

# LAW Sec(A)

## Ch-2

### The Indian Contract Act, 1872

#### Unit - 1

- \* Promise = Offer (Proposal) + Acceptance  
Sec. 2(b) = Sec. 2(a) + Sec. 2(c)
- \* Agreement = Promise + Consideration  
Sec. 2(e) = Sec. 2(b) + Sec. 2(d)
- \* Contract = Agreement + Enforceability to Law  
Sec. 2(h) = Sec. 2(e) + Enforceable by Law

#### \* Essential Elements:

1. Offer and Acceptance
2. Intention to create legal relationship
3. Legal formalities
4. Certainty of meaning: Sec. 29
5. Possibility of performance: Sec. 56
6. Free consent: Sec. 13, 14, 15, 16, 17, 18, 19, 19A, 20, 21, 22
7. Competent parties: Sec. 11, Sec. 12
8. Lawful object & Consideration: Sec. 23
9. The agreement not expressly declared void

#### \* Classification of Contracts:

i) On the basis of Validity

##### 1. Valid Contract:

Contains all the essential elements of a valid contract.

## 2. Void Contract : Sec. 2(i)

A Contract, which ceases to be enforceable by law.

## 3. Voidable Contract : Sec. 2(j)

An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of other or others.

## 4. Illegal Contracts :

A contract which is forbidden by law.

## 5. Unenforceable Contract :

Some technical defect, i.e. absence in writing, barred by limitation, etc.

## ii) On the basis of formation :

### 1. Express Contract :

By words spoken or written.

### 2. Implied Contract or Tacit Contract :

Where the proposal or acceptance is otherwise than in words.

### 3. Quasi-Contract :

Created by law under certain circumstances.

iii) On the basis of Performance:

1. Executed Contracts:

Both the parties have performed their respective obligations.

a. Executory Contract:

Both the parties have yet to perform their obligations.

a) Unilateral or one-sided contract:

Only one party has fulfilled his obligation.

b) Bilateral contract:

Both the parties have to perform.

\* Offer:

A person is said to have made a proposal when he signifies to another his willingness to do or abstain from doing anything with a view to obtaining the assent of that other to such act or abstinence.

\* Types of Offers:

i) General Offer:

Offer made to the world at large.

ii) Specific Offer:

Offer made to a definite person.

iii) Gross Offer :

When two parties make identical offers to each other.

iv) Counter Offer :

When two parties offerer imposes conditions which have effect of modifying or varying the offer.

v) Standing or continue or open offer :

Offer to public at large for acceptance for certain period of time.

\* Legal Rules of Offer :

1. Must be with intense to create legal relationship.
2. Offer must be certain, definite & unambiguous.
3. Must be communicated to person to whom it is made.
4. Must be made with a view to obtain the consent of the offeree.
5. Offer may be conditional.
6. Must not contain a term the non compliance of which amount acceptance.
7. May be specific or general.
8. May be expressed or implied.
9. An offer must be distinguish from an invitation to offer.
10. A statement of price is not an offer.

\* Acceptance:

A proposal or offer is said to have been accepted when the person to whom the proposal is made signifies his assent to the proposal to do or not do something.

\* Legal Rules of Acceptance:

1. Absolute and unqualified
2. Communicated to offeror
3. In the mode prescribed
4. Within the time limit
5. Mere silence is not acceptance
6. Express Acceptance
7. Implied Acceptance.

\* Communication:

i) Communication of Offer, completed when it comes to the knowledge of person to whom it is made.

ii) Communication of acceptance is incomplete:

a) as against the proposer, when it is put into a course of transmission to him, so as to be out of the power of acceptor to withdraw the same.

b) as against the acceptor, when it comes to the knowledge of proposer.

iii) Communication of acceptance by post: completed as against the proposer when the letter of acceptance is posted and as against the acceptor when the letter reaches the proposer.

iv) Acceptance over telephone or telex or fax; completed when the acceptance is received by the offeree, and the contract is made at the place where the acceptance is received.

v) Communications of special conditions:

Special conditions printed on the back of ticket, receipts etc. Whether in the knowledge of passenger or not will be treated as accepted by passenger.

\* Exceptions: In the following cases acceptor will not be liable:

a) Conditions are contained in document which is delivered after the contract is complete.

b) Conditions limiting the rights of acceptor are not brought to the notice of acceptor.

c) Document does not give reasonable notice on its face that it contains certain special conditions.

\* Revocation of Offer and Acceptance:

i) By communication of notice.

ii) By lapse of time if its not accepted within the prescribed time.

iii) By non-fulfilment by the offeree of a condition precedent to acceptance.

iv) By death or insanity of the offeree comes to know of it before acceptance.

v) If a counter-offer is made to it.

vi) If an offer is not accepted according to prescribed or usual mode.

vii) If the law has changed.