

Chapter 6: Legality of Object and Consideration

6.1: Introduction and Definition

1. All agreements are contracts if they are made
 - a) For lawful consideration only.
 - b) With lawful object irrespective of the legality of consideration.
 - c) For lawful consideration irrespective of the legality of object.
 - d) For lawful consideration as well as with lawful object.

2. Every agreement of which the object or consideration is unlawful in
 - a) Void b) Voidable
 - c) Valid d) Wager

3. The provision regarding the legality of object & consideration is emphasized in
 - A) Section 10 B) Section 23
 - C) Both a & b D) None of these

4. All agreements are contracts only if they are made for lawful consideration and with lawful object. It is emphasized in
 - a) Section 10 b) Section 23
 - c) Both a and b d) None of these

5. An agreement with unlawful object or unlawful consideration is void. It is emphasized in
 - A) Section 10 B) Section 23
 - C) Both a and b D) None of these

6. An agreement for lawful consideration but with an unlawful object is
 - A) Void B) Voidable

C) Wager D) partially illegal

7. An agreement with lawful object but for an unlawful consideration is
 - A) Void B) Voidable
 - C) Wager D) partially unlawful

8. The definition of both the unlawful object and unlawful consideration is given in
 - a) Section 10 b) Section 23
 - c) Both a and b d) None of these.

9. The consideration or object of an agreement is considered unlawful where it is
 - i. Forbidden by law
 - ii. Fraudulent
 - iii. Immoral
 - iv. Inadequate
 - a) i, ii, iii, iv b) ii, iii, iv
 - c) i, ii, iv d) i, ii, iii

10. In which of the following cases, the consideration or object of an agreement is not considered unlawful?
 - a) Where it is opposed to public policy.
 - b) Where it defeats the provision of any law.
 - c) Where it is not as per the requirements of promise.
 - d) Where it is injurious to another person or his property.

6.2: Cases of Unlawful Object and Consideration

1. The cases in which the object or consideration is considered unlawful are provided in
 - a) Section 10

- b) Section 23
c) Both of these
d) Judicial decisions
2. In which of the following cases, the object or consideration of an agreement is unlawful?
a) Where it is forbidden by law
b) Where it is fraudulent
c) Where it is immoral
d) All of the above
3. In which of the following cases, the object or consideration of an agreement is not unlawful?
a) Where it is not opposed to public policy
b) Where it does not defeat the provision of any law
c) Where it does not defeat the provision of any law
d) Both a and b
4. Where the object or consideration of an agreement is forbidden by law, the agreement is
A) Void B) Voidable
C) Valid D) Illegal
5. A agrees to pay Rs.5 lakhs to B if he (B) procures an employment for A in Income Tax Department. The agreement is
A) Valid B) Void
C) Voidable D) Contingent
6. A agrees to pay Rs.2 lakh to B if he kills C. The agreement is
a) Valid b) Voidable
c) Void d) Wagering
7. Where the object or consideration of an agreement is not directly forbidden by law, but is of such a nature that if permitted, it would defeat the provision of any law, the agreement is
a) Contingent b) Voidable
c) Valid d) Void
8. A agrees to pay Rs.25,000 to B if he becomes surety for A in a criminal case pending in the court of law. This agreement is
a) Void b) Voidable
c) Allowed d) Contingent
9. Where the object or consideration of an agreement is fraudulent, the agreement is
A) Valid B) Void
C) Fraudulent D) Voidable
10. A, B and C entered into an agreement to carry on some fraudulent business and to share the profit in equal shares. This agreement is
a) Valid b) Voidable
c) Void d) Fraudulent
11. An agreement to commit a crime or any wrongful act for which a civil suit can be brought, is
a) Void b) Voidable
c) Valid d) None of these
12. Where the object or consideration of an agreement is regarded as immoral, the agreement is
a) Void b) Voidable
c) Restricted d) Void

13. Where the object or consideration of an agreement is opposed to public policy, the agreement is
- a) Void
 - b) Voidable
 - c) Valid
 - d) None of these

6.3: Agreements Opposed To Public Policy

1. An agreement is said to be opposed to public policy when it
- a) Is injurious to the welfare of the society
 - b) Tends to prejudice the welfare of the society
 - c) Either a or b
 - d) Is against provision of any law
2. An agreement opposed to public policy is
- a) Void
 - b) Voidable
 - c) Valid
 - d) None of these
3. Which of the following is not covered by heads of public policy?
- a) Trading with an enemy
 - b) Contracts to do impossible act
 - c) Trafficking in public offices
 - d) Marriage brokerage contracts.
4. Which of the following agreements do not fall in the category of agreements opposed to public policy?
- a) Agreement to commit a crime.
 - b) Agreement restricting personal liberty.
 - c) Agreement in restraint of parental right.
 - d) Agreement of wagering nature.
5. An agreement intended to induce a government officer to act corruptly is
- a) Void, being against public policy
 - b) Voidable, being involving corrupt practices only
 - c) Valid, being made according to routine corrupt practices
 - d) Enforceable with the permission of government.
6. An agreement for the procurement of a public recognition such as Param Veer Chakra or any other title for monetary or other consideration is
- a) A quasi contract
 - b) Contingent contract
 - c) Opposed to public policy
 - d) Not opposed to public policy
7. Which of the following statements are correct?
- i. An agreement with voters to procure their votes for monetary consideration is void.
 - ii. An agreement with a person for procuring a seat in a college for monetary consideration is void
 - iii. An agreement by way of wager is voidable.
 - iv. An agreement restricting personal liberty is void.
- a) i, ii, iii
 - b) ii, iii, iv
 - c) i, ii, iv
 - d) i, iii, iv

8. An agreement which interferes with the administration of justice is opposed to public policy. Which of the following agreements fall in this category?
- An agreement which obstructs the ordinary course of justice
 - An agreement for stifling prosecution.
 - A champertous agreement with mala fide intention.
 - All of the above.
9. A agrees to pay Rs.50, 000 to B if he gives false evidence in his favour in a case pending against him in a court of law. This agreement is
- Void as such agreements are usually made and are recognized by courts.
 - Void as it interferes with administration and thus opposed to public policy.
 - Enforceable after seeking permission of the court.
 - Conditional depending upon the decision of the case.
10. An agreement not to prosecute an offender or to withdraw a pending prosecution is void, and is known as the agreement for
- Maintenance
 - Champerty
 - Stifling prosecution
 - None of these
11. An agreement, to give assistance (monetary or otherwise) to another person to recover property by legal action and to share the proceed of litigation, is known as
- Champertous agreement
 - Stifling prosecution
 - Maintenance agreement
 - None of these
12. A champertous agreement which is fair and made with bona fide object of assisting a person is valid.
- True
 - False.
13. An agreement to pay the lawyer according to the results of the case is against public policy
- True
 - False
14. An agreement to procure the marriage of a person in consideration of money is
- Called a marriage brokerage contract
 - Against the public policy
 - Valid and enforceable
 - Both a and b.
15. Which of the following agreements is void as being opposed to public policy?
- An agreement to indemnify a person against consequences of his criminal act.
 - An agreement by a father to transfer the guardianship of his minor son to a third person.
 - An agreement which restricts the personal liberty of an individual.
 - All the above are void, being opposed to public policy.
16. Agreements (a) in restraint of marriage, (b) in restraint of legal proceedings and (c) in restraint of trade have been expressly declared to be void by the Indian Contract Act. Do they also fall in the category of agreements opposed to policy?

9. A knowingly let out his house to B, a prostitute. A cannot recover the rent as it is an illegal agreement and void. Can he file a suit for eviction and recovery of possession?

- a) Yes, as his right as owner is enforceable without disclosing the illegality.
- b) No, as he knowingly let out the house.

10. Where an agreement consists of two parts one legal and the other illegal, and the legal part is separable from the illegal one, such legal part is

- a) Void
- b) Valid
- c) Voidable
- d) Illegal.

11. Which of the following statements is correct?

- a) An illegal agreement is voidable.
- b) Transaction collateral to illegal agreement is valid.
- c) In case of illegal agreements, court help only the weak party.
- d) In case of illegal agreements, courts are neutral and help neither party

Fill in the Blanks and Pair Matching

Questions

Choose appropriate option to fill in the blanks in question 1 to 4:

1. An agreement is _____ if its object or consideration is unlawful.
 - a) Void
 - b) Voidable
 - d) Valid
 - c) Wager

2. _____ is not covered under the heads of public policy.
 - a) Trading with enemy

- b) Trafficking in public office
- c) Contracts to do impossible acts
- d) Marriage brokerage contracts.

3. An agreement is _____ if it is made with lawful object but for unlawful consideration.

- a) Valid
- b) Void
- c) Voidable
- d) Wager

4. An agreement is _____ if it is made for lawful consideration but with unlawful object.

- a) Valid
- b) Void
- c) Voidable
- d) Wager

5. Match the following:

i) Opposed to public policy	a) Fraudulent object or consideration
ii) Unlawful	b) Contract dependent on happening or non-happening of an event
iii) Champertous agreement	c) Agreement in restraint of parental rights
iv) Contingent contract	d) An agreement to give assistance for litigation and share the proceeds.

Answers

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

Objective type questions (with correct/ incorrect options and hints)

1. The object or consideration of an agreement is unlawful where it is forbidden by law.
 - a) Correct
 - b) Incorrect.

2. Every agreement of which the object or consideration is unlawful is voidable.
a) Correct b) Incorrect.
3. Where the object or consideration of an agreement is fraudulent, or implies an injury to the person or property of another, or immoral or opposed to public policy, it is said to be unlawful.
a) Correct b) Incorrect.
4. Where the object or consideration of an agreement is not directly forbidden by law, by if permitted it would defeat the provisions of any law, then the agreement is not void.
a) Correct b) Incorrect.
5. A, a Hindu already married and his wife alive, entered into a marriage agreement with B, another lady. This agreement is void.
a) Correct b) Incorrect
6. An agreement with voters to procure their votes for monetary consideration is void.
a) Correct b) Incorrect.
7. An agreement with a person for procuring a seat in a medical college for monetary consideration is void.
a) Correct b) Incorrect.
8. An illegal agreement is void but not forbidden by law.
a) Correct b) Incorrect.
9. Every, illegal agreement is unlawful, but every unlawful agreement is not necessarily illegal
a) Correct b) Incorrect.

10. An illegal contract is fatal to the main contract, but not to collateral transactions.
a) Correct b) Incorrect.
11. A promise to take either rice⁴ or smuggled opium for a consideration of rupees one thousand is wholly void.
a) Correct b) Incorrect.
12. Where the legal and illegal parts of an agreement cannot be separated, the whole agreement is illegal and unenforceable.
a) Correct b) Incorrect.

Answer with Hints

1. (a) Correct. Section 23 of the Indian Contract Act clearly states so.
2. (b) Incorrect. Such an agreement is Void [Section 23]
3. (a) Correct. All these cases of unlawful object or consideration are covered under Section 23 of the Indian Contract act.
4. (b) Incorrect. Such an agreement is void. Section 23 specifically states that such an object or considerations unlawful, and an agreement with such unlawful object or consideration is void.
5. (a) Correct. The second marriage is forbidden by Hindu Law. In this case, the object of marriage is unlawful.
6. (a) Correct. Such an agreement is unlawful on the ground of being opposed to public policy, and is void.

- iii. Agreement in restraint of trade
[section 27]
- iv. Agreements which are conditional
i.e., contingent contracts.
 - a) (i), (ii), (iv)
 - b) (ii), (iii), (iv)
 - c) (i), (iii), (iv)
 - d) (i), (ii), (iii)

7. Which of the following types of agreement have been expressly declared to be void?

- a) Agreements in restraint of legal proceedings [section 28]
- b) Agreement with uncertain meanings [section 29]
- c) Agreements to do impossible acts [section 56]
- d) All of the above.

8. Wagering agreements have been declared to be void under

- a) Section 24 b) Section 30
- c) Section 29 d) None of these.

7.2: Agreements In Restraint Of Marriage

1. An agreement in restraint of marriage i.e., which prevents a person from marrying, is

- a) Valid b) Voidable
- c) Void d) None of these.

2. Agreements in restraint of marriage have been declared void under

- a) Section 26 b) Section 27
- c) Section 28 d) Section 29.

3. Every agreement in restraint of marriage of any person other than a minor is

- a) Voidable b) Void
- c) Valid d) None of these.

4. An agreement in restraint of marriage is void if the restraint is

- a) Complete only
- b) Partial only
- c) Complete or partial
- d) Approved by court.

5. An agreement which puts restriction on a person from marrying is void under section 26 being an agreement in restraint of

- a) Liberty b) Marriage
- c) Legal right d) Social right.

6. An agreement which prevents a person from marrying altogether is

- a) allowed
- b) allowed with court permission
- c) Void
- d) Voidable.

7. An agreement which prevents a person from marrying a particular person or a person of particular class is

- a) Void
- b) Voidable
- c) Valid
- d) Allowed with court permission.

8. An agreement which prevents a person from marrying for a fixed period only is valid

- a) True, as it is not regarded as an agreement in restraint of marriage.
- b) False, as it also falls in the category of agreements in restraint of marriage.

9. An agreement in restraint of marriage is valid in case of

- a) Married persons
- b) Educated persons
- c) Minors
- d) None of these.

10. An agreement which prevents a person from marrying a particular person is valid.

- a) True, as partial restraint is recognized by law.
- b) False, as both restraints, complete or partial, make the agreement void.

11. Under the English Law, an agreement in restraint of marriage is void, if it puts

- a) A partial restraint only
- b) An absolute restraint only
- c) Either partial or absolute restraint
- d) An absolute restraint with court permission.

12. Under the English Law, an agreement restraining marriage with particular person or with a person of particular community is

- a) Void
- b) Voidable
- c) Illegal
- d) Valid.

7.3: Agreements In Restraint Of Trade.

1. Agreements in restraint of trade have been expressly declared void under

- a) Section 26
- b) Section 27
- c) Section 28
- d) Section 29.

2. An agreement which prevents a person from carrying a lawful business is _____

- a) Valid
- b) Void
- b) Voidable
- d) Contingent.

3. An agreement is void if it restrains anyone from exercising

- a) A lawful profession, trade or business
- b) Any profession, trade or business
- c) An unlawful profession, trade or business
- d) None of these.

4. As per Section 27, every agreement by which anyone is restrained from exercising a lawful profession, trade or business of any kind is

- i. Completely void
- ii. Completely voidable
- iii. To that extent void
- iv. To that extent voidable.

5. An agreement in restraint of trade is void only if the restraint imposed is _____

- i. Complete
- ii. Partial
- iii. Conditional
- iv. Any of these.

6. Where an agreement in restraint of trade is divisible, then the

- a) Unrestricted part is valid and enforceable
- b) Whole agreement is void and unenforceable
- c) Whole agreement is valid and enforceable
- d) None of these.

7. Where an agreement in restraint of trade is not divisible, then the
- a) Whole agreement is valid and enforceable
 - b) Whole agreement is void and unenforceable
 - c) Unrestricted part is valid and enforceable
 - d) None of these.
8. A agrees to pay a certain sum of money to B, a rival shopkeeper, if he closes his business in A's locality only. This agreement is
- a) Valid
 - b) Voidable
 - c) Void
 - d) None of these.
9. A agrees to pay a certain sum of money to B, a rival shopkeeper, if he closes his business for three months in a year. This agreement is
- a) Void
 - b) Voidable
 - c) Valid
 - d) None of these.
10. All agreements in restraint of trade are void and there is no exception to this general rule.
- a) True, as the Indian Contract Act specifically provides that there will be no exception.
 - b) False, as the Indian Contract Act and Partnership Act provide exceptions.
11. An agreement which restrains the seller of a goodwill from carrying on a similar business within specified local limits is
- a) Void
 - b) Voidable
 - c) Valid
 - d) Contingent.
12. When the goodwill of a business is sold, the seller may be restrained from carrying on similar business within specified local limits.
- a) True, as it is the recognized exception under section 27, which is necessary to protect the interest of purchaser of goodwill.
 - b) False, as all agreements in restraint of trade are void.
13. An agreement restraining the seller of goodwill from carrying on business will be valid and enforceable if the restriction
- a) Is reasonable and specifies the local limits
 - b) Specifies the period for which it will remain in force
 - c) Is from carrying on a similar business only
 - d) All the above conditions should be satisfied.
14. An agreement which restrains a continuing partner of a firm from carrying on any business other than the business of the firm is
- a) Void
 - b) Voidable
 - c) Valid
 - d) Unlawful.
15. A partner of a firm, so long as he is partner, can be restrained from carrying on
- a) Any business
 - b) Similar business
 - c) Both of these
 - d) None of these.
16. An agreement which restrains an outgoing (i.e., retiring) partner from carrying on the business similar to that of the firm is

- a. Void
- b. Valid
- c. Voidable
- d. Unlawful.

17. An outgoing (i.e., retiring) partner can be restrained from carrying on

- a) Similar business only
- b) Any business
- c) Both of these
- d) None of these.

18. An agreement restraining the outgoing (i.e., retiring) partner from carrying on business similar to that of the firm will be valid and enforceable if the restriction

- a) Is reasonable
- b) Specifies the local limit
- c) Specifies the period for which it will remain in force
- d) All of these.

19. A service agreement which prevents an employee from working anywhere else during the period covered by service agreement, is

- a) Void
- b) Valid
- c) Voidable
- d) Illegal.

20. A service agreement which restrains an employee from accepting similar appointment after the termination of service is

- i. Void
- ii. Valid
- iii. Voidable
- iv. Illegal.

21. Regulations as to the opening and closing of business in the market are

- a) Not legal
- b) Valid
- c) Void
- d) Illegal.

22. An agreement by a producer to sell all his output to one distributor who in turn agrees not to buy his requirement from any other producer is

- a) Valid
- b) Void
- c) Voidable
- d) Illegal.

7.4: Agreements In Restraint Of Legal Proceedings

1. An agreement in restraint of legal proceedings is

- a) Valid
- b) Void
- c) Voidable
- d) None of these.

2. Agreements in restraint of legal proceedings have been declared as void under

- a) Section 26
- b) Section 27
- c) Section 28
- d) Section 29

3. An agreement which completely restrains a person from enforcing his legal rights is

- a. Void
- b. Valid
- c. Voidable
- d. None of these.

4. An agreement which partially restrains a person from enforcing his legal rights is

- a. Void
- b. Valid
- c. Voidable
- d. None of these.

5. A has the legal right to file a suit (legal case) against B either at Delhi or at Calcutta. A and B entered into an agreement, that A can enforce his rights at Delhi only and not in Calcutta. This agreement is
- Valid, as it puts a partial restraint only
 - Void, as a restraint, partial or absolute, renders an agreement void
 - A contingent contract as it depends upon A's sacrifice
 - Illegal, as such restrictions are unlawful.
6. A legal action for breach of contract may be initiated within three years from the date of breach. An agreement which provides that no action would be taken after two years is
- Valid, as it puts a partial restraint only
 - Void, as it curtails (i.e., cuts short) the period of limitation which is expressly prohibited under section 28.
 - Illegal, as such restraints are unlawful
 - Enforceable with the permission of court.
7. Which of the following agreements is not void as being an agreement in restraint of legal proceedings?
- An agreement which extinguishes the right of a party.
 - An agreement which discharges a party from liability.
 - An agreement which provides for a reference to arbitration instead of court of law.
 - An agreement which limits the time within which a right may be enforced.
8. An agreement which puts absolute restraint on legal proceedings is void and there is no exception to this rule.
- True, as the Indian Contract Act specifically provides that there will be no exception.
 - False, as the exceptions have been provided in Explanation I and II of Section 28 itself.
9. An agreement between the parties to refer any future dispute which may arise between them to arbitration is
- | | |
|-------------|-------------|
| a) Void | b) Valid |
| c) Voidable | d) Illegal. |
10. An agreement between the parties to refer any existing dispute between them to arbitration is
- | | |
|-------------|-------------|
| a) Void | b) Valid |
| c) Voidable | d) Illegal. |
11. Which of the following agreements are void?
- Agreement to stifle legal proceedings.
 - Agreement which extinguishes the right of a party.
 - Agreement to refer future dispute to arbitration.
 - Agreement to refer existing dispute to arbitration.
- | |
|-------------|
| (i), (ii) |
| (ii), (iii) |
| (iii), (iv) |
| (i), (iv). |

7.5: Uncertain Agreements

- An agreement the meaning of which is not certain is
- | | |
|-------------|----------------|
| a) Void | b) Valid |
| c) Voidable | d) Contingent. |

2. An agreement the meaning of which is not capable of being made certain is
 - a) Void
 - b) Valid
 - c) Voidable
 - d) Contingent.

3. The uncertain agreements have been declared void under
 - a) Section 26
 - b) Section 27
 - c) Section 28
 - d) Section 29

4. A agrees to sell his car to B at a price which he may be able to pay. This agreement is
 - a) Valid
 - b) Voidable
 - c) Void
 - d) Contingent.

5. A agrees to sell his scooter to B for Rs.5,000 or Rs. 10,000. This agreement is
 - a) Valid
 - b) Void
 - c) Voidable
 - d) Contingent

6. An agreement the meaning of which is capable of being made certain is
 - a) Valid
 - b) Void
 - c) Voidable
 - d) Contingent

7. A agrees to sell to B, 100 tins of coconut oil at a price to be fixed by C, a third party. This agreement is
 - a) Voidable, as B may or may not enforce the agreement
 - b) Void, as its meaning is not capable of being made certain
 - c) Valid, as the price can be made certain by C
 - d) Illegal, as such agreements are prohibited by law.

8. A agrees to sell to B all the production of his only factory situated in Okhla. This agreement is
 - a) Void, as there is no certainty about the product to be sold
 - b) Valid, as all the production is agreed to be sold, there is no uncertainty in the agreement
 - c) Voidable, at the option of B
 - d) None of these.
 - e)

7.6: Wagering Agreements

1. An agreement to pay money or money's worth on the happening or non-happening of a specified uncertain event, is known as
 - a) Uncertain agreement
 - b) Wagering agreement
 - c) Contingent contract
 - d) Quasi-contract.

2. The term 'wager' or 'wagering agreement' has not been defined in the Indian Contract Act.
 - a) True
 - b) False

3. Agreements by way of wager have been declared void under
 - a) Section 28
 - b) Section 29
 - b) Section 30
 - d) None of these

4. A agrees to pay Rs.500 to B if it rains on Monday, and if it does not rain on Monday, then B will pay Rs.500 to a. this is a (1) an
 - a) Uncertain agreement
 - b) Wagering agreement
 - c) Contingent contract
 - d) Quasi-contract

5. An agreement will be void as being of wagering nature, if it is dependent on the happening or non- happening of
- An uncertain event
 - A certain event
 - Controlled event
 - None of these
6. If in an agreement, one party may win and cannot lose, or he may lose and cannot win, then the agreement is not wagering agreement.
- True
 - False
7. In which of the following cases an agreement does not fall in the category of wagering agreement?
- Where either party has control over the happening or non-happening of event.
 - Where other than the stake money, a party has some other interest in the happening or non-happening of event
 - Where there are no mutual chances of gain or loss.
 - All of the above.
8. A new promise to pay the stake money already won upon a wager is
- Valid
 - Void
 - Voidable
 - Contingent
9. Can the money deposited with a third person (i.e, a stakeholder) for the purpose of paying to the winner be recovered by the winner?
- Yes
 - No
10. Can depositor recover back the money deposited with the stakeholder for the purpose of payment to winner?
- Yes, if the same has not been paid to the winner
 - No, as wager also renders it to be unenforceable
11. Which of the following statements is correct?
- A wagering agreement is void but not illegal.
 - In gujrat and old Bombay wagering agreements have been declared to be illegal
 - Both a and b
 - None of these.
12. Except in Gujrat and old Bombay, a transaction collateral to the main wagering agreement is not void.
- True
 - False
13. A commercial transaction in which the common intention of the parties is not to deliver the goods but to settle the difference between the contract price and the market price, such transaction is
- Not a wager
 - A wager
 - Contingent
 - None of these.
14. A contract of insurance is
- A wager
 - Not a wager
 - Valid
 - Both b and c.
15. A contract of insurance is a wagering agreement, thus void.
- True, as its nature is that of wager
 - False, as it is perfectly valid.

7.7: Agreements To Do Impossible Acts

1. An agreement to do an impossible act, is
 - a) Valid
 - b) Void
 - c) Voidable
 - d) Contingent.

2. Agreement to do impossible acts have been declared void under
 - a) Section 28
 - b) Section 29
 - c) Section 30
 - d) Section 56.

3. A agrees to discover a treasure by magic and B agrees to pay Rs.10,000 to A for this act. This agreement is
 - a) Void
 - b) Valid
 - c) Voidable
 - d) None of these.

4. A agrees to enclose a space between two parallel lines and B agrees to pay Rs.5,000 to A for this act. This is an agreement to do
 - a) An illegal act
 - b) An impossible act
 - c) A wagering act
 - d) A forbidden act.

5. An agreement to do an impossible act can be enforced with the permission of court.
 - a) True
 - b) False.

Fill in the blanks and pair matching questions

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

1. _____ are declared to be void under the Indian Contract Act.
 - a) Quasi contracts
 - b) Wagering agreements
 - c) Contingent contracts
 - d) Insurance contracts

2. _____ renders an agreement in restraint of trade void.
 - a) Only complete restraint
 - b) Complete or partial restraint
 - c) Only partial restraint
 - d) Consideration.

3. An agreement is _____ where it is made to refer a future dispute to arbitration.
 - a) Valid
 - b) Void
 - c) Voidable
 - d) Illegal.

4. An agreement to sell goods is _____ where it provides that the price to be paid shall be fixed by a third party.
 - a) Void
 - b) Voidable
 - c) Illegal
 - d) Valid

5. A _____ is one which provides that money or money's worth will be paid on the happening or non-happening of a specified uncertain event.
 - a) Contingent contract
 - b) Wagering agreement
 - c) Insurance contract
 - d) Quasi- contract.

6. Match the following:

Section 2 (g)	a) Agreement in restraint of marriage
Section 26	b) Void agreement
Section 27	c) Agreement in restraint of legal proceedings
Section 28	d) Agreement in restraint of trade.

7. Match the following:

i)Uncertain agreement	a)Agreement to discover treasure by magic
ii)Wagering agreement	b)Void agreement
iii)Void ab initio	c)Agreement with uncertain meaning
iv)Illegal agreements	d)Agreement to pay money or money's worth on the happening or non-happening of uncertain event.

Objectives Type Questions

(With correct/ incorrect options and hints)

1. An agreement not enforceable by law is said to be void.
a) Correct b)Incorrect
2. Every agreement which does not restrain a person from marrying altogether but simply restrain him from marrying a particular person or from marrying for a fixed period is valid.
a) Correct b) Incorrect
3. An agreement which does not restrain a person from marrying altogether but simply restrains him from marrying a particular person or from marrying for a fixed period, is valid.
a) Correct b) Incorrect
4. An agreement in restraint the seller of the goodwill from carrying on similar business within specified local limits is valid.
a) Correct b) Incorrect
5. An agreement which restrains the seller of the goodwill from carrying on similar business within specified local limits is valid.
a) Correct b) Incorrect
6. A person joined service for 20 years and agreed not to work elsewhere during the period of service. The agreement is valid.
a) Correct b) Incorrect
7. A manufacturer agrees to sell his entire goods to a sole selling agent who in turn agrees not to deal in similar goods of any other manufacturer. This agreement is void being in restraint of trade.
a) Correct b) Incorrect
8. An agreement which restricts absolutely the parties from enforcing their legal rights is void.
a) Correct b) Incorrect
9. An agreement which cuts short the period of limitation prescribed by the Law of Limitation is valid and enforceable.
a) Correct b) Incorrect
10. An agreement to purchase a cycle for Rs.500 or Rs.800 is voidable.
a) Correct b) Incorrect
11. A agreed to sell his radio set to B for a price which he (B) may be able to pay. This agreement is void
a) Correct b) Incorrect
12. A agreed to sell to B 100 tonne of oil at a price to be fixed by C. This agreement is void.

- a) Correct b) Incorrect

13. An agreement by way of wager is void.

- a) Correct b) Incorrect

14. Transaction incidental to wagering agreements are not void.

- a) Correct b) Incorrect

15. In England, transactions collateral to wagering agreements are also void.

- a) Correct b) Incorrect

Chapter-8 Contingent Contracts

8.1: Definition and Essential Elements of a Contingent Contract

1. A contract dependent on the happening or non-happening of future uncertain event is a
 - a) Contingent contract
 - b) Uncertain contract
 - c) Void contract
 - d) Voidable contract.

2. A contract to do or not to do something if some event, collateral to such contract, does or does not happen, is legally known as
 - a) Uncertain contract
 - b) Wagering agreement
 - c) Contingent contract
 - d) Voidable contract.

3. Legally, the term contingent contract is defined in _____.

- a) Section 30 b) Section 31
c) Section 56 d) Section 68.

4. A contingent contract is _____.

- a) Void b) Voidable
c) Illegal d) Valid.

5. The performance of a contingent contract becomes due only upon the happening or non-happening of future uncertain event.

- a) True b) False.

6. A promises to pay Rs.500 to B if it rains on the first Monday of next month. It is a

- a) Wagering agreement
b) Contingent contract
c) Wagering agreement
d) Contingent contract.

7. A agrees to pay Rs.5,000 to B if B's car is burnt. It is

- a) Void contract
b) Voidable contract
c) Wagering agreement
d) Contingent contract.

8. Which of the following is not an essential requirement of a valid contingent contract?

- a) The performance must be conditional.
b) The event must be uncertain.
c) The event must form part of the contract.
d) The event must be independent or ancillary.

9. A agrees to purchase B's horse for Rs.20,000, if the horse proves lucky. It is

8.2: Rules Regarding Enforcement of Contingent Contracts

1. Which of the following statements is correct?
 - a) Contingent contracts are void and thus not enforceable in the court of law.
 - b) Contingent contracts are valid and thus are enforceable in the court of law.
 - c) Contingent contracts are voidable and thus enforceable at the option of promisor.
 - d) Contingent contract fall in the category of wagering agreements.

2. A contingent contract dependent on the happening of future uncertain event can be enforced when that event
 - a) Happens
 - b) Becomes impossible
 - c) Does not happen
 - d) Both (b) and (c).

3. When does the future uncertain event, on the happening of which the contract is dependent, becomes impossible, then the contract becomes _____.

a) Valid	b) Voidable
c) Void	d) None of these.

4. A contract to pay Rs.50,000 to B marries C. but C dies before marriage. The contract between A and B
 - a) Cannot be enforced
 - b) Can be enforced at the option of A
 - c) Can be enforced if B marries C's sister
 - d) Can be enforced at the option of B.

5. A contingent contract dependent on the non-happening of future uncertain event can be enforced when that event
 - a) Happens
 - b) Become impossible
 - c) Does not become impossible
 - d) Both (a) and (c).

6. A contingent contract dependent on the non-happening of future uncertain event becomes void when such event
 - a) Happens
 - b) Does not become impossible
 - c) Does not happen
 - d) Both (a) and (b)

7. A agrees to pay Rs.10,000 to B if a certain ship does not return. This is a contingent contract and can be enforced when the ship

a) Returns	b) Sinks
c) Does not sink	d) Both (a) and (c)

8. Now suppose in Q. No.7, the ship returns, then the contract becomes

a) Void	b) Valid
c) Voidable	d) Illegal.

9. A contingent contract dependent on the happening of future uncertain event within the fixed time can be enforced when that event
 - a) Does not happen within the fixed time.
 - b) Becomes impossible before the expiry of fixed time.
 - c) Happens within the fixed time.
 - d) Happens after the expiry of fixed time.

10. A contingent contract dependent on the happening of future uncertain event within fixed time becomes void when such event.

- a) Happens within the fixed time.
- b) Does not happen within the fixed time.
- c) Becomes impossible before the expiry of fixed time.
- d) Both (b) and (c).

11. A agrees to pay Rs.10,000 to B if a certain ship returns within a year. The ship sinks within the year. In this case, the contract becomes _____.

- a) Valid
- b) Void
- c) Voidable
- d) Illegal.

12. A contingent contract dependent on the non-happening of future uncertain event within fixed time can be enforced if such event

- a) Happens within the fixed time.
- b) Does not happen within the fixed time.
- c) Happening becomes impossible before the expiry of fixed time.
- d) Both (b) and (c).

13. A agrees to pay Rs.10,000 to B if a certain ship does not return within a year. The ship sinks before the expiry of the year. The contract becomes

- a) Enforceable
- b) Non-enforceable
- c) Void
- d) Voidable.

14. Now suppose, in the above Q.No.13, the ship returns within the year, then the contract becomes

- a) Enforceable
- b) Voidable
- c) Void
- d) Illegal.

15. Now suppose, in the above Q.No.13, the ship arrives after one year, then the contract becomes

- a) Enforceable
- b) Voidable
- c) Void
- d) Illegal.

16. A contingent contract dependent on the happening of impossible event is _____

- a) Void
- b) Voidable
- c) Valid
- d) Illegal.

17. A agrees to pay Rs.2 lakh to B if he brings on earth a star from sky. This contingent contract is

- a) Void
- b) Voidable
- c) Valid
- d) Illegal.

Fill in the blanks and pair matching questions

1. A _____ is one which is depended on the happening or non-happening of future uncertain event.

- a) Uncertain contract
- b) Contingent contract
- c) Wagering agreement
- d) Quasi-contract Act.

2. A contingent contract is _____ under the Indian Contract Act.

- a) Valid
- b) Void
- c) Voidable
- d) Illegal.

3. An uncertain event on which performance of a contingent contract depends _____ act of the contract is dependent, becomes impossible.

- a) Must be
- b) Must not be
- c) May be
- d) Always be.

4. A contingent contract becomes _____ when the future uncertain event, on the happening of which the contract is dependent, becomes impossible.

- a) Void b) Voidable
c) Illegal d) Void.

5. Match the following:

i)Contingent contract	a)A promises to sell something to B for Rs.10,000
ii)Uncertain agreement	b)Requirement of contingent contract
iii)Uncertain event	c)Contingent contract dependent on impossible event
iv)Void contingent contract	d)A promises to pay Rs.1,000 to B if it rains on Monday.

6. Match the following:

i)Section 31	a)Contingent contract dependent on impossible event
ii)Section 32	b)Definition of contingent contract
iii)Section 33	c)Contingent contract dependent on happening of uncertain events
iv)Section 36	d)Contingent contract dependent on non-happening of uncertain event.

(with correct/ incorrect options and hints)

1. A contract dependent on the happening or non-happening of a future uncertain event is uncertain contract and thus void.

- a) Correct b) Incorrect

2. 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.

- a) Correct b) Incorrect

1. The future event upon which the performance of the contingent contract depends must be a certain event.

- a) Correct b)Incorrect

2. A contract to purchase a horse, if the horse proved lucky, is a contingent contract.

- a) Correct b) Incorrect

3. A contract for the sale of goods to be delivered on arrival is a contingent contract as the delivery of goods is dependent on their arrival.

- a) Correct b) Incorrect

4. A agrees to pay Rs.1,000 to B, if it rains on next Monday. It is a contingent contract.

- a) Correct b) Incorrect

5. A promise by A to pay Rs.500 to B if he (A) likes to pay the amount, is a contingent contract.

- a) Correct b) Incorrect

6. Where the goods are sent on approval, the contract is a contingent contract.

- a) Correct b) Incorrect

Objective type questions

7. The contracts of insurance, indemnity and guarantee all fall in the category of contingent contracts.
 - a) Correct b) Incorrect

8. A contingent contract is void due to uncertainty as its performance depends upon the happening or non-happening of a future uncertain event.
 - a) Correct b) Incorrect

9. All wagering contracts are contingent contracts but all contingent contracts are not necessarily wagering agreements.
 - a) Correct b) Incorrect