

f.2 A contract is a legally binding agreement between 2 or more parties, enforceable by law. Essential elements of a contract include.

- Offer & Acceptance - Valid offer by one party and acceptance by the other.
- Lawful consideration - Something of value exchanged between both parties
- Capacity of Parties - Parties must be competent.
- Free consent - Consent must be given without coercion, undue influence, fraud, misinterpretation or mistake.
- Lawful object - The object of contract must be legal.
- Certainty & Possibility of performance - Terms must be clear & enforceable.
- Not declared void - The agreement shouldn't be declared void by law. (4)

Q.2 Unpaid seller is someone who hasn't received full payment for the trade. The rights include:

- Right of Lien - Retaining possession of goods until payment is made.
- Right of stoppage in transit - If buyer becomes insolvent, stoppage of goods in transit is permitted.
- Right of resale - Seller can resell goods under certain conditions.
- Right to pursue price - Seller can sue if the buyer refuses to pay.
- Right to sue for damages - If buyer wrongfully ~~refuses~~ <sup>(4)</sup> ~~denies~~ to accept goods, seller can claim for damages.

Q.3 Contracts are classified based on validity, formation & performance:

### Validity

- Valid contract - Legally enforceable (e.g. sale of goods).
- Void contract - Initially valid but becomes unenforceable due to change in law (e.g. contract made under coercion).
- Illegal contract - Unlawful & punishable (e.g. Contract for smuggling).

## Formation

- Express contract - Terms stated explicitly (e.g. written rental agreement)
- Implied contract - Terms inferred from contract (e.g. taking a taxi).

## Performance

- Executed contract - Fully performed (e.g. Payment made (3) for goods received).

Q.4 Consumer protection refers to laws safeguarding buyers against unfair trade practices & defects in goods/services. Rights granted are:

- Right to safety - Protection from hazardous goods.
- Right to Information - Access to complete product details
- Right to choose - Freedom to select from variety of products.
- Right to be heard - consumers can file complaints.
- Right to seek redressal - compensation for defective goods/services. (3)
- Right to consumer education - Awareness about consumer rights.

J.5 The essentials of a legally enforceable contract are:

- Offer & Acceptance - E.g. X offers to sell their car for 25 lakhs, Y accepts.
- Lawful consideration - E.g. Paying money for goods.
- Capacity of parties - E.g. A minor cannot enter into a contract.
- Free consent - E.g. A contract signed under a duress is voidable.
- Lawful object - E.g. A contract to smuggle goods is illegal.
- Certainty & possibility of performance - E.g. "I will sell when I feel like" is vague.
- Not declared void - E.g. Wagering agreements are void in India.

J.6

Private

Public

→ Minimum members required are 2.

→ Minimum members required are 7

→ Max member allowed are 200.

→ Unlimited amount of max members allowed.

(3)

## Q.7 Agreement } Contract

- A promise or set of promises forming consideration for each other.
- All agreements are contracts.
- A legally enforceable agreement.
- All contracts are agreements.

(4)

Q.8 This is a breach of contract by Ramesh.  
Amit can do the following:

- Suit for damages: Amit can claim compensation for loss suffered due to non-payment.
- Suit for specific performance: Amit can approach the court to compel Ramesh to fulfill his obligation.
- Suit for rescission: Amit may cancel the contract and claim damages. (4)
- Suit for quantum meruit: If Amit has already delivered the car, he can demand payment for the services performed.

Q.9 According to Indian Contract Act, 1872, a contract entered into by a minor is void ab initio. Therefore:

- Contract between Ravi & dealer is not enforceable.
- Even though Ravi misrepresented his age, it doesn't make the contract valid.
- The dealer cannot sue Ravi for the outstanding amount.

However if the bike is still with Ravi, the dealer may claim it under the doctrine of restitution.

(4)

Q.10

Priya is a customer and has the right to file a complaint against the company for supplying a defective product. She can:

- File a complaint in the District Consumer Forum if the compensation sought is under ₹1 crore.
- Claim for replacement or full refund for defective washing machine.
- Demand compensation for inconvenience & financial loss.

(4)