

Unit - 5

Breach of Contract and its Remedies

* Remedies for breach of Contract

i) => Rescission of the contract :
Termination of contract by promisee when promisor refuses to perform.

ii) => Suits for damages : Monetary Compensation

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Kinds of damages :

1. Ordinary damages - Equal to actual loss but not for indirect loss.

2. Special damages - Decided at the time of contract entered.

3. Exemplary damages - Granted only in case of breach of contract to marry & unjustified dishonour of cheque.

4. Nominal damages - When there is no loss.

5. Damages for Inconvenience - Granted for physical inconvenience.

6. Liquidated damages & penalty - If damage equal to loss then liquidated damages, if more than loss penalty.

7. Payment of Interest - Payment of interest is permissible as per law or usage, if not decided, Court may grant relief, if interest is in the nature of penalty.

iii) => Suit for Special performance:

Where damages are not an adequate remedy, the court may direct the party in breach to carry out his promise according to the terms of contract.

*Not granted where:

- a) Damages are adequate relief
- b) Contract of personal nature
- c) Not possible for the Court to supervise the performance
- d) The contract is made by a company beyond its object as laid down in its Memorandum of Association.

iv) => Suit on "Quantum Meruit":

As much as earned

When a person has done some work under a contract, and the other party repudiated the contract, or some event happens which makes the further performance of the contract impossible, then the party who has performed the work can claim remuneration for the work he has already done.

1) Suit for injunction:

Where a party does something which he promised not to do, the court may by issue an order, prohibit him from doing so.