

# ESSENTIALS OF A VALID CONTRACT



PRESENTED BY

## Dr. A. MEHATHAB SHERIFF,

M.Com., M.Phil., Ph.D., PGDHRM., NET, SET,  
Associate Professor of Commerce (SF),  
Jamal Mohamed College, Trichy

# CONTRACT (Sec. 2(h))

- \* “an agreement enforceable by law”.
- \* **Contract = Accepted proposal/Agreement + Enforceability by law**
- \* **In terms of Section 10 of the Act, “all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void”.**

# **ESSENTIALS OF A VALID CONTRACT**

- 1. TWO PARTIES – Natural persons/ legal existence**
- 2. INTENT OF LEGAL OBLIGATION – Legal relationship – enforceable by law**  
**social ,domestic agreements – not enforceable**
- 3. CASE SPECIFIC CONTRACTS – valid contracts**  
**insurance – written, immov. Properties – registration**

# **ESSENTIALS OF A VALID CONTRACT**

**4. CERTAINTY OF MEANING – terms to contract should be certain**

**Eg. A promises to pay a desirable amount to B for his property.**

**5. POSSIBILITY OF PERFORMANCE OF AN AGREEMENT**

**Eg. X agrees to bring Y's dead relative back to life.**

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## 6. FREE CONSENT

- consent – agreement in the same sense by both parties
- free from Influence, Coercion, Misrepresentation, Trick

## 7. COMPETENCY OF THE PARTIES

Section 11 of the Indian Contract Act, 1872 is:

- \* “Who are competent to contract — Every person is competent to contract who is (1) of the age of majority according to the law to which he is subject, and who is (2) of sound mind and is (3) not disqualified from contracting by any law to which he is subject.”

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- \* Qualifications in detail:**
- \* refers to the fact that the person must be at least 18 years old or more.**
- \* means that the party or the person should be able to fully understand the terms or promises of the contract at the time of the formulation of the contract.**
- \* states that the party should not be disqualified by any other legal ramifications. For example, if the person is a convict, a foreign sovereign, or an alien enemy, etc., they may not enter into a contract.**

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## 8. CONSIDERATION

- \* **Quid Pro Quo means ‘something in return’ which means that the parties must accrue in the form of some profit, rights, interest, etc. or seem to have some form of valuable “consideration”.**
- \* **For example, if you decide to sell your watch for Rs. 500 to your friend, then your promise to give the rights to the watch to your friend is a consideration for your friend. Also, your friend’s promise to pay Rs. 500 is a consideration for you.**

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## \* 9. LAWFUL CONSIDERATION

- \* In Section 23 of the Act, the unlawful considerations are defined as all those which:
  - \* - is forbidden by law.
  - \* - is of such a nature that, if permitted, it would defeat the provisions of any law, or is fraudulent.
  - \* - involves or implies, injury to the person or property of another
  - \* -the Court regards it as immoral or opposed to public policy





**THANK YOU**