QUASI – CONTRACTS

Even in the absence of a contract, certain social relationships give rise to certain specific obligations to be performed by certain persons. These are known as quasi contracts as they create same obligations as in the case of regular contract.

In the words of Anson "Circumstances must occur under any system of law in which it becomes necessary to hold a person to be accountable to another without any agreement on the part of the former to be so accountable on the ground that otherwise he would be retaining money or some other benefit which has come into his hands to which the law regards the other person as better entitled, or on the ground that contracts exist to provide remedies in circumstances of the kind".

Quasi contracts are based on principles of equity, justice and good conscience.

Salient features of quasi contracts are:

(a) In the first place, such a right is always a right to money and generally, though not always, to a liquidated sum of money.

(b) Secondly, it does not arise form any agreement of the parties concerned, but it is imposed by the law; and

(c) Thirdly, it is a right which is available not against the entire world, but against a particular person or persons only, so that in this respect it resembles a contractual right.

TYPES OF QUASI CONTRACT

There are five circumstances which are identified by the Act as quasi contracts. These five circumstances do not result in regular contracts.

(a) Claim for necessaries supplied to persons incapable of contracting: Any person supplying necessaries of life to persons who are incapable of contracting is entitled to claim the price from the other person's property. Similarly where money is paid to such persons for purchase of necessaries, reimbursement can be claimed.

For example if 'A' supplies necessaries of life to 'B' a lunatic or to his wife or child whom 'B' is liable to protect and maintain, then 'A' can claim the price from the property of 'B'. For such claim to be valid 'A' should prove the supplies were to the actual requirements of 'B' and his dependents. No claim for supplies of luxury articles can be made. If 'B' has no property 'A' obviously cannot make his claim.

(b) Right to recover money paid for another person: A person who has paid a sum of money which another is obliged to pay, is entitled to be reimbursed by that other person provided the payment has been made by him to protect his own interest.

Here the person who makes the payment must honestly believe that his own interest demands payment. [Muni Bibi vs. Trilokinath]. Presence of reasonable ground even if unfounded is enough.

In a case where plaintiff agreed to purchase certain mills, to save it from being sold to outsiders, paid certain arrears of municipal dues. Here the payment made by the plaintiff was held to be recoverable as he had interest in the property as prospective buyer.

(c) Obligation of person enjoying benefits of non-gratuitous act: In term of section 70 of the Act "where a person lawfully does anything for another person, or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof, the latter is bound to pay compensation to the former in respect of, or to restore, the thing so done or delivered.

In the above situation there are three limbs namely
(i) Plaintiff must have acted lawfully & paid.
(ii) The payment was not intended to be gratuitous and
(iii) The other person enjoyed the benefit.

The above can be illustrated by a case law where 'K' a government servant was compulsorily retired by the government. He filed a writ petition and obtained an injunction against the order. He was reinstated and was paid salary but was given no work and in the mean time government went on appeal. The appeal was decided in favor of the government and 'K' was directed to return the salary paid to him during the period of reinstatement. [Shyam Lal vs. State of U.P. A.I.R (1968) 130]

(d) Responsibility of finder of goods: In terms of section 71 'A person who finds goods belonging to another and takes them into his custody is subject to same responsibility as if he were a bailee'.
Thus a finder of lost goods has
(i) To take proper care of the property a men of ordinary prudence
(ii) No right to appropriate the goods and

(iii) To restore the goods if the owner is found.

Where 'P' a customer in 'D's' shop puts down a broach worn on her coat and forgets to pick it up. One of 'D's' assistants found it and put it in a drawer over the week end. On Monday, it was discovered to be missing. 'D' was held to be liable in the absence of ordinary care which a prudent man would have taken.

(e) Liability for money paid or thing delivered by mistake or by coercion: In term of section 72 of the Act, "a person to whom money has been paid or any thing delivered by mistake or under coercion must repay or return it. Every kind of payment of money or delivery of goods for every type of 'mistake' is recoverable. It is not necessary to distinguish between a mistake of fact and mistake of law [Shivprasad vs Sirish Chandra A.I.R. 1949 P.C. 297]

A payment of municipal tax made under mistaken belief or because of mis- understanding of the terms of lease can be recovered from municipal authorities. The above law was affirmed by Supreme Court in cases of Sales tax officer vs. Kanhaiyalal A.I.R.1959 S.C.835.

Similarly any money paid by coercion is also recoverable. The word coercion is not necessarily governed by S.15 of the Act. The word is interpreted to mean and include oppression, extortion, or such other means [Seth Khanjelek vs National Bank of India].

In a case where 'T' was traveling without ticket in tram car. On checking he was asked to pay Rs.5/- as penalty to compound transaction. T filed a suit against the corporation for recovery on the ground that it was extorted from him. The suit was decreed in his favor. [Trikamdas vs. Bombay Municipal Corporation A.I.R.1954].

In all the above cases the contractual liability arose without any agreement between the parties.