



## **Expanded Section wise Notes - Indian Contract Act, 1872**

### **SECTION 1 - Short Title, Extent & Commencement**

**The Act is called the Indian Contract Act, 1872. Came into force on 1 September 1872. Governs all contracts in India.**

### **SECTION 2 - Definitions**

**Defines Proposal, Acceptance, Promisor, Promisee, Consideration, Agreement, Contract, Void, Voidable, etc.**

### **SECTIONS 3-4 - Communication of Offer/Acceptance**

**Communication by words, writing, or conduct. Communication of offer completes when received; acceptance completes when posted (against proposer).**

### **SECTION 5 - Revocation**

**An offer can be revoked anytime before acceptance is posted. Acceptance can be revoked before it reaches the proposer.**

### **SECTION 6 - Modes of Revocation**

**By notice, lapse of time, failure of condition, death/insanity, counter-offer, or rejection.**

### **SECTION 7 - Valid Acceptance**

**Acceptance must be absolute, unconditional, and communicated.**



## **SECTION 8 - Acceptance by Conduct**

**Performance of conditions of a proposal is valid acceptance.**

## **SECTION 9 - Express & Implied Agreements**

**Express by words; implied by acts.**

## **SECTION 10 - Essentials of a Valid Contract**

**Free consent, competent parties, lawful consideration, lawful object, not expressly void.**

## **SECTION 11 - Competency to Contract**

**Must be major (18+), sound mind, not disqualified by law.**

## **SECTION 12 - Sound Mind**

**Understanding and forming rational judgement at the time of making contract.**

## **SECTION 13 - Consent**

**When two or more persons agree upon the same thing in the same sense.**

## **SECTION 14 - Free Consent**

**Consent not caused by coercion, undue influence, fraud, misrepresentation, or mistake.**



### **SECTION 15 - Coercion**

**Committing/threatening to commit any prohibited act to obtain consent.**

### **SECTION 16 - Undue Influence**

**Dominant position used to influence another (Doctor-patient, teacher-student, parent-child).**

### **SECTION 17 - Fraud**

**Intentional deception to cause another to enter contract.**

### **SECTION 18 - Misrepresentation**

**Innocent false statement without intent to deceive.**

### **SECTION 19 - Voidable Contracts**

**Contracts affected by coercion, fraud, or misrepresentation.**

### **SECTION 20 - Mutual Mistake of Fact**

**Both parties mistake □ Agreement void.**

### **SECTION 21 - Mistake of Law**

**Mistake of Indian law is not an excuse.**

### **SECTION 22 - Unilateral Mistake**

**One-sided mistake does not void contract (general rule).**



**SECTION 23 - Lawful Consideration/Object**

Should not be illegal, immoral, fraudulent, or opposed to public policy.

**SECTION 24 - Partly Lawful & Partly Unlawful**

If unlawful part cannot be separated □ whole void.

**SECTION 25 - Agreement Without Consideration Void**

Except promises out of love & affection, past voluntary service, time-barred debt.

**SECTION 26 - Restraint of Marriage**

Void.

**SECTION 27 - Restraint of Trade**

Void, except sale of goodwill.

**SECTION 28 - Restraint of Legal Proceedings**

Void.

**SECTION 29 - Uncertain Agreements**

Cannot be understood □ void.

**SECTION 30 - Wagering Agreements**

Void.



### SECTIONS 31-36 – Contingent Contracts

Dependent on uncertain future event. Valid only if event happens (or does not happen). Impossible event  $\square$  void.

### SECTION 37 – Obligation of Parties

Parties must either perform or offer to perform.

### SECTION 38 – Valid Tender

Must be unconditional, at proper place/time.

### SECTION 39 – Anticipatory Breach

Refusal before due date  $\square$  promisee may end contract.

### SECTIONS 40-45 – Performance by Third Parties & Joint Parties

Who must perform; liability of joint promisors.

### SECTIONS 46-50 – Time & Place of Performance

If unspecified, reasonable time. If specified, must be followed.

### SECTIONS 51-54 – Reciprocal Promises

Promises depending on each other. If one prevents the other  $\square$  compensation.

### SECTION 56 – Impossibility of Performance

Initial impossibility  $\square$  void. Supervening impossibility  $\square$  becomes void.



**SECTIONS 57-58 – Alternative Promises**

If one branch illegal □ legal branch enforced.

**SECTIONS 59-61 – Appropriation of Payments**

Debtor may indicate, otherwise creditor decides.

**SECTION 62 – Novation**

Substitution of a new contract.

**SECTION 63 – Remission**

Promisee may accept lesser performance.

**SECTION 65 – Restitution**

When agreement becomes void, benefits must be restored.

**SECTION 67 – Prevention of Performance**

If promisee prevents performance □ promisor excused.

**SECTION 73 – Damages for Breach**

Compensation for actual loss naturally arising.

**SECTION 74 – Penalties**

Reasonable compensation even if penalty pre-decided.

**SECTION 75 – Right of Rescission**



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**Injured party entitled to compensation.**



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