



FACULTY OF JURIDICAL SCIENCES

COURSE: LL.B. 1st Semester

SUBJECT: Law of Property

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Lecture-28



How is a lease executed?

Section 107 states about lease how made. This section covers three aspects:

1. When there is a lease of Immovable property for a **term of 1 year** or more – This can only be made by a registered deed.
2. All other leases of Immovable property – Can be either made by a registered deed or an oral agreement or settlement along with the transfer of possession of that property.
3. When the lease is of multiple properties that require multiple deeds, it will be made by both the parties of the lease.

In the case of [*Punjab National Bank v. Ganga Narain Kapur*](#) AIR 1994 All 221., Court held that if the lease is done through an oral agreement, then the provisions of Section 106 will apply.

Distinctions between Lease and Licence:

1. A lease is a transfer of an interest in a specific immovable property, while licence is a bare permission, without any transfer of an interest.
2. A lease creates an interest in favour of the lessee with respect of the property, but a licence does not create such an interest.
3. A lease is both transferable and heritable, a sub tenancy can be created by the tenant and on the death of the tenant, the tenancy can be inherited by his/her legal heir, whereas, licence is neither transferable nor heritable.
4. A licence comes to an end with the death of either the grantor or the grantee, since it is a personal contract, but a lease does not come to an end on either the death of the grantor or grantee.
5. A licence can be withdrawn at any time at the pleasure of the grantor but the lease can come to an end only in accordance with the terms and condition stipulated in the

contract of tenancy agreement.

6. A lease is unaffected by the transfer of the property by sale in favour of a third party. It continues and the purchaser has to wait till the time period for which the tenancy was created is over before he can get the possession, whereas, in case of a licence, if the property is sold to a third party, it comes to an end immediately.

7. A lessee has a right to protect the possession in his own right. Whereas, a licensee cannot defend his possession in his own name as he does not have any proprietary right in the property.

8. A lessee in possession of the property is entitled to any improvements or accessions made to the property, while a licensee is not.

MCQ

1. Which section was amended by the Transfer of Property (Amendment) Act 2002?

- (a) Section 100
- (b) Section 106
- (c) Section 108
- (d) Section 1110

2. In the absence of a contract or local law or usage to contrary, a lease of immovable property manufacturing purposes shall be deemed to be

- (a) for 5 years
- (b) from year to year
- (c) from month to month
- (d) for a reasonable period,

3. A lease of immovable property from year to year is terminable, on the part of either lessor or lessee, by

- (a) One month
- (b) Six months for
- (c) Three months
- (d) Sixty days notice expiring with the end of a year of the tenancy

4. The lease of immovable property for more than one year or year to year is:

- (a) it is sufficient the notary verified
- (b) it is valid before the magistrate executed
- (c) it is affected by the agreement of the parties
- (d) it is made only by a registered instrument

5. A lease of immovable property from year to year, can be made by:

- (a) by oral agreement only
- (b) by oral agreement accompanied by delivery of possession only
- (c) either by a registered instrument or by oral agreement accompanied by delivery of possession
- (d) by a registered instrument only