

[5. 2(a)]

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

[S. 2(b)]

When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise.

[S, 2(c)]

The person making the proposal is called the "promisor" and the person accepting the proposal is called the "promisee".

[S. 2(d)]

When, at the desire of the promisor, the promisee or any other person has done or abstained from doing something, such act or abstinence or promise is called a consideration for the promise.

Every promise and every set of promises, forming the consideration for each other, is an agreement.

[S. 2(f)]

Promises which form the consideration or part of the consideration for each other, are called reciprocal promises.

[S. 2(g)]

An agreement not enforceable by law is said to be void.

[S. 2(h)]

An agreement enforceable by law is a contract.

[5.2(i)]

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

[S, 2(j)]

A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.

The communication of proposals the acceptance of proposals, and the revocation of proposals and acceptances, respectively, are deemed to be made by any act or omission of the party proposing, accepting or revoking by which he intends to communicate such proposal, acceptance or revocation, or which has the effect of communicating

it.

[S. 4]

The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made.

[S. 5]

A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards.

[5. 6]

A proposal is revoked by the communication of notice of revocation, by the lapse of the time, by the death of the proposer.

In order to covert a proposal into a promise, the acceptance must be absolute and unqualified.

[S. 8]

The acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is an acceptance of the proposal.

[S. 9]

In so far as the proposal or acceptance of any promise is made in words, the promise is said to be express. In so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.

[5.,10]

[CHAP. II] CONTRACTS, VOIDABLE

CONTRACTS AND

VOID AGREEMENTS

All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void.

[S. 11]

Every person is competent to contract who is of the age of majority and who is of sound mind, and is not disqualified from contracting by any law to which he is subject.

[S. 13]

Two or more persons are said to consent when they agree upon the same thing in the same

sense.

[S. 14]

Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake.

[S. 15]

Coercion is the committing, or threatening to commit, any act forbidden by the Indian Penal Code (45 of 1860).

[5, 16]

A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

[S. 17]

"Fraud" means the suggestion, as a fact, of that which is not true, by one who does not believe it to be true.

[S. 18]

"Misrepresentation" means, the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it

to be true.

[5, 20]

Where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, the agreement is

void.

IS. 211

A contract is not voidable because it was caused by a mistake as to any law in force in India; but a mistake as to a law not in force in India has the same effect as a mistake of fact.

[S. 22]

A contract is not voidable merely because it was caused by one of the parties to it being under a mistake as to a matter of fact.

[S. 24]

Agreements void, if considerations and objects unlawful in part.

IS. 261

Every agreement in restraint of the marriage of any person, other than a minor, is void.

[S. 27]

Every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void.

THE INDIAN CONTRACT ACT, 1872 [CHAP. IV] PERFORMANCE OF CONTRACTS CHAP, III CONTINGENT CONTRACTS Time and place for Performance Contracts which By whom contracts of reciprocal performance must be performed must be performed promises IS. 511 IS. 291 IS. 461 [5. 37] [S. 40] When a The parties to a contract

Agreements, the meaning of which is not certain, are

void.

IS. 311

A "contingent contract" is a contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

[S. 32]

Contingent contracts to do or not to do anything if an uncertain future event happens cannot be enforced by law unless and until that event has happened. If the event becomes impossible, such contract become void.

[5.33]

Contingent contracts to do or not to do anything if an uncertain future event does not happen can be enforced when the happening of that event becomes impossible, and not before.

IS. 361

Contingent agreements to do or not to do anything, if an impossible event happens, are void, whether the impossibility of the event is known or not to the parties to the agreement at the time when it is made.

must either perform, or offer to perform, their respective promises, unless such performance is dispensed with or excused under the provisions of this Act, or of any other law.

[S. 38]

Where a promisor has made an offer of performance to the promisee, and the offer has not been accepted, the promisor is not responsible for non-performance, nor does he thereby lose his rights under the contract.

[5.39] When a party to a contract has refused to perform, or disabled himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, by words or conduct, his acquiescence in its continuance.

If it appears from the nature of the case that it was the intention of the parties to any contract that any promise contained in it should be performed by the promisor himself, such promise must be performed by the promisor.

[5. 41]

When a promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the promisor.

[S. 42]

When two or more persons have made a joint promise, then, unless a contrary intention appears by the contract, all such persons, during their joint lives, and, after the death of any of them, his representative jointly with the survivor or survivors, and, after the death of the last survivor, the representatives of all jointly, must fulfil the promise.

[S. 43]

When two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any (one or more) of such joint promisors, to perform the whole of the promise.

IS. 441

Where two or more persons have made a joint promise, a release of one of such joint promisors by the promisee does not discharge the other joint promisor or joint promisors; neither does it free the joint promisors so released from responsibility to the other joint promisor or joint promisors.

[5. 45]

When a person has made a promise to two or more persons jointly, then, unless a contrary intention appears from the contract, the right to claim performance rests, as between him and them, with them during their joint lives, and, after the death of any of them, with the representative of such deceased person jointly with the survivor or survivors, and, after the death of the last survivor, with the representatives of all jointly.

Where, by the contract, a promisor is to perform his promise without application by the promisee, and no time for performance is specified, the engagement must be performed within a reasonable time.

[S. 47]

When promise is to be performed on a certain day, and the promisor has undertaken to perform it without application by the promisee, the promisor may perform it at any time during the usual hours of business on such day and at the

place at which the promise ought to be performed...

IS. 481

When a promise is to be performed on a certain day, and the promisor has not undertaken to perform it without application by the promisee, it is the duty of the promisee to apply for performance at a proper place and within the usual hours of business.

IS. 491

When a promise is to be performed without application by the promisee, and no place is fixed for the performance of it, it is the duty of the promisor to apply to the promisee to appoint a reasonable place for the performance of the promise, and to perform it at such place.

[S. 59]

Where a debtor, owing contract several distinct debts to one consists of person, makes a payment to reciprocal him, either with express intimation, or under promises to be circumstances implying that simultaneously the payment is to be applied performed, no to the discharge of some promisor need particular debt, the payment, perform his if accepted, must be applied promise unless accordingly. the promisee is ready and

willing to

perform his

reciprocal

promise.

[S. 56]

An agreement

to do an act

impossible in

itself is void.

[S. 58]

An alternative

promise, one

branch of

which is legal

and the other

illegal, the

legal branch

alone can be

enforced.

[5. 62]

Appropriation

of payments &

contracts which need

not be performed

If the parties to a contract agree to substitute a new contract for it, or to rescind or alter it, the original contract need not be performed.

[S. 65]

When an agreement is discovered to be void, or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom

he received it.

[5, 67] If any promisee neglects or refuses to afford the promisor reasonable facilities for the performance of his promise, the promisor is excused by such neglect or refusal as to any non-performance caused thereby.

THE INDIAN CONTRACT ACT, 1872

CHAP. V **CERTAIN RELATIONS** RESEMBLING THOSE CREATED BY CONTRACT

CHAP. VI **CONSEQUENCES** OF BREACH OF **CONTRACT**

CHAP. VIII INDEMNITY AND GUARANTEE

CHAP. IX **BAILMENT**

[S. 68]

If a person, incapable of entering into a contract, or any one whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

[S. 69]

A person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other.

IS. 711

A person who finds goods belonging to another, and takes them into his custody, is subject to the same responsibility as a bailee.

[S. 72]

A person to whom money has been paid, or anything delivered, by mistake or under coercion, must repay or return it.

[S. 73]

When a contract has been broken. the party who suffers by such breach is entitled to receive, from the party who has broken the contract. compensation for any loss or damage caused to him thereby.

[S. 75]

A person who rightfully rescinds a contract is entitled to compensation for any damage which he has sustained through the non-fulfilment of the contract.

[S. 124]

A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself, or by the conduct of any other person, is called a "contract of indemnity".

IS. 1271

Anything done, or any promise made, for the benefit of the principal debtor, may be a sufficient consideration to the surety for giving the guarantee.

[S. 128]

The liability of the surety is co-extensive with that of the principal debtor, unless it is otherwise provided by the contract.

[S. 129]

A guarantee which extends to a series series of transactions is called a "continuing guarantee".

[S. 130]

A continuing guarantee may at any time be revoked by the surety, as to future transactions, by notice to the creditor.

[S. 131]

The death of the surety operates, in the absence of any contract to the contrary, as a revocation of a continuing guarantee, so far as regards future transactions.

[S. 138]

Where there are co-sureties, a release by the creditor of one of them does not discharge the others; neither does it free the surety so released from his responsibility to the other sureties.

[S. 143]

Any guarantee which the creditor has obtained by means of keeping silence as to a material circumstances is invalid.

[S. 147]

Co-sureties who are bound in different sums are liable to pay equally as far as the limits of their respective obligations permit.

[S. 148]

A " bailment " is the delivery of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the directions of the person delivering them. The person delivering the goods is called the "bailor". The person to whom they are delivered is called, the "bailee".

[S. 149]

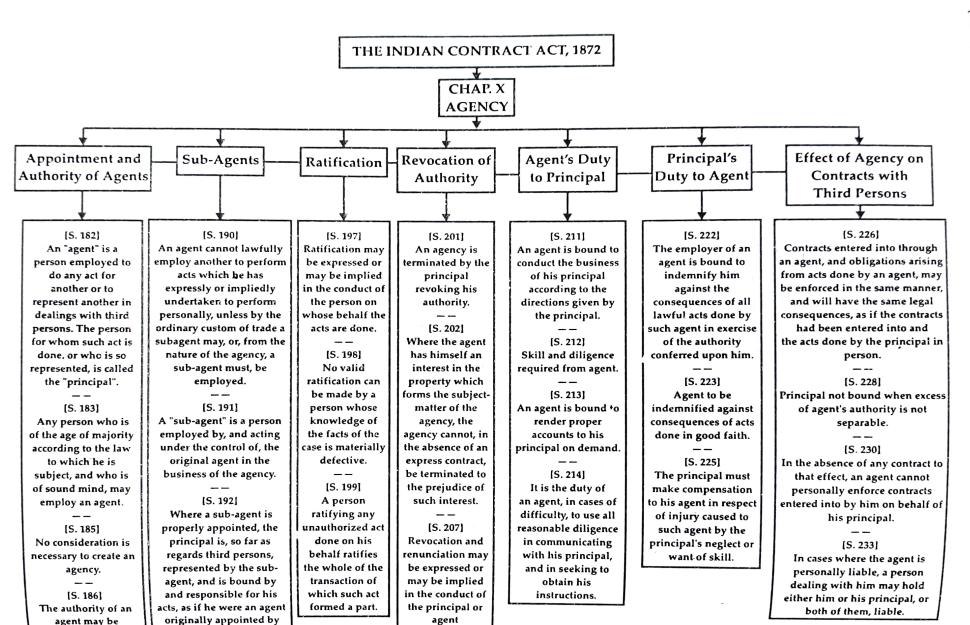
The delivery to the bailee may be made by doing anything which has the effect of putting the goods in the possession of the intended bailee or of any person authorized to hold them on his behalf.

[S. 153]

A contract of bailment is voidable at the option of the bailor, if the bailee does any act with regard to the goods bailed, inconsistent with the conditions of the bailment.

[S. 154]

If the bailee makes any use of the goods bailed, which is not according to the conditions of the bailment, he is liable to make compensation to the bailor for any damage arising to the goods from or during such use of them.



respectively.

the principal.

expressed or implied.