

(1932) 12 PRI CK 0001

In the Privy Council

Case No : Privy Council Appeal No. 25 of 1929

Shadi Lal

APPELLANT

Vs

Lal Bahadur and others

RESPONDENT

Date of Decision : 19-12-1932

Acts Referred:

Citation : (1933) AIR(PC) 85

Hon'ble Judges : Dinshah Mulla, George Lowndes, Lord Wright, JJ.

Advocate : M.A. Majid, for the Appearing Parties.

Judgement

Sir Dinshah Mulla, J.

This is an appeal from a judgment and decree, dated 10th November 1926, of the High Court at Allahabad which varied a judgment and decree, dated 31st July 1923, of the Subordinate Judge of Bareilly. On 20th December 1905, Munshi Inder Sahai executed a mortgage of his share of a village situated at Bareilly to secure payment of Rs. 7,000 to him by Rai Kishun Lal on interest at the rate of 7-annas per cent per mensem. The mortgage was one with possession, and the mortgagee was put in possession of the property on the same day. The mortgage was for a term of five years. On 15th June 1906, the mortgagor executed a document called zamanatnama (security bond) by which he created a charge on two other properties, the charge to operate if the property mortgaged by the deed of 1905 was found to be insufficient for payment of the mortgage debt in full. It was stated in the document that both these properties belonged to the mortgagor.

Some time thereafter the mortgagor died leaving him surviving two sons, who are respondents 1 and 2 before the Board, and a widow, who is respondent 3. After his death the mortgagee obtained a decree on 26th April 1909, against heirs of the mortgagor for Rupees 679-6 6, being the balance of interest due up to 2nd January 1909, and recovered the amount from them. Respondents 4 to 7 are the heirs of the mortgagee, and the appellant is the transferee of their interest in all the properties. Respondent 8 held a lease of part of the mortgaged

property from respondents 4 to 7 at an annual rent of Rs. 150. The lease expired some years ago, but it was alleged that a fresh lease had been granted to him by respondents 1 to 3. Respondents 9 to 12 are transferees of the interest of respondents 1 to 3 in some of the properties: On 20th December 1922, the appellant brought the suit out of which the present appeal arises in the Court of the Subordinate Judge of Bareilly against the respondents to enforce the mortgage by sale of all the three properties. The amount claimed was Rs. 14,000, of which Rupees 7,000 was for principal, and the balance for interest.

In their written statement, respondents 1 and 2 averred that 'the mortgaged property' was ancestral, and that there was no necessity for the loan. They also pleaded that the mortgage debt had been paid out of the rents and profits of the mortgaged property, and that nothing was due to the appellant. Respondents 4 to 7 also filed a written statement alleging that they had transferred their interest to the appellant, and that they were wrongly joined as defendants to the suit. Several issues were framed by the Subordinate Judge of which the following three only are now material:

?2. Whether the mortgaged property was the ancestral property of Inder Sahai, and whether the debt was incurred for legal and family necessity and binding on the sons of Inder Sahai.?

?6. Whether the bond is paid up by the usufruct of the property.?

?10. Whether the plaintiff is entitled to any relief, and if so, under what terms and conditions.?

Several witnesses were examined on both sides. The trial Judge found on issue 2 that the mortgaged property was not ancestral. He treated the issue as one confined to the property mortgaged by the deed of 1905. He found issue 6 in the negative, and declared that the amount due under the mortgage was Rs. 14,000 to which he added Rs. 766 for costs, and a further sum of Rupees 935-10-8 for interest calculated at the rate of 6 per cent per annum on Rupees 14,000 from the date of suit up to 31st January 1924, being the date fixed for redemption. In the result he passed a decree for sale of the properties comprised both in the mortgage deed and the zamanatnama.

Respondents 1, 2 and 3 appealed to the High Court at Allahabad. The learned Judges of the High Court agreed with the trial Judge on his finding that the property mortgaged by the deed of 1905 was not ancestral, but held, differing from him, that the properties included in the zamanatnama were ancestral. They also held that the appellant had failed to keep such accounts as are required of a mortgagee in possession, and disallowed the claim both for past and future interest. In the result they varied the decree of the trial Judge by excluding the properties mentioned in the zamanatnama from the order for sale, and by disallowing all interest. The order of the lower Court as to costs was also varied, and directions were given for the costs of the appeal. From that decree of the High Court the plaintiff has brought the present appeal to His Majesty in Council.

There was no appearance for the respondents at the hearing of the appeal before the Board. Two contentions were raised on behalf of the appellant : (1) that the finding of the High Court that the properties comprised in the zamanatnama were ancestral was wrong; and (2) that the High Court were wrong in disallowing the appellant's claim for interest. On the first point the learned Judges of the High Court said in their judgment as follows:

?An issue was framed as to whether the mortgaged property was the ancestral property of Indar Sahai or not, and the Judge found that it was not. He appears to have come to this finding with regard only to the property originally included in the mortgage and to have paid no attention whatever to the property covered by the security bond, and yet he has granted the plaintiff a decree which will enable him to put all the property to sale. We agree that the property included in the original mortgage bond is not ancestral property, but not only is there no proof that the house and the property in Maheshpur, which is included in the security bond, is not ancestral property, but the allegation in the written statement to that effect has never been answered even by the plaintiff.?

Their Lordships are unable to find any allegation in the written statement that the properties included in the zamanatnama were ancestral. Paras. 1, 2 and 3, and the first part of para. 4 of ?further pleas? in the written statement, relate solely to the property mortgaged by the deed of 1905, and issue 2, set out above, refers only to that property. The zamanatnama is referred to in the latter part of para. 4, and the only issue as to that was whether it was illegal and without consideration.? Such being the pleadings and issues, it was not necessary for the trial Judge to inquire whether the properties comprised in the zamanatnama were ancestral. There is no presumption that a family, because it is joint, possesses joint property, and it was for the sons of the mortgagor to allege and prove that those properties were joint family properties. This, their Lordships think they failed to do. Their Lordships are therefore unable to agree with the High Court that the properties included in the zamanatnama were ancestral.

As to interest, it was urged that the High Court ought not to have disallowed the appellant's claim in toto, and they ought to have in any event directed an inquiry into the accounts. Their Lordships are unable to accede to this contention. As regards accounts, it is enacted by S. 76, Cl. (g), T. P. Act, that a mortgagee in possession

?must keep clear, full and accurate accounts of all sums received and spent by him as mortgagee.?

No such accounts were kept by the appellant or his predecessors, nor were any such filed in Court. All that the appellant did was to place before the Court a day before the judgment was pronounced, and after the evidence was closed, some accounts which apparently were prepared from khataunis kept by the revenue authorities. No actual receipts from the land were shown in the accounts. The

receipts as shown in the accounts included inter alia the rent payable by respondent 8, which, as already stated, was Rs. 150 per annum. Respondent 8 was a clerk in the employ of the heirs of the mortgagee, and he admitted in his evidence that the lease to him was 'nominal,' and that he paid the profits of the land to the heirs. Those profits were not shown in the accounts. In the circumstances their Lordships think that the High Court were right in disallowing the appellant's claim for interest.

In the result, their Lordships are of opinion that the appeal should be allowed in part, said the decree of the High Court, dated 10th November 1926, should be varied by ordering that if the money realized by the sale of the property mortgaged by the deed of 20th December 1905, shall not be sufficient for payment in full of the amount decreed by the High Court, the properties comprised in the zamanatnama dated 15th June 1906, or a sufficient part thereof, shall be sold, and the net proceeds of the sale shall be applied in payment of the balance due to the appellant, and their Lordships will humbly advise His Majesty accordingly. The appellant will bear his own costs before this Board.