

<b>CHAPTER</b>	
<b>1</b>	<b>The Indian Contract Act, 1872</b>
<b>Unit : 5</b>	<b>Breach of Contract</b>

- [1] (b) According to Section 73, of the Indian Contract Act, 1872, in a contract for the sale of goods, the measure of ordinary damages is the difference between the contract price and the market price of such goods on the date of breach.
- [2] (d) Nominal damages are those which are awarded where there is only a technical violation of a legal right but the aggrieved party has not in fact suffered any loss because of breach of contract. These are called nominal because they are very small, say, one rupee. The court may or may not award these nominal damages.
- [3] (b) Specific Performance may be ordered by the court when damages are not an adequate remedy.
- [4] (b) Special damages are those which may reasonably be supposed to have been in the contemplation of both parties as the probable result of the breach of the contract. These damages can be recovered if the special circumstances which would result in a special loss in case of breach of a contract are communicated to the promisor.
- [5] (d) The remedies open to a person, suffering from breach of contract are :
- (a) **Suit for damages:** Damages are monetary compensation allowed for loss suffered by the aggrieved party due to breach of a contract.
  - (b) **Suit for Injunction:** Suit for injunction means demanding court's stay order. Injunction means an order of the court which prohibits a person to do a particular act.
  - (c) **Suit for Quantum Meruit:** Quantum meruit means as much as is earned. Right to Quantum Meruit means a right to claim the compensation for the work already done.
- [6] (a) Vindictive damages are measured on the basis of extent of shock to the sentiments of promisee.
- [7] (d) When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach. A promisee, instead of putting an end to the contract forth with may keep the contract alive up to the time when the contract is to be executed and some event happens discharging the promisor from his liability, the contract becomes void.

- [8] (b) P contracts with Q to deliver possession of a house under construction within a period of six months, failing which P would pay the monthly rental to Q. The monthly rental payable by Q's plan is in the native or liquidated. Damages as the sum payable by P to Q represents a fair and genuine pre-estimate of the damages likely to result due to breach.
- [9] (d) N chartered M's Ship and agreed to load it with a cargo in Orissa within 50 days. N was unable to supply the cargo but M continued to demand it, meanwhile war broke out rendering the performance impossible. In such a case the contract is discharged and M cannot be sure for the damages.
- [10] (c) The phrase 'Quantum Meruit means as much as is earned' or "according to the quantity of work done". When a person has begun the work and before he could complete it, the other party terminates the contract or does something which makes it impossible to complete the contract, he can claim for the work already done. Such a claim can only be brought about by a party who is not at default.  
Thus, A can not claim quantum meruit as he abandons the work and thus he is at fault.
- [11] (a) G, a film star agreed to act exclusively for Y, a film producer, for one year. During the year, she contracted to act for some other producer. In this case, Y can restrain G by an injunction which means that he can demand court's stay order which can prohibit G from entering into a contract with some other producer.
- [12] (c) E contracts to marry F. Before the agreed date of marriage, E marries K. Here F is entitled to sue E for anticipatory breach in an implied manner i.e. now it has become very obvious that there is a breach from E's side and hence the contract between E and F is rescinded as a result of which now E cannot marry F as he is now committed to K.
- [13] (b) The phrase 'quantum meruit' literally means as much as is earned" or "according to the quantity of work done". When a person has begun the work and before he could complete it, the other party terminates the contract or does something which makes it impossible for the other party to complete the contract, he can claim for the work done under the contract.
- [14] (d) On breach of a contract, compensation can be claimed for any loss or damage which naturally arises in the usual course of events. Compensation can also be claimed for any loss or damage which the party knew when they entered into the contract, as likely to result from breach. The party suffering from the breach is bound to take reasonable steps to minimise the loss. No compensation is payable for any remote or indirect loss. Thus, damages which are not natural and direct are known as remote damages.

- [15] (c) Compensation is available only for those damages that arise naturally in the course of events. No compensation is payable for the remote or indirect loss or damages.
- [16] (b) Nominal Damages are awarded where the plaintiff has proved that there has been a breach of contract but he has not in fact suffered any real damage. These are awarded just to establish the right to decree for the breach of contract.
- [17] (b) **Same as Ans. 16**
- [18] (b) When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach of Contract.
- [19] (b) As per the Indian Contract Act, a person is entitled to contract only if he has attained the age of majority i.e. 18 years (as per the Indian Majority Act).  
The famous case of *Mohiribibi vs Dharmodas Ghosh* states that any contract done with a minor is not enforceable in law.  
In the given case, Suman is a minor and hence buyer cannot file a claim against her for the breach of contract.
- [20] (a) Claim for damages are a monetary compensation awarded by the court to the injured party for the loss or injury suffered by him and such damages include the ordinary damages i.e. damages which naturally arose in the usual course of things from such breach.
- [21] (a) **Special Damages:** Damages which result from the breach of contract under special circumstances and are recoverable by the aggrieved party.
- [22] (a) Damages which arises due to some special or unusual circumstances are recoverable.
- [23] (b) Vindictive or exemplary damages are awarded in two cases-  
(i) for breach of promise to marry,  
(ii) wrongful dishonour by a banker of his customer's cheque.  
Thus, in case of breach of promise to marry exemplary damages are awarded taking into consideration the injury caused to other party's feelings.
- [24] (c) Quantum Meruit means "as much as is earned" or "according to the quantity of work done". Thus, the party may recover the value of work done where the further performance of the contract becomes impossible in proportion to the work done by him.
- [25] (d) In case of breach of contract, the aggrieved party can file –  
(i) Suit for damages  
(ii) Suit for recession  
(iii) Suit for quantum merit  
(iv) Suit for specific performance  
(v) Suit for injunction.

- [26] (a) Damages which represent a fair and genuine pre-estimated sum of damages that is likely to result due to breach of contract is known as **Liquidated Damages**.
- [27] (b) Exemplary damages, also known as vindictive damages are damages that may be awarded only in two cases (i) for breach of promise to marry, and (ii) wrongful dishonour by a banker of his customer's cheque.
- [28] (a) As per Indian Contract Act, in case of deterioration caused to goods by delay, damages can be recovered from **carrier** even without notice.
- [29] (b) Just contrary to anticipatory breach is **actual** breach which means refusal to perform the promise on the scheduled date.
- [30] (a) The damages awarded by way of punishment are **vindictive damages** since these damages may be awarded only in wrongful dishonour by a banker of his customer's cheque.
- [31] (b) Specific performance may be ordered by the court when **damages are not an adequate remedy**.
- [32] (d) On breach of a contract, compensation can be claimed for any loss or damage which naturally arises in the usual course of events. Compensation can also be claimed for any loss or damage such as special damage which the party know when he entered the contract, as likely to result from breach. Any other damages are said to be remote or indirect damages hence, cannot be claimed. Thus **none of the above** given statements are incorrect regarding damages.
- [33] (c) When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time of performance has arrived, it is called Anticipatory Breach. A promisee, instead of putting an end to the contract forthwith may keep the contract alive upto the time when the contract is to be executed and some event happens discharging the promisor from his liability. Hence, in case of anticipatory breach, the aggrieved party may treat the contract by either discharging and bringing an immediate action for damages or wait till the time of the performance arrives. Thus, **Option c** is correct answer.
- [34] (d) When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called anticipatory breach of contract. A promisee, may instead of putting an end to the contract immediately, may keep the contract alive upto the time when the contract is to be executed. Promisee is entitled to claim damages but the amount of damages in one case may be different from other.
- [35] (c) **Where damages are not an adequate remedy** in the case of breach of contract the court may in its discretion on a suit for specific performance direct party in breach, to carry out his promise according to terms of the contract.

- [36] (c) In case of anticipatory breach of contract, the promisee need not perform his part of the contract but he can claim damages from the promisor. Such a case damages can be claimed by him only when the due date of performance is arrived and the promisor still doesn't perform his promise, after that damages can be claimed by promisee.
- [37] (d) **Suit for specific performance:**  
Where damages are not an adequate remedy in the case of breach of contract, the court may in its discretion on a suit for specific performance direct the party in breach, to carry out his promise according to the terms of the contract.
- [38] (c) In case of breach of contract, the damages awarded by way of punishment are known as nominal damages where the plaintiff has proved that there has been a breach of contract but has not in fact suffered any real damage. It is awarded just to punish the defendant for breaching the contract. The amount may be a rupee or even 10 paise.
- [39] (d) On the voidable contract being avoided, the injured party is entitled to recover compensation for any damage which he has sustained through non-performance of the contract.  
Thus, an injured party has all the above rights.
- [40] (d) An offer should be distinguished from an **invitation to offer**. An invitation to offer is only a circulation of an offer, it is an attempt to induce offers and precedes a definite offer. Acceptance of an invitation to an offer does not result in the contract and only an offer emerges in the process of negotiation.
- [41] (b) Where damages are not an adequate remedy in the case of breach of contract, the court may in its discretion on a **suit for specific performance** direct party in breach, to carry out his promise according to the term of the contract.
- [42] (d) Nominal damages are awarded where the plaintiff has proved that there has been a breach of contract but he has not in fact suffered any real damage. It is awarded just to establish the right to decree for the breach of contract.
- [43] (b) The phrase "quantum meruit" literally means "as much as is earned" or according to the quantity of work done when a person has begun the work and before he could complete it, the other party terminates the contract or does something which make it impossible for the other party to complete the contract, he can claim for the work done under the contract.
- [44] (d) When a contract is rescinded by the promisor, even before the actual time for performance has arrived, it is known as anticipatory breach of contract.