

CLASSIFICATION OF CONTRACTS

Contracts on the basis of creation:

- a) **Express contract:** Express contract is one which is made by words spoken or written. **Example No. 1:** X says to Y, will you may buy a car for Rs. 100000? Y says to X, I am ready to buy you car for Rs. 100000. It is an express contract made rally. **Example No. 2:** X writes a letter to Y, I offer to sell my car for Rs. 100000 to you. Y send a letter to Y, I am ready to buy you car for Rs. 100000. It is an express contract made in writing.
- b) **Implied contract:** An implied contract is one which is made otherwise than by works spoken or written. It is inferred from the conduct of a person or the circumstance of the particular case. **Example:** X, a coolie in uniform picks up the bag of Y to carry it from railway platform to the ----- without being used by Y to do so and Y allow it. In this case there is an implied offer by the coolie and an implied acceptance by the passenger. Now, there is an implied contract between the coolie and the passenger is bound to pay for the services of the coolie.
- c) **Quasi or constructive contract:** It is a contract in which there is no intention either side to make a contract, but the law imposes contract. In such a contract eights and obligations arise not by any agreement between the practice but by operation of law. e.g where certain books are delivered to a wrong address the addresses is under an obligation to either pay for them or return them.

Contracts on the basis of execution:

- a) **Executed contract:** It is a contract where both the parties to the contract have fulfilled their respective obligations under the contract. Example: X offer to sell his car to Y for Rs. 1 lakh, Y accepts X offer. X delivers the car to y and Y pays Rs. 1 lakh to X. it is an executed contract.
- b) **Executory contract:** It is a contract where both the parties to the contract have still to perform their respective obligations. Example: X offers to sell his car to y for Rs. 1 lakh. Y accepts X offer. It the car has not yet been delivered by X and the price has not yet been paid by Y, it is an Executory contract.
- c) **Partly executed and partly executory contract:** It is a contract where one of the parties to the contract has fulfilled his obligation and the other party has still

to perform his obligation. E.g X offers to sell his car to y for Rs. 1 lakh on a credit of 1 month. Y accepts X offer. X sells the car to Y. here the contract is executed as to X and Executory as to Y.

Contracts on the basis of enforceability:

- a) **Valid contract:** A contract which satisfies all the conditions prescribed by law is a valid contract. E.g. X offers to marry y. y accepts X offer. This is a valid contract.
- b) **Void Contract:** the term void contract is described as under section 2(j) of I.CA, 1872, A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable. In other words, a void contract is a contract which is valid when entered into but which subsequently became void due to impossibility of performance, change of law or some other reason. E.g. X offers to marry Y, Y accepts X offer. Later on Y dies this contract was valid at the time of its formation but became void at the death of Y.
- c) **Void Agreement:** According to Section 2(g), an agreement not enforceable by law is said to be void. Such agreements are void- ab- initio which means that they are unenforceable right from the time they are made. E.g. in agreement with a minor or a person of unsound mind is void –ab-initio because a minor or a person of unsound mind is incompetent to contract.
- d) **Voidable contract:** According to section 2(i) of the Indian contract act, 1872, arrangement which is enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others, is a voidable contract. In other words, A voidable contract is one which can be set aside or avoided at the option of the aggrieved party. Until the contract is set aside by the aggrieved party, it remains a valid contract. For e.g. a contract is treated as voidable at the option of the party whose consent has been obtained under influence or fraud or misinterpretation. E.g. X threatens to kill Y, if he does not sell his house for Rs. 1 lakh to X. Y sells his house to X and receives payment. Here, Y consent has been obtained by coercion and hence this contract is voidable at the option of Y the aggrieved party. If Y decides to avoid the contract he will have to return Rs. 1 lakh which he had received from X. If Y does not exercise his option to repudiate

the contract within a reasonable time and in the meantime Z purchases that house from X for 1 lakh in good faith. Y can not repudiate the contract.

- e) **Illegal Agreement:** An illegal agreement is one the object of which is unlawful. Such an agreement cannot be enforced bylaw. Thus, illegal agreements are always void – ab- initio (i.e. void from the very beginning)e.g. X agrees to y Rs. 1 lakh Y kills Z. Y kill and claims Rs. 1 lakh. Y cannot recover from X because the agreement between X and Y is illegal and also its object is unlawful.
- f) **Unenforceable contract:** It is contract which is actually valid but cannot be enforced because of some technical defect (such as not in writing, under stamped). Such contracts can be enforced if the technical defect involved is removed.