BLOGS

# Quasi Contracts under Indian Contract Act

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## Definition of Quasi Contracts

Quasi-contracts are a concept under the Indian Contract Act, of 1872, that governs situations where there is no express or implied contract between parties but still imposes an obligation on one party to pay the other party. It is also known as a “constructive contract” or “implied-in-law contract.” This type of contract arises to prevent unjust enrichment of one party at the expense of the other party. Quasi-contracts are based on the principle of equity and justice, rather than a mutual agreement between the parties.

Quantum Meruit is a Latin term that means “as much as he deserved.” This principle is often used in quasi-contract cases where one party has provided goods or services to another party. It refers to the principle that if someone has provided services or goods to another person, they should be paid a reasonable amount for the value of those goods or services, even if there was no express agreement between the parties.

In this article, we will discuss quasi-contracts under the Indian Contract Act, their characteristics, and landmark cases related to it.

## Characteristics of Quasi Contracts

1. Absence of Agreement: Quasi-contracts arise in the absence of an agreement between the parties. There is no express or implied contract between the parties that specifies their rights and obligations.
2. Implied by Law: Quasi-contracts are not created by the parties’ intention but rather imposed by the law to prevent unjust enrichment of one party at the expense of the other.

3. Obligation to Pay: One party has an obligation to pay the other party a certain amount of money. This obligation is imposed on the party by law.
4. No Mutual Consent: Quasi-contracts are not based on mutual consent, but rather the law's imposition of an obligation to prevent injustice.

## Elements of Quasi-Contracts

**To establish a quasi-contract, the following elements must be present:**

(i) The defendant must have been enriched;

(ii) The enrichment must have been at the plaintiff's expense;

(iii) The enrichment must have been unjust;

(iv) There must be no other legal remedy available to the plaintiff; and

(v) The enrichment must not have been due to any fault of the plaintiff.

Restitution is a remedy that is often awarded in quasi-contract cases. Restitution refers to the return of property or money that has been wrongfully obtained by one party from another party. The goal of restitution is to restore the parties to the position they were in before the quasi-contract was formed.

## Differences between Contracts and Quasi-Contracts

**Edit CONTRACTSQUASI-CONTRACTS Formed by parties willing to enter into a contract.Formed out of obligation of parties. There exists an agreement enforceable by law. There exists no such agreement. The contract is legally binding Merely resembles a contract but is still binding Can be either express or impliedQuasi-contracts are implied**

## Landmark Cases on Quasi Contracts

1. Moses vs. Macferlan: In this case, Macferlan had sold some stock to Moses, but the stock was later found to be defective. Moses sued Macferlan for a refund. The court held that Macferlan had to refund the money to Moses because there was no express contract between the parties, but there was an implied contract based on the circumstances.

2. Kedar Nath vs. Gorie Mohamed: In this case, Kedar Nath had paid Gorie Mohamed for the construction of a house, but Gorie Mohamed failed to complete the construction. The court held that Kedar Nath was entitled to get back the money paid to Gorie Mohamed as there was no contract between the parties. It was a case of quasi-contract based on the principle of unjust enrichment.
3. P. Sreenivasa Rao vs. State of Andhra Pradesh: In this case, Sreenivasa Rao had been appointed as a public prosecutor, but the government later canceled his appointment. The court held that Sreenivasa Rao was entitled to compensation for the services he had rendered to the government, as there was an implied contract between him and the government.
4. Mohd. Shafi vs. Muhammad Ismail: In this case, Shafi had paid Ismail for the purchase of some goods, but Ismail failed to deliver the goods. The court held that Ismail had to refund the money to Shafi as there was no contract between the parties. It was a case of quasi-contract based on the principle of unjust enrichment.

## Conclusion

Quasi contracts are a legal concept that is used to prevent unjust enrichment of one party at the expense of the other. These contracts arise when there is no express or implied contract between the parties. The obligation to pay is imposed on one party by law. The Indian Contract Act, 1872, recognizes quasi-contracts and provides remedies for parties in such situations. The above landmark cases demonstrate the application of quasi-contracts in different scenarios.

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