

1 (H) Discharge of Contract

Subject : Commerce

Lesson : Discharge of Contract

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1 (H) Discharge of Contract

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1 (H) Discharge of Contract

The scope of the Unit is given below:

- 8.1 Discharge by Performance
- 8.2 Discharge by Mutual Agreement or Consent
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The termination of the contractual relationship is called discharge of contract. How the contract comes to an end or how the contractual relationship in a contract is terminated is explained through the various modes of discharge of a contract. The various modes of discharge are the following:



1 (H) Discharge of Contract

8.1 Discharge of Contract by Performance

This is the best way of bringing the contract to an end. Every person who is a party to a contract is bound to fulfill his/her obligation at the time when he/she has promised to perform it. The moment the parties execute their promises the contract the contract comes to an end. This mode of discharge is called discharge by performance.

The performance can be of two types.

1. Actual Performance
2. Attempted Performance

Actual Performance

In actual performance the parties to a contract have actually performed their promises. They have done what they had promised each other to do under the contract. They have fulfilled all their obligations under the contract. As a result the contract comes to an end.



Figure 8.1 Actual Performance

Illustration

On Monday Mala offered to sell her car for rupees thirty thousand to Sweetie and Sweetie agreed to buy the car and pay in cash by Friday evening. On Friday evening Sweetie paid rupees thirty thousand in cash to Mala and Mala gave the car to Sweetie. Thus the contract came to an end by discharge of contract.

Attempted Performance

In attempted performance one party offers to perform what he/she had promised but the other party no longer wants him/ her to perform. The party which is ready to carry out its obligation is excused from performing and the contract is discharged. However it can sue the other party for breach of contract.



Figure 8.2 Attempted Performance

1 (H) Discharge of Contract

Check your Progress

Discharge of Contract

In the parties to a contract have actually performed their promises. They have done what they had promised each other to do under the contract. In attempted p fers to perform what he/she had promised but the other party no longer wants him/ her to perform.

Submit

Click the down arrow to view the dropdown list options and select the appropriate one.

Illustration

On Monday Mala offered to sell her car for rupees thirty thousand to Sweetie and Sweetie agreed to buy the car and pay in cash by Friday evening. On Friday Sweetie refused to buy the car. Hence this was an attempted performance. The promisor Mala offered to execute her promise but Sweetie refused to buy the car. Thus Mala can sue Sweetie for breach of contract.

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8.2 Discharge of Contract by Mutual Agreement or Consent

Parties agreeing to terminate a contract can discharge the contract without performance. They can do it by mutually agreeing to replace the old contract with a new one. The new contract extinguishes the rights and obligations of the parties under the old contract.



Figure 8.3 Discharge of Contract by Mutual Consent

Case law 1

Keshav Lal Lalubhai Patel vs. Lalbhai Trikumlal Mills. (1959 S.C. R 213)

In this case the Court pointed out that the promisee cannot by a unilateral act extend the time of performance of the contract of his own accord and for his own benefit without the consent of the other party.

There are various ways by which the old contract can be replaced by a new one. The various ways are as follows:

1 Novation: In this the parties to a contract agree to substitute the existing contract with a new one. The new contract is brought about by either changing the contract between the same parties or by changing the parties in the same contract.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of the next month. However she met with an accident and injured her leg. She approached Yogita and showed her reluctance to join. It was felt that it would take about two months time for the leg to heal and after a little persuasion from Yogita, Sunita decided to join as maid after two months. In this case the old contract was substituted with a new one and the parties to the contract are the same.

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Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of the next month. However Sunita met with an accident and injured her leg. She approached Yogita and showed her reluctance to join. It was decided that Sunita's sister Punita would replace her and would join as maid from the first day of the next month. In this case the old contract was substituted with a new one where the parties changed but not the terms of the contract.

2 Alteration: In this the parties agree to make some changes in one or more terms of the contract. By doing so the old contract is discharged and the parties are bound by the changed contract.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of the next month. Afterwards Sunita felt that the emoluments were too low and that she would not like to work at such low rates. She informed to Yogita of her unwillingness and after listening to Sunita Yogita decided to increase the emoluments by rupees five hundred. Sunita happily agreed to work for the additional rupees five hundred offered by Yogita. In this case the parties to the contract agreed to make some changes in the terms of the contract. By doing so the old contract was discharged and the parties were bound by the changed contract.

3 Rescission: In this the parties decide to terminate the contract before the contract is discharged by performance. This can be done in the following circumstances:

Rescission can take place by mutual consent. Here both the parties mutually agree to terminate the contract.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of the next month. However Sunita met with an accident and injured her leg. She approached Yogita and showed her reluctance to join. It was mutually decided to terminate the contract. Sunita was no longer bound to join as a maid from the next month.

Rescission also takes place when one party fails to perform his/her obligation and the other party cancels the contract.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of the next month. However Sunita met with an accident and injured her leg. She did not inform Yogita about her unwillingness to join. On the first of the next month she did not join. Therefore Yogita cancelled the contract.

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Rescission can also take place when a contract, which was valid at the time it was entered into, becomes void due to some unavoidable circumstances before it can be executed. Such circumstances include war and physical impossibility.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of next month. However Sunita met with an accident and died. Due to impossibility of performance the contract becomes void

4 Remission: Remission means acceptance by the promisee of a lesser fulfillment of the promise made by the promisor. This can be done in the following three ways:

The promisee can remit wholly or in part the performance of the promise made to him/her by the promisor. If the promisor has performed less than what he/she had promised and the promisee accepts it without complaining then this is called discharge of contract by remission.



Figure 8.4 Lesser Fulfillment of the Promise

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of next month. Sunita worked for a month and at the end of the month Yogita paid Sunita rupees fifteen hundred. This was less than the amount initially promised by Yogita. Sunita accepted the reduced emoluments without any complaint.

The promisee can extend the time for performance. If the promisor does not fulfill his/her task within the time promised then in that case instead of suing the promisor for non-performance the promisee can extend the time of performance for the promisor.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of next month. Sunita worked for a month and at the end of the month Yogita paid Sunita rupees fifteen hundred. This was less than the amount initially promised by Yogita. Sunita accepted the reduced emoluments without any complaint.

1 (H) Discharge of Contract

The promisee can accept any other satisfaction instead of performance. Sometimes the promisor does something else than what he/she had promised and the promisee accepts that without any objection.

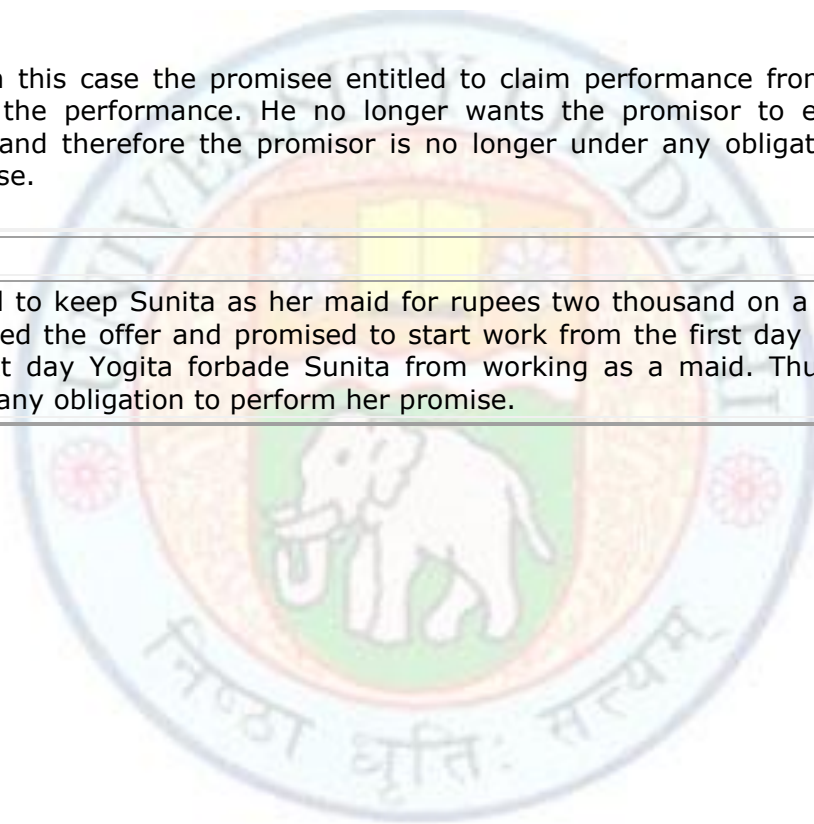
Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of next month. Sunita worked for a month and at the end of the month Yogita paid Sunita rupees fifteen hundred. This was less than the amount initially promised by Yogita. Sunita accepted the reduced emoluments without any complaint.

5 Waiver: In this case the promisee entitled to claim performance from the promisor might waive the performance. He no longer wants the promisor to execute his/her performance and therefore the promisor is no longer under any obligation to perform his/her promise.

Illustration

Yogita offered to keep Sunita as her maid for rupees two thousand on a monthly basis. Sunita accepted the offer and promised to start work from the first day of next month. The very next day Yogita forbade Sunita from working as a maid. Thus Sunita is no longer under any obligation to perform her promise.



1 (H) Discharge of Contract

8.3 Discharge by Lapse of Time

A contract is to be performed within a reasonable period. If the contract is not performed within that period then the contract comes to an end and no legal action can be taken by the promisee after that. In the case of contracts the period of limitation is three years. If none of the parties files a suit within this time, the contract becomes time barred. Once the contract becomes time barred, it becomes unenforceable. It cannot be enforced in a Court of law.



Figure 8.5 Discharge by Lapse of Time

Check your Proress

Discharge of Contract by Mutual Agreement or Consent

Novation	➤	In this case the promisee entitled to claim performance from the promisor might waive the performance.
Alteration	➤	The parties decide to terminate the contract before the contract is discharged by performance.
Rescission	➤	Means acceptance by the promisee of a lesser fulfillment of the promise made by the promisor.
Remission	➤	The parties to a contract agree to substitute the existing contract with a new one.
Waiver	➤	The parties agree to make some changes in one or more terms of the contract.

[Give Up](#)

Match the terms on the left with their correct description. You get five chances to match each pair.

Illustration

Jhankar took a loan of rupees ten thousand from Gurmeet on first January 2005. She was to repay the loan with interest on first January 2006. Gurmeet went to the United States in October 2005 and Jhankar did not repay the loan money on first January 2006 to Gurmeet. Three years elapsed and Gurmeet did not take any legal action against Jhankar for non-payment of the loan. Thus the debt became time barred.

1 (H) Discharge of Contract

8.4 Discharge by Operation of Law

At times the law discharges the contract, i.e. the law regards the contract as terminated. In the following cases the law regards a contract as discharged.

1 Death: When in a contract the performance of the contract is to be made personally by the promisor and his/her skill and knowledge is required for discharging his/her obligation. The contract comes to an end automatically if the promisor dies. The law discharges the contract, if the personal skill and knowledge of the promisor is not required in discharging the contract. Then after he/she dies the contract is not discharged and the rights and liabilities of the deceased promisor passes on to his/her legal representatives and it is the duty of the legal representatives to discharge the obligations under the contract.

Illustration

Heeralal promised to make a painting of Santosh on her birthday. Before Santosh's birthday Heeralal died of a heart attack. Hence the contract terminated and Hiralal was discharged of all his liabilities.

2 Insolvency: Once a person has been declared insolvent by the Court of law he / she is released from all liabilities. The contracts, which were entered into by him / her before being adjudicated as insolvent are discharged after he/ she becomes insolvent.

Illustration

Jeetendra entered into an agreement with Radhika to buy a thousand shoes manufactured by Radhika in the first week of March. In the month of February Jeetendra was declared insolvent. As a result the contract between him and Radhika is dissolved and Jeetendra was released from his liability to buy shoes from Radhika.

3 Merger: In this case the contract giving inferior rights to a person merges into a superior right. The contract giving the inferior right is discharged and is replaced by the one giving superior right.

Illustration

Ragini mortgaged her gold bangles and took rupees two lakh from Shambhu. She promised to pay Shambhu rupees two lakh with interest within two years. Two years expired and Ragini was unable to pay the money. Hence Shambhu, who was a bailee under the contract became the owner of the gold bangles. The contract originally entered into between Shambhu and Ragini gave the right of a bailee to Shambhu, but after the expiry of two years the contract gave Shambhu the right of an owner, which was a superior right.

4 Unauthorized Material Alteration: Any alteration made in a contract by one party without informing the other party or without the consent of the other party will make the contract void. The contract will no longer be enforceable in a Court of law.

1 (H) Discharge of Contract

Illustration

Ram offered to sell his house to Shyam for rupees ten lakh and Shyam agreed to buy it. The agreement between them was a written agreement. Later without informing Shyam, Ram raised the amount from rupees ten lakh to fifteen lakh. Hence the contract became void.

8.5 Discharge by Impossibility of Performance

It is very important that a contract is capable of being performed. A contract, which cannot be performed, is void. Impossibility of performance is of two types:

1 Initial Impossibility

2 Subsequent Impossibility

Initial Impossibility: Initial means right at the beginning of the process of making a contract. When the two parties are entering into a contract the impossibility of performance may be either known to them or not known to them. In case they knew about the impossibility right in the beginning, the agreement between them is void. The agreement never materializes into a contract. On the other hand if the parties enter into a contract without the knowledge of the impossibility of performance the contract is valid till they discover the impossibility. As soon as the parties discover the impossibility of performance they consider it a mutual mistake of fact and the contract becomes void.

Check your Progress

Discharge by Operation of Law

```
graph TD; A[ ] --> B[Death]; A --> C[Insolvency]; A --> D[Unauthorized material alteration]; A --> E[Merger];
```

Click Start to display an example. Click an arrow to segregate it under an appropriate box.

1 (H) Discharge of Contract

Illustration

Ram promised to marry Geeta if she could climb Mount Everest in two days. This is a void agreement because both Ram and Geeta know that it is impossible to climb Mount Everest in two days.

Illustration

Abdul a native of Saudi Arabia and a trader of horses had come to India and agreed to sell his horse Rustam to Bakul for rupees two lakh. Abdul was unaware of the demise of Rustam. The agreement between Abdul and Bakul was a valid contract but the moment Abdul discovers the death of Rustam the contract becomes void due to impossibility of performance.

Subsequent Impossibility: The contract, when formed, is capable of being executed by the contractual parties, but later it becomes impossible for the parties to perform the contract. This is called doctrine of supervening impossibility. When the contract comes into formation there is all the possibility of the contract being performed by the contracting parties but later due to unavoidable circumstances it is no longer possible to be perform the contract. Thus the contract becomes void.

8.5.1 The Situations Where the Doctrine of Supervening Impossibility is Applied

1. Destruction of Subject Matter: If the subject matter is destroyed after the formation of the contract, without the fault or negligence of either of the parties, the contract comes to an end. Once the main objective of the contract has been destroyed it is not possible for the parties to execute the contract. If the destruction has been due to the negligence of one of the parties then the party due to whose fault and negligence the subject matter has been destroyed is liable to compensate the other party.

Illustration

John promised to sell his house to Gangadhar and Gangadhar agreed to buy the house. But before John could sell it there was an earthquake and the house collapsed. Thus the contract comes to an end.

Illustration

John promised to sell his house to Gangadhar and Gangadhar agreed to buy the house. Before the sale could be done the house was set on fire and this happened due to the negligence of John. He had kept two drums of kerosene and lit a cigarette near them, causing the drums to catch fire. The fire spread and the entire house was burnt down. As a result the house caught fire. Thus Gangadhar is liable to compensate John.

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Case law 2

Taylor vs. Caldwell (1863 QB 3B. & S. 826)

In this case a music hall was let out for a series of concerts on certain days. The hall was burnt down before the very first concert could be held. The contract was held to be void due to impossibility of performance.

2. Non-existence or Non-occurrence of State of Things Necessary for Performance: Sometimes the subject matter, which is required for performance changes its form or ceases to exist in the same state in which it was at the time of entering the contract. In such a case the contract comes to an end.

Illustration

On a very hot summer day Aishwarya ordered ten bricks of vanilla ice cream from Mother Dairy. The salesman at Mother Dairy agreed to deliver the ice creams at 6 P.M. in the evening. Aishwarya's house was five kilometers away from Mother Dairy. The salesman sent a man on a bicycle with five bricks to Aishwarya's house. On the way there was traffic jam and the ice creams melted. The deliveryman reached Aishwarya's house with melted ice creams. Aishwarya was longer liable to take delivery of the melted ice creams. Hence the contract became void.

Case law 3

Krell vs. Henri (1903 2 K.B. 740)

In this case a contract was entered into to hire a room to view a proposed coronation procession of the King. Due to the King's illness the procession was cancelled. It was held that the performance had become impossible.

3. Death or Incapacity of Party: Where the nature of contract is such that the promisor's personal skill is required and if the promisor dies or becomes incapable of executing the contract then the contract becomes void. In case the personal expertise or skill of the promisor is not required then after his/her death and the liability of the promisor will be borne by his/her legal representatives. The contract does not become void.



Figure 8.6 Void Contract at Death of Promisor

1 (H) Discharge of Contract

Illustration

Rajan promised Sarita the director of a play that he would act as the hero in her play. But just before the play Rajan met with an accident and fractured his limbs. The contract became void due to the incapacity of the promisor.

Illustration

Sandhya a manager of a shoe company promised to deliver a thousand pairs of shoes to a retailer named Bupinder. Before the delivery could take place Sandhya had a stroke and was hospitalized. The incapacity of Sandhya did not change the status of the contract. Another person by the name of Anita replaced Sandhya as manager. Hence it was now the duty of Anita to deliver the thousand pairs of shoes to Bupinder.

Case law 4

Robinson vs. Davison (1871 L.R. 6 Ex. 269)

In this case A an eminent pianist promised B to perform at a concert. On the morning of the day of the concert she informed B that she was too ill to perform in the concert. It was held that the contract was discharged due to impossibility of performance.

4. Change of Law: When the contract is formed between two parties there is nothing illegal about it but subsequent to the formation of the contract a new law is made or a change in the existing law is introduced which makes the implementation of the contract illegal. Thus the contract becomes void.

Illustration

Azad Singh promises to rent his house to Zakir Hussain to run his business. Very soon the Delhi Government by an order prohibits the residents on that locality from using the house for any commercial purpose. Hence the contract is void.

5. Outbreak of War

5. Outbreak of War: Contracts entered into with citizens of other countries becomes impossible to perform on the declaration of war with them. Such contracts are either suspended or are resumed after the war is over. During the war the parties to such a contract cannot perform their obligations. Hence the contract is void.

1 (H) Discharge of Contract



Figure 8.7 Outbreak of War

Illustration

Soham of Pakistan entered into an agreement with Angela of India to sell woolen kaftans. Before the Kaftans could be delivered to Angela war was declared between India and Pakistan. Hence the contract was discharged due to impossibility of performance.

Impossibility of performance cannot be made an excuse for not performing the contract. Except in the above-mentioned cases, if a party does not perform his/her promise under the contract then he/she is liable for damages to the other party. However in the following cases a contract is not discharged on the ground of supervening impossibility:

(1) Difficulty of Performance: Sometimes it is difficult for the parties to perform the contract. The difficulty in the execution of the contract cannot make the contract void. Many times one party promises the other party to do something, which later he/ she realizes is not easy to perform. The task becomes difficult due to certain unavoidable circumstances. But such a situation does not discharge the promisor from performing his/ her promise.

Illustration

Ashok a mechanic promised Shyam to repair Shyam's automobile by evening. By evening Ashok realized that it was very difficult to complete the repair work due to lack of light. As there was no electricity and the sun had also set, it was difficult for him to do the repair work in candle light. The contract is not void due to impossibility of performance.

Case law 5

Blackburn Bobbin Co. vs. Allen & Sons (1918 1K.B. 540)

In this case, A entered into an agreement with B to supply Finland timber between July and September. Before the supply of timber was completed war broke and due to disruption in the transportation system no timber could be brought from Finland. It was held that the difficulty in performance did not render the contract void.

1 (H) Discharge of Contract

(2) Commercial Hardship: If a party finds the contract unprofitable he/ she cannot discharge the contract on the ground of impossibility. A contract cannot be adjudged impossible just because one of the parties finds the execution of the contract more costly than what he/ she had estimated while entering into the contract.

Illustration

Soham of Pakistan entered into an agreement with Angela of India to sell woolen kaftans. Before the Kaftans could be delivered to Angela war was declared between India and Pakistan. Hence the contract was discharged due to impossibility of performance.

(3) Impossibility Due to Third Party: A contract cannot be discharged on the basis of impossibility of performance due to the default of a third party. If a party does not discharge his/ her promise due to the default of a third party, then the contract cannot be discharged. The party remains obliged for its promise to the promisee even though the third party on whom it relied has failed it.

Illustration

Sangam had a furniture showroom. Rangeela a customer ordered a sofa set which was to be delivered in a week's time. After two days Sangam's carpenter Salim left for his village to see his ailing mother. The sofa could not be made ready within a week's time. The contract cannot be discharged due to impossibility of performance.

(4) Strikes Lockout and Civil Disturbances: A party is not discharged from performing his/her promise due to strikes, lockouts or any civil disturbances. If one party has not been able to fulfill his / her promise due to the default of workers who have gone on strike the contract cannot be discharged on the basis of impossibility of performance. Similarly if the promisor has not been able to discharge his/her promise due to a sudden closure of the factory, he/she is still liable to fulfill his/ her promise. Civil disturbances like riots and curfews also cannot discharge the promisor from his/her liability.

Illustration

Sunil a manufacturer of shoes had an order for a thousand pairs of shoes from Mr Tandon. The delivery had to be made in two week's time. Sunil's workers wanted more wages and a bonus, which Sunil found difficult to give. As a result the workers went on strike. The order could not be delivered on time. The contract cannot be discharged due to impossibility of performance.

(5) Failure of One of Several Objects: Many times a contract has several objects. If one object becomes impossible to perform it does not discharge the contract due to impossibility of performance. The other objects, which it is possible to perform, are to be performed by the parties to the contract.

Illustration

Mr Nair came to Delhi on a vacation from Kerala. He booked a taxi and the taxi driver promised to take Mr Nair to the Qutub Minar, Raj Ghat and Red Fort. The driver promised to pick up Mr Nair from his hotel next morning at 6:00 A.M. The next day was

1 (H) Discharge of Contract

15th August and the prime Minister was to deliver a speech from the Red Fort. All transport was banned from going in and around the area of Red Fort. It was therefore not possible for the driver to take Mr Nair to the Red Fort. The contract could not be discharged because it was still possible to perform the other objects of the contract.

Case law 6

Henri Bay Steam Boat Co. vs. Hutton (1903 K.B. 683)

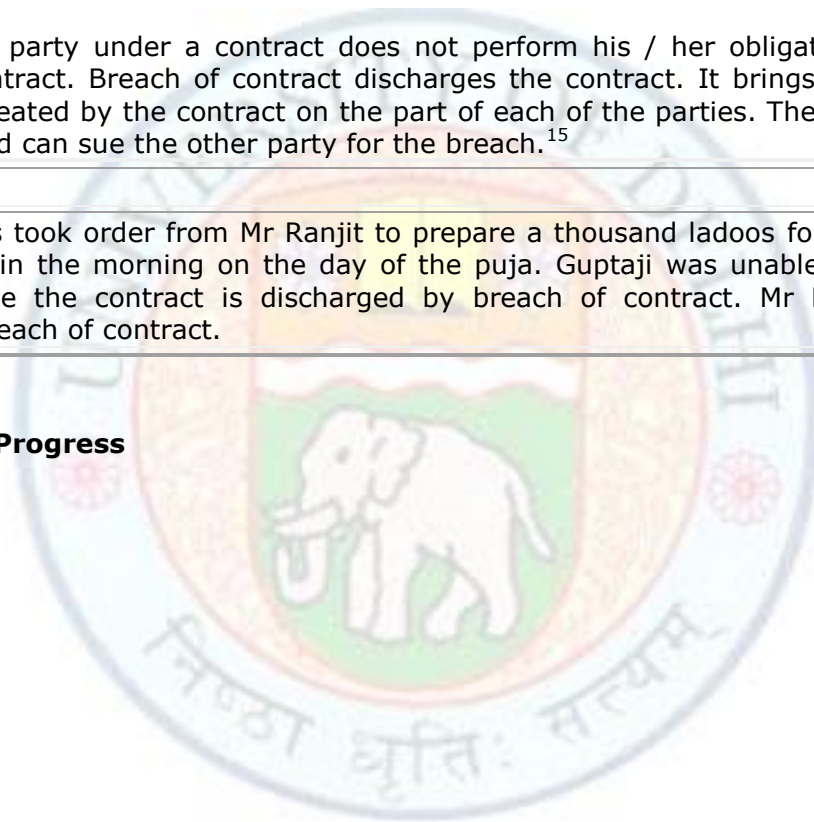
In this case a company agreed to let out a boat to B for two purposes (I) viewing a naval review at the coronation of King Edward VII and (II) to sail round the fleet. Due to the King's illness the naval review was cancelled but the fleet was assembled. Out of the two objectives only one had become impossible to perform and not the other. Therefore it was held that the contract was not discharged.

If one of the party under a contract does not perform his / her obligation it is called breach of contract. Breach of contract discharges the contract. It brings to an end the obligations created by the contract on the part of each of the parties. The party that has been breached can sue the other party for the breach.¹⁵

Illustration

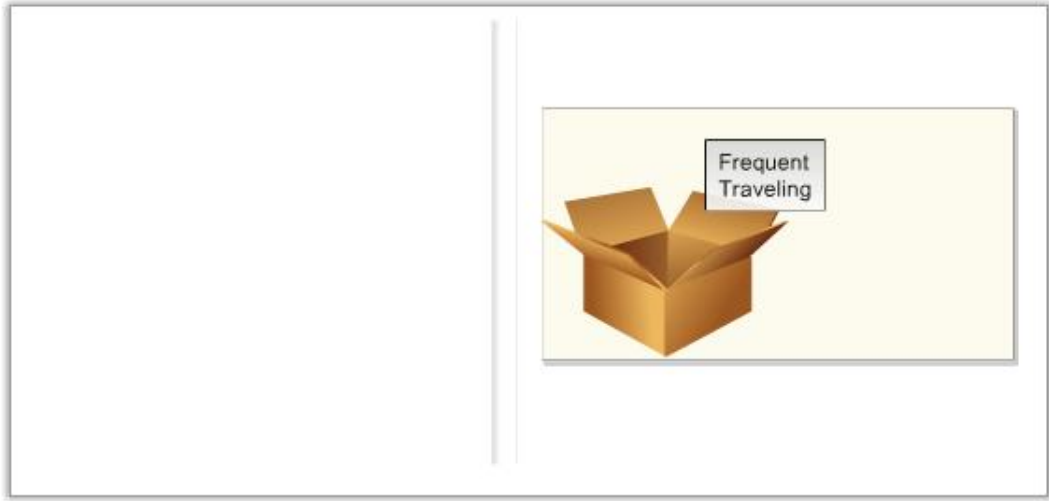
Gupta Sweets took order from Mr Ranjit to prepare a thousand ladoos for a puja and to deliver them in the morning on the day of the puja. Guptaji was unable to deliver the sweets. Hence the contract is discharged by breach of contract. Mr Ranjit can sue Guptaji for breach of contract.

Check Your Progress



1 (H) Discharge of Contract

Discharge by Impossibility of Performance



Start

Click Start to categorize flying text in appropriate bucket categories.

Match the Following

1. Match the pairs by clicking on an item in the left column and then clicking on an item in the right column.

Match the Following

Discharge by Performance	Alteration
Discharge by Mutual Agreement	Lesser Fulfillment of Promise
Remission	Time Barred Debt
Discharge by Lapse of Time	Attempted Performance
Discharge by Operation of law	Death

Attempt the questions and scroll down to click the Submit button for results.

1 (H) Discharge of Contract

Practical Problem

Rakesh entered into an agreement with Suresh for selling his house for rupees twenty lakh. After the agreement was written Rakesh without consulting Suresh changed the sum of rupees twenty

Can this be treated as discharge of contract by alteration?

Yes

No

Read the question carefully, then answer the questions by clicking the appropriate option.

Practical Problem

Sunita an interior designer promised to decorate the house of Rani within fifteen days. Sunita could not keep her promise and did not complete her assignment on time.

Can this be treated as Rescission?

Yes

No

Read the question carefully, then answer the questions by clicking the appropriate option.

1 (H) Discharge of Contract

Practical Problem

Jalandhar had a party in the evening in his house. Jaggu a cook promised to prepare delicious food for the party for rupees ten thousand. He had promised to deliver five items but in the

Is this a case of Remission?

- Yes
- No

Read the question carefully, then answer the questions by clicking the appropriate option.

Practical Problem

Baba Fakir a tantrik promised to bring Rohit's dead wife back to life. However Baba Fakir failed to do so.

Can Rohit sue Baba Fakir for not fulfilling his promise?

- Yes
- No

Read the question carefully, then answer the questions by clicking the appropriate option.

1 (H) Discharge of Contract

Discharge of Contract

By Performance	By Mutual Agreement	By Operation of Law	By Impossibility of Performance
Attempted Performance	Death	Alteration	Novation
Merger	Subsequent Impossibility	Actual Performance	Insolvency
Rescission	Initial Impossibility	Unauthorized Material Alteration	Remission

Drag the different types of activities and drop them under the type of Discharge of Contract they belong to.



1 (H) Discharge of Contract

Summary

Discharge of Contract by Performance

- Actual Performance
- Attempted Performance

Discharge of Contract by Mutual Agreement or Consent

- Novation
- Alteration
- Rescission
- Remission
- Waiver

Discharge of Contract by Lapse of Time

- A contract is to be performed within a reasonable period and if it is not performed within that period, then the contract comes to an end due to lapse of time.

Discharge of Contract by Operation of Law

- Death
- Insolvency
- Merger
- Unauthorized Material Alteration

Discharge of Contract by Impossibility of Performance

- Initial Impossibility
- Subsequent Impossibility

Situations Where Doctrine of Subsequent Impossibility is Applied

- Destruction of Subject Matter
- Non-Existence or Non-occurrence of state of things
- Death or Incapacity of Party
- Change of Law
- Outbreak of Wars

Situations Where Doctrine of Subsequent Impossibility Cannot be Applied

- Difficulty of Performance
- Commercial Hardship
- Impossibility due to third party
- Strikes Lockout and Civil Disturbances
- Failure of one of Several Objects

Discharge of Contract by Breach of Contract

- The contract is discharged when one of the parties does not perform his/her obligation

1 (H) Discharge of Contract

Glossary

Glossary

 Search Fo
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
[Joint Life](#)
[Jurisdiction](#)
[Key Employee Insurance](#)
[Know Your Client](#)
[Liquid Assets](#)
[Listed Company](#)
[Medium](#)
[Minors](#)
[Negative Equity](#)

A life policy option where life assurance is taken out by two (or more) individuals, the payout coming with either the first or final death.

Click each term to know its definition.

1 (H) Discharge of Contract

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