

Chapter VIII - Actionable Claims

Document assignment, notice, debtor defences, warranties, security and statutory exclusions for actionable claims.

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Dedicated Finin2min Summary - Chapter in 2 Minutes

- Section 130: Transfer of actionable claim - convert every statutory limb into evidence-backed transaction controls.
- Section 130A: Repealed - convert every statutory limb into evidence-backed transaction controls.
- Section 131: Notice in writing and signed - convert every statutory limb into evidence-backed transaction controls.
- Section 132: Liability of transferee - convert every statutory limb into evidence-backed transaction controls.
- Document assignment, notice, debtor defences, warranties, security and statutory exclusions for actionable claims.
- Apply the current official Act and transaction-date State stamp, registration, land, tenancy, RERA and procedural law.

Current statutory text / controlled source map

Section 130 - Transfer of actionable claim.
Section 130A - Repealed.
Section 131 - Notice in writing and signed.
Section 132 - Liability of transferee.
Section 133 - Warranty of solvency.
Section 134 - Mortgaged debt.
Section 135 - Assignment of fire insurance rights.
Section 135A - Repealed.
Section 136 - Disqualification of court officers.
Section 137 - Saving of negotiable instruments and mercantile documents.

Section-by-section provision map

Provision	Subject / status	Finin2min clause-by-clause decode and implementation
Section 130	Transfer of actionable claim <i>Operative subject to current official/State law</i>	Assign an actionable claim through the prescribed written instrument, then manage notice, debtor defences, set-off, warranties and security release. 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Section 130A	Repealed <i>Repealed - historical map only</i>	Section 130A governs repealed. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 131	Notice in writing and signed <i>Operative subject to current official/State law</i>	Section 131 governs notice in writing and signed. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 132	Liability of transferee <i>Operative subject to current official/State law</i>	Section 132 governs liability of transferee. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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.

Provision	Subject / status	Finin2min clause-by-clause decode and implementation
Section 133	Warranty of solvency <i>Operative subject to current official/State law</i>	Section 133 governs warranty of solvency. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 134	Mortgaged debt <i>Operative subject to current official/State law</i>	Section 134 governs mortgaged debt. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 135	Assignment of fire insurance rights <i>Operative subject to current official/State law</i>	Section 135 governs assignment of fire insurance rights. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 135A	Repealed <i>Repealed - historical map only</i>	Section 135A governs repealed. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 136	Disqualification of court officers <i>Operative subject to current official/State law</i>	Section 136 governs disqualification of court officers. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 137	Saving of negotiable instruments and mercantile documents <i>Operative subject to current official/State law</i>	Section 137 governs saving of negotiable instruments and mercantile documents. Identify actor, property/right, transfer event, statutory conditions, exceptions, notice and legal consequence within the assignment and receivables 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 business assigns a receivable portfolio to a financier. The parties must define assigned claims, cut-off, notice, debtor defences, set-off, warranties, collections and tax/accounting treatment.

Calculation/control	Method	Evidence
Assigned balance	Reconcile invoice principal, credits, receipts, disputes and ageing at cut-off.	Debtor ledger and confirmations

Calculation/control	Method	Evidence
Consideration	Separate upfront price, holdback, recourse, servicing fee and contingent payment.	Assignment agreement and bank proof
Expected recovery	Model default, dilution, dispute, set-off and collection cost.	Historical ageing and legal review

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.

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Finin2min decision flow - verify current official and State law before reliance

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.