
(1967) 04 SC CK 0043

In the Supreme Court Of India

Case No : Appeal (civil) 805 of 1964

Solana Ramachandra Rao & Ors

APPELLANT

Vs

Maddi Kutumba Rao & Anr

RESPONDENT

Date of Decision : 19-04-1967

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Order 21 Rule 2, Order 21 Rule 89, 92, 92

Citation : AIR 1967 SC 1637 : (1967) 3 SCR 703

Hon'ble Judges : K. N. Wanchoo, C.J;Vishishtha Bhargava, J;G. K. Mitter, J

Bench : Full Bench

Final Decision : dismissed

Judgement

Mitter, J.—This is an appeal by a certificate granted by the High Court of Andhra Pradesh against a judgment and order of that court dated March 4, 1963. The appeal is by a receiver appointed in a suit under the provision of s. 92 of the CPC with the object of the applying for setting aside a sale of certain properties belonging to a choultry.

2. The facts shortly are as follows :- The second respondent before this Court obtained a decree in O. S. No. 116 of 1949 of Sub-Court. Vijayawada against Tammana Tatayya and Narayana Murty Annapurna Satram and put some property to execution sale. The properties of the Satram were sold in court auction on July 1, 1957 and the first respondent, Maddi Kutumbarao became the purchaser for Rs. 24,6600. O. S. No. 60 of 1957 was instituted in the same court for removal of the two trustees on the ground of mismanagement. The decree holder was made a party to this suit filed under s. 92. CPC and one of the reliefs prayed for in the suit was that the sale above-mentioned be set aside and provision be made for the payment of the decree amount in O. S. No. 116 of 1949 under the scheme to be settled by the Court. To quote from para 11 of the plaint in that suit, the plaintiff asked that.

"all proceedings in execution of the decree obtained by the 3rd defendant against

the Satram be stayed pending the framing of the scheme and that the sale in favour of the 4th defendant held on 1-7-1957 by the Sub-Court, Gudivada in E. P. No. 37 of 1956 in O. S. 116/49 Sub-Court, Vijayawada, be set aside and that adequate provision for the discharge of the same be made."

3. The plaint bears the date 22nd July 1957. The decree-holder the third defendant, was a minor represented by his mother and guardian, Lakshmikantamma. It appears that on July 30, 1957 a memorandum was filed on his behalf in the court of the Subordinate Judge. It was stated therein that

"As the plaintiff in O. S. No. 60 of 1957 have filed that suit for framing a scheme for the management of the choultry etc. and have asked in that suit for a proper provision to be made for the amount due to the third respondent in this petition, under the decree in O. S. No. 116/1949 this third respondent agree to the same.

Therefore, this 3rd respondent has no objection, for allowing the petition that has been filed for setting aside the sale held on 1-7-1957 in suit without the necessity of depositing the sale warrant amount."

4. The receiver appointed in O. S. No. 60/1957 filled an application under O. XXI, r. 89 in the Court of the Subordinate Judge to set aside the court sale. He deposited Rs. 1,230 representing of the purchase money for payment to the purchaser, Rs. 410-15-00 as poundage and Rs. 123 for interest. No deposit was made for the payment to the decree-holder and it was stated in para 6 of the petition that :

"The 3rd respondent represented by his mother is impleaded as third respondent in the Scheme Suit O. S. No. 60 of 1957, Sub-Court, Vijayawada, wherein necessary provision for the discharge of the decree debt due to him from the choultry is prayed for and has to be made. At the request of the petitioner to keep up the fair name and prestige of the founders of the choultry, the 3rd respondents mother as guardian and executor agreed to the said course and is willing for an adequate provision for the discharge of the decree debt being made in the said suit and has agreed to postpone releasing the decree debt in O. S. 116 of 1949 Sub-Court Vijayawada, till then in case the existing trustees respondents 1 and 2 do not choose to discharge the same in the meanwhile. Under the circumstances, the petitioner submits that the Hon'ble Court may be pleased to dispense with the deposit of the amount specified in the proclamation of sale for payment to the decree-holder as required by clause (b) of r. 89 of O. XXI, r. 89 C. P. C."

5. The prayer in the petition was that the sale of the properties in the favour of the fourth respondent be set aside and that respondents 1 and 2 do pay the expenses to be incurred by the petitioner The Subordinate Judges allowed the application observing :

"Where there is an arrangement between the decree-holder and the judgment debtor for the satisfaction of the decree and the decree-holder does not want and

deposit to be made into court. it is perfectly open to the judgment-debtor to come forward with a petition under without depositing the amount O. XXI. r. 89 required to be deposited under clause (b)."

6. This was upset in appeal by the High Court. According to the High Court O. XXI. r. 89 permits the decree-holder and the judgment-debtor to mutually cancel the decree debt and the cancellation of the debt may be either by an adjustment on in construction payment or by waiver by the decree holder. The High Court however found itself unable to agree with the conclusion of the Subordinate Judge that on the facts of the case the decree-holder could be said to have received the amount shown in the proclamation of sale for the purpose of O. XXI, r. 89.

7. There can be no doubt that if at the time when an application under O. XXI. r. 89 is made by the judgment debtor decree has been satisfied or adjusted, the deposit of any money for payment to the decree-holder is not called for. It was argued on behalf of the appellants that a mere promise on the part of the judgment-debtor to take steps to ensure payment of the decretal debt if acceded to by the decree-holder would have the same effect. Reliance was placed on a judgment of this Court in *The Union of India Vs. Kishorilal Gupta and Bros.,* . There it was pointed out that

"One of the modes by which a contract can be discharged is by the same process which created it, i.e. by mutual agreement; the parties to the original contract may enter into a new contract in substitution of the old one."

8. Reference was also made to the rule as stated by Cheshire and Fifoot in their *Law of Contract* 3rd Edn. at.. 453 : "If what the creditor has accepted " in satisfaction is merely his debtors promise to give consideration, and not the performance of that promise the original cause of action is discharged from the date when the agreement is made. " Relying on the above decision, it was contended on behalf of the appellants that even an executory agreement between the decree-holder and the judgment debtor would have the same effect as the adjustment of a decree. It is necessary to bear in mind that a decree for payment of the money is not a contract between the parties although it is possible for the parties to agree upon a course of payment or agree to have the decree satisfied otherwise than by payment of money. For the purpose of this appeal, it is not necessary to go into that question. Assuming that the proposition put forward on behalf of the appellants is correct it must shown that there was an agreement between the parties by which the decree-holder agreed to forego his rights under the decree. Para 6 of the Petition under O. XXI. r. 89 which has been quoted above shows that the decree-holder had merely agreed to postpone realising the decretal amount in case respondent 1 and 2 did not choose to discharge the same. That petition shows clearly that it was anticipated that the court would be in a position to make a provision for the discharge of the decretal debt. The decree was kept alive and not the touched upon in any manner much less extinguished. The decree-holder was prepared to stay his

hands in care satisfactory provision for payment of his dues was made in the suit. There was no adjustment of the decree which could be recorded under the provision of O. XXI. r. 2 : neither had the decree been satisfied. The High Court was therefore right in its conclusion that the situation was not one which obviated the necessity for the judgment-debtor making a deposit under the provision of O. XXL, r. 89 (b). On behalf of the appellant reference was also made to the fact that the auction purchaser had been permitted by the court to without the sum of the Rs. 24,600 deposited in court. We were informed that such withdrawal had been permitted but the auction purchaser had once more made the necessary deposit under the orders of the court. This cannot affect the position in law under O. XXL, r. 89.

9. In the result, the appeal, fails and is dismissed with costs.

10. V. P. S. Appeal dismissed.