

INDIAN TRUST ACT, 1882

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CERTAIN
OBLIGATIONS OF
THE NATURE OF
TRUST

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SECTION 80-96

- **Section 83-** Trust incapable of being of execution or being executed without exhausting trust property.
- **Section 84-** Transfer for illegal purposes
- **Section 85-** Bequest for illegal purposes.
- **Section 86-** Transfer pursuant to rescindable contract.
- **Section 87-** Debtor becoming creditor's representative
- **Section 88-** Advantages gained by Fiduciary.
- **Section 89-** Advantages exercised by Undue Influence
- **Section 90-** Advantages gained by Qualified owner.

Section 83-96

- **Section 91-** Property acquired by notice of existing contract.
- **Section 92-** Purchase by Person Contracting to Buy property held by Trust.
- **Section 93:** Advantages gained by one of the several compounding creditors.
- **Section 95:** Obligor's duties, liabilities and disabilities.
- **Section 96:** Saving of rights of bonafide purchasers.

Section 83-85

- **Section 83-** The section says:
 - Where trust has been created but it becomes incapable of execution as it fails to take effect or trust property is not exhausted Eg. Trust too vague to be executed or beneficiary renounces his interest in the trust or author of trust dies or beneficiary also dies.
 - In such a scenario, the trustee will continue to hold the trust of the author of the trust.
- **Section 84-** The section says:
 - Transfer is for illegal purpose or revocation is forcibly prevented
 - Permitting the transferee to hold the property would defeat the provision of law.
 - Transferee must hold the property for the benefit of transferor.
- **Section 85:** The section says:
 - Legatee inheriting must hold the property for benefit of testator's Legal Representatives even when the revocation of bequest is prevented by coercion;
 - The purpose of the trust is unlawful
 - During lifetime of the testator, legatee agrees to apply the property for unlawful purpose.

SECTION 86-88

- **Section 86:** The section says:
 - Where property is transferred in pursuance of contract which is liable to rescission, or induced by fraud or mistake,
 - The transferee must be served notice pursuant to which he should hold the property for the benefit of the transferor,
 - Subject to repayment by the transferee of the consideration actually paid.
- **Section 87:** The section says:
 - Where a debtor becomes the executor or other legal representative of his creditor
 - he must hold the debt for the benefit of the persons interested therein.
- **Section 88:** The section says:
 - Where a trustee, executor, partner, agent, director of a company, legal adviser, or other person bound in a fiduciary character to protect the interests of another person,
 - Where gains for himself a pecuniary advantage,
 - he must hold for the benefit of such other person the advantage so gained.

SECTION 89-90

- **Section 89:** The section says:
 - Where, by the exercise of undue influence, any advantage is gained in derogation of the interests of another,
 - the person gaining such advantage without consideration, or with notice that such influence has been exercised,
 - must hold the advantage for the benefit of the person whose interests have been so prejudiced.
 - **Section 90:** The section says
 - Qualified Owner: a tenant for life, co-owner, mortgagee, or other qualified owner of any property,
 - Act-by availing himself of his position as such, gains an advantage in derogation of the rights of the other persons interested in the property, or where any such owner, as representing all persons interested in such property, gains any advantage,
 - Law Says: he must hold, for the benefit of all persons interested, the advantage so gained, but subject to repayment by such persons of their due share of the expenses properly incurred, and to an indemnity by the same persons against liabilities properly contracted, in gaining such advantage.
- Illustrations

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SECTION 91-93

- **Section 91:** The section says:
 - Where a person acquires property with notice that another person has entered into an existing contract affecting that property, of which specific performance could be enforced,
 - the former must hold that property for the benefit of the latter to the extent necessary to give effect to the contract.
- **Section 92:** The section says
 - Where a person contracts to buy property to be held on trust for certain beneficiaries and buys the property accordingly
 - , he must hold the property for their benefit to the extent necessary to give effect to the contract
- **Section 93:** The section says:
 - Where creditors compound the debts due to them, and one of such creditors, by a secret arrangement with the debtor, gains an undue advantage over his co-creditors,
 - he must hold, for the benefit of such creditors, the advantage so gained

SECTION 95-96

- **Section 95:** The sections says:
 - The person holding property in accordance with any of the preceding sections of this Chapter must,
 - so far as may be, perform the same duties, and is subject, so far as may be, to the same liabilities and disabilities,
 - As if he were a trustee of the property for the person for whose benefit he holds it: Provided that
 - (a) where he rightfully cultivates the property or employs it in trade or business, he is entitled to reasonable remuneration for his trouble, skill and loss of time in such cultivation or employment; and
 - (b) where he holds the property by virtue of a contract with the person for whose benefit he holds it, or with any one through whom such person claims, he may, without the permission of the Court, buy or become lessee or mortgagee of the property or any part thereof.
- **Section 96:** Nothing contained in this Chapter shall impair the rights of transferees in good faith for consideration, or create an obligation in evasion of any law for the time being in force.

THANK YOU

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