



VIT[®]

Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

Legal Aspects of Business

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Recapitulate

- ❖ Mercantile Law
- ❖ Sources of Mercantile Law
- ❖ Indian Contract Act, 1872
 - ❖ Introduction
 - ❖ Contract
 - ❖ Enforceability

Content for Discussion

❖ 10 Essential Elements of Valid Contract

To make a contract legally enforceable by law.

Essential Elements of Valid Contract

1. Offer and Acceptance
2. Intention to create legal relationship
3. Lawful consideration
4. Capacity of parties
5. Free and genuine consent
6. Lawful object
7. Certainty of Meaning
8. Possibility of Performance
9. Agreement not declared Valid
10. Legal Formalities

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One party making the offer and the other party accepting it

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Agreements of social, religious or domestic nature cannot make the legal relationship between the parties

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Advantages or benefits moving from one party to the other. It means “something in return”.

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Legally competent to enter into a valid contract

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The parties must be on the same mind and on the same subject. The consent is said to be free

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Contract should not be

- illegal
- immoral
- oppose to public policy

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The agreement must be certain and definite

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An agreement to do an impossible act is not valid.

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The agreement should not have been expressly declared void by any law.

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The agreement should be either oral, written, printed, stamped, registered, etc

Review Questions

1. A mere mental acceptance or silence is acceptance. True or False
2. Social contract do constitute a contract in the eye of law. True or False
3. Vidya agrees to sell 1000 pieces of colour TV to Yasmin. Do you think that this agreement is enforceable by law? Give specific reasons for your answer.

Answer

1. A mere mental acceptance or silence is acceptance. True or False

Answer: False

2. Social contract do constitute a contract in the eye of law. True or False

Answer: False

3. Vidya agrees to sell 1000 pieces of colour TV to Yasmin. Do you think that this agreement is enforceable by law? Give specific reasons for your answer.

Answer: The specifications like the brand name, type, size, etc of the colour TV, have not been clearly stated. Hence, the agreement is not enforceable in law for want of certainty of meaning.