

Landmark Judgement

**Case Study: Chacko v. Mahadevan (2007) | Contract
Validity**



**CHACKO
VS
MAHADEVAN**

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Siya Jindal's case study of Chacko v. Mahadevan [AIR 2007 SC 2967] offers a careful evaluation of the relevant case law.

I. Legal Points

1. The Indian Contract Act's Section 12(b) states:

A contract with an inebriated person is null and invalid.

Ordinary or partial intoxication is insufficient justification to declare the contract null and void.

It must be demonstrated unequivocally that the party claiming intoxication as a reason to declare the contract null and void was completely inebriated at the time of the contract's signing, completely unable of making any kind of reasonable decision, and hence unable to provide legitimate consent.

2. The legal maxim Res Ipsa Loquitur, which means "things speak for themselves," was also applied in the ruling, shifting the burden of proof on the defendant.

II. The case's facts

Chacko, the complainant, possessed 20 cents of land (one acre is equal to 100 cents). Chacko sold one cent of this land for Rs. 18,000 by a sale deed dated 4.9.1982. With a sale deed dated 11.7.1983, Chacko then sold Mahadevan an additional three cents of same land for Rs. 1000.

Chacko and his wife, Annakutty, filed the lawsuit in an attempt to have the sale deed with Mahadevan dated 11.7.1983 declared void due to fraud. Additionally, they requested a prohibitory injunction that would prevent Mahadevan from accessing the land.

According to the plaint, Chacko was offered alcohol by Mahadevan, and the sale deed was signed while under the influence. It was therefore null and void. Mahadevan, the defendant, refuted the plaintiff's claims.[2]

III. Problem

Is the agreement between Chacko and Mahadevan enforceable?

IV. Verdict

According to the trial court, ownership to the aforementioned land fell to Mahadevan because Chacko and Annakutty had not demonstrated any vitiating circumstances to void the sale deed dated 11.7.1983 that was entered into with Mahadevan.

Chacko and Annakutty then appealed to the First Appellate Court. According to the First Appellate Court, the sale of one cent of land for Rs. 18000 in a sale deed dated 4.9.1982 and three cents of the same land for Rs. 1000 in a sale deed dated 11.7.1983 demonstrated that the transaction was unreasonable, and as a result, the sale deed dated 11.7.1983 was subject to being set aside and declared invalid.

Mahadevan filed a Second Appeal (to be heard by the High Court) after feeling wronged. According to Section 96 of the Civil Procedure Code (CPC), the appellate court may address factual issues in the First Appeal; however, in a Second Appeal filed under Section 100 of the CPC, the High Court may only address legal issues and cannot interfere with the First Appellate Court's factual conclusions.

After reviewing the First Appellate Court's ruling from June 29, 1988, the Supreme Court concluded that it was evident from the medical report that Chacko was not of sound mind when he signed the contract. He received treatment at **the Mental Hospital for Alcoholic Psychosis in Trichur from 11.8.1983 to 14.8.1983.**

This is a factual conclusion that the High Court in the Second Appeal could not have altered. Furthermore, it was determined from the facts that on 4.9.1982, one cent of the land was sold for Rs. 18000, but ten months later, three cents of the same land were sold for just Rs. 1000.

This supported the First Appellate Court's conclusion that Chacko was not of sound mind, at least when he signed the 11.7.1983 sale deed. Three cents of land should cost Rs. 54000 if one cent of land costs Rs. 18000.

According to the well-known Latin maxim "**Res ipsa loquitur,**" which means "**things speak for themselves,**" no rational person would sell property worth Rs. 54000 for Rs. 1000.

As a result, it was thought that Chacko sold the land through a sale deed dated 11.7.1983 when he was not of sound mind and that some fraud had been committed against him.

The sale deed dated 11.7.1983 was invalidated, the First Appellate Court's judgment of 29.6.1988 was restored, and the contested High Court judgment was set aside after the circumstances were taken into account.

A sale deed that was executed by deceiving the transferor, who was likewise mentally ill, was not specifically enforceable and could be invalidated.

V. Critical Evaluation

According to section 12(b) of the Indian Contract Act, 1872, the contract was null and void since the facts of the case demonstrated that Chacko was not of sound mind when he entered into it, making it impossible for him to fully comprehend it and give rational agreement.

The observation that the consent was not given with a conscious rational mind was reinforced by the application of the maxim **Res Ipsa Loquitur**. The amount at which the plaintiff agreed to sell the land to the defendant appeared to be highly irrational, as it was only 1/54th of what one would typically ask for.

A contract without consideration is null and void, according to **Section 25 of the Indian Contract Act of 1872**, but a contract that contains insufficient consideration is not null and void. However, inadequacies may be considered to determine whether or not the consent was given voluntarily.

However, the contract would have been enforceable in the identical instance if it had been demonstrated that the plaintiff was competent to engage into it.

The maxim is applied to the simple fact that there would not have been sufficient grounds for the contract to be set aside and declared void due to the unconscionable sum. In a similar vein, **if Chacko had only sold Mahadevan the land for Rs. 54,000**, the contract might have been enforceable because the transaction would have appeared to be entirely reasonable and, in terms of unsoundness of mind, it would have been noted that the plaintiff received treatment for alcoholic psychosis one month after signing the contract, so there would have been no hard evidence that he was intoxicated at the time of the transaction.