BLOGS

Passage-based Questions on Contract Law for CLAT UG 2026 [Part I]

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PASSAGE

The Indian Contract Act, 1872, provides the legal framework for the formation, execution, and enforcement of contracts in India. The Act is divided into two parts: Part I deals with general principles relating to the law of contracts (Sections 1 to 75), and Part II deals with special kinds of contracts such as contracts of indemnity, guarantee, bailment, pledge, and agency.

According to Section 2(h) of the Act, a contract is defined as “an agreement enforceable by law.” This implies that not all agreements are contracts unless they fulfill certain legal conditions. These conditions include a lawful offer and acceptance, lawful consideration, capacity of parties, free consent, and lawful object. If any of these essentials are absent, the agreement is either void or voidable, depending on the nature of the defect.

The principle of free consent, enshrined in Section 14, is fundamental to contract formation. Consent is considered free when it is not obtained through coercion (Section 15), undue influence (Section 16), fraud (Section 17), misrepresentation (Section 18), or mistake (Sections 20–22). If consent is not free, the contract becomes voidable at the option of the aggrieved party.

Further, the Act distinguishes between void, voidable, and illegal contracts. A void contract has no legal effect and cannot be enforced by law. A voidable contract is one which is enforceable by law at the option of one of the parties. An illegal contract is not only void but also punishable and opposed to public policy.

The Act also addresses performance, discharge, and breach of contract. In the event of breach, remedies such as damages, specific performance, and injunctions may be granted by the courts. The doctrine of quantum meruit also applies in some circumstances, where a party may recover reasonable remuneration for the part of work done.

QUESTIONS

1. Under Section 2(h) of the Indian Contract Act, which of the following is essential for an agreement to become a contract?

A. Mutual trust

B. Consideration

C. Legal enforceability

D. Intention to donate

Correct Answer: C

Explanation: Section 2(h) defines a contract as an “agreement enforceable by law”; hence legal enforceability is the essence of a contract.

2. A contract with a minor is:

A. Void

B. Valid with guardian’s approval

C. Voidable at minor’s option

D. Illegal

Correct Answer: A

Explanation: A minor is not competent to contract under Section 11, and any contract with a minor is void ab initio.

3. Which of the following is not a factor that affects free consent under Section 14 of the Act?

A. Mistake

B. Coercion

C. Duress under foreign law

D. Undue influence

Correct Answer: C

Explanation: Duress under foreign law is not recognized under Section 14; only coercion, undue influence, fraud, misrepresentation, and mistake affect free consent.

4. If consent to an agreement is caused by misrepresentation, the contract is:

A. Valid

B. Void

C. Illegal

D. Voidable

Correct Answer: D

Explanation: Under Section 19, if consent is caused by misrepresentation, the contract is voidable at the option of the misled party.

5. A contract to perform an illegal act is classified as:

A. Voidable

B. Valid

C. Enforceable with consideration

D. Illegal and void

Correct Answer: D

Explanation: An agreement to perform an unlawful act is both illegal and void under Section 23.

6. When can a voidable contract be rescinded?

A. By mutual agreement only

B. At the option of the party whose consent was not free

C. Only before performance

D. With court permission

Correct Answer: B

Explanation: A voidable contract can be rescinded by the party whose consent was obtained through improper means.

7. The principle of quantum meruit applies when:

A. The contract is illegal

B. The contract is completed

C. A party has partially performed and the contract becomes void

D. The contract is not in writing

Correct Answer: C

Explanation: Quantum meruit allows reasonable compensation for partial work done when the contract becomes void or is discharged.

8. Which one of the following agreements is void ab initio?

A. An agreement with lawful object but inadequate consideration

B. An agreement with a minor

C. An agreement with mutual mistake of fact

D. A contract signed under influence

Correct Answer: B

Explanation: An agreement with a minor is void ab initio as the minor is not competent to contract.

9. What is the status of an agreement made without consideration under Indian law?

A. Valid in all cases

B. Void unless it falls under exceptions of Section 25

C. Valid if written and registered only

D. Voidable

Correct Answer: B

Explanation: Under Section 25, an agreement without consideration is void unless it meets specific exceptions (natural love and affection, past voluntary service, promise to pay a time-barred debt).

10. Which of the following is correct about a contract which is opposed to public policy?

A. It is voidable

B. It is unenforceable but not void

C. It is void

D. It is valid with governmental approval

Correct Answer: C

Explanation: Contracts opposed to public policy are void as per Section 23.

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