



SPECIFIC PERFORMANCE OF CONTRACTS: JUDICIAL TRENDS AND CHALLENGES

INTRODUCTION

The concept of specific performance is a cornerstone of contract law, ensuring that parties to a contract fulfill their obligations as agreed upon. In India, the Specific Relief Act, 1963, governs the remedy of specific performance, which is an equitable remedy granted by courts to enforce the execution of a contract according to its terms. This article delves into the judicial trends and challenges surrounding specific performance, focusing on Section 10 of the Specific Relief Act, recent Supreme Court judgments, challenges in enforcement, and the balance between contractual obligations and equitable remedies.

A. ANALYSIS OF SECTION 10 OF THE SPECIFIC RELIEF ACT, 1963

Section 10 of the Specific Relief Act, 1963, lays down the circumstances under which specific performance of a contract can be enforced. It states that specific performance can be granted when there exists no standard for ascertaining the actual damage caused by the non-performance of the contract or when compensation in money would not provide adequate relief.

KEY ELEMENTS OF SECTION 10:-

1. **Nature of the Contract:-** Specific performance is typically granted for contracts involving unique or immovable property, where monetary compensation would be insufficient. For instance, in cases involving the sale of land, each piece of land is considered unique, and monetary damages may not suffice to compensate the aggrieved party. The uniqueness of the subject matter is a critical factor in determining whether specific performance is appropriate.
2. **Discretion of the Court:-** The grant of specific performance is discretionary and not a matter of right. Courts consider factors such as the conduct of the parties, the feasibility of enforcement, and the balance of convenience. The court's discretion ensures that the remedy is granted only when it is just and equitable. For example, if a party has acted fraudulently or has not come to the court with clean hands, the court may refuse to grant specific performance.
3. **Mutuality:-** Both parties must be equally entitled to seek specific performance. If one party cannot enforce the contract, the other party may also be barred from doing so. This principle ensures fairness and prevents one-sided enforcement of contracts. For instance, if a contract

is voidable at the option of one party, the other party cannot seek specific performance.

Section 10 emphasizes the equitable nature of specific performance, ensuring that it is granted only when it is just and reasonable. The provision has been interpreted by courts to balance the interests of justice and contractual obligations. The courts have consistently held that specific performance is not an automatic remedy and is subject to judicial discretion, taking into account the facts and circumstances of each case.

B. LANDMARK JUDGMENTS

The Supreme Court of India has played a pivotal role in shaping the jurisprudence around specific performance. Recent judgments have clarified the scope and applicability of this remedy.

1. K. NANJAPPA V. R.A. HAMEED, (2016) 1 SCC 762

The Hon'ble Supreme Court reiterated that specific performance is not an automatic remedy and is subject to judicial discretion. The Court emphasized that the plaintiff must come with clean hands and demonstrate readiness and willingness to perform their part of the contract. In this case, the Court denied specific performance because the plaintiff had failed to prove his readiness and willingness to perform his obligations under the contract. This judgment underscores the importance of the plaintiff's conduct in seeking specific performance.

2. Saradamani Kandappan vs. S. Rajalakshmi, (2011) 12 SCC 18

This landmark judgment highlighted the importance of timely performance in contracts involving immovable property. The Court held that delays in seeking specific performance could lead to the denial of the remedy, especially if the delay prejudices the other party. The Court observed that in cases involving immovable property, time is often of the essence, and delays can lead to changes in circumstances that make specific performance inequitable. This judgment has had a significant impact on the way courts approach delays in specific performance cases.

3. B. Vijaya Bharathi v. P. Savitri, (2018) 13 SCC 761

The Court clarified that specific performance can be granted even in cases where the contract is not registered, provided that the terms are clear and unambiguous. The Court held that the absence of registration does not necessarily bar specific performance if the contract is otherwise valid and enforceable. This judgment has provided clarity on the role of registration in specific performance cases and has reinforced the principle that courts should focus on the substance of the contract rather than technicalities.

4. Nirmala Anand v. Advent Corporation (P) Ltd., (2002) 5 SCC 481

The Supreme Court held that specific performance is a

discretionary remedy, and courts must consider the conduct of the parties and the feasibility of enforcement. The Court emphasized that specific performance should not be granted if it would cause undue hardship to the defendant or if it is not feasible to enforce the contract. This judgment highlights the importance of balancing the interests of the parties and ensuring that specific performance is granted only when it is practical and equitable.

These judgments underscore the judiciary's approach to specific performance as a remedy of last resort, granted only when it is equitable and practical. The Supreme Court has consistently emphasized the discretionary nature of specific performance and the need for courts to consider the facts and circumstances of each case.

C. Challenges in Enforcing Specific Performance in Commercial Disputes

While specific performance is a powerful remedy, its enforcement in commercial disputes poses several challenges:-

1. Complexity of Commercial Contracts:-

Commercial contracts often involve intricate terms and conditions, making it difficult for courts to enforce specific performance without rewriting the contract. For example, in cases involving long-term supply agreements or joint ventures, the terms of the contract

may be too complex for courts to enforce effectively. This complexity can make specific performance an impractical remedy in commercial disputes.

2. Delay in Judicial Process:-

The protracted nature of litigation in India often renders specific performance ineffective, as the subject matter of the contract may lose its value or relevance over time. For instance, in cases involving the sale of goods or services, delays in litigation can lead to changes in market conditions that make specific performance unfeasible. The slow pace of the judicial process is a significant barrier to the effective enforcement of specific performance.

3. Feasibility of Enforcement:-

In cases involving personal services or ongoing business relationships, enforcing specific performance may be impractical or counterproductive. For example, if a contract involves the performance of personal services, such as employment contracts, enforcing specific performance may not be feasible due to the personal nature of the services. Similarly, in cases involving ongoing business relationships, enforcing specific performance may lead to further disputes and conflicts.

4. Burden on Courts:

Granting specific performance requires continuous supervision by the court, which can be burdensome and time-consuming. For example,

in cases involving construction contracts, the court may need to oversee the completion of the project to ensure that the terms of the contract are fulfilled. This level of supervision can place a significant burden on the court and may not be practical in all cases.

5. Globalization and Cross-Border Contracts:-

With the rise of international commercial transactions, enforcing specific performance across jurisdictions becomes challenging due to conflicting laws and enforcement mechanisms. For example, in cases involving cross-border contracts, the enforcement of specific performance may require the cooperation of courts in different jurisdictions, which can be difficult to achieve. This challenge is particularly relevant in the context of globalization, where commercial transactions often involve parties from different countries.

D. Balancing Contractual Obligations and Equitable Remedies

The remedy of specific performance lies at the intersection of contractual obligations and equitable principles. Courts must strike a delicate balance between enforcing contractual terms and ensuring fairness.

1. Equitable Discretion

Courts exercise discretion to ensure that specific performance is granted only when it is just and equitable. Factors such as the conduct of the parties, the nature of the contract, and

the feasibility of enforcement are considered. For example, if a party has acted in bad faith or has not fulfilled their obligations under the contract, the court may refuse to grant specific performance. This discretionary approach ensures that the remedy is granted only when it is fair and reasonable.

2. Alternative Remedies

In cases where specific performance is impractical, courts may award damages or other compensatory remedies. This ensures that the aggrieved party is not left without recourse. For example, in cases involving the sale of goods, if specific performance is not feasible, the court may award damages to compensate the aggrieved party for their loss. This approach allows the court to provide a remedy that is practical and effective in the circumstances.

3. Doctrine of Laches

The principle of laches (unreasonable delay) plays a crucial role in denying specific performance. Courts often refuse to grant the remedy if the plaintiff has delayed seeking relief, causing prejudice to the defendant. For example, if a plaintiff delays in filing a suit for specific performance, and during that time, the defendant has made significant investments or changes to the subject matter of the contract, the Court may refuse to grant specific performance. This principle ensures that parties act promptly in seeking relief and prevents undue prejudice to the defendant.

4. Reformation of Contracts

In some cases, courts may reform the contract to make specific performance feasible, ensuring that the remedy aligns with the parties' original intent. For example, if a contract contains terms that are unclear or ambiguous, the court may reform the contract to clarify the terms and make specific performance possible. This approach allows the court to enforce the contract in a way that is consistent with the parties' intentions and ensures that the remedy is effective.

5. CONCLUSION

Specific performance remains a vital remedy in Indian contract law, ensuring that parties fulfill their contractual obligations. However, its enforcement is fraught with challenges, particularly in the context of commercial disputes. The judiciary's approach, as reflected in recent Supreme Court judgments, emphasizes the equitable nature of the remedy and the need for careful consideration of the facts and circumstances of each case. As commercial transactions become increasingly complex, there is a growing need for reforms to streamline the enforcement of specific performance and address the challenges posed by delays and feasibility.

By balancing contractual obligations with equitable principles, courts can ensure that specific performance continues to serve as an effective remedy while upholding the interests of justice.

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CONTACT US

UTKRISHTHA LAW OFFICES
Advocates & Solicitors



Address:- 29, Kailash Hills, NewDelhi

Email:- contact@utkrishthalaw.com

Phone:-8750021607, 9999309222

[Website:www.utkrishthalaw.com](http://www.utkrishthalaw.com)

KEY CONTACTS

Shubham Jain, Managing Partner & Advocate on Record, Supreme Court of India

Email:-

ShubhamJain@Utkrishthalaw.com

Phone:- +91-8750021607

Himanshu Dhawan, Founding Partner & Advocate, Supreme Court of India

Email:-

HimanshuDhawan@Utkrishthalaw.com

Phone:+91-9999309222