



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).

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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.

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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.

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SECTION 20 - Mutual Mistake of Fact

Both parties mistake \square 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 → 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 → 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 → compensation.

SECTION 56 - Impossibility of Performance

Initial impossibility → void. Supervening impossibility → 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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