**Discharge of Contract**

A agrees to sell his scooter to B a month after the date of the contract. But just after 10 days of the contract he sells the scooter to C. There upon B sues A for the breach of contract. A contends that he could still perform the contract by repurchasing the scooter from C. Decide the suit. [**Hint.** Here there is anticipatory breach of contract by conduct from A's side and therefore his contention will not be upheld. B is entitled to elect to treat the contract as rescinded and sue A for the breach of contract immediately.]

**Remedies for Breach of Contract**

A contracts to pay a sum of money to B on a specified day. A does not pay the amount on that day. B in consequence of not receiving the money on that day, is unable to pay his debts and is totally ruined. B claims heavy damages. Advise A. [**Hint.** A is liable to pay interest only from the specified day upto the date of payment. In other words B can claim only ordinary damages. B cannot claim heavy damages unless A had notice of the special circumstances resulting in the special loss at the time of entering into the contract.]

**Indemnity and Guarantee**

C advances to D ₹5,000 on the guarantee of A. The loan carries interest at ten percent per annum. D becomes financially embarrassed subsequently. On D's request, C reduces the interest to six per cent per annum and does not sue D for one year after the loan becomes due, D becomes insolvent. Can C sue A? [Hint. C cannot sue A, because a surety is discharged from liability when, without his consent, the creditor makes any change in the terms of his contract with the principal debtor.]

**Bailment and Pledge**

A pledges with B jewels worth ₹60,000 and borrows ₹30,000 at 12 per cent interest per annum, promising to repay the amount and redeem the jewels within a year. B, having apprehension about the safety of the jewels, because of increasing burglaries in the town, not only insures the jewels but also buys a strong safe at a cost of ₹800, there being no safety vault in that town and keeps the jewels in that safe. Now, when A comes to repay the loan, B claims the amount due for principal and interest, cost of insurance and cost of the safe. But A admits liability only for the principal and interest. Decide? [**Hint.** B is entitled to recover from A the amount of the principal and the interest plus the cost of insurance and of the safe. There is no dispute so far as the amount of principal and interest is concerned. As regards cost of insurance and of the safe, it should be noted that under Section 175, B, the pawnee, is entitled to these expenses also as they have been incurred for the preservation of the goods pawned and are such which any person of ordinary prudence would reasonably incur in the given circumstances.]

**Agency**

A enters into a contract with B for buying B's motor car as agent of C and without C"s authority. B repudiates the contract before C comes to know of it. C subsequently ratifies the contract and sues to enforce it. How would you decide? [**Hint.** C is entitled to enforce the contract or claim damages. It is a case of agency by ratification.]