BLOGS

Passage-based Questions on Contract Law for CLAT UG 2026

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Question 1

Principle:

In contract law, the principle of "free consent" ensures that the parties have agreed to the same thing in the same sense without any force, fraud, misrepresentation, or undue influence. A contract is not valid if consent is obtained by coercion.

Fact:

A threatens to file a false criminal case against B unless B sells his car to A at half its market price. B agrees and sells the car.

Question:

Is the contract valid?

Options:

A. Yes, because B agreed to sell the car.

B. No, because consent was obtained under coercion.

C. Yes, because no physical harm was done.

D. No, because B could have refused.

Answer:

B. No, because consent was obtained under coercion.

Explanation:

Under Section 15 of the Indian Contract Act, coercion includes threatening to bring a false case. Consent obtained this way is not free, making the contract voidable.

Question 2

Principle:

A contract entered without consideration is generally void unless it falls under exceptions.

Consideration is an essential element of a valid contract.

Fact:

A promises to give ₹10,000 to his nephew B out of love and affection without any reciprocal promise.

Question:

Is the promise enforceable?

Options:

A. Yes, it is a valid contract.

B. No, because there is no consideration.

C. Yes, because the promise is between close relatives.

D. No, because it is illegal.

Answer:

B. No, because there is no consideration.

Explanation:

A gratuitous promise without consideration is not enforceable unless made in writing and registered (as per exception under Section 25). Here, it’s not mentioned.

Question 3

Principle:

An agreement with an unlawful object is void. A contract with an illegal objective is not enforceable in law.

Fact:

A hires B to smuggle goods across the border for ₹50,000. B completes the task but A refuses to pay.

Question:

Can B sue A for payment?

Options:

A. Yes, because the contract was completed.

B. No, because the object was unlawful.

C. Yes, because A is unjustly enriched.

D. No, because it was a verbal contract.

Answer:

B. No, because the object was unlawful.

Explanation:

Agreements with unlawful objectives are void ab initio, and courts will not enforce them or help recover under them.

Question 4

Principle:

A proposal must be accepted unequivocally to result in a contract. Conditional acceptance is not a valid acceptance.

Fact:

A offers to sell his bike to B for ₹20,000. B says, “I accept, if you also include the helmet.”

Question:

Is there a valid acceptance?

Options:

A. Yes, as B has accepted the main offer.

B. No, because it is a counter-offer.

C. Yes, because the condition is minor.

D. No, because the offer was revoked.

Answer:

B. No, because it is a counter-offer.

Explanation:

A conditional acceptance amounts to a counter-offer, not acceptance. Hence, no valid contract is formed.

Question 5

Principle:

Communication of revocation must reach the other party before acceptance. Revocation is effective only when it is communicated before acceptance.

Fact:

A offers to sell land to B. Before B accepts, A sends a revocation letter which reaches B after B had already posted his acceptance.

Question:

Is the revocation valid?

Options:

A. Yes, because A intended to revoke.

B. No, because B already accepted.

C. Yes, because the letter was sent.

D. No, because it was not signed.

Answer:

B. No, because B already accepted.

Explanation:

According to the postal rule, acceptance is complete when posted. Revocation must reach before acceptance is posted.

Question 6

Principle:

Agreements in restraint of trade are void. Every agreement restraining anyone from exercising a lawful profession, trade or business is void.

Fact:

X, a software engineer, agrees not to work for any other company for 5 years after leaving ABC Ltd.

Question:

Is this agreement valid?

Options:

A. Yes, as X agreed voluntarily.

B. No, as it restrains trade.

C. Yes, because it’s a private agreement.

D. No, because it’s not in writing.

Answer:

B. No, as it restrains trade.

Explanation:

Section 27 of the Indian Contract Act makes such clauses void unless reasonable and justified (e.g., protecting trade secrets).

Question 7

Principle:

Only parties to a contract can sue upon it. A stranger to the contract cannot sue.

Fact:

A contracts with B to deliver goods to C. A fails to deliver.

Question:

Can C sue A?

Options:

A. Yes, because the contract was for C’s benefit.

B. No, because C is a stranger to the contract.

C. Yes, because B is also liable.

D. No, because C did not accept.

Answer:

B. No, because C is a stranger to the contract.

Explanation:

Under the privity of contract rule, only parties to the contract have the right to sue.

Question 8

Principle:

Silence is not fraud unless there is a duty to speak. Mere silence does not amount to fraud unless the circumstances impose a duty to speak.

Fact:

A sells a house to B but doesn’t disclose that it is prone to flooding.

Question:

Is A guilty of fraud?

Options:

A. Yes, as he hid information.

B. No, because B should have investigated.

C. No, unless A had a duty to speak.

D. Yes, because silence always amounts to fraud.

Answer:

C. No, unless A had a duty to speak.

Explanation:

Fraud requires active concealment or a duty to disclose. Mere silence, in absence of such a duty, is not fraud.

Question 9

Principle:

An agreement made under a mistake of fact is void. Bilateral mistake of essential fact renders a contract void.

Fact:

A agrees to sell B a cargo ship thinking it’s in the harbor, but it had already sunk.

Question:

Is the contract valid?

Options:

A. Yes, because both agreed.

B. No, because the subject no longer exists.

C. Yes, because A didn’t know.

D. No, because the price was not paid.

Answer:

B. No, because the subject no longer exists.

Explanation:

There’s a bilateral mistake regarding the existence of the subject matter. Such contracts are void under Section 20.

Question 10

Principle:

A minor is incompetent to contract. A contract with a minor is void ab initio.

Fact:

A 17-year-old boy enters a contract to buy a bike on EMI.

Question:

Is the contract enforceable?

Options:

A. Yes, if he pays regularly.

B. No, because he is a minor.

C. Yes, because the seller agreed.

D. No, because it is illegal.

Answer:

B. No, because he is a minor.

Explanation:

A minor cannot enter into a contract. Such a contract is void and cannot be enforced by or against the minor.

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