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## Essential Elements of a Valid Contract

Given by the Section 10 of the Act

Not given by the Section 10 of the Act.

Ques What is a valid contract?

An agreement which is binding and enforceable is a valid contract. It contains all the essentials of elements of a valid contract.

Ques What are essential elements of a valid contract?

~~Section 10 of Indian Contract Act states All contracts are agreement if they are made~~

~~1) free consent of the parties, competent to contract~~

~~2) for a lawful consideration~~

~~3) with a lawful object~~

~~4)~~

Ans:-

Essentials of a valid contract as per Section 10 of Indian Contract Act, 1872

1) Agreement

2) Free consent

3) competency of the parties

4) lawful consideration

- 5) legal object
- 6) Not expressly declared to be void  
 (as per section 24 to 30 and 56)

since section 10 is not complete and exhaustive, which so there are certain other sections which also contains requirements for an agreement to be enforceable.

Thus, ~~to~~ in order to create valid contract, the following elements should also be present:-

- 1) Two Parties
- 2) Intention to create legal relationship
- 3) fulfilments of legal formalities
- 4) certainty of meaning.
- 5) Possibility of performance.

Essentials of a valid contract  
not given by sections 10

#### 1) Two Parties

- \* One cannot make contract with himself.
- \* A contract involves atleast two parties - one party making the proposal and the other party accepting it.

2) Parties must intend to create legal obligations:-

\* There must be an intention on the part of the parties to create legal relationship between them.

\* social or domestic type of agreements are not enforceable in the court of law and hence, they do not result in contracts.

3) Other formalities to be complied with in certain cases :-

\* As to legal effects, there is no difference between written contracts and contracts made by word of mouth.

\* In case of certain contracts, especially in case of insurance and real estate, may require additional formalities such as being in writing or registered to be valid & enforceable under the law.

4) Certainty of meaning :-

\* Agreements must be certain and not vague or indefinite.

5) Possibility of performance of an agreement

\* The terms of agreement should be capable of performance.

\* An agreement to do an act impossible in itself cannot be enforced.

Essential of a valid contract  
given by the section 10

1) Agreement:-

- \* An agreement is the first essential element of ~~the~~ a valid contract.
- \* An agreement is an outcome of offer and acceptance for consideration.
- \* According to the section 2(e) of Indian Contract Act, 1872, an agreement is "every promise and set of promises forming consideration for each other."
- According to section 2(e) of Indian contract Act, 1872, "Proposal when accepted becomes a promise."

2) Free Consent:-

- \* Two or more persons are said to be in consent when they agree upon the same thing in the same sense.
- \* Consent must be free.
- \* Consent is said to be free if it is not caused by -

- 1) Coercion
- 2) Misrepresentation
- 3) Undue Influence
- 4) Mistake
- 5) Fraud.

ability of parties to enter into a valid contract.

### 3. Capacity of the Parties:-

\* Capacity to contract means the legal ability of the persons to enter into a valid contract.

\* Every person who is of age of majority, sound mind, and <sup>not</sup> otherwise disqualified from contracting is competent to contract.

### 4. Consideration :-

\* Consideration means "quid-pro-quo" i.e. something in return.

\* A valuable consideration in the sense of law may consist of either some right, interest or profit or benefit accruing to one party or some loss, forbearance, detriment or responsibility given, suffered or undertaken by other.

### 5. Legal consideration & object :-

\* Consideration & object of an agreement must be lawful.

Teacher's Sign .....