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**A DISQUISITION ON VESTED AND
CONTINGENT INTEREST UNDER THE
TRANSFER OF PROPERTY ACT, 1882**

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ABSTRACT

This article depicts the two significant kinds of interests under property law with certain landmark judicial precedents and illustrations. The scope for Vested and Contingent interests are specified from **sections 19-24 of the Transfer of Property Act, 1882**.

An estate that gives a present right to the future possession of the property is said to be “**Vested Interest**”. This interest does not provide a time limit and arises on the happening of a specified certain event. For example, ‘A’ writes a will that his house shall belong to his daughter ‘B’, with a condition that if his daughter marries ‘X’. As soon as ‘B’ marries ‘X’ ‘B’ becomes entitled the gifted house.

The interest which awaits or depends only upon the occurrence of a specified uncertain event is said to be “**Contingent Interest**”. This interest is transferable but non-heritable. For example, A legacy is bequeathed to ‘D’ in case A, B and C shall all die under the age of 18. D has a contingent interest in the legacy until A, B and C shall all die under 18, or one of them attains that age.

This article tries to connect with the **Indian Succession Act, 1925** and outlines certain exceptions, conditions, and the nature connected to both the interests arising upon properties when transferred between the parties in a transaction.

Based on real-life incidents and cases, this article would take the reader along through the spectacular facts and circumstances of each transaction indulging the transfer of property with its legal implications and effects.

Keywords: Transfer of property act, 1882; Indian Succession Act, 1925; Vested interest, Contingent interest

INTRODUCTION

A general transfer of interest flows from the transfer of property. Transfer of property takes place by an act of the parties or by operation of law like insolvency, forfeiture or sale in execution of a decree. The Transfer of Property Act, 1882 (TPA) relates to transfer by way of sale, lease, gift, exchange or mortgage. Sale, gift and exchange deals with *absolute title*, while the lease and mortgage convey *limited interest*. This transfer is *intervolves* i.e. between living persons only. Transfer of property also takes place under ‘*The Indian Succession Act, 1925*’ (TISA). It regulates *intestate* and *testamentary succession* i.e., when *testator* makes a will before his death for the disposition of his property or when he dies without making a will. A will comes into operation only on the death of the testator.

Transfer of property entails viz. transfer of **title, right and interest**. Interests are of varied kinds Vested, Contingent, Conditional (*Precedent and Subsequent*), Conditional limitation and Accelerated interests. Howbeit, this article elucidates both **vested and contingent interests**.

MEANINGS OF VESTED AND CONTINGENT INTEREST

VESTED	Bestows power, authority or property on some person.
CONTINGENT	Chance or existing or occurring as long as some situations are the case.

CONCEPT OF VESTED INTEREST

Section 19 of the Transfer of Property Act, 1882 states about Vested Interest. It is an interest that is created in favor of an individual where time isn’t specified or a condition of the happening of a specified certain event. The person having the vested interest doesn’t get possession of that

property (*Estate de Future*) but has the expectancy to receive it upon happening of a specified certain event.¹

Illustration- X, the parent of Y agrees to transfer an ancestral property in favor of Y after his death. The interest within the ancestral property in favor of Y depends on the condition of the death of his father X. Hence on the death of X, Y will have a vested interest within the ancestral property. The death of the individual that has this interest won't have any effect thereon interest as after the deceased, the interest will vest in his legal heirs. So, if B dies at the age of 21, then the interest vested in B will expire to the legal heirs of B which they are getting to be entitled to the property within the prescribed period.

Important aspects of a vested interest are given below:

1. **Interest should be vested:** The interest should be created in favor of an individual where time isn't specified on the happening of a specified certain event. Personnel should profess to transfer a selected property for this interest to be created. In *Narayana v. Subbaya*² it has been held that where person made a disposition of property in favor of his wife by means of a will and thus the desire as long because the son should get the property after performing the obsequies of the mother and no provision was made within the will for the enjoyment of the property just in the case the son should die before performing the obsequies it had been held that the son got a vested interest within the property.
2. **Right to enjoy property is postponed:** When interest is vested within an individual, he doesn't immediately get possession of that property and hence cannot enjoy that property. But any person who isn't a major and features a guardian is just entitled to the vested interest after he attains majority.
3. **Time of vesting:** The interest is vested right after the transfer is initiated. Nothing can stop the interest from vesting within the person in favor of whom the transfer is to be made.
4. **Contrary Intention:** The transferor can specify a certain time on when the interest is becoming to be vested within the one which can receive the property.

¹Transfer of Property Act, 1882; section 19

²A.I.R. 1929 Mad. 32

5. **Death of the transferee:** If the transferee dies before getting the property in his possession, the interest vested in him will now vest in his legal heirs which they are going to get the possession of that property once the condition is fulfilled.

In the case of *Lachman v. Baldeo*³, a person transferred a deed of gift in favor of another person but directed him that he won't get possession of that property until the transferor himself dies. The transferee will have a vested interest although his right of enjoyment is postponed.

CHARACTERISTICS OF VESTED INTEREST

- Vested interest creates a gift right that is in effect immediately, although the enjoyment is postponed to the time prescribed within the transfer. It doesn't entirely depend upon the condition because the condition involves a selected event.
- Death of transferee won't render the transfer invalid because the interest will expire on to his legal heirs.
- Vested interest could also be Transferable and heritable right.⁴

RIGHTS OF VESTED INTEREST

1. **Death of the transferee:** If the transferee dies before the enjoyment of property, the interest isn't defeated by the death and therefore right to enjoy the property is vested in the legal heirs of the transferee. In *Pearey Lal v/s Rameshwar Das*⁵ and *Sri Ram v/s Abdul Rahim Khan*,⁶ held that a vested interest is not even defeated by the death of the devisee before he obtains possession and his representatives are going to be entitled to its benefit. In *K. Subramaniam Chetti v/s T. Subramaniam Chelti*,⁷ the executor dies before the junior wife, it was held that the executor has vested interest within the property and thus their heirs were entitled to the property.

³(1919) 21 OC 312.

⁴Nishant Vimal, Understanding the concept of Vested and Contingent Interest, ipleaders, May 25 2019
<https://blog.iplayers.in/property-law-vested-contingent-interest/>

⁵AIR 1918 Mad 294

⁶AIR 1946 1 M.L.J.275

⁷AIR 1971 (Madras) 202.

2. **Right of a minor:** A minor can't have any vested interest until he attains majority, the property is within the Possession of the guardian.

3. **Right of an insolvent:** An insolvent can't have a vested interest within the property, In *Subbaraya Chettiar v. Papathi Ammal*,⁸ and *In Vijiaranga Naidu v. Ndrayanappa*⁹ it was held: After the passing of an order of adjudication and vesting of the insolvent property in the Official Receiver under S. 16, Act 3 of 1907, the insolvent is **ipso facto** divested of an equivalent and may haven't any vested interest within the property until after it is restored to him after administration.

4. **Right of an unborn child:** As stated under section 13 of transfer of property act states an interest created for the unborn child i.e. an individual who doesn't have existence and isn't counted to as a living person, transfer of property are often made with the subsequent essentials: -

- **No Direct Transfer:** Transfer of property can only be made through the mechanism of trust, an essential principle of property act, that every property must have an owner thus property is going to be without an owner until the kid is born.
- **Prior Interest:** - If there's no mechanism of trust, then the property is preceded by a previous interest created to a living person, after the kid is born, the interest in the property shifts from the living person to the child born.
- **Absolute Interest:** The whole property must be transferred within the favor of the unborn person, after the two possibilities given by Whit by Mitchell, it has been decided that a property needs to be absolute in interest and not a life estate. In *Girjesh Dutt v/s. Data din*,¹⁰ the court held that the gift for life to B was valid because B was a living person at the date of transfer but a gift in favor of B's daughter was void under **section 13 of the transfer of property act** because it was given only limited interest

⁸A.I.R. 1918 Mad. 294.

⁹A.I.R. 1946 Mad. 371

¹⁰Girjeshdutt v/s data din, AIR 1934 OUDH 35

she had not given absolute interest since this transfer was invalid the subsequent transfer depending on it also failed.

Section 20 of the Transfer of Property Act, 1882 - Section 20 of the Transfer of Property Act, 1882 states about vested interest to an unborn child. The interest within the property is going to be vested in him once he is born. The unborn child might not get the proper of enjoyment of the property immediately after having vested interest.¹¹ This section has to be read with Section 13 and section 14 of TPA. It postulates that where an interest is made for the advantages of an unborn child, the instant the kid is born, he takes a vested interest in it but only if a contrary intention does not appear from the language of the transfer. It signifies that the transferor is competent to specify the time of the vesting. In accordance with s. 14, the time of vesting can be only between the time of birth of the child and till he attains 18 years. If it is beyond 18 years, the transfer would be void as violative of s. 14. With reference to the enjoyment of the property, a child, on birth, can enjoy property through its parents and guardians but vesting of property would happen either neither at the time of the birth nor at any time subsequent to it, but before the attainment of eighteen years.¹² In *Pulibandla Venkata Subbanna and ors. V/s. Devasani Chinna Panayya*,¹³ it has been held that it's true that the vested remainder can't be created in perpetuity as engrafted in section 13 of the act but, when both wife and husband live and they shall have the advantages of the property for their life and therefore vested remainder to their unborn children, itself is void for the reason that vested remainder can't be created in perpetuity and thus it offends section 13 of the T.P.A. Another case would be *Raja Bajrang Bahadur Singh v/s Thakurdin Bhakhtrey Kuer*,¹⁴ the court had observed that no interest can be created in favor of an unborn person but when the gift is formed to a category or series of persons, a no. of whom are alive and few are nonexistent, it doesn't fail completely, it's valid with respect to the persons who exist at the time of testator's death and is invalid with respect to the rest.

¹¹Transfer of Property Act, 1882; section 20

¹²Rukhamanbhai V. Shivram, AIR 1981 SC 1881.

¹³AIR 1987 Andhra Pradesh

¹⁴AIR 1953 SC 7

Under the following circumstances, the vested interest remains vested in the transferee even though,

- When the enjoyment of the property is postponed.
- When a prior interest in the property is made.
- Income arising from the property is accumulated till the proper enjoyment of the property.
- When on the happening of a certain event, interest passes on to another person.

In *Sunder Bibi v. Rajendra*¹⁵, The court held that A would hold the property till his death and after his death the property would pass to B. The interest acquired by B within the said property is a vested interest. B would acquire vested interest because the death of A may be a condition that is a particular event, sure to happen.

Rajesh Kanta Roy vs Shrimati Sunita Debi¹⁶:-

Fact - One Ramani Kanta Roy executed a registered trust deed in respect of his properties. The eldest son Rajesh was appointed the only Trustee to carry the properties beneath the trust subject to sure power and obligation. Once his death, his 2 sons Rajesh and Ramendra got interest in the property. There was a clause within the official document that each of them was to urge interest within the properties assigned to every different happening of the 2 events -

- Discharge of all the debts per the schedule and death of the settler himself.
- The trust was to come back to associate endwise the death of the settler and therefore the sons were to urge properties assigned to them thereafter.

The issue before the court was *whether the interest created by the trust was vested or contingent?* A Supreme Court held that **the interest taken by the 2 brothers beneath the official document was unconditional and not contingent as a result of it absolutely was an explicit because it was an explicit event.** Vested interest relies upon fulfillment of a condition and takes impact from

¹⁵47 All. 496

¹⁶AIR1957, S.C.255

the date of the transfer. In vested interest, there is gift, immediate right albeit the enjoyment is deferred. A vested interest is polygenic and transferable. A contingent interest depends exclusively upon the fulfillment of the condition. In contingent interest there is no present right, there is a promise to provide a right upon the fulfilment of a condition. A contingent Interest is inalienable and non-transferable.

VESTED INTEREST AT A RISK TO GET DIPOSESSED

A vested interest could return to associate finish later if it's subject to a condition, that is to be performed or would happen beyond the transfer. These are distinct from contingent interests as in contingent transfers, whether or not the transfer would occur, can rely on the happening of associate unsure event until that event happens there is no transfer. However within the case of ensuant divesting of vested interests, the transfers occur initial, it's complete, however at a later time, the transferee is divested of the interest created in his favor. For e.g., a gift to 8, if he gets married before attaining 35 years could be contingent transfer, however a gift to B with a condition that it'll be confiscated if he remained unwed on the far side the age of thirty five years creates a vested interest in his favor and he would be divested of this interest if he remains unwed beyond the age of 35 years. Where, beneath the terms of a compromise, an individual took associate interest subject to a previous interest and additionally a condition that he should survive the prior receiver failing that his heirs would take the property per the rule of primogeniture, it absolutely was control that he took an unconditional interest at risk of being divested if he didn't survive."¹⁷

CONCEPT OF CONTINGENT INTEREST

Section 21 of the Transfer of Property Act 1882, contingent interest is once interest is formed in an exceedingly property in favor of an individual to whom such property is transferred, such interest lies on the happening of a fixed unsure event which can or might not take place.¹⁸ Therefore the transfer of associate interest in an exceedingly property relies on a contingent event. This

¹⁷Sundar Bibi V. Rajendra Narain, AIR 1925 All 389; Raja Lal Bahadur V. Rajendra Narain, AIR 1934 Oudh 454.

¹⁸Shashri Kantha V. Promode Chandra, AIR 1932 Cal 600.

interest within the property will become vested interest in favor of the person to whom it is transferred on the happening of the event or once the happening of the desired event fails or becomes not possible.¹⁹ The creation of interest of the person's right to enjoyment, possession in the property relies on happening of a condition which can or might not occur.²⁰

In the case of *Leake v. Robinson*,²¹ The court held that whenever a condition involves a souvenir that's to tend 'at' a selected age or 'upon attaining' a specific age or 'after' attaining this particular age, then it's derived that the transfer involves a contingent interest.

CHARACTERISTICS OF CONTINGENT INTEREST

There are three main characteristics of contingent interest which are as follows: -

- The interest in an exceedingly specific property transferred is going to be subject to a condition that is unsure i.e., it's going to or might not occur. Solely on fulfillment of such a condition can the contingent interest within the property become unconditional interest in the transferee?
- If the transferee dies before feat the interest within the property, the contingent interest can lapse and therefore transferor can stay the owner of the property.
- The contingent interest is transferred i.e., it's a transferable right. However, if the contingent interest is heritable and depends on the nature of the dealings.²²

Some necessary aspects of contingent interest are outlined below: -

1. **Interest:** In a transfer if a condition is such that the transfer can go solely upon the fulfillment of that condition, till then, interest in contingent.

¹⁹ China Reddy V. Keshanna, AIR 1954 Hyd 185.

²⁰Transfer of Property Act, 1882; section 21

²¹(1817) 2 Mer 363.

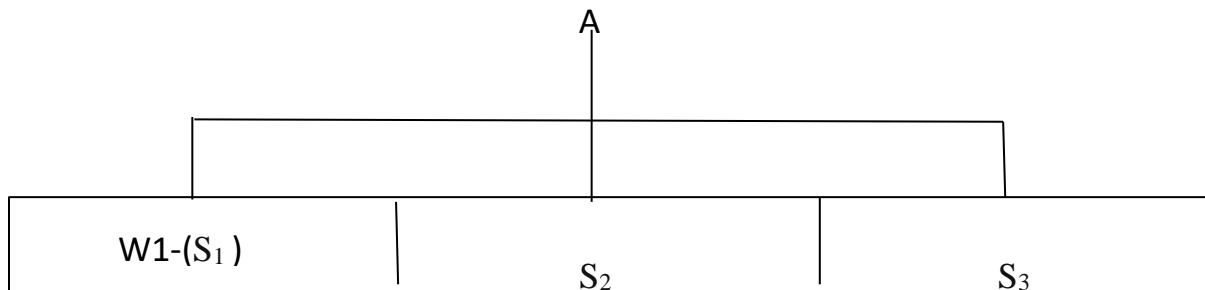
²²Nishant Vimal, Understanding the concept of Vested and Contingent Interest, ipleaders, May 25 2019
<https://blog.ipleaders.in/property-law-vested-contingent-interest/>

2. **Contingent Interest exists in wills:** Any legacy to a better half, son or female offspring can be a contingent interest if the condition provides so.

Exception: Section 120 of the Indian Successions Act, 1925 gives exception to s. 21 of the TPA, 1882 i.e., Once an individual who has an expectancy within the rights of possession of a specific property, and he for once until the happening of the event, gets any type of financial gain that arises from that property. This interest within the property doesn't return beneath the side of contingent interest. *Spes Successionis* arises here that is non- transferrable.

LANDMARK JUDGMENTS OUTLINING CONTINGENT INTEREST

In *Rajesh Kanta Roy v. Shanti Debi*²³, a trust was created by A for the payment of debts and the surplus was to be used for the good thing of A and his 2 sons. The trust was to return to an end with overall payment of debts and therefore death of the settlor, then the property was to vest within the 2 sons or to their legal heirs as the case. The trust deed additionally on condition that if any of the sons died before the trust came to a halt, his heirs would represent him and were to be entitled to the merits underneath the trust. So, the court held concerning the character of interest created in favor of the sons, whether or not it absolutely was vested or contingent.



In the instant situation, the widow of another son of A, (who had died before the creation of the trust) wished to execute the decree passed in her favor, against the interest that the sons had within

²³AIR 1957 SC255

the trust property. The decree might be dead against these interests on condition that the sons had an unconditional interest in it and not a contingent interest, as contingent interest's area unit non-attachable. The court control that the interest of the sons was unconditional interest, on whether or not the sons took a unconditional or a contingent interest would rely upon the intention of the settlor that was to be gathered from the language of the trust. The court noted that the interest that either of those was to urge within the properties assigned to every was expressed to be one that each would get when the trust involves a finish. The trust was to return to an endwise the happening of 2 events-

A. the discharge of all debts laid out in the schedules and

B. the death of the settlor himself.

Out of those 2 events that were such as, the death of the settlor was an exact event; however not with the discharge of debts. The court control that the interest of the sons was a unconditional interest and thus might be connected by the court and observed: "It seems to North American country fairly clear that the intention of the settlor is that as regards the interest of the son with relevance all the properties comprising in that, is unconditional within the title however restricted in enjoyment see you later because the settlor is alive and therefore the debts aren't discharged." In the case of *Kokilambal v. N Raman*²⁴, A settled properties that she had heritable from her husband, in favor of her husband's sister's son B. A was unfruitful and wished to adopt him. in step with terms of the settlement, the property was to be enjoyed by her and B throughout her period, and B was authorized to gather rents of the house, carry necessary repairs and additionally pay tax of identical to the relevant authorities. The remaining quantity was to be divided between her and B put together. She relinquished her individual right to alienate the property however the deed on condition that each of them had the proper to alienate identical put together, B died throughout A's period, whereat A revoked this settlement and dead a contemporary settlement in favor of her brother's female offspring D, and her husband DH. Meanwhile, B's brother as his legal heir instituted a suit claiming the property settled on B on the bottom that underneath the settlement, B had taken a unconditional interest within the property, and thus it devolved on his legal heir, i.e.,

²⁴Civil Appeal No.6994 of 1999

on him. Further, as A had, by herself, created a life interest within the settled property, she had no right to revoke the settlement and execute a contemporary one. The difficulty before the apex court was whether or not the character of interest created in B's favor was unconditional or contingent. If it absolutely was a unconditional interest then upon his death, it might be heritable by his brother and A would don't have any right to either revoke the sooner settlement or to execute a contemporary one. However, if the interest was contingent, and was to vest in him solely when the death of A, A preserved the proper to invoke the settlement and execute a contemporary one. each the judicature and therefore the state supreme court control that an unconditional right was created in favor of B, and thus A couldn't, later revoke the settlement and execute a contemporary one. The Supreme Court, however, control that as A had preserved some rights within the property herself, and had not utterly relinquished all her rights over it, it meant that no absolute possession was created in favor of B throughout her life. Therefore, not inherited and therefore the claim of B's brother was laid-off.

CONDITIONS FOR CONTINGENT INTEREST.

- **Transfer to a category of members reaching certain age-** Section 22 states that a contingent interest in a property is transferred to a class of persons on the condition that persons who have attained a particular age on a specified date will acquire an interest in the property. Such interest will only be transferred in favor of the people who satisfy the required condition.²⁵
- **Contingent transfer on happening of such an unsure event-** Section 23 states that when a transfer of an interest in a property is dependent on happening of an uncertain event and the time within which such an event is to take place is not specified. Such a contingent interest fails unless such an event takes place before or at the same time as the intermediate or previous interest ceases to exist.²⁶

²⁵Transfer of Property Act, 1882; section 22

²⁶Transfer of Property Act, 1882; section 23; Official Assignee V. Vedavalli, AIR 1926 Mad 936

Relation with Indian Succession Act, 1925 [S. 124]- Section 23 corresponds to section 124 of the Indian Succession Act, 1925, which provides as: **Inheritance contingent upon such unsure event, nothing mentioned for its prevalence**- Where a legacy is given if a such unsure event shall happen and no time is mentioned within the will for the happening of that event, the legacy cannot get effect, unless such event happens prior the period once the fund bequeathed is collectable or distributable.

Illustration- During a case before the Privy Council, a testator created a bequest under which he gave his property to both of his sons but with a condition that if any of the sons died without leaving a male issue, his interest would be taken by his survivor. One of the male issue died after 2 years of the death of the testator. The court held even though the gift was contingent, contingent upon the death of the male issue without a male issue, yet it was valid.²⁷

- **Transfer to such of bound persons as survive at some time not set down- Section 24** lays down the transfer of an interest in a property to such persons who are alive at the specified time,²⁸ but the exact period is not specified, the interest shall go to them as shall be alive when the intermediate or precedent interest ceases to exist, once a contrary intention appears from the terms of the transfer.

Section 125 of the Indian Succession Act, 1925- Section 24 corresponds with this section incorporating a rule of construction- unless a contrary intention seems from a testament, the time of survivorship is the time of payment or distribution. S. 125 states: **Bequest to such of certain persons as shall be surviving at some period not specified**- Where a bequest is formed to such of bound persons as shall be exist at some period; however the exact time isn't mentioned. The legacy shall go to such of them as are alive at the time of payment or distribution, unless a contrary intention appears by the will.

Illustration- Property is bequeathed to A for life and succeeding his death to B and C, or the survivor, with a direction that, if B mustn't survive the testator, his kids are to stand in his position.

²⁷Chunilal V. Bai Samarath, AIR 1930 PC 270

²⁸Transfer of Property Act, 1882; section 24

C dies in the life span of the testator; B survives the testator, however dies within the lifetime of A. The legacy goes to the representative of B.

DIFFERENCES BETWEEN VESTED AND CONTINGENT INTEREST

<u>BASIS OF DISTINCTION</u>	<u>VESTED INTEREST</u>	<u>CONTINGENT INTEREST</u>
Definition	Section 19 defines vested interest Where, on a transfer of property, an interest therein is created in favor of a person without specifying the time when it is to take effect, or in terms specifying that it is to take effect forthwith or on the happening of an event which must happen, such interest is vested, unless a contrary intention appears from the terms of the transfer.	Section 21 defines contingent interest Where, on a transfer of property, an interest therein is created in favor of a person to take effect only on the happening of a specified uncertain event, or if a specified uncertain event shall not happen, such person thereby acquires a contingent interest in the property. Such interest becomes unconditional interest, within the former, on the happening of the event, in the latter, when the happening of the event becomes not possible.
Fulfillment of conditions	Vested interest does not depend upon the fulfillment of any condition. It creates an immediate right through the	Contingent interest solely depends upon the fulfillment of any condition. If the condition is not fulfilled the

	enjoyment is postponed to a future date.	interest fails
Effects of Transferee's death	Vested interest isn't defeated by the death of Transferee before he obtains possession.	Contingent interest is defeated by the death of the transferee before he obtains possession.
Whether transferable or heritable?	It's both Transferable and heritable. If the transferee of the vested interest dies before actual possession or enjoyment it passes to his heirs ²⁹	It is Transferable but whether it is heritable, depends upon the nature of the condition. It passes not on heir on the death of the transferee received to transfer.
Current right of enjoyment	There is current, immediate right even when its enjoyment is postponed.	There is no present right of enjoyment; there is merely a promise for giving such a right.
Attachment of interests	Vested interest is connected by a decree of the court, i.e., a court decree can be executed against it.	A contingent interest isn't attachable because of the uncertainty involved. A contingent interest is distinguishable from a mere <i>spessuccessionis</i> . ³⁰

²⁹Rajes Kanta Roy V. Shanti Debi, AIR 1957 SC 255

³⁰Pestonjee Bhicajee V. PH Anderson, AIR 1939 PC 6.

In the case *Usha Subbarao v. BN Vishveswaraiah*³¹ the Supreme Court, observes that: “*interest is a unconditional interest once there is an direct right of present enjoyment or a present right for future enjoyment. An interest may be a contingent one once the proper right of enjoyment is dependent upon some condition that may or may not happen. The contingent interest becomes vested on fulfilment of the required condition.*”

It was more discovered that the solution to the question that whether or not the interest created is vested or contingent depends upon the intention that is to be gathered from the comprehensive view of the terms of the documents creating that interest.

In the case *Kokilambal v. N Raman*³² The Supreme Court held that ‘A’ had preserved some right within the property and there was no complete relinquishment of rights. Hence, it implies means that no absolute ownership of ‘B’ was created during her life. Hence, the rights created in favor of ‘B’ weren’t monogenic besides the claim of B’s heirs was laid-off.

The substance to be preferred to Form- Deciding whether a document creates a vested or a contingent interest the substance of the document is to be taken and assessed as a whole. The Apex Court in *Namburi Basava Subrahmanyam v. Alapati Hymavathi*,³³ observed:

“The recitals in the document as a whole and the intention of the executants and acknowledgment thereof by the parties are conclusive. The Court should find whether the document confers any interest in the property in praesenti so as to take effect intra vivos and whether an irrevocable interest thereby, is created in favor of the recipient under the document, intended to transfer the interest in the property only on the demise of the settlor. Those could be gathered from the recitals in the document as a whole.”

³¹(1996) 5 SCC 201

³²(2005) 11 SCC 234

³³AIR 1996 SC 2220; (1996) 9 SCC 388

CONCLUSION

The Transfer of Property Act, 1882 deals with two styles of interest that are vested interest and contingent interest. The ideas of vested interest and contingent interest are very vital to acknowledge as there are many provisions relating to these abstractions. The significant highlight of both interests is that the transfer of property involving Contingent interest gets effect only after the fulfilment of the condition; if it's unfulfilled then the transfer will not take effect. The conditions are required to be fulfilled and they have to inevitably comply with the rules of the preamble that talk about *justice, equity, and good conscience*, the three major principles of the natural law on which this whole act is based upon. In a transfer of property involving vested interest, the transfer is not invalidated if the condition specified isn't fulfilled. This article has explicitly depicted the basic meaning and interpretations of the sections involving the two concepts with the help of several illustrations. The author has tried to explain the two concepts by outlining all the aspects of both interests with respective statutory provisions. To conclude, this article has further briefed certain judicial pronouncements to make sure better footage over the concept in a more direct way to grasp the real implications of both vested and contingent interests.