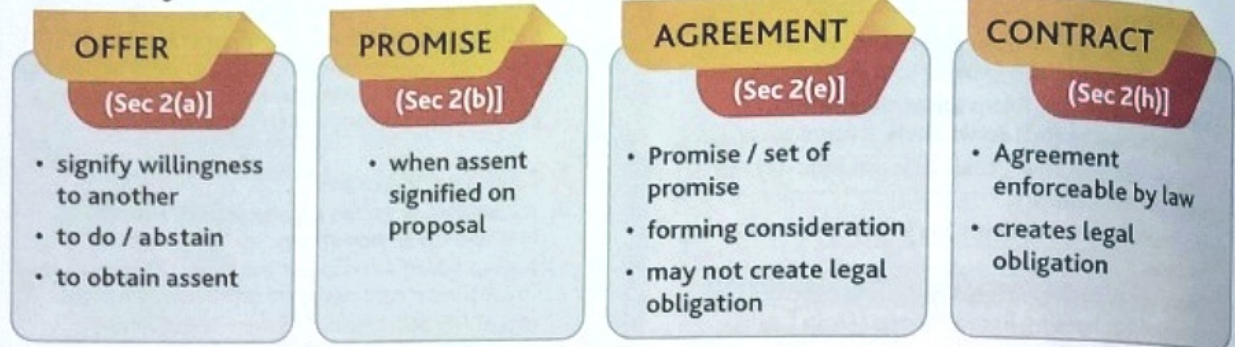


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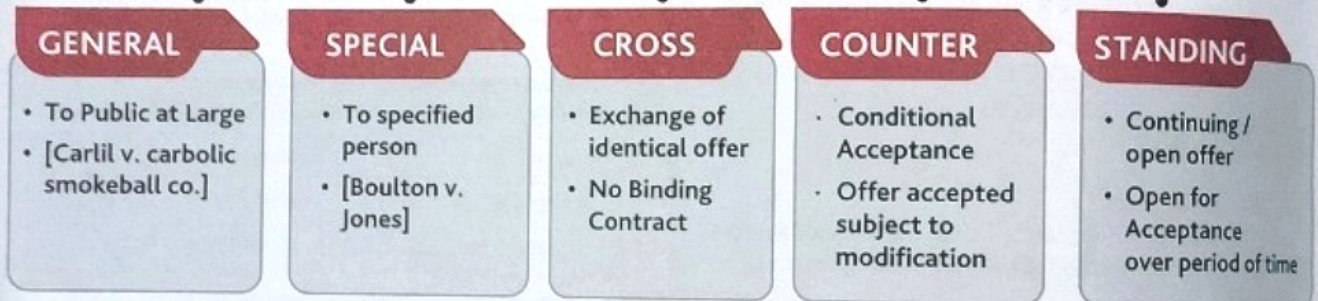
UNIT 1

OFFER + ACCEPTANCE = AGREEMENT

AGREEMENT + ENFORCEABLE BY LAW = CONTRACT



KINDS OF OFFER



ESSENTIAL OF VALID OFFER

- **Legal Relation**
Legal relation must be created
- **Certain, Definite, Not Vague**
No contractual relationship if indefinite / vague
- **Communicated to offeree**
Must be communicated [Lalman Shukla v. Gauri Dutt]
- **Assent**
must be obtained
- **Conditional**
Can be subject to T&C
- **Not contain term non-compliance of which would amount to acceptance**
- **Specific / General**
made to public at large / specified person
- **Express / Implied**
offer can be in words or by conduct
- **Invitation to offer**
Terms proposed for negotiation
 - Act precedent to offer
 - Can be converted into offer

LEGAL RULES - VALID ACCEPTANCE

- Given by person to whom offer is made
 - General offer : Accepted by anyone
 - Special offer : Accepted by specific person
- Absolute & unqualified**
[Neale vs Merret]
- Must be communicated**
Conditional acceptance ≠ Acceptance.
[Brogden v. Metropolitan Railway Co.]
- Prescribed Mode**
If mode prescribed Acceptance in that mode

- Time**
If mentioned : within specified time
If not : within reasonable time
- Mere Silence Not Acceptance**
[Felthouse v. Bindley]
- By Conduct / Implied Acceptance**
• Modes other than verbal / written

Communication of offer

[Sec 4]

↓
Complete

↓
When comes to knowledge of offeree

Communication of Acceptance

[Sec 4]

↓
Complete

Against the offeror
When put in course of
transmission by the offeree

Against the offeree
When comes to knowledge
of the offeror

Revocation of Acceptance & offer

[Sec 5]

Revocation of offer

↓
Anytime before it is accepted by offeree

↓
Legal भाषा मे

↓
"Revoked anytime before communication of
Acceptance is complete as against the offeror"

Revocation of Acceptance

↓
Anytime before it comes in knowledge of the offeror

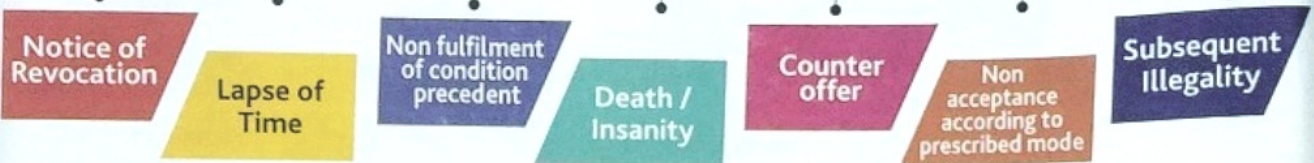
↓
Legal भाषा मे

↓
"Revoked anytime before communication of
Acceptance is complete as against the offeree"

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UNIT 1

MODES OF REVOCATION



ESSENTIALS OF VALID CONTRACT

Other than Section 10

Two Parties

- Offeror & Offeree
- Natural / legal person
- [State of Gujrat v. Ramanlal S Co.]

Legal Obligation

- Social / Domestic Agreement → Not enforceable
- [Balfour v. Balfour]

Other Formalities in certain cases

- Contract → Written / Verbal
- Ex: Insurance → written contract

Certainty of Meaning

- Must be certain
- Not to be indefinite / vague

Possibility of Performance

- Terms → capable of performing
- Agreement to do impossible act → not enforceable

Section 10

Agreement

- Promise or set of promises forming consideration

Free Consent

- "Consensus ad idem" → "some thing in same sense"
- Consent
 - Free ✓
 - Coercion, Fraud, Mistake Undue Influence, Misrepresentation ✗

Capacity of Parties

- Major, Sound mind, Not disqualified by law

Consideration

- "Quid Pro Quo" → "Something in Return"
- Right / interest/ Benefit OR Loss/Responsibility suffered

Lawful consideration & object

- Not lawful if ☐ Immoral, Prohibited by law, Fraudulent, defeat provision of Law, opposed to Public Policy.

Not expressly declared void

- Not Illegal / Void

TYPES OF CONTRACTS

On the basis of

VALIDITY

- Valid
- Void
- Voidable
- Illegal
- Unenforceable

FORMATION

- Express
- Implied
- Quasi
- E-Contract

PERFORMANCE

- Executed
- Executory

ON THE BASIS OF VALIDITY

Valid

- Enforceable
- Contains all essential elements

Void

- Not enforceable by law

Voidable

- Enforceable at the option of aggrieved party
- When consent → Not Free

Illegal

- Law forbids to be made

Unenforceable

- Good in substance
- Unenforceable due to technical defects

ON THE BASIS OF FORMATION

Valid

- Terms expressed in writing / words

Implied

- Came into existence by
 - Action
 - Conduct
 - Course of Dealing
- Tacit Contracts (Silent)

Quasi

- Not actual contract
- Resembles a contract
- No intention of parties
- Imposed by Law

E-Contract

- Electronic means
- Also known as cyber contract, mouse click contract etc.

ON THE BASIS OF PERFORMANCE

Executed

- Consideration in form of act or forbearance
- No obligation pending on part of parties

Executory

- Consideration in form of Reciprocal Promise (mutual promise to do / not to do)
- To be performed in future

Unilateral

- one party performed duty
- other party's obligation outstanding

Bilateral

- obligation pending on part of both the parties

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UNIT 2

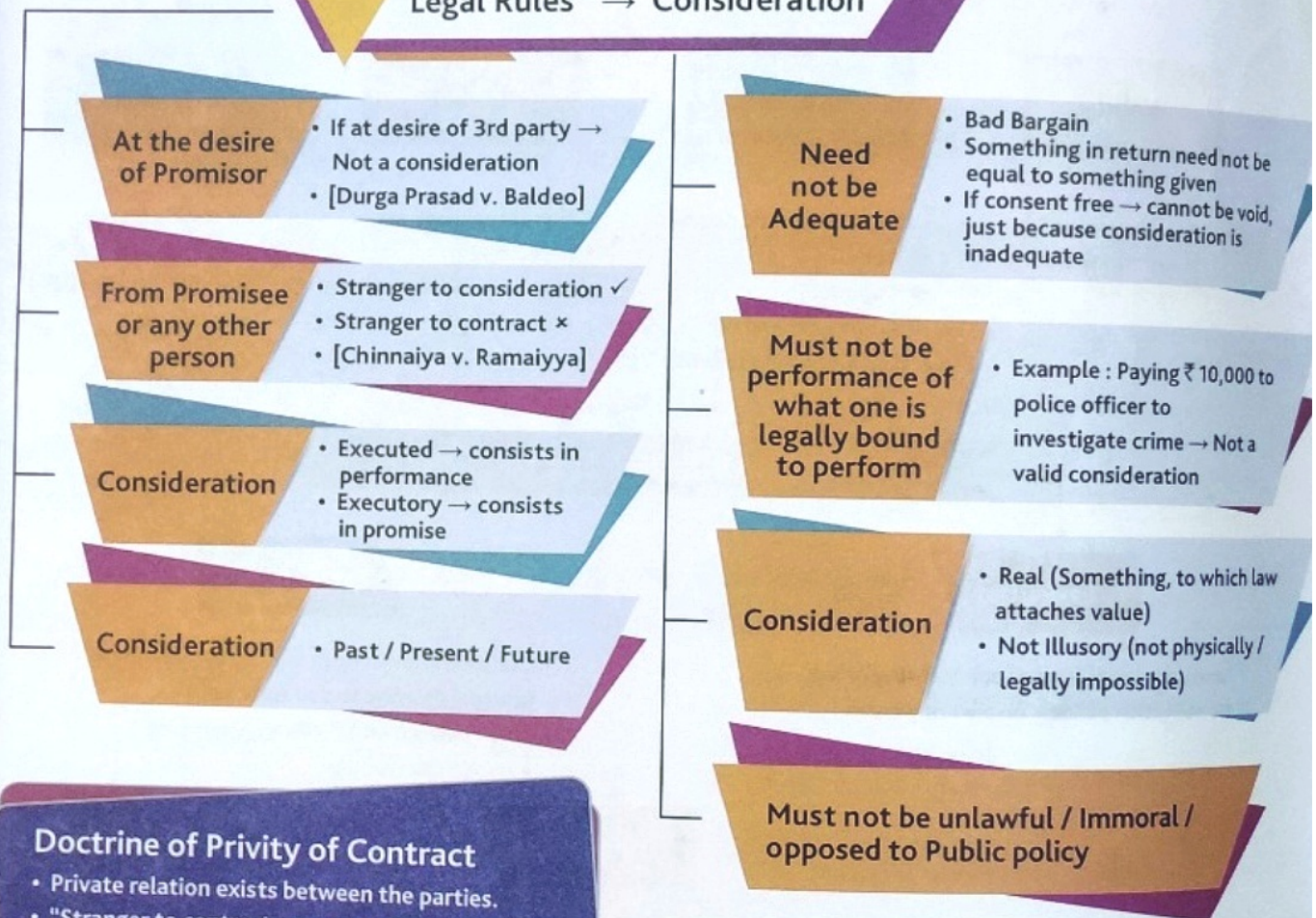
CONSIDERATION

Section 2 (d)

- When at the desire of Promisor
- Promisee or any other person
- Has done or abstained (Past), does or abstain (Present), Promises to do or abstain (Future)

Such act / abstinence / Promise → Consideration

Legal Rules → Consideration



SUIT BY THIRD PARTY TO CONTRACT

Type of Contract	Contracting Parties		3rd party
	1 st party	2 nd party	
→ Trust	Settler	Trustee	Beneficiary
→ Family Settlement	Family member	Family member	Family member not included in Contract
→ Marriage Contract	Family member	Family member	Female member
→ Assignment	First party	Assignor	Assignee
→ Estoppel by Acknowledgement of Liability	Giver	Receiver	Beneficiary
→ Covenant Running with Land	Seller	Buyer	Successor of seller
→ Agent	First party	Agent	Principal

Validity of Agreement without Consideration

General Rule : Agreement without consideration → Void But → certain exceptions

Natural Love & Affection Sec 25 (1)

- Near relationship
- In writing
- Registered under Law

Compensation for past voluntary services Sec 25 (2)

- Services rendered voluntarily for Promisor
- Promisor intended to compensate

Time Barred Debt Sec 25 (3)

- Promise in writing
- Signed by person or his agent to pay time Barred Debt

Agency

- Sec 185: No consideration necessary to create agency

Completed Gift Sec 25 (1)

- "No Consideration – No Contract" Do not Apply

Bailment Sec 148

- No consideration required to effect contract of "Gratuitous Bailment" (Free में)

Charity Sec 148

- Promisee takes Liability
- On promise of person to contribute to Charity
- [Kadarnath v. Gorie Mohammad]

INDIAN CONTRACT ACT, 1872

UNIT 3

OTHER ESSENTIAL ELEMENTS OF CONTRACT

Section 11

Capacity to Contract

Major

Sound Mind

Not disqualified by Law



PERSON OF SOUND MIND SEC 12

usually unsound mind occasionally sound mind

• Make contract, when of sound mind

usually sound mind occasionally unsound mind

• Not make contract, when of unsound mind

NOT DISQUALIFIED BY LAW

Persons disqualified

Foreign Sovereign

Alien Enemy

Convicts

Insolvent

FREE CONSENT

Consent is Free, when not caused by

Coercion
(Sec 15)

Undue Influence
(Sec 16)

Fraud
(Sec 17)

Misrepresentation
(Sec 18)

Mistake
(Sec 20, 21, 22)

VOIDABLE

VOID

COERCION

- Committing / threatening to commit any Act (Forbidden by IPC)
- Unlawful detaining / threatening to detain any property
- Intention : to cause person to make agreement
- Effect : 1 Contract voidable
- Effect : 2 Benefit received to be restored
- Proceed from party to contract
- Subject must be other contracting party

Not
Not
Necessary

UNDUE INFLUENCE

- Near Relation between 2 parties
- One of them is position to dominate
- Person Deemed to be in position to dominate:-
 1. Real & Apparent Authority (Father - Son)
 2. Fiduciary Relationship (Trust) (Husband - Wife)
 3. Mental Distress (Doctor Patient)
 4. Unconscionable Bargain (Unreasonable)
- Effect: 1 Contract voidable
- Effect: 2 May be set aside by court

FRAUD

Commission of Following act:-

1. Fact suggested → knows, not true
2. Active concealment of fact
3. Promise made without intention of performing
4. Other act filled to deceive
5. Any act declared by Law → as Fraud

Effect:-

1. Contract voidable
2. Sue for damages

Committed by:-

1. Party to contract, with his connivance
2. Agent of party to contract

Intention:-

1. To deceive OR
2. To induce to enter into contract

1. Rescind → within reasonable time
2. Insist performance

INDIAN CONTRACT ACT, 1872

UNIT 3

Mere silence as to Facts → Not Fraud.

(Caveat Emptor : Let the buyer beware)

Exception : i.e.

Silence = Fraud

Duty of person keeping silence to speak

Fiduciary relationship, Insurance Contracts, Marriage contracts, Family Settlement, Share Allotment

Where Silence=Speech

Contract not voidable if party had means of discovering Truth.

MISREPRESENTATION

- Representation of fact which is not true but believes to be true
- Made without intention to deceive
- Causing other person to make mistake of subject matter
- Effect : 1 Repudiate Contract
2 Sue for Restitution
3 Cannot Claim Damages

MISTAKE

- Two parties thing about different subject matter
- Lead contract towards 'voidness'
- Mistake of Law
 - Foreign Law : Excusable
 - Own Law : Not excusable
- Mistake of Fact
 - Unilateral → Not void
 - Bilateral → void

CONTRACT NOT VOIDABLE

Silence amounting to Fraud

Fraud / Misrepresentation

Enters into contract in ignorance of Fraud

- Had means to discover truth
- Did not cause consent of party

LEGALITY OF OBJECT & CONSIDERATION

Sec 23 : Consideration is said to be unlawful

Forbidden by Law

- Act punishable under any statute or prohibited

Defeat provisions of Law

- Intention of Parties → to defeat provision → Court will not enforce it

Fraudulent

- As per section 17

Consideration defeats any Rule for the time being in force in India

Consideration involves injury

- Harm to person or property of another

Consideration Immoral

Consideration opposed to Public Policy

Agreements opposed to Public Policy

Trading with enemy

- Agreement with person from country, at war with India → VOID

Stifling Prosecution

- Agreement to drop proceeding in consideration of amount → VOID
- Abuse of Justice
- Exception :- Consideration for compoundable offence

Maintenance & Champerty

- Agreement Valid except :
 1 Unreasonable
 2 Motive : Malicious

Interest against obligation

- Do something against his duty

Traffic relating to public offices

- Interferes appointment of best qualified person → VOID

Agreement to create monopolies

Marriage Brokerage Agreement

- Void
- Marriage Bureau → only provides information, Thus, not covered under this

Interference with course of justice

- Agreement with Judicial officer to act partially / corruptly → VOID

Consideration Unlawful in part

- 1 or more objects → Part of single consideration
- Single object → Part of several consideration

Unlawful → VOID

VOID AGREEMENTS

By Incompetent Parties

Bilateral Mistake

Consideration / object unlawful

Agreement without consideration

In restraint of marriage (except Minor)

In restraint of Trade (except Sale of Goodwill & Partnership)

Restraint of Legal proceeding (except Arbitration)

Meaning uncertain

Agreement of service

Wagering Agreement

To do Impossible Acts

WAGERING AGREEMENT

- Promise to pay money / money's worth
- No interest in event

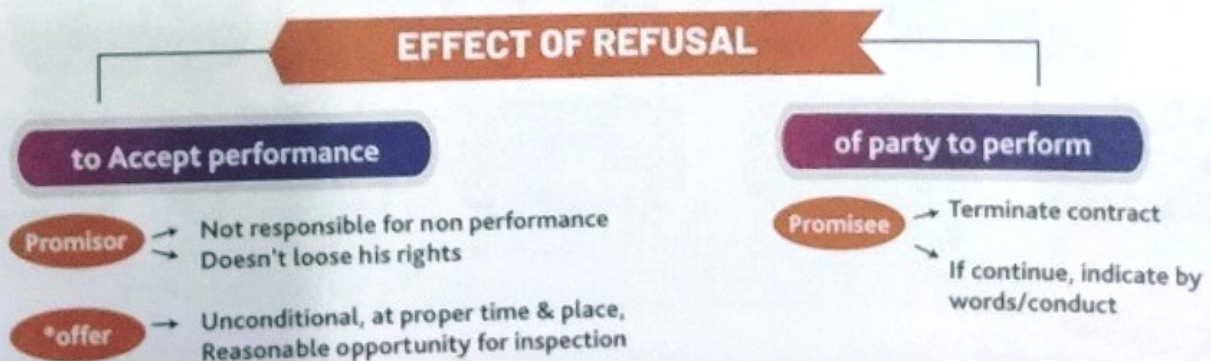
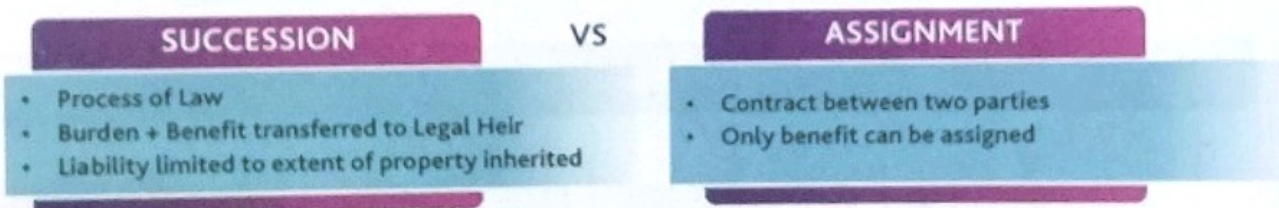
Transaction similar to wager

- Lottery
- Game of chance
- Crossword Puzzle & competitions
- Speculative Transaction
- Settlement of difference between Contract price & market price
- Horse Race Transaction

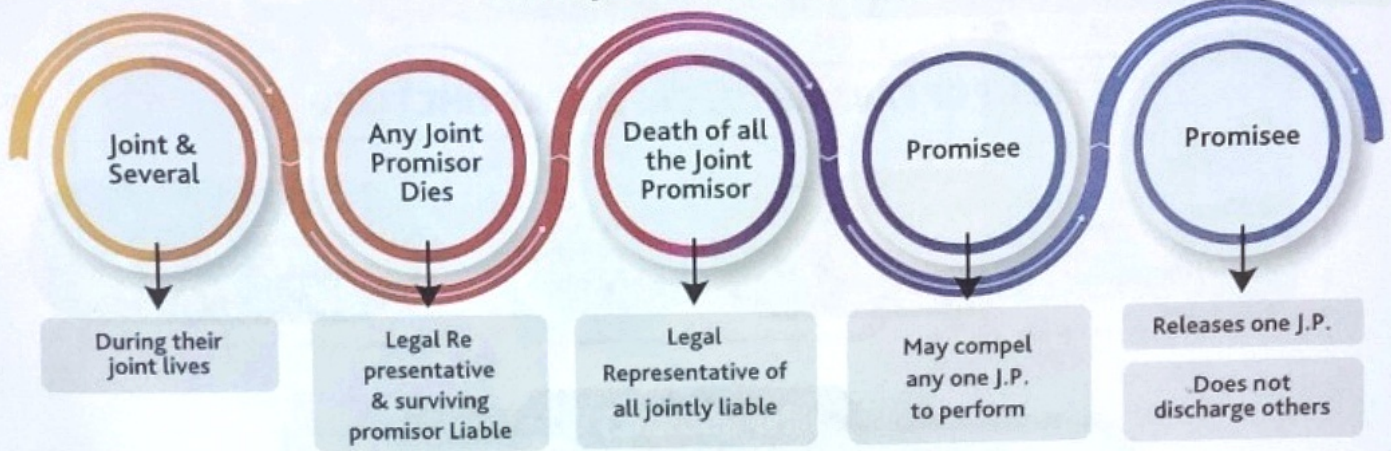
- Conditional on uncertain event
- Win or lose

Transaction resembling wager But not void

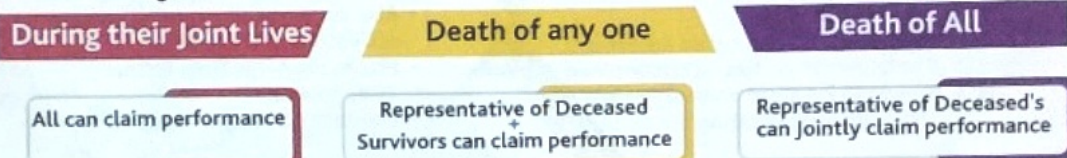
- Chit Fund Share
- Market Transaction
- Delivery of goods / shares → Not wager
- Game of Skills / Athletic Competition
- Contract of Insurance
- Type of Contingent Contract → Valid



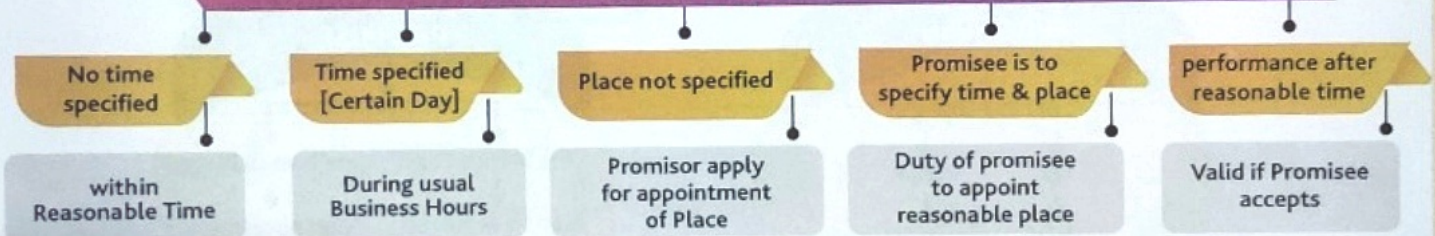
Liability of Joint Promisor



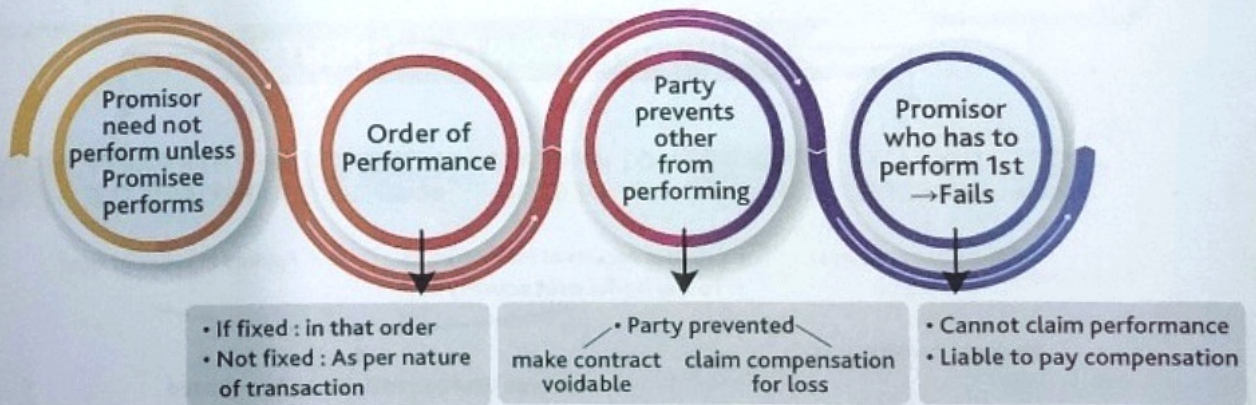
RIGHT OF JOINT PROMISEE



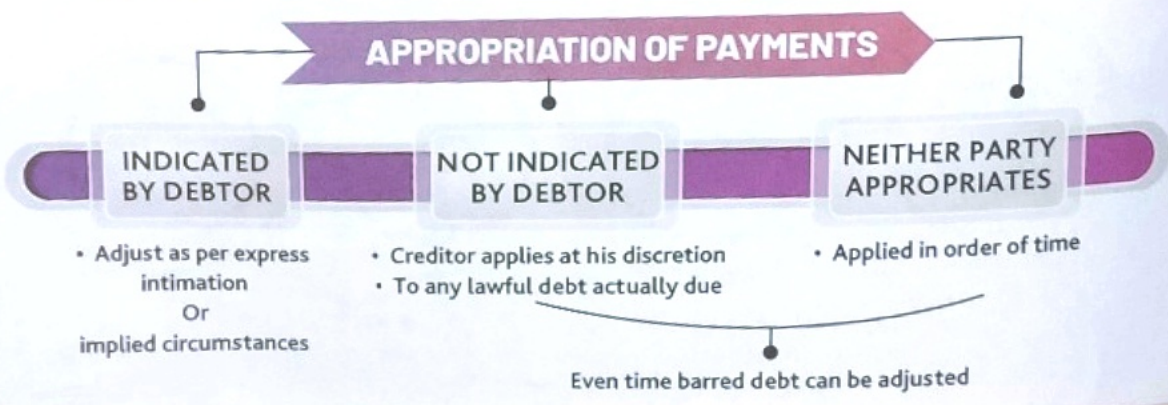
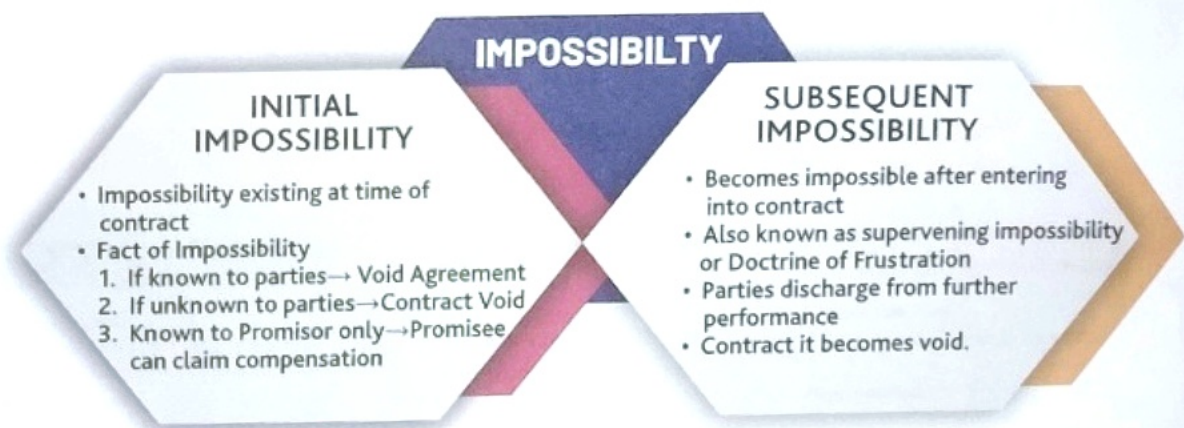
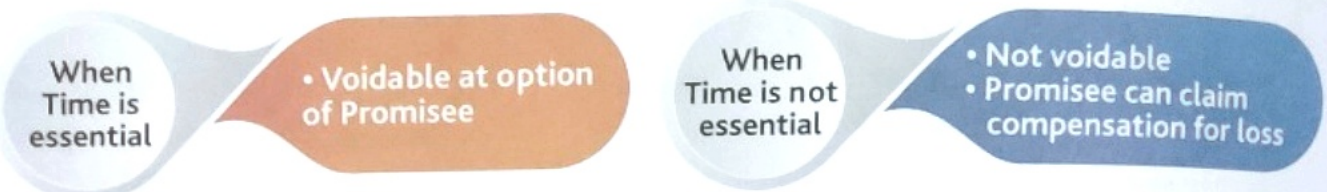
TIME & PLACE FOR PERFORMANCE



Performance of Reciprocal Promise (mutual Promise to do / not to do)



EFFECT OF FAILURE TO PERFORM AT TIME FIXED



CONTRACTS WHICH NEED NOT BE PERFORMED

Novation

- Substitution of New Contract for old
- Old Contract discharged

Alteration

- Substitute New Contract for old
- Terms can be altered not contracting parties

Rescission

- Cancellation of Contract
- No new Contract

Remission

- Acceptance of lesser fulfilment of terms

VOIDABLE CONTRACT

Person rescinding contract

Restore benefit Received

VOID AGREEMENT CONTRACT BECOMES VOID

Person who received advantage

Restore or Compensate for it

Effect of Neglect of Promisee

- Promisee → Not provided reasonable facilities for performance
- Promisor → excused by such neglect / refusal

DISCHARGE OF CONTRACT

By Performance

By Mutual Agreement

By Impossibility of Performance

By Lapse of Time

By Operation of Law

By Breach of Contract

Promisee may waive or Remit performance

Merger of Rights

Neglect of Promisee to afford promisor Reasonable facilities

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UNIT 5

Breach FAILURE OF PARTY TO PERFORM HIS/ HER OBLIGATION UNDER CONTRACT

ANTICIPATORY

- Breach occurring before time fixed for performance has arrived
- Express / Implied breach
- Effect —
 1. Rescind & Sue for Damages immediately.
 2. Not rescind & wait for performance
- Promisor may get benefit of supervening Impossibility

ACTUAL

- Breach occurs —
 1. when performance due
 2. during the performance
- Other party obtains Right of Action against defaulting party.

REMEDIES FOR BREACH OF CONTRACT

Suit for Damages

Rescission of Contract

Suit for Specific Performance

Suit for Injunction

Suit upon Quantum Meruit

SUIT FOR DAMAGES

ORDINARY

- Compensation for damages naturally arose during usual course of events.
- No Compensation for Remote / Indirect Loss

SPECIAL

- Arises on previous notice of special circumstances affecting contract

VINDICTIVE / EXEMPLARY

- Breach of Promise to marry
- Wrongful dishonour of cheque by Bank

NOMINAL

- No real damage suffered
- Establishes Right to decree

DETERIORATION CAUSED BY DELAY

- Damages recovered even without Notice

PRE – FIXED DAMAGES

- Sum to be paid for breach → mentioned in contract

LIQUIDATED DAMAGES / PENALTY

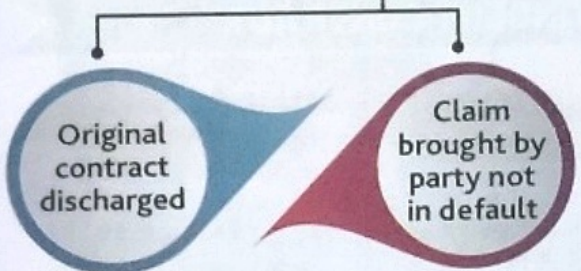
- Reasonable Compensation
- Genuine Pre estimate
- Not exceeding sum mentioned

- Exorbitant amount
- Create terror
- Sum payable in excess of Damage

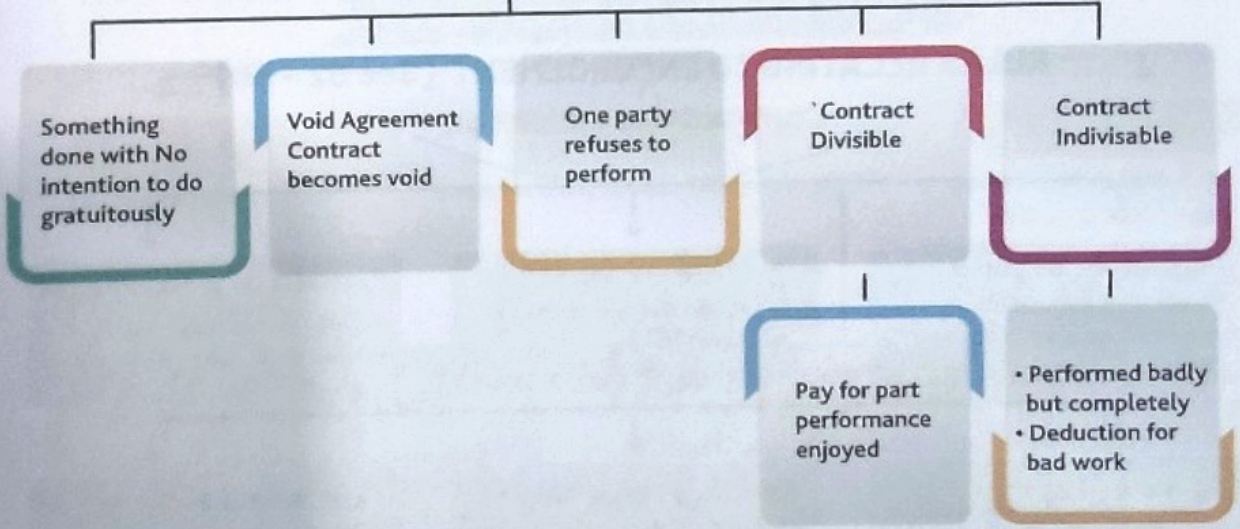


QUANTUM MERUIT

- As much as the party has deserved
- Recompensate for value of work done, where no remuneration fixed
- 2 Condition for application of Doctrine



- Claim of Quantum Meruit in following cases —



CONTINGENT & QUASI CONTRACT

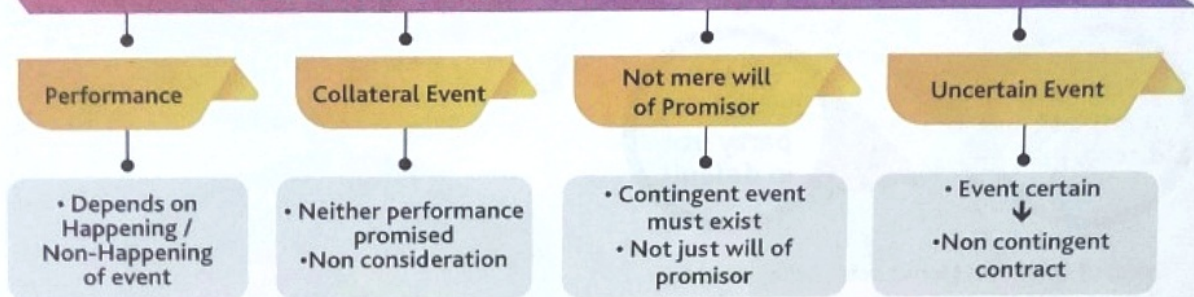
CONTINGENT CONTRACTS

SEC 31 Contract to do or not to do something, if some even, collateral to contract does or does not happen
Example Contract of Insurance, Indemnity & Guarantee

* Collateral Event (Pollock & Mulla)

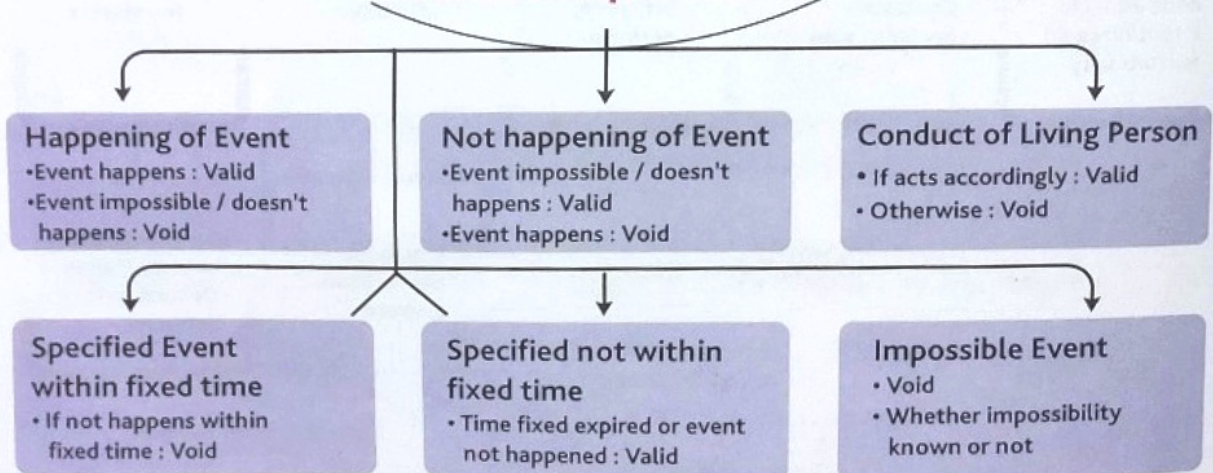
- Even in which
- Neither performance promised
 - Nor consideration for a promise

ESSENTIALS OF CONTINGENT CONTRACT

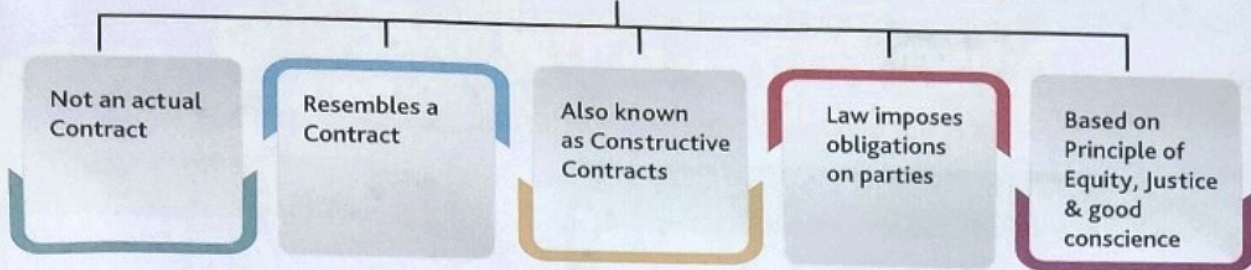


RULES RELATING TO ENFORCEMENT [Sec 32 - 36]

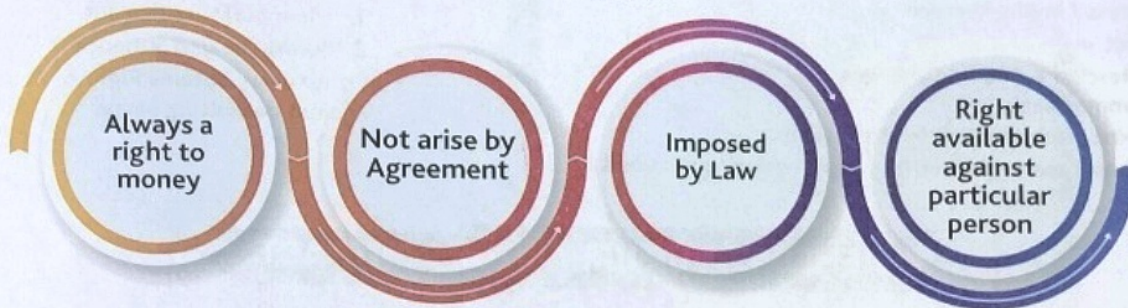
Contract dependent on



QUASI CONTRACTS



FEATURES



CASES DEEMED AS QUASI CONTRACTS

Claim for Necessaries Supplied

- Necessaries supplied to Incompetent person
- Right to reimbursed from their property

Payment by Interested Person

- Interested person pays money
- Which another is bound to pay
- Entitled to be reimbursed

Money paid by Mistake / Coercion

- Money paid / goods delivered by mistake, coercion, oppression or extortion.
- Must Repay / Return

Obligation of person enjoying Non Gratuitous Act

- Lawfully does something
- No intention to act gratuitously
- Person enjoying benefit → Bound to pay

Responsibility of finder of goods

- Take care of property
- No right to appropriate goods
- Restore goods if owner found
- Responsibility same as Bailee