



Sample Notes

Osmania Contract 1 Notes

You will get all 6 sems notes at this link
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!! If you find any errors in these notes or need more information, you can reach out to me anytime, but unwanted messages go straight to the moon! 🌙

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This is Ravi Yalavarthi and all the best from my side for your preparation comrade.



Notes- Contract 1 Unit-1

By Ravi Yalavarthi

Unit-I Syllabus

Definition and essentials of a valid Contract - Definition and essentials of a valid Offer - Definition and essentials of valid Acceptance - Communication of Offer and Acceptance - Revocation of Offer and Acceptance through various modes including electronic medium - Consideration - salient features - Exception to consideration - Doctrine of Privity of Contract - Exceptions to the privity of contract - Standard form of Contract.

Q. Valid Contract- Definition and Essentials V.IMP

Ans- Section 2(h) of the Indian Contract Act, 1872 defines a contract as “An agreement enforceable by law.”
Contract = Agreement + Enforceability

Essentials of a Valid Contract:

For an agreement to become a valid contract, it must fulfill the following essential elements:

1. Offer and Acceptance:

- In order to create a valid contract, there must be a “lawful offer” by one party and “lawful acceptance” of the same by the other party. The offer and acceptance must be communicated clearly and should be in alignment with legal requirements.

2. Intention to Create Legal Relationship:

- There must be an intention among the parties to create a legal relationship. In case of social or domestic agreements, the usual presumption is that the parties do not intend to create a legal relationship. However, in commercial or business agreements, it is generally presumed that the parties intend to be legally bound unless stated otherwise.
- **Case Law: Balfour vs Balfour (1919)**
 - Mr. Balfour was employed in Ceylon. Due to ill health, his wife, Mrs. Balfour, had to stay in England. Mr. Balfour promised to send her £30 per month while he was abroad. However, he failed to do so, and Mrs. Balfour sued him. The court held that the agreement was a domestic arrangement and not a legally enforceable contract.

3. Lawful Consideration:

- Consideration refers to something in return. A contract must be supported by lawful consideration, meaning that something of value must be exchanged between the parties.
- Example: If 'A' promises to obtain employment for 'B' in public service in return for Rs. 50,000, the agreement is not enforceable as the consideration is unlawful.

4. Capacity of Parties:

- The parties entering into a contract must be legally competent. A person is considered competent if they:
 - Have attained the age of majority
 - Are of sound mind
 - Are not disqualified by any law

- Example: Agreements made with minors or persons of unsound mind are void and unenforceable.

5. Free Consent:

- Consent of both parties must be free and voluntary. If consent is obtained through coercion, undue influence, fraud, misrepresentation, or mistake, the contract becomes voidable at the option of the affected party.
- Example: 'A' owns two cars, a Maruti and an Indica. He offers to sell 'B' a car, intending it to be the Maruti, but 'B' accepts thinking it is the Indica. Since there is no consensus ad idem (meeting of minds), no valid contract exists.

6. Lawful Object:

- The object of the contract must be lawful. It should not be illegal, immoral, or against public policy.
- Example: Any agreement for committing a crime or an offense is unenforceable in a court of law.

7. Certainty of Meaning:

- The terms and conditions of the agreement must be precise and clear. If they are vague or uncertain, the contract cannot be enforced.
- Example: If 'A' agrees to sell 'B' 100 tons of oil but does not specify the type of oil, the agreement is not enforceable due to uncertainty.

8. Possibility of Performance:

- The contract must be capable of being performed. If the performance of the contract is impossible, it cannot be enforced.
- Example: 'A' agrees with 'B' to discover treasure using magic. Since this is impossible, the agreement is void.

9. Not Declared Void or Illegal:

- Even if a contract satisfies all essential conditions, it must not be expressly declared void by law.
- Example: Agreements in restraint of marriage, agreements in restraint of trade, and wagering agreements are void in India.

10. Legal Formalities:

- While oral contracts are valid, certain contracts require written documentation, registration, or stamping as per statutory requirements.
- Examples: Contracts related to the sale of land, mortgage, lease agreements, and company documents such as a Memorandum of Association require written documentation and registration.
-

.....Question End.....

Q. Valid Offer- Definition and Essentials IMP

Ans-

Like above syllabus wise all questions will be answered according to our Osmania University syllabus.

This way its easy to understand the concepts in simple language, and you can attempt both 6 marks and 15 Marks Questions when you read syllabus wise.

Mostly I will give answer in a way of side headings so when you want to expand the answers, you can do that easily.



Case Law Model Answer- Contract Law 1

Q. A sold articles on credit to B, not knowing that B was a minor. After attaining majority, B refused to pay, and A sued him. Since a contract with a minor is void, A cannot enforce the payment even after B attains majority.

Issue:

The primary issue in this scenario is whether A can enforce the payment from B after B has attained majority, given that the contract made between A and B when B was a minor is void.

Rule:

Under common contract law principles, a contract with a minor is typically voidable at the minor's discretion. This means that a minor cannot be legally bound by a contract unless it is for essential goods or services, such as food, clothing, or medical care. A contract made by a minor is voidable, meaning the minor can repudiate the contract at any time, even after they have attained majority (reached adulthood).

Relevant legal principles and sections of the Indian Contract Act, 1872:

- Section 11 of the Indian Contract Act, 1872: This section states that a contract is valid only if the person making the contract is competent to contract, which includes being of the age of majority.
- Section 12 of the Indian Contract Act, 1872: Defines the age of majority as 18 years, but provides that a minor (a person under 18) is not competent to contract.
- Section 2 of the Indian Contract Act, 1872: Defines a contract as an agreement enforceable by law. A minor's agreement is void and not enforceable by law.

In addition, Indian law is in line with English contract law, which also holds that a contract with a minor is void, as exemplified in various case laws.

Application:

In this case, A sold articles on credit to B, who was a minor at the time the contract was made. Since a minor cannot be legally bound by a contract, the contract entered into by A and B when B was a minor is void. The principle of "voidness of a minor's contract" prevents A from enforcing the contract, as the contract has no legal standing.

When B attains majority, he has the option to either affirm or repudiate the contract made during his minority. In this case, B has refused to pay, which indicates repudiation of the contract. Since the contract was void ab initio (from the very beginning), there is no legal obligation for B to fulfill the terms of the agreement even after attaining majority.

The case law that supports this view includes:

1. **Mohori Bibee v. Dharmodas Ghose (1903) 30 Cal 539 (PC):**

- This is one of the landmark cases in Indian contract law, which firmly established that contracts with minors are void. The Privy Council held that a contract made by a minor is not enforceable, and even if the minor reaches the age of majority, the contract remains void unless ratified.
- In this case, a minor had executed a mortgage deed and then sought to repudiate it upon attaining majority. The court held that the contract was void, and the minor was not liable to repay the debt.

2. **Leslie v. Sheill (1914) 1 KB 34 (Court of Appeal, UK):**

- This case reiterated that a contract with a minor is void, and the minor cannot be held liable for the terms of the contract. The case concluded that even after the minor attains the age of majority, they have the right to reject the contract made during their minority.

3. **Nash v. Inman (1908) 2 KB 1 (UK):**

- In this case, the court ruled that a minor could not be held liable to pay for goods unless those goods were essential (like clothing). Since the goods sold by A to B were not essential, B was not obligated to pay.

Conclusion:

A cannot enforce the payment against B, even after B attains majority, because the contract entered into with B when he was a minor is void ab initio. This principle is firmly established by Indian contract law and upheld by various judicial precedents. Therefore, A's attempt to claim the payment is legally invalid, and B cannot be held liable for the debt incurred under the void contract.

.....Question End.....

Q. A forced B to enter into a contract at gunpoint. Since coercion makes a contract voidable, B can repudiate the contract under contract law.

Ans-

Like above I will write answers to case law questions in IRAC method (That is Issue, Rule, Analysis and Conclusion)

This way of answering in IRAC method for case law questions will fetch you good marks.

After reading these answers, you will get an idea of attempt any other new case law question in our semester exams.



Revision Notes- Contracts 1

By Ravi Yalavarthi

6 Mark Questions

S No	Topic	Detailed Explanation
1	Lapse of Offer	An offer lapses when it is no longer valid, typically due to time expiry, death of either party, or revocation by the offeror before acceptance. If an offer is not accepted within the prescribed time, or before the offeror retracts it, it lapses.
2	Invitation to Offer	An invitation to offer is a statement or behavior that invites others to make offers, but it is not itself an offer. For example, an advertisement or an auction is an invitation for offers rather than a direct offer.
3	Acceptance	Acceptance occurs when the offeree agrees to the terms of the offer. It must be unconditional and communicated to the offeror. Once acceptance is made, a binding contract is formed.
4	Consideration	Consideration is what each party to a contract gives or promises to give in exchange for the other's promise. It can be money, services, or an action. The law requires that consideration must be something of value and legally sufficient.
5	Void & Voidable Agreements	Void agreements are unenforceable by law because they lack one or more elements required for a valid contract. Voidable agreements, on the other hand, are valid initially but can be declared void at the discretion of one party due to factors like coercion or misrepresentation.
6	Valid Offer	A valid offer must contain a clear proposal, be communicated to the offeree, and show intent to form a contract. It must be definite, made with the intention to be bound, and capable of acceptance by the offeree.
7	A Standard Form of Contract	A standard form contract is a pre-prepared document where one party sets the terms of the agreement, and the other party must either accept or reject the terms without any negotiation.
8	Adequacy of Consideration	Adequacy of consideration means that the value exchanged in a contract does not need to be equal, but must be legally sufficient. Courts typically do not assess the fairness or equality of consideration.
9	Privity of Contract	The principle of privity of contract means that only parties to a contract can sue or be sued under it. A third party who is not part of the contract cannot enforce its terms.
10	Revocation of Acceptance	Revocation of acceptance occurs when the offeree withdraws their acceptance before the offeror has communicated acceptance back. This prevents the formation of a contract.
11	Counter Proposal	A counter-proposal is made in response to an offer where the terms are altered. It effectively rejects the original offer and becomes a new offer that the original offeror can accept or reject.

15 Mark Questions

Serial	Topic	Detailed Explanation
1	Define Contract & Discuss the Essential Elements of a Valid Contract	A contract is a legally binding agreement between two or more parties that is enforceable by law. Essential elements include: 1. Offer and Acceptance: One party must make an offer, and the other must accept it. 2. Intention to Create Legal Relations: The parties must intend to enter into a legal relationship. 3. Consideration: Something of value must be exchanged. 4. Capacity to Contract: The parties must be of legal age
2	An agreement without consideration is void. Discuss	In general, an agreement without consideration is void. Exceptions: 1. Agreements made out of love and affection (e.g., gifts). 2. Promises made to a charity: Enforceable if written. 3. Contracts under seal: May be enforceable without consideration.
3	Define Consideration & Explain the Essential	Consideration refers to something of value exchanged in a contract (money, goods, services). Essential elements: 1. It must be of value: Legal value must be present. 2. Bargained for: Both parties must agree to exchange. 3. It must be lawful: Consideration cannot be for illegal activities. 4. Past, Present, or Future: Consideration can be given
4	Discuss the Doctrine of Privity of Contract. What	The doctrine of privity of contract says only parties involved can sue or be sued under the contract. Exceptions: 1. Agency: An agent can act on behalf of a principal. 2. Trusts: Beneficiaries can enforce the trust. 3. Third-party Beneficiaries: In some cases, third parties can have rights (e.g., insurance contracts). 4. Assignment of rights: One
5	Discuss the law relating to communication of offer, acceptance & revocation of	Communication is crucial in contract law: 1. Offer: The offeror must communicate the offer. 2. Acceptance: The acceptance must be communicated to the offeror. 3. Revocation of Offer: The offeror can revoke the offer before acceptance, and revocation must be communicated. 4. Revocation of Acceptance: Once accepted, it cannot be revoked without breaching the contract.
6	Explain the Effects of an Agreement	Contracts with minors are generally voidable. However, certain contracts with minors may be enforceable, including: 1. Necessaries: Contracts for essential goods/services. 2. Beneficial Contracts of Service: Contracts that benefit minors (e.g., employment).
7	Discuss Various Heads of Public	Public policy ensures that contracts are not contrary to public interest. Examples: 1. Restraint of Trade: Agreements that restrict someone's right to work. 2. Immoral Contracts: Contracts that are illegal or unethical. 3. Contracts Harmful to the Public:
8	Explain the Meaning of a Contingent Contract and What are the	A contingent contract is based on the occurrence of a future uncertain event. Rules: 1. The event must be uncertain. 2. The event must be lawful. 3. The event must be beyond the control of the parties. Example: Kavitha v. Lakshmi (performance contingent on a future event).
9	An agreement in restraint of trade is void. Discuss the statement with	Contracts in restraint of trade are void, but exceptions exist: 1. Reasonable Restraint: Agreements reasonable in time, scope, and geography (e.g., in employment contracts). 2. Sale of Business: Non-compete clauses are enforceable for a limited period in business sales.
10	What are the Ingredients Must be Present in an	Misrepresentation involves false statements that induce someone into a contract. Ingredients: 1. False Statement: A statement that is untrue. 2. Inducement: The false statement must lead the other party to contract. 3. Materiality: The statement must be important to the decision to contract.

Like above in the notes you will get revision notes for each subject to revise just before the exam to remember important things and sections

This way of maintaining a handy revision notes will make you to include important case laws and sections in your answers in the exam to get good marks.