

## Chapter – 31

### Discharge and Breach of a Contract

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#### I. Choose the Correct Answer

**Question 1.**

On the valid performance of the contractual obligation by the parties, the contract .....

- (a) Is discharged
- (b) Becomes enforceable
- (c) Becomes void
- (d) None of these

**Answer:**

- (a) Is discharged

**Question 2.**

An agreement to do an act impossible in itself under Section 56 is .....

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Unenforceable

**Answer:**

- (a) Void

**Question 3.**

Any agreement which becomes impossible to perform under various circumstances.

- (a) Voidable
- (b) Void
- (c) Valid
- (d) None of these

**Answer:**

- (b) Void

**Question 4.**

Discharge by mutual agreement may involve .....

- (a) Novation
- (b) Rescission
- (c) Alteration
- (d) All of the above

**Answer:**

- (d) All of the above

**Question 5.**

The compensation given for breach of contract is .....

- (a) Damage
- (b) Remuneration
- (c) Money
- (d) Cheque

**Answer:**

- (a) Damage

## **II. Very Short Answer Questions**

**Question 1.**

What are the kinds of consent?

**Answer:**

Consent can be classified into four types, namely; Implied Consent, Expressed consent, Informed Consent, and Unanimous consent.

**Question 2.**

What are the types of Impossibility of Performance?

**Answer:**

There are two types of the impossibility of performance, such as –

1. Impossibility existing at the time of the agreement.
2. Impossibility arising subsequent to the formation of the contract.

**Question 3.**

What is Quantum merit?

**Answer:**

The meaning of the phrase quantum merit is 'as much as earned'. It has been arising if a contract performed by one party has become discharged by breach of the other party. The claim is not for the original contract that has been discharged or void, but on an implied promise by the other party to pay for what he has done.

### III. Short Answer Questions

**Question 1.**

What are the different modes of discharge by implied consent?

**Answer:**

Different modes of discharge by implied consent are:

1. Novation
2. Alteration
3. Recession
4. Remission
5. Accord and Satisfaction
6. Waiver
7. Merger

**Question 2.**

Define discharge by Performance.

**Answer:**

Performance implies carrying out the obligation of the contract. Performance must be completed according to the real intentions of the agreement. Performance must be done according to the time and manner prescribed. Performance of contract may be of two types namely

1. Actual performance
2. Attempted performance.

**Question 3.**

What are the reasons for impossibility arising after the formation of a contract?

**Answer:**

Impossibility arising subsequent to the formation of a contract or supervening impossibility may be:

1. By some event beyond the control of the parties; or
2. By some act either of the promisor or of the promisee.

**Question 4.**

What are the various rules regarding damages?

**Answer:**

Damages are monetary compensation awarded by the court to the injured party for the loss or injury suffered by him. The following are the rules regarding damages

- As per the contract, one party can claim damages if the other parties breach the contract.
- The main purpose of awarding the damages is to make good the loss suffered by him. It is known as the doctrine of restitution.
- Section 73 of the Indian Contract Act, 1872 deals with the compensation for loss or damages caused by a party for breach of contract.

## **IV. Long Answer Questions**

**Question 1.**

Explain the ways of discharge of Contract?

**Answer:**

Different modes of discharge of contract have been provided under different sections of the Act:

**1. Discharge by Performance:** Performance implies carrying out the obligation of the contract. Performance must be completed according to the real

intentions of the agreement. Performance must be done according to time and manner prescribed. Performance of contract may be of two types namely:

- Actual performance
- Attempted performance

**2. By Agreement on Consent:** Agreement between the parties comes to an end by mutually agreeing for it. Any contract is created by an agreement, hence in the same way, it can be discharged by an agreement. The consent may be of the following types:

- Express consent
- Implied consent

**3. By Impossibility of Performance:** A contract may be discharged if its performance becomes impossible. There are two types of the impossibility of performance, such as –

- Impossibility existing at the time of the agreement.
- Impossibility arising subsequent to the formation of the contract.

**4. By Lapse of Time:** According to the Limitation Act, 1963 a contract must be performed within a specified time. If it is not performed within this specified time limit and against which if no action is taken by the promisee in the Court of Law within a specified time, then the promisee is deprived of his remedy at law. In such cases, the contract is discharged.

**5. By Operation of Law:** A contract can be discharged by the operation of law. The operation of law by which contract can be discharged are as follows:

- By Death
- By Merger
- By Insolvency
- Unauthorized Alteration of the Terms of a Contract
- Rights and liabilities vesting in the same person

## **Question 2.**

Write about the various remedies for breach of contract.

**Answer:**

All parties to a contract are expected to perform their promises. When one party refuses to perform his promise, then the breach of contract takes place. The other party or parties are called aggrieved or injured party or parties. There are various types of remedies for the injured parties listed as follows:  
The recession of Contract:

In case of breach of contract by one party, then the other parties may rescind the contract and thereby the party is absolved from all obligations under the contract.

**Claim for Specific Performance:**

In some specific cases if the damages are not an adequate remedy, then the court can direct the party in breach for the specific performance of the contract. In such a case, the promise is carried out as per the terms and conditions of the contract.

**Claim for Injunction:**

The injunction is an order passed by a competent court restraining a person from doing some act. An injunction can be defined as a mode of securing the specific performance of the negative terms of a contract. Negative terms of contract imply doing something, which a party has promised not to do. The injunction is an order which is granted by the court restraining the person to do what he had promised not to do.

**Claim for Quantum Merit:**

The claim for quantum merit may arise if a contract performed by one party has become discharged by breach of the other party. The meaning of the phrase quantum merit is 'as much as earned'. The claim is not for the original contract that has been discharged or void, but on an implied promise by the other party to pay for what he has done.

**Claim for damages:**

Damages are monetary compensation awarded by the court to the injured party for the loss or injury suffered by him. As per the contract, one party can claim damages if other parties breach the contract. The main purpose of awarding the damages is to make good the loss suffered by him. It is known as

the doctrine of restitution. Section 73 of the Indian Contract Act, 1872 deals with the compensation for loss or damages caused by a party for breach of contract.

**Question 3.**

Discuss the different types of damages awarded to the injured party.

**Answer:**

The following are the different types of damages awarded to the injured party:

**1. Ordinary damages:**

The damages which arise in the ordinary course of events from the breach of contract are called ordinary damages. These damages constitute the direct loss suffered by the aggrieved party.

**2. Special Damages:**

Special damages are those damages that are payable for the loss arising on account of some special or unusual circumstances. They are not due to the natural and probable consequences of the breach of the contract. Special damages can be recovered only when the other party while signing the contract, is informed of the special circumstances which are responsible for the special losses.

**3. Exemplary or Vindictive Damages:**

These damages are awarded against the party who has committed a breach of the contract with the object of punishing the erring as defaulting party and compensating the aggrieved party. These damages are awarded in the case of action on lost or breach of promise.

**4. Nominal damages:**

Nominal damages are awarded to the aggrieved party when there is only a technical violation of the legal rights. Here no substantial loss is caused. These damages are very small in amount. They are awarded simply to recognize the right of the party to claim damages for the breach of the contract.