

CLASSIFICATION OF CONTRACT

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Contracts may be classified on the basis of their;

- (a) Enforceability or Formation
- (b) Validity
- (c) Performance or Execution

Classification of contracts

Formation	Validity	Performance
✓ Express Contract	✓ Valid Contract	✓ Executed Contract
✓ Implied Contract	✓ Void Contract	✓ Executory Contract
✓ Quasi Contract	✓ Voidable Contract	✓ Unilateral Contract
	✓ Illegal Contract	✓ Bilateral Contract
	✓ Unenforceable Contracts	

Valid Contract : A valid contract is one which satisfies all the requirements prescribed by law for the validity of a contract, i.e. the essential elements laid down in Sec.10. A valid contract creates in favour of one party a legal obligation binding upon the other.

CONTRACTS ACCORDING TO VALIDITY

Voidable contract :

-A voidable contract is a formal agreement that either of the parties cannot practice or enforce due to some legal faults in it. This contract allows the parties to exercise or reject a deal.

-"2(i) An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a voidable contract".

-When the consent of a party of a **contract is not free** the contract is voidable at his option

-When a party to a contract promises to perform all obligation within a specified time, **any failure on his part to perform his obligation within the** fixed time makes the contract voidable at the option of the promisee

Void agreement :

-An agreement not enforceable by law is said to be void.

Section 2(j) defines, "A contract which ceases to be enforceable by law become void, when it ceases to be enforceable"

– A void agreement does not create any legal rights or obligations.

Example: A gang of thieves may make an agreement to steal a valuable painting and split the proceeds evenly. But if one party in the agreement does not receive a fair share, he cannot take the others to court for not fulfilling the contract, since the contract is considered legally void.

Illegal agreement: An illegal agreement is one which transgress (controversy) some rule or basic public policy or which is criminal in nature or which is immoral. All Illegal agreements are void but all void agreements are not necessarily illegal.

Unenforceable contract :An unenforceable contract is one which cannot be enforced in court of law because of some technical defect such as absence or writing etc.,

CLASSIFICATION ACCORDING TO FORMATION

Express contract: If the terms of contract expressly agreed upon at the time of formation of the contract, the contract is said to be an express contract.

Implied contract: An implied contract is a non-verbal and unwritten – yet still legally binding – contract that exists based on the behavior of the parties involved or on a set of circumstances.

Example: A transport company buses on different route to carry passengers. This is an acceptance by X. Now, there is an implied contract

Quasi contract: A quasi contract is not a contract at all. A contract is intentionally entered into by the parties. A quasi contract is created by law. It resembles a contract in that a legal obligation is imposed on a party who is required to perform it. The concept of a quasi-contract is mentioned in chapter-V, section 68 to section 72 of the Contract Act, 1872.

Eg : T a tradesman, leaves goods at C's house by mistake. C treats the goods as his own. C is bound to pay for the goods

CLASSIFICATION ACCORDING TO PERFORMANCE

Executed contract: Executed means that which is done. If both the parties have performed their obligations, they are executed contracts.

Executory contract :

- Both the parties have yet to perform their obligation.
- It may sometimes partly executed and partly executory.

Unilateral: When only one party has to fulfill his obligation at the time of the formation of the contract, the other party having fulfilled his obligation at the time of the contract or before the contract comes into existence.

Example: A permits a railway coolie to carry his luggage and place it in a carriage. The contract comes to an end as it places it in carriage. Now it is the obligation of A to pay the amount

Bilateral contract: The obligation on the part of both the parties the contract is outstanding at the time of formation of the contract.
(Executory Contracts).