→ According to Sec. 10 of I.C Act, 1872 following are the basic elements or essentials of a valid contract:

(01) There must be an agreement between the two parties.

(02) There agreement must not be one which has been declared void. i;e Agreement must be valid. [Sec. 20, 26, 27, 28, 29, 30 and 56.]

(03) Agreement must be between the parties who are competent to contract. (Sec. 11)

(04) There should be a lawful consideration (Sec. 23)

(05) There should be a lawful object in respect of that agreement.

(06) There should be free consent of the parties, when they enter into the agreement. (Sec. 13 – 22)

(07) possibilities of performance.

(08) In writing if so required by law. [e.g; Art. 299(1) of the constitution of

Q⇒ Kinds of Agreement ?

(01) Contract :⇒

According to sec. 2(h) contract is an agreement which is enforceable by law. An agreement becomes a contract, when it satisfy all the essentials of a valid contract as mentioned in section 10.

(02) void Agreement :⇒

According to sec. 2(g), an agreement not enforceable by law is said to be void. For instance, an agreement by a minor has been held to be void. Section 24-30 make a specific mention about agreement which are valid. Those agreements include,

→ An agreement w/out consideration.
→ An agreement in restraint of trade.
→ An agreement in restraint of marriage
→ An agreement to do an impossible acts. etc;

(3) Voidable contracts :⇒

According to section section 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.

Thus, a voidable contract is one which could be avoided by one of the parties to the contract at his option. If such a party does not avoid the contract, the contract remains valid, but if he prefers to avoid the contract, then the contract becomes void.

For instance, when the consent of a party to a contract has been obtained by coercion, undue influence, fraud or misrepresentation, the contract is voidable at the option of the party whose consent has been so obtained.

(4) Illegal Agreements :⇒

All those agreements which are

⇒ Distinguish between void Agreement and illegal Agreement?

An illegal agreement may be distinguished from a mere void agreement. An illegal agreement is opposed to public policy but a void agreement may not be opposed to public policy.

e.g. An agreement to commit a murder which is an illegal agreement is opposed to public policy. But in an agreement to do an impossible act which is void agreement, there may be nothing in such an agreement which is opposed to public policy.

Law forbids the making of an illegal agreement. However the law does not forbid making of void agreements although if the parties have made such an agreement, the same is not enforceable in the court of law.

Q ⇒ OFFER OR PROPOSAL?
⇒ ELEMENTS OF PROPOSAL?
⇒ CONDITIONS OF A VALID PROPOSAL?
⇒ KIND OF PROPOSAL?
⇒ OFFER AND INVITATION TO TREAT — DISTINGUISHED?

⇒ PROPOSAL OR OFFER

Section 2(a) of Indian contract Act, 1872 defines PROPOSAL

According to sec. 2(a) —

"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 to such act or abstinence, he is said to make a Proposal."

The term used in the Indian contract Act is synonymous with the term 'offer' used in English law.

The person making the offer or Proposal is called the offeror or the Promisor and the person to whom it is made is called offeree.

e.g.
'A' offers to sell his car to 'B' for ₹ 1,00,000. 'A' is the offeror or the promisor, to whom offer is made is the offeree and he (i.e 'B') agrees to buy the car for ₹ 1,00,000, he becomes the acceptor or the promisee.

⇒ ELEMENTS OF OFFER

An offer involves the following elements:

1) It must be an expression of readiness or willingness to do or abstain from doing something. It may involve a positive or negative act.
2) It must be made to another person. There can be no proposal by a person to himself.
3) It must be made with a view to obtain the assent of that other person to such act or abstinence.

→ An offer may either be an express offer or an implied offer.

Express offer :⇒

when an offer is made by words, ritten or spoken, it is termed as an express fer. The oral offer may be made either in erson or over telephone.

Sec. 9 of the Indian contract Act, 1872 reads, "In so far as the proposal or acceptance f any promise is made in words, the promise s said to be express."

→ In Tarsem Singh v. Sukhminder Singh (AIR 1998), contract is bilateral transaction and there can be an equally binding contract between the parties on the basis of an oral agreement.

Implied offer :⇒

An offer which is inferred from the ~~contract~~ Conduct of a person or the circumstances of the particular case.

eg; when a coolie picks up your luggage to carry it from railway platform to the taxi

⇒ Sec. 9 of Indian contract Act, 1872, says that, "In so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied." (16)

Implied contracts and express ones are both equally binding upon the parties. The difference between them is confined to the manner of proving them.

⇒ CONDITIONS FOR A VALID OFFER / PROPOSAL

The various conditions for a valid offer are as follows :⇒

(01) Offer must intend to create a legal relation.

(02) Terms of offer must be certain, definite and not vague.

(03) The offer must be distinguished from an invitation to offer.

(04) Offer must be communicated.

(05) Offer should not contain a term the non compliance of which would amount to acceptance.