

DISCHARGE BY LAPSE OF TIME :

The Limitation Act lays down that a contract should be performed within a specified period, called period of limitation. If it is not performed, and if no action is taken by the promisee within the period of limitation, he is deprived of his remedy at law. In other words, we may say that the contract is terminated.

DISCHARGE BY OPERATION BY LAW : A contract terminates by operation of law in the following cases :-

(a) **Death** : Where the contract is of a personal nature, the death of the promisor discharges the contract. In other contracts the rights and liabilities of the deceased person pass on to the legal representatives of the dead man.

(b) **Insolvency** : A contract is discharged by the insolvency of one of the parties to it when an Insolvency Court passes an "order of discharge". Exonerating the insolvent from liabilities on debts incurred prior to his adjudication.

(c) **Merger** : Where an inferior right contract merges into a superior right contract, the former stands discharged automatically.

Example : Where a part time lecturer is made full time lecturer, the contract of part time lectureship is discharged by merger.

(d) **Unauthorised material alteration** : A material alteration made in a written document or contract by one party without the consent of the other, will make the whole contract void.

DISCHARGE BY BREACH OF CONTRACT :

Breach of contract by a party thereto is also a method of discharge of a contract, because "breach" also brings to an end the obligations created by a contract on the part of each of the parties of course the aggrieved party i.e., the party not at fault can sue for damages for breach of contract as per law, but the contract as such stands terminated.

Breach of contract may be of two kinds (1) Anticipatory Breach and (2) Actual Breach

(1) **Anticipatory Breach** : An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived.

(2) **Actual Breach** : Actual Breach may also discharge a contract. It occurs when a party fails to perform his obligation upon the date fixed for performance by the contract.

Example : Where on the appointed day the seller does not deliver the goods or the buyer refuses to accept the delivery.



References :

- 1) Business Law (6th edition) : MC Kuchhal and Vivek Kuchhal (Vikas Publishing House, Noida)
- 2) Indian Contract Act (12th edition) : RK Bangia (Allahabad Law Agency, Faridabad)
- 3) Indian Contract Act (12th edition) : Avtar Singh (Eastern Law Company, Greater Noida)

