

ABSTRACT

TIME: AN ESSENCE OF A CONTRACT

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"Time is of the essence" is a legal expression that refers to the amount of time that one party has to complete its contractual duties to the other party. A breach of contract occurs when deadlines specified in a contract's "time is of the essence" clause are not met. This type of clause is commonly used in contracts where there is a sense of urgency. One example is when one party must begin work immediately or when the parties have a limited amount of time to finish the transaction. The purpose of time of essence provisions is to protect the parties. If one contractually obligated party fails to perform its duties, the aggrieved party is entitled to compensation for the resulting losses. The offended party may then make a claim against the other party. When a party wants to make it obvious that the contract duties must be met on time, the contract can include a term that clearly states: "Time is of the essence with respect to all [obligations/delivery/payments] under this agreement."

Keywords : Time, Contractual duties, Agreement, Contract, Breach of contract, Compensation.