

under "verumpattom." As pointed out in *Achuta v. Kali*(1), the right to receive such compensation becomes perfected only at the time of eviction, and subject to the customary incidents attending to the tenure. Consequently the right of the landlord to set off against the value of the improvements any rent due to him under the lease must prevail against any alienation made by the tenant of his right to compensation when it is in an inchoate state.

The second appeal therefore fails, and it is dismissed with costs.

ERESSA
MENON
v.
SHAMU
* PATTER.

APPELLATE CIVIL.

Before Mr. Justice Subramania Ayyar and Mr. Justice Benson.

PERIANNA GOUNDAN (PLAINTIFF), APPELLANT,

1897.
August 23.

v.

MUTHUVIRA GOUNDAN AND ANOTHER (DEFENDANTS),
RESPONDENTS.*

Limitation Act—Act XV of 1877, sched. II, art. 132—Suit on a hypothecation bond, dated 1876, to secure money payable on demand.

In a suit to recover principal and interest due on a hypothecation bond executed before the Transfer of Property Act was passed to secure a loan payable on demand, it appeared that the plaint was filed more than twelve years after the date of the document sued on :

Held, that the suit was governed by Limitation Act, schedule II, article 132, and that an actual demand was not necessary to establish a starting point for limitation and that the suit was barred by limitation.

SECOND APPEAL against the decree of D. Broadfoot, Acting District Judge of Trichinopoly, in Appeal Suit No. 4 of 1895, affirming the decree of G. Narasimhalu Naidu, District Munsif of Kulitalai, in Original Suit No. 513 of 1893.

Suit to recover principal and interest due on a hypothecation bond, dated 15th August 1876, and executed by defendant No. 1 in favour of the predecessor in title of the plaintiff to secure together with interest Rs. 80 payable on demand. The District Munsif held that the suit was barred by limitation and passed a decree for the defendants, which was affirmed on appeal by the District Judge.

(1) I.L.R., 7 Mad., 545.

* Second Appeal No. 1525 of 1896.

PEBYANNA
GOUNDAN
*
MUTHUVIRA
GOUNDAN.

The plaintiff preferred this second appeal.

Sundara Ayyar for appellant.

Krishnamachariar for respondent.

JUDGMENT.—There can be no doubt but that, under the general law, money lent, payable on demand, is due from the date of the loan; in other words, there is a cause of action on the date of the loan.

This being so, we must hold that, in a suit brought to enforce payment of money so lent, the money must be taken to have become due, within the meaning of the column 3 of article 132 of schedule II of the Limitation Act, on the date of the loan. To hold otherwise would lead to an anomaly for which there is no justification. If it was intended that money lent on the security of immovable property though payable on demand, should not be subject to the general rule as to money lent and payable on demand (article 59), the language of the third column of article 132 would have been so framed as to make this clear.

We cannot therefore accept the appellant's contention that, in a case like the present, an actual demand is necessary in order to establish a starting point for limitation under article 132.

According to the decisions of this Court, article 132—not article 147—is applicable to the present case, the instrument being admittedly one executed prior to the Transfer of Property Act. Whether it might be different if the instrument had been executed after the Transfer of Property Act came into force, we need not now decide.

The appellant's suit was therefore barred and was rightly dismissed.

We dismiss this second appeal with costs.
