

Indian Contract Act (1872): - 1

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Law

The set of rules and regulations set by the governing authority to maintain order, enforce rights and establish justice.

“Law is the body of principles recognized and applied by the State in the administration of justice” - Salmond



The Indian Contract Act, 1872 was passed on 25th April 1872, and came into force w.e.f 10th September 1872



Agreement

According to Section 2(e) of
Indian Contract Act, 1872,

“Every promise and every set of
promises forming the
consideration for each other”



Agreement

Agreement = Offer + Acceptance

consensus ad idem

The parties to the agreement must have **agreed** about the subject in the **same sense**



Contract

Contract = Agreement + Enforceability at Law



Examples:

- ❖ A father promises to pay his son Rs. 100 every month as pocket allowance.
- ❖ Vicky invites Rishi for a dinner party.



Contract

Contract = Agreement + Enforceability at Law



Examples:



- ❖ **Aman agrees to sell his car to Birju for Rs. 5,00,000.**
- ❖ **Reema offers her house to Seema for Rs. 26,00,000 and Seema accepts the same.**



**All contracts are agreements
but
All agreements are not
contracts**



Difference between Agreement & Contract

Difference between Agreement & Contract

Points	Agreement	Contract
Damages	In case of breach of agreement, no damages are awarded.	In case of breach of contract, damages are always awarded.
Comparison	All agreements are not contracts.	All contracts are agreements.
Binding Nature	Parties are not bound by agreement.	Obligations and rights created by contract are binding on parties to contract.
Formula	Proposal + Acceptance	Agreement + Enforceability

According to <

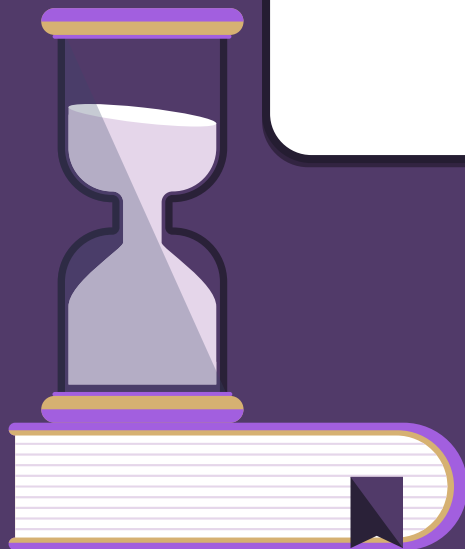


Classification of Contracts

Validity

Performance

Formation





Validity

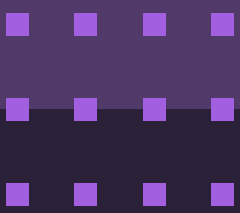
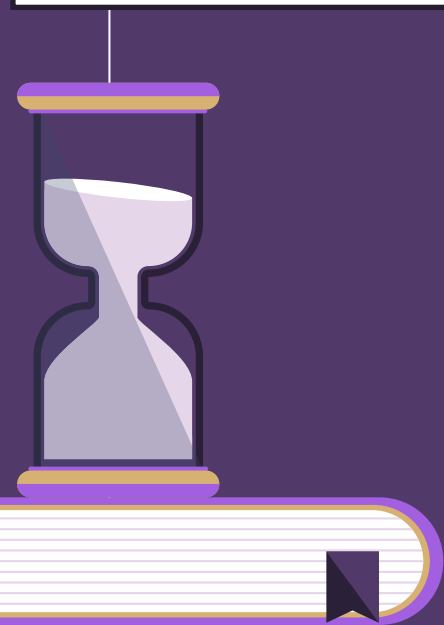
Void

Voidable

Illegal

Unenforceable

Valid



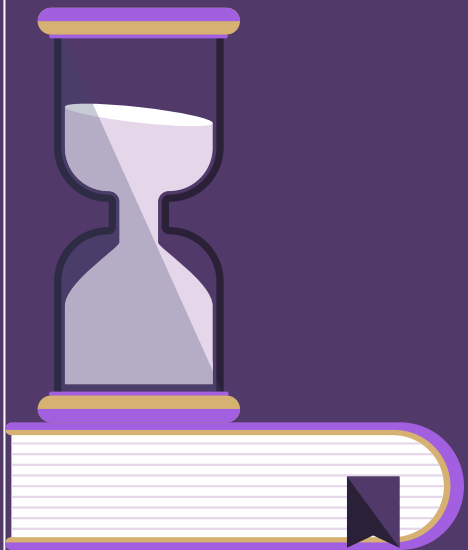
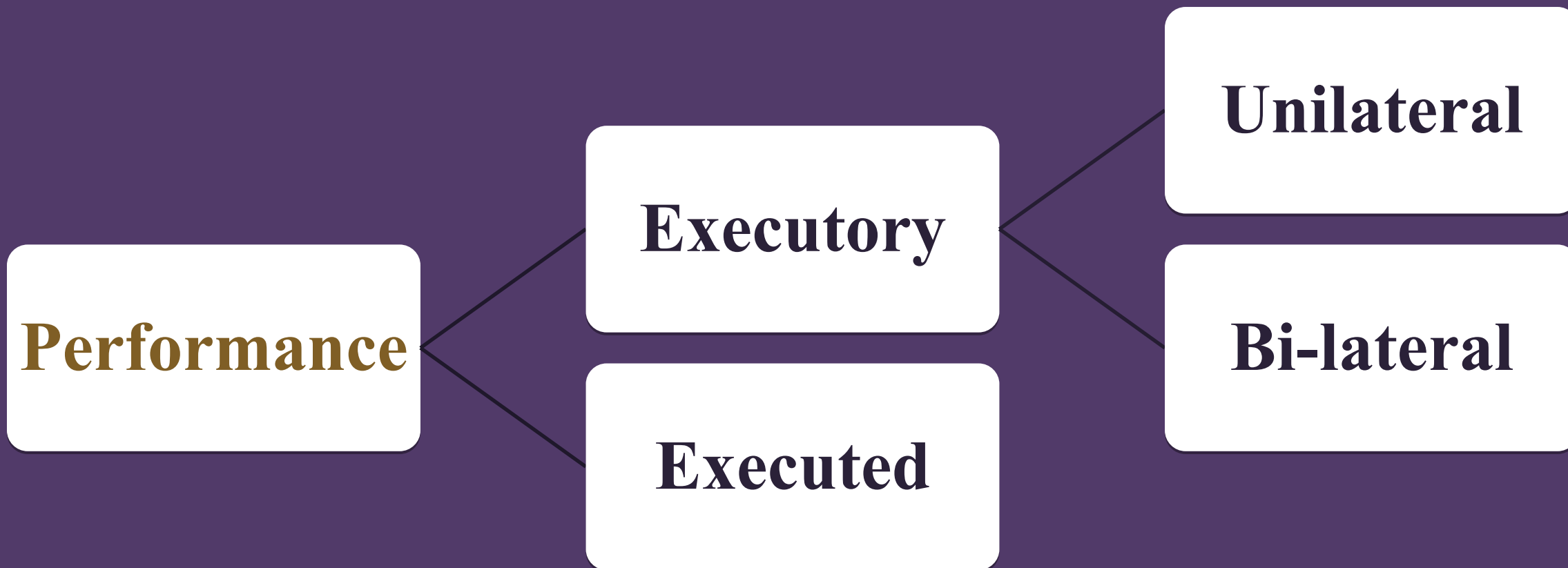
Formation

Express

Implied

Quasi







Revocation/L

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