



## A STUDY OF ESSENTIAL OF VALID CONTRACT IN INDIA

CANDIDATE NAME = AKHAND PRATAP SINGH

DESIGNATION = RESEARCH SCHOLAR SUNRISE UNIVERSITY ALWAR

GUIDE NAME = DR. RAJESH KUMAR VERMA

DESIGNATION = PROFESSOR

SUNRISE UNIVERSITY ALWAR

### ABSTRACT

The Indian Contract Act occupies the most important place in commercial law. Without Contract Act, it would have been difficult to carry on trade or any other business activity. The aim of the Contract Act is to ensure that the rights and obligations arising out of a contract are honored and that legal remedies are available to those who are affected. The contract law was implemented specifically in order to ensure that the requirements resulting from the commitments made by the parties are met and the obligations set down in an agreement between the parties are satisfied in a fair way. Evidence may be given in writing of any or all of these elements if contracts are made entirely verbally or by actions. A contract is a law-enforceable arrangement that provides for personal rights and imposes on the parties specified in the Treaty obligations of the individual who protects and enforces their rights. The rights and personal responsibilities of legal persons arising from a contract depend on common law but arise from the actions of the parties themselves. Contract law is in important respect different from other law branches. Its rules describe those remedies available to a person who fails to enforce his contract by a court of law, and the requirements for remedies. There are various arrangements without legal obligations. There are some agreements. Contract law sets out the legal rules on promise, formation, performance and enforceability. Modern contract law has now been a specialist branch of law. The two must be provided and approved in order to create juridical relations between the parties.

**KEYWORDS:** Indian Contract, valid, Evidence, law-enforceable

### INTRODUCTION

In broad terms, certain rules that remain unchanged or are simply changed by the statutes or the judge's act, today's general principles of contract law, known as "se residue". Our problem is to decide what facts would serve to define legal obligations and other legal relationships in all contract law. The research initially found that naked pledge words do not work. It becomes a problem to decide on which facts promissory words should accompany to create a legal obligation. You should know what these facts are so that in case of failure

to perform, you can properly predict the enforcement of reparations. For the legal enforcement of a promise, consumers are looking for sufficient reasons. This issue has been established in all the law systems. The issue of consideration is named with us. Generally, court law was enforcing the effects of contract, will, and legislation and other legal documents and transactions logically suggesting that they do not interpret, and many words are not logically implied. The legal doctrine of the implied terms goes far deeper than judges are used to interpret. The conventional model was



heavily influenced by the prevailing ideas, which considered that contracting parties had the same bargaining strength as economic units. The principle was called "contractual equality." The idea was that if parties were able to decide on the basis on which the products, services and money would be exchanged and the providers were prepared to consume demand, then the market would long-term provide customers with what they want, at a price they would be prepared to afford.

This shows that the notion of contract freedom is closely linked to a free market belief. When anything else is expected of public policy, it is that men of full age and of qualified knowledge shall have the greatest freedom in contracting, and their contracts shall be kept holy, and enforced by courts if freely and willingly entered into. Nevertheless, since Sir George Jessel spoke these words in 1875 much of the history of contract law concerns the decline of the idea of "freedom of contract." This is the product of social transition. Almost 130 years on, the government no longer deals with individual entrepreneurs, but mainly the allocation of resources<sup>254</sup>. *Andhra Sugars Ltd v. Andhra Pradesh State* in India is an example in that regard. In this case, if he made an offer, the plant was bound to accept a deed or not to offer came to the plant of his area. In such a case, the Court noted that, while not obligatory, the consent was not due to unfair influence or fraud or error. Law is not forced to be forced. The theory of 'free consumers' is another concept which has evolved along the same lines as that of the 'free market individualism,' as mentioned earlier. 'The

philosophy of the customer benefits brings with it fairness and reasonability. It does not start with the market-individualistic premise that all contracts should be minimally controlled. Instead, it presupposes that consumer contracts should be closely controlled and that all commercial contracts should be regulated by more control than would be allowed by market individualism. Contract law-based theories are in a state of flux. Critics of the classical model concentrate on its focus on procedural justice at the detriment of substantive justice and its privileging of law over interpretation and meaning. The more serious injustices of a paradigm based on the premise that the party to the contract exercise free would have been mitigated by welfare interference on behalf of consumers. These interventions are exceptions to the general rules rather than to a general forum for debate.

### **CHANGES IN CONTRACT LAW**

Modern contract law has been a specialist law branch. Contract law governs basic law with regard to the regulation of all forms of contracts; it is necessary to realise that business agreements have expanded beyond the hundred-year - old proposal of the contract law. Where contracts cross national borders, every country's national legal framework is insufficient to tackle the situation. If the contracting parties are based in separate countries, there are at least two different legal structures concerning the agreement and private international law laws come into play. A particular law governing this contract is a best choice for ensuring that a particular legal framework extends to



foreign contracts. The courts have held that proper law is the law that the parties have explicitly or impliedly chosen or imputed to them by way of their nearest and most real relations. In the form of International Conventions such as the convention on international sales, the modern contract is primarily involved in global or transnational matters. International taxation and global contractual competence matters are also topics governing current contract forms.

In particular, e-contract, which is a multinational person in the production, distribution and consumerism chain, addresses such complex issues. In addition, the new innovations in contracts must be discussed that have altered the definition and facets of conventional contractual terms. Entertainment and sports contracts can be concluded by minors. The courts no longer hold to the principle that a minor's contract is invalid ab initio. In such cases, however, the rulings of the courts are dominated by freedom of contract law. In a comparative study of decisions in India, the US and the UK, an attempt has been made to state the positions taken by judges concerning different types of contracts. The amendment to section.28 led to a change in the validity of all the provisions decreasing the usual limitation period. It now prohibits provisions aimed at extinguishing the right of any party to it or at exonerating any Party from liabilities, in accordance with or in respect of any contract at the expiration of that period, to prevent the execution of its rights by any party. The modification came into force on the 97th report of the Indian Law Committee. Based in its thirteenth report, it

is interesting that the Law Commission of India, following the historical background of the amendment, considered this Section and observed that such provisions were not about the interpretation of the Section but the construction of the contract. Even today, most contract law expositions do not extend beyond the rules or they teach us little or nothing about their social and economic importance. The consequence is a division between the study of formal law and the consideration of the needs of the broader society to be served. This aspect can nevertheless be left to the courts safely, because they are driven by the intelligent judges. This analysis of the law's history provides a good picture of the basis from which it was constructed. Indian law, which is not sufficiently similar in principle to the role of the United States in assuming jurisdiction in internet disputes, provides for legal issues and provides that, in a case, when the cause of the proceedings occurs within its scope, a court may assume jurisdiction.

Indian Contract Act-1872 stipulates that — Any arrangement that limits any person to the exercise of a valid profession or company of any kind shall be deemed to this extent void. exemption: Someone who sells the goodwill of a company with a buyer so long as the buyer or anyone who receives title from the goodwill from it, so long as it is a similar company, carries out a similar business there, provided those restrictions seem to the court to be fair, considering the nature of the business. Exception: Exception. Therefore, on that basis, the Indian law is very clear and stringent; any



such non-competitive arrangement is not binding on the parties and is zero. With the use of the term void ab initio, it has shown that such a non-compete clause has not been taken into consideration by agreements of this type. Indeed Indian courts consistently refused, in accordance with section 27 Indian Contract Act-1872 and held them to be invalid, as opposed to the public policy, because they could deprive an individual of his fundamental right to livelihood. Indian courts also consistently refused to enforce post termination non-competition contract clauses. However, the judiciary has inclined its view to give some consideration to non-competitive agreements given established social, legal and corporate circumstances and the requisite confidentiality and dignity of jobs. The Supreme Court of Hon'ble observed that 'despite or adverse terms of the appointment or contracts' can apply if they are justifiable,' the case of Niranjana Shankar Golikari Vs Century Spinning and Manufacturing Company Ltd.' In addition to this-V.F.S. Global Services Pvt. Ltd Vs Mr. Suprit Roy, 270, the High Court of Bombay developed the principle that a restriction on the application of trade secrets does not correspond, or is applicable in certain situations after the termination of employment, to the restriction on trade pay in accordance with section 27 of the Act. In Mr. Diljeet Titus, Adv Vs Mr. Alfred A Adebare & Ors<sup>271</sup> Delhi High Court held that "The real test is to decide if a service contract has been concluded with the degree of job control ... A Like these, various judgments by various High Court have provided certain tests or guidelines for

checks on the validity and lawfulness of limitations on non-compatible services. It indicates that, in some circumstances, Indian courts can impose confidentiality agreements designed to protect the proprietary rights of the employer.

The non-competent agreements are deemed to be reasonably enforceable in international judiciary subject to certain restrictions and fair unrestricted. The Federal Court of Australia upheld a post-employment restriction in HRX Holdings Pty Ltd Vs Pearson<sup>272</sup>, which prevents a senior manager from competing two years with his previous employer. The Court upheld with consideration the two-year non-competitive provision. The court found that restraint reasonable because the employee was a human face of the company and knew the customer relationships, price agreements and strategies of the former employer and the employee received retirement compensation in the form of remuneration and shared for the period of restraint of only three months. Keeping in view, the increase in cross border trade and an enhanced competitive environment in India, confidentiality, non-compete and non-solicitation agreements are becoming increasingly common, particularly in the IT and technology sectors. A wide range of OUT and IT companies have concluded contracts for confidentiality, non-competitors and non-applications, ranging from a few months to several years after the termination of the employment relationship. These limitations are believed by the companies to be essential to protect their rights and their confidential information. In



the same way, international companies doing business in India also tend to include confidentiality, non-compete and non-solicitation covenants in their agreements with senior management and employees, as is customarily done in some abroad countries. While the Indian Contract Law states that all restraint agreements in any profession, business or business are void, it is concluded by the current trend as set out in various legal pronouncements that reasonable restraint can to some extent be allowed and does not render the contract void ab initio. Recommendable restraint depends on different factors, and restriction must be fair in the interests of the parties to ensure sufficient security of the covenant to avoid disclosure of trade secrets and business relations.

## **CONCEPT OF ELECTRONIC CONTRACT**

Internet has developed a new exploration and exploitation market for companies. The immense versatility and Internet speed makes it the most modern transaction network for companies and customers. The different products and services are sold to the corporations inter themselves or to the customers worldwide. The entire universe has become available on the laptop or palmtop with the mouse press. The Indian Parliament has introduced the Information Technology Act, 2000, which was modelled after the model law of Uncitral and, in many ways, goes beyond the spirit of the model law to provide protection and legal recognition for transactions that are carried

out electronically. The provisions thereof lack harmony and, above all, several legal questions have not been adequately identified immediately after the implementation of the IT Act. It was found that some substantial provisions of that Act are lacking. The IT Act, containing the objectives, was amended in 2008-277. (1) The e-government, e-commerce and e-transactions services provided by the IT Act harmonise protection and implementation of personal data and information technology. (2) Introduce additional penal provisions in the IT Act, IPC, the Indian Evidence Act, and the Penal code to allow for new offences, such as electronic publication of sexually explicit content, video voyeurism and confidentiality and leakage, through the use of communication networks, for new types of crimes such as phishing, identity theft and offensive messages. (4) Authorizing services providers to install, maintain and update computerised services and to charge the central government or the state government to collect, retain and appropriate services for the provision of such services at any level. Interestingly, the drafters recognised that the digital signatures prescribed for the authentication of electronic records in the original IT Act are related to particular technologies and that alternative electronic signature technology must be developed, but that the original digital signature requirements have still been retained and that uncertainty has been aggravated. There is yet to be found an opportunity for the Indian courts to determine the effect of the IT Act's provisions on substantive contract forming



concepts codified in the Indian Contract Law of 1872.

## **Kinds of E-Contracts and Their Enforceability**

### **(i) Kinds of E-Contracts**

Wrap shrink and click wrap contracts:-Wrap shrink and wrap are popular forms of e-commerce agreements. Shrink wrap agreements are licensing agreements or other terms and conditions that the user can only read and understand after the product has opened. The term describes the shrink wrap plastic wrapping used to coat software boxes, though these contracts are not limited to the software industry. As part of the installation process, a click wrap agreement is often found. It is also referred to as a "click through" agreement. The name "click wrap" comes from the use of "shrink wrap contracts" in boxed software purchases. The following forms of click-wrap contracts can be:

1. Type and Click where the user needs to type the onscreen box "I accept" and click the "Submit" or similar button. This indicates that the terms of the contract are approved. Without following these steps, a user cannot continue to download or access the target information.
2. Click the 'OK' or 'I approve' button on a dialogue or pop-up window. Click on the 'OK' button. The software programme essentially consists of a series of commands issued to a computer, or, to be specific, a computer's hardware, which allow the computer to perform in a specific way, so as to achieve its desired result.

**(ii) Growth of E-Commerce in:-** Shrink-wrap licences are referred to as the

transparent, multi-software packaging of plastic wrapping. They have the note that the people who use the programme language are included by cutting the shrink wrap open. The standard Shrink-wrap agreement for software applications is a software licence that dictates the conditions of a seller to a buyer and contains a notice of agreement, a seller's title retention, limits on transfer and alteration, reverse engineering prohibition and restricted copying provisions. The first time a contract was questioned was with Step-Saver Data Sys., Inc. v. Wyse Tech. By placing an order for 20 copies on the phone, Stepp Saver had purchased a software package from defendant and sold it to end users. These clients have sued the software defects claimants and in exchange have sued the defendants. The disclaimer and prohibition of remedies in the Shrink-wrap licence was posed by Wyse Tech in his defence. During the telephone conversation in which an offer was made to purchase was made, the Court of Appeals for the 3rd Circuit took the argument of the plaintiff and accepted.

### **(iii) Electronic Contracts and the Indian Law Electronic Contracts:**

- In everyday life, contracts are so widespread that we don't even know that we have run across it the most often. We make a lot of contracts right from morning to night. The Indian Contract Act of 1872 controls the execution and execution of contracts in India. The terms of the contract and the settlement of contracts are specified. Parties may contract under any conditions they choose. The Indian Contract Act contains limiting factors, which may be subject to the



conclusion, implementation and enforcement of the contract. It offers only a system of rules and regulations regulating contract production and efficiency. The contracting parties themselves determine the rights and obligations of the parties and the conditions of agreement. In case of non-performance or violation, the court of law enforces the agreement. The need for speed, ease and performance are the basis for electronic contracts (contracts that are not paper-based but in electronic form). Imagine a contract to be concluded between an Indian exporter and an American importer. One choice will be for one party to draw up, sign, and mail two copies of the contract to the other party who signs both one copy and one copy of the courier.

#### **(iv) Essential Ingredients of an Electronic Contract**

As in every other contract, an electronic contract also requires the following necessary ingredients:

1. Offer: - In many transactions (whether online or conventional) the offer is not made directly one-on-one. The consumer 'browses' the available goods and services displayed on the merchant's website and then chooses what he would like to purchase. The offer is not made by website displaying the items for sale at a particular price. This is actually an invitation to offer and hence is revocable at any time up to the time of acceptance. The offer is made by the customer on placing the products in the virtual 'basket' or 'shopping cart' for payment.

2. Acceptance: - As stated earlier, the acceptance is usually undertaken by the

business after the offer has been made by the consumer in relation with the invitation to offer. An offer is revocable at any time until the acceptance is made.

#### **CONCLUSION**

In the area of commercial law, contract law plays a central role. Without contract law it is impossible to do any company, company or operation. It affects everyone as well as business people. The object of the contract law is the compliance with contractual rights and remedies. The Contract Law sets down the terms of contracting parties. Anson said the contract is the synthesis of the principle of subjectivity and objectivity. Section 10 states that consent is subjective, but the entire principle is objective. Agreements both cover bids and approval and are necessary for a contract to be concluded. All contracts are contracts, but all agreements are not contracts, only contracts that satisfy the conditions in paragraph 10 are contracts. For contract consent to be obtained, it is a fundamental element and should be free from coercion, fraud, misrepresentation and invalid under section 19 and 19 A, if it is not free. If, however, the consent is wrong, then section 20-22 is invalid. However, it is necessary under English law to develop legal ties. Anson has claimed that contract law is the basis of the contract law as a child of business and trade. Although drawbacks, difficulties, liability are also considered, these agreements do not constitute a contract. It does not mean that legal ties should be formed. They are for a friendly



or social relationship<sup>6</sup>. Contract law is relevant for at least two purposes in the economic and social growth of societies. The division of in the first place.

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