

The Indian Contract Act, 1872

Civil Law · Contract Law

1. Objective and Scope

The Indian Contract Act, 1872 is the principal law governing contracts in India. It lays down the general principles relating to the formation, performance, and enforcement of contracts, and specific provisions on indemnity, guarantee, bailment, pledge and agency.

2. Structure

- **Part I — General Principles:** Sections 1–75 — offer and acceptance, consideration, capacity to contract, free consent, void and voidable agreements, performance and discharge of contracts, and remedies for breach.
- **Part II — Special Contracts:** Sections 124–238 — indemnity and guarantee, bailment and pledge, and agency.

3. Essentials of a Valid Contract (Section 10)

- Offer and acceptance resulting in agreement.
- Free consent of the parties (Section 14) — not caused by coercion, undue influence, fraud, misrepresentation or mistake.
- Lawful consideration and lawful object (Sections 23–25).
- Competency of parties to contract (Section 11) — age of majority, sound mind, not disqualified by law.
- Not expressly declared void under the Act.

4. Key Case Reference

Mohori Bibee v. Dharmodas Ghosh (1903) — a contract entered into by a minor is void ab initio, not merely voidable, since a minor is incompetent to contract under Section 11.

5. Exam-Focused Summary

- Be able to list the essentials of a valid contract under Section 10 with one line on each.
- Distinguish 'void agreement' from 'voidable contract' with an example of each.
- Know the difference between indemnity (Section 124) and guarantee (Section 126).