Chapter III - Sales of Immovable Property

Distinguish a contract for sale from conveyance and document all buyer, seller, encumbrance and completion obligations.

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Dedicated Finin2min Summary - Chapter in 2 Minutes

• Section 54: Sale defined; sale how made; contract for sale - convert every statutory limb into evidence-backed transaction controls.
• Section 55: Rights and liabilities of buyer and seller - convert every statutory limb into evidence-backed transaction controls.
• Section 56: Marshalling by subsequent purchaser - convert every statutory limb into evidence-backed transaction controls.
• Section 57: Court provision for incumbrances and sale free from them - convert every statutory limb into evidence-backed transaction controls.
• Distinguish a contract for sale from conveyance and document all buyer, seller, encumbrance and completion obligations.
• Apply the current official Act and transaction-date State stamp, registration, land, tenancy, RERA and procedural law.

Current statutory text / controlled source map

Section 54 - Sale defined; sale how made; contract for sale.
Section 55 - Rights and liabilities of buyer and seller.
Section 56 - Marshalling by subsequent purchaser.
Section 57 - Court provision for incumbrances and sale free from them.

Section-by-section provision map

Provision	Subject / status	Finin2min clause-by-clause decode and implementation
Section 54	Sale defined; sale how made; contract for sale *Operative subject to current official/State law*	A contract for sale does not itself create an interest or charge; ownership ordinarily passes through the statutorily required conveyance and registration route. **Implementation:** Record title and authority, transaction dates, consideration, possession, instrument form, stamp/registration status, notice, approvals and third-party claims. Obtain State-specific review before execution or enforcement. **Evidence:** Official source snapshot; title chain; encumbrance/litigation search; authority; executed instrument; valuation; payment and tax proof; possession/delivery record; notices; registration receipt.
Section 55	Rights and liabilities of buyer and seller *Operative subject to current official/State law*	Convert seller and buyer statutory duties into disclosure, title, possession, payment, public-charge, document and risk-allocation clauses. **Implementation:** Record title and authority, transaction dates, consideration, possession, instrument form, stamp/registration status, notice, approvals and third-party claims. Obtain State-specific review before execution or enforcement. **Evidence:** Official source snapshot; title chain; encumbrance/litigation search; authority; executed instrument; valuation; payment and tax proof; possession/delivery record; notices; registration receipt.
Section 56	Marshalling by subsequent purchaser *Operative subject to current official/State law*	Section 56 governs marshalling by subsequent purchaser. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the sale, conveyance and completion control framework. **Implementation:** Record title and authority, transaction dates, consideration, possession, instrument form, stamp/registration status, notice, approvals and third-party claims. Obtain State-specific review before execution or enforcement. **Evidence:** Official source snapshot; title chain; encumbrance/litigation search; authority; executed instrument; valuation; payment and tax proof; possession/delivery record; notices; registration receipt.
Section 57	Court provision for incumbrances and sale free from them *Operative subject to current official/State law*	Section 57 governs court provision for incumbrances and sale free from them. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the sale, conveyance and completion control framework. **Implementation:** Record title and authority, transaction dates, consideration, possession, instrument form, stamp/registration status, notice, approvals and third-party claims. Obtain State-specific review before execution or enforcement. **Evidence:** Official source snapshot; title chain; encumbrance/litigation search; authority; executed instrument; valuation; payment and tax proof; possession/delivery record; notices; registration receipt.

Finin2min implementation explanation

Classify the property interest, parties, authority, consideration, possession and intended legal result. Complete title, encumbrance, litigation and State-law diligence. Select the correct instrument, stamp, registration and perfection route. Block payment or possession until closing conditions and evidence are complete.

Practical examples and calculations

Scenario: A purchaser pays an advance under an agreement while title searches reveal an earlier charge and pending litigation. Closing must be blocked until authority, encumbrance release, litigation risk, stamp value and registration are resolved.

Calculation/control	Method	Evidence
Purchase price	Reconcile consideration, advance, retention, tax deductions, adjustments and closing balance.	Agreement, ledger, bank and tax proof
Stamp/registration	Apply State market value, rate, surcharge, registration fee and adjudication.	State schedule and valuation
Loss exposure	Separate refund, interest, direct loss, contractual damages, specific relief and mitigation.	Contract, notices and market evidence

Practical transaction application

1. Classify the transaction and every interest. 2. Complete title, authority, encumbrance, litigation, land-use and possession diligence. 3. Map the Act and State overlays to the instrument. 4. Reconcile consideration, taxes, possession and completion. 5. Preserve closing and enforcement evidence.

Authority, consent and execution controls

Confirm legal identity, capacity, title, board/partner/trustee/co-owner/lender consents, power-of-attorney scope, execution, attestation, witnessing and document custody.

Stamp duty and registration alerts

Apply current State instrument classification, market value, duty, surcharge, registration fee, adjudication and impounding rules. Registration does not cure defective title or prohibited transfer.

Evidence and document-retention checklist

Retain title chain, searches, authority, valuation, tax and KYC records, executed instrument, witness evidence, registration receipt, consideration, possession, originals handover and notices.

Performance, delivery and payment controls

Define conditions precedent, long-stop date, escrow/retention, possession condition, risk transfer, taxes, apportionments, originals handover and post-closing filings.

Breach, loss, mitigation and remedy framework

Separate invalidity, rescission, specific performance, injunction, possession, redemption, foreclosure/sale, damages, restitution and indemnity. Prove causation, market value and mitigation.

Limitation and forum controls

Select relief-specific limitation and forum: civil/Commercial Court, RERA, DRT/DRAT, NCLT, consumer, revenue or arbitration. Compute notice, cure, termination, appeal and enforcement clocks.

Arbitration and mediation interface

Assess arbitrability, rights in rem, statutory forums, third-party interests, interim protection, lis pendens, possession and limitation. Preserve source and evidence during settlement.

Company, partnership, GST and tax overlays

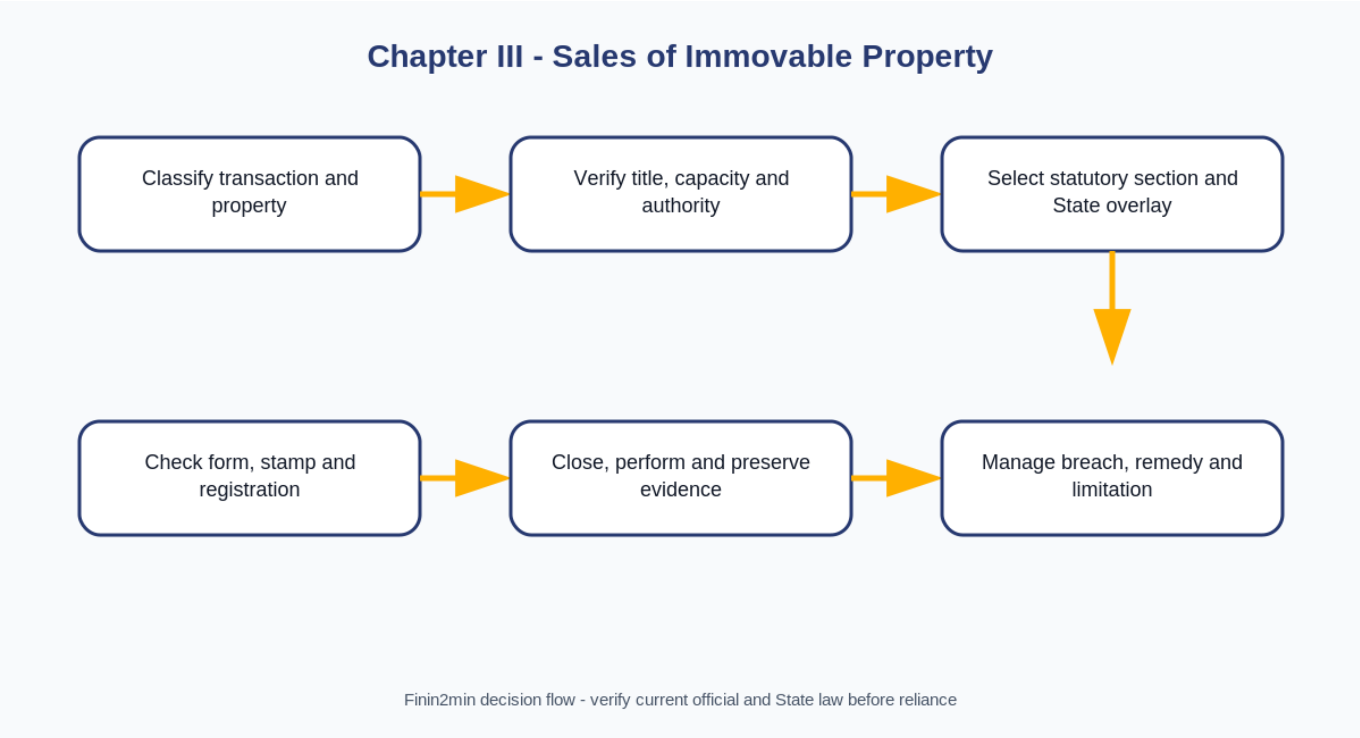
Apply entity authority, charges, RERA, GST, TDS, capital gains, valuation, FEMA, benami, PMLA/KYC, insolvency moratorium and secured-creditor priority.

Finin2min Q&A;

First classify the transaction and title. The common failure is execution or payment before State stamp/registration and third-party rights are verified. A contract does not always transfer title. Maintain a reproducible source, title, authority, closing and remedy file.

Chapter-specific decision flowchart

Classify transaction -> verify title/capacity -> select section and State overlay -> check form/stamp/registration -> close and preserve evidence -> manage breach, remedy and limitation.



Official source: https://www.indiacode.nic.in/bitstream/123456789/2338/1/A1882-04.pdf

Legal-use note: verify current official and State law and obtain matter-specific advice before execution, registration, enforcement or litigation.