

CHAPTER 1: INDIAN CONTRACT ACT, 1872

Unit 1: NATURE OF CONTRACT

Extends to Whole of India Effect: 1 Sep 1872

* Contract [Sec 2(h)]

- 1. An Agreement
 - 2. Enforceable by law
- } CONTRACT

* Agreement [Sec 2(e)]

Every promise & Every set of Promises } forming consideration for each other

* Promise [Sec 2(b)]

When person to whom proposal made signifies his assent
Proposal → Accepted → Promise

* Enforceability by law

Must be a legal obligation or intention to create legal relationship

Agreement = Offer / Proposal + Acceptance

Contract = Accepted Proposal / Agreement + Enforceability by Law

Eg: A sells car to B for Rs. 1 Lac. This is a valid contract

Eg: Father promises son to pay ₹ 500, does not pay later.
This is a Social Agreement / Domestic Agreement.
as there's no intention to create legal relationship

* D/b Agreement & Contract

Basis	Agreement	Contract
Meaning	Offer + Acceptance	Agreement + Legal enforceable
Scope	Wider term, includes legal & social agreement.	Narrow sense, includes only legal agreements.
Legal obligation	May not create legal relation.	Always creates legal relationship.
Nature	All agreement are not contracts.	All contracts are agreements.

* Essentials of valid contract (Given in Section 10)

Conditions not in Sec 10 but important

1. Two parties.

Case law: State of Gujarat vs. Ramanlal S. & Co.

Dissolution of partnership, assets divided into partners.

This is NOT Sale. Partners → Joint owners.

Thus no sales tax can be levied.

2. Parties must intend to create legal relation.

Case law: Balfour vs. Balfour.

Husband promises to pay wife every month a sum, but fails to do so. Wife sued him. Held, this was a Social Agreement as parties did not intend to create legal relationship.

3. Other formalities to be complied with in certain cases.

- Contract of Insurance
 - Immoveable Property Contracts
- } Must be in writing, registered & Stamped.

4. Certainty of meaning: Certain, not vague or indefinite.

5. Possibility of performance agreement

Eg: Discover treasure by magic, making dead person alive are impossible agreements.

Section 10 Conditions.

1. Agreement OR Offer & Acceptance.

2. Free consent. (Consensus ad idem)

Consent → same thing in same sense.

Free consent : → when consent NOT caused by
Coercion, Undue Influence, Fraud, Misrepresentation, Mistake

↓
Voidable

↓
Void

3. Capacity of Parties : Section 11 : → Competent to contract

Major

Sound mind

not otherwise
disqualified by law

X Lunatic, Idiot,
drunken person

Alien Enemy,
Convicts
Foreign sovereigns
Insolvents

4. Consideration : quid pro quo → 'Something in return' Can be cash / kind

5. Lawful consideration & object

Consideration is unlawful if:

- it's prohibited by law
- it would defeat provisions of law if fraudulent
- involves injury to person OR property of another
- court regards it as immoral OR opposed to public policy

6. Not expressly declared to be void or illegal

Illegal or void

↓

↓

Threat to
commit murder,

making defamatory statements

Restraint of trade, marriage, legal proceeding
etc.

* Types of Contract (on basis of validity or enforceability)

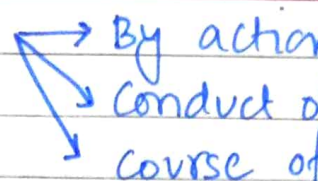
1. Valid Contract : Contains all essentials of valid contract.
2. Void Contract: [Sec 2(j)] A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.
first valid then becomes void due to subsequent /
Supervening Impossibility
3. Voidable Contract: Enforceable by law at option of aggrieved party but not at option of other.
4. Illegal Agreement/contract: Contract which law forbids.
All Illegal agreements are void but all void agreements are not necessarily illegal.
5. Unenforceable Contract :
Contract is good in substance , BUT contains some technical defect i.e. absence in writing, barred by limitation etc. , parties cannot sue upon.

* D/b	Void Agreement	Illegal Agreement
1. Scope	Not necessarily illegal.	Always void
2. Nature.	Not forbidden under law	Forbidden under law.
3. Punishment	Parties not punished	Parties → liable to punishment
4. Collateral Agreement	Contracts collateral to void may be valid.	Agreements collateral to illegal, always void.

* D/b	Void Contract	Voidable Contract
Meaning	Contract ceases to be enforceable by law becomes void when it ceases to be enforceable.	Agreement enforceable by law at option of one or more parties but not at option of others
Enforceability	Void contract cannot be enforced at all.	Enforceable only at option of aggrieved party
Cause	Contract becomes void due to change in law OR change in circumstances beyond contemplation of parties (Subsequent illegality, or supervening impossibility)	Contract is voidable if consent of parties not free
Performance of Contract	Cannot be performed	If aggrieved party doesn't avoid contract in reasonable time, contract valid.
Rights	No legal remedy to parties	If not rescinded by aggrieved party, valid contract

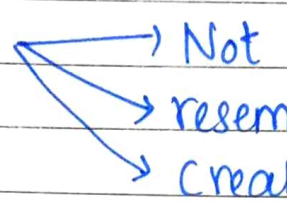
* Types of Contracts (on basis of formation of contract)

1. Express Contracts: Terms expressed by words or writing.

2. Implied Contracts: 

Proposal / Acceptance made $\rightarrow$ otherwise than words.

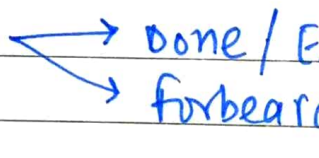
Tacit contracts: Contracts inferred through conduct of parties
Eg: ATM, Auction sale $\rightarrow$ fall of hammer

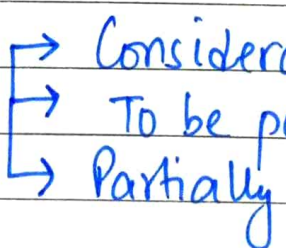
3. Quasi Contracts: 

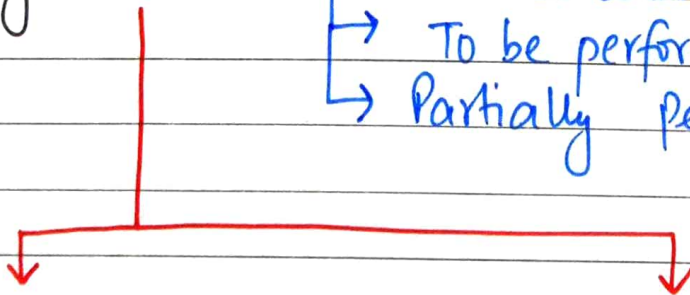
Eg: Obligation of finder of lost goods. to return to true owner

4. E-Contracts: Entered using Electronic means $\rightarrow$ E-mail etc

* Type of contracts (On basis of Performance of contract)

1. Executed Contract: Act 

2. Executory contract: 



Unilateral contract
one party performed,
other's outstanding.

Bilateral contract
Promise is outstanding
on part of both parties

* Offer [Sec 2(a)]

- When one person signifies to another
- his willingness
- to do, or
- to abstain from doing anything
- with view
- to obtain assent of other party
- to such act or abstinence.
- he is said to make proposal.

* Essential of Proposal / offer

1. Offeror - Offeree
Promisor - Promisee
Proposer - Acceptor
2. for valid offer, party making it must express willingness to do or not to do something
3. Willingness must be ^{with} view to obtain assent of other.
4. Offer can be positive & negative.

* Types of Offer

1. General offer

offer made to public at large
 Anyone can accept

Case Law: Carlill vs. Carbolic Smoke ball Co.

Anyone performing conditions of offer can be considered to have accepted offer.

2. Special / Specific offer : Offer made to Specific person
It can be accepted by only specified person to whom offer is made

3. Cross offer:

- 2 Parties exchange identical offers in ignorance of each other's offer. → Cross offer.
- No binding contract.

4. Counter offer

Offeree offers to qualified acceptance of offer, i.e. makes modifications or variations in terms of original offer. → counter offer / conditional Acceptance
↓
Rejection of original offer.

5. Standing / Continuing / open offer:

- Offers allowed to remain open for acceptance over period of time. → Standing / continuing / open.
Eg: Tenders invited for supply of goods.

* Essentials of valid offer.

1. Must be capable of creating legal relations.
2. It must be certain, definite, not vague
3. Must be communicated to offeree

Case law: Lalman Shukla vs. Gauri Dutt

An acceptance of offer in ignorance of offer is not valid

4. Must be made with view to obtain assent of other party
5. May be conditional
6. Offer should not contain a term the non-compliance of which would amount to acceptance.
7. Offer → Specific or General
8. Offer → Express or Implied.
9. Offer different from
 - Mere Statement of intention
 - Invitation to offer.
 - Mere communication of infoⁿ.
 - An answer to question [Harey Vs. Fachie]
 - Prospectus & Advertisement
 - statement of price
10. Statement of price is not offer

Eg: Advertising auction sales,
Quotation of prices sent in reply to query

* D/b	Offer	Invitation to offer
Meaning	Offer is willingness by offeror to be bound by it. if other party accepts	Party without expressing willingness proposes certain terms on which he is willing to negotiate he does not makes offer, but invites other person to make offer.
Intention of parties	offeror has intention to be bound by it if accepted	Person has intention of negotiating on terms
Sequence	An offer cannot precede invitation to offer.	Invitation to offer is always precedent to offer.

Eg: 1. Invitation by co. to subscribe shares
2. Display of goods for sale

* Acceptance [Sec 2(b)]

When person to whom proposal made signifies his assent

Proposal → Accepted → Promise.

Relationship b/w offer & Acceptance (Sir William Anson)
Acceptance is to offer what a lighted match is to a train of gun powder.

Offer in itself cannot create legal relationship.

But becomes a contract as soon as it's accepted.

Means offer can be withdrawn just before it's accepted but after acceptance, it's too late to revoke it, & both parties bound by promises.

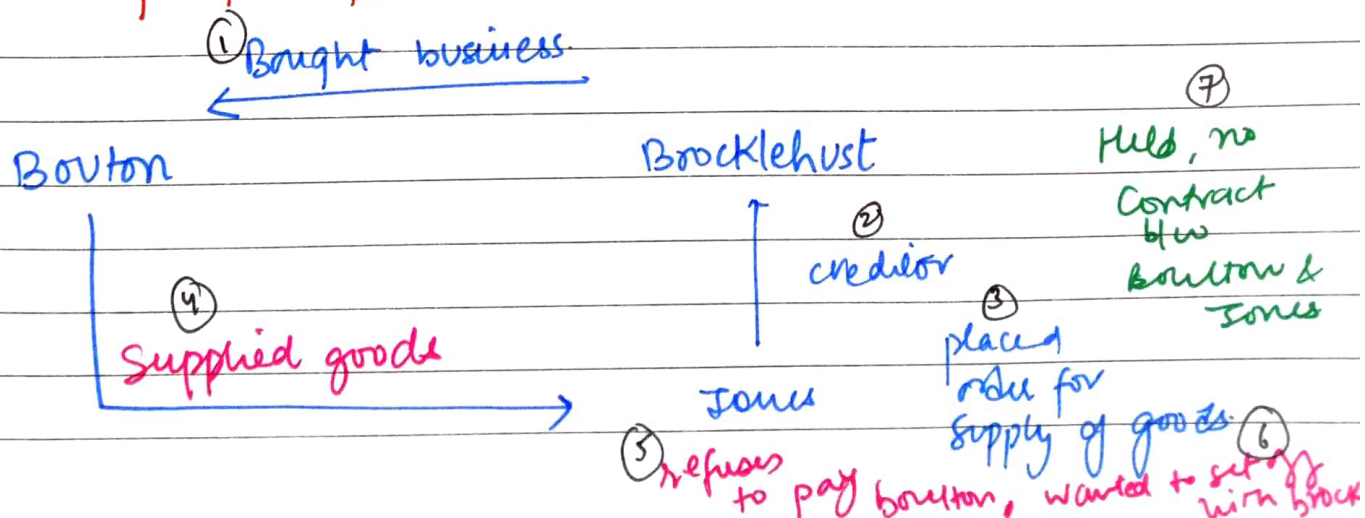
* Legal Rules Regarding a Valid Acceptance

1. Acceptance can be given only by person to whom offer made.

Specific offer → Accepted only by person to whom made.

General Offer → Accepted by any person who has Knowledge of Offer. Case Law: *Carlill v. Carbolic Smoke ball Co.*

Specific offer: Case Law: *Boulton vs. Jones*



2. Acceptance must be absolute & qualified
complete unconditional

3. Acceptance must be communicated

Case law: *Brogden vs. Metropolitan Railway Co.*

4. Acceptance must be in prescribed mode.

5. Time → must be in specified time
→ If no time specified, within reasonable time

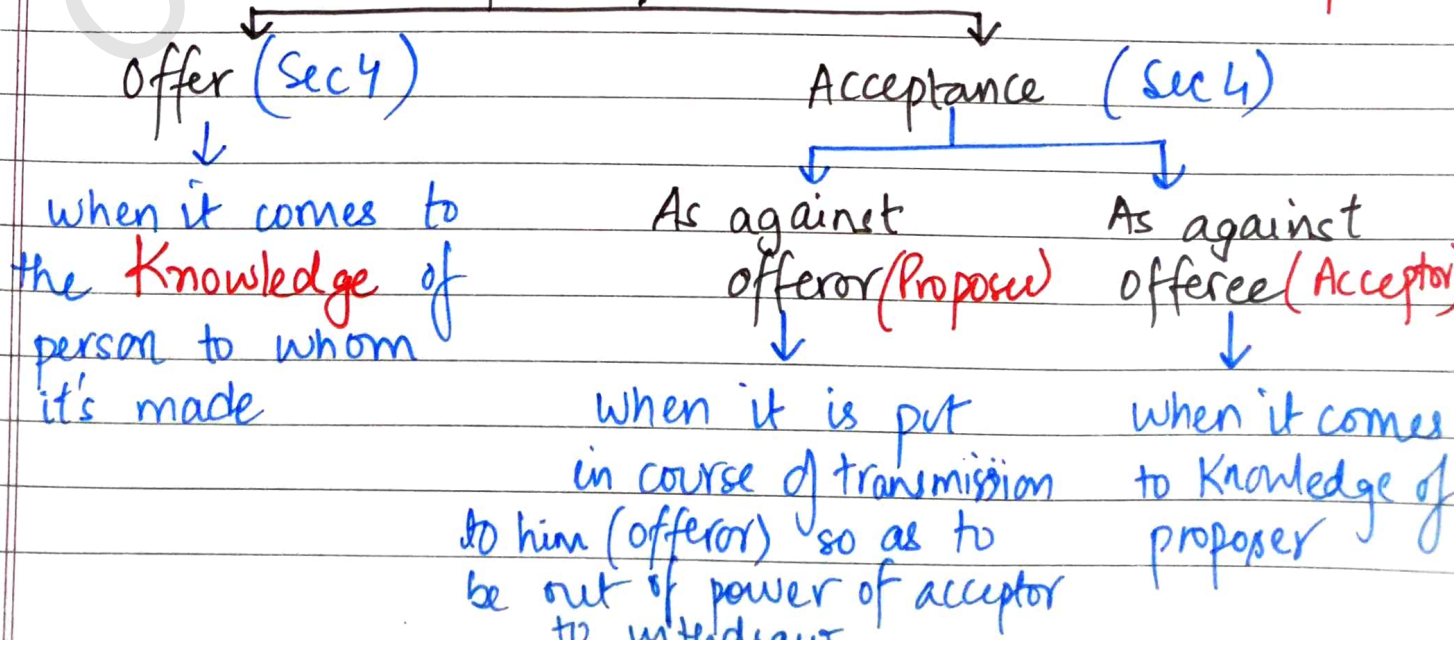
6. Mere silence is not acceptance

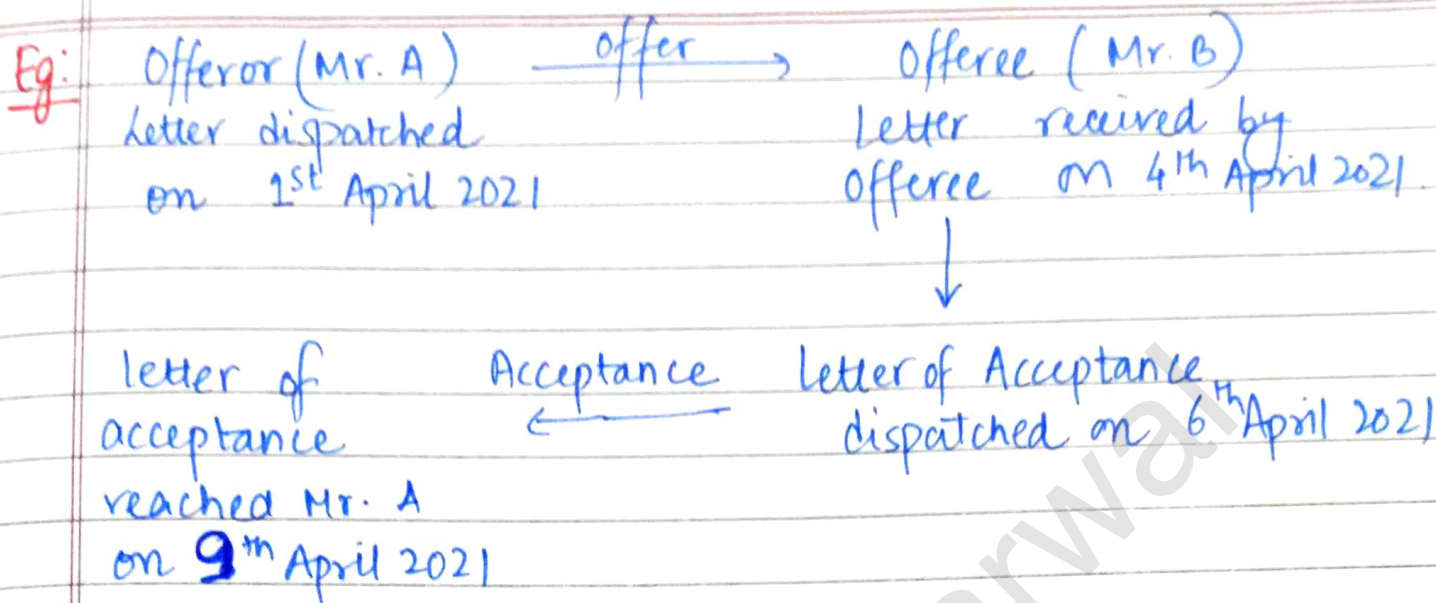
Case law: *Felthouse vs. Bindley*

7. Acceptance by conduct / Implied Acceptance

- Verbal → word / Mouth
 - written
 - By Conduct / Performance
- } modes of Acceptance

* Communication of Offer & Acceptance → When Complete?





Communication of offer completes on 4th April 2021

Communication of acceptance complete

As against A (Proposer)

↓

on 6th April 2021

As against B (Acceptor)

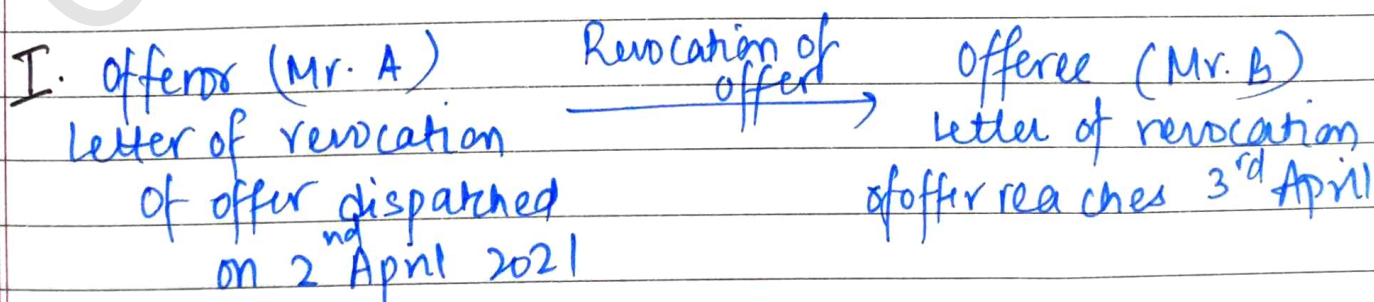
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on 9th April 2021

(A can't withdraw offer after posting of letter i.e. after 6th April 2021)

(B can't withdraw acceptance after 9th April 2021)

Communication of Revocation of offer.



offer revoked on 3 April 2021 - B's acceptance not valid./

B can't accept offer.

II. Offeror (Mr. A) Revocation of offer Offeree (Mr. B)
 letter of revocation → letter of revocation of
 of offer dispatched offer reaches 5 April 2021
 on 2 April 2021

Offer revoked on 5 April 2021. B's acceptance
 invalid / B can't accept
 offer.

III. Offeror (Mr. A) Revocation of offer Offeree (Mr. B)
 letter of revocation → letter of revocation
 of offer dispatched of offer reaches 7th April
 on 2 April 2021

Revocation is invalid. Both parties bound by contract.

Communication of Revocation of Acceptance

I. Offeror (Mr. A) Revocation of acceptance Offeree (Mr. B)
 Receives ← Dispatches letter of
 Revocation of revocation of acceptance
 acceptance on on 7 April 2021
 8th April 2021.

Acceptance revoked.

II. Offeror (Mr. A) Revocation of acceptance Offeree (Mr. B)
 Receives revocation ← Dispatches letter of
 of acceptance revocation of acceptance
 on 10th April 2021 on 7 April 2021

Acceptance can't be revoked. Contract valid.

Date _____
Page _____

* When Revocation of offer & Acceptance can be done? (Sec 5)

Offer
↓

Anytime before acceptance is complete as against proposer
(6th April 2021)

Acceptance
↓

Anytime before communication of acceptance complete as against acceptor
(9th April 2021)

* Modes of Revocation of Offer

1. By Notice of Revocation
2. By Lapse of time
Case Law: Ramsgate Victoria Hotel Co. vs. Montefiore
3. By Non-fulfilment of condition precedent
4. By death or insanity
5. By counter offer
6. By Non acceptance of offer according to prescribed or usual mode
7. By Subsequent Illegality

Unit 2: CONSIDERATION

quid pro quo
'something in return'

* What is Consideration [Sec 2(d)]

- When AT THE DESIRE OF PROMISOR,
- THE PROMISEE [OR] ANY OTHER PERSON
- has done [or] abstained from doing, or (Past)
- does [or] abstains from doing, or; (Present)
- promises to do [or] abstain from doing something (Future)
- Such an act [or] abstinence [or] promise.
- IS CALLED CONSIDERATION FOR THE PROMISE

Analysis of Definition of Consideration

- Consideration is an act - doing something
- Consideration is abstinence
- Consideration must be at desire of promisor
- May move from promisee / any other person
- May be past, present or future

Form of Consideration :

Some benefit	} to one party
Right, or	
Profit, interest	
Some detriment	} to another
loss, or	
forbearance or responsibility	

* Legal Rules Regarding Consideration:

- 1- Consideration must move at desire of promisor
Case law: Durga Prasad v. Baldeo.

2. Consideration may move from promisee or any other person

Case law: Chinnaya vs. Ramayya

Old lady $\leftrightarrow$ Daughter

(Promisor - Promisee)

Daughter $\leftrightarrow$ Maternal uncle

(Promisor - Promisee)

There can be stranger to consideration but not stranger to contract. Sufficient consideration for uncle by old lady.

3. Executed & Executory Consideration



Consist in
performance of an
act. (Executed)



consists in promise.
(Executory)

4. Consideration may be past, present or future
Past consideration must move by previous request.

5. Consideration need not be adequate

Explanation 2 to Sec 25 -

- An agreement in which consent is free
- is not void
- just because consideration is inadequate.

But if its shockingly less, & other party alleges that consent was not free, then this inadequate consideration can be EVIDENCE in support of this allegation

- Date _____
Page _____
6. Performance of what one is legally bound to perform
 7. Consideration must be real, & not illusory.
 8. Consideration must not be unlawful, immoral or opposed to public policy

* Suit by Third Party to Contract

Consideration may come from third party, But the stranger to contract cannot sue on it, only a party to contract can sue on it.

Stranger to contract cannot sue is known as 'doctrine of privity of contract'.

Exceptions of this doctrine is below (Cases where, even a stranger to contract can sue)

1. In case of Trust → Beneficiary can enforce his right
2. In case of family settlement → Terms in writing, family members
3. In case of marriage contracts / arrangements
4. In case of assignment of contract → Benefit assigned
5. Acknowledgement of estoppel → Person represent himself as agent of third party, binding obligation towards third party.
6. In case of covenant running from land
 - Person purchases land with notice that owner is bound by
 - Covenant affecting land may be enforced by successor of seller.
7. Contracts entered into through agent.

Principal can enforce contract entered by agent if agent has acted within scope of his authority & in name of principal.

* Validity of an Agreement without Consideration

Sec 25 - Agreement without consideration is void.

Exceptions to 'No Consideration, No Contract' or 'Agreement without consideration is valid in following cases':

1. Natural love & affection

- (i) Must be made by natural love & affection
- (ii) Parties must stand in near relationship
- (iii) Must be in writing
- (iv) Must be registered under law

All
Conditions
to be fulfilled
Sec 25(1)

2. Compensation for past voluntary services

- (i) Services - voluntary
- (ii) Services rendered for promisor
- (iii) Promisor must be in existence when services
- (iv) Promisor must intend to compensate rendered promisee

All
Conditions
Sec 25(2)

3. Promise to pay time barred debt

- Promise in Writing
- Signed by person making it or his authorised agent
- to pay time barred debt (Limitation Act)

4. Agency — Sec 185 of Indian Contract Act 1872
5. Completed Gift — Rule → No Consideration, No Contract does not apply.

Sec 25(1) Explanation → Nothing in this section affect validity as b/w donor & donee of any gift.

6. Bailment — Sec 148 of Indian Contract Act 1872

7. Charity

- If promisee undertakes liability
- on promise of person
- to contribute to charity
- Contract shall be valid

Case law: Kadarnath V. Gorie Mohammad.

Unit 3 - OTHER ESSENTIALS ELEMENTS OF CONTRACT

* Capacity to Contract / Who is Competent to contract
[Sec 11]

Every person who is

- of age of majority (18 or above)
- sound mind
- not disqualified from contracting by any law

A. Age of Majority

Law Relating to Minor's agreement / position of minor

1. A contract made with or by minor is VOID-AB-INITIO

Case law: Mohiri Bibi vs. Dharm Das Ghose → Minor
Mortgage by minor was void & Mohori Bibi not entitled to repayment of money

2. No ratification after attaining majority
Cannot ratify after majority as original is void-ab-initio

3. Minor can be a beneficiary → can take benefit out of contract
A promissory note duly executed in favour of minor is not void. → he can accept a benefit.

Minor cannot be partner in partnership firm but he can be a beneficiary.

4. Minor can always plead minority
 - Rule of estoppel cannot be applied against a minor.
 - He is allowed to plead minority in his defence.
5. Liability for necessities [Sec 30]
 - Claim for necessities supplied to minor is enforceable by law.
 - Minor not personally liable, only his property is liable.
- i) contract must be for goods → necessary for support
 - ii) Minor must not have sufficient supply of these necessities
6. Contract by Guardian - How far enforceable
 Guardian of minor can enter into contract on minor's behalf & for benefit of minor.

Condition to satisfy to make minor's estate liable
7. No specific Performance
8. No insolvency
9. Partnership
10. Minor can be an agent - but not liable to his principal for his act
11. Minor cannot bind parent or guardian
12. Joint contract by minor & adult
 Case law: Sain Das vs. Ram Chand
13. Surety for minor
14. Minor as shareholder
15. Liability for torts → Minor liable for torts
- B. Person of sound mind [Sec 12]

Date _____
Page _____

A person is of sound mind if at time of making contract, he is $\left\{ \begin{array}{l} \rightarrow \text{capable of understanding it} \\ \text{ \& } \\ \rightarrow \text{forming a rational judgement as to its effect upon his interests} \end{array} \right.$

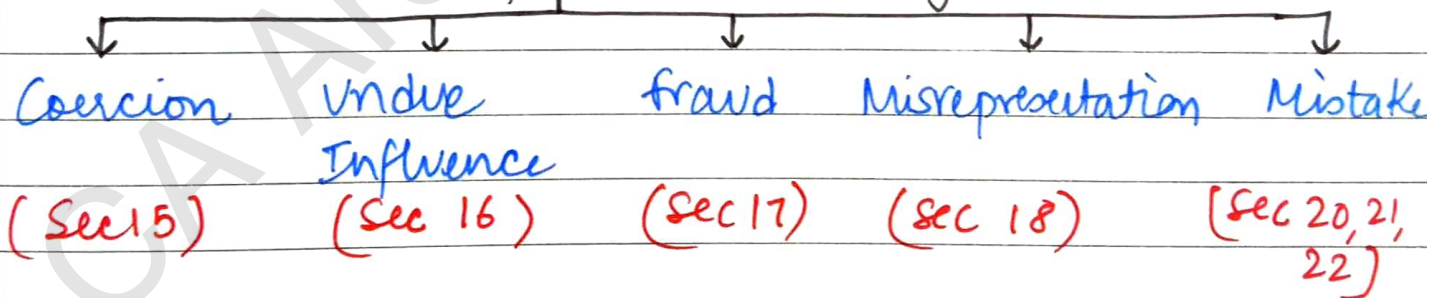
C. Contract by disqualified persons

- Foreign Sovereigns & Ambassadors
- Alien Enemy
- Convicts
- Insolvent

* Free Consent (Sec 14)

Consent [Sec 13] $\rightarrow$ Agree upon same thing in same sense
(Consensus ad idem)

Consent is free if not caused by: (Sec 14)



* Coercion (Sec 15)

Committing or threatening to commit OR Unlawful detaining or threatening to detain

$\left\{ \begin{array}{l} \text{any act forbidden by Indian Penal Code} \\ \text{any property to prejudice of any person} \end{array} \right.$

$\rightarrow$ With intention of causing any person to enter into agreement

Effects of Coercion [Sec 19]

- Voidable contract at option of aggrieved party
- Party rescinding a void contract should restore benefit to other party if has received any
- Money paid / anything delivered must repay / return it.

* Undue Influence (Sec 16)

Contract is said to be induced by undue influence where relation subsisting between parties are such that

- one party is in position to dominate will of other.
- uses that position to obtain unfair advantage.

Essential Ingredients

- Relation b/w Parties → near relation exists
- Position to dominate will of another
 - holds Real or Apparent Authority
 - Stands in fiduciary relation
 - Mental Distress (mental / body stress / illness / old age)
 - Unconscionable bargains

Case Law: Kirpa Ram vs. Sami-Ud-din Ad-Khan

- Object must be to take undue advantage
- Burden of Proof → lies on party who is in dominant position (who dominates other's will)

Effects of Undue Influence [Sec 19 A]

- Voidable contract
- Court may set aside contract

* Fraud (Sec 17)

fraud means & includes

Commission of following acts

- 1) Suggestion of a fact of that which is not true, by person who does not believe it to be true
- 2) **Active concealment** of fact, having knowledge or belief
- 3) **Promise** made without intention of performing it
- 4) Any other act fitted to deceive
- 5) Any such act or omission as law specially declares to be fraudulent.

Committed by

→ party to contract,

or

→ his connivance

or

→ by his agent

with intent to

→ deceive another party

or

→ his agent

or

→ to induce him to enter into contract

Explanation to sec 17

Mere silence as to facts likely to affect willingness of a person to enter into contract → **NOT FRAUD**
UNLESS circumstances of case such that → it's duty of person keeping silence to speak or unless his silence is in itself equivalent to speech.

Mere silence is not fraud

Case law: Word vs. Hobbs.

Exceptions to Mere silence is not fraud (Silence is fraud in following cases)

1. Duty of person to speak

Contracts of Uberrimae fidei (contracts of utmost good faith)

- a) Fiduciary Relationship (Regier vs. Campbell Stuart)
- b) Contracts of Insurance
- c) Contracts of Marriage (Hazi Ahmed vs. Abdul Gassil)
- d) Contracts of Family settlement
- e) Share Allotment Contracts

2. Where silence itself is equivalent to speech

A → B

Eg: If you don't deny it, I shall assume horse to be sound. A says nothing. His silence is speech.

Exception to sec 19 → In case of fraudulent silence, Contracts are not voidable if party whose consent was so obtained had means of discovering truth with ordinary diligence.

Effects of fraud → When consent is caused by fraud, contract is voidable at aggrieved party's option & has following remedies

1. He can rescind contract within reasonable time
2. He can sue for damages
3. He can insist on performance of contract on condition that he shall be put in position he would have been, if representation had been true.

* Misrepresentation (Sec 18)

Means & includes

1. Positive Assertion
 - of fact which is false, though he believes it to be true.
 - made in manner not warranted by infoⁿ of person making it.
2. Any breach of duty
 - without an intention to deceive.
 - gains an advantage
3. Causing other person to make mistake
 - as to substance of subject of agreement.

Effects: Injured party entitled to

- repudiate the contract
- sue for restitution
- cannot claim damages (because there is no intention to deceive)

Explanation to sec 19 → Contract Not Voidable

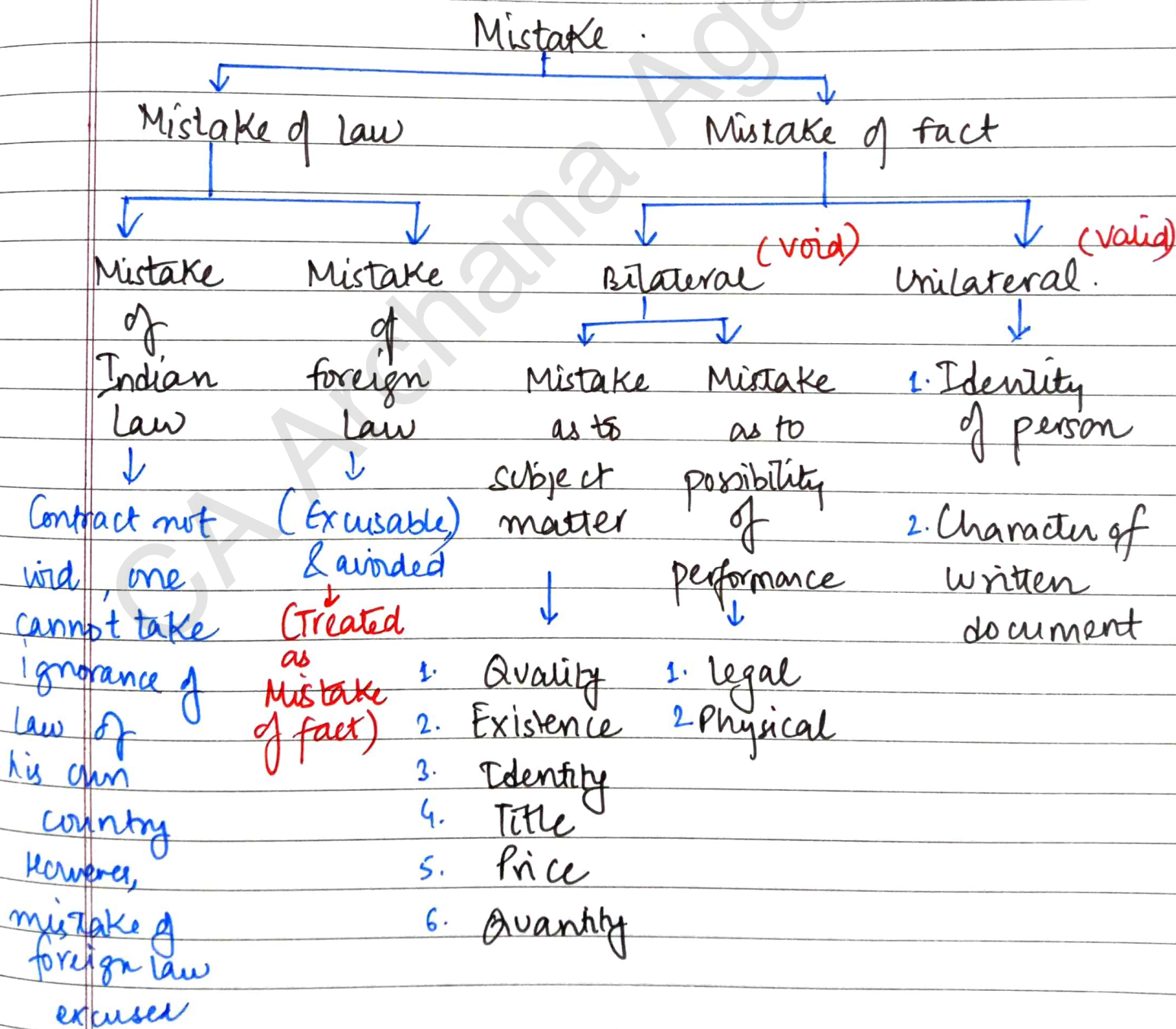
1. When consent caused by
 - Silence amounting to fraud
 - or
 - misrepresentation

If party whose consent was so caused had means to discover truth with ordinary diligence.

2. A fraud or misrepresentation which did not cause consent of party to agreement.
3. where the party enters into contract in ignorance of fraud.

* Mistake

Innocent or erroneous belief that leads party to misunderstand others



* Legality of Object & consideration (Sec 23)

Consideration or Object of an agreement is lawful, unless:

1. It's forbidden by law
Punishable under any statute
or
Prohibited by Regulations or orders made by legislature
2. When it defeats provision of law
3. When it's fraudulent
4. When Consideration defeats any rule for time being in force in India
5. Involves injury to person or property of another
6. Court regards it as immoral
7. Opposed to Public Policy

Agreements opposed to Public policy

1. Trading with enemy at times of war → void
2. Stifling Prosecution
3. Maintenance & Champerty

↓
Person promises
to maintain suit
in which he has
no interest

↓
Person agrees to assist
another in litigation
in exchange of promise
to hand over portion of proceeds of
action

- Page _____
4. Trafficking related to Public offices & titles
 5. Agreements tending to create monopolies
 6. Marriage brokerage agreements
 7. Interference with course of justice
 8. Interest against obligation
 9. Consideration Unlawful in Part

* Void Agreements

1. Made by incompetent parties (Sec 11)
2. Agreements made under Bilateral mistake of fact (Sec 20)
3. Agreements - Consideration or object → Unlawful (Sec 23)
4. Agreement - Consideration or object → Unlawful in parts (Sec 24)
5. Agreement made without consideration (Sec 25)
6. Agreement in Restraint of marriage (Sec 26)
7. In Restraint of Trade (Sec 27)

Exceptions to
Agreement in
Restraint of Trade
is void

Statutory
Provisions

Sale of Goodwill
Indian Partnership Act 1932
LLP Act, 2008

Judicial
Interpretations

Trade combinations
Service Agreements
Sole or Exclusive
Dealing Agreements
& Franchise

8. Agreement in restraint of legal proceeding (Sec 28)
Exceptions:
 - i) Dispute referred to arbitration
 - ii) Parties agree to refer to arbitration → Writing

9. Agreement meaning of which is uncertain (Sec 2g)
10. Wagering Agreement (Sec 30)

Essentials of wager

- i) Promise to pay money or money's worth
- ii) Promise must be conditional on event happening or not happening
- iii) Must be uncertainty of event
- iv) Must be 2 parties. Each stands to win or lose
- v) Common intention to bet at time of making agreement
- vi) Parties should have no interest in event except for stake.

11. Agreements to do impossible acts (Sec 56)

* Transactions similar to wager (Gambling)

1. Lottery Transactions
2. Crossword Puzzles & Competitions.

Case law: *State of Bombay vs. RMD Chamarbaugwala*

But if on basis of skill & intelligence → valid.

Prize competition not wagers if prize ₹1000 or less.

3. Speculative Transactions prize
4. Horse Race Transactions → if less than ₹500

* Transactions resembling wagering Transactions but NOT void

1. Chit Fund
2. Commercial Transactions or share market transactions
3. Games of skill & Athletic Competition
4. A contract of insurance

* D/b Contract of Insurance & Wagering Agreement

Meaning	Contract to indemnify loss	Promise to pay money <u>or</u> money's worth on happening <u>or</u> non happening of uncertain event.
Consideration	Mutual consideration	No consideration (Just gambling)
Insurable Interest	Insured Party has insurable interest in life <u>or</u> property sought to be insured.	No property. Betting on other's life <u>&</u> properties
Contract of Indemnity	Except life insurance, contracts indemnifies insured person against loss.	Losely → to pay fixed amount on happening of uncertain event
Enforceability	Valid & <u>enforceable</u>	Void & Unenforceable agreement
Premium	Calculation based on scientific & actuarial calculation of risks.	No such logical calculations required
Public Welfare	Beneficial to society	Regarded as against public welfare

* D/b Coercion & Undue Influence

Nature	Physical force <u>or</u> threat.	Moral <u>or</u> mental pressure
Involvement of criminal action	Committing <u>or</u> threatening to commit an act forbidden by law (IPC) <u>or</u> detaining <u>or</u> threatening to detain property unlawfully.	No such illegal act committed <u>or</u> threatened
Relation - ship b/w parties	Not necessary that to have a relationship.	Some sort of relationship is necessary.
Exercised by whom	Used even by stranger to contract	Always exercised b/w parties to contract
Enforceability	Voidable at option of aggrieved party	Either voidable <u>or</u> court may set aside <u>or</u> enforce it
Position of benefit recd	If benefit recd, must restore to other party	Court to direct aggrieved party to return benefit.