if the right is presumed to have been established, though not established in that case, the plaintiff was estopped from claiming his right of pre-emption as he had waived his right when the property was sold at an earlier date and pre-emption was not claimed then.

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(b) *Mangti Ram vs. Onkar Sahai*<sup>10</sup>

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In this case, the right of pre-emption was held to have been given up on account of an earlier compromise deed to which the plaintiff had been a party.

(c) *Kutina Bibi & Anr. vs. Baikuntha Chandra Dutta & Ors.*<sup>11</sup>

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This judgment once again dealt with the plea of pre-emption against a subsequent sale, where *vide* an earlier sale deed of 1950, the plaintiff-cosharer's share had been sold by her son and thus, it was held that not having assailed the earlier sale deed, the right of pre-emption could not be claimed against the subsequent sale.

(d) *Ghulam Jilani vs. Hassan Khan & Ors.*<sup>12</sup>

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There was an earlier sale deed and a subsequent sale deed. At the stage of the initial sale deed, the cosharer did not object. At the stage

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<sup>9</sup> 2009 (3) RLW 2441

<sup>10</sup> (1994) 1 RLW 55

<sup>11</sup> Supra

<sup>12</sup> PLR 1905 (Vol.VI) 338

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A of the second sale deed, the cosharer sought to object. The court debated the issue of competing rights of the cosharer and the subsequent buyer in pursuance to the first sale deed. It was opined, while agreeing with the lower court, that the plaintiff's suit was barred by time, having been instituted more than a year after the earlier sale which alone he was entitled to impugn.

B (e) *Ghanshyam vs. Chand Bihari & Ors.*<sup>13</sup>

The factual matrix shows there were many cosharers. Two of the cosharers transferred their rights to a third party. One by sale and one by gift. Third party, in turn, sought to transfer to another party. It is

C at that stage, one of the cosharers claimed a right of pre-emption. It was found on facts that when the said third party sought to transfer his right, plaintiff never showed willingness to purchase the same, as they were not having sufficient means. It was opined that the plaintiff's father never tried to assert his right in the matter of purchasing that portion earlier and subsequently also, during his lifetime, he never tried to enforce D his right of pre-emption. As such, right of pre-emption was said to have been waived by conduct.

(f) *Rukmani Devi (Smt.) vs. Prabhu Narayan & Ors.*<sup>14</sup>

The pre-emption right under Section 6 of the Act was discussed

E with an explanation that the right of pre-emption is a weak right and thus if a plaintiff pre-emptor waives or gives up his right without raising any objection to the sale in favour of the third party, the court should not allow substitution in the sale deed at the instance of such plaintiff pre-emptor, who has already given up his right.

F 10. On the other hand, Ms. Christi Jain, learned counsel for the respondent sought to support the impugned judgment on the plea that the limitation to enforce a right of pre-emption under the Act is governed by Article 97 of the Limitation Act, 1963 read with Section 21 of the Act. Thus, each sale deed is a separate cause of action. On a reading of Section 8 of the said Act, it was contended that the seller is required to G inform all persons as to the price he is proposing to sell at and thus the language of the provision is clear that it applies to all such incidents of sale. Thus, it was pleaded that it cannot be said that if such a right is not exercised, it would allow foreclosure for any subsequent sale, since there is no provision in the said Act, prohibiting the right of pre-emption if the

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H <sup>13</sup> (2008) 2 RLW (Rev) 1011  
<sup>14</sup> (2007) 4 RLW 2882

right is not exercised. It was also contended that the question of waiver is set out in Section 9 of the said Act, which does not provide for an eventuality that the right of pre-emption would not be applicable for a subsequent sale. The last aspect argued was that this right is based on substitution in place of the vendee on payment of the price and it does not challenge the sale but seeks substitution of the plaintiff in place of the vendee. There was, thus, no need to challenge the earlier sales and not challenging the earlier sales would not amount to waiver.

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11. A reference was made to the following judgments:

(i) *Bishan Singh & Ors. vs. Khazan Singh & Anr.*<sup>15</sup>

The reference to the aforesaid judgment has been made in the context of the observations of Mahmood, J. in *Gobind Dayal case* (supra) referred to above that it is in relation to the right of substitution.

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(ii) *Barasat Eye Hospital & Ors. vs. Kaustabh Mondal*<sup>16</sup>

This judgment has been relied upon again on the same aforesaid principle of right of substitution.

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**The view we adopt:**

12. We have given our thoughtful consideration to the aforesaid issue and in order to determine the same, we had, at the inception itself, set out the judgment in *Barasat Eye Hospital case* (supra). We have, thus, referred to the earlier judicial view in para 10 of the judgment extracted aforesaid. The historical perspective of the right of pre-emption shows that it owes its originination to the advent of the Mohammedan rule, based on customs, which came to be accepted in various courts largely located in the north of India. The pre-emptor has been held by the judicial pronouncements to have two rights. Firstly, the inherent or primary right, which is the right to the offer of a thing about to be sold and the secondary or remedial right to follow the thing sold. It is a secondary right, which is simply a right of substitution in place of the original vendee. The pre-emptor is bound to show that he not only has a right as good as that of the vendee, but it is superior to that of the vendee; And that too at the time when the pre-emptor exercises his right. In our view, it is relevant to note this observation and we once again emphasise that the right is a “very weak right” and is, thus, capable of being defeated by all legitimate methods including the claim of superior or equal right.

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<sup>15</sup> AIR 1958 SC 838

<sup>16</sup> supra

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- A        13. We have to examine the legal question before us in terms of the aforesaid principles. We may notice the observation in the Ghanshyam case (*supra*) which deals with the scenario where at the first instance the right was not exercised apparently on account of lack of financial means and that was held to be no ground to permit exercise of that right at the second stage. The consistent view taken by the Rajasthan High Court, as reflected in not only Ghanshyam case (*supra*) but also in Rukmani Devi (*supra*) and Prahlad Kumar (*supra*) has been that the right of substitution is capable of being invoked only at the first instance and does not continue to substitution is capable of being invoked only at the first instance and does not continue to permeate for an indefinite period of time for each sale transaction. In the case of Ghanshyam (*supra*), finding of the High Court was that the plaintiffs claiming pre-emption had waived their rights. In the case of Rukmani Devi (*supra*), where the plaintiff raised the plea of pre-emption on second sale transaction, evidence was led by the defendant that the same plaintiff had earlier refused to purchase the subject property and had on the other hand participated in the sale process. In the case of Prahlad Kumar (*supra*), it was found that the plaintiff himself had waived his right of pre-emption in respect of an earlier sale transaction involving the same property. Thus, to this extent, the view taken in the impugned order seems to charter a new course. The view of the Assam High Court in *Kutina Bibi* (*supra*) was consistently followed by the Rajasthan High Court.

- B        14. In order to now appreciate the controversy, as there appears to be no other view of this Court on this aspect, we would first turn to the said Act itself. Right to pre-emption is defined in Section 3 of the F Act as under:

“Section 3: “Right of pre-emption” defined

- G        The “right of pre-emption” is the right accruing under section 4 of this Act, upon a transfer of any immovable property, to acquire such property and to be substituted as the transferee thereof in place of and in preference to the original transferee and “pre-emptor” means a person having a right of pre-emption.”

- H        Section 6 sets out the right of persons to whom the right pre-emption accrues and it would suffice to reproduce sub-section (1) as the other sub-sections deal with different classes of persons having such right.

“Section 6: Persons to whom right of pre-emption accrues A

(1) Subject to the other provisions of this Act, the right of pre-emption in respect of any immovable property transferred shall accrue to, and vest in, the following classes of persons, namely:—

- (i) co-sharers of or partners in the property transferred,
- (ii) owners of other immovable property with a stair-case or an entrance or other right or amenity common to such other property and the property transferred, and
- (iii) owners of property servient or dominant to the property transferred.”

Chapter III sets out the procedure for the exercise of the right of pre-emption. Section 8 under the said Chapter mandates issuance of notice.

“Section 8: Notice to pre-emptors D

(1) When any person proposes to sell, or to foreclose the right to redeem, any immovable property, in respect of which any persons have a right of pre-emption, he shall give notice to all such persona as to the price at which he is proposing so to sell or as to the amount due in respect of the mortgage proposed to be foreclosed, as the case may be.

(2) Such notice shall be given through the civil court, within the local limits of whose jurisdiction the property concerned is situated shall clearly describe such property, shall state the name and other particulars of the purchaser or the mortgagee and shall be served in the manner prescribed for service of summons in civil suits.” F

The limitation for exercise of the aforesaid right is stipulated in Section 21, which reads as under:

“Section 21: Special provision for limitation G

(1) Subject to the provisions contained in the proviso to sub-section (1) of section 5, the period of limitation, in any case not provided for by article 97 of the First Schedule to the Limitation Act, 1963 (Central Act 36 of 1963), for a suit to enforce the right of pre-emption under this Act shall, notwithstanding anything contained in article 113 of the said schedule of the said Act, be one year from the date on which,— H

- A       (a) in the case of a sale made without a registered sale-deed, the purchaser takes under the sale physical possession of any part of the property sold, and  
          (b) in the case of a foreclosure, the final decree for foreclosure is passed.
- B       (2) The period of limitation for a suit to enforce a right of pre-emption which has accrued before the commencement of this Act shall, notwithstanding anything contained in the said Limitation Act, in no case exceed one year from the commencement of this Act.”
- C       15. In view of the fact that since Section 21 in turn refers to Article 97 of the First Schedule of the Limitation Act, 1963 it would be appropriate to set forth the same as under.

D	97. To enforce a right of pre-emption whether the right is founded on law or general usage or on special contract.	One year.	When the purchaser takes under the sale sought to be impeached, physical possession of the whole or part of the property sold, or, where the subject-matter of the sale does not admit of physical possession of the whole or part of the property, when the instrument of sale is registered.
E			

- E       16. The question has to be, thus, analysed in the context of a conjoint reading of Section 21 of the said Act and Article 97 of the First Schedule to the Limitation Act, 1963. The stipulation in Section 21 is that the right of pre-emption has to be exercised, in case of a sale, within one year from the date of sale and if the sale is not by a registered deed, F on the purchaser taking the physical possession of any part of the property sold. Since the period has to be as per Article 97, the wordings of the Article show that it is one year from the date when the sale is registered (in case such registration takes place as is in the present case). It is this expression, which is sought to be construed by the respondent No. 1 as G well as by the High Court to mean that it is a recurring right for every sale. The loss of right of pre-emption on transfer has been defined under Section 9 of the said Act as under:

“Section 9: Loss of right of pre-emption on transfer

- H       Any person having a right of pre-emption in respect of any immovable property proposed to be sold shall lose such, right unless

within two months from the date of the service of such notice, he A  
or his agent pays or tenders the price specified in the notice given  
under section 8 to the person so proposing to sell:

Provided that the right of pre-emption shall not be so lost if the immovable property in question is actually sold for an amount smaller than that mentioned in the notice or to a person not B  
mentioned in the notice as purchaser.”

17. A reading of the Section shows that the loss is only occasioned, when, within two months from the date of service of the notice, the price is not tendered. However, that is the loss of the right, vis-à-vis the transaction in question. The moot point is whether such a right of pre-emption is a recurring right, i.e. every time the property is sold, the right would rearise, in a case the pre-empting plaintiff himself has chosen not to exercise such right over the subject immovable property when sold to another purchaser earlier. C

18. In our view, it would not be appropriate or permissible to adopt legal reasoning making such a weak right, some kind of a right in perpetuity arising to a plaintiff every time there is a subsequent transaction or sale once the plaintiff has waived his right or pre-emption over the subject immovable property. The loss of right mandated under Section 9 of the Act is absolute. A plain reading of the said provision does not reveal that such right can re-arise to the person who waives his right of pre-emption in an earlier transaction. To do so would mean that a person, whether not having the means or for any other reason, does not exercise the right of pre-emption and yet he, even after decades, can exercise such a right. This would create, if one may say, some sort of a cloud on a title and uncertainty as a subsequent purchaser would not know, when he wants to sell the property, whether he can complete the transaction or not or whether a co-sharer will jump into the scene. This is not contemplated in the 1966 Act. This is bound to have an effect on the price offered by a purchaser at that time because he would have an impression of uncertainty about the proposed transaction. D E F G

19. We are in agreement with the consistent view taken in the judgments earlier of the Rajasthan High Court. So far as the case of Kutina Bibi (*supra*) is concerned, the factual basis of that decision does not fit with the legal controversy involved in this proceeding. In that case, by a previous transaction the entire land had been sold. It was held H

- A in that perspective, that the plaintiff's right as a co-sharer had become disputed in absence of challenge to the previous transaction. We are of opinion that such a right is available once - whether to take it or leave it to a person having a right of pre-emption. If such person finds it is not worth once, it is not an open right available for all times to come to that person. The aforesaid being the position, this would itself be an impediment in exercise of the right of pre-emption in a subsequent transaction. This is so since, we find the right of waiver under section 9 of the said Act is relatable to the transaction and also the person. These provisions may not impede the right of pre-emption in that particular transaction by a particular pre-emptor and the factum of not having exercised such a right to an earlier transaction would amount to the surrender of the right of substitution to such intended pre-emptor.

20. The judgments referred to by the respondent of *Bishan Singh* (supra) and *Barasat Eye Hospital* (supra) are only for the proposition that the right of pre-emption is a right of substitution – no doubt exists over this proposition. The question is whether this right of substitution can be exercised recurringly or only once. Our answer to the query is ‘only once’.

21. We may also notice another judgment of this Court in *Indira Bai vs. Nand Kishore*<sup>17</sup>. Once again in relation to the said Act (it appears that there is a frequent exercise of this right in Rajasthan apart from West Bengal & Bihar!) The question which was framed for decision in the case was:

- “Is estoppel a good defence to ‘archaic’ right of pre-emption which is a ‘weak right’ and can be defeated by any ‘legitimate’ method?”
- F In the aforesaid context, in para 5, it has been observed that the Act does not debar the pre-emptor from giving up his right. Rather in case of its non-exercise within two months, may be for the financial reasons, the right stands extinguished. “It does not pass on to anyone”. It was further observed, “No social disturbance is caused. It settles in purchaser. Giving up such right, expressly or impliedly cannot therefore be said to involve any interest of community or public welfare so as to be in mischief of public policy.” These observations, once again, in our view, are based on the right being weak.

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H <sup>17</sup>(1990) 4 SCC 668

**Conclusion:**

A

22. We suppose that the aforesaid answers the dilemma, i.e. whether the right of pre-emption can be enforced for an indefinite number of transactions or it is exercisable only the first time. We opine that it is only exercisable for the first time when the cause of such a right arises, in a situation where the plaintiff-pre-emptor chooses to waive such right after the 1966 Act becoming operational. Section 9 of the said Act operates as a bar on his exercising such right on a subsequent transaction relating to the same immovable property. We also wonder what really remains of this right of pre-emption after so many years in the facts of this case when the purchaser has been enjoying it for more than four decades!

B

23. The result is the impugned order is set aside and the order of the trial court dated 01.02.1988 and the first appellate court dated 30.03.1989 are upheld. As the original plaintiff has not challenged the sale effected by him on 5<sup>th</sup> November, 1966, the suit of respondent No. 1 (original plaintiff, now represented by his legal representatives) is thus barred by limitation. This puts an end to the legal battle which began 45 years ago!

C

24. The appeal, is accordingly, allowed leaving the parties to bear their own costs.

D

Divya Pandey

Appeal allowed.

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