

**I. CHOOSE THE BEST ANSWER:**

1. An Agreement enforceable by law is a

- (a) enforceable acceptance (b) accepted offer (c) approved promise (d) contract

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

- (a) agreement (b) contract (c) offer (d) acceptance

3. Void agreement signifies

- (a) Agreement illegal in nature (b) Agreement not enforceable by law  
(c) Agreement violating legal procedure (d) Agreement against public policy

4. Acceptance to be valid must be absolute

- (a) be absolute (b) be unqualified  
(c) both be absolute and unqualified (d) be conditional

5. A contract with or by a minor is a

- (a) valid contract (b) void contract  
(c) voidable contract (d) voidable at the option of either party

**II. VERY SHORT ANSWER QUESTIONS:**

1. What is law?

- ✱ Law means a 'set of rules' which governs our behavior and relating in a civilized society.
- ✱ So there is no need of Law in a uncivilized society.

2. Why should one know law?

- ✱ Society requires peace, harmony, justice, social security and order which is possible only through Laws.
- ✱ Every law has a particular field of activity to regulate and govern.

3. Can a minor enter into a Contract?

No, a minor cannot enter into contract.

#### 4. Who can enter into a Contract?

The Indian Contract Act specifies that every person is competent to contract provided he is of the age of majority according to the law which he is subject to and who is of sound mind.

#### 5. Define Contract?

A “contract” is an agreement enforceable by law. The agreements not enforceable by law are not contracts.

- Indian Contract Act, 1872

### III. SHORT ANSWER QUESTIONS

#### 1. Define Offer

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 person either to such act or abstinence, he is said to make a proposal.

#### 2. What do you mean by Agreement?

- Every promise and set of promises forming consideration for each other is an agreement.
- In short, Agreement = Offer + Acceptance.

#### 3. Define a Voidable Contract

- ✿ An agreement which is enforceable by law at the option of one or more parties but not at the option of the other or others is a voidable contract.
- ✿ This is the result of coercion, undue influence, fraud and misrepresentation.

#### 4. What do you mean by Revocation?

The revocation mean the withdraw of an offer power of attorney

#### 5. Who is a promisor, promisee?

A promisor – Contract Law – a person who makes a promise

A promisee – Contract Law – a person to whom a promise is made

### IV. LONG ANSWER QUESTIONS

#### 1. Explain the essentials of a Valid Contract

##### i). Offer and Acceptance

There must be two parties to an agreement namely one party making the offer and the other party accepting it.

##### ii). Legal Relationship

- The parties must have the intention to create legal relationship between them.
- An agreement of Social or domestic nature is not at all a contract.

### iii). Lawful Consideration

- ✪ As per Contract Act under Sec.2 (d) Consideration means something in return.
- ✪ A contract without consideration becomes invalid.
- ✪ It may be in cash or kind or in any form as specified in the act.

### iv). Lawful Object (Section 23)

- ✪ The object of agreement should be lawful and legal.
- ✪ It must not be immoral, illegal or opposed to public policy.

### v). Free Consent (Section 13 & 14)

- ☞ Consent of the parties must be free and genuine. Consent means agreeing upon same thing in the same sense at the same time i.e. there should be consensus – ad – idem.

## 2. Difference between Contract and Agreement.

S.No	Basis	Contracts	Agreement
01	Definition	It is an agreement enforceable by law.	It is every promise forming consideration
02	Enforceability	Every contract is enforceable	Every promise is not enforceable.
03	Inter relationship	It includes an agreement.	It does not include a contract.
04	Validity	Only legal agreements are called contracts.	An agreement may be both legal and illegal.
05	Legal Obligation	Every contract contains a obligation.	It is not necessary for every agreement to have legal obligation

## 3. Explain the classification of Contract on the basis of the Validity.

### i). Valid Contract

- ✪ An agreement which fulfils all the essentials prescribed by law on the basis of its creation.
- ✪ For example S offers to sell his car for Rs.2,00,000 to T. T agrees to buy it.

### ii). Void Contract (2(j))

- ✪ A contract which does not satisfy any of the essential elements of a valid contract is said to be Void.
- ✪ For example A contract between drug dealers to buy and sell drugs is a void contract.

### **iii). Voidable Contract 2(i)**

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

### **iv). Illegal Contract**

- ➡ It is a contract which is forbidden by law.
- ➡ All illegal agreements are Void but all void agreements or contracts are not necessarily illegal.

### **v). Unenforceable Contract**

- ❖ Where a contract is unenforceable because of some technical defect i.e. absence in writing barred by imitation etc.
- ❖ If the parties perform the contract it will be valid, but the court will not compel them if they do not

## **4. Explain the classification of Contract on the basis of the Formation.**

### **i). Express Contract**

- ♣ A contract made by word spoken or written.
- ♣ According to Section. 9, in so far as the proposal or acceptance of any promise is made in words, the promise is said to be express.

### **ii). Implied Contract**

- ★ It is one, which is not expressly written but understood by the conduct of parties.
- ★ Where the proposal or acceptance of any promise is made otherwise than in words, the promise is said to be implied.

### **iii). Quasi Contract**

- ➔ It is a contract created by law. Actually, there is no contract.
- ➔ It is based on the principle that “a person shall not be allowed to enrich himself unjustly at the expense of the other”.

### **iv). Tacit Contract**

- ▲ A contract is said to be tacit when it has to be inferred from the conduct of the parties.
- ▲ For example obtaining cash through automatic teller machine, sale by fall of hammer of an auction sale.

## **5. Explain the classification of Contract on the basis of the Performance.**

### **i). Executed Contract**

- ✧ A contract in which both the parties have fulfilled their obligations under the contract.
- ✧ For example X contracts to buy a car from Y by paying cash, Y instantly delivers his car.

### **ii). Executory Contract**

- ✧ A contract in which both the parties are yet to fulfill their obligations.
- ✧ It is said to be an executory contract.

### **iii). Unilateral Contract**

- A unilateral contract is a one sided contract in which only one party has performed his promise or obligation, the other party has to perform his promise or obligation.

### **iv). Bilateral Contract**

- ✧ A contract in which both the parties commit to perform their respective promises is called a bilateral contract.

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