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Transforming Contractual Enforcement in India: A Critical Analysis of the Specific Relief (Amendment) Act, 2018 and Katta Sujatha Reddy v. Siddamsetty Infra Projects Pvt. Ltd.

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ABSTRACT

The Specific Relief (Amendment) Act, 2018 reformed the law governing contractual enforcement in India by transforming specific performance from a discretionary, equitable remedy into a statutory entitlement, introducing substituted performance, restricting injunctions that obstruct infrastructure projects, and emphasising the expeditious disposal of contractual disputes. This paper examines the amendment and the litigation in Katta Sujatha Reddy v. Siddamsetty Infra Projects Pvt. Ltd., in which the Supreme Court, in 2022, held that the substituted provisions are prospective and do not apply to transactions predating their commencement on 1 October 2018. The paper traces the subsequent course of that litigation: on 8 November 2024 the Supreme Court reviewed and recalled the 2022 judgment for errors going to the root of its reasoning on limitation and specific performance, and restored the High Court's decree of specific performance in favour of the purchaser. Because the review did not expressly revisit the question whether the amendment operates prospectively or retrospectively, the proposition for which the 2022 judgment is best known now occupies an uncertain position, even as later benches have continued to rely on it. This paper argues that the amendment is a progressive step towards contractual certainty, but that the Katta Sujatha Reddy litigation illustrates both the doctrinal difficulty of the substantive-versus-procedural characterisation and the practical importance of disciplined appellate reasoning, and that the gains of the amendment ultimately depend on effective procedural implementation.

Keywords: *Specific Relief Act, substituted performance, specific performance, prospective operation, review jurisdiction, contractual enforcement.*

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I. THE SPECIFIC RELIEF (AMENDMENT) ACT, 2018: AN OVERVIEW

The Specific Relief Act, 1963 governed remedies relating to civil and contractual rights in India.¹ Under that Act, the specific performance of a contract was treated as an equitable and discretionary remedy: the courts had a wide discretion to refuse specific performance and instead to award damages, and Sections 10 and 20 of the unamended Act determined whether specific performance should be granted. The result was that even a party with a valid and subsisting contract could be left to a remedy in damages, which often failed to reflect the value of actual performance, particularly in transactions concerning immovable property and infrastructure.

The growth of infrastructural development, persistent concern about delay in the performance of contracts, and the expansion of commercial transactions became the principal reasons behind the legislative reform. The Specific Relief (Amendment) Act, 2018 was enacted to increase investor confidence, to ensure contractual certainty, to reduce delay in commercial contracts, and to improve the ease of doing business.² In substance, the amendment shifted Indian contract law from the premise that compensation is ordinarily a sufficient substitute for performance to the premise that a promise should normally be performed as agreed.

The foremost change effected by the amendment was the transformation of specific performance into the general rule. Before the amendment, the courts could, in the exercise of their discretion, refuse specific performance even where the contract was valid; the amended Section 10 makes specific performance enforceable subject to the statutory limitations in Sections 11(2), 14, and 16, thereby converting a discretionary remedy into a statutory entitlement that does not turn on the adequacy of damages.

A further reform was the introduction of substituted performance under Section 20, which allows an aggrieved party to have the contract performed through a third party and to recover the expense from the defaulting party.³ By way of illustration, where a contractor fails to complete the construction of a road, the affected party may have the work completed by another contractor and recover the cost from the original contractor. The amendment also restricts the grant of injunctions that would impede the progress or completion of infrastructure projects,

¹ The Specific Relief Act, 1963, No. 47, Acts of Parliament, 1963 (India) [hereinafter the 1963 Act]; *see id.* §§ 10, 20 (the provisions, as originally enacted, governing the grant of specific performance).

² The Specific Relief (Amendment) Act, 2018, No. 18, Acts of Parliament, 2018 (India) [hereinafter the 2018 Amendment]. The amended provisions came into force on 1 October 2018.

³ The 1963 Act § 20, as substituted by the 2018 Amendment (introducing substituted performance, by which an aggrieved party may have the contract performed through a third party and recover the cost from the defaulting party).

and it provides for the expeditious disposal of suits so as to reduce delay. Taken together, these measures were intended to make performance, rather than compensation, the ordinary consequence of a binding contract.

The reform is not free from criticism. Reducing judicial discretion may, in extraordinary cases, produce outcomes that a court applying equitable considerations would have avoided, and rigidity can diminish the practical justice available where performance has become genuinely inequitable. It is also argued that statutory timelines cannot, by themselves, deliver speedy justice without corresponding institutional investment, since delay in the disposal of suits persists irrespective of the text of the statute. Nonetheless, the amendment promotes legal certainty, strengthens the sanctity of contracts, and improves investor confidence, and it brings Indian law closer to the position in several comparable commercial jurisdictions.

II. CASE COMMENT: *KATTA SUJATHA REDDY V. SIDDAMSETTY INFRA PROJECTS PVT. LTD.*

A. Introduction

The application of the 2018 Amendment to contracts and suits predating its commencement was tested in *Katta Sujatha Reddy v. Siddamsetty Infra Projects Pvt. Ltd.*, in which a three-judge bench of the Supreme Court, in August 2022, held that the substituted provisions operate prospectively and cannot apply to transactions that took place before 1 October 2018.⁴ The decision was widely cited as having settled the prospective-or-retrospective debate. The litigation did not, however, end there: on 8 November 2024 the Supreme Court, exercising its review jurisdiction, recalled the 2022 judgment and restored the decree of the High Court. This comment examines both stages of the litigation and the present, unsettled state of the law that they leave behind.

B. Facts and Procedural History

The dispute arose from two agreements to sell executed in March 1997, by which the vendors, Smt. Katta Sujatha Reddy and Smt. Kamireddy Geetha Reddy (among others), agreed to convey parcels of land in Telangana to the purchaser, Siddamsetty Infra Projects Pvt. Ltd. The purchaser paid part of the consideration as an advance, but the balance was not paid within the stipulated time, and the sale was not completed. After issuing legal notices that produced no result, the purchaser filed a suit for specific performance.

⁴ *Katta Sujatha Reddy v. Siddamsetty Infra Projects Pvt. Ltd.*, (2023) 1 S.C.C. 355 (India) [hereinafter the 2022 Judgment].

The trial court dismissed the suit, both on the ground of limitation and on the merits.⁵ In appeal, the High Court for the State of Telangana, by its judgment dated 23 April 2021, reversed the trial court and decreed specific performance in favour of the purchaser, holding (among other things) that the 2018 Amendment operated retrospectively. The vendors then appealed to the Supreme Court. Because the agreements and the suit long predated the 2018 Amendment, the appeal squarely raised the question whether the amended provisions could govern the dispute.

C. Issues Before the Court

The principal issues before the Supreme Court were the following:

- (1) whether the provisions of the 2018 Amendment are prospective or retrospective in operation;
- (2) whether, in suits instituted before the amendment, the court retained its discretion to refuse specific performance; and
- (3) whether, on the facts, the purchaser was entitled to specific performance, having regard to limitation and to its readiness and willingness to perform the contract.

D. The 2022 Judgment

The Supreme Court held that the 2018 Amendment is prospective. Reasoning that an amendment effected by substitution ordinarily replaces the earlier provision from the inception of the enactment, the Court observed that this ordinary rule does not apply where the substituted provisions create new rights or obligations or take away vested rights; in that event the substitution cannot be presumed to operate retrospectively. Because the amended Section 10 converted a discretionary remedy into a statutory entitlement, altering substantive rights rather than merely regulating procedure,⁶ the Court concluded that it could not apply to transactions predating 1 October 2018. Applying that conclusion, together with its analysis of limitation and of the purchaser's readiness and willingness to perform, the Court allowed the vendors' appeal and set aside the High Court's decree of specific performance.

E. The Review and Recall (2024)

The purchaser sought review of the 2022 judgment. On 8 November 2024 the Supreme Court allowed the review petition, holding that the 2022 judgment was vitiated by errors apparent on the face of the record that went to the root of its reasoning on both limitation and specific

⁵ The Limitation Act, 1963, No. 36, Acts of Parliament, 1963, sch., art. 54 (India) (prescribing a three-year limitation period for suits for specific performance, running from the date fixed for performance or, where none is fixed, from when the plaintiff has notice that performance is refused).

⁶ The 1963 Act § 10, as substituted by the 2018 Amendment.

performance.⁷ The Court accordingly recalled the 2022 judgment and restored the High Court's decree of specific performance in favour of the purchaser. Significantly, in doing so the Court did not return an express finding on whether the amended provisions apply to suits instituted before the amendment; it proceeded on the footing that the grant of specific performance had remained discretionary for such suits, and decided the matter on that basis. The prospective-or-retrospective question that the 2022 judgment had appeared to settle was therefore left without a fresh, authoritative ruling.

III. SIGNIFICANCE AND ANALYSIS

The course of this litigation carries two lessons. The first concerns the doctrinal difficulty at the heart of the dispute. Whether the 2018 Amendment is substantive or procedural is not merely a question of labels: it determines whether parties who contracted before October 2018 may claim the benefit of, or be subjected to, a remedy that did not exist in the same form when they bargained. Treating the conversion of specific performance into a statutory entitlement as a change to substantive rights, as the 2022 judgment did, protects the expectations of parties who ordered their affairs under the older, discretionary regime. The competing view, taken by the High Court, treats the reform as essentially remedial and procedural and therefore applicable to pending matters. The persistence of this disagreement across the trial court, the High Court, and two stages of proceedings in the Supreme Court shows that the characterisation is genuinely contestable and not yet conclusively resolved.

The second lesson concerns the status of the prospectivity holding itself. Because the recall rested on errors in the reasoning on limitation and specific performance, and not on a reconsideration of prospectivity, the 2022 judgment has been technically displaced even though the question it is famous for answering was not revisited. The result is an unsettled position: the recalled judgment can no longer be treated as binding authority in its own right, yet later benches have continued to refer to its prospectivity reasoning, and the review did not hold that the amended provisions govern suits instituted before the amendment. Until a subsequent bench addresses the point directly, the prudent course is to treat the prospective operation of the 2018 Amendment as the prevailing but not conclusively settled position, and to cite the 2022 judgment with an express acknowledgement of its recall.

A further, practical observation follows from the litigation's long history. A dispute arising from agreements of 1997 was still being decided, through review, in 2024. Whatever the merits of

⁷ *M/s Siddamsetty Infra Projects Pvt. Ltd. v. Katta Sujatha Reddy*, 2024 INSC 861 (India) (8 November 2024) [hereinafter the Review Judgment]; reported as 2024 SCC OnLine SC 3214.

converting specific performance into a statutory entitlement, the objective of contractual certainty and timely enforcement that the amendment pursues cannot be achieved by substantive reform alone; it depends on the institutional capacity to decide such disputes within a reasonable time.

IV. CONCLUSION

The Specific Relief (Amendment) Act, 2018 is a significant and, on balance, progressive reform that places performance at the centre of contractual enforcement and aligns Indian law more closely with contemporary commercial expectations. The *Katta Sujatha Reddy* litigation, however, is a cautionary study rather than a settled precedent. The 2022 judgment's holding that the amendment is prospective was influential, but the judgment was recalled on review in 2024 for errors going to the root of its reasoning on limitation and specific performance, and the High Court's decree of specific performance was restored. Because the review left the prospective-or-retrospective question without an express ruling, the law on the temporal application of the amendment remains to be conclusively settled. The episode underscores both the doctrinal difficulty of characterising the amendment and the continuing importance, for the reform's success, of disciplined judicial reasoning and adequate institutional support.

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