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Effect of Unregistered Document: An Analysis Based on

Muruganandam vs. Muniyandi

The question of the legal effect of unregistered documents, especially in the context of transactions involving immovable property, has been a significant issue in property law. The decision of the Supreme Court in *Muruganandam vs. Muniyandi* (Civil Appeal No. 6543 of 2025) provides important insights into this matter, clarifying the circumstances under which unregistered documents can be admitted as evidence and their legal implications.

Legal Framework Surrounding Unregistered Documents

Under Section 49 of the Registration Act, the general principle is that a document that is required to be registered must be registered to affect any immovable property, confer rights, or be used as evidence of transaction affecting the property. Failure to comply with this requirement usually results in the document being considered inadmissible as proof of the transaction. However, the Act also contains specific provisos that carve out exceptions, notably allowing unregistered documents to be accepted as evidence of certain aspects, such as contracts in a suit for specific performance or collateral transactions not requiring registration.

Judicial Perspective in Muruganandam vs. Muniyandi

In *Muruganandam vs. Muniyandi*, the Supreme Court elaborated on these statutory provisions, emphasizing the importance of the proviso to Section 49 of the Registration Act. The case involved an agreement of sale dated 01.01.2000, which was neither registered nor stamped, but which the appellant sought to introduce into evidence to prove an oral agreement for sale and subsequent part payments.

The Trial Court initially refused to admit the original document, citing its unstamped and unregistered status, along with failure to produce the original for inspection. The High Court confirmed this view, dismissing the appellant's plea to admit the document. However, the Supreme Court took a different stance, recognizing that the appellant's application fell squarely under the proviso to Section 49, which permits unregistered documents to be considered as evidence of a contract or collateral transaction.

The Court signified that the essential purpose of the proviso is to ensure that genuine agreements, even if unregistered, are not rendered inadmissible if they serve as evidence of an oral agreement or collateral transaction related to immovable property. It highlighted the decision in *Kaladevi v. V.R. Somasundaram*, where the Court held that the unregistered sale deed could be admissible only as evidence of an oral agreement or collateral transaction, and not as proof of a completed sale.

Implications of the Decision

The Supreme Court's ruling underscores a balanced approach—while registration laws aim to ensure transparency and prevent fraud, they also carve out exceptions to prevent substantial rights from being denied merely because of procedural non-compliance. The Court clarified that an unregistered document affecting immovable property, which is otherwise inadmissible under the general rule, can be introduced as evidence of the existence of an oral agreement or collateral arrangement.

This decision emphasizes that courts should scrutinize the nature and purpose of the unregistered document, ensuring it is used strictly as evidence of the existence of the agreement rather than as a conclusive proof of the transfer or sale. The Court reaffirmed the importance of procedural compliance but also recognized fairness in allowing genuine agreements to be proved, especially when the document's reference in pleadings and conduct of parties substantiate its relevance.

Conclusion

The judgment in *Muruganandam vs. Muniyandi* makes a significant contribution to the understanding of the effect of unregistered documents in property transactions. It affirms that although the law requires registration to effect and prove transfer of immovable property, exceptions exist allowing unregistered documents to be admitted as evidence of oral agreements or collateral transactions. This approach ensures that legal procedures do not unjustly hinder the enforcement of genuine contractual rights, thereby balancing statutory requirements with equitable considerations. Such clarity is invaluable for litigants and legal practitioners, reinforcing the jurisprudential principles that govern property law in India.

References:

Muruganandam vs. Muniyandi, Civil Appeal No. 6543 of 2025.