



# **SNS COLLEGE OF ENGINEERING**

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

**An Autonomous Institution**

**Accredited by NBA - AICTE and Accredited by NAAC - UGC with 'A' Grade**

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## **DEPARTMENT OF MANAGEMENT STUDIES**

**SUBJECT NAME & CODE : 23BAT104 - LEGAL ASPECTS OF BUSINESS**

**YEAR/ SEMESTER : I MBA / I SEMSTER**

**UNIT 1 : THE INDIAN CONTRACT ACT 1872**

**Topic : Breach of Contract & Remedies**



## Breach of Contract & Remedies



A breach of contract occurs when one party fails to fulfill their obligations as specified in the contract without a valid legal excuse. This failure can be due to non-performance, incomplete performance, or performance in a manner that does not meet the contract terms.



## Types of Breach of Contract



### Actual Breach

Meaning: This happens when a party fails to perform their contractual duties at the time when performance is due.

Example: A contractor fails to complete a construction project by the agreed-upon deadline, constituting an actual breach.



## Types of Breach of Contract



### Anticipatory Breach

Meaning: When one party communicates, either explicitly or implicitly, that they will not perform their contractual duties before the due date.

Example: If a supplier informs a retailer in advance that they will not deliver the goods on time, it is an anticipatory breach.



## Types of Breach of Contract



### Material Breach

Meaning: A substantial failure that permits the other party to terminate the contract and seek damages, as it defeats the purpose of the agreement.

Example: A software development company delivers a non-functioning application instead of the functional software agreed upon in the contract.



## Types of Breach of Contract



### Minor (or Partial) Breach

Meaning: A partial breach that does not violate the contract's primary purpose. The affected party can claim damages but cannot terminate the contract.

Example: A painter completes a painting job but does not clean up as agreed. The client can seek minor damages for cleanup but cannot cancel the payment.



## Legal Remedies for Breach of Contract



### Damages

1. Compensatory Damages: To cover the direct loss due to the breach.
2. Consequential Damages: For additional losses indirectly caused by the breach.
3. Example: If a supplier breaches a delivery contract, the buyer can claim damages for the cost of obtaining the goods from another supplier.



# Legal Remedies for Breach of Contract



## Specific Performance

Meaning: A court order requiring the breaching party to fulfill their contract duties. Usually applied when monetary damages are inadequate.

Example: In a real estate contract breach, the court may order the seller to transfer the property, as each property is unique.





# Legal Remedies for Breach of Contract



## Injunction

Meaning: A court order restraining a party from certain actions that would lead to further breach.

Example: A non-compete clause in an employment contract can be enforced through an injunction if the employee tries to join a competitor.



## Legal Remedies for Breach of Contract



### Rescission

Meaning: Cancellation of the contract, returning both parties to their pre-contractual positions.

Example: If a buyer discovers fraud in a property sale contract, they can request rescission to void the agreement.



## Legal Remedies for Breach of Contract



### Restitution

Meaning: Restores the injured party to the position they were in before the contract, often requiring the breaching party to return benefits.

Example: If a contractor receives advance payment but fails to start the project, they may be required to return the advance.



**RECAP**

**QUESTIONS???**

**THANK YOU**