

DURGA MAHAVIDYALAYA

**ESSENTIALS OF VALID A
CONTRACT**

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AGREEMENT

According to **Indian Contract act 1872 section 2(e)** an agreement is

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

A person makes a proposal (**Offer**). When it is accepted by other, it becomes a promise (**Acceptance**) thus,
Offer + Acceptance = Promise

Only a mutual promise forming consideration for each other is 'agreement'. Thus,
Promise + Consideration = Agreement

CONTRACT

Agreement + enforceability by law = Contract

According to **Indian Contract act 1872 section 2(h)**

“A contract is an agreement enforceable by law.”

- There must be a legal relationship
- Agreements of social and domestic nature are not contracts.

Examples-

- Invitation to a birthday party
- Invitation to a dinner etc

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Essentials of a Valid Contract

- ▶ 1. Offer and Acceptance
- ▶ 2. Intention to Create Legal Relations
- ▶ 3. Lawful Consideration
- ▶ 4. Capacity of Parties
- ▶ 5. Free Consent
- ▶ 6. Lawful Object
- ▶ 7. Certainty
- ▶ 8. Possibility of Performance
- ▶ 9. Not Expressly Declared Void

Offer and Acceptance:

A valid contract starts with a lawful **offer** by one party and a lawful **acceptance** by the other. Acceptance must be absolute and unconditional.

☞ *Example: A offers to sell his bike to B for ₹20,000, and B agrees – this forms an agreement.*

Intention to Create Legal Relation:

For an agreement to become a contract, both parties must intend that it will be legally binding and enforceable by law.

☞ *Example: A promises to take B for dinner (social agreement, not a contract). But if A agrees to sell goods to B for ₹10,000, it creates legal relations and is a contract.*

Lawful Consideration:

A valid contract must have consideration, i.e., *something of value* exchanged between the parties, and it must be lawful (not illegal or immoral).

☞ *Example: A agrees to sell his book to B for ₹500 – money is consideration for A, and the book is consideration for B.*

Capacity of Parties:

Parties to a contract must be **competent**, i.e., of sound mind, not minors, and not disqualified by law (Sec. 11, Indian Contract Act).

☞ *Example: A contract with a 16-year-old minor to sell land is void, as the minor is not competent to contract.*

Free Consent:

Consent of parties must be given **freely**, i.e., not caused by coercion, undue influence, fraud, misrepresentation, or mistake.

☞ *Example: If A forces B to sign a contract at gunpoint, B's consent is not free, so the contract is voidable.*

Lawful Object:

The purpose (object) of the contract must be **legal, not immoral or against public policy**. If the object is unlawful, the agreement is void.

☞ *Example: A contracts with B to smuggle goods across the border – this is not enforceable as the object is illegal.*

Certainty:

The terms of a contract must be **clear and definite**, not vague or uncertain; otherwise, it cannot be enforced.

☞ *Example: A agrees to sell B “a heap of rice” without specifying the quantity – the agreement is uncertain and hence void.*

Possibility of Performance:

A contract must be capable of being performed; an agreement to do something impossible is void.

☞ *Example: A agrees to bring B a star from the sky – this is impossible, so the contract is void.*

Not Expressly Declared Void:

An agreement must not belong to the categories that the law specifically declares void, like wagering agreements, agreements in restraint of trade, or marriage.

☞ *Example: A bets ₹5,000 with B on a cricket match – this is a wagering agreement and hence void.*

THANKYOU

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect. The rest of the background is plain white.