

- REGISTRATION NO. : BA.LLB/3-19/M01074
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- TITLE OF ASSIGNMENT: ESSENTIALS OF THE
VALID CONTRACT
- TITLE OF COURSE: LAW OF CONTRACT 1
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DEFINATION OF CONTRACT:-

In order to understand a valid contract it is essential to understand what is a contract?

Following are various definitions of contract:

According to Anson:

“A contract is a lawful agreement between two or more persons, by which rights to act or to give in to the other or others shall be acquired by one or more persons.”

According to Section 2(h) of Contract Act, 1872:

“An agreement enforceable by law is a contract.”

According to Sir Frederic Pollock:

“All law-enforceable deals and commitments are a contract.”

Under section 10 of the contractual law of 1872, all contracts are contracts if they are concluded for legal consideration and with legal intent and are not hereby declare null and void by free consent of parties liable for contracting.

ESSENTIAL OF A VALID CONTRACT:-

Various essentials of a valid contract can be described as under:

PROPOSAL:

If a person shows his or her willingness to do or not do something in order to get the other person's acceptance of this act or abstinence, then he or she will make a proposal.

a) ACCEPTANCE:

The proposal is said to be approved when the person to whom the proposal is made shows their acceptance.

b) AGREEMENT:

The proposal and acceptance must be a lawful. A proposal when accepted becomes a promise or agreement.

c) LEGAL RELATIONSHIP:

There must be legal connections between the parties in the agreement. The social or domestic arrangement does not establish any legal relationship and, as such, cannot produce a contract which is legally enforceable.

For a legitimate contract, it is therefore necessary that both parties be prepared to create a legal relationship.

d) **FREE CONSENT:**

The agreement must have been made by free consent of both the parties i.e. when they agree upon the same thing in the same sense. Section 10 of the Contract Act says that all agreements are contract if they are made by the free consent of the parties.

Section 14 of the Contract Act defines free consent as, "Consent is said to be free when it is not caused by:-

- I. Coercion
- II. Undue influence
- III. Fraud
- IV. Misrepresentation
- V. Mistake

e) **Capacity to contract:**

A second important feature of a legal contract is that it must be empowered by the parties to conclude a contract. Under Section 10, a contract shall become a contract when it is concluded between the contracting parties.

Section 11 clarifies that every person is competent to contract who is:

- a) Of age of majority
- b) Of sound mind; and
- c) Who is not disqualified from contracting by a law to which he is subject.

This means that a person who is of age of majority, sound mind, and is not disqualified by any law may enter into a contract.

f) **Certainty of meaning:-**

A legal requirement of a valid offer to contract; that it must be precise and definite in order to be enforceable because it is so vague or uncertain that no definite meaning can be given to it without adding further terms.

g) **Possibility of performance:-**

A legal contract shall be void if an undesirable arrangement is void. The contract cannot be implemented by law because the act is illegal or physically difficult to execute.

h) Lawful consideration:

When at the desire of the promisee, the promisee or any other person has done or abstained from doing, or does or abstained from doing, or promises to do or to abstain from doing, something, such act or abstinence or promise is called a consideration of the promisee.

i) Legal formalities:

Formalities are those requirements relation to the outward, visible form on which the agreement must be cast to create a valid contract.