

BLOGS

Passage-based Questions on Indian Contract Act for CLAT 2026

Ruchika Mohapatra · 15 Feb 2025

Passage

The Indian Contract Act, 1872, forms the foundation of contract law in India. It governs the formation, performance, and enforceability of agreements. A valid contract must satisfy essential elements such as offer, acceptance, lawful consideration, competence of parties, free consent, and lawful object. Contracts can be classified into various types, such as express, implied, void, voidable, and contingent contracts.

Section 10 of the Act outlines that all agreements are contracts if they are made by parties competent to contract, for lawful consideration, and with a lawful object, and are not expressly declared void. Section 25 states that an agreement without consideration is void unless it falls within specific exceptions, such as an agreement made out of love and affection between parties standing in a near relation or a promise to pay a time-barred debt.

The Act also includes provisions related to the breach of contract, specifying remedies such as damages, specific performance, and injunctions. Section 73 elaborates on compensation for loss or damage caused by a breach. The aggrieved party is entitled to recover damages that naturally arise in the usual course of events from such breach, provided they are not too remote.

The doctrine of frustration, as outlined in Section 56, renders a contract void when its performance becomes impossible or unlawful due to unforeseen events. This principle is an exception to the general rule that parties must perform their contractual obligations.

Question 1: According to Section 10 of the Indian Contract Act, which of the following is *not* an essential element of a valid contract?

1. Lawful object
2. Free consent
3. Written agreement

4. Competence of parties

Correct Answer: 3. Written agreement

Explanation: Section 10 does not mandate that a contract must be in writing unless specified by law (e.g., contracts for immovable property). Oral contracts are valid if they fulfill other conditions.

Question 2: An agreement made without consideration is:

1. Always void
2. Void unless it falls under exceptions in Section 25
3. Valid if agreed orally
4. Valid only in business transactions

Correct Answer: 2. Void unless it falls under exceptions in Section 25

Explanation: Section 25 provides exceptions for agreements made out of natural love and affection, promises to pay a time-barred debt, or compensation for past voluntary services.

Question 3: Which section of the Indian Contract Act deals with compensation for breach of contract?

1. Section 25
2. Section 56
3. Section 73
4. Section 10

Correct Answer: 3. Section 73

Explanation: Section 73 specifically addresses compensation for damages or loss caused by breach, allowing recovery of damages that naturally arise in the usual course of events.

Question 4: What does the doctrine of frustration under Section 56 imply?

1. A contract becomes void due to unforeseen impossibility.
2. A contract can be revoked at will.
3. A breach of contract will result in penalties.
4. A promise without consideration is void.

Correct Answer: 1. A contract becomes void due to unforeseen impossibility.

Explanation: Section 56 states that a contract becomes void if it is impossible or unlawful to perform due to events beyond the control of the parties.

Question 5: In which situation is a time-barred debt enforceable?

1. When it is included in a written promise signed by the debtor.
2. When there is an oral promise.
3. When it is accompanied by a nominal payment.
4. When it is acknowledged after a lawsuit is filed.

Correct Answer: 1. When it is included in a written promise signed by the debtor.

Explanation: Section 25 allows enforcement of a time-barred debt if the debtor signs a written promise agreeing to pay it.

Question 6: Which of the following types of damages can be claimed for a breach of contract under Section 73?

1. Damages arising naturally in the usual course of events
2. Remote and indirect damages
3. Punitive damages
4. Damages only if agreed in the contract

Correct Answer: 1. Damages arising naturally in the usual course of events

Explanation: Section 73 allows the recovery of damages that are direct and foreseeable, but excludes remote or indirect damages.

Question 7: Which of the following is *not* a type of contract recognized under the Indian Contract Act?

1. Express contract
2. Implied contract
3. Voidable contract
4. Conditional contract

Correct Answer: 4. Conditional contract

Explanation: The Act recognizes contingent contracts (Section 31), but the term “conditional contract” is not explicitly used.

Question 8: What is the status of an agreement made with a minor under the Indian Contract Act?

1. Voidable at the option of the minor
2. Void ab initio
3. Valid if consideration is given
4. Valid if approved by the guardian

Correct Answer: 2. Void ab initio

Explanation: An agreement with a minor is void from the beginning (void ab initio) as minors are not competent to contract under Section 11.

Question 9: Which of the following is *not* covered under “free consent”?

1. Consent obtained by coercion
2. Consent obtained by undue influence
3. Consent obtained by misrepresentation
4. Consent obtained in writing

Correct Answer: 4. Consent obtained in writing

Explanation: Free consent refers to consent not obtained through coercion, undue influence, fraud, or misrepresentation (Section 14).

Question 10: Which of the following best describes “contingent contracts”?

1. Contracts dependent on an uncertain event
2. Contracts dependent on a certain event
3. Contracts without consideration
4. Contracts enforceable by law only after completion

Correct Answer: 1. Contracts dependent on an uncertain event

Explanation: Section 31 defines contingent contracts as those that are enforceable only upon the happening or non-happening of an uncertain future event.