

The background of the slide features a repeating pattern of light green hexagons on a darker green gradient. A white rectangular box is positioned on the right side of the slide, containing the text 'Law of Contract'. The top portion of this box is a solid dark grey color, and a thick green horizontal line is located at the bottom edge of the white area.

# Law of Contract

- What is a contract?
- Historical Evolution of contract- Is contract of ancient origin or modern?
- All societies not destitute of contract- Rudimentary form
- From formality to morality. From Status to Contract.
- Why we need contracts? – for circulation of goods and services.

# Importance, Justification & Role of contracts

- **Practical Imp.-** incalculable importance- helps individuals to obtain goods and services necessary to live their lives.
- **Political Imp.-** Market not the state is the primary means of regulating economic life.
- **Justification-** Why courts/ state enforces contracts? Moral & Political Justification
- **Moral-** To remedy injustice
- **Economic-** Increases social wealth – everyone better off.
- The fundamental **role** of contract law in economic theory is making and performing deferred exchanges- by providing for remedies for breach – damages/ specific performance

- **Will Theory-** Law of Contracts provides a framework for parties to make their own deals and with limited exceptions fraud etc. parties are free too make whatever deals they like and the courts job is too simply enforce parties joint will.
- **Types-**Bilateral & Unilateral
- **Building Blocks-** 1) Offer, 2) Acceptance, 3) consideration & 4 )Legal Intention

- Offer- Invitation to treat
- Acceptance and Rules of communication- Postal Rule of communication- Place of formation of contracts
- Capacity- Age and mental soundness, Drunkenness
- Consideration – Promissory Estoppel

- Essentials of a valid agreement S. 10
- Free Consent
- Not expressly declared to be void
- Performance, Breach and Damages

## Govt. Contracts-

- Art. 298 & 299
- 298- Power to carry on trade, etc.- The executive power of the union and of each State shall extend to the carrying on of any trade or business and to the acquisition, holding and disposal of property and the making of contracts for any purpose :
- 299 (1)- All contracts made in the exercise of the executive power of the Union or of a State shall be expressed to be made by the President or by the Governor of the State, as the case may be

- And all such contracts made in the exercise of that power shall be executed on behalf the President or the Governor by such persons and in such manner as he may direct or authorize
- 299 (2) Neither the President nor the governor shall be personally liable in respect of any such contract nor shall any person making or executing any such contract be personally liable in respect thereof.



- Seth Bhikraj Jaipuria v UOI
- Order for food by Divisional Manager – took some supplies latter refused- breach? Sued for compensation.
- The contract was not entered into on behalf of the President/ Gov. General -175(3) of GOI Act 1935.
- No particular mode is prescribed to confer authority – Generally Gazette –
- Object of 299- State shall not be saddled with liability for unauthorized contracts and hence it has to be made on behalf of the President/ Governor and executed in the manner prescribed by the person authorized.