

LAW CAPSULE

For Law Competitive Exams

DISCHARGE OF CONTRACT



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A Contract can be discharged by following ways:-

Sl.No.	Method of Discharge	Meaning /Explanation
I	By Performance of Contract	Discharge by performance
II	By Breach of Contract	a. By non-performance (Actual) b. Anticipatory Breach of Contract
III	By Impossibility of Performance	a. Initial impossibility b. Subsequent impossibility (Doctrine of frustration-Supervening event)
IV	By Agreement – Novation	a. Change in terms of Contract b. Change in parties

Anticipatory Breach of Contract

Meaning

Repudiation of Contract before due date of performance has arrived

Options available to aggrieved person

- Rescind the Contract immediately + action for Breach of Contract
- Treat the Contract subsisting and alive + wait for the performance of Contract on the appointed date

Doctrine of Frustration

Meaning

Due to supervening event performance of Contract becomes impossible, the promisor is excused from performance of the Contract

(Read Section 56 with Section 65 of the Indian Contract Act, 1872)

A landmark case of physical impossibility to perform is *Taylor v. Caldwell*, 122 ER 30

- A agreed to give B music halls for holding concerts. Music halls destroyed by fire; held A not liable for non-performance of Contract

A landmark case of Literal impossibility is *Krell v. Henry*, (1903) 2 KB 740 (Literal impossibility – Changed Circumstances)

- King Edward VII Coronation procession

Section 65 of the Contract Act provides for Restoring benefit on subsequent impossibility.

Remission of performance (Section 63)

- Dispense with or remit performance of Contract
- Extend the time of performance
- Accept any other satisfaction instead of performance

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