



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore – 641 107**

**An Autonomous Institution**

**Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A’ Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS**

**I YEAR / I SEMESTER**

**Unit 1 – THE INDIAN CONTRACT ACT 1872**

**Topic : Discharge of Contracts ,Remedies for a Breach of Contract Bailment and pledges**



## DISCHARGE OF CONTRACTS



Discharge of Contract means the end of a contractual relationship

Their relationship may come to an end either by-

(1) Act of parties or (2) Operation of law

Discharge of contract takes place in the following circumstances:

1. By performance:
2. By mutual consent:
3. By waive
4. By novation
5. By supervening impossibility
6. Discharge by Breach



## REMEDIES FOR A BREACH OF CONTRACTS



The party who suffers from a breach of contract has the following remedies:

### (1) Specific performance

An order for specific performance is an order enforcing the contract breaker to fulfill his obligation on the terms of the contract itself.

### (2) Injunction

This is an order of restraint. This order is to enforce and EXPRESS NEGATIVE stipulation in a contract. A negative contract is one whereby one party covenants NOT to do something. An injunction may be granted to restrain the breach of a negative stipulation in a contract even though the court would not order specific performance of the positive stipulations contained in the same contract.

### Example :

**A agrees to sing at B's theatre on a particular day and further agrees NOT to sing elsewhere on that day. A refuses to sing at B's theatre on that day.**

### (3) Suit for damages, and

### (4) Quantum meruit

The term literally means "As much as earned" The requirements for the application of this principle are as follows:-

- (1) It should be a contract for the payment of a lumpsum.
- (2) The contract should be non-severable, (A non severable contract is a contract which should be performed in its entirety Part -performance will not satisfy the parties)
- (3) One party should have fulfilled part of his obligation.
- (4) The other party should have repudiated the contract.
- (5) The first party should not be at fault. He should be ready and willing to perform therest of his



## INDEMNITY AND GUARANTEE



### CONTRACT OF INDEMNITY - Section 124

- 1) Indemnifier, and
- 2) Indemnified.

The indemnifier promises to save the indemnified from Loss Caused to him by the Conduct of the indemnifier himself or by the conduct of any other person.

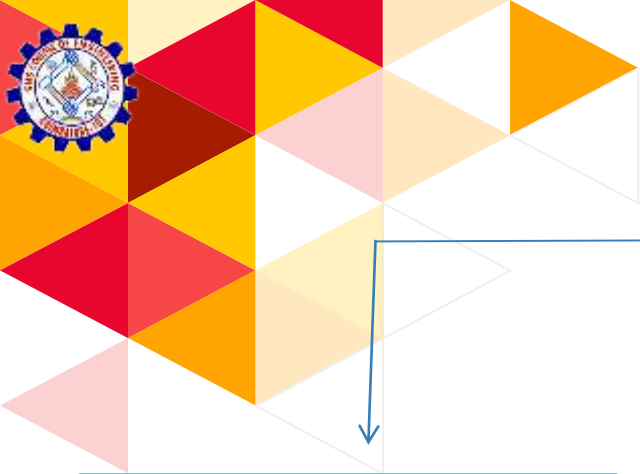
### CONTRACT OF GUARANTEE - Section 126

There are three parties in a contract of guarantee namely:-

- (1) Creditor
- (2) Principal debtor, and
- (3) Surety

#### Example :

**A is a customer. B is a shopkeeper C. tells, B. "Please supply goods to A. If he does not pay, I shall pay". This is a contract of guarantee.**



# Discharge of Surety



## Revocation

1. Notice
2. Death
3. Novation

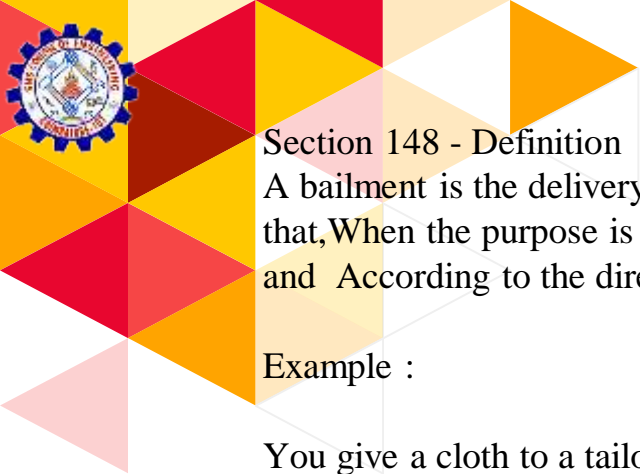
## Act of Creditor

1. Variation in terms
2. Release of principal debtor
3. Compounding by creditor
4. Impairing surety's remedy
5. Loss of security

## Invalidation

1. Lack of essential element
2. Misrepresentation
3. Concealment
4. Failure of consideration
5. Co-surety not joining





## CONTRACT OF BAILMENT

### Section 148 - Definition

A bailment is the delivery of goods by one person to another, For some purpose, Upon a contract that, When the purpose is accomplished, The goods shall be returned Or otherwise disposed off, and According to the directions of the person delivering the goods.

### Example :

You give a cloth to a tailor to stitch a dress for you. The tailor is the bailee. You are the bailor.





## DUTY OF BAILEE TO RETURN GOODS



### Section 160

It shall be the duty of the bailee to deliver back the goods bailed according to the bailor's directions, without demand soon after.

- (1) The expiry of time of bailment or
- (2) The purpose of bailment has been accomplished.

**Section 161** :If the goods are not delivered back as aforesaid, the bailee is responsible to the bailor for any loss, destruction or deterioration of the goods from that time.

**Section 162** : A gratuitous bailment is terminated by the death of the bailor or the bailee.

**Section 163** : The bailee is bound to the bailor any increase or profit which may have accrued from the goods bailed. This is subject to a contract to the contrary.

**Section 164** :Suppose the bailee suffers loss because the bailor was not entitled.

- (1) To make the bailment or
- (2) To receive back the goods or
- (3) To give directions in respect of the goods. The bailor is responsible to the bailee for such loss

**Section 165** : A bailee who in good faith returns the goods to the bailor is not liable to the true owner of the goods. This happens when the bailor does not have title to the goods.

**Section 167** : Suppose a person other than the bailor claims the goods bailed he (i.e. the claimant) may apply to the court to stop delivery of the goods to the bailor and to decide the title to the goods.



## BAILMENT OF PLEDGES



A pledge is a bailment of goods as security for payment of a debt or performance of a promise. The bailor is called “the pawnor” or pledger and the bailee is called “the pawnee” or the pledgee.

The pawnee may retain the goods pledged

- (1) For payment of the debt
- (2) For the interest, and
- (3) For the necessary expenses incurred for the preservation of the goods pledged.





**RECAP**

**QUESTIONS???**

**THANK YOU**