

Indian Contract Act 1872

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INTRODUCTION

- This Act was **Enacted on 25 April 1872 and Commenced on 1 September 1872.**
- It is applicable to all the states of India.
- The Act as enacted originally **had 266 Sections.**
- General Principles of Law of Contract – **Sections 01 to 75**
- Contract relating to Sale of Goods – Sections 76 to 123
- Special Contracts-Indemnity, Guarantee, Bailment & Pledge and Agency – **Sections 124 to 238**
- Contracts relating to Partnership – Sections 239 to 266

- Agreement -An arrangement (usually informal) between two or more parties that is not enforceable by law.

- Contract -An agreement enforceable by law is a contract.

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

Hence all contracts are agreements but all agreements are not contracts.

ESSENTIALS OF VALID CONTRACT

- 1.Offer & acceptance.
- 2.Intention to create legal relationship.
- 3.Consideration.
- 4.Capacity to contract.
- 5.Free consent
- 6.Legality of object
- 7.Possibility of performance. & Writing & registration

TYPES OF Contact

Express Contact -When offer is given to another person **either in writing or in oral.**

•**Implied Contact** -When offer is given to another person **neither in writing nor in oral.**

•**Specific Contact** -When offer is given to a **specific person.**

•**General Contact** -When offer is given **to entire world at a large.** (CarlillVs. Carbolic smoke ball Co.,)

•**Cross Contact** -When both the **persons are making identical offers to each other in ignorance of other's offer.**

•**Standing Contact** -An offer which remains continuously enforceable **for a certain period of time.**

QUASI CONTRACT

- Quasi contract is a **pseudo-contract defined** under Sections 68 –72 of the Indian **Contract Act**, 1872
- There are cases where the law implies a promise and imposes obligations on one party while conferring rights to the other even **when the basic elements of a contract are not present**.
- These promises are not legal contracts, but the Court recognizes them as relations resembling a contract and enforces them like a contract.
- **The right is not available against everyone in the world** but only against a specific person(s). Hence it resembles a contractual right.

SPECIAL CONTRACTS

1.CONTRACT OF INDEMNITY

2.CONTRACT OF GURANTEE

3.CONTACT OF BAILMENT

4.CONTRACT OF PLEDGE

CONTRACT OF INDEMNITY

The term Indemnity literally means “Security against loss”. In a contract of indemnity one party –i.e. **the indemnifier promise** to compensate the other party i.e. **the indemnified** against the loss suffered by the other.

- The definition of a contract of indemnity as laid down in **Section 124** –“A contract by which one party promises to save the other from loss caused to him by the conduct of the promisorhimself, or by the conduct of any other person, is called a contract of indemnity.

CONTRACT OF GUARANTEE

As per [section 126 of Indian Contract Act, 1872](#), Contract of Guarantee means a [contract](#) to [perform the promises made or discharge the liabilities of the third person](#) in case of his failure to discharge such [liabilities](#).

CONTRACT OF BAILMENT

According to [section 148 of The Indian Contract Act, 1872](#), Bailment means delivery of goods from one person to another person **for some purpose**.

- **On the accomplishment of such purpose, the person receiving the goods returns or otherwise disposes of them as per the instructions** of the person delivering them.
- In case of a [contract](#) of bailment, there is only the change of [possession](#) and not [ownership](#).

CONTRACT OF PLEDGE

A **BAILMENT** or delivery of **PERSONAL PROPERTY** to a creditor **as security** *for a debt or for the performance of an act.*

- Sometimes called **bailment**, pledges are a form of security to assure that a person will repay a debt or perform an act under contract.
- In a pledge **one person temporarily gives possession** of property to another party.

CONTRACT OF AGENCY

Agency can be defined as the relationship **between two persons**, wherein a person has the authority to act on behalf of another, bind him/her into a legal relationship with the third party.

- Contract of Agency is based on the fact **that one person cannot perform all the transactions** and so he can appoint another perform or act on his behalf.

THANK YOU