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Case Comment: Mathai Mathai v Joseph Mary - Exploring the Validity of Contracts Involving Minors

Mahak Jain^a

^aDharmashastra National Law University, Jabalpur, India

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INTRODUCTION

The Indian Contract Act, which was created in 1872 by the British colonial power and has its roots in English common law, is a highly notable piece of legislation in India's legal system. One of the earliest mercantile statutes, this one went into effect on September 01, 1872.¹ This law's primary responsibility has been upholding commercial agreements and relationships, and the scope of the act offers Indian citizens contractual rights that let them carry out their business dealings successfully over time. Given that the act has not yet been amended and that the law still holds, even in its original form, it is vital to note that this act's adaptability, particularly in the context of Indian society, is a key component.

When minors are involved, there will undoubtedly be legal complications because Section 11² of the Indian Contract Act of 1872 states that any contract with a minor is void. A minor becomes a major when they become 18 years old, although if a guardian has been designated on their

¹ Indian Contract Act 1872

² Indian Contract Act 1872, s 11

behalf, the majority age is 21. The age of majority will be determined by the applicable law. The Indian Contract Act of 1872 provides in Section 10³ that only parties who are competent to contract may enter into a contract, and a person who is a minor at the time the contract is entered into is said to be incompetent to contract, according to Section 11. Being a minor in India is more of a privilege because any agreements with them are expressly deemed void, except for a few, such as those for contracts for necessities like food, clothing, education, and other necessities. These agreements are typically enforced as if the minor had the same capacity as an adult.

As a result of his perceived lack of maturity and legal incapacity to make a particular decision, a minor is restricted from agreeing, and the act offers him special protection from his immaturity and judgments. When a contract is made with a minor, the normal presumption is that the adult will be able to appreciate how the contract's obligations will affect his interests, but this presumption is suspended in the case of minors.

BRIEF FACTS OF THE CASE

The appellant said in an initial application to the Law Tribunal that his uncle had signed a mortgage instrument in 1909 or 1910 for 7,000 chakrams (the dowry amount) in favour of the appellant's mother, who had the property in her possession but had since passed away and had been a minor at the time the mortgage deed was executed. The appellant's father, however, completely refuted all of the claims made by the appellant and his son, and he was compelled to oppose the appellant's claim. Additionally, he asserted that the appellant's mother did not have the authority to serve as the mortgagee under the revised provision of Section 4A of the Kerala Land Reforms (KLR) Act and that, as a result, she did not possess the land⁴. The father asserts that as a result, the appellant should not be regarded as a supposed tenant of the land and is therefore ineligible to acquire the purchase certificate.

About the purchase of land, the appellant was permitted to obtain a purchase certificate, the statutory rights of the same in line with the provisions of this act, allowing him to qualify the

³ Indian Contract Act 1872, s 10

⁴ *Mathai Mathai v Joseph Mary* (2015) 5 SCC 622

subject property. Later, the Law Tribunal determined that the appellant was qualified to seek a certificate because they had all tenant-like rights.

The Supreme Court rejected the Law Tribunal's ruling and held that there is no dispute regarding the appellant's possession of the land, citing the cases of *Pratap Singh v Director of Consolidation*⁵ and *Ramkishorelal v Kamal Narayan*⁶ to support its position that there is no dispute regarding the appellant's possession of the land but that the sole possession did not grant him the right of tenancy as per Section 4 of the KLR Act.

ARGUMENTS OF THE PARTIES

Below is a detailed discussion of the plaintiff's and defendant's claims and defences.

Arguments of the Appellant

The plaintiff's uncle has mortgaged a plot of land in the plaintiff's mother's favour. For over 50 years, she has owned the mortgaged property. A request to be treated as a tenant for the aforementioned piece of property was made by the plaintiff by Section 4A of the Kerala Land Reforms Act 1963⁷, based on this fact. A purchase certificate and legal rights that permitted him to buy a piece of land at a predetermined price were also made possible by this Act. In addition, he was able to become the tenant of his mother's estate and take ownership of the house in the picture.

Arguments of the Respondent

The defendants' initial move was to appeal the Land Tribunal, By Section 102 of the Kerala Land Reforms Act, Kottayam's decision must be appealed to the appropriate appellate authority (Land Reforms), opposing it on several legal and factual grounds. In response to the application, the Appellate Authority stated that the property that was the subject of the initial application had undergone modifications as well as cultivation. The authority marked the recorded

⁵ *Pratap Singh v Director of Consolidation* (2000) 4 SCC 614

⁶ *Ramkishorelal v Kamalnarayan* AIR 1963 SC 890

⁷ Kerala Land Reforms Act 1963, s 4A

mortgage document with Exh.A1. Additionally, it was decided that the first respondent had no legal ownership of the property at any given point in time and had no authority to do so.

ISSUES RAISED IN THE CASE

Contracts that are void from the start, as in the aforementioned situation, cannot be implemented practically. According to the Indian Contract Act 1872, a requirement for a contract's enforceability is that the parties to it be competent, and the majority of the parties have a significant impact on this competency. Whether Exh. A1, the mortgage deed dated 1909–1910, is a legitimate mortgage deed and, even if it is, whether it is a simple or usufructuary mortgage in line with Sections 58(b) and 58(d) of the Transfer of Property Act, 1882, were the key problems and questions before the court.

- Is the disputed mortgage deed a legitimate document or not?
- If the Kerala Land Reforms Act, 1963, Section 4-A, which was previously completed in favour of the minor mortgagee (the appellant's mother), is still in effect, will the appellant's claim of presumed tenancy for the subject mortgaged land be judged valid?
- How did the mortgagee obtain the subject land as a minor as a result of the mortgage deed and continue to hold it for 50 years in defiance of the provisions of Section 11 of the Indian Contract Act, 1872, which rendered the mortgagee incompetent to contract and rendered the mortgage deed void ab initio?

PRECEDENTS REFERRED IN THE CASE

1. Mohori Bibee v Dharmodas Ghose: The Privy Council was asked to interpret the aforementioned issue in *Mohori Bibee v Dharmodas Ghose*. After interpreting the pertinent provisions of Section 11⁸, the Privy Council determined that the contracting parties should be competent to enter into a contract by the aforementioned provision and that the minor's contract was void because he cannot be the mortgagee.⁹

⁸ Indian Contract Act 1872, s 11

⁹ *Mohori Bibee v Dharmodas Ghose* (1902-03) 30 IA 114

These clauses convince their lordships that the statute mandates that all parties to a contract must be 'competent to contract' and expressly stipulates that a person who is incapable of contracting because of infancy shall not be a party to a contract.

The relevant paragraphs are found on IA page 124.

The following is said in the last sentence of the same paragraph:

The issue of whether a contract is void or voidable assumes that one exists within the meaning of the act and cannot apply to a child. Therefore, according to their lordships, 'no such voidable contract as is dealt with in section 64 exists in the present case.'

2. Pratap Singh v Director of Consolidation: Possession is given to the mortgagee in the case of a possessory or usufructuary mortgage. Such a mortgage is conditional upon delivery of possession to the mortgagee. It is given to the mortgagee by the mortgager voluntarily and by the terms of the mortgage. The only reason the mortgagee obtains possession of the land is because it was given to him by the mortgage deed, which also binds him.¹⁰

3. Ramkishorelal v Kamalnayan:¹¹ It was decided that the parties' course of behaviour had no bearing on how to interpret a document that was clear on its own. Since the mortgagor has specifically stated that he is paying interest but that no possession of the land has been surrendered as per the mortgage deed, it is clear from the mortgage deed that he did not intend to give up ownership of the mortgaged property.

JUDGEMENT OF THE CASE

The judgement of the case was delivered by **V. Gopala Gowda, J. and Gyan Sudha Misra, J.**

In this case, the Supreme Court determined that the mother of the applicant was a minor under the Indian Majority Act 1875. The appellant's mother's status as a minor is not in dispute and is seen as an undeniable truth, according to Justice V Gopala Gowda, who was the court presiding

¹⁰ *Pratap Singh v Director of Consolidation* (2000) 4 SCC 614

¹¹ *Ramkishorelal v Kamalnayan* AIR 1963 SC 890

over the case. Furthermore, the mortgage document itself referred to the same. She is therefore shown to be incapable of contract when Section 11 of the Indian Contract Act of 1872 is taken into account. This ruling is also by the *Mohori Bibi v Dharmodas Ghose* landmark decision's premise of contracts entered into by minors.

The judge concluded by quoting the Indian Contract Act, 'For an agreement to become a contract, the parties must be competent to contract, wherein the age of majority is a condition for competency' that states that 'Whether there exists a possibility of voidability of the contract, as stated in Section 64 of the Indian Contract Act, is not in question.' A mortgage in a minor's name would not be considered valid by the court because a mortgage deed cannot be construed as a contract. When a guardian represents a minor, the only situation in which a mortgage deed in that minor's name may be regarded as genuine is that.

A minor's guardian may be a guardian chosen by a court or the minor's natural guardian. The court further stated that because the rights and obligations resulting from such a contract are related to immovable property and would, in the instance of a minor, apply to both the mortgagee and the mortgagor, the law cannot be read or interpreted differently. The appellant is not entitled to anything under a mortgage deed that was signed by a minor, the court found, and it is consequently void ab initio.

The previous Law Tribunal decision was also referred to by the court as having a legal error because it failed to take into account the parties' alleged fulfillment of the demands placed upon them or the status of the initial dowry sum in return for which the land was allegedly mortgaged in the first place. This relates to the appellant's contention that the tenant's possession was transferred.

The court determined that the appellant cannot be permitted to assert that she was the presumed tenant of the subject property under the Kerala Reforms Act, 1963 because there is neither clarity nor proof regarding such matters. Additionally, it was stated that the parties to the contract would decide whether or not to litigate the ownership rights of the property in a court of law.

Instead, the parties would resolve the dispute before an appropriate authority and agree on the ownership rights of the subject property.

RELEVANCE TO ANY PROVISION OR PRINCIPLE OF CONTRACT LAW IN INDIA

Minority and Competition: A contract must have valid principles to be legally binding. These requirements include an acceptable offer and acceptance, capable parties, a lawful consideration, and a lawful object as the last requirement. The legal contract ceases to exist if any of these requirements is not fulfilled. If the purpose of an agreement is to violate the law, then the agreement may no longer be valid. The free consent of parties who are competent to contract is one of the requirements listed in Section 10, and the following are the qualifications for said competency as outlined in Section 11.

Who is Competent to Contract: Everyone who meets the legal age of majority in their respective jurisdiction is of sound mind, and is not prohibited from doing so by any applicable legislation is competent to enter into contracts.

Despite without particularly addressing the agreement of minors, Section 11 of the Indian Contract Act of 1872 declares that people who have not reached the age of majority are incapable of entering into a contract. Any person whose domicile is in India and who has not yet achieved the age of majority, which is typically 18 years as set by Section 3 of the Indian Majority Act of 1875, is referred to as a 'minor', especially in the context of India. The Judicial Committee of the Privy Council defined the position the law has been seen about the contract with minors in the case of *Mohini Bibee v Dharmodas Ghose*¹² in 1903. The agreements with minors have been regarded as being void ab initio and far from being a valid contract. The court recognised the instances that came after the aforementioned historic decision as being by the law, and they regarding the benefit of minors, often to their detriment as well likewise followed them.

The fact that a minor's agreement will always be deemed 'Absolutely void' must be considered along with the changing times and society, considering how involved these minors have been

¹² *Mohori Bibee v Dharmodas Ghose* (1902-03) 30 IA 114

in social activities, essential purchases, hotel reservations, and purchases for fun and education. The minors in these situations would not have any legal protection against the current contractual liability if the other parties to the contract were to oppress the children because contracts involving minors are void from the outset. Due to these issues, the Privy Council must reconsider its initial position in *Subramanyam v Kurra Subba Rao*.¹³ As a result, following this ruling, a guardian might enter into contracts on the minor's behalf.

The Indian Contract Act makes it easier for minors to engage in contracts by making false claims about their age. No estoppel against minors is one such example. Estoppel is a legal theory that generally prohibits a party from establishing any fact or claim that conflicts with their original fact or claim. The Indian Evidence Act states this under Section 115¹⁴, Estoppel prevents parties to a contract from changing their original declarations or conduct, in other words. This principle mostly applies when it prevents people from experiencing unjustified oppression as a result of the other party's remarks or conduct. It is crucial to remember that there is no estoppel against children while discussing estoppel in contract law. As a result, a minor can simply utilise their age when defending themselves in court. The same is true in that obvious estoppel cannot be applied in opposition to a statute. It follows that the doctrine of estoppel cannot invalidate the policy because the law of contracts protects children from all contractual responsibilities and liabilities. The concept of no estoppel against a child was established by the 1929 court decision in the case of *Gadigeppa Bhimappa Meti v Balangowda Bhimangowda*¹⁵, in which the court determined that the youngster would not be estopped from establishing infancy.

An agreement with a minor additionally states that there would be 'No liability in the contract or tort.' All agreements have no legal weight since, in the eyes of the law, a minor's consent is equivalent to a no consent. Thus, it was decided in the case of *Jhonson v Pye*¹⁶ in early 1665 that the minor would not be held liable for any of the contractual responsibilities to prevent people from misusing an indirect means of an agreement being enforced. In India, the same idea is

¹³ *Srikakulam Subrahmanyam v Kurra Subba Rao* (1948) SCC OnLine PC 15

¹⁴ Indian Evidence Act 1872, s 115

¹⁵ *Gadigeppa Bhimappa Meti v Balangowda Bhimangowda* (1931) SCC OnLine Bom 15

¹⁶ Black, R. (1973). The tort liability of children under the laws of England and France. *The Comparative and International Law Journal of Southern Africa*, 6(3), 365-377. <http://www.jstor.org/stable/23242564>

typically applied. The fact that a minor cannot be held liable for anything that attempts to carry out his agreement must always be kept in mind. As a result, it is not conceivable to turn a contract into a tort and allow litigation against a minor. The fact that the contract is still in effect, however, does not relieve the minor of duty if the violation happened beyond the parameters of the agreement and was not directly connected to the transaction. The *Burnard v Haggi*¹⁷ case serves as an example of this idea. The case's specifics are as follows:

The detainee, who was a minor and a junior at the time, rented a horse and set out on a journey. He made it clear that he did not want the horse to leap. The child then gave his friend the horse, who made it jump, causing the boy to fall and sustain injuries.¹⁸ Since the act that hurt the horse was beyond the scope of the contract but had an implied relationship to it, the court decided that the defendant in this case was liable under tort law.

It is also important to emphasise the restitution doctrine, which is generally in the interest of the person who entered into the contract with the minor. According to this doctrine, if a child obtains a good or property through deception and the good or property is in his possession or traceable, the court may order the child to return the item to its rightful owner. The equitable theory of restitution is the premise that is being discussed in the aforementioned phrase. However, in some circumstances when the juvenile has sold or converted the property, he or she cannot be made to pay back the value because doing so would amount to indirect enforcement of the void contract. This approach will also not apply in cases where a minor has obtained money rather than property. This was proven in the *Leslie (R) Ltd. v Shell* case.¹⁹

CONCLUSION

The aforementioned facts and the court's decision highlight the necessity that, whenever a legal issue arises, the law must be consistently interpreted for both parties or mortgagee and mortgagor in the event of a minor. In terms of the court's decision, I find myself at odds with its logic and reasoning because, when the facts and circumstances of the famous case *Mohiri Bibee*

¹⁷ *Burnard v Haggis* [1863] 143 ER 360

¹⁸ *Ibid*

¹⁹ *Leslie (L) Ltd v Sheil* [1914] 3 KB 607

v Dharmodas Ghose²⁰ are taken into consideration, it does not immediately rule out the minors from being a party to a contract in any situation. Instead, the judgement lays forth specific guidelines for exceptions, including those that apply to inked contracts, agreements for essential items, and agreements that benefit the child, such as those relating to his education. The facts of the case show, using the same comparison that the execution of the executed contracts should be upheld, and the appellant must possess a claim to the specified parcel of land in issue by Section 4A²¹. Since the goods in both the landmark judgement and the case under discussion, which both deal with the minority and the necessary goods with contrasting judgements, are of a necessity in nature, some legal thinkers have viewed the judgement in this case as a step backward without properly analysing the facts.

²⁰ *Mohori Bibee v Dharmodas Ghose* (1902-03) 30 IA 114

²¹ Kerala Land Reforms Act 1963, s 4A