

ECLIPSE OF TRUST: UNAMBIGUOUS CONTRACTS AS INDIA'S COMMERCIAL BULWARK

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Confidence, once the bedrock of society, has undergone a profound transformation. My parents often recount life in New Delhi forty years ago – a time when neighbours rarely locked their homes, cupboards were left open, and security was nothing more than a modest latch. Confidence was natural, instinctive, and almost unquestioned. Today, that simplicity feels like a relic of the past. We live in an era where crime stories dominate news channels, and suspicion overshadows the comfort of reliance.

This same shift echoes within the business world. There was a time when agreements were sealed with an informal pledge over coffee or a drink, and promises carried the weight of performance. But times have changed. Priorities shift, assurances falter, circumstances evolve, and, unfortunately, verbal intentions too can waver. In today's commercial reality, confidence has become rarer, precious, but insufficient. The informal pledge, once sacred, no longer safeguards one's interests.

Business dealings often begin informally, with someone saying: "We have a deal." Yet without proper documentation, such arrangements quickly deteriorate into contention where it becomes "your word against mine." The age-old legal adage could not be truer here: "The devil is in the details." What safeguards a business is not the symbolic clasp of hands, but the precise, clear, and unambiguous terms laid down in writing. A well-drafted contract removes ambiguity, defines expectations, allocates risks, and creates a framework for enforcement.

Indian jurisprudence strongly upholds the principle that certainty and clarity are indispensable in contractual relations.

In ***Trimex International FZE Ltd. v. Vedanta Aluminium Ltd.* (2010) 3 SCC 1**, the Supreme Court held that even a chain of emails between parties can constitute a binding contract if the

terms are unambiguous and there is *consensus ad idem*, reinforcing that enforceability lies in certainty rather than formality.

Similarly, in ***Kollipara Sriramulu v. T. Aswathanarayana* AIR 1968 SC 1028**, the court clarified that while a contract need not always be in writing, where the parties contemplate a formal agreement, its absence may indicate that negotiations are incomplete, highlighting the risks of relying on informal assurances. Together these rulings affirm that sustainable business dealings cannot rest on confidence or informal pledges alone; they necessitate documented clarity to safeguard intent and prevent contention.

Some entrepreneurs, especially in startups or family businesses, hesitate to insist upon formal contracts particularly when dealing with friends, relatives, or long-standing clients. They fear that introducing paperwork may signal mistrust. Yet, the opposite is true. A written contract, rather than undermining relationships, strengthens them. It acts as an insurance policy, ensuring transparency, consistency, and fairness. Even the closest of friends or family members can suffer devastating fallout from misunderstandings that a modest agreement could have prevented.

When contention inevitably arises, a contract serves as a bulwark, enabling resolution through predetermined terms rather than

prolonged adjudication. Courts have consistently upheld this view.

In ***LIC of India v. Consumer Education & Research Centre (1995) 5 SCC 482***, the Supreme Court stressed the importance of fairness, reasonableness, and clarity in contractual dealings, holding that ambiguity invariably works against the drafter.

In this sense, a contract operates much like the “corporate veil” drawing boundaries, crystallizing obligations, and fostering accountability well before performance begins. The lesson is particularly critical for startups and small enterprises where informal arrangements often appear convenient in the beginning, but later result in contention that consumes resources and relationships alike. To put it plainly: codifying commitments is not merely advisable, it is indispensable for sustainable business governance.

Conveyancing, often described as the art of drafting through the arrow of words, is therefore not a mere formality. It is the pillar of legal certainty in commerce. To dismiss it as an inefficacious expenditure of resources is to ignore the inevitable moment when one realises, often too late, that prevention would have been far cheaper than cure. As the saying goes: your time will surely come, if only you let it be right.

Thus, while an informal pledge may symbolize goodwill, it must always be fortified by well-drafted contracts. Confidence is the foundation, but it is the documented details that safeguard, enforce, and preserve it. In today’s world, the devil truly lies in the details, and those details must be put in writing.