

## Part: - 1 The Indian Contract

### Act, 1872

## Chapter 1:- Nature and Kinds of Contracts

### 1. INTRODUCTION AND DEFINITION OF CONTRACT

1. The law relating to contracts is contained in

- (a) The Contract Act, 1782
- (b) The Contract Act, 1872
- (c) The Indian Contract Act, 1872
- (d) The Indian Contract Act, 1782.

2. The Indian Contract Act, applies to the

- (a) Whole of India including Jammu & Kashmir
- (b) Whole of India excluding Jammu & Kashmir
- (c) States notified by the Central Government from time to time.
- (d) States notified by the appropriate Government every year.

3. The Indian Contract Act came into force on

- (a) 1st September, 1872
- (b) 15th September, 1872
- (c) 1st October, 1872
- (d) 15th October. 1872.

4. The general principles of the law of contract are contained in

- (a) Sections 1 to 75
- (b) Sections 76 to 123
- (c) Sections 124 to 238
- (d) Section 10.

5. The general principles of law of contract applied to all kinds of contract irrespective of their nature.

- (a) True, as sections 1 to 75 lay down the general principles of law of contract
- (b) False, as for special kinds of contracts there are specific provisions in the respective laws.

6. Which of the following eminent jurists has defined the contract as an agreement creating and defining obligations between the parties?

- (a) bullock
- (b) Halsburry
- (c) Salmons
- (d) Anson.

7. The term 'contract' is defined in which of the following sections of the Indian Contract Act?

- (a) Section 2 (a)
- (b) Section 2 (b)
- (c) Section 2 (e)
- (d) Section 2 (h)

8. Which of the following statement is incorrect?

- (a) An agreement enforceable by law is a contract.
- (b) Every agreement is a contract.
- (c) An agreement is an accepted proposal.
- (d) A promise is defined in Section 2 (b) of the Act.

9. A proposal when accepted become a

- (a) Promise (b) offer
- (c) Acceptance (d) contract.

10. An agreement is \_\_\_\_\_

- (a) Offer + enforceability
- (b) Offer + legal obligation
- (c) Offer + acceptance
- (d) Offer only.

11. A contract is \_\_\_\_\_

- (a) Offer + acceptance
- (b) Agreement + enforceability
- (c) Offer + enforceability
- (d) Offer + legal obligations.

12. "Every agreement and promise enforceable at law is a contract". This definition is given by

- (a) Salmons                      (b) Anson
- (c) Halsbury                      (d) Pollock.

13. Which of the following equation is correct?

- (a) Contract = agreement + enforceability
- (b) Agreement = offer + acceptance
- (c) Both (a) and (b)
- (d) None of the above.

14. The conditions of enforceability of an agreement are laid down in y

- (a) Section 2 (a)
- (b) Section 2 (e)
- (c) Section 9
- (d) Section 10.

15. Which of the following legal statement is incorrect?

- (a) All agreements are contracts [Section 10].
- (b) An agreement enforceable by law is a contract [Section 2 (a)].
- (c) A proposal when accepted becomes a promise [Section 2 (b)].
- (d) Every promise and every set of promise forming the consideration for each other is agreement [Section 2 (e)].

16. The law of contract creates the right known as

- (a) Jus in rem
- (b) Jus in personam

(c) Consensus ad idem

(d) None of these.

17. A jus in personam means a right against

- (a) A specific person
- (b) The public at large
- (c) A specific thing
- (d) None of these.

18. All contracts are agreements but all agreements are not contracts.

- (a) True, as it's is the legal position on the point.
- (b) False, as all agreements are contracts but all contracts are not agreements.

19. as per section 10 which of the following is not a condition for the enforceability of agreement?

- (a) An agreement must be made by the free consent of the parties.
- (b) An agreement must be made by the parties who are competent to contract.
- (c) An agreement must not be certain in its meaning.
- (d) An agreement must not be expressly declare to be void.

20. An agreement enforceable by law, is known as

- (a) Promise
- (b) contract
- (c) Acceptance
- (d) obligation.

21. A contract is an agreement

- (a) Enforceable by law
- (b) to indulge in litigation
- (c) With malafide intention
- (d) for social obligations.

## 1.2. ESSENTIAL ELEMENTS OF A VALID CONTRACT

1. Which of the following is not an essential element of a valid contract?

- (a) Registration of agreement
- (b) Free consent of parties
- (c) Competency of parties
- (d) Lawful consideration and object.

2. All agreements are contracts if they are made

- (a) By free consent of parties.
- (b) For a lawful consideration,
- (c) With a lawful object.
- (d) all of these.

3. An agreement expressly declared to be void will be enforceable only if it is made by free consent of parties competent to contract, for a lawful consideration and with a lawful object.

- (a) True, as per section 10 if these conditions are fulfilled an agreement becomes an enforceable contract.
- (b) False, a section 10 requires that for enforceability, in addition to these requirements, an agreement must not be expressly declared to be void.

4. An offer and its acceptance is the basic requirement of an agreement and as per this requirement an offer by one party

- (a) Should be made to the other who is related to him.
- (b) May also be made to himself.
- (c) Should be made to another who may or may not be related to him.
- (d) Should be made to another before the Registrar.

5. In an agreement there must be two parties.

- (a) True, as there must be an offer by one party and its acceptance by the other.
- (b) False, as an agreement made by a person with himself is also recognised under law.

6. The parties to an agreement must agree upon the same thing in the same sense, this means that there must be:

- (a) Free consent
- (b) consensus ad idem
- (c) Capacity to contract
- (d) none of these.

7. A owned two horses one white and the other brown. He offered to sell one horse to B and while making offer, A had white horse in mind. B accepted the offer thinking that it was made for brown horse. In this case, no agreement came into existence as there is no

- (a) free consent
- (b) competency to contract
- (c) consensus ad idem
- (d) jus in personam.

8. An agreement is a contract if it gives rise to (i.e., creates)

- (a) Moral obligation
- (b) social obligation
- (c) legal obligation
- (d) all of these.

9. Free consent is an essential element of a valid contract and the consent of a party is not free where it is obtained by

- (a) Fraud
- (b) coercion

- (c) Undue influence
- (d) all of these.

10. Competency (or capacity) of the parties being an essential elements of a valid contract, an agreement with the following persons is not enforceable in a court of law

- (a) Minors
- (b) persons of unsound mind
- (c) Government employees
- (d) both (a) and (b).

11. An agreement with a party who is not competent to contract, is

- (a) void
- (b) voidable
- (c) Valid
- (d) illegal.

12. An agreement must be supported by a lawful consideration which means that the consideration should not be

- (a) Forbidden by law
- (b) Immoral
- (c) Opposed to public policy
- (d) all of these.

13. A and B entered into an agreement for the division of gain, among them, which is to be acquired by them by fraud. It is not a valid agreement because

- (a) Its object is unlawful.
- (b) Its consideration is unlawful.
- (c) It is expressly declared to be void.
- (d) It is an executory agreement

14. A agrees to pay Rs. 50,000/- to B if he (B) does not marry throughout his life. B promised not to marry at all. It is not a valid agreement because an agreement in restraint of marriage

- (a) Should be entered through guardians.
- (b) Is expressly declared to be void.
- (c) Is voidable at the option of promisee.
- (d) Is without consideration.

15. A agrees to sell his white car to B for Rs. 50,000/- or Rs. 70,000/-. It is not a valid agreement as it is

- (a) Forbidden by law
- (b) For unlawful consideration
- (c) Not certain
- (d) Impossible.

16. An agreement the meaning of which is uncertain, is

- (a) Void
- (b) Valid
- (c) Voidable
- (d) illegal.

17. An agreement to do an impossible act, is

- (a) Voidable
- (b) Valid
- (c) Void.
- (d) illegal.

### 1.3 KINDS OR CLASSIFICATION OF CONTRACTS

1. According to enforceability (i.e. legal validity), the contracts may be classified as

- (a) Valid contracts
- (b) Void contracts
- (c) Voidable contrasts
- (d) all of these.

2. A valid contract is one which

- (a) is enforceable at the option of one party.
- (b) Satisfies the conditions of enforceability laid down in Section 10.
- (c) is enforceable at the direction of the court.
- (d) not enforceable in a court of law.

3. A void contract is one which

- (a) is enforceable at the option of one party.
- (b) is enforceable at the option of both the parties.
- (c) is enforceable at the direction of court.
- (d) Ceases to be enforceable by law.

4. A voidable contract is one which

- (a) Can be enforced at the option of aggrieved party.
- (b) Can be enforced at the option of both the parties.
- (c) is enforceable at the direction of the court.
- (d) Is forbidden by the courts of law.

5. In the Indian Contract Act, a void contract is legally defined in

- (a) Section 2 (h)
- (b) Section 2 (i)
- (c) Section 2 (j)
- (d) Section 2 (k)

6. In the Indian Contract Act, a voidable contract is legally define in

- (a) Section 2 (h)
- (b) Section 2 (i)
- (c) Section 2 (j)
- (d) Section 2 (k)

7. Which of the following statement is incorrect?

- (a) An agreement enforceable at the option of one party but not at the option of the other. is a voidable contract.
- (b) A contract which ceases to be enforceable by law becomes void when its ceases to be enforceable.
- (c) A void contract can be originally entered into between the parties.
- (d) A void contract cannot be originally entered into between the parties.

8. A promised to marry B. Later on B died. This contract of marriage

- (a) Becomes void on the death of B.
- (b) Is void from the very beginning.
- (c) Is valid as A should now marry B's relative.
- (d) Is illegal being forbidden by law?

9. Which of the following statement is incorrect?

- (a) A voidable contract is valid till it is avoided by the party entitled to do so.
- (b) The aggrieved party may or may not avoid the voidable contract.
- (c) The aggrieved party must avoid (i.e., put an end to) the voidable contract.
- (d) In voidable contract consent of one party is not free.

10. An agreement enforceable by law, under the Indian Contract Act, may be

- (a) In writing only
- (b) Oral only
- (c) Registered only
- (d) Either (a) or (b).

11. A valid contract, under the Indian Contract Act, may be

- (a) Express only
- (b) Implied only
- (c) Either (a) or (b)
- (d) Registered only.

12. An express contract is one which is made

- (a) In writing only.
- (b) By words of mouth only,
- (c) In writing or by words of mouth.
- (d) On a stamp paper.

13. An implied contract is one which comes into existence on account of

- (a) Act or conduct of the parties.
- (b) Non-availability of a paper for writing,
- (c) Inability of the parties to write or speak.
- (d) Directions given by a court of law.

14. A went into a restaurant and took a cup of tea, there is

- (a) no contract by A to pay for the cup of tea.
- (b) An implied contract that he will pay for the cup of tea.
- (c) An express contract to pay to the cup of tea.
- (d) a quasi contract to pay for the cup of tea.

15. A, a tradesman, left certain goods at B's house by mistake B treated and used the goods as his own. In this case, B is

- (a) Not liable to pay for the goods.
- (b) Liable to be prosecuted under law.
- (c) Liable to pay for the goods.
- (d) Bound to inform police.

16. An implied contract, even if not in writing on express words, is perfectly valid if other conditions are satisfied.

- (a) True, as an implied contract has the same effect as an express contract.
- (b) False, as the Indian Contract Act recognizes only express contracts.

17. A contract in which only one party has to perform his obligation is a contract with executed consideration and is known as

- (a) Executed contract
- (b) Executor contract
- (c) Unilateral contract
- (d) Bilateral contract.

18. A contract in which both the parties have to perform their obligation is a contract with executory consideration as is known as

- (a) Executed contract
- (b) Executory contract
- (c) Unilateral contract
- (d) Bilateral contract.

19. A contract in which, under the terms of a contract, nothing remains to be done by either party is known as

- (a) Executed contract
- (b) Executory contract
- (c) Unilateral contract
- (d) None of these-

20. A contract in which, under the terms of a contract, one or both the parties have still to perform their obligations in future, is known as

- (A) Executed contract
- (b) Executory contract
- (c) Unilateral contract

(d) None of these

### 1.1 INTRODUCTION AND DEFINITION OF CONTRACT

Answer :

1 c	2b	3a	4a
5a	6c	7d	8
9a	10c	11	12d
13c	14d	15a	16
17a	18a	19c	20
21a			

### 1.2 ESSENTIAL ELEMENTS OF A VALID CONTRACT

Answer:

1a	2d	3b	4c
5a	6b	7c	8c
9d	10d	11a	12d
13a	14b	15a	16a
17c			

### 1.3. KINDS OR CLASSIFICATION OF CONTRACTS

Answer:

1 b	2b	3d	4 a
5 c	6 b	7 c	8 a
9 c	10 d	11 c	12 c
13 a	14 b	15 c	16 a
17 c	18 d	18 d	19 a
20 b			

### FILL IN THE BLANKS AND PAIR MATCHING QUESTIONS

Choose appropriate option to fill in the blanks in questions 1 to 5:

1. An agreement \_\_\_\_\_ is a contract.

- (a) Made by parties
- (b) Enforceable by law
- (c) Made by minor
- (d) Beneficial to both the parties.

2. Every promise and every set of promise forming \_\_\_\_\_ for each other is an agreement.

- (a) Consideration
- (b) Acceptance
- (c) Obligation.
- (d) Proposal

3. A \_\_\_\_\_ agreement is one, which is enforceable at the option of one party.

- (a) void
- (b) Valid
- (c) voidable
- (d) Obligation.

4. A \_\_\_\_\_ contract cannot be originally entered into between the parties

- (a) void
- (b) Valid
- (c) Voidable
- (d) Obligation.

5. A voidable contract is \_\_\_\_\_ till it is avoided by the party entitled to do so.

- (a) Void
- (b) Illegal
- (c) Valid
- (d) Contingent.

6. Match the following

(i) Contract	(a) accepted proposal
(ii) void contract	(b) agreement enforceable by law
(iii) voidable contract	(c) not enforceable in a court of law
(iv) promise	(d) Enforceable at the option of one party.

7. Match the following:

(i) agreement	(a) right against a specific person
(ii) contract	(b) agree upon same thing in same sense
(iii) jus in personam	(c) offer + acceptance
(iv) Consensus ad idem	(d) agreement + enforceability.

8- Match the following:

(i) Section 2 (i)	(a) conditions of enforceability
(ii) Section 2 (j)	(b) voidable
(iii) Section 2 (h)	(c) void contract
(iv) Section 10	(d) Contract.

9. Match the following:

(i) executed contract	(a) Contract in which only one party has to perform his obligation.
(ii) executory contract	(b) Contract in which both the parties have to perform their respective obligations.
(iii) unilateral contract	(c) reciprocal promises are to be performed in future,

(iv) bilateral contract	(d) Contract in which nothing remains to be done by either party.
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### ANSWERS

1. (b) 2. (a) 3.(c) 4. (a) 5. (c)
6. (i) (b), (ii) (c), (iii) (d), (iv) (a)
7. (i) (c), (ii) (d), (iii) (a), (iv) (b)
8. (i) (b), (ii) (c), (iii) (d). (iv) (a)
9. (i) (d), (ii) (c), (iii) (a), (iv) (b)

### OBJECTIVE TYPE QUESTIONS

1. The law of contract creates jus in personam.  
(a) Correct (b) incorrect.
2. An agreement enforceable by law is contract.  
(a) Correct (b) incorrect.
- 3\* An agreement is an accepted proposal.  
(a) Correct (b) incorrect.
4. Every agreement is necessarily regarded as contract.  
(a) Correct (b) incorrect.
5. An agreement made with mutual consent of parties is not enforceable in law.  
(a) Correct (b) incorrect.
6. Social agreements are enforceable in courts.  
(a) Correct (b) incorrect.
7. An agreement with intention to create legal liability is not enforceable in law.  
(a) correct (b) incorrect.
- ft. All kinds of obligations created between the parties form part of contract.



(a) Correct (b) incorrect.

9. All contracts are agreements but all agreements are not contracts.

(a) Correct (b) incorrect.

11 There can be a contract even without consensus ad idem.

(a) Correct (b) incorrect.

12 A contract made without the free consent of the parties is a valid contract.

(a) correct (b) incorrect.

### ANSWERS WITH HINTS

1 (a) Correct Jus in personam means a right against or in respect of a specified person. Under the Law of Contract, the right is available only against particular persons.

2 (a) Correct This is the legal definition of contract as given in Section 2 (h) of the Indian Contract Act, 1872. As per this definition, a contract must have two elements, namely (a) an agreement and (b) the agreement must be enforceable by law.

3. (a) Correct Every agreement consists of an offer from one party and its acceptance by the other.

4. (b) Incorrect Only those agreements are contracts which create some legal obligation and are enforceable in the Courts of Law.

5. (b) Incorrect Agreements made with mutual consent of parties are enforceable as there is consensus ad idem {i.e.. meeting of minds) in such cases.

6. (b) Incorrect The social agreements do not give rise to any legal obligation and thus are not enforceable in courts.

7. (b) Incorrect The law provides that the agreements with intention to create legal obligation (i.e.. liability) are enforceable in courts of law.

8. (b) Incorrect Only the legal obligations form part of contract and are enforceable in law. But the social obligations do not form part of a contract

9. (a) Correct Only those agreements are contract which are enforceable in law.

10. (b) Incorrect Consensus ad idem is the essential element of a valid contract. It means that the parties must agree upon the same thing in the same sense.

11. (b) Incorrect It is an essential element of a valid contract that it must be made with the free consent of the parties