



THE INDIAN CONTRACT ACT, 1872

BARE ACT

Corrida Legal presents the Bare Act Series, sourced from official texts and supported with an executive summary designed to help readers grasp the essence of the law with ease.

NOTE: An Executive Summary of the Indian Contract Act, 1872 is included towards the end of this document, right after the full bare act of the statute. This summary helps professionals, business owners, compliance officers, HR managers, legal practitioners, and students quickly understand the key provisions relating to the essentials of a valid contract, capacity of parties, free consent, lawful consideration and object, void and voidable agreements, performance of contracts, breach and remedies, quasi-contracts, contingent and wagering agreements, and enforcement of contractual rights, without having to read the entire text.

The Indian Contract Act, 1872 Summary provides a clear, practical, and time-saving guide for anyone looking to understand the fundamentals of contract law in India, ensure compliance in commercial transactions, manage contractual risks effectively, and stay aligned with statutory requirements under the Contract Act bare act.

The Indian Contract Act, 1872

(Act no. 9 of 1872)

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PREAMBLE

[9 OF 1872]

Whereas it is expedient to define and amend certain parts of the law relating to contract; it is hereby enacted as follows :-

1. Short title

This Act may be called be the Indian Contract Act, 1872.

Extent, commencement - It extends to the whole of except the State of Jammu and Kashmir; and it shall come into force on the first day of September, 1872.

Enactment repealed - Nothing herein contained shall affect the provisions of any Statute, Act or Regulation not hereby expressly repealed, nor any usage or customs of trade, nor any incident of any contract, not inconsistent with the provisions of this Act.

2. Interpretation -clause

In this Act the following words and expressions are used in the following senses, unless contrary intention appears from the context:

- (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;
- (b) When a person to whom the proposal is made, signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise;
- (c) The person making the proposal is called the "promisor", and the person accepting the proposal is called "promisee",
- (d) When, at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or to abstain from doing, something, such act or abstinence or promise is called a consideration for the promise;
- (e) Every promise and every set of promises, forming the consideration for each other, is an agreement;
- (f) Promises which form the consideration or part of the consideration for each other, are called reciprocal promises;
- (g) An agreement not enforceable by law is said to be void;
- (h) An agreement enforceable by law is a contract;
- (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;

(j) A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.

Chapter I	Of the communication, acceptance and revocation of proposals
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3. Communication, acceptance and revocation of proposals

The communication of proposals, the acceptance of proposals, and the revocation of proposals and acceptance, respectively, are deemed to be made by any act or omission of the party proposing, accepting or revoking, by which he intends to communicate such proposal, acceptance or revocation, or which has the effect of communicating it.

4. Communication when complete

The communication of a proposal is complete when it becomes to the knowledge of the person to whom it is made.

The communication of an acceptance is complete -as against the proposer, when it is put in a course of transmission to him so as to be out of the power of the acceptor; as against the acceptor, when it comes to the knowledge of the proposer.

The communication of a revocation is complete -as against the person who makes it, when it is put into a course of transmission to the person to whom it is made, so as to be out of the power of the person who makes it; as against the person to whom it is made, when it comes to his knowledge.

5. Revocation of Proposals and acceptance

A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards.

An acceptance may be revoked at any time before the communication of the acceptance is complete as against the acceptor, but not afterwards.

6. Revocation how made

A proposal is revoked -

- (1) by the communication of notice of revocation by the proposer to the other party;
- (2) by the lapse of the time prescribed in such proposal for its acceptance, or, if no time is so prescribed, by the lapse of a reasonable time, without communication of the acceptance;
- (3) by the failure of the acceptor to fulfil a condition precedent to acceptance; or
- (4) by the death or insanity of the proposer, if the fact of the death or insanity comes to the knowledge of the acceptor before acceptance.

7. Acceptance must be absolute

In order to convert a proposal into a promise the acceptance must -

(1) be absolute and unqualified.

(2) be expressed in some usual and reasonable manner, unless the proposal prescribes the manner in which it is to be accepted. If the proposal prescribes a manner in which it is to be accepted; and the acceptance is not made in such manner, the proposer may, within a reasonable time after the acceptance is communicated to him, insist that his proposal shall be accepted in the prescribed manner, and not otherwise; but; if he fails to do so, he accepts the acceptance.

8. Acceptance by performing conditions, or receiving consideration

Performance of the conditions of proposal, for the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is an acceptance of the proposal.

9. Promise, express and implied

In so far as the proposal or acceptance of any promise is made in words, the promise is said to be express. In so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.

Chapter II	Of contracts, violable contracts and void agreements
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10. What agreements are contracts

All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void. Nothing herein contained shall affect any law in force in India, and not hereby expressly repealed, by which any contract is required to be made in writing or in the presence of witnesses, or any law relating to the registration of documents.

11. Who are competent to contract

Every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is sound mind and is not disqualified from contracting by any law to which he is subject.

12. What is a sound mind for the purposes of contracting

A person is said to be of sound mind for the propose of making a contract, if, at the time when he makes it, he is capable of understanding it and of forming a rational judgement as to its effect upon his interest. A person who is usually of unsound mind, but occasionally of sound mind, may make a contract when he is of sound mind. A person who is usually of sound mind, but occasionally of unsound mind, may not make a contract when he is of unsound mind.

13. "Consent" defined -

Two or more person are said to consent when they agree upon the same thing in the same sense.

14. "Free consent" defined -

Consent is said to be free when it is not caused by -

- (1) coercion, as defined in section 15, or
- (2) undue influence, as defined in section 16, or
- (3) fraud, as defined in section 17, or
- (4) misrepresentation, as defined in section 18, or
- (5) mistake, subject to the provisions of section 20,21, and 22.

Consent is said to be so caused when it would not have been given but for the existence of such coercion, undue influence, fraud, misrepresentation, or mistake.

15. "Coercion" defined

"Coercion" is the committing, or threatening to commit, any act forbidden by the Indian Penal Code (45 of 1860) or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

16. "Undue influence" defined

(1) A contract is said to be induced by "under influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

(2) In particular and without prejudice to the generally of the foregoing principle, a person is deemed to be in a position to dominate the will of another -

(a) where he hold a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or

(b) where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.

(3) Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall be upon the person in a position to dominate the will of the other.

Nothing in the sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872)

17. "fraud defined

"Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agents, with intent to deceive another party thereto his agent, or to induce him to enter into the contract;

(1) the suggestion as a fact, of that which is not true, by one who does not believe it to be true;

(2) the active concealment of a fact by one having knowledge or belief of the fact;

(3) a promise made without any intention of performing it;

(4) any other act fitted to deceive;

(5) any such act or omission as the law specially declares to be fraudulent.

18. "Misrepresentation" defined

"Misrepresentation" means and includes -

(1) the positive assertion, in a manner not warranted by the information of the

person making it, of that which is not true, though he believes it to be true;

(2) any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or anyone claiming under him; by misleading another to his prejudice, or to the prejudice of any one claiming under him;

(3) causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is subject of the agreement.

19. Voidability of agreements without free consent

When consent to an agreement is caused by coercion, fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused. A party to a contract, whose consent was caused by fraud or misrepresentation, may, if he thinks fit, insist that the contract shall be performed, and that he shall be put on the position in which he would have been if the representations made had been true.

Exception : If such consent was caused by misrepresentation or by silence, fraudulent within the meaning of section 17, the contract, nevertheless, is not voidable, if the party whose consent was so caused had the means of discovering the truth with ordinary diligence.

Explanation : A fraud or misrepresentation which did not cause the consent to a contract of the party on whom such fraud was practised, or to whom such misrepresentation was made, does not render a contract voidable.

19-A. Power to set aside contract induced by undue influence - When consent to an agreement is caused by undue influence, the agreement is a contract voidable at the option of the party whose consent was so caused.

Any such contract may be set aside either absolutely or, if the party who was entitled to avoid it has received any benefit thereunder, upon such terms and conditions as to the Court may seem just.

20. Agreement void where both parties are under mistake as to matter of fact

Explanation : An erroneous opinion as to the value of the things which forms the subject-matter of the agreement, is not to be deemed a mistake as to a matter of fact.

21. Effect of mistake as to law

A contract is not voidable because it was caused by a mistake as to any law in force in India; but mistake as to a law not in force in India has the same effect as a mistake of fact.

22. Contract caused by mistake of one party as to matter of fact

A contract is not voidable merely because it was caused by one of the parties to it being under a mistake as to a matter of fact.

23. What consideration and objects are lawful, and what not

The consideration or object of an agreement is lawful, unless -It is forbidden by law; or is of such nature that, if permitted it would defeat the provisions of any law or is fraudulent; or involves or implies, injury to the person or property of another; or the Court regards it as immoral, or opposed to public policy.

In each of these cases, the consideration or object of an agreement is said to be unlawful. Every agreement of which the object or consideration is unlawful is void.

24. Agreements void, if consideration or objects unlawful in part

If any part of a single consideration for one or more objects, or any one or any part of any one of several considerations of a single object, is unlawful, the agreement is void.

25. Agreement without consideration, void, unless it is in writing and registered or is a promise to compensate for something done or is a promise to pay a debt barred by limitation law -

An agreement made without consideration is void, unless -

(1) it is expressed in writing and registered under the law for the time being in force for the registration of documents, and is made on account of natural love and affection between parties standing in a near relation to each other; or unless.

(2) it is a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, or something which the promisor was legally compellable to do; or unless.

(3) it is a promise, made in writing and signed by the person to be charged therewith or by his agent generally or specially authorised in that behalf, to pay wholly or in part debt of which the creditor might have enforced payment but for the law for the limitation of suits. In any of these cases, such an agreement is a contract.

Explanation 1 : Nothing in this section shall affect the validity, as between the donor and donee, of any gift actually made.

Explanation 2 : An agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate; but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

26. Agreement in restraint of marriage, void

Every agreement in restraint of the marriage of any person, other than a minor, is void.

27. Agreement in restraint of trade, void

Every agreement by which anyone is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void.

Exception 1 : Saving of agreement not to carry on business of which good will is sold - One who sells the goodwill of a business may agree with the buyer to refrain from carrying on a similar business, within specified local limits, so long as the buyer, or any person deriving title to the goodwill from him, carries on a like business therein, provided that such limits appear to the court reasonable, regard being had to the nature of the business.

28. Agreements in restrain of legal proceedings, void

Every agreement, by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract, by the usual legal proceedings in the ordinary tribunals, or which limits the time within which he may thus enforce his rights, is void to the extent.

Exception 1 : Saving of contract to refer to arbitration dispute that may arise. This section shall not render illegal contract, by which two or more persons agree that any dispute which may arise between them in respect of any subject or class of subject shall be referred to arbitration, and that only and amount awarded in such arbitration shall be recoverable in respect of the dispute so referred.

Exception 2: Saving of contract to refer question that have already arisen - Nor shall this section render illegal any contract in writing, by which two or more persons agree to refer to arbitration any question between them which has already arisen, or affect any provision of any law in force for the time being as to reference to arbitration.

Related Judgements

[THYSSEN STAHLUNION GMBH v. STEEL AUTHORITY OF INDIA LTD.](#)

29. Agreements void for uncertainty

Agreements, the meaning of which is not certain, or capable of being made certain, are void.

30. Agreements by way of wager, void

Agreements by way of wager are void; and no suit shall be brought for recovering anything alleged to be won on any wager, or entrusted to any person to abide the result of any game or other uncertain event on which may wager is made. Exception on favour of certain prizes for horse-racing: This section shall not be deemed to render unlawful a subscription or contribution, or agreement to subscribe or contribute, made or entered into for or toward any plate, prize or sum of money, of the value or amount of five hundred rupees or upwards, to be rewarded to the winner or winners of any horse-race.

Section 294A of the Indian Penal Code not affected : Nothing in this section shall be deemed to legalize any transaction connected with horse-racing, to which the provisions of section 294A of the Indian Penal Code (45 of 1860) apply.

Chapter III	Of contingent contracts
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31. "Contingent contract" defined

A "contingent contract" is a contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

32. Enforcement of Contracts contingent on an event happening

Contingent contracts to do or not to do anything in an uncertain future event happens, cannot be enforced by law unless and until that event has happened. If the event becomes impossible, such contracts become void.

33. Enforcement of contract contingent on an event not happening

Contingent contracts to do or not to do anything if an uncertain future event does not happen, can be enforced when the happening of that event becomes impossible, and not before.

34. When event on which contract is contingent to be deemed impossible, if it is the future conduct of a living person

If the future event on which a contract is contingent is the way in which a person will act at an unspecified time, the event shall be considered to become impossible when such person does anything which renders it impossible that the should so act within any definite time, or otherwise than under further contingencies.

35. When contracts become void, which are contingent on happening of specified event within fixed time

Contingent contracts to do or not to do anything, if a specified uncertain event happens within a fixed time, become void, if, at the expiration of the time fixed, such event has not happened, or if, before the time fixed, such event becomes impossible.

When contracts may be enforced, which are contingent on specified event not happening within fixed time : Contingent contract to do or not to do anything, if a specified uncertain event does not happen within a fixed time, may be enforced by law when the time fixed has expired and such event has not happened, or before the time fixed has expired, if it become certain that such event will not happen.

36. Agreements contingent on impossible event void

Contingent agreements to do or not to do anything, if an impossible event happens, are void, whether the impossibility of the event is known or not to the parties to agreement at the time when it is made.

Chapter IV

Of the performance of contracts Contracts which must be performed

37. Obligations of parties to contract

The parties to a contract must either perform, or offer to perform, their respective promises, unless such performance is dispensed with or excused under the provision of this Act, or of any other law.

Promises bind the representative of the promisor in case of the death of such promisors before performance, unless a contrary intention appears from the contract.

38. Effect of refusal to accept offer of performance

Where a promisor has made an offer of performance to the promisee, and the offer has not been accepted, the promisor is not responsible for non-performance, nor does he thereby lose his rights under the contract.

Every such offer must fulfil the following conditions -

- (1) it must be unconditional;
- (2) it must be made at a proper time and place, and under such circumstances that the person to whom it is made may have a reasonable opportunity of ascertaining that the person by whom it is made is able and willing there and then to do the whole of what he is bound by his promise to do;
- (3) if the offer is an offer to deliver anything to the promisee, the promisee must have a reasonable opportunity of seeing that the thing offered is the thing which the promisor is bound by his promise to deliver. An offer to one of several joint promisees has the same legal consequences as an offer to all of them.

39. Effect of refusal of party to perform promise wholly

When a party to a contract has refused to perform, or disabled himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, by words or conduct, his acquiescence in its continuance.

40. Person by whom promises is to be performed

If it appears from the nature of the case that it was the intention of the parties to any contract that any promise contained in it should be performed by the promisor himself, such promise must be performed by the promisor.

In other cases, the promisor or his representative may employ a competent person to perform it.

41. Effect of accepting performance from this person

When a promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the promisor.

42. Devolution of joint liabilities

When two or more person have made a joint promise, then, unless a contrary intention appears by the contract, all such persons, during their joint lives, and, after the death of any of them, his representative jointly with the survivor or survivors, and, after the death of the last survivor the representatives of all jointly, must fulfil the promise.

43. Any one of joint promisors may be compelled to perform

When two or more persons make a joint promise, the promise may, in the absence of express agreements to the contrary, compel any one or more of such joint promisors to perform the whole promise.

Each promisor may compel contribution : Each of two or more joint promisors may compel every other joint promisor to contribute equally with himself to the performance of the promise, unless a contrary intention appears from the contract.

Sharing of loss by default in contribution : If any one of two or more joint promisors make default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

Explanation : Nothing in this section shall prevent a surety from recovering, from his principal, payments made by the surety on behalf of the principal, or entitle the principal to recover anything from the surety on account of payments made by the principal.

44. Effect of release of one joint promisor

Where two or more persons have made a joint promise, a release of one of such joint promisors by the promisee does not discharge the other joint promisor, neither does it free the joint promisor so released from responsibility to the other joint promisor or joint promisors.

45. Devolution of joint rights

When a person has made a promise to two or more persons jointly, then unless contrary intention appears from the contract, the right to claim performance rests, as between him and them, with them during their joint lives, and, after the death of any one of them, with the representative of such deceased person jointly with the survivor or survivors, and, after the death of the last survivor, with the representatives of all jointly.

46. Time for performance of promise, where no application is to be made and no time is specified

Where, by the contract, a promisor is to perform his promise without application by the promisee, and no time for performance is specified, the engagement must be performed within a reasonable time.

Explanation : The question "what is a reasonable time" is, in each particular case, a question of fact.

47. Time and place for performance of promise, where time is specified and no application to be made

When a promise is to be performed on a certain day, and the promisor has undertaken to perform it without the application by the promisee, the promisor may perform it at any time during the usual hours of business on such day and at the place at which the promise ought to be performed.

48. Application for performance on certain day to be at proper time and place

When a promise is to be performed on a certain day, and the promisor has not undertaken to perform it without application by the promisee, it is the duty of the promisee to apply for the performance at a proper place within the usual hours of business.

Explanation : The question "what is proper time and place" is, in each particular case, a question of fact.

49. Place for the performance of promise, where no application to be made and no place fixed for performance

When a promise is to be performed without application by the promisee, and no place is fixed for the performance of it, it is the duty of the promisor to apply to the promisee to appoint a reasonable place for the performance of the promise, and to perform it at such a place.

50. Performance in manner or at time prescribed or sanctioned by promise

The performance of any promise may be made in any manner, or at any time which the promisee prescribes or sanctions.

51. Promisor not bound to perform, unless reciprocal promisee ready and willing to perform

When a contract consists of reciprocal promises to be simultaneously performed, no promisor need perform his promise unless the promisee is ready and willing to perform his reciprocal promise.

52. Order of performance of reciprocal promises

Where the order in which reciprocal promises are to be performed is expressly fixed by the contract, they shall be performed in that order, and where the orders is not expressly fixed by the contract, they shall be performed in that order which the nature of transaction requires.

53. Liability of party preventing event on which contract is to take effect

When a contract contains reciprocal promises and one party to the contract prevents the other from performing his promise, the contract becomes voidable at the option of the party so prevented; and he is entitled to compensation from the other party for any loss which he may sustain in consequence of the non-performance of the contract.

54. Effect of default as to the promise which should be performed, in contract consisting of reciprocal promises

When a contract consists of reciprocal promises, such that one of them cannot be performed, or that its performance cannot be claimed till the other has been performed, and the promisor of the promise last mentioned fails to perform it, such promisor cannot claim the performance of the reciprocal promise, and must make compensation to the other party to the contract for any loss which such other party may sustain by the non-performance of the contract.

55. Effect of failure to perform a fixed time, in contract in which time is essential

When a party to a contract promises to do a certain thing at or before a specified time, or certain things at or before a specified time and fails to do such thing at or before a specified time, and fails to do such thing at or before a specified time, the contract or so much of it as has not been performed, becomes voidable at the option of the promisee, if the intention of the parties was that time should be of essence of the contract.

Effect of such failure when time is not essential: If it was not the intention of the parties that time should be of the essence of the contract, the contract does not become voidable by the failure to do such thing at or before the specified time; but the promisee is entitled to compensation from the promisor for any loss occasioned to him by such failure.

Effect of acceptance of performance at time other than agreed upon: If, in case of a contract voidable on account of the promisor's failure to perform his promise at the time agreed, the promisee accepts performance of such promise at any time other than agreed, the promisee cannot claim compensation of any loss occasioned by the non-performance of the promise at the time agreed, unless, at the time of acceptance, he gives notice to the promisor of his intention to do so.

56. Agreement to do impossible act

An agreement to do an act impossible in itself is void. Contract to do act afterwards becoming impossible or unlawful: A contract to do an act which, after the contract is made, becomes impossible or, by reason of some event which the promisor could not prevent, unlawful, becomes void when the act becomes impossible or unlawful.

Compensation for loss through non-performance of act known to be impossible or unlawful: Where one person has promised to do something which he knew or, with reasonable diligence, might have known, and which the promisee did not know to be impossible or unlawful, such promisor must make compensation to such promisee for any loss which such promisee sustains through the non-performance of the promise.

57. Reciprocal promise to do things legal, and also other things illegal

Where persons reciprocally promise, firstly to do certain things which are legal, and, secondly under specified circumstances, to do certain other things which are illegal, the first set of promise is a contract, but the second is a void agreement.

58. Alternative promise, one branch being illegal

In the case of an alternative promise, one branch of which is legal and other other illegal, the legal branch alone can be enforced.

59. Application of payment where debt to be discharged is indicated

Where a debtor, owing several distinct debts to one person, makes a payment to him, either with express intimation, or under circumstances implying, that the payment is to be applied to the discharge of some particular debt, the payment if accepted, must be applied accordingly.

60. Application of payment where debt to be discharged is not indicated

Where the debtor has omitted to intimate, and there are no other circumstances indicating to which debt the payment is to be applied, the creditor may apply it at his discretion to any lawful debt actually due and payable to him from the debtor, whether its recovery is or is not barred by the law in force for the time being as to the limitations of suits.

61. Application of payment where neither party appropriates

Where neither party makes any appropriation, the payment shall be applied in discharge of the debts in order of time, whether they are or are not barred by the law in force for the time being as to the limitation of suits. If the debts are of equal standing, the payment shall be applied in discharge of each proportionably.

62. Effect of novation, rescission, and alteration of contract

If the parties to a contract agree to substitute a new contract for it, or to rescind or alter it, the original contract need not be performed.

63. Promise may dispense with or remit performance of promise

Every promise may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance, or may accept instead of it any satisfaction which he thinks fit.

64. Consequence of rescission of voidable contract

When a person at whose option a contract is voidable rescinds it, the other party thereto need to perform any promise therein contained in which he is the promisor. The party rescinding a voidable contract shall, if he have received any benefit thereunder from another party to such contract restore such benefit, so far as may be, to the person from whom it was received.

65. Obligation of person who has received advantage under void agreement, or contract that becomes void

When an agreement is discovered to be void, or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore, it, or to make compensation for it, to the person from whom he received it.

66. Mode of communicating or revoking rescission of voidable contract

The rescission of a voidable contract may be communicated or revoked in the same manner, and subject to some rules, as apply to the communication or revocation of the proposal.

67. Effect of neglect or promise to afford promisor reasonable facilities for performance

If any promisee neglects or refuses to afford the promisee reasonable facilities for the performance of his promise, the promisor is excused by such neglect or refusal as to non-performance caused thereby.

Chapter V	Of certain relations resembling those created by contract
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68. Claim for necessities supplied to person incapable of contracting, or on his account

If a person, incapable of entering into a contract, or anyone whom he is legally bound to support, is supplied by another person with necessities suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

69. Reimbursement of person paying money due by another, in payment of which he is interested

A person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other.

70. Obligation of person enjoying benefit of non-gratuitous act

Where a person lawfully does anything for another person, or delivers anything to him, not intending to do so gratuitously, and such another person enjoys the benefit thereof, the latter is bound to make compensation to the former in respect of, or to restore, the thing so done or delivered.

71. Responsibility of finder of goods

A person who finds goods belonging to another, and takes them into his custody, is subject to the same responsibility as a bailee.

72. Liability of person to whom money is paid, or thing delivered, by mistake or under coercion

A person to whom money has been paid, or anything delivered, by mistake or under coercion, must repay or return it.

Chapter VI	Of the consequences of breach of contract
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73. Compensation of loss or damage caused by breach of contract

When a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it.

Such compensation is not to be given for any remote and indirect loss of damage sustained by reason of the breach.

Compensation for failure to discharge obligation resembling those created by contract : When an obligation resembling those created by contract has been incurred and has not been discharged, any person injured by the failure to discharge it is entitled to receive the same compensation from the party in default, as if such person had contracted to discharge it and had broken his contract.

Explanation : In estimating the loss or damage arising from a breach of contract, the means which existed of remedying the inconvenience caused by non-performance of the contract must be taken into account.

74. Compensation of breach of contract where penalty stipulated for

When a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss or proved to have been caused thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named or, as the case may be, the penalty stipulated for.

Explanation : A stipulation for increased interest from the date of default may be a stipulation by way of penalty.

Explanation : When any person enters into any bail bond, recognisance or other instrument of the same nature or, under the provisions of any law, or under the orders of the Central Government or of any State Government, gives any bond for the performance of any public duty or act in which the public are interested, he shall be liable, upon breach of the condition of any such instrument, to pay the whole sum mentioned therein.

75. Party rightfully rescinding contract, entitled to compensation

A person who rightfully rescinds a contract is entitled to consideration for any damage which he has sustained through the non-fulfillment of the contract.

Chapter VII	Sale of goods
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Section 76 to 123 – Repealed

Chapter VIII	Of indemnity and guarantee
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124. "Contract of indemnity" defined

A contract by which one party promises to save the other from loss caused to him by the contract of the promisor himself, or by the conduct of any other person, is called a "contract of indemnity".

125. Right of indemnity-holder when sued -

The promisee in a contract of indemnity, acting within the scope of his authority, is entitled to recover from the promisor-

(1) all damages which he may be compelled to pay in any suit in respect of any matter to which the promise to indemnify applies;

(2) all costs which he may be compelled to pay in any such suit, if in bringing of defending it, he did not contravene the orders of the promisor, and acted as it would have been prudent for him to act in the absence of any contract of indemnity, or if the promisor authorised him to bring or defend the suit;

(3) all sums which he may have paid under the terms of any compromise of any such suit, if the compromise was not contract to the orders of the promisor, and was one which it would have been prudent for the promise to make in the absence of any contract of indemnity, or if the promisor authorised him to compromise the suit.

126. "Contract of guarantee", "surety", "principal debtor" and "creditor" -

A "contract of guarantee" is a contract to perform the promise, or discharge the liability, of a third person in case of his default. The person who gives the guarantee is called the "surety", the person in respect of whose default the guarantee is given is called the "principal debtor", and the person to whom the guarantee is given is called the "creditor". A guarantee may be either oral or written.

127. Consideration for guarantee

Anything done, or any promise made, for the benefit of the principal debtor, may be a sufficient consideration to the surety for giving the guarantee.

128. Surety's liability

The liability of the surety is co-extensive with that of the principal debtor, unless it is otherwise provided by the contract.

129. Continuing guarantee

A guarantee which extends to a series of transaction, is called, a "continuing guarantee".

130. Revocation of continuing guarantee

A continuing guarantee may at any time be revoked by the surety, as to future transactions, by notice to the creditor.

131. Revocation of continuing guarantee by surety's death -

The death of the surety operates, in the absence of any contract to the contrary, as a revocation of the continuing guarantee, so far as regards future transactions.

132. Liability of two persons, primarily liable, not affected by arrangement between them that one shall be surety on other's default -

Where two persons contract with third person to undertake a certain liability, and also contract with each other that one of them shall be liable only on the default of the other, the third person not being a party to such contract the liability of each of such two persons to the third person under the first contract is not affected by the existence of the second contract, although such third person may have been aware of its existence.

133. Discharge of surety by variance in terms of contract

Any variance made without the surety's consent, in the terms of the contract between the principal [debtor] and the creditor, discharges the surety as to transactions subsequent to the variance.

134. Discharge of surety by release or discharge of principal debtor -

The surety is discharged by any contract between the creditor and the principal debtor, by which the principal debtor is released, or by any act or omission of the creditor, the legal consequence of which is the discharge of the principal debtor.

135. Discharge of surety when creditor compounds with, gives time to, or agrees not to sue, principal debtor

A contract between the creditor and the principal debtor, by which the creditor makes a composition with, or promises to give time, or not to sue, the principal debtor, discharges the surety, unless the surety assents to such contract.

136. Surety not discharged when agreement made with third person to give time to principal debtor

Where a contract to give time to the principal debtor is made by the creditor with a third person, and not with the principal debtor, the surety is not discharged.

137. Creditor's forbearance to sue does not discharge surety

Mere forbearance on the part of the creditor to sue the principal debtor or to enforce any other remedy against him, does not, in the absence of any provision in the guarantee to the contrary, discharge the surety.

138. Release of one co-surety does not discharge other -

Where there are co-sureties, a release by the creditor of one of them does not discharge the others neither does set free the surety so released from his responsibility to the other sureties.

139. Discharge of surety by creditor's act or omission impairing surety's eventual remedy -

If the creditor does any act which is inconsistent with the right of the surety, or omits to do any act which his duty to the surety requires him to do, and the eventual remedy of the surety himself against the principal debtor is thereby impaired, the surety is discharged.

140. Rights of surety on payment or performance -

Where a guaranteed debt has become due, or default of the principal debtor to perform a guaranteed duty has taken place, the surety upon payment or performance of all that he is liable for, is invested with all the rights which the creditor had against the principal debtor.

141. Surety's right to benefit of creditor's securities -

A surety is entitled to the benefit of every security which the creditor has against the principal debtor at the time when the contract of suretyship entered into, whether the surety knows of the existence of such security or not; and if the creditor loses, or without the consent of the surety, parts with such security, the surety, the surety is discharged to the extent of the value of the security.

142. Guarantee obtained by misrepresentation, invalid

Any guarantee which has been obtained by means of misrepresentation made by the creditor, or with his knowledge and assent, concerning a material part of the transaction, is invalid.

143. Guarantee obtained by concealment, invalid -

Any guarantee which the creditor has obtained by means of keeping silence as to material circumstances, is invalid.

144. Guarantee on contract that creditor shall not act on it until co-surety joins -

Where a person gives a guarantee upon a contract that the creditor shall not act upon it until another person has jointed in it as co-surety, the guarantee is not valid that other person does not join.

145. Implied promise to indemnify surety -

In every contract of guarantee there is an implied promise by the principal debtor to indemnify the surety, and the surety is entitled to recover from the principal debtor

whatever sum he has rightfully paid under the guarantee, but no sums which he has paid wrongfully.

146. Co-sureties liable to contribute equally -

Where two or more persons are co-sureties for the same debt or duty, either jointly or severally, and whether under the same or different contract, and whether with or without the knowledge of each other the co-sureties, in the absence of any contract to the contrary, are liable, as between themselves, to pay each an equal share of the whole debt, or of that part of it which remains unpaid by the principal debtor.

147. Liability of co-sureties bound in different sums -

Co-sureties who are bound in different sums are liable to pay equally as far as the limits of their respective obligations permit.

Chapter IX	Of bailment
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148. "Bailment", "bailor" and "bailee" defined -

A "bailment" is the delivery of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the direction of the person delivering them. The person delivering the goods is called the "bailor". The person to whom they are delivered is called the "bailee". Explanation: If a person already in possession of the goods of other contracts hold them as a bailee, he thereby becomes the bailee, and the owner becomes the bailor of such goods, although they may not have been delivered by way of bailment.

149. Delivery to bailee how made -

The delivery to be bailee may be made by doing anything which has the effect of putting the goods in the possession of the intended bailee or of any person authorised to hold them on his behalf.

150. Bailor's duty to disclose faults in goods bailed -

The bailor is bound to disclose to the bailee faults in the goods bailed, of which the bailor is aware, and which materially interfere with the use of them, or expose the bailee to extraordinary risk; and if he does not make such disclosure, he is responsible for damage arising to the bailee directly from such faults.

151. Care to be taken by bailee -

In all cases of bailment the bailee is bound to take as much care of the goods bailed to him as a man of ordinary prudence would, under similar circumstances, take of his own goods of the same bulk, quantity and value as the goods bailed.

152. Bailee when not liable for loss, etc, of thing bailed -

The bailee, in the absence of any special contract, is not responsible for the loss, destruction or deterioration of the thing bailed, if he has taken the amount of care of it described in section 151.

153. Termination of bailment by bailee's act inconsistent with conditions -

A contract of bailment is voidable at the option of the bailor, if the bailee does any act with regard to the goods bailed, inconsistent with the conditions of the bailment.

154. Liability of bailee making unauthorised use of goods bailed -

If the bailee makes any use of the goods bailed which is not according to the conditions of the bailment, he is liable to make compensation to the bailor for any damage arising to the goods from or during such use of them.

155. Effect of mixture with bailor's consent, of his goods with bailee's -

If the bailee, with the consent of the bailor, mixes the goods of the bailor with his own goods, the bailor and the bailee shall have an interest, in proportion to their respective shares, in the mixture thus produced.

156. Effect of mixture, without bailor's consent, when the goods can be separated -

If the bailee, without the consent of the bailor, mixes the goods of the bailor with his own goods and the goods can be separated or divided, the property in the goods remains in the parties respectively; but the bailee is bound to bear the expense of separation or division, and any damage arising from the mixture.

157. Effect of mixture, without bailor's consent, when the goods cannot be separated -

If the bailee, without the consent of the bailor, mixes the goods of the bailor with his own goods in such a manner that it is impossible to separate the goods bailed from the other goods, and deliver them back, the bailor is entitled to be compensated by the bailee for the loss of the goods.

158. Repayment, by bailor, of necessary expenses -

Where, by the conditions of the bailment, the goods are to be kept or to be carried, or to have work done upon them by the bailee for the bailor, and the bailee is to receive no remuneration, the bailor shall repay to the bailee the necessary expenses incurred by him for the purpose of the bailment.

159. Restoration of goods lent gratuitously -

The lender of a thing for use may at any time require its return, if the loan was gratuitous, even though he lent it for a specified time or purpose. But if, on the faith of such loan made for a specified time or purpose, the borrower has acted in such a manner that the return of the thing lent before the time agreed upon would cause him losses exceeding the benefit actually derived by him from the loan, the lender must, if he compels the return, indemnify the borrower for the amount in which the loss so occasioned exceeds the benefits so derived.

160. Return of goods bailed, on expiration of time or a accomplishment of purpose -

It is the duty of the bailee to return, or deliver according to the bailor's directions, the goods bailed, without demand, as soon as the time for which they were bailed has expired, or the purpose for which they were bailed has been accomplished.

161. Bailee's responsibility when goods are not duly returned -

If by the fault of the bailee, the goods are not returned, delivered or tendered at the proper time, he is responsible to the bailor for any loss, destruction or deterioration of the goods from that time.

162. Termination of gratuitous bailment by death -

A gratuitous bailment is terminated by the death either of the bailor or of the bailee.

163. Bailor entitled to increase or profit from goods bailed -

In the absence of any contract to the contrary, the bailee is bound to deliver to the bailor, or according to his directions, any increase or profit which may have accrued from the goods bailed.

164. Bailor's responsibility to bailee -

The bailor is responsible to the bailee for any loss which the bailee may sustain the reason that the bailor was not entitled to make the bailment, or to receive back the goods, or to give directions, respecting them.

165. Bailment by several joint owners -

If several joint owners of goods bail them, the bailee may deliver them back to, or according to the directions of, one joint owner without the consent of all in the absence of any agreement to the contrary.

166. Bailee not responsible on redelivery to bailor without title -

If the bailor has no title to the goods, and the bailee, in good faith, delivers them back to, or according to the directions of the bailor, the bailee is not responsible to the owner in respect of such deliver.

167. Right of third person claiming goods bailed -

If a person, other than the bailor, claims goods bailed he may apply to the court to stop delivery of the goods to the bailor, and to decide the title to the goods.

168. Right to finder of goods may sue for specified reward offered -

The finder of goods has no right to use the owner for compensation for trouble and expense, voluntary incurred by him to preserve the goods and to find out the owner; but he may retain the goods against the owner until he receive such compensation; and where the owner has offered a specific reward for the return of goods lost, the finder may sue for such reward, and may retain the goods until he received it.

169. When finder of thing commonly on sale may sell it -

When thing which is commonly the subject of sale is lost, if the owner cannot with reasonable diligence be found, or if he refuses upon demand, to pay the lawful charges of the finder, the finder may sell it -

(1) when the thing is in danger of perishing or of losing the greater part of its value, or

(2) when the lawful charges of the finder, in respect of the thing found, amount to two-thirds of its value.

170. Bailee's particular lien -

Where the bailee has, in accordance with the purpose of the bailment, rendered any service involving the exercise of labour or skill in respect of the goods bailed he has in the absence of a contract to the contrary, a right to retain such goods until he receives due remuneration for the services he has rendered in respect of them.

171. General lien of bankers, factors, wharfinger, attorneys and policy brokers -

Bankers, factor, wharfingers, attorneys of a High Court and policy brokers may, in the absence of a contract to the contrary, retain as a security for a general balance of account, any goods bailed to them; but no other person have a right retain, as a security for which balance, goods, bailed to them, unless is an express contract to that effect.

172. "Pledge", "Pawnor", and "Pawnee" defined -

The bailment of goods as security for payment of a debt or performance of a promise is called "pledge". The bailor is in this case called "pawnor". The bailee is called "pawnee".

173. Pawnee's right of retainer -

The pawnee may retain the goods pledged, not only for payment of the debt or the performance of the promise, but for the interests of the debt, and all necessary expenses incurred by him in respect to the possession or for the preservation of the goods pledged.

174. Pawnee not to retain for debt or promise other than for which goods pledged - presumption in case of subsequent advances -

The pawnee shall not, in the absence of a contract to that effect, retain the goods pledged for any debt or promise of other than the debtor promise for which they are pledged; but such contract, in the absence of anything to the contrary, shall be presumed in regard to subsequent advances made by the pawnee.

175. Pawnee's right as to extraordinary expenses incurred -

The pawnee is entitled to receive from the pawnor extraordinary expenses incurred by him for the preservation of the goods pledged.

176. Pawnee's right where pawnor makes default -

If the pawnor makes default in payment of the debt, or performance, at the stipulated time, or the promise, in respect of which the goods were pledged, the pawnee may bring as suit against the pawnor upon the debt or promise, and retain the goods pledged as a collateral security; or he may sell the thing pledged, on giving the pawnor reasonable notice of the sale.

If the proceeds of such sale are less than the amount due in respect of the debt or promise, the pawnor is still liable to pay the balance. If the proceeds of the sale are

greater than the amount so due, the pawnee shall pay over the surplus to the pawnor.

177. Defaulting pawnor's right to redeem -

If a time is stipulated for the payment of the debt, or performance of the promise, for which the pledge is made, and the pawnor makes default in payment of the debt or performance of the promise at the stipulated time, he may redeem the goods pledged at any subsequent time before the actual sale of them; but he must, on that case, pay, in addition, any expenses which have arisen from his default.

178. Pledge by mercantile agent -

Where a mercantile agent is, with the consent of the owner, in possession of goods or the documents of title to goods, any pledge made by him, when acting in the ordinary course of business of a mercantile agent, shall be as valid as if he were expressly authorised by the owner of the goods to make the same; provided that the pawnee acts in good faith and has not at the time of the pledge notice that the pawnor has not authority to pledge.

Explanation : In this section, the expression "mercantile agent" and "documents of title" shall have the meanings assigned to them in the Indian Sale of Goods Act, 1930 (3 of 1930).

178A. Pledge by person in possession under voidable contract -

When the pawnor has obtained possession of the other goods pledged by him under a contract voidable under section 19 of the Contract Act, but the contract has not been rescinded at the time of the pledge, the pawnee acquires a good title to the goods, provided he acts in good faith and without notice of the pawnor's defect of title.

179. Pledge where pawnor has only a limited interest -

Where a person pledges goods in which he has only a limited interest, the pledge is valid to the extent of that interest.

180. Suit by bailor or bailee against wrong-doer -

If a third person wrongfully deprives the bailee of the use of possession of goods bailed, or does them any injury, the bailee is entitled to use such remedies as the owner might have used in the like case if no bailment has been made; and either the bailor or the bailee may bring a suit against a third person for such deprivation or injury.

181. Appointment of relief or compensation obtained by such suit -

Whatever is obtained by way of relief or compensation in any such suit shall, as between the bailor and the bailee, be dealt with according to their respective interests.

Chapter X	Agency, Appointment and authority of agents
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182. "Agent" and "principal" defined -

An "agent" is a person employed to do any act for another, or to represent another in dealing with third persons. The person for whom such act is done, or who is so represented, is called the "principal".

183. Who may employ agent -

Any person who is of the age of majority according to the law to which he is subject, and who is of sound mind, may employ an agent.

184. Who may be an agent -

As between the principal and third persons, any person may become an agent, but no person who is not of the age of majority and sound mind can become an agent, so as to be responsible to the principal according to the provisions in that behalf herein contained.

185. Consideration not necessary -

No consideration is necessary to create an agency;

186. Agent's authority may be expressed or implied -

The authority of an agent may be expressed or implied.

187. Definitions of express and implied -

An authority is said to be express when it is given by words spoken or written. An authority is said to be implied when it is to be inferred from the circumstances of the case; and things spoken or written, or the ordinary course of dealing, may be accounted circumstances of the case.

188. Extent of agent's authority -

An agent, having an authority to do an act, has authority to do every lawful thing which is necessary in order to do so such act. An agent having an authority to carry on a business, has authority to do every lawful thing necessary for the purpose, or usually done in the course, of conducting such business.

189. Agent's authority in an emergency -

An agent has authority, in an emergency, to do all such acts for the purpose of protecting his principal from loss and would be done by a person of ordinary prudence, in his own case, under similar circumstances.

190. When agent cannot delegate -

An agent cannot lawfully employ another to perform acts which he has expressly or

impliedly undertaken to perform personally, unless by the ordinary custom of trade a sub-agent may, or, from the nature or agency, a sub-agent must, be employed.

191. "Sub-agent" defined -

A "sub-agent" is a person employed by, and acting under the control of, the original agent in the business of the agency.

192. Representation of principal by sub-agent properly appointed -

Where a sub-agent is properly appointed, the principal is, so far as regards third persons, represented by the sub-agent, and is bound by and responsible for his acts, as if he were an agent originally appointed by the principal. Agent's responsibility for sub-agent: The agent is responsible to the principal for the acts of the sub-agent. Sub-agent's responsibility: The sub-agent is responsible for his acts to the agent, but not to the principal, except in cases of fraud, or wilful wrong.

193. Agent's responsibility for sub-agent appointed without -

authority Where an agent, without having authority to do so, has appointed a person to act as a sub-agent stands towards such person in the relation of a principal to an agent, and is responsible for his act both to the principal and to third person; the principal is not represented, by or responsible for the acts of the person so employed, nor is that person responsible to the principal.

194. Relation between principal and person duly appointed by agent to act in business of agency -

When an agent, holding an express or implied authority to name another person to act for the principal in the business of the agency, has named another person accordingly, such person is not a sub-agent, but an agent of the principal for such part of the business of the agency as is entrusted to him.

195. Agent's duty in naming such person -

In selecting such agent for his principal, an agent is bound to exercise the same amount of discretion as a man of ordinary prudence would exercise in his own case; and, if he does this, he is not responsible to the principal for the acts of negligence of the agent so selected.

196. Right of person as to acts done for him without his authority, effect of ratification -

Where acts are done by one person on behalf of another, but without his knowledge or authority, he may elect to ratify or to disown such acts. If he ratifies them, the same effects will follow as if they had been performed by his authority.

197. Ratification may be expressed or implied -

Ratification may be expressed or may be implied in the conduct of the person on whose behalf the acts are done.

198. Knowledge requisite for valid ratification -

No valid ratification can be made by a person whose knowledge of the facts of the case is materially defective.

199. Effect of ratifying unauthorized act forming part of a transaction -

A person ratifying any unauthorized act done on his behalf ratifies the whole of the transaction of which such act formed a part.

200. Ratification of unauthorized act cannot injure third person -

An act done by one person on behalf of another, without such other person's authority, which, if done with authority, would have the effect of subjecting a third person to damages, or of terminating any right or interest of a third person, cannot, by ratification, be made to have such effect.

201. Termination of Agency -

An agency is terminated by the principal revoking his authority, or by the agent renouncing the business of the agency; or by the business of the agency being completed; or by either the principal or agent dying or becoming of unsound mind; or by the principal being adjudicated an insolvent under the provisions of any Act for the time being in force for the relief of insolvent debtors.

202. Termination of Agency, where agent has an interest in subject-matter -

Where the agent has himself an interest in the property which forms the subject-matter of the agency, the agency cannot, in the absence of an express contract, be terminated to the prejudice of such interest.

203. When principal may revoke agent's authority -

The principal may, save as is otherwise provided by the last preceding section, revoke the authority given to his agent at any time before the authority has been exercised so as to bind the principal.

204. Revocation where authority has been partly exercised -

The principal cannot revoke the authority given to his agent after the authority has been partly exercised, so far as regards such acts and obligations as arise from acts already done in the agency.

205. Compensation for revocation by principal, or renunciation by agent -

Where there is an express or implied contract that the agency should be continued for any period of time, the principal must make compensation to the agent, or the agent to the principal, as the case may be, for any previous revocation or renunciation of the agency without sufficient cause.

206. Notice of revocation or renunciation -

Reasonable notice must be given of such revocation or renunciation; otherwise the damage thereby resulting to the principal or the agent, as the case may be, must be made good to the one by the other.

207. Revocation and Renunciation may be expressed or implied -

Revocation and renunciation may be expressed or may be implied in the conduct of the principal or agent respectively.

208. When termination of agent's authority takes effect as to agent, and as to third persons -

The termination of the authority of an agent does not, so far as regards the agent, take effect before it becomes known to him, or, so far as regards third persons, before it becomes known to them.

209. Agent's duty on termination of agency by principal's death or insanity -

When an agency is terminated by the principal dying or becoming of unsound mind, the agent is bound to take, on behalf of the representatives of his late principal, all reasonable steps for the protection and preservation of the interests entrusted to him.

210. Termination of Sub-agent's authority -

The termination of the authority of an agent causes the termination (subject to the rules herein contained regarding the termination of an agent's authority) of the authority of all sub-agents appointed by him.

211. Agent's duty in conducting principal's business -

An agent is bound to conduct the business of his principal according to the directions given by the principal, or, in the absence of any such directions, according to the custom which prevails in doing business of the same kind at the place where the agent conducts such business. When the agent acts otherwise, if any loss be sustained, he must make it good to his principal, and, if any profit accrues, he must account for it.

212. Skill and Diligence required from agent -

An agent is bound to conduct the business of the agency with as much skill as is generally possessed by persons engaged in similar business, unless the principal has notice of his want of skill. The agent is always bound to act with reasonable diligence, and to use such skill as he possesses; and to make compensation to his principal in respect of the direct consequences of his own neglect, want of skill or misconduct, but not in respect of loss or damage which are indirectly or remotely caused by such neglect, want of skill or misconduct.

213. Agent's accounts -

An agent is bound to render proper accounts to his principal on demand.

214. Agent's duty of communicate with principal -

It is the duty of an agent, in cases of difficulty, to use all reasonable diligence in communicating with his principal, and in seeking to obtain his instructions.

215. Right to principal when agent deals, on his own account, in business of agency without principal's consent -

If an agent deals on his own account in the business of the agency, without first obtaining the consent of his principal and acquainting him with all material circumstances which have come to his own knowledge on the subject, the principal may repudiate the transaction, if the case shows either that any material fact has been dishonestly concealed from him by the agent, or that the dealings of the agent have been disadvantageous to him.

216. Principal's right to benefit gained by agent dealing on his own account in business of agency -

If an agent, without the knowledge of his principal, deals in the business of the agency on his own account instead of on account of his principal, the principal is entitled to claim from the agent any benefit which may have resulted to him from the transaction.

217. Agent's right of retainer out of sums received on principal's account -

An agent may retain, out of any sums received on account of the principal in the business of the agency, all moneys due to himself in respect of advances made or expenses properly incurred by him in conducting such business, and also such remuneration as may be payable to him for acting as agent.

218 . Agent's duty to pay sums received for principal -

Subject to such deductions, the agent is bound to pay to his principal all sums received on his account.

219. When agent's remuneration becomes due -

In the absence of any special contract, payment for the performance of any act is not due to the agent until the completion of such act; but an agent may detain moneys received by him on account of goods sold, although the whole of the goods consigned to him for sale may not have been sold, or although the sale may not be actually complete.

220. Agent not entitled to remuneration for business misconducted -

An agent who is guilty of misconduct in the business of the agency is not entitled to any remuneration in respect of that part of the business which he has misconducted.

221. Agent's lien on principal property -

In the absence of any contract to the contrary, an agent is entitled to retain goods, papers, and other property, whether movable or immovable, of the principal received by him, until the amount due to himself for commission, disbursements and services in respect of the same has been paid or accounted for to him.

222. Agent to be indemnified against consequences of lawful acts -

The employer of an agent is bound to indemnify him against the consequences of all lawful acts done by such agent in exercise of the authority conferred upon him.

223. Agent to be indemnified against consequences of acts done in good faith -

Where one person employs another to do an act, and the agent does the act in good faith, the employer is liable to indemnify the agent against the consequences of that act, though it causes an injury to the rights of third persons

224. Non-Liability of employer of agent to do a Criminal Act -

Where one person employs another to do an act which is criminal, the employer is not liable to the agent, either upon an express or an implied promise, to indemnify him against the consequences of that act.

225. Compensation to agent for injury caused by principal's neglect -

The principal must make compensation to his agent in respect of injury caused to such agent by the principal's neglect or want of skill.

226. Enforcement and Consequences of agent's contracts -

Contracts entered into through an agent, and obligations arising from acts done by an agent, may be enforced in the same manner, and will have the same legal consequences, as if the contracts had been entered into and the acts done by the principal in person.

227. Principal how far bound, when agent exceeds authority -

When an agent does more than he is authorised to do, and when the part of what he does, which is within his authority, can be separated from the part which is beyond his authority, so much only of what he does as is within his authority is binding as between him and his principal.

228. Principal not bound when excess of agent's authority is not separable -

Where an agent does more than he is authorised to do, and what he does beyond the scope of his authority cannot be separated from what is within it, the principal is not bound to recognise the transaction.

229. Consequences of notice given to agent -

Any notice given to or information obtained by the agent, provided it be given or obtained in the course of the business transacted by him for the principal, shall, as between the principal and third parties, have the same legal consequence as if it had been given to or obtained by the principal.

230. Agent cannot personally enforce, nor be bound by, contracts on behalf of principal -

In the absence of any contract to that effect, an agent cannot personally enforce contracts entered into by him on behalf of his principal, nor is he personally bound by them.

PRESUMPTION OF CONTRACT TO THE CONTRARY. -

Such a contract shall be presumed to exist in the following cases :-

- (1) where the contract is made by an agent for the sale or purchase of goods for a merchant resident abroad;
- (2) where the agent does not disclose the name of his principal; and
- (3) where the principal, though disclosed, cannot be sued.

231. Rights of Parties to a contract made by agent not disclosed -

If an agent makes a contract with a person who neither knows, nor has reason to suspect, that he is an agent, his principal may require the performance of the contract; but the other contracting party has, as against the principal, the same rights as he would have had as against the agent if the agent had been the principal. If the principal discloses himself before the contract is completed, the other contracting party may refuse to fulfil the contract, if he can show that, if he had known who was the principal in the contract, or if he had known that the agent was not a principal, he would not have entered into the contract.

232. Performance of contract with agent supposed to be principal -

Where one man makes a contract with another, neither knowing nor having reasonable ground to suspect that the other is an agent, the principal, if he requires the performance of the contract, can only obtain such performance subject to the rights and obligations subsisting between the agent and the other party to the contract.

233. Right of person dealing with agent personally liable -

In cases where the agent is personally liable, a person dealing with him may hold either him or his principal, or both of them, liable.

234. Consequence of Inducing agent or principal to act on belief that principal or agent will be held exclusively liable -

When a person who has made a contract with an agent induces the agent to act upon the belief that the Principal only will be held liable, or induces the principal to act upon the belief that the agent only will be held liable, he cannot afterwards hold liable the agent or principal respectively.

235. Liability of pretended agent -

A person untruly representing himself to be the authorised agent of another, and thereby inducing a third person to deal with him as such agent, is liable, if his alleged employer does not ratify his acts, to make compensation to the other in respect of any loss or damage which he has incurred by so dealing.

236. Person falsely contracting as agent not entitled to performance -

A person with whom a contract has been entered into in the character of agent, is not entitled to require the performance of it if he was in reality acting, not as agent, but on his own account.

237. Liability of principal inducing belief that agent's unauthorized acts were authorized -

When an agent has, without authority, done acts or incurred obligations to third persons on behalf of his principal, the principal is bound by such acts or obligations, if he has by his words or conduct induced such third persons to believe that such act and obligations were within the scope of the agent's authority.

238. Effect, on agreement, of misrepresentation or fraud by agent -

Misrepresentations made, or frauds committed, by agents acting in the course of their business for their principals, have the same effect on agreements made by such agents as if such misrepresentations or frauds had been made or committed, by the principals; but misrepresentations made, or frauds, committed, by agents, in matters which do not fall within their authority, do not affect their principals.

Chapter XI	Of partnership
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239-266 [Rep. By the Indian Partnership Act, 1932 (9 OF 1932), SEC. 73 And Sch. II].

Schedule

Sch. THE THE SCHEDULE Enactments repealed -

[Repealed by the Repealing and Amending Act, 1914 (10 of 1914) sec. 3 and Sch. II.

Indian Contract Act, 1872 – Bare Act PDF & Executive Summary

Introduction: Indian Contract Act, 1872 – Bare Act PDF

The Indian Contract Act 1872 Bare Act PDF (“Contract Act”) is the cornerstone of Indian commercial law. Enacted during the colonial period, it came into force on 1 September 1872 and has since provided the statutory foundation for agreements, obligations, and enforceability of promises in India. Though more than a century old, the Act continues to be one of the most relied upon statutes in both personal and corporate legal frameworks.

The Act originally dealt with contracts, contracts relating to partnerships, contracts relating to contracts of contracts (including contracts relating to contracts of contracts such as contracts relating to partnership, contracts of contracts relating to contracts of contracts like contracts of contracts of partnership, and contracts relating to contracts of contracts of agency). Over time, many provisions were carved out into separate legislations, such as the Indian Partnership Act, 1932, and the Indian Contract relating to contracts relating to contracts of contracts of contracts, but the Contract Act still governs the general principles of the law of contract and special contracts such as indemnity, guarantee, bailment, pledge, and agency.

Why the Indian Contract Act, 1872, remains vital:

- It sets the framework for valid contracts, including offer, acceptance, consideration, and consent.
- It defines the rights and obligations of parties, ensuring certainty in commercial transactions.
- It provides remedies for breach of contract, including damages, injunctions, and specific performance.
- It balances business needs with fairness and enforceability in personal and corporate dealings.
- It remains the guiding statute for students, lawyers, entrepreneurs, and businesses entering into contracts in India.

For modern businesses, the Act is not merely a legal relic but a practical compliance guide that underpins everything from employment contracts to international trade agreements. Corrida Legal's Indian Contract Act 1872 Executive Summary PDF distills these principles for easy understanding, while the Indian Contract Act 1872 PDF Corrida Legal resource provides direct access to the bare act for professionals and students.

What is the Indian Contract Act, 1872?

The Indian Contract Act 1872 Bare Act PDF is the primary legislation governing contracts in India. It defines the principles under which agreements become legally enforceable contracts and lays down the rights, duties, and remedies of parties entering into such agreements. Enacted in 1872, this Act has stood the test of time, continuing to regulate commercial and civil transactions in India even in today's complex business environment.

Originally, the Act was a comprehensive piece of legislation covering contracts, contracts relating to partnerships, contracts relating to contracts of contracts such as contracts of contracts of partnership and contracts relating to contracts of contracts relating to contracts of contracts of contracts. Over time, several parts were repealed and enacted separately — for instance, the Indian Partnership Act, 1932 and the Indian Contract relating to contracts relating to agency laws. What remains today is the general law of contracts and certain categories of special contracts such as indemnity, guarantee, bailment, pledge, and agency.

Purpose and scope in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF identifies the Act's main objectives:

- Provide certainty: ensure promises made in agreements are legally enforceable.
- Define essentials of valid contracts: including offer, acceptance, consideration, free consent, and lawful object.
- Establish rights and duties: set out the obligations of parties to a contract.
- Provide remedies for breach: such as damages, specific performance, and injunctions.
- Regulate special contracts: indemnity, guarantee, bailment, pledge, and agency.
- Promote fairness in commerce: balance contractual freedom with enforceability and justice.

This makes the Act equally relevant to personal agreements and corporate transactions.

Key aspects explained in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal highlights that the statute operates on the principle that "all agreements are contracts if they are made with free consent of competent parties, for a lawful consideration and with a lawful object, and are not expressly declared void."

Practical implications include:

- All business agreements, from employment contracts to cross-border deals, must follow the Act's essentials.
- Contracts that lack free consent or lawful object may be declared void or voidable.
- Courts in India rely heavily on this Act for deciding disputes, with case law shaping its application.
- The Act remains flexible enough to apply to modern transactions, including e-contracts and digital agreements.

Salient features in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download shows that the Act has two broad parts:

1. General Principles relating to the Law of Contract – applicable to all contracts (Sections 1 to 75).
2. Special kinds of Contracts – indemnity, guarantee, bailment, pledge, and agency.

Together, these provisions form the backbone of contractual law in India.

Structure of the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF was originally enacted as a comprehensive code covering all branches of contract law. Over time, however, several parts of the Act were repealed and re-enacted as independent legislations, leaving behind the core principles of contract law and special types of contracts. Despite these changes, the Act continues to be the bedrock of contractual obligations in India, shaping both personal agreements and business transactions.

Coverage in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF highlights that the Act is broadly divided into two parts:

1. **General Principles relating to the Law of Contract (Sections 1–75):**
 - Formation of contracts.
 - Essentials of a valid agreement (offer, acceptance, consideration, capacity, free consent, lawful object).
 - Void and voidable contracts.
 - Performance of contracts.
 - Breach of contract and remedies.
2. **Special Kinds of Contracts:**
 - Contracts of Indemnity and Guarantee.
 - Contracts relating to Bailment and Pledge.
 - Contracts of Agency.

This structure ensures that the Act covers both universal rules and specific relationships recognised under Indian law.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal notes that many provisions of the original Act were carved out into separate legislations for clarity and specialisation.

Examples include:

- Indian Partnership Act, 1932 – governing partnerships.
- Indian Contract relating to Contracts of Contract (repealed parts).
- Indian Trusts Act, 1882 – covering trusts.
- Sale of Goods Act, 1930 – dealing with contracts of sale.
- Negotiable Instruments Act, 1881 – covering promissory notes, bills of exchange, and cheques.

This process left the Contract Act with its core provisions, ensuring it remains focused on general principles and special contracts.

Table: Repealed vs Retained Provisions

Aspect	Originally in Contract Act, 1872	Status Today
General principles of contract law	Sections 1–75	Retained
Contracts relating to Partnership	Covered in original Act	Now in Partnership Act, 1932
Contracts relating to Sale of Goods	Covered in original Act	Now in Sale of Goods Act,

Aspect	Originally in Contract Act, 1872	Status Today
		1930
Contracts relating to Contracts of Contracts/Trusts	Covered in original Act	Now in Indian Trusts Act, 1882
Contracts of Indemnity, Guarantee, Bailment, Pledge, Agency	Sections retained in original Act	Still part of Contract Act

This restructuring has helped maintain clarity while ensuring the Contract Act remains the source of fundamental contractual rules.

Key Definitions under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF provides a clear framework of definitions that form the foundation of Indian contract law. These definitions help determine what constitutes a valid agreement, how obligations are created, and when such obligations become legally enforceable contracts. Courts in India continue to rely heavily on these statutory terms to resolve disputes, making them central to both legal practice and business transactions.

Important terms in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF identifies the following key definitions:

- **Contract (Section 2(h)):** An agreement enforceable by law. This highlights that not all agreements are contracts — only those backed by legal enforceability.
- **Agreement (Section 2(e)):** Every promise or set of promises forming consideration for each other. Agreement is the broader concept from which contracts are derived.
- **Proposal/Offer (Section 2(a)):** When one person signifies willingness to do or abstain from doing something with a view to obtaining assent of the other.
- **Acceptance (Section 2(b)):** When the person to whom the proposal is made signifies assent, the proposal becomes accepted and transforms into a promise.
- **Consideration (Section 2(d)):** Something of value given by the promisee or any other person at the desire of the promisor. Consideration is the backbone of a contract.
- **Free Consent (Section 13):** Consent is free when it is not caused by coercion, undue influence, fraud, misrepresentation, or mistake.
- **Void Contract (Section 2(j)):** A contract that ceases to be enforceable by law.
- **Voidable Contract (Section 2(i)):** A contract enforceable at the option of one party but not the other (e.g., where consent is obtained by coercion or fraud).
- **Competency of Parties (Section 11):** A person must be of majority age, of sound mind, and not disqualified by law to enter into a contract.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

According to Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal, these definitions continue to be the bedrock of contract law, influencing both judicial interpretation and business drafting practices.

Practical implications include:

- Contracts without consideration or free consent may be declared void or voidable.
- Businesses must ensure contracts are signed by competent parties to avoid future disputes.
- Courts strictly interpret whether an offer and acceptance are clear and unambiguous.
- Defective agreements (uncertain terms, unlawful objects) are unenforceable under Section 29 and Section 23.

This ensures that contracts are not only voluntary but also legally sound.

Relevance in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download makes it clear that these statutory definitions are not just theoretical, they guide everyday transactions, from commercial contracts to personal agreements.

Key benefits of statutory definitions:

- Certainty: ensures clarity in drafting and interpretation of contracts.
- Fairness: prevents exploitation through doctrines like free consent and lawful consideration.
- Predictability: businesses can structure contracts knowing how courts will interpret core terms.
- Flexibility: definitions are broad enough to apply to modern forms of agreements, including digital contracts.

Essentials of a Valid Contract under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF lays down the foundation for determining what agreements qualify as contracts enforceable by law. According to Section 10 of the Act, "All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void." This provision captures the essence of Indian contract law and is consistently relied upon by courts to assess the validity of agreements.

A contract that does not meet these essentials may be void or voidable, depending on the circumstances. Businesses, individuals, and legal professionals must ensure these conditions are met when drafting or entering into contracts.

Essentials listed in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF identifies the following essentials of a valid contract:

1. Offer and Acceptance:

- There must be a lawful offer by one party and lawful acceptance by the other.
- The offer and acceptance must be absolute, unqualified, and communicated clearly.

2. Lawful Consideration:

- Something of value must be exchanged between the parties.
- Consideration must be lawful and not forbidden by law.

3. Competency of Parties:

- Parties must be of the age of majority, of sound mind, and not disqualified by law (Section 11).

4. Free Consent:

- Consent must not be obtained by coercion, undue influence, fraud, misrepresentation, or mistake (Sections 13–19).

5. Lawful Object:

- The object of the agreement must not be illegal, immoral, or opposed to public policy (Section 23).

6. Certainty and Possibility of Performance:

- The terms of the contract must be clear, definite, and capable of being performed (Section 29).

7. Intention to Create Legal Relations:

- The parties must intend for the agreement to create legal obligations, particularly in commercial contexts.

8. Not Expressly Declared Void:

- Agreements expressly void under the Act (such as wagering contracts, agreements in restraint of trade, or agreements with uncertain terms) cannot be enforced.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal emphasises that these essentials are not just academic concepts, they serve as compliance checkpoints in practice.

Practical applications include:

- Commercial contracts must be reviewed for free consent to avoid challenges of fraud or misrepresentation.
- Startups and corporates must ensure clear and lawful consideration when structuring investments or agreements.
- Contracts with minors or disqualified persons are void ab initio, leading to unenforceability.
- Vague contracts (uncertain terms, incomplete obligations) may be declared void under Section 29.
- Digital and e-contracts are enforceable if they satisfy these essentials, showing the Act's adaptability to modern transactions.

Role in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download shows that essentials of a valid contract form the backbone of enforceability:

- Courts consistently examine whether contracts meet Section 10 requirements before enforcing them.
- Case law, such as *Mohori Bibee v. Dharmodas Ghose* (1903) and *Lalman Shukla v. Gauri Dutt* (1913), illustrates how the absence of essentials can make contracts void or voidable.
- This ensures a predictable framework for businesses and individuals to structure agreements.

Types of Contracts Recognised under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF classifies contracts into different categories based on their validity, enforceability, formation, and performance. This classification helps courts, businesses, and individuals understand the legal effect of agreements and how disputes should be resolved. The categorisation also clarifies which contracts are binding, which are void, and which create limited rights for the parties involved.

Classifications in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF identifies the following main types of contracts:

1. Valid Contracts

- Contracts fulfilling all essentials under Section 10 of the Act.
- Example: A contract with lawful offer, acceptance, consideration, and free consent.

2. Void Contracts (Section 2(j))

- Agreements that are not enforceable by law.
- Example: A contract with an unlawful object, or a contract with a minor.

3. Voidable Contracts (Section 2(i))

- Enforceable at the option of one party but not the other.
- Example: A contract signed under coercion or misrepresentation.

4. Illegal Contracts

- Contracts forbidden by law or opposed to public policy.
- Example: Contracts for gambling, trafficking, or other unlawful purposes.

5. Unenforceable Contracts

- Valid in substance but unenforceable due to technical defects, such as lack of stamp duty or registration.

6. Contingent Contracts (Section 31)

- Contracts dependent on the happening or non-happening of a future uncertain event.
- Example: Insurance contracts.

7. Quasi-Contracts (Sections 68–72)

- Not actual contracts but obligations imposed by law to prevent unjust enrichment.
- Example: A person receiving money by mistake is bound to repay it.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal highlights that these classifications are not merely academic but directly impact enforcement in practice.

Practical implications include:

- **Valid contracts** are binding and enforceable in courts.
- **Void contracts** create no rights or obligations, protecting parties from unlawful arrangements.
- **Voidable contracts** safeguard parties whose consent was not free, allowing them to rescind or affirm the contract.
- **Contingent contracts** are crucial in areas like insurance, construction, and financial services.
- **Quasi-contracts** ensure fairness, especially in situations where no express agreement exists but justice requires compensation.

This classification enables businesses and individuals to structure agreements with greater legal certainty.

Relevance in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download illustrates how courts apply these categories to real disputes:

- Courts test the validity of a contract against Section 10 essentials.
- If consent is defective, the agreement may become voidable.
- If the object or consideration is unlawful, the agreement is void or illegal.
- Quasi-contractual obligations are enforced even without an express agreement to prevent unjust enrichment.

Performance of Contracts under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF provides a detailed framework for the performance of contracts, which means carrying out the obligations undertaken by the parties. Performance is central to contract law because a contract is not merely an agreement, it is a promise enforceable by law. Once a contract is formed, the parties must perform their respective duties within the agreed time and manner, unless excused under law.

Failure to perform contractual obligations leads to breach, triggering remedies such as damages, specific performance, or injunctions. Thus, performance is the stage where the promises made in a contract are tested in practice.

Rules on performance in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF outlines the key rules governing performance of contracts:

1. **By parties themselves (Section 37):**
 - Promises must be performed by the promisor or their authorised agent, unless personal skill or qualification is involved.

2. By representatives:

- On the death of a promisor, their representatives are bound to perform contractual obligations, unless the contract is personal in nature.

3. Joint promises (Sections 42–45):

- When two or more persons make a joint promise, all are jointly responsible.
- A promisee may compel performance by any one of the promisors.
- Promisors can claim contribution from co-promisors.

4. Time and place of performance (Sections 46–50):

- If no time is specified, performance must be within a reasonable time.
- If a time is fixed, the promisor must perform on or before that date.
- Performance must be at the place agreed upon or in a reasonable location.

5. Reciprocal promises (Sections 51–54):

- Where performance depends on prior performance by the other party, obligations are sequential.
- Contracts involving reciprocal promises may be simultaneous or dependent in nature.

6. Appropriation of payments (Sections 59–61):

- Rules apply when a debtor owes several debts to a creditor and makes payment without specifying which debt is being discharged.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's commentary on the Indian Contract Act 1872 PDF Corrida Legal notes that performance rules protect both business certainty and fairness.

Practical insights include:

- Joint liability ensures that creditors are not left uncompensated where multiple parties are involved.
- Rules on reciprocal promises are critical in construction, supply, and service contracts.
- Time-bound obligations are especially relevant in commercial agreements, where delay can amount to breach.
- Appropriation of payments provides clarity in debtor–creditor relationships, reducing disputes.

This makes the performance framework vital for day-to-day commercial transactions.

Relevance in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download provides statutory certainty to businesses and individuals by codifying performance obligations.

Key aspects include:

- Courts can compel performance where obligations are clear and certain.
- Non-performance gives rise to legal remedies, protecting the innocent party.

- Contract law distinguishes between substantial performance and non-performance, ensuring fairness in enforcement.

Discharge of Contracts under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF not only governs the creation and performance of contracts but also sets out the circumstances under which contracts come to an end. This termination of contractual obligations is referred to as the discharge of contract. Once discharged, neither party is bound to perform further duties under the agreement.

Understanding discharge is crucial for businesses and individuals alike, as it defines when parties are legally free of obligations and when remedies may be sought for breach.

Modes of discharge in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF identifies the following key modes of discharge:

1. **By performance (Section 37):**
 - When both parties fulfill their respective obligations, the contract naturally comes to an end.
2. **By mutual agreement (Sections 62–63):**
 - A contract may be discharged through novation (substitution of a new contract), rescission (cancellation), or alteration (change in terms).
3. **By impossibility of performance (Section 56):**
 - Known as *doctrine of frustration*. If performance becomes impossible or unlawful, the contract is void.
 - Example: Contracts frustrated due to natural disasters or changes in law.
4. **By lapse of time (Limitation Act, 1963):**
 - If claims are not brought within the prescribed limitation period, contractual rights are extinguished.
5. **By breach of contract:**
 - If one party refuses or fails to perform, the other party may treat the contract as discharged and claim remedies.
6. **By operation of law:**
 - Insolvency, merger of rights, or material alteration of the contract can discharge obligations.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal underlines that discharge doctrines balance certainty with flexibility:

- Parties are encouraged to perform but may be relieved when performance becomes impossible or unlawful.

- Mutual discharge (novation or alteration) allows businesses to adapt to changing circumstances without litigation.
- Courts carefully apply the doctrine of frustration to prevent misuse while ensuring fairness.
- Breach-triggered discharge ensures that innocent parties are not bound to unfulfilled promises.

For businesses, understanding discharge provisions helps in drafting exit clauses, force majeure clauses, and limitation terms.

Relevance in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download provides statutory certainty for termination of obligations:

- Courts enforce contracts strictly unless valid grounds for discharge are proven.
- Case law, such as *Satyabrata Ghose v. Mugneeram Bangur & Co.* (1954), illustrates how impossibility and frustration doctrines are applied.
- The Act recognises both voluntary discharge (performance, mutual agreement) and involuntary discharge (impossibility, breach, operation of law).

Breach of Contract and Remedies under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF recognises that not all contracts are performed as promised. When one party fails to perform their obligations or expresses unwillingness to do so, a breach of contract occurs. A breach may be actual (failure at the time of performance) or anticipatory (a declaration in advance that performance will not be carried out).

The Act provides various remedies for breach, ensuring that the innocent party is protected and compensated. These remedies are crucial for maintaining confidence in commercial and personal transactions.

Types of breach in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF categorises breach of contract as:

1. **Actual Breach:**
 - Occurs when a party refuses or fails to perform obligations when performance is due.
 - Example: A supplier fails to deliver goods on the agreed date.
2. **Anticipatory Breach:**
 - Occurs when a party declares before the due date that they will not perform.
 - Example: A contractor informs the client in advance that work will not be completed.

Remedies for breach in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal highlights the statutory remedies available to an aggrieved party:

1. **Damages:**
 - **Compensatory damages:** to put the injured party in the position they would have been in if the contract was performed.

- **Special damages:** awarded for losses arising from special circumstances communicated at the time of contract (as per *Hadley v. Baxendale*).
 - **Liquidated damages:** pre-agreed sum payable on breach, provided it is reasonable.
 - **Nominal damages:** token compensation where no substantial loss is proved.
2. **Specific Performance (Specific Relief Act, 1963):**
- Court orders the defaulting party to perform contractual obligations, often in cases of unique goods or immovable property.
3. **Injunction:**
- A court order restraining a party from doing something that breaches the contract.
4. **Quantum Meruit (Sections 70–72):**
- “As much as earned” — allows a party to claim payment for partial performance or benefits conferred where a contract is void or unenforceable.

Enforcement under the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download ensures that remedies are legally enforceable through courts:

- Courts assess whether loss is direct, proximate, and foreseeable.
- Damages are not meant to punish but to compensate (*Koufos v. Czarnikow Ltd* principle).
- Specific performance is granted where damages are inadequate (e.g., sale of land).
- Injunctions are used to restrain breaches in sensitive contracts (e.g., employment, IP rights).
- Quantum meruit claims prevent unjust enrichment in incomplete contracts.

Special Categories of Contracts under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF not only lays down general principles of contract law but also deals with certain special categories of contracts that are integral to commercial and personal dealings. These contracts involve specific relationships and obligations beyond ordinary agreements and continue to play a critical role in modern business, trade, and banking transactions.

Special contracts in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF highlights the following key categories:

1. **Contracts of Indemnity (Sections 124–125):**
 - A contract by which one party promises to save the other from loss caused by the conduct of the promisor or another person.
 - Example: An insurance contract where the insurer indemnifies the insured for specified losses.
2. **Contracts of Guarantee (Sections 126–147):**
 - A contract where a surety undertakes to discharge the liability of a third party in case of default.

- Involves three parties: principal debtor, creditor, and surety.
- Example: A bank guarantee for a loan.

3. **Contracts of Bailment (Sections 148–181):**

- Delivery of goods by one person (bailor) to another (bailee) for a purpose, upon a contract that the goods shall be returned.
- Example: Leaving clothes at a dry cleaner.

4. **Contracts of Pledge (Sections 172–181):**

- A type of bailment where goods are delivered as security for repayment of a debt or performance of a promise.
- Example: Pledging gold with a bank to secure a loan.

5. **Contracts of Agency (Sections 182–238):**

- A relationship where an agent is authorised to act on behalf of the principal and create contractual relations with third parties.
- Example: A real estate broker negotiating a property sale on behalf of the owner.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal emphasises that these contracts remain essential in today's business environment:

- **Indemnity & Guarantee** contracts are the backbone of banking, insurance, and financial services.
- **Bailment & Pledge** govern everyday transactions like warehousing, logistics, and secured loans.
- **Agency** contracts are fundamental for corporate operations, from appointing distributors to engaging agents for negotiations.

Their statutory recognition ensures predictability and fairness in complex commercial relationships.

Enforcement under the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download provides legal enforceability to these categories:

- Rights and duties of indemnifiers, sureties, bailors, bailees, pledgors, and agents are clearly defined.
- Courts consistently uphold the validity of special contracts, subject to essentials of consent, consideration, and lawful object.
- Disputes often centre on scope of authority (agency), liability of sureties (guarantee), or rights of lien and return (bailment and pledge).

Landmark Case Laws under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF has been extensively interpreted by Indian and English courts for over 150 years. Landmark judgments have clarified the meaning of consent, consideration, breach, and enforceability, shaping the way contracts operate in practice. These cases remain essential for law students, practitioners, and businesses relying on contractual frameworks.

Notable cases in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF highlights the following landmark judgments:

1. **Carlill v. Carbolic Smoke Ball Co. (1893):**
 - Established the principle that a unilateral offer to the public can become binding if accepted through conduct.
2. **Mohori Bibee v. Dharmodas Ghose (1903):**
 - Held that a minor's contract is void ab initio; minors are not competent to contract under Section 11.
3. **Hadley v. Baxendale (1854):**
 - Defined the rule for damages: losses must be foreseeable and flow naturally from the breach.
4. **Lalman Shukla v. Gauri Dutt (1913):**
 - Established that acceptance of an offer requires knowledge of the offer; mere performance without awareness does not constitute acceptance.
5. **Central Inland Water Transport Corporation v. Brojo Nath Ganguly (1986):**
 - Reinforced the principle that contracts with unfair or unconscionable terms may be struck down as opposed to public policy.

Table: Landmark Cases and Principles

Case	Principle Established
<i>Carlill v. Carbolic Smoke Ball Co.</i> (1893)	Unilateral offers accepted by conduct are binding.
<i>Mohori Bibee v. Dharmodas Ghose</i> (1903)	A minor's contract is void ab initio.
<i>Hadley v. Baxendale</i> (1854)	Damages limited to foreseeable losses.
<i>Lalman Shukla v. Gauri Dutt</i> (1913)	Knowledge of the offer is necessary for acceptance.
<i>Central Inland Water Transport v. Brojo Nath</i> (1986)	Unconscionable terms may render contracts void as against public policy.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal notes that these cases are not just historic but practically relevant today:

- Businesses must draft contracts with fairness to avoid challenges under public policy.
- Parties should clearly define terms to avoid disputes on consent or consideration.
- Courts continue to apply *Hadley v. Baxendale* when awarding damages in breach of contract claims.
- Contracts with minors or legally incompetent parties remain void, ensuring protection for vulnerable individuals.

Impact on Businesses and Commerce under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF remains one of the most critical pieces of legislation for Indian businesses, even after more than a century since its enactment. Every commercial transaction, whether it is the supply of goods, provision of services, employment relationships, financial agreements, or cross-border trade, operates within the framework of this Act. By laying down the essentials of valid contracts, remedies for breach, and rules for special contracts, the Act provides the legal certainty and predictability needed for commerce to thrive.

Business relevance in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF highlights the following areas where the Act directly impacts business and commerce:

- **Corporate transactions:** contracts form the backbone of mergers, acquisitions, shareholder agreements, and joint ventures.
- **Employment law:** appointment letters, non-disclosure agreements (NDAs), and non-compete clauses are governed by contract principles.
- **Banking and finance:** contracts of indemnity and guarantee are integral to lending, securities, and insurance.
- **Logistics and trade:** bailment and pledge provisions apply to warehousing, transport, and secured loans.
- **Digital commerce:** e-contracts, online terms of service, and clickwrap/shrinkwrap agreements are enforceable if they satisfy essentials of Section 10.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal notes that businesses must carefully align their practices with statutory principles to avoid disputes.

Practical implications include:

- Drafting contracts with certainty, lawful consideration, and free consent to ensure enforceability.
- Incorporating clear dispute resolution clauses (arbitration/mediation) to reduce litigation risk.
- Ensuring compliance with doctrine of public policy, so that unfair terms are not struck down.
- Recognising enforceability of digital and cross-border contracts, subject to Indian jurisdiction rules.
- Using special contracts (guarantee, agency, pledge) strategically in financial and trade dealings.

Importance in the Bare Act PDF Indian Contract Act 1872 Download

The Bare Act PDF Indian Contract Act 1872 Download makes it clear that businesses cannot function without relying on its provisions.

- The Act provides legal remedies in case of breach, ensuring commercial confidence.
- It protects businesses from fraud, misrepresentation, and coercion in contractual dealings.
- Courts interpret contracts strictly based on statutory provisions, creating a predictable framework for commerce.

- Even modern practices like smart contracts and digital signatures are tested against the essentials under this Act.

Practical Checklist for Drafting Valid Contracts under the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF lays down clear essentials for valid contracts, but in practice, businesses and individuals often overlook key elements that later lead to disputes. A practical checklist ensures that contracts meet statutory requirements and remain enforceable in Indian courts. This is particularly important for startups, corporates, and professionals who routinely engage in contractual arrangements.

Checklist in the Indian Contract Act 1872 Executive Summary PDF

The Indian Contract Act 1872 Executive Summary PDF highlights the following points to be verified before finalising a contract:

- 1. Lawful Offer and Acceptance**
 - Ensure the contract has a clear proposal and absolute acceptance.
 - Avoid vague or conditional acceptance, as it may invalidate the contract.
- 2. Consideration**
 - Verify that the agreement involves lawful consideration (something of value exchanged).
 - Ensure consideration is not prohibited by law or public policy.
- 3. Competency of Parties**
 - Confirm that all parties are above 18 years, of sound mind, and not disqualified under law.
 - Contracts with minors or disqualified persons are void ab initio.
- 4. Free Consent**
 - Ensure consent is not obtained through coercion, fraud, undue influence, or misrepresentation.
 - Insert representations and warranties in commercial contracts to reduce risks.
- 5. Lawful Object**
 - Confirm that the object of the contract is legal, moral, and not against public policy.
 - Avoid clauses that may be struck down as unconscionable.
- 6. Certainty of Terms**
 - Draft terms with clarity regarding rights, duties, timelines, and obligations.
 - Avoid ambiguous or uncertain language (Section 29).
- 7. Possibility of Performance**
 - Ensure the obligations can be legally and physically performed.
 - Impracticable contracts may be declared void for impossibility.

8. **Not Expressly Declared Void**

- Verify that the agreement is not of a type expressly void under the Act (e.g., wagering, restraint of trade).

9. **Compliance with Formalities**

- Where required, ensure contracts are in writing, stamped, and registered.
- For e-contracts, ensure compliance with the Information Technology Act, 2000.

10. **Dispute Resolution Clause**

- Include arbitration/mediation clauses to reduce litigation risk.
- Specify jurisdiction for resolving disputes.

Corrida Legal's analysis in the Indian Contract Act 1872 PDF Corrida Legal

Corrida Legal's review of the Indian Contract Act 1872 PDF Corrida Legal stresses that a well-drafted contract not only ensures enforceability but also minimises litigation risk. Businesses should adopt contract management practices that:

- Review agreements against statutory essentials.
- Maintain updated templates for NDAs, service agreements, and vendor contracts.
- Integrate digital signatures and e-stamping for validity.
- Regularly audit contracts for compliance with changing laws.

Executive Summary of the Indian Contract Act, 1872

The Indian Contract Act 1872 Bare Act PDF forms the bedrock of Indian commercial and civil law, governing how agreements become legally enforceable contracts. Enacted on 1 September 1872, it continues to regulate both personal and business transactions with clarity and predictability.

Key highlights include:

- **Foundation of contract law:** Defines the essentials of valid contracts — offer, acceptance, consideration, free consent, lawful object, and competent parties.
- **General principles:** Sections 1–75 govern all contracts, from formation to performance, breach, and remedies.
- **Special contracts:** Covers indemnity, guarantee, bailment, pledge, and agency — vital in finance, trade, and logistics.
- **Classifications:** Recognises valid, void, voidable, contingent, quasi-contracts, and illegal contracts.
- **Performance rules:** Sets obligations for joint promises, reciprocal promises, and time/place of performance.
- **Discharge of contracts:** Contracts may end by performance, mutual agreement, impossibility, lapse of time, or breach.

- **Breach & remedies:** Provides remedies such as damages, specific performance, injunctions, and quantum meruit.
- **Competency of parties:** Excludes minors, persons of unsound mind, and those disqualified by law (e.g., *Mohori Bibee v. Dharmodas Ghose*).
- **Case law foundations:** Key judgments like *Carlill v. Carbolic Smoke Ball*, *Hadley v. Baxendale*, and *Lalman Shukla v. Gauri Dutt* continue to guide interpretation.
- **Commercial impact:** Applies to employment, corporate transactions, e-contracts, and digital commerce, ensuring enforceability in modern contexts.
- **Fairness doctrine:** Courts may strike down unconscionable contracts as opposed to public policy.
- **Enduring relevance:** Even after 150 years, the Act remains the central framework for enforceable promises in India.

Conclusion

The Indian Contract Act 1872 Bare Act PDF continues to serve as the cornerstone of Indian commercial and civil law, despite being enacted over 150 years ago. By defining what makes an agreement a legally enforceable contract, the Act provides the certainty and predictability required for trade, business, and personal transactions. Its dual framework of general principles and special contracts ensures that the law remains broad enough to cover diverse situations while detailed enough to govern specific relationships such as indemnity, guarantee, bailment, pledge, and agency.

Over the years, courts have enriched the Act through landmark judgments, clarifying doctrines such as free consent, lawful consideration, foreseeability of damages, and public policy. This judicial interpretation has allowed the Act to adapt to modern contexts, including digital agreements, e-commerce, and international trade contracts, without losing its foundational relevance.

Key takeaways:

- The Act establishes the essentials of valid contracts and provides remedies for breach.
- It governs special contractual relationships critical to finance, trade, and commerce.
- Judicial precedents ensure the law evolves with contemporary business practices.
- Even in the digital age, the Act applies to electronic contracts and online transactions.
- Corrida Legal's Indian Contract Act 1872 Executive Summary PDF distils these principles for businesses, students, and professionals.