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1.HIGH COURT CANNOT EXERCISE ARTICLE 227 POWERS WHEN SPECIFIC REMEDY EXISTS UNDER ORDER VII RULE 11 OF CPC; SUPERINTENDENCE IS NOT AN ALTERNATIVE TO STATUTORY PROCEDURES: SUPREME COURT [FEBRUARY 3, 2026] [1]

Introduction

In the case of *P. Suresh v. D. Kalaivani and Others*, the Supreme Court of India addressed whether a High Court can entertain a petition under Article 227 of the Constitution (power of superintendence) to strike off a plaint when a specific remedy exists under the Code of Civil Procedure (CPC). The Court examined the boundary between constitutional supervision and statutory legal procedures, emphasizing that the High Court's extraordinary powers should not be used to bypass the "self-imposed discipline" of exhausting alternative statutory remedies.

Facts

The dispute involved a civil suit (O.S. No. 177 of 2021) filed by the respondents before a District Judge for the partition of properties and a declaration that certain settlement deeds were null and void. The appellant, who was the first defendant in that suit, did not file an application for rejection of the plaint under Order VII Rule 11 of the CPC before the Trial Court.

Instead, the appellant approached the Madras High Court by filing a Civil Revision Petition under Article 227 of the Constitution, seeking to "strike off" the plaint entirely on the grounds that it was an abuse of the process of law. The High Court entertained the petition and ultimately struck off the plaint. The respondents (original plaintiffs) challenged this High Court order before the Supreme Court.

Issue

The principal issues before the Court were:

1. Whether the High Court could exercise its power of superintendence under Article 227 to strike off a plaint when the CPC provides a specific remedy under Order VII Rule 11.
2. Whether the availability of a statutory remedy acts as a near-total bar on the exercise of constitutional powers of superintendence in civil matters.
3. Whether "abuse of process of law" is a sufficient ground for a High Court to bypass the procedural hierarchy of the Trial Court.

Judgment and Reasoning

The Supreme Court allowed the appeal, set aside the High Court's judgment, and restored the original suit.

The Court held that while the power under Article 227 is a part of the "basic structure" of the Constitution, it is not intended to be used as a substitute for ordinary remedies provided by law. When the CPC provides a specific mechanism (Order VII Rule 11) for the rejection of a plaint, an aggrieved party must first approach the Trial Court. The High Court erred by allowing the appellant to "leapfrog" the Trial Court.

The Court clarified that where a specific provision exists in the CPC for a particular relief, the High Court's embargo on exercising Article 227 powers must be construed as "near total." This discipline is necessary to prevent the High Courts from being flooded with civil revisions that should be handled at the foundational level of the judiciary.

The Court noted that the High Court failed to adhere to the principle of "self-imposed discipline." It observed that the grounds for striking off a plaint under Article 227 are extremely narrow and reserved for cases of patent lack of jurisdiction or manifest injustice that cannot be corrected otherwise. Since the appellant had an adequate and effective remedy under the CPC, the High Court should have directed the party to the Trial Court rather than adjudicating the merits of the plaint itself.

The Supreme Court concluded that the High Court's exercise of power was "uncalled for and not sustainable." It granted the appellant the liberty to file a proper application under Order VII Rule 11 before the District Judge, directing that such an application be decided on its own merits without being influenced by the High Court's previous observations.

2. DOCTRINE OF MERGER APPLIES TO ORDERS PASSED BY REVISIONAL AUTHORITIES; HIGH COURT CANNOT REVIVE QUASHED ORDERS THROUGH WRIT JURISDICTION: SUPREME COURT [FEBRUARY 6, 2026] [2]

Introduction

In the case of *State of West Bengal and Others v. Jai Hind Pvt. Ltd.*, the Supreme Court of India addressed whether a Revenue Officer exercising quasi-judicial functions under the West Bengal Estates Acquisition Act, 1953 possesses the inherent power to review a concluded vesting order in the absence of express statutory authority. The Court held that the power of review is neither inherent nor implied in quasi-judicial authorities, and that executive officers cannot reopen long-concluded orders unless the statute specifically confers such power upon them.

Facts

The dispute involved approximately 117 acres of land in the 24 Parganas district. Under the West Bengal Estates

[1] P. Suresh v. D. Kalaivani and Others, 2026 SCC OnLine SC 143
[2] State of West Bengal and Ors v. Jai Hind Pvt. Ltd., 2026 SCC OnLine SC 157

Acquisition Act, 1953, the Revenue Officer initially allowed the respondent company to retain most of the land. However, in 1991, the Big Ryot (BR) Case was reopened, and a subsequent order by the Revenue Officer directed the vesting of a large portion of the land in the State, alleging it was "surplus."

The respondent challenged this before the Land Reforms Tenancy Tribunal, which set aside the Revenue Officer's vesting order and remanded the matter. Critically, the State did not challenge this Tribunal order. Instead, years later, the High Court of Calcutta, while hearing a related writ petition, purported to "revive" the original 1991 vesting order, effectively ignoring the fact that it had been quashed by the Tribunal.

Issue

The principal issues before the Court were:

1. Whether the Inherent Power of Review of Quasi-Judicial Bodies applies to orders passed by the Land Reforms Tenancy Tribunal.
2. Whether the High Court, in its writ jurisdiction, can revive an order that has already been set aside by a competent statutory superior authority.
3. Whether the State's failure to challenge a remand order precludes it from later asserting the validity of the original quashed order.

Judgment and Reasoning

The Supreme Court allowed the appeal filed by the State of West Bengal and set aside the High Court's order that had upheld the review proceedings.

The Court held that the power of review is essentially judicial in nature and cannot be assumed by executive or quasi-judicial authorities in the absence of an express statutory provision. A Revenue Officer acting under the West Bengal Estates Acquisition Act, 1953 is a quasi-judicial authority and does not possess the inherent power to reopen or review a concluded vesting order. The 1971 Vesting Order had attained finality, and the 2008 review proceedings initiated at the State's direction were wholly illegal. The Court further noted that Section 57B(3) of the Act expressly prohibited reopening matters already decided, rendering the review order statutorily barred.

The Court placed significant reliance on the doctrine of separation of powers, which forms part of the basic structure of the Constitution. It held that conferring or assuming review power upon executive authorities without legislative mandate would amount to allowing the executive to sit in judgment over its own decisions, a practice fundamentally incompatible with constitutional governance. The power of review, the Court observed, is judicial in nature, and vesting it in executive officers without express statutory authority erodes judicial independence and the rule of law.

The Court further held that Section 57B(3) of the West Bengal Estates Acquisition Act expressly prohibits the reopening of matters already enquired into or decided under the Act. Since the 1971 Vesting Order had attained complete statutory finality, the 2008 review proceedings were not merely ultra vires but also statutorily barred. The Court rejected the State's argument that a government order directing a review could empower a Revenue Officer to act in the absence of legislative authority.

The Supreme Court concluded that the 2008 review order passed by the Revenue Officer was without jurisdiction and liable to be set aside. The judgment decisively curtails attempts by the executive to unsettle long-resolved quasi-judicial determinations through administrative directions and policy considerations, reinforcing that what the statute does not permit, the executive cannot assume.

3.POST-ACQUISITION LAND USE CHANGE DOES NOT ENTITLE ORIGINAL OWNERS TO RECONVEYANCE; STATUTORY VESTING IN STATE IS ABSOLUTE: SUPREME COURT [FEBRUARY 11, 2026] [3]

Introduction

In the case of *Deputy Commissioner and Special Land Acquisition Officer v. S.V. Global Mill Limited*, the Supreme Court of India addressed whether land acquired for a specific public purpose must be returned to the original owners if that purpose is subsequently changed or abandoned. The dispute involved prime land in Bengaluru acquired for the Bangalore Metro Rail Project. The Court examined the nature of "vesting" under the Land Acquisition Act and whether the Doctrine of Promissory Estoppel or legitimate expectation could force the State to reconvey land that had already legally vested in it.

Facts

In 2007, the State of Karnataka initiated acquisition proceedings for approximately 3,670 square meters of land belonging to S.V. Global Mill Limited for the "Bangalore Metro Rail Project." The acquisition was completed, compensation was paid, and possession was taken by the State.

Later, the Metro Rail Corporation determined that a portion of the acquired land was no longer required for the metro tracks but could be utilized for "commercial exploitation" to cross-subsidize the project costs. The original owners challenged this, arguing that since the specific public purpose (the metro station/track) had changed, the land should be reconveyed to them upon refund of the compensation. The Karnataka High Court ruled in favor of the owners, directing the State to consider reconveyance. The State appealed this decision to the Supreme Court.

[3] Deputy Commissioner & Special Land Acquisition Officer v. S.V. Global Mill Ltd., 2026 SCC OnLine SC 171

Issue

The principal issues before the Court were:

1. Whether the original owner retains any right, title, or interest in the land once it has vested in the State under the Land Acquisition Act.
2. Whether the State is legally obligated to return the land to the original owner if the public purpose for which it was acquired changes or remains unutilized.
3. Whether the "commercial exploitation" of acquired land by a State agency constitutes a valid public purpose.

Judgment and Reasoning

The Supreme Court allowed the appeal, set aside the High Court's judgment, and upheld the State's right to retain the land.

The Court held that once possession of the land is taken following a valid acquisition process, the land vests in the State "free from all encumbrances." This vesting is absolute. The original owner's right is limited to receiving compensation. Once the vesting is complete, the original owner becomes a "persona non-grata" in relation to the title of the property.

The Court reiterated the settled legal position that the State is not bound to use the land only for the *specific* purpose mentioned in the acquisition notification. As long as the land is used for *any* public purpose, the acquisition remains valid. Furthermore, even if the land remains unutilized, it does not revert to the original owner; it remains with the State, which may use it for other purposes or even dispose of it through public auction.

The Court clarified that "commercial exploitation" by a State instrumentality (like the Metro Rail Corporation) to generate revenue for a public infrastructure project is, in itself, a legitimate public purpose. Using surplus acquired land to fund the high costs of public transport systems serves the broader public interest.

The Supreme Court concluded that the High Court had no jurisdiction to order the reconveyance of the land. It emphasized that there is no provision in the Land Acquisition Act that provides for the "divesting" of land back to the owner once it has vested in the State. The state's power to manage its property is sovereign and cannot be curtailed by the previous owner's preferences.

4.STATUTORY DUES UNDER ESIC ACT DO NOT CONSTITUTE A "SECURED DEBT"; CROWN DEBTS ARE SUBORDINATE TO SECURED CREDITORS UNDER THE SARFAESI ACT: SUPREME COURT [FEBRUARY 13, 2026] [4]

Introduction

In the case of *State Bank of India v. Union of India and Others*, the Supreme Court of India addressed a critical conflict regarding the priority of claims between a secured creditor (a Bank) and the Employees' State Insurance Corporation (ESIC). The dispute centered on whether dues owed to the ESIC under the Employees' State Insurance Act, 1948, could take precedence over the rights of a secured creditor exercising its power of sale under the SARFAESI Act, 2002. The Court examined the "Doctrine of Priority of Crown Debts" and the specific statutory overrides introduced by amendments to the SARFAESI Act.

Facts

The State Bank of India (SBI) had extended credit facilities to a company (the borrower), secured by the mortgage of immovable properties. Upon default, the Bank declared the account a Non-Performing Asset (NPA) and initiated recovery proceedings under the SARFAESI Act.

Simultaneously, the borrower had defaulted on its statutory contributions to the ESIC. The ESIC issued recovery notices and attached the same mortgaged properties, claiming that under Section 45-B to 45-I of the ESI Act, its dues should be recovered as "arrears of land revenue," thereby giving them priority over all other debts. The High Court had initially ruled in favor of the ESIC, holding that statutory dues for social welfare (like ESIC) should prevail over commercial debts. SBI challenged this before the Supreme Court.

Issues

The principal issues before the Court were:

1. Whether dues under the ESI Act constitute a "charge" on the property that takes precedence over a pre-existing mortgage.
2. Whether Section 31-B of the SARFAESI Act (introduced in 2016) gives secured creditors priority over "Crown Debts" or statutory dues owed to the government.
3. Whether the ESI Act contains any specific provision that creates a "First Charge" in favor of the Corporation, similar to provisions in the EPF Act.

Judgment and Reasoning

The Supreme Court allowed the appeal, set aside the High Court's order, and upheld the priority of the secured creditor (SBI).

The Court noted a vital distinction between different

[4] State Bank of India v. Union of India and Ors, 2026 SCC OnLine SC 202

social welfare legislations. While the Employees' Provident Funds (EPF) Act explicitly creates a "First Charge" on the assets of an establishment, the ESI Act does not contain such language. In the absence of a specific statutory "First Charge," the dues of the ESIC remain "Crown Debts."

The Court reiterated that the common law doctrine of "Crown Debts" (State's priority) only applies when the State's claim competes with that of an unsecured creditor. It cannot override the rights of a secured creditor unless a statute specifically says so.

The Court emphasized the importance of Section 31-B, which was inserted into the SARFAESI Act to resolve such conflicts. This section explicitly states that the rights of secured creditors to realize their debts shall be paid in priority over all other debts, including taxes, cesses, and other rates payable to the Central or State Government. The Court held that this non-obstante clause gives the Bank an "unassailable priority."

The Supreme Court concluded that the Bank, as a secured creditor, has the first right to the proceeds of the sale of the mortgaged property. The ESIC's claims, while important for social welfare, cannot bypass the clear statutory priority established under the SARFAESI Act. The attachment orders passed by the ESIC on the mortgaged properties were consequently held to be unsustainable in law.

5.DEVELOPER CANNOT COMPEL ALLOTTEES TO TAKE POSSESSION OF INCOMPLETE PROJECTS; INTEREST ON REFUND IS COMPENSATORY, NOT PENAL: SUPREME COURT [FEBRUARY 20, 2026] [5]

Introduction

In the case of *Parsvnath Developers Ltd. v. Mohit Khirbat*, the Supreme Court of India addressed the rights of homebuyers (allottees) when a developer fails to deliver possession within the contractually agreed period. The dispute centered on whether a developer can avoid paying interest on a refund by offering possession of a project that lacks a valid Occupation Certificate (OC) or necessary amenities. The Court examined the nature of "delay compensation" and the point at which an allottee's right to seek a full refund with interest becomes absolute.

Facts

The respondents had booked residential flats in the appellant's project, "Parsvnath Exotica," in Ghaziabad. According to the Flat Buyer Agreements executed in 2007, possession was to be delivered within 30 to 36 months. However, the project was marred by significant delays.

By the time the matters reached the National Consumer Disputes Redressal Commission (NCDRC), over a decade had passed. The developer argued that the construction was eventually completed and offered possession to the allottees. The allottees refused, citing the extreme delay and the lack of a final Occupation Certificate for the entire project. The NCDRC directed the developer to refund the entire principal amount along with interest at 12% per annum. The developer appealed to the Supreme Court, primarily contesting the high rate of interest and the refusal of the allottees to take possession.

Issues

The principal issues before the Court were:

1. Whether an allottee is obligated to accept possession offered by a developer after an inordinate delay, especially if the project is incomplete or lacks an OC.
2. Whether the rate of interest awarded by the NCDRC (12%) was excessive or penal in nature.
3. Whether the developer is entitled to deduct earnest money or "cancellation charges" when the refund is necessitated by the developer's own default.

Judgment and Reasoning

The Supreme Court dismissed the appeals and upheld the NCDRC's directions in their entirety, affirming the award of compensation by way of interest at 8% per annum along with ancillary reliefs.

The Court held that a homebuyer cannot be expected to wait indefinitely for possession. Once the "grace period" for delivery expires, the allottee has the absolute right to either wait further or seek a refund. The Court emphasized that an offer of possession made after the filing of a consumer complaint, or without a valid Occupation Certificate, is not a valid legal offer and does not extinguish the developer's liability.

The Court clarified that the interest awarded in such cases is not "penalty" but "compensation" for the loss of use of funds and the opportunity cost of the investment. While the developer argued that compensation ought to be strictly confined to the contractual delay clause, the Court held that consumer fora are not bound to mechanically enforce one-sided contractual terms. It found no infirmity in the NCDRC's award of 8% per annum was just and equitable, reflecting a balance between the allottee's loss and the prevailing financial climate.

The Court ruled that the developer cannot invoke forfeiture clauses or deduct earnest money when the contract is terminated due to the developer's failure to perform. Forfeiture is only permissible when the allottee

[5] Parsvnath Developers Ltd. v. Mohit Khirbat, 2026 SCC OnLine SC 281

defaults; it cannot be used as a shield by a defaulting builder to retain a portion of the consumer's hard-earned money.

The Supreme Court concluded that the developer's failure to deliver the flats for over a decade constituted a "gross deficiency in service." It reiterated that the "sanctity of the contract" binds both parties, and a developer cannot unilaterally alter the timelines while expecting allottees to remain bound to the agreement. The developer was directed to complete the refund process within eight weeks.

6.LIABILITY FOR DELAY COMPENSATION RESTS SOLELY WITH THE DEVELOPER IN JOINT DEVELOPMENT AGREEMENTS; LANDOWNERS ARE NOT BENEFICIARIES OF CONSUMER CONSIDERATION: SUPREME COURT [FEBRUARY 20, 2026][6]

Introduction

In the case of *Sriganesh Chandrasekaran and Others v. Unishire Homes LLP and Others*, the Supreme Court of India clarified the distribution of liability between landowners and developers in projects governed by Joint Development Agreements (JDA). The central issue was whether landowners can be held "jointly and severally" liable to pay delay compensation to homebuyers when a project is stalled. The Court examined the nature of the relationship between allottees, developers, and landowners under the Consumer Protection Act, 2019.

Facts

The appellants (homebuyers) entered into agreements to purchase apartments in a project developed by Unishire Homes LLP. The project was being built on land owned by third-party landowners under a JDA. When the developer failed to complete the project and deliver possession, the homebuyers approached the National Consumer Disputes Redressal Commission (NCDRC).

The NCDRC directed the developer to pay delay compensation at the rate of 6% per annum. However, the homebuyers challenged this order, seeking two primary reliefs: an increase in the interest rate and a declaration that the landowners should be held jointly and severally liable along with the developer to pay the compensation. The homebuyers argued that since the landowners stood to benefit from the project, they should also share the burden of the default.

Issues

The principal issues before the Court were:

1. Whether landowners in a Joint Development Agreement can be held liable to compensate homebuyers for construction delays caused by the developer.
2. Whether the privity of contract between the allottee and the developer extends to the landowner for the purpose of "deficiency in service."
3. Whether the interest rate of 6% per annum for delay compensation was adequate.

Judgment and Reasoning

The Supreme Court dismissed the appeals and upheld the NCDRC's decision, maintaining that liability rests solely with the developer.

The Court held that in a typical JDA, the developer is the entity responsible for the construction, management, and delivery of the project. There is no "consumer-service provider" relationship between the homebuyer and the landowner regarding the construction of the flat. The consideration paid by the homebuyer goes to the developer, and the developer's failure to complete the building constitutes a deficiency in service by the developer alone.

The Court rejected the argument for joint liability, noting that the landowners had no role in the day-to-day construction or the delays. Unless a specific contract or fact-pattern shows the landowner acted as a "co-developer" or received part of the purchase price as a service provider, they cannot be burdened with the developer's financial defaults.

Regarding the interest rate, the Court found that 6% per annum was reasonable in the specific facts of the case. It reiterated that while homebuyers are entitled to compensation for delayed possession, the determination of the exact rate is a matter of fact for the Commission to decide based on the loss suffered and the stage of the project.

The Supreme Court concluded that the NCDRC had correctly identified the developer as the sole defaulting party. It emphasized that the issue of joint and several liability must be decided on the facts of each case, but in standard JDAs where the landowner only provides land in exchange for a share of the built-up area, they are not liable for the developer's operational failures toward third-party purchasers.

7.CHALLENGE TO SENIORITY LIST FORECLOSED BY PREVIOUS JUDICIAL ADMISSIONS; LIMITATION PERIOD UNDER ADMINISTRATIVE TRIBUNALS ACT IS MANDATORY: DELHI HIGH COURT [FEBRUARY 27, 2026][7]

Introduction

In the case of *Sumesh Kumar Dua v. Govt. of NCT of Delhi and Others*, the Delhi High Court addressed the finality of seniority disputes in public service and the strict application of the limitation period under the Administrative Tribunals Act, 1985. The case examined

[6] Sriganesh Chandrasekaran and Ors v. Unishire Homes LLP & Ors, 2026 SCC OnLine SC 279
[7]Sumesh Kumar Dua v. State (NCT of Delhi), 2026 SCC OnLine Del 787

whether a litigant can revive a challenge to a seniority list after having previously made a statement before a court to the contrary, and whether pending administrative representations can indefinitely extend the time limit for filing a legal challenge.

Facts

The petitioner, a Senior System Analyst with the Govt. of NCT of Delhi, challenged the seniority list issued in 2017 and the subsequent appointment of two other officers (Respondent Nos. 5 and 6) to the post of Joint Director (IT). The petitioner initially approached the Central Administrative Tribunal (CAT), which dismissed his plea on the grounds of limitation and the fact that he had previously waived his right to challenge the seniority list.

Specifically, in a previous round of litigation in 2019, a statement was recorded before a Coordinate Bench of the High Court that the petitioner was not challenging the seniority list but was only seeking a direction for the consideration of his representation. Despite this, the petitioner later filed a fresh original application before the CAT challenging the very same seniority and the eligibility of his colleagues. The High Court was asked to review the CAT's dismissal.

Issues

The principal issues before the Court were:

1. Whether the petitioner was precluded from challenging the seniority list due to the "statement of foreclosure" recorded in previous judicial proceedings.
2. Whether the challenge to the appointments was barred by the period of limitation prescribed under Section 21 of the Administrative Tribunals Act.
3. Whether making repeated representations to the department justifies a delay of several years in approaching the Tribunal.

Judgment and Reasoning

The Delhi High Court dismissed the writ petition and upheld the order of the Central Administrative Tribunal. The Court held that the petitioner's challenge to the seniority list was "foreclosed." Once a statement is made before a court and recorded in a judicial order—in this case, that the seniority list was not being challenged—the party cannot be permitted to "approbate and reprobate" by initiating a fresh challenge at a later stage. Allowing such a shift in stand would undermine judicial discipline and the finality of litigation.

The Court emphasized that Section 21 of the AT Act prescribes a specific timeline (one year from the cause of action, or six months after a representation is filed) for approaching the Tribunal. In this case, the seniority list was of 2017 and the appointments were of 2015/2016, but the plea was filed much later. The Court reiterated that the law of limitation is "hard and heartless" but must be applied strictly to ensure certainties in service matters.

The Court clarified that the mere filing of "repeated representations" does not stop the clock of limitation. Section 21 does not contemplate an indefinite extension of time simply because a government servant continues to send letters to their superiors. If a representation is not decided within six months, the aggrieved party must approach the Tribunal within one year from the expiry of those six months.

The Delhi High Court concluded that there was no error in the CAT's judgment. It held that stale claims regarding seniority and appointments cannot be entertained years later, as it would disrupt the settled expectations and administrative hierarchy of the government department. The writ petition was dismissed as being devoid of merit.

8.BARRED BY LIMITATION: SUIT FOR SPECIFIC PERFORMANCE CANNOT BE REVIVED AFTER INORDINATE DELAY AND ACQUIESCENCE; ORDER VII RULE 11(D) APPLIED: BOMBAY HIGH COURT [FEBRUARY 27, 2026].[8]

Introduction

In the case of *Balaji Construction Company v. Lira Siraj Shaikh and Others*, the Bombay High Court (Goa Bench) addressed the critical issue of "limitation" in suits for specific performance of an agreement to sell. The Court examined whether a plaintiff can maintain a suit filed decades after the cause of action arose, especially when the plaintiff had remained silent while third-party rights were created. The Court held that a plaint must be rejected under Order VII Rule 11(d) of the Code of Civil Procedure (CPC) if it is ex-facie barred by the law of limitation.

Facts

The dispute involved an agreement to sell executed in 1987 between the owners of a property and the appellant (Balaji Construction Company). Under the agreement, the appellant was supposed to develop the property and pay the consideration in installments. However, for nearly 20 years, no significant steps were taken to complete the sale or execute the conveyance deed.

In the intervening years, the original owners sold parts of the property to various third parties (respondents), who then developed the land and created further interests. The appellant finally filed a suit for specific performance in 2007—twenty years after the initial agreement. The respondents filed an application under Order VII Rule 11(d) of the CPC, seeking the rejection of the plaint on the ground that the suit was barred by the Limitation Act, 1963. The Trial Court dismissed the suit, leading to this First Appeal.

[8] Balaji Construction Company v. Lira Siraj Shaikh and Ors, 2026 SCC OnLine Bom 1960

Issues

The principal issues before the Court were:

1. Whether the suit for specific performance filed in 2007, based on a 1987 agreement, was barred by Article 54 of the Limitation Act.
2. Whether the "cause of action" is a continuous one or if it is triggered by a specific refusal to perform the contract.
3. Whether the Trial Court was justified in rejecting the plaint at the threshold without a full-scale trial.

Judgment and Reasoning

The Bombay High Court dismissed the appeal and upheld the rejection of the plaint.

The Court noted that under Article 54 of the Limitation Act, a suit for specific performance must be filed within three years from the date fixed for performance, or if no such date is fixed, when the plaintiff has notice that performance is refused. The Court found that the appellant was aware of the sale of the property to third parties as early as the late 1980s and early 1990s. This "notice" of the owner's intent not to perform the original agreement triggered the limitation period.

The Court reiterated that while a plaint should generally be tried on merits, it must be summarily dismissed if it is clearly barred by law. Allowing a barred suit to proceed to trial causes "unnecessary harassment" to the defendants. The Court held that on a plain reading of the appellant's own statements in the plaint, the suit was filed long after the three-year window had closed.

The Court observed that the appellant's long silence amounted to "acquiescence." By failing to assert its rights while the property was being sold and developed by others, the appellant lost the equitable remedy of specific performance. The Court emphasized that equity aids the vigilant, not those who sleep over their rights.
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The Bombay High Court concluded that the suit was a "classic case" of an attempt to revive a dead claim. It held that the Trial Court had correctly exercised its power to reject the plaint as it was clearly barred by the Law of Limitation. The appeal was dismissed, confirming that statutory timelines for filing suits must be strictly adhered to, especially in matters involving immovable property and third-party rights.

1.MINORITY SHAREHOLDERS' FORCED EXIT THROUGH CAPITAL REDUCTION UPHELD; FAIR VALUE IS INTRINSICALLY LINKED TO MARKET REALITIES: SUPREME COURT [MARCH 10, 2026].[1]

Introduction

In the case of *Pannalal Bhansali v. Bharti Telecom Limited and Others*, the Supreme Court of India addressed a challenge by minority investors against a scheme of share capital reduction under Section 66 of the Companies Act, 2013. The appellants alleged they were arbitrarily "eased out" of Bharti Telecom Limited (BTL) through a sham valuation that fixed an unreasonably low share price. The Court examined the fairness of the valuation methodology, the adequacy of procedural disclosures, and whether the "majority will" had unfairly oppressed minority rights.

Facts

BTL, a closely held company whose primary asset is its shareholding in the listed entity Bharti Airtel Limited (BAL), decided to reduce its share capital by cancelling over 2.8 crore equity shares held by identified minority shareholders. The company offered an initial price of Rs. 163.25 per share, which was later increased by the NCLT to Rs. 196.80 per share to account for an arbitrary tax deduction.

The resolution was passed with an overwhelming majority of 99.90%. However, a group of minority shareholders challenged the scheme, arguing that BTL had previously seen higher valuations (e.g., a purchase by SingTel at Rs. 310 per share in 2018) and that the current valuation was conducted by an "interested entity" linked to the company's internal auditors. Both the NCLT and NCLAT approved the reduction, leading to this appeal.

Issues

The principal issues before the Court were:

1. Whether the valuation methodology (specifically the application of a "Discount for Lack of Marketability" or DLOM) was arbitrary and unfair.
2. Whether the procedural disclosure (referred to by the appellants as a "tricky notice") was sufficient under Section 102 of the Companies Act.
3. Whether the composition of the NCLAT Bench (one Judicial and two Technical Members) was legally infirm.
4. Whether a "forced exit" under Section 66 requires a higher standard of judicial scrutiny than a voluntary exit.

Judgment and Reasoning

The Supreme Court analyzed the challenge across three dimensions: the "Manner" (procedure), the "Method" (valuation), and the "Matter" (price).

On the Composition of the NCLAT:

The Court rejected the challenge to the NCLAT's composition. It held that while judicial experience is valuable, technical members bring necessary expertise to complex corporate matters. The provisions of the 2013 Act only require at least one Judicial Member, and an unanimous opinion from a mixed bench is not inherently invalid.

On Valuation and DLOM:

The Court found no illegality in the valuation. It noted that BTL is an unlisted holding company, and its shares lack the liquidity of its listed subsidiary, BAL. The application of a 25% DLOM was consistent with Indian Accounting Standards and recognized valuation norms for illiquid private entities. The Court clarified that "fair value" cannot be divorced from "market value" and noted that the appellants had actually benefited from a prior rights issue that exponentially increased their payouts.

On Procedural Fairness:

The Court dismissed the "tricky notice" argument. It found that the valuation documents were kept at the registered office for inspection for over a month, and shareholders had sufficient time to make an informed decision. The fact that 76.35% of the *identified* minority shareholders present and voting supported the resolution further undermined the claim of oppression.

Conclusion:

The Supreme Court held that the legal requirements for capital reduction under Section 66 were scrupulously followed. It concluded that the minority shareholders were not prejudiced but had received "bountiful yields" on their long-term investments. The appeals were dismissed, confirming the finality of the capital reduction scheme.

2.ACQUISITION OF MIZO CHIEF RIGHTS WITHOUT LAND COMPENSATION CHALLENGED; DOCTRINE OF DELAY AND LACHES RELEVANT TO ARTICLE 32 PETITIONS: SUPREME COURT [MARCH 13, 2026][2]

Introduction

In the case of *Mizo Chief Council Mizoram v. Union of India and Others,* the Supreme Court examined a writ petition filed on behalf of tribal chieftains of the erstwhile Lushai Hills district (modern-day Mizoram) regarding the acquisition of their lands. The primary grievance was that the State acquired these lands under the Assam Lushai Hills District (Acquisition of Chief's Rights) Act, 1954, without paying due compensation for the land ownership itself, focusing only on administrative rights.

[1] Pannalal Bhansali v. Bharti Telecom Limited and Ors, 2026 SCC OnLine SC 349
[2] Mizo Chief Council Mizoram v. Union of India and Ors, 2026 SCC OnLine SC 369

The Court addressed whether such deprivation violated the fundamental right to property (as it existed at the time) and whether the petition, filed decades after the acquisition, was hit by the doctrine of delay and laches.

Facts

Historically, Mizo society centered on chiefs who exercised executive and judicial authority over territories known as "Ram". Following British annexation in the 1890s, the colonial administration retained this system for convenience, allowing chiefs to collect "Fathang" (customary paddy tribute) in exchange for ensuring good governance.

Post-independence, the Act, 1954 was passed to abolish the chieftainship system. A notification issued on March 23, 1955, declared that the rights and interests of the chiefs in their Ram would vest in the State. While approximately INR 14.78 lakh was paid in compensation, the petitioners contend this only covered the loss of "Fathang" and administrative privileges, leaving the actual value of the land uncompensated. Over several decades, the chiefs pursued their claims through correspondence and legal actions in the Guwahati High Court, which were disposed of without a merit-based settlement.

Issues

The principal issues before the Court were:
1. Whether the writ petition is barred by the doctrine of delay and laches under Article 32 of the Constitution.
2. Whether the fundamental rights of the Mizo Chiefs, specifically the right to property, were violated by the acquisition without land compensation.
3. Whether the State of Assam had the legislative power to enact the Act, 1954, given the powers of the District Council under the Sixth Schedule.

Analysis and Legal Principles

The Court examined the threshold issue of whether a petition filed under Article 32—which is itself a fundamental right—can be dismissed due to inordinate delay. Relying on the Constitution Bench decision in Tilokchand and Motichand v. H.B. Munshi, the Court noted that:

- While there is no statutory period of limitation for Article 32 petitions, the Court must exercise restraint and may decline relief for stale claims.
- The party claiming fundamental rights must move the Court with utmost expedition to ensure that the rights of innocent third parties, which may have emerged during the delay, are not harmed.
- Delay "defeats equity," and the Court generally helps those who are vigilant about their rights.

The Mizo Chiefs argued that they were absolute owners of the land and that the Act, 1954 only extinguished administrative rights. They contended that the physical taking of the land was an executive action without statutory authority, rendering the compensation "illusory" and violating Articles 14, 21, and the then-existing right to property.

The Union of India and the State of Mizoram argued that the petition was hopelessly time-barred. They asserted that any proprietary title was extinguished by the British, who reduced chiefs to mere intermediaries. They maintained that the Act, 1954 successfully disbanded the system and that the compensation paid was appropriate for the administrative rights held by the chiefs.

3.FINALITY OF JUDICIAL SALES PROTECTS BONA FIDE PURCHASERS; REVALUATION AFTER CONFIRMATION IS UNWARRANTED ABSENT FRAUD: SUPREME COURT [MARCH 13, 2026][3]

Introduction

In the case of *Om Sakthi Sekar v. V. Sukumar and Others*, the Supreme Court of India addressed whether a High Court can order the revaluation of properties over a decade after a judicial auction sale has been concluded and confirmed. The appellant, a third-party auction purchaser, challenged a portion of a Madras High Court judgment that upheld the sale but remitted the matter to the Debts Recovery Tribunal (DRT) for a fresh valuation of the properties. The Supreme Court examined the legal protections afforded to bona fide purchasers and the necessity of finality in court-conducted sales.

Facts

The litigation originated from a 1998 recovery application filed by Indian Bank (Respondent 6) against a borrower (Respondent 7) and several guarantors (Respondents 1-5). In 2010, the DRT issued a Recovery Certificate for approximately Rs. 45.68 lakhs. Consequently, an auction of five mortgaged properties (Schedule A to E) was conducted on October 29, 2010.

The appellant emerged as the highest bidder with a bid of Rs. 2,10,98,765/- against an upset price of Rs. 2 crores. The DRT confirmed the sale on January 31, 2011, and a Sale Certificate was registered on February 2, 2011. Despite the passage of years and the appellant taking possession and making improvements, the High Court in 2020 directed a revaluation, suggesting the appellant should pay any difference if the 2010 valuation was found to be low.

[3] Om Sakthi Sekar v. V. Sukumar and Ors, 2026 SCC OnLine SC 368

Issues

The principal issues before the Court were:

1. Whether the High Court was justified in directing a fresh valuation of properties nearly 14 years after the auction concluded.
2. Whether the rights of a third-party bona fide auction purchaser can be burdened with additional payments after a sale has attained finality.
3. Whether internal disputes between debtors or alleged procedural delays by the purchaser can vitiate a confirmed judicial sale.

Arguments

For the Appellant:

- The appellant is a bona fide stranger purchaser whose interest must be protected even if the underlying decree is later modified.
- Reopening a confirmed sale for "speculative revaluation" undermines the certainty required for judicial auctions to attract fair market value.
- No material irregularity or fraud was found in the 2010 auction process.

For the Respondents (Guarantors):

- The auction was allegedly illegal because the purchaser did not deposit the bid amounts within the mandatory statutory timelines.
- The Recovery Certificate had been withdrawn in 2014, rendering the auction proceedings non est.
- The appellant had previously surrendered the Sale Certificate and expressed intent to abandon the property, making them estopped from asserting title.

Analysis and Legal Principles

The Court noted that the law distinguishes between a "decree-holder purchaser" and a "stranger purchaser". A third-party bona fide purchaser's rights are generally protected to ensure that court sales are not treated as speculative or uncertain, which would otherwise discourage participation and lower sale prices.

The Court scrutinized the High Court's decision to remit the valuation issue while simultaneously upholding the sale's validity. It was argued that if every confirmed sale could be reopened years later based on a higher potential valuation, judicial sales would never reach finality.

The Bank (Respondent 6) clarified that the auction was transparent, with sixteen bidders participating. While there was a delay in depositing the balance consideration, this delay was formally condoned by the DRT before the sale was confirmed in 2011.

4.ARBITRAL AWARD CANNOT BE SET ASIDE ON MERE RE-APPRECIATION OF EVIDENCE; "PATENT ILLEGALITY" REQUIRES AN ERROR GOING TO THE ROOT OF THE MATTER: DELHI HIGH COURT [MARCH 16, 2026]. [4]

Introduction

In the case of *Supermint Exports Pvt. Ltd. v. New India Assurance Co. Ltd. & Others*, the Delhi High Court examined the scope of judicial interference in arbitral awards under Section 34 of the Arbitration and Conciliation Act, 1996. The dispute arose from an insurance claim following a massive fire at the appellant's essential oil manufacturing facility. The Court considered whether an Arbitrator's decision to rely on one surveyor's report over another, or to reject certain stock claims based on factual inconsistencies, constitutes "patent illegality" or "public policy" violations. The Court held that as long as an Arbitrator's view is a "possible" one, the Court cannot substitute it with its own view.

Facts

Supermint Exports, a manufacturer of mint and pine-based essential oils, held an insurance policy with New India Assurance for a total sum of **Rs. 32.70 Crores**. In May 2015, a major fire broke out at its factory, resulting in extensive damage to buildings, plant machinery, and stocks.

The insurer appointed a surveyor who assessed the loss at **Rs. 11.23 Crores**, significantly lower than the appellant's claim of **Rs. 28.16 Crores**. The primary point of contention was the "Stock in Process"—the appellant claimed large quantities of oil were in the reactors at the time of the fire, while the surveyor found no physical evidence (such as charred residue or bent structural supports) to support such high volumes.

The dispute was referred to a Sole Arbitrator, who upheld the surveyor's assessment and rejected the appellant's additional claims. The appellant challenged this under Section 34, and subsequently filed this appeal under Section 37 after a Single Judge of the High Court refused to set aside the award.

Issues

The principal issues before the Court were:

1. Whether the Arbitrator's reliance on the surveyor's report, despite the appellant's objections regarding its methodology, amounted to patent illegality.
2. Whether the Court, in its appellate jurisdiction under Section 37, can re-examine the evidence and factual findings arrived at by the Arbitrator.
3. Whether the rejection of the "Stock in Process" claim was "perverse" or based on "no evidence."

[4] Supermint Exports Pvt. Ltd. v. New India Assurance Co. Ltd. and Ors, 2026 SCC OnLine Del 1138

Judgment and Reasoning

The Delhi High Court dismissed the appeal and upheld the arbitral award.

The Court emphasized that the "merits" of an arbitral award are not open to challenge. A Court does not sit as a court of appeal over an award. "Patent illegality" does not include a mere error of law or a wrong application of evidence; it must be an error that goes to the very root of the matter or a view that no reasonable person could have taken.

The Court noted that in insurance law, a surveyor's report is a substantial piece of evidence. The Arbitrator had carefully considered the appellant's technical arguments but found the surveyor's physical observations (the absence of residue and the structural integrity of the tanks) more convincing than the appellant's documentary stock records. This choice between two sets of evidence is within the exclusive domain of the Arbitrator.

The Court held that the Arbitrator provided "cogent and detailed reasons" for his findings. Since the Arbitrator's interpretation of the facts was a "plausible" one, the Single Judge was correct in not interfering. The Court reiterated that the Commercial Courts must respect the finality of arbitration to ensure the efficacy of alternative dispute resolution.

The Delhi High Court held that the appellant was attempting to have the Court re-assess the very same evidence that had already been considered during arbitration. Since no jurisdictional error or perversity was found, the Court upheld the lower court's decision to affirm the arbitral award.

5.PROMOTER CANNOT RETAIN RESIDUAL DEVELOPMENT RIGHTS THROUGH RESTRICTIVE CLAUSES; STATUTORY OBLIGATION TO CONVEY FULL TITLE PREVAILS: BOMBAY HIGH COURT [MARCH 17, 2026] [5]

Introduction

In the case of *G.K. Developers v. State of Maharashtra & Others,* the Bombay High Court addressed whether a developer could permanently retain future development rights, such as balance Floor Space Index (FSI) and redevelopment preferences, through restrictive clauses in a sale deed. The Court examined the validity of a unilateral deemed conveyance granted to a co-operative housing society despite an earlier conveyance to an apartment condominium. The Court held that a promoter is statutorily obligated to transfer full and complete title to the flat purchasers' organization and cannot use contractual stipulations to undermine the protective scheme of welfare legislations like the Maharashtra Ownership Flats Act (MOFA).

Facts

In 2010, the petitioners (developers) constructed a project consisting of 42 residential flats and 8 shops. Initially, the project was submitted to the Maharashtra Apartment Ownership Act, 1970, and a Sale Deed was executed in 2011 in favor of the "Dwarka Flora Residency Phase II Apartments" condominium.

However, this 2011 Sale Deed contained two restrictive clauses:

- Clause 7: Reserved the developer's right to utilize all balance and future FSI/TDR.
- Clause 12: Granted the developer a "preferential right" to undertake any future redevelopment.

In 2022, the apartment owners resolved to withdraw from the 1970 Act and formed a Co-operative Housing Society (Respondent 3). The society subsequently applied for and received a certificate for unilateral deemed conveyance under Section 11(3) of MOFA to secure complete title without the developer's restrictions. The developers challenged this order, arguing that the property had already been conveyed in 2011 and could not be conveyed a second time.

Issues

The principal issues before the Court were:

1. Whether a promoter can retain residual development rights (FSI/TDR) and redevelopment rights indefinitely through specific clauses in a conveyance deed.
2. Whether the grant of a second (deemed) conveyance was legally permissible when a prior registered conveyance already existed.
3. Whether a change in the legal form of the residents' organization (from a condominium to a co-operative society) affects the vesting of title.

Judgment and Reasoning

The Bombay High Court dismissed the writ petition and upheld the order for unilateral deemed conveyance.

The Court emphasized that under Sections 10 and 11 of MOFA, a promoter has an absolute duty to take all necessary steps to complete their title and convey "all right, title, and interest" in the land and building to the organization of flat takers. The Court held that this statutory obligation cannot be diluted by self-serving contractual clauses.

The Court rejected the developers' attempt to "keep residual development rights forever" while shifting the responsibilities of ownership to the flat purchasers. It clarified that the title conveyed must be in accordance with the sanctioned plans and the statutory scheme, which intends for the purchasers' organization to have full control over the land.

[5] G.K. Developers Ors v. State of Maharashtra, 2026 SCC OnLine Bom 2058

The Court found that the 2011 Sale Deed was "defective and incomplete" because it sought to reserve rights inconsistent with the flat purchasers' statutory entitlements. Since the developer failed to execute a full and unrestricted conveyance as required by law, the authorities were justified in issuing a Unilateral Deemed Conveyance Certificate to the co-operative society to rectify the title.

The Court noted the argument that an apartment condominium does not possess the same separate legal personality and perpetual succession as a co-operative society, which reinforced the need for a proper conveyance to the newly formed society to ensure clear and marketable title for the members.

6.FORFEITURE OF EARNEST MONEY VALID UPON FAILURE TO DEPOSIT BALANCE BID AMOUNT; "AS IS WHERE IS" CLAUSE PRECLUDES DELAY ON GROUNDS OF DOCUMENT CLARIFICATION: NCLT [MARCH 17, 2026].[6]

Introduction

In the case of *Windsor Infra v. Power Televentures Private Limited* (In Liquidation), the National Company Law Tribunal (NCLT) examined whether a highest bidder in a liquidation e-auction is entitled to a refund of their deposited amounts after failing to pay the balance consideration within the statutory timeframe. The Applicant sought the refund of Rs. 26,00,000 plus interest, alleging that the Liquidator failed to provide necessary revenue records (Form P-2) required for the transaction. The Tribunal considered whether administrative delays in providing specific documents justify a default in payment under the Insolvency and Bankruptcy Code (IBC) and the "as is where is" nature of auction sales.

Facts

Following the liquidation order of Power Televentures (P) Ltd. on November 18, 2021, the Liquidator initiated the sale of corporate assets through e-auction. On May 8, 2023, the Applicant, M/s Windsor Infra, was declared the Highest Bidder (H1) for a land parcel in Bhopal with a bid of Rs. 1,04,00,000.

The Applicant deposited a total of Rs. 26,00,000 (25% of the bid amount), comprising the Earnest Money Deposit (EMD) and an upfront payment. According to the Letter of Intent (LOI) and the Process Memorandum, the remaining 75% was to be paid within 90 days. During this period, the Applicant requested various documents, specifically the "Form P-2" and "ASK Form," claiming they were necessary for depositing the balance and executing the sale deed.

The Liquidator provided existing title deeds and eventually obtained the P-2 form from ex-management to share with the Applicant. However, the Applicant did not remit the balance 75% by the deadline of August 7, 2023. Consequently, the Liquidator forfeited the deposited Rs. 26,00,000 on August 14, 2023.

Issues

The principal issues before the Tribunal were:

1. Whether the Applicant's failure to deposit the balance 75% of the sale consideration was justified by the Liquidator's alleged delay in providing specific revenue documents.
2. Whether the forfeiture of the 25% deposit was arbitrary, unlawful, or contrary to the principles governing the liquidation process under the IBC.
3. Whether an auction conducted on an "as is where is, as is what is" basis shifts the burden of due diligence entirely to the bidder prior to the auction.

Judgment and Reasoning

The Tribunal noted that the e-auction was conducted on an "as is where is, as is what is" and "whatever there is" basis. The Process Memorandum explicitly stipulated that intending bidders must conduct their own independent inquiries regarding the title and encumbrances of assets prior to submitting their bid.

The foundational facts established that the Applicant was aware of the 90-day stipulated timeframe for the remaining 75% payment. The record showed that while the Applicant sought an extension for the initial 25% payment (which was granted), they failed to meet the final deadline for the balance amount.

The Liquidator maintained that the forfeiture was strictly in accordance with the Process Memorandum and applicable law, which mandates forfeiture if a successful bidder fails to adhere to the payment schedule. The sequence of events indicated that the Liquidator had provided title documents (including registered sale deeds) as early as May 3, 2023, and the P-2 form was also shared before the deadline expired.

The Tribunal scrutinized whether the Applicant approached the court with "unclean hands" by suppressing the fact that due diligence was their own responsibility under the auction terms.

7.ARBITRATION CLAUSE PREVAILS OVER UNILATERAL "FINALITY" CLAUSE; STATE CANNOT BE JUDGE IN ITS OWN CAUSE: SUPREME COURT [MARCH 23, 2026].[7]

Introduction

In the case of *ABS Marine Services v. Andaman and*

[6] Windsor Infra v. Power Televentures Private Limited, 2026 SCC OnLine NCLT 949
[7] ABS Marine Services v. Andaman and Nicobar Administration, 2026 SCC OnLine SC 460

Nicobar Administration, the Supreme Court of India examined whether a state entity could unilaterally decide on a breach of contract and impose penalties while simultaneously barring access to arbitration and courts. The Court considered the validity of a "default" clause that granted the Administration's decision finality and prohibited legal challenges. Reversing the High Court's decision, the Supreme Court held that the principles of the Rule of Law are inherent in contractual interpretation and that a party to an agreement cannot be the arbiter of its own cause.

Facts

On December 26, 2008, the appellant (ABS Marine Services) entered into a "Manning Agreement" with the respondent (Andaman and Nicobar Administration) to provide officers for 17 vessels. In July 2009, one vessel, M.V. Long Island, struck a submerged rock and sustained damage.

Claiming negligence, the Administration issued a Show Cause Notice in 2013 and subsequently recovered Rs. 2,87,84,305/- from the appellant's pending bills as a penalty. The appellant denied liability, and the dispute was referred to a sole arbitrator appointed by the Supreme Court.

The Arbitrator ruled that Clause 3.20—which barred legal challenges—was void under Section 28 of the Indian Contract Act. He awarded the recovered amount back to the appellant with interest. While the District Judge upheld this award, the High Court of Calcutta set it aside, reasoning that the Arbitrator lacked jurisdiction over "excepted matters" defined in Clause 3.20.

Issues

The principal issues before the Court were:

1. Whether the High Court was correct in holding that the Arbitrator lacked jurisdiction due to the prohibitory language in Clause 3.20.
2. Whether a party to a contract can be the sole decision-maker regarding a breach committed by the other party when liability is disputed.
3. Whether a contractual clause can validly create a "vacuum" in legal remedies by barring both arbitration and court proceedings.

Judgment and Reasoning

The Supreme Court allowed the appeal and set aside the High Court's judgment.

The Court held that the Administration's interpretation—that it could unilaterally determine "willful neglect" and that such a decision was final—violated the fundamental principle that no party shall be a judge in its own cause.

Relying on State of Karnataka v. Shree Rameshwara Rice Mills, the Court clarified that a party's right to assess damages only arises if the breach is admitted. When liability is disputed, the matter must be decided by an independent adjudicatory forum.

The Court noted that Clause 3.22 (Arbitration) was widely worded to cover "any dispute". To avoid absurdity, Clause 3.20 must be read such that the Administration's "finality" only applies to the quantification of loss in cases where the agent admits liability. If "willful act or neglect" is disputed, it remains an arbitrable dispute.

The Court expressed "shock" at the Administration's attempt to bar all legal remedies. It invoked the maxim '**Ubi jus ibi remedium**' (where there is a right, there is a remedy) and cited Section 28 of the Indian Contract Act, which renders void any agreement that absolutely restricts a party from enforcing their rights through usual legal proceedings. No contract can be interpreted to create a "vacuum" in legal remedies.

The Supreme Court concluded that the Arbitrator acted within his jurisdiction, and the High Court had erred in setting aside the award.

8.LIABILITY FOR ACCIDENTS DURING ELECTION DUTY SHIFTS TO THE REQUISITIONING AUTHORITY; INSURANCE COMPANY NOT LIABLE ONCE STATE ASSUMES CONTROL: SUPREME COURT [MARCH 23, 2026][8]

Introduction

In the case of *District Magistrate and District Election Officer and Collector, Gwalior, M.P. v. National Insurance Company Limited and Others*, the Supreme Court of India addressed a recurring legal conflict regarding insurance liability for vehicles requisitioned by the State for public purposes. The Court examined whether an insurance company remains liable for an accident involving a private vehicle when that vehicle has been compulsorily "requisitioned" by the government for election duty. The Court held that a requisitioning authority becomes the "owner" in a legal sense during the period of requisition, thereby shifting the liability for compensation.

Facts

In January 2010, a bus was requisitioned by the District Election Officer, Gwalior, for use during a local election. While the bus was under the control of the election authorities, it was involved in a fatal accident with a motorcycle, resulting in the death of the rider.

[8] District Magistrate & District Election Officer and Collector, Gwalior, M.P. v. National Insurance Company Limited and Ors, 2026 SCC OnLine SC 455

The Motor Accident Claims Tribunal (MACT) awarded compensation to the family of the deceased but directed the District Magistrate/Collector (the requisitioning authority) to pay the amount, rather than the Insurance Company with which the bus was insured. The High Court upheld this decision. The State challenged this, arguing that the insurance policy was "in force" and that the mere act of requisitioning should not absolve the insurance company of its contractual liability to cover third-party risks.

Issues

The principal issues before the Court were:

1. Whether the State (requisitioning authority) becomes the "owner" of the vehicle under Section 2(30) of the Motor Vehicles Act, 1988, during the period of requisition.
2. Whether the insurance company is liable to indemnify the State for accidents occurring while the vehicle is being used for election duty.
3. Whether the contract of insurance between the private owner and the company subsists during a period of compulsory State requisition.

Judgment and Reasoning

The Supreme Court dismissed the State's appeal and upheld the findings of the Tribunal and the High Court, fixing the liability on the State authorities.

The Court reiterated the principle established in earlier precedents (such as UPSRTC v. Kulsum) that when a vehicle is requisitioned by the State, the person who has "possession and control" over the vehicle is deemed to be the owner. Since the District Election Officer had the power to dictate the route, timing, and use of the bus for election purposes, the State exercised total control, making it the "deemed owner" for the duration of the requisition.

The Court held that the insurance policy is a contract between the private owner and the insurer. When the State compulsorily takes over a vehicle, the "risk" associated with its use is no longer within the parameters contemplated by the insurer at the time of issuing the policy. Requisitioning is not a voluntary transfer of possession; it is a statutory takeover. Unless the State specifically insures the vehicle for the requisition period, the private insurer cannot be held liable for accidents occurring under the State's exclusive management.

The Court observed that while the Motor Vehicles Act is a social welfare legislation, it cannot be interpreted to mean that insurance companies must cover risks for which they did not collect premiums or provide consent. Once the vehicle is "on duty" for the State, the State must bear the consequences of any mishap arising from that use.

The Supreme Court concluded that the District Magistrate/Collector was liable to satisfy the compensation award. It clarified that once a vehicle is requisitioned for election duty, its control and use are entirely at the disposal of the State, and any liability arising during this period must be indemnified by the requisitioning authority.

FIRM HIGHLIGHTS

ANM ThinkPod

FIRM HIGHLIGHTS

New office. New Partner.
ANM Global continues its growth in Hyderabad with Ms. Sonali Mishra joining the Media & Entertainment Practice as Partner.

ANM Global advised Applause Entertainment on its Master Agreement with StoryTV App (By Eloelo group), a leading microdrama platform in India, marking an exclusive collaboration to create a curated slate of premium microdramas and push the boundaries of short-form storytelling.

FIRM HIGHLIGHTS

ANM Global is pleased to have represented Tumbaga Media Private Limited (Studio9), successfully advising in relation to all production and exploitation related agreements in relation to the audio-visual content.

ANM Global is pleased to have represented RKD Studios (RK Duggal Studios Private Limited), successfully advising for the acquisition and exploitation of dubbing rights of the film in Hindi and other global languages (excluding South Indian languages).

F I R M   H I G H L I G H T S

ANM Global is pleased to have represented Turtle Adverts (AK Enterprises), providing legal support in drafting, negotiating, and executing agreements with the film's producers for in-film brand integrations.

ANM Global is proud to have successfully represented Applause Entertainment Private Limited, providing comprehensive legal advisory for the Film as well as end-to-end legal support towards drafting, reviewing and negotiation of all production related agreements and exploitation agreement.

ANM Global is proud to have successfully represented Pocket Aces Pictures Private Limited (Clout), providing legal advisory towards negotiating and executing the agreements for influencer Mr. Ravish Shetty for his participation in the reality show.

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