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# Strict Interpretation of Acknowledgment under Section 18 of the Limitation Act: Supreme Court’s Guard Against Diluting Limitation Law

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## Introduction

The law of limitation serves a crucial function in ensuring legal certainty, finality of disputes, and timely enforcement of rights. Section 18 of the Limitation Act, 1963, allows the limitation period for initiating legal proceedings to restart when there is a written acknowledgment of liability. However, the ambit and extent of what constitutes an “acknowledgment” has often been litigated. In M/s. Airen and Associates v. M/s. Sanmar Engineering Services Ltd., the Supreme Court delivered a significant judgment that underscores the strict interpretation of acknowledgment under Section 18.

This ruling reiterates that acknowledgment under Section 18 must be clear, specific, and refers only to a present, subsisting liability. Any attempt to stretch or imply acknowledgment beyond what is expressly admitted in writing is impermissible in law.

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## Case Background

The appellant, M/s. Airen and Associates, had undertaken contractual work for the respondent and issued a claim of ?3,07,115.85 on 14 March 1992. In reply, the respondent accepted liability only to the extent of ?27,874.10, stating that ?1,00,000 had already been paid and that the contract value was limited to ?1,55,223.

A civil suit was filed by the appellant in April 1995 for recovery of the full claimed amount along with interest. While the trial court acknowledged the work was done, it dismissed the suit on the grounds of limitation. The Chhattisgarh High Court, in part, allowed the appeal extending the benefit of Section 18 only to the acknowledged sum. The appellant then approached the Supreme Court seeking the benefit of limitation for the full claim amount.

## Legal Issue

The central issue before the Supreme Court was:

Whether the acknowledgment dated 21.05.1992, which admitted only a part of the liability could extend the limitation period for the entire claim under Section 18 of the Limitation Act, 1963.

## Court’s Interpretation of Section 18

Section 18 of the Limitation Act states that when there is a written acknowledgment of liability, signed before the expiration of the prescribed period, a fresh limitation period begins from the date of such acknowledgment.

The Court held that for Section 18 to apply:

- The acknowledgment must be in respect of the right or property claimed;
- It must reflect a present and subsisting liability;
- The acknowledgment must be clear, unambiguous, and specific;
- Partial acknowledgments will not extend limitation for the unacknowledged portion.

In this case, the respondent had acknowledged only ?27,874.10, explicitly disputing the remaining claim. Thus, the acknowledgment did not relate to the full suit claim, and limitation could not be extended for the balance amount.

The Court distinguished this case from earlier decisions like:

- Food Corporation of India v. Assam State Coop. Federation, where acknowledgment covered the entire claimed amount;

- J.C. Budhraja v. Orissa Mining Corporation, where acknowledgment was held valid only to the specific admitted part and not beyond.

## The Principle of Strict Interpretation

The Court emphasized that Section 18 must be interpreted strictly, not liberally. The reasoning is grounded in the principle that limitation laws are substantive in nature and exist to prevent stale claims. A broad or implied reading of acknowledgment would erode the certainty and purpose of the limitation period.

**The judgment reaffirms that:**

“What can be acknowledged is a present subsisting liability. An acknowledgment cannot extend limitation for a time-barred or unacknowledged claim, nor for new or future claims.”

The ruling prevents misuse of Section 18 by claimants who attempt to revive entire claims through partial or unrelated acknowledgments.

## Impact and Significance

This case strengthens the position that:

- Only clear and express acknowledgment saves a claim from limitation;
- Partial acknowledgments have limited legal effect and do not stretch the period of limitation for unrelated or disputed claims;
- Parties must be diligent and proactive in either filing suits within time or obtaining full and comprehensive written acknowledgments.
- This ruling is especially relevant for commercial transactions, construction contracts, and delayed payments, where informal or partial correspondence is often relied upon to argue for fresh limitation periods.

## Conclusion

The Supreme Court’s ruling in M/s. Airen and Associates v. M/s. Sanmar Engineering Services Ltd. sets a critical precedent that preserves the sanctity of limitation law through a strict interpretation of Section 18. It makes clear that courts will not infer or stretch acknowledgment beyond its written scope, and that any ambiguity will not benefit the claimant.

For practitioners and litigants, the message is unmistakable: if you intend to rely on acknowledgment to save your claim from being time-barred, ensure it is express, written, and acknowledges the full extent of the liability claimed. Otherwise, you risk forfeiting your right to relief.

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