

# Contracts, Capacity, Free Consent and Void Agreements

Indian Contract Act, 1872

Full local statutory text

Finin2min implementation edition

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## Finin2min Summary - Chapter in 2 Minutes

### Purpose

This unit converts contracts, capacity, free consent and void agreements into statutory, transaction, evidence and remedy decisions.

### Who is covered

Businesses, contracting parties, partners, buyers, sellers, principals, agents and litigants affected by this chapter.

### Main obligations

Read the transaction documents and actual conduct against every statutory limb, exception and connected law.

### Key timelines

Record event, breach, refusal, notice, acknowledgment and filing dates; apply the correct Limitation Act article.

### Forms and evidence

Use the chapter evidence checklist and State/UT forms where registration or public notice applies.

### Top risk

Wrong classification, missing authority, weak evidence, ineffective notice, unverified State process or wrong remedy.

### Remedy

Preserve rights, mitigate loss, quantify exposure and confirm forum, arbitration, limitation and interim relief.

### Finin2min takeaway

Classify - map law - verify authority - prove performance - quantify consequence - select remedy and forum.

## Section-by-section provision map

| Provision            | Title                         | Status    | Decision theme                    |
|----------------------|-------------------------------|-----------|-----------------------------------|
| <a href="#">s.10</a> | What agreements are contracts | operative | commercial rights and obligations |
| <a href="#">s.11</a> | Who are competent to contract | operative |                                   |

|                              |                                                                          |           |                                   |
|------------------------------|--------------------------------------------------------------------------|-----------|-----------------------------------|
|                              |                                                                          |           | commercial rights and obligations |
| <a href="#"><u>s.12</u></a>  | What is a sound mind for the purposes of contracting                     | operative | commercial rights and obligations |
| <a href="#"><u>s.13</u></a>  | “Consent” defined                                                        | operative | validity and consent              |
| <a href="#"><u>s.14</u></a>  | “Free consent” defined                                                   | operative | validity and consent              |
| <a href="#"><u>s.15</u></a>  | “Coercion” defined                                                       | operative | validity and consent              |
| <a href="#"><u>s.16</u></a>  | “Undue influence” defined                                                | operative | validity and consent              |
| <a href="#"><u>s.17</u></a>  | “Fraud” defined                                                          | operative | validity and consent              |
| <a href="#"><u>s.18</u></a>  | “Misrepresentation” defined                                              | operative | validity and consent              |
| <a href="#"><u>s.19</u></a>  | Voidability of agreements without free consent                           | operative | validity and consent              |
| <a href="#"><u>s.19A</u></a> | Power to set aside contract induced by undue influence                   | operative | validity and consent              |
| <a href="#"><u>s.20</u></a>  | Agreement void where both parties are under mistake as to matter of fact | operative | validity and consent              |
| <a href="#"><u>s.21</u></a>  | Effect of mistakes as to law                                             | operative | validity and consent              |
| <a href="#"><u>s.22</u></a>  | Contract caused by mistake of one party as to matter of fact             | operative | validity and consent              |
| <a href="#"><u>s.23</u></a>  | What considerations and objects are lawful, and what not                 | operative | commercial rights and obligations |
| <a href="#"><u>s.24</u></a>  | Agreement void, if considerations and objects unlawful in part           | operative | validity and consent              |

|                             |                                                                                                                                                                                                                                                           |           |                      |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------|
| <a href="#"><u>s.25</u></a> | Agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done, or is a promise to pay a debt barred by limitation law                                                                   | operative | validity and consent |
| <a href="#"><u>s.26</u></a> | Agreement in restraint of marriage, void                                                                                                                                                                                                                  | operative | validity and consent |
| <a href="#"><u>s.27</u></a> | Agreement in restraint of trade, void. Saving of agreement not to carry on business of which good-will is sold                                                                                                                                            | operative | validity and consent |
| <a href="#"><u>s.28</u></a> | Agreements in restraint of legal proceeding void. Saving of contract to refer to arbitration dispute that may arise. Saving of contract to refer questions that have already arisen. Saving of a guarantee agreement of a bank or a financial institution | operative | validity and consent |
| <a href="#"><u>s.29</u></a> | Agreements void for uncertainty                                                                                                                                                                                                                           | operative | validity and consent |
| <a href="#"><u>s.30</u></a> | Agreements by way of wager, void. Exception in favour of certain prizes for horse-racing. Section 294A of the Indian Penal Code not affected                                                                                                              | operative | validity and consent |

## Legal status, amendments and source protocol

**Act:** Indian Contract Act, 1872; Act 9 of 1872; commencement 1 September 1872.

**Source protocol:** Complete central provision text is reproduced locally. Retained official India Code PDF extract. Official India Code and Gazette instruments prevail if any discrepancy is identified.

## Full statutory text and Finin2min decode

## Section 10 - What agreements are contracts

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

10. What agreements are contracts.—All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void.

Nothing herein contained shall affect any law in force in 1[India] and not hereby expressly repealed by which any contract is required to be made in writing<sup>2</sup> or in the presence of witnesses, or any law relating to the registration of documents.

### Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Finin2min meaning                                                                                                                                                                                               | Evidence/<br>control                                                                              |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 10. What agreements are contracts.—All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void. Nothing herein contained shall affect any law in force in 1[India] and not hereby expressly repealed by which any contract is required to be made in writing <sup>2</sup> or in the presence of witnesses, or any law relating to the registration of documents. | Test this main limb within the commercial rights and obligations framework. Operational focus: 10. what agreements are contracts.—all agreements are contracts if they are made by the free consent of parties. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 10 is a commercial rights and obligations provision dealing with what agreements are contracts. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

**Section-level practical application**

**Transaction test**

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

**Consequence and remedy**

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 11 - Who are competent to contract

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

11. Who are competent to contract.—Every person is competent to contract who is of the age of majority according to the law to which he is subject<sup>3</sup>, and who is of sound mind, and is not disqualified from contracting by any law to which he is subject.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                   | Finin2min meaning                                                                                                                                                                                         | Evidence/control                                                                                  |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 11. Who are competent to contract.—Every person is competent to contract who is of the age of majority according to the law to which he is subject <sup>3</sup> , and who is of sound mind, and is not disqualified from contracting by any law to which he is subject. | Test this main limb within the commercial rights and obligations framework.<br>Operational focus: 11. who are competent to contract.—every person is competent to contract who is of the age of majority. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 11 is a commercial rights and obligations provision dealing with who are competent to contract. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 12 - What is a sound mind for the purposes of contracting

Local statutory-text source control: Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

12. What is a sound mind for the purposes of contracting.—A person is said to be of sound mind for the purpose of making a contract, if, at the time when he makes it, he is capable of understanding it and of forming a rational judgment as to its effect upon his interests.

A person who is usually of unsound mind, but occasionally of sound mind, may make a contract when he is of sound mind.

A person who is usually of sound mind, but occasionally of unsound mind, may not make a contract when he is of unsound mind.

Illustrations

- (a) A patient in a lunatic asylum, who is at intervals of sound mind, may contract during those intervals.
- (b) A sane man, who is delirious from fever or who is so drunk that he cannot understand the terms of a contract, or form a rational judgment as to its effect on his interests, cannot contract whilst such delirium or drunkenness lasts.

Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Finin2min meaning                                                                                                                                                                            | Evidence/control                                                                                  |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 12. What is a sound mind for the purposes of contracting.—A person is said to be of sound mind for the purpose of making a contract, if, at the time when he makes it, he is capable of understanding it and of forming a rational judgment as to its effect upon his interests. A person who is usually of unsound mind, but occasionally of sound mind, may make a contract when he is of sound mind. A person who is usually of sound mind, but occasionally of unsound mind, may not make a contract when he is of unsound mind. Illustrations | Test this main limb within the commercial rights and obligations framework.<br>Operational focus: 12. what is a sound mind for the purposes of contracting.—a person is said to be of sound. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (a)       | A patient in a lunatic asylum, who is at intervals of sound mind, may contract during those intervals.                                                                                                                                                                                                                                                                                                                                                                                                                                             | Test this (a) within the commercial rights and obligations framework.<br>Operational focus: a patient in a lunatic                                                                           | Contract/deed, authority, chronology, notices, performance and                                    |

|     |                                                                                                                                                                                                                                         |                                                                                                                                                                                       |                                                                                                   |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     |                                                                                                                                                                                                                                         | asylum, who is at intervals of sound mind, may contract during those intervals.                                                                                                       | payment records tied to this limb.                                                                |
| (b) | A sane man, who is delirious from fever or who is so drunk that he cannot understand the terms of a contract, or form a rational judgment as to its effect on his interests, cannot contract whilst such delirium or drunkenness lasts. | Test this (b) within the commercial rights and obligations framework.<br>Operational focus: a sane man, who is delirious from fever or who is so drunk that he cannot understand the. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 12 is a commercial rights and obligations provision dealing with what is a sound mind for the purposes of contracting. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 13 - "Consent" defined

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

13. "Consent" defined.—Two or more persons are said to consent when they agree upon the same thing in the same sense.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                     | Finin2min meaning                                                                                                                                                                           | Evidence/control                                                                                  |
|------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 13. "Consent" defined.—<br>Two or more persons are said to consent when they agree upon the same thing in the same sense. | Test this main limb within the validity and consent framework.<br>Operational focus: 13. "consent" defined.—two or more persons are said to consent when they agree upon the same thing in. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 13 is a validity and consent provision dealing with "consent" defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 14 - “Free consent” defined

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

14. “Free consent” defined.—Consent is said to be free when it is not caused by—  
(1) coercion, as defined in section 15, or  
(2) undue influence, as defined in section 16, or  
(3) fraud, as defined in section 17, or  
(4) misrepresentation, as defined in section 18, or  
(5) mistake, subject to the provisions of sections 20, 21 and 22.  
Consent is said to be so caused when it would not have been given but for the existence of such coercion, undue influence, fraud, misrepresentation or mistake.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                | Finin2min meaning                                                                                                                                                    | Evidence/control                                                                                  |
|------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 14. “Free consent” defined.—<br>Consent is said to be free when it is not caused by— | Test this main limb within the validity and consent framework. Operational focus: 14. “free consent” defined.— consent is said to be free when it is not caused by—. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(1)</b>       | coercion, as defined in section 15, or                                               | Test this (1) within the validity and consent framework. Operational focus: coercion, as defined in section 15, or.                                                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(2)</b>       | undue influence, as defined in section 16, or                                        | Test this (2) within the validity and consent framework. Operational focus: undue influence, as defined in section 16, or.                                           | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|     |                                                                                                                                                                                                                               |                                                                                                                                                                               |                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| (3) | fraud, as defined in section 17, or                                                                                                                                                                                           | Test this (3) within the validity and consent framework.<br>Operational focus: fraud, as defined in section 17, or.                                                           | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (4) | misrepresentation, as defined in section 18, or                                                                                                                                                                               | Test this (4) within the validity and consent framework.<br>Operational focus: misrepresentation, as defined in section 18, or.                                               | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (5) | mistake, subject to the provisions of sections 20, 21 and 22. Consent is said to be so caused when it would not have been given but for the existence of such coercion, undue influence, fraud, misrepresentation or mistake. | Test this (5) within the validity and consent framework.<br>Operational focus: mistake, subject to the provisions of sections 20, 21 and 22. consent is said to be so caused. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 14 is a validity and consent provision dealing with “free consent” defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 15 - “Coercion” defined

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

15. “Coercion” defined.—“Coercion” is the committing, or threatening to commit, any act forbidden by the Indian Penal Code (45 of 1860) or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

1. Subs. by Act 3 of 1951, s. 3 and Sch., for “Part A States and Part C States” which had been subs. by the A.O. 1950, for “the Provinces”.
2. See e.g., s. 25, *infra*; the Copyright Act, 1957 (14 of 1957), s. 19; the Carriers Act, 1865 (3 of 1865) ss. 6 and 7; the Companies Act, 1956 (1 of 1956), ss. 12, 30, 46 and 109.
3. See the Indian Majority Act, 1875 (9 of 1875).

Explanation.—It is immaterial whether the Indian Penal Code (45 of 1860) is or is not in force in the place where the coercion is employed.

#### Illustration

A, on board an English ship on the high seas, causes B to enter into an agreement by an act amounting to criminal intimidation under the Indian Penal Code (45 of 1860).

A afterwards sues B for breach of contract at Calcutta.

A has employed coercion, although his act is not an offence by the law of England, and although section 506 of the Indian Penal Code (45 of 1860) was not in force at the time when or place where the act was done.

1[16. “Undue influence” defined.—(1) A contract is said to be induced by “undue influence” where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

(2) In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another—

(a) where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or

(b) where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.

(3) Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other.

Nothing in this sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872).

#### Illustrations

(a) A having advanced money to his son, B, during his minority, upon B’s coming of age obtains, by misuse of parental influence, a bond

from B for a greater amount than the sum due in respect of the advance. A employs undue influence.

(b) A, a man enfeebled by disease or age, is induced, by B’s influence over him as his medical attendant, to agree to pay B an unreasonable

sum for his professional services. B employs undue influence.

(c) A, being in debt to B, the money-lender of his village, contracts a fresh loan on terms which appear to be unconscionable. It lies on B to

prove that the contract was not induced by undue influence.

(d) A applies to a banker for a loan at a time when there is stringency in the money market. The banker declines to make the

loan except at an unusually high rate of interest. A accepts the loan on these terms. This is a transaction in the ordinary course of business, and the contract is not induced by undue influence.]

## Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Finin2min meaning                                                                                                                                                                                             | Evidence/control                                                                                  |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 15. "Coercion" defined.—"Coercion" is the committing, or threatening to commit, any act forbidden by the Indian Penal Code (45 of 1860) or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement. 1. Subs. by Act 3 of 1951, s. 3 and Sch., for "Part A States and Part C States" which had been subs. by the A.O. 1950, for "the Provinces". 2. See e.g., s. 25, infra; the Copyright Act, 1957 (14 of 1957), s. 19; the Carriers Act, 1865 (3 of 1865) ss. 6 and 7; the Companies Act, 1956 (1 of 1956), ss. 12, 30, 46 and 109. 3.... | Test this main limb within the validity and consent framework. Operational focus: 15. "coercion" defined.—"coercion" is the committing, or threatening to commit, any act forbidden by the indian penal code. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(1)</b>       | A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.                                                                                                                                                                                                                                                                                                                                                                                               | Test this (1) within the validity and consent framework. Operational focus: a contract is said to be induced by "undue influence" where the relations subsisting between the parties are.                     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(2)</b>       | In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another—                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Test this (2) within the validity and consent framework. Operational focus: in particular and without prejudice to the generality of the foregoing principle, a                                               | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                |                                                                                                   |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | person is deemed to be.                                                                                                                                                                        |                                                                                                   |
| <b>(a)</b> | where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or                                                                                                                                                                                                                                                                                                                                                                          | Test this (a) within the validity and consent framework.<br>Operational focus: where he holds a real or apparent authority over the other, or where he stands in a fiduciary.                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.                                                                                                                                                                                                                                                                                                                                    | Test this (b) within the validity and consent framework.<br>Operational focus: where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(3)</b> | Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other. Nothing in this sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872). Illustrations | Test this (3) within the validity and consent framework.<br>Operational focus: where a person who is in a position to dominate the will of another, enters into a contract.                    | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b> | A having advanced money to his son, B, during his minority, upon B's coming of age obtains, by misuse of parental influence, a bond from B for a greater amount than the sum due in respect of the advance. A employs undue influence.                                                                                                                                                                                                                                                           | Test this (a) within the validity and consent framework.<br>Operational focus: a having advanced money to his son, b, during his minority,                                                     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|     |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                               |                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     |                                                                                                                                                                                                                                                                                                                               | upon b's coming of age obtains, by.                                                                                                                                           |                                                                                                   |
| (b) | A, a man enfeebled by disease or age, is induced, by B's influence over him as his medical attendant, to agree to pay B an unreasonable sum for his professional services. B employs undue influence.                                                                                                                         | Test this (b) within the validity and consent framework.<br>Operational focus: a, a man enfeebled by disease or age, is induced, by b's influence over him as his medical.    | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (c) | A, being in debt to B, the money-lender of his village, contracts a fresh loan on terms which appear to be unconscionable. It lies on B to prove that the contract was not induced by undue influence.                                                                                                                        | Test this (c) within the validity and consent framework.<br>Operational focus: a, being in debt to b, the money-lender of his village, contracts a fresh loan on terms which. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (d) | A applies to a banker for a loan at a time when there is stringency in the money market. The banker declines to make the loan except at an unusually high rate of interest. A accepts the loan on these terms. This is a transaction in the ordinary course of business, and the contract is not induced by undue influence.] | Test this (d) within the validity and consent framework.<br>Operational focus: a applies to a banker for a loan at a time when there is stringency in the money.              | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 15 is a validity and consent provision dealing with "coercion" defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

**Section-level practical application**

**Transaction test**

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

**Consequence and remedy**

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 16 - "Undue influence" defined

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

1[16. "Undue influence" defined.—(1) A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

(2) In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another—

(a) where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or

(b) where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.

(3) Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other.

Nothing in this sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872).

#### Illustrations

(a) A having advanced money to his son, B, during his minority, upon B's coming of age obtains, by misuse of parental influence, a bond

from B for a greater amount than the sum due in respect of the advance. A employs undue influence.

(b) A, a man enfeebled by disease or age, is induced, by B's influence over him as his medical attendant, to agree to pay B an unreasonable

sum for his professional services. B employs undue influence.

(c) A, being in debt to B, the money-lender of his village, contracts a fresh loan on terms which appear to be unconscionable. It lies on B to

prove that the contract was not induced by undue influence.

(d) A applies to a banker for a loan at a time when there is stringency in the money market. The banker declines to make the loan except at

an unusually high rate of interest. A accepts the loan on these terms. This is a transaction in the ordinary course of business, and the contract is

not induced by undue influence.]

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement             | Finin2min meaning                                                                    | Evidence/<br>control                                           |
|------------------|-----------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>Main rule</b> | 1[16. "Undue influence" defined.— | Test this main limb within the validity and consent framework.<br>Operational focus: | Contract/deed, authority, chronology, notices, performance and |

|            |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                |                                                                                                   |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            |                                                                                                                                                                                                                                                                   | 1[16.“undue influence” defined.—.                                                                                                                                                              | payment records tied to this limb.                                                                |
| <b>(1)</b> | A contract is said to be induced by “undue influence” where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other. | Test this (1) within the validity and consent framework.<br>Operational focus: a contract is said to be induced by “undue influence” where the relations subsisting between the parties are.   | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(2)</b> | In particular and without prejudice to the generality of the foregoing principle, a person is deemed to be in a position to dominate the will of another—                                                                                                         | Test this (2) within the validity and consent framework.<br>Operational focus: in particular and without prejudice to the generality of the foregoing principle, a person is deemed to be.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b> | where he holds a real or apparent authority over the other, or where he stands in a fiduciary relation to the other; or                                                                                                                                           | Test this (a) within the validity and consent framework.<br>Operational focus: where he holds a real or apparent authority over the other, or where he stands in a fiduciary.                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness, or mental or bodily distress.                                                                                                     | Test this (b) within the validity and consent framework.<br>Operational focus: where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                |                                                                                                   |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>(3)</b> | Where a person who is in a position to dominate the will of another, enters into a contract with him, and the transaction appears, on the face of it or on the evidence adduced, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in a position to dominate the will of the other. Nothing in this sub-section shall affect the provisions of section 111 of the Indian Evidence Act, 1872 (1 of 1872).<br>Illustrations | Test this (3) within the validity and consent framework.<br>Operational focus: where a person who is in a position to dominate the will of another, enters into a contract.    | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b> | A having advanced money to his son, B, during his minority, upon B's coming of age obtains, by misuse of parental influence, a bond from B for a greater amount than the sum due in respect of the advance. A employs undue influence.                                                                                                                                                                                                                                                              | Test this (a) within the validity and consent framework.<br>Operational focus: a having advanced money to his son, b, during his minority, upon b's coming of age obtains, by. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | A, a man enfeebled by disease or age, is induced, by B's influence over him as his medical attendant, to agree to pay B an unreasonable sum for his professional services. B employs undue influence.                                                                                                                                                                                                                                                                                               | Test this (b) within the validity and consent framework.<br>Operational focus: a, a man enfeebled by disease or age, is induced, by b's influence over him as his medical.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b> | A, being in debt to B, the money-lender of his village, contracts a fresh loan on terms which appear to be unconscionable. It lies on B to prove that the contract was not induced by undue influence.                                                                                                                                                                                                                                                                                              | Test this (c) within the validity and consent framework.<br>Operational focus: a, being in debt to b, the money-lender of his village, contracts a fresh loan on terms which.  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(d)</b> | A applies to a banker for a loan at a time when there is stringency in the money                                                                                                                                                                                                                                                                                                                                                                                                                    | Test this (d) within the validity and consent                                                                                                                                  | Contract/deed, authority,                                                                         |

market. The banker declines to make the loan except at an unusually high rate of interest. A accepts the loan on these terms. This is a transaction in the ordinary course of business, and the contract is not induced by undue influence.]

framework.  
Operational focus: a applies to a banker for a loan at a time when there is stringency in the money.

chronology, notices, performance and payment records tied to this limb.

## Finin2min implementation explanation

Section 16 is a validity and consent provision dealing with “undue influence” defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 17 - "Fraud" defined

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

17. "Fraud" defined.—"Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent<sup>2</sup>, with intent to deceive another party thereto of his agent, or to induce him to enter into the contract:—

- (1) the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
- (2) the active concealment of a fact by one having knowledge or belief of the fact;
- (3) a promise made without any intention of performing it;
- (4) any other act fitted to deceive;
- (5) any such act or omission as the law specially declares to be fraudulent.

Explanation.—Mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak<sup>3</sup>, or unless his silence is, in itself, equivalent to speech.

1. Subs. by Act 6 of 1899, s. 2, for the original s. 16.

2. Cf. s. 238, *infra*.

3. See s. 143, *infra*.

#### Illustrations

- (a) A sells, by auction, to B, a horse which A knows to be unsound. A says nothing to B about the horse's unsoundness. This is not fraud in A.
- (b) B is A's daughter and has just come of age. Here, the relation between the parties would make it A's duty to tell B if the horse is unsound.
- (c) B says to A—"If you do not deny it, I shall assume that the horse is sound." A says nothing. Here, A's silence is equivalent to speech.
- (d) A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract. A is not bound to inform B.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                         | Finin2min meaning                                                                                                                                                  | Evidence/<br>control                                                                              |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 17. "Fraud" defined.—"Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent <sup>2</sup> , with intent to deceive another party thereto of his agent, or to induce him to enter into the contract:— | Test this main limb within the validity and consent framework.<br>Operational focus: 17. "fraud" defined.<br>—"fraud" means and includes any of the following acts | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                              |                                                                                                   |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                          | committed by a party to a contract.                                                                                                                                                          |                                                                                                   |
| (1) | the suggestion, as a fact, of that which is not true, by one who does not believe it to be true                                                                                                                                                                                                                                                                                                                                                          | Test this (1) within the validity and consent framework. Operational focus: the suggestion, as a fact, of that which is not true, by one who does not believe it.                            | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (2) | the active concealment of a fact by one having knowledge or belief of the fact                                                                                                                                                                                                                                                                                                                                                                           | Test this (2) within the validity and consent framework. Operational focus: the active concealment of a fact by one having knowledge or belief of the fact.                                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (3) | a promise made without any intention of performing it                                                                                                                                                                                                                                                                                                                                                                                                    | Test this (3) within the validity and consent framework. Operational focus: a promise made without any intention of performing it.                                                           | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (4) | any other act fitted to deceive                                                                                                                                                                                                                                                                                                                                                                                                                          | Test this (4) within the validity and consent framework. Operational focus: any other act fitted to deceive.                                                                                 | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (5) | any such act or omission as the law specially declares to be fraudulent.<br>Explanation.—Mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak <sup>3</sup> , or unless his silence is, in itself, equivalent to speech. 1. Subs. by Act 6 of 1899, s. 2, for | Test this (5) within the validity and consent framework. Operational focus: any such act or omission as the law specially declares to be fraudulent. explanation. —mere silence as to facts. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                                                                                                             |                                                                                                                                                                             |                                                                                                   |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | the original s. 16. 2. Cf. s. 238, infra. 3. See s. 143, infra. Illustrations                                                                                                               |                                                                                                                                                                             |                                                                                                   |
| <b>(a)</b> | A sells, by auction, to B, a horse which A knows to be unsound. A says nothing to B about the horse's unsoundness. This is not fraud in A.                                                  | Test this (a) within the validity and consent framework. Operational focus: a sells, by auction, to b, a horse which a knows to be unsound. a says nothing to.              | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | B is A's daughter and has just come of age. Here, the relation between the parties would make it A's duty to tell B if the horse is unsound.                                                | Test this (b) within the validity and consent framework. Operational focus: b is a's daughter and has just come of age. here, the relation between the parties would make.  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b> | B says to A—"If you do not deny it, I shall assume that the horse is sound." A says nothing. Here, A's silence is equivalent to speech.                                                     | Test this (c) within the validity and consent framework. Operational focus: b says to a—"if you do not deny it, i shall assume that the horse is sound." a.                 | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(d)</b> | A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract. A is not bound to inform B. | Test this (d) within the validity and consent framework. Operational focus: a and b, being traders, enter upon a contract. a has private information of a change in prices. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 17 is a validity and consent provision dealing with "fraud" defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 18 - "Misrepresentation" defined

Local statutory-text source control: Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

18. "Misrepresentation" defined.—"Misrepresentation" means and includes—  
(1) the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;  
(2) any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or any one claiming under him; by misleading another to his prejudice, or to the prejudice of any one claiming under him;  
(3) causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is the subject of the agreement.

Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                            | Finin2min meaning                                                                                                                                                                   | Evidence/control                                                                                  |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 18. "Misrepresentation" defined.—"Misrepresentation" means and includes—                                                                                                                                                         | Test this main limb within the validity and consent framework. Operational focus: 18. "misrepresentation" defined.—"misrepresentation" means and includes—.                         | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (1)       | the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true                                                                        | Test this (1) within the validity and consent framework. Operational focus: the positive assertion, in a manner not warranted by the information of the person making it, of that.  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (2)       | any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or any one claiming under him; by misleading another to his prejudice, or to the prejudice of any one claiming under him | Test this (2) within the validity and consent framework. Operational focus: any breach of duty which, without an intent to deceive, gains an advantage to the person committing it. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|     |                                                                                                                                                 |                                                                                                                                                                                    |                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| (3) | causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is the subject of the agreement. | Test this (3) within the validity and consent framework.<br>Operational focus: causing, however innocently, a party to an agreement, to make a mistake as to the substance of the. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|

### Finin2min implementation explanation

Section 18 is a validity and consent provision dealing with “misrepresentation” defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 19 - Voidability of agreements without free consent

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

19. Voidability of agreements without free consent.—When consent to an agreement is caused by coercion,<sup>1\*\*\*</sup> fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused.

A party to a contract whose consent was caused by fraud or misrepresentation, may, if he thinks fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.

Exception.—If such consent was caused by misrepresentation or by silence, fraudulent within the meaning of section 17, the contract, nevertheless, is not voidable, if the party whose consent was so caused had the means of discovering the truth with ordinary diligence.

Explanation.—A fraud or misrepresentation which did not cause the consent to a contract of the party on whom such fraud was practised, or to whom such misrepresentation was made, does not render a contract voidable.

#### Illustrations

(a) A, intending to deceive B, falsely represents that five hundred maunds of indigo are made annually at A's factory, and thereby induces B to buy the factory. The contract is voidable at the option of B.

(b) A, by a misrepresentation, leads B erroneously to believe that, five hundred maunds of indigo are made annually at A's factory. B examines the accounts of the factory, which show that only four hundred maunds of indigo have been made. After this

B buys the factory. The contract is not voidable on account of A's misrepresentation.

(c) A fraudulently informs B that A's estate is free from incumbrance. B thereupon buys the estate. The estate is subject to a mortgage. B may either avoid the contract, or may insist on its being carried out and the mortgage debt redeemed.

(d) B, having discovered a vein of ore on the estate of A, adopts means to conceal, and does conceal, the existence of the ore from A. Through A's ignorance B is enabled to buy the estate at an under-value. The contract is voidable at the option of A.

(e) A is entitled to succeed to an estate at the death of B; B dies: C, having received intelligence of B's death, prevents the intelligence reaching A, and thus induces A to sell him his interest in the estate. The sale is voidable at the option of A.

2[19A. Power to set aside contract induced by undue influence.—When consent to an agreement is caused by undue influence, the agreement is a contract voidable at the option of the party whose consent was so caused.

1. The words "undue influence" rep. by Act 6 of 1899, s. 3.

2. Ins. by Act 6 of 1899, s. 3.

Any such contract may be set aside either absolutely or, if the party who was entitled to avoid it has received any benefit thereunder, upon such terms and conditions as to the Court may seem just.

#### Illustrations

(a) A's son has forged B's name to a promissory note. B under threat of prosecuting A's son, obtains a bond from A for the amount of the forged note. If B sues on this bond, the Court may set the bond aside.

(b) A, a money-lender, advances Rs. 100 to B, an agriculturist, and, by undue influence, induces B to execute a bond for Rs. 200 with interest at 6 per cent. per month. The Court may set the bond aside, ordering B to repay the Rs. 100 with such interest as may seem just.]

## Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Finin2min meaning                                                                                                                                                                                                                     | Evidence/<br>control                                                                              |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 19. Voidability of agreements without free consent.—When consent to an agreement is caused by coercion, <sup>1***</sup> fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused. A party to a contract whose consent was caused by fraud or misrepresentation, may, if he thinks fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.<br>Exception.—If such consent was caused by misrepresentation or by silence, fraudulent within the meaning of section 17, the contract, nevertheless, is... | Test this main limb within the validity and consent framework. Operational focus: 19. voidability of agreements without free consent.—when consent to an agreement is caused by coercion, <sup>1***</sup> fraud or misrepresentation. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | A, intending to deceive B, falsely represents that five hundred maunds of indigo are made annually at A's factory, and thereby induces B to buy the factory. The contract is voidable at the option of B.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Test this (a) within the validity and consent framework. Operational focus: a, intending to deceive b, falsely represents that five hundred maunds of indigo are made annually at a's.                                                | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b>       | A, by a misrepresentation, leads B erroneously to believe that, five hundred maunds of indigo are made annually at A's factory. B examines the accounts of the factory, which show that only four hundred maunds of indigo have been made. After this B buys the factory. The contract is not voidable on account of A's misrepresentation.                                                                                                                                                                                                                                                                                                                                    | Test this (b) within the validity and consent framework. Operational focus: a, by a misrepresentation, leads b erroneously to believe that, five hundred maunds of indigo are made annually.                                          | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b>       | A fraudulently informs B that A's estate is free from incumbrance. B thereupon buys the estate. The estate is subject to a mortgage. B may either avoid the contract,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Test this (c) within the validity and consent framework. Operational focus: a fraudulently informs b that a's estate is                                                                                                               | Contract/deed, authority, chronology, notices, performance                                        |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               |                                                                                                   |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | or may insist on its being carried out and the mortgage debt redeemed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | free from in cumbrance. b thereupon buys the estate. the.                                                                                                                     | and payment records tied to this limb.                                                            |
| <b>(d)</b> | B, having discovered a vein of ore on the estate of A, adopts means to conceal, and does conceal, the existence of the ore from A. Through A's ignorance B is enabled to buy the estate at an under-value. The contract is voidable at the option of A.                                                                                                                                                                                                                                                                                                                                                                                                      | Test this (d) within the validity and consent framework. Operational focus: b, having discovered a vein of ore on the estate of a, adopts means to conceal, and does.         | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(e)</b> | A is entitled to succeed to an estate at the death of B; B dies: C, having received intelligence of B's death, prevents the intelligence reaching A, and thus induces A to sell him his interest in the estate. The sale is voidable at the option of A. 2[19A. Power to set aside contract induced by undue influence.—When consent to an agreement is caused by undue influence, the agreement is a contract voidable at the option of the party whose consent was so caused. 1. The words “undue influence” rep. by Act 6 of 1899, s. 3. 2. Ins. by Act 6 of 1899, s. 3. Any such contract may be set aside either absolutely or, if the party who was... | Test this (e) within the validity and consent framework. Operational focus: a is entitled to succeed to an estate at the death of b; b dies: c, having received.              | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b> | A's son has forged B's name to a promissory note. B under threat of prosecuting A's son, obtains a bond from A for the amount of the forged note. If B sues on this bond, the Court may set the bond aside.                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Test this (a) within the validity and consent framework. Operational focus: a's son has forged b's name to a promissory note. b under threat of prosecuting a's son, obtains. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | A, a money-lender, advances Rs. 100 to B, an agriculturist, and, by undue influence, induces B to execute a bond for Rs. 200 with interest at 6 per cent. per month. The Court may set the bond aside, ordering B                                                                                                                                                                                                                                                                                                                                                                                                                                            | Test this (b) within the validity and consent framework. Operational focus: a, a money-lender, advances rs. 100 to b, an agriculturist, and, by                               | Contract/deed, authority, chronology, notices, performance and payment                            |

to repay the Rs. 100 with such interest as may seem just.]

undue influence, induces b to execute.

records tied to this limb.

## Finin2min implementation explanation

Section 19 is a validity and consent provision dealing with voidability of agreements without free consent. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 19A - Power to set aside contract induced by undue influence

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

2[19A. Power to set aside contract induced by undue influence.—When consent to an agreement is caused by undue influence, the agreement is a contract voidable at the option of the party whose consent was so caused.

1. The words “undue influence” rep. by Act 6 of 1899, s. 3.
2. Ins. by Act 6 of 1899, s. 3.

Any such contract may be set aside either absolutely or, if the party who was entitled to avoid it has received any benefit thereunder, upon such terms and conditions as to the Court may seem just.

#### Illustrations

- (a) A’s son has forged B’s name to a promissory note. B under threat of prosecuting A’s son, obtains a bond from A for the amount of the forged note. If B sues on this bond, the Court may set the bond aside.
- (b) A, a money-lender, advances Rs. 100 to B, an agriculturist, and, by undue influence, induces B to execute a bond for Rs. 200 with interest at 6 per cent. per month. The Court may set the bond aside, ordering B to repay the Rs. 100 with such interest as may seem just.]

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Finin2min meaning                                                                                                                                                                                  | Evidence/<br>control                                                                              |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 2[19A. Power to set aside contract induced by undue influence.—When consent to an agreement is caused by undue influence, the agreement is a contract voidable at the option of the party whose consent was so caused. 1. The words “undue influence” rep. by Act 6 of 1899, s. 3. 2. Ins. by Act 6 of 1899, s. 3. Any such contract may be set aside either absolutely or, if the party who was entitled to avoid it has received any benefit thereunder, upon such terms and conditions as to the Court may seem just. Illustrations | Test this main limb within the validity and consent framework. Operational focus: 2[19a. power to set aside contract induced by undue influence.— when consent to an agreement is caused by undue. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | A’s son has forged B’s name to a promissory note. B under threat of prosecuting A’s son, obtains a bond from A                                                                                                                                                                                                                                                                                                                                                                                                                         | Test this (a) within the validity and consent framework. Operational                                                                                                                               | Contract/deed, authority, chronology,                                                             |

|            |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                        |                                                                                                   |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | for the amount of the forged note. If B sues on this bond, the Court may set the bond aside.                                                                                                                                                                                 | focus: a's son has forged b's name to a promissory note. b under threat of prosecuting a's son, obtains.                                                                               | notices, performance and payment records tied to this limb.                                       |
| <b>(b)</b> | A, a money-lender, advances Rs. 100 to B, an agriculturist, and, by undue influence, induces B to execute a bond for Rs. 200 with interest at 6 per cent. per month. The Court may set the bond aside, ordering B to repay the Rs. 100 with such interest as may seem just.] | Test this (b) within the validity and consent framework. Operational focus: a, a money-lender, advances rs. 100 to b, an agriculturist, and, by undue influence, induces b to execute. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 19A is a validity and consent provision dealing with power to set aside contract induced by undue influence. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 20 - Agreement void where both parties are under mistake as to matter of fact

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

20. Agreement void where both parties are under mistake as to matter of fact.—Where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, the agreement is void.

Explanation.—An erroneous opinion as to the value of the thing which forms the subject-matter of the agreement, is not to be deemed a mistake as to a matter of fact.

Illustrations

- (a) A agrees to sell to B a specific cargo of goods supposed to be on its way from England to Bombay. It turns out that, before the day of the bargain, the ship conveying the cargo had been cast away and the goods lost. Neither party was aware of the these facts. The agreement is void.
- (b) A agrees to buy from B a certain horse. It turns out that the horse was dead at the time of the bargain, though neither party was aware of the fact. The agreement is void.
- (c) A, being entitled to an estate for the life of B, agrees to sell it to C. B was dead at the time of the agreement, but both parties were ignorant of the fact. The agreement is void.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                  | Finin2min meaning                                                                                                                                                                             | Evidence/control                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 20. Agreement void where both parties are under mistake as to matter of fact.—Where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, the agreement is void. Explanation.—An erroneous opinion as to the value of the thing which forms the subject-matter of the agreement, is not to be deemed a mistake as to a matter of fact. Illustrations | Test this main limb within the validity and consent framework. Operational focus: 20. agreement void where both parties are under mistake as to matter of fact.—where both the parties to an. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | A agrees to sell to B a specific cargo of goods supposed to be on its way from England to Bombay. It turns out that, before the day of the bargain, the ship conveying the cargo had been cast away and the goods lost. Neither party                                                                                                                                                                  | Test this (a) within the validity and consent framework. Operational focus: a agrees to sell to b a specific cargo of                                                                         | Contract/deed, authority, chronology, notices, performance and                                    |

|            |                                                                                                                                                                                       |                                                                                                                                                              |                                                                                                   |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | was aware of the these facts. The agreement is void.                                                                                                                                  | goods supposed to be on its way from.                                                                                                                        | payment records tied to this limb.                                                                |
| <b>(b)</b> | A agrees to buy from B a certain horse. It turns out that the horse was dead at the time of the bargain, though neither party was aware of the fact. The agreement is void.           | Test this (b) within the validity and consent framework. Operational focus: a agrees to buy from b a certain horse. it turns out that the horse was dead at. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b> | A, being entitled to an estate for the life of B, agrees to sell it to C. B was dead at the time of the agreement, but both parties were ignorant of the fact. The agreement is void. | Test this (c) within the validity and consent framework. Operational focus: a, being entitled to an estate for the life of b, agrees to sell it to c. b.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 20 is a validity and consent provision dealing with agreement void where both parties are under mistake as to matter of fact. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 21 - Effect of mistakes as to law

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

21. Effect of mistakes as to law.—A contract is not voidable because it was caused by a mistake as to any law in force in 1[India]; but a mistake as to a law not in force in 1[India] has the same effect as a mistake of fact.

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#### Illustration

A and B make a contract grounded on the erroneous belief that a particular debt is barred by the Indian Law of Limitation: the contract is not voidable.

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### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                      | Finin2min meaning                                                                                                    | Evidence/control                                               |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>Main rule</b> | 21. Effect of mistakes as to law.—A contract is not voidable because it was caused by a mistake as to any law in force in 1[India]; but a mistake as to a law not in force in 1[India] has the same effect | Test this main limb within the validity and consent framework.<br>Operational focus: 21.<br>effect of mistakes as to | Contract/deed, authority, chronology, notices, performance and |

as a mistake of fact. 2\* \* \* \* \* Illustration A and B make a contract grounded on the erroneous belief that a particular debt is barred by the Indian Law of Limitation: the contract is not voidable. 3\* \* \* \* \*

law.—a contract is not voidable because it was caused by a mistake.

payment records tied to this limb.

## Finin2min implementation explanation

Section 21 is a validity and consent provision dealing with effect of mistakes as to law. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 22 - Contract caused by mistake of one party as to matter of fact

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

22. Contract caused by mistake of one party as to matter of fact.—A contract is not voidable merely because it was caused by one of the parties to it being under a mistake as to a matter of fact.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                   | Finin2min meaning                                                                                                                                                                      | Evidence/control                                                                                  |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 22. Contract caused by mistake of one party as to matter of fact.<br>—A contract is not voidable merely because it was caused by one of the parties to it being under a mistake as to a matter of fact. | Test this main limb within the validity and consent framework. Operational focus: 22. contract caused by mistake of one party as to matter of fact.—a contract is not voidable merely. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 22 is a validity and consent provision dealing with contract caused by mistake of one party as to matter of fact. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 23 - What considerations and objects are lawful, and what not

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

23. What considerations and objects are lawful, and what not.—The consideration or object of an agreement is lawful, unless—  
it is forbidden by law<sup>4</sup>; or  
is of such a nature that if permitted, it would defeat the provisions of any law; or  
is fraudulent ; or  
involves or implies injury to the person or property of another; or  
the Court regards it as immoral, or opposed to public policy.

1. The original words ‘British India’ have successively been amended by the A.O. 1948 and the A.O. 1950 to read as above.
2. Paragraph 2, ins. by the A.O. 1937, and as amended by the A. O. 1948 was Rep. by the A. O. 1950.
3. The second Illustration to s. 21 rep. by Act 24 of 1917, s. 3 and the Second Schedule.
4. See ss. 26, 27, 28 and 30, *infra*.

In each of these cases, the consideration or object of an agreement is said to be unlawful. Every agreement of which the object or consideration is unlawful is void.

#### Illustrations

(a) A agrees to sell his house to B for 10,000 rupees. Here B’s promise to pay the sum of 10,000 rupees is the consideration for A’s promise to sell the house, and A’s promise to sell the house is the consideration for B’s promise to pay the 10,000 rupees.

These are lawful considerations.

(b) A promises to pay B 1,000 rupees at the end of six months, if C, who owes that sum to B, fails to pay it. B promises to grant time to C accordingly. Here, the promise of each party is the consideration for the promise of the other party, and they are lawful considerations.

(c) A promises, for a certain sum paid to him by B, to make good to B the value of his ship if it is wrecked on a certain voyage. Here, A’s promise is the consideration for B’s payment and B’s payment is the consideration for A’s promise and these are lawful considerations.

(d) A promises to maintain B’s child, and B promises to pay A 1,000 rupees yearly for the purpose. Here, the promise of each party is the consideration for the promise of the other party. They are lawful considerations.

(e) A, B and C enter into an agreement for the division among them of gains acquired or to be acquired, by them by fraud. The agreement is void, as its object is unlawful.

(f) A promises to obtain for B an employment in the public service and B promises to pay 1,000 rupees to A. The agreement is void, as the consideration for it is unlawful.

(g) A, being agent for a landed proprietor, agrees for money, without the knowledge of his principal, to obtain for B a lease of land belonging to his principal. The agreement between A and B is void, as it implies a fraud by concealment, by A, on his principal.

(h) A promises B to drop a prosecution which he has instituted against B for robbery, and B promises to restore the value of the things taken. The agreement is void, as its object is unlawful.

(i) A’s estate is sold for arrears of revenue under the provisions of an Act of the Legislature, by which the defaulter is prohibited from purchasing the estate. B, upon an understanding with A, becomes the purchaser, and agrees to convey the estate to A upon receiving from him the price which B has paid. The agreement is void, as it renders the transaction, in effect, a purchase by the defaulter, and would so defeat the object of the law.

(j) A, who is B’s mukhtar, promises to exercise his influence, as such, with B in favour of C, and C promises to pay 1,000 rupees to A. The agreement is void, because it is immoral.

(k) A agrees to let her daughter to hire to B for concubinage. The agreement is void, because it is immoral, though the letting

may not be punishable under the Indian Penal Code (45 of 1860).  
Void agreements

## Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Finin2min meaning                                                                                                                                                                                                   | Evidence/<br>control                                                                              |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 23. What considerations and objects are lawful, and what not.—The consideration or object of an agreement is lawful, unless— it is forbidden by law <sup>4</sup> ; or is of such a nature that if permitted, it would defeat the provisions of any law; or is fraudulent ; or involves or implies injury to the person or property of another; or the Court regards it as immoral, or opposed to public policy. 1. The original words ‘British India’ have successively been amended by the A.O. 1948 and the A.O. 1950 to read as above. 2. Paragraph 2, ins. by the A.O. 1937, and as amended by the A. O. 1948 was Rep. by the A. O. 1950. 3. The second Illustration... | Test this main limb within the commercial rights and obligations framework. Operational focus: 23. what considerations and objects are lawful, and what not.—the consideration or object of an agreement is lawful. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | A agrees to sell his house to B for 10,000 rupees. Here B’s promise to pay the sum of 10,000 rupees is the consideration for A’s promise to sell the house, and A’s promise to sell the house is the consideration for B’s promise to pay the 10,000 rupees. These are lawful considerations.                                                                                                                                                                                                                                                                                                                                                                               | Test this (a) within the commercial rights and obligations framework. Operational focus: a agrees to sell his house to b for 10,000 rupees. here b’s promise to pay the sum.                                        | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b>       | A promises to pay B 1,000 rupees at the end of six months, if C, who owes that sum to B, fails to pay it. B promises to grant time to C accordingly. Here, the promise of each party is the consideration for the promise of the other party, and they are lawful considerations.                                                                                                                                                                                                                                                                                                                                                                                           | Test this (b) within the commercial rights and obligations framework. Operational focus: a promises to pay b 1,000 rupees at the end of six months, if c, who owes that.                                            | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b>       | A promises, for a certain sum paid to him by B, to make good to B the value of his ship if it is wrecked on a certain voyage. Here, A’s                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Test this (c) within the commercial rights and obligations framework.                                                                                                                                               | Contract/deed, authority, chronology,                                                             |

|            |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                       |                                                                                                   |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | promise is the consideration for B's payment and B's payment is the consideration for A's promise and these are lawful considerations.                                                                                                                             | Operational focus: a promises, for a certain sum paid to him by b, to make good to b the value.                                                                                                       | notices, performance and payment records tied to this limb.                                       |
| <b>(d)</b> | A promises to maintain B's child, and B promises to pay A 1,000 rupees yearly for the purpose. Here, the promise of each party is the consideration for the promise of the other party. They are lawful considerations.                                            | Test this (d) within the commercial rights and obligations framework. Operational focus: a promises to maintain b's child, and b promises to pay a 1,000 rupees yearly for the purpose.               | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(e)</b> | A, B and C enter into an agreement for the division among them of gains acquired or to be acquired, by them by fraud. The agreement is void, as its object is unlawful.                                                                                            | Test this (e) within the commercial rights and obligations framework. Operational focus: a, b and c enter into an agreement for the division among them of gains acquired or to.                      | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(f)</b> | A promises to obtain for B an employment in the public service and B promises to pay 1,000 rupees to A. The agreement is void, as the consideration for it is unlawful.                                                                                            | Test this (f) within the commercial rights and obligations framework. Operational focus: a promises to obtain for b an employment in the public service and b promises to pay 1,000.                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(g)</b> | A, being agent for a landed proprietor, agrees for money, without the knowledge of his principal, to obtain for B a lease of land belonging to his principal. The agreement between A and B is void, as it implies a fraud by concealment, by A, on his principal. | Test this (g) within the commercial rights and obligations framework. Operational focus: a, being agent for a landed proprietor, agrees for money, without the knowledge of his principal, to obtain. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                            |                                                                                                   |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>(h)</b> | A promises B to drop a prosecution which he has instituted against B for robbery, and B promises to restore the value of the things taken. The agreement is void, as its object is unlawful.                                                                                                                                                                                                                                                            | Test this (h) within the commercial rights and obligations framework. Operational focus: a promises b to drop a prosecution which he has instituted against b for robbery, and b promises. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(i)</b> | A's estate is sold for arrears of revenue under the provisions of an Act of the Legislature, by which the defaulter is prohibited from purchasing the estate. B, upon an understanding with A, becomes the purchaser, and agrees to convey the estate to A upon receiving from him the price which B has paid. The agreement is void, as it renders the transaction, in effect, a purchase by the defaulter, and would so defeat the object of the law. | Test this (i) within the commercial rights and obligations framework. Operational focus: a's estate is sold for arrears of revenue under the provisions of an act of the legislature, by.  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(j)</b> | A, who is B's mukhtar, promises to exercise his influence, as such, with B in favour of C, and C promises to pay 1,000 rupees to A. The agreement is void, because it is immoral.                                                                                                                                                                                                                                                                       | Test this (j) within the commercial rights and obligations framework. Operational focus: a, who is b's mukhtar, promises to exercise his influence, as such, with b in favour of c.        | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(k)</b> | A agrees to let her daughter to hire to B for concubinage. The agreement is void, because it is immoral, though the letting may not be punishable under the Indian Penal Code (45 of 1860). Void agreements                                                                                                                                                                                                                                             | Test this (k) within the commercial rights and obligations framework. Operational focus: a agrees to let her daughter to hire to b for concubinage. the agreement is void, because it.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

## Finin2min implementation explanation

Section 23 is a commercial rights and obligations provision dealing with what considerations and objects are lawful, and what not. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 24 - Agreement void, if considerations and objects unlawful in part

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

24. Agreements void, if considerations and objects unlawful in part.—If any part of a single consideration for one or more objects, or any one or any part of any one of several considerations for a single object, is unlawful, the agreement is void.

Illustration

A promises to superintend, on behalf of B, a legal manufacture of indigo, and an illegal traffic in other articles. B promises to pay to A a salary of 10,000 rupees a year. The agreement is void, the object of A's promise, and the consideration for B's promise, being in part unlawful.

Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Finin2min meaning                                                                                                                                                                                         | Evidence/control                                                                                  |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 24. Agreements void, if considerations and objects unlawful in part.—If any part of a single consideration for one or more objects, or any one or any part of any one of several considerations for a single object, is unlawful, the agreement is void. Illustration A promises to superintend, on behalf of B, a legal manufacture of indigo, and an illegal traffic in other articles. B promises to pay to A a salary of 10,000 rupees a year. The agreement is void, the object of A's promise, and the consideration for B's promise, being in part unlawful. | Test this main limb within the validity and consent framework. Operational focus: 24. agreements void, if considerations and objects unlawful in part. —if any part of a single consideration for one or. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

Finin2min implementation explanation

Section 24 is a validity and consent provision dealing with agreement void, if considerations and objects unlawful in part. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

**Section 25 - Agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done, or is a promise to pay a debt barred by limitation law**

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

**Current statutory text**

25. Agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done or is a promise to pay a debt barred by limitation law.—An agreement made without consideration is void, unless—

(1) it is expressed in writing and registered under the law for the time being in force for the registration of 1[documents], and is made on account of natural love and affection between parties standing in a near relation to each other ; or unless

(2) it is a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, or something which the promisor was legally compellable to do; or unless;

1. Subs. by Act 12 of 1891, s. 2 and the Second Schedule, Pt. I, for “assurances”.

(3) it is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt of which the creditor might have enforced payment but for the law for the limitation of suits.

In any of these cases, such an agreement is a contract.

Explanation 1.—Nothing in this section shall affect the validity, as between the donor and donee, of any gift actually made.

Explanation 2.—An agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate; but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

Illustrations

(a) A promises, for no consideration, to give to B Rs. 1,000. This is a void agreement.

(b) A, for natural love and affection, promises to give his son, B, Rs. 1,000. A puts his promise to B into writing and registers it. This is a contract.

(c) A finds B's purse and gives it to him. B promises to give A Rs. 50. This is a contract.

(d) A supports B's infant son. B promises to pay A's expenses in so doing. This is a contract.

(e) A owes B Rs. 1,000, but the debt is barred by the Limitation Act. A signs a written promise to pay B Rs. 500 on account of the debt.

This is a contract.

(f) A agrees to sell a horse worth Rs. 1,000 for Rs. 10. A's consent to the agreement was freely given. The agreement is a contract notwithstanding the inadequacy of the consideration.

(g) A agrees to sell a horse worth Rs. 1,000 for Rs. 10. A denies that his consent to the agreement was freely given.

The inadequacy of the consideration is a fact which the Court should take into account in considering whether or not A's consent was freely given.

## Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Finin2min meaning                                                                                                                                                                                          | Evidence/<br>control                                                                              |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 25. Agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done or is a promise to pay a debt barred by limitation law.—An agreement made without consideration is void, unless—                                                                                                                                                                                                                                        | Test this main limb within the validity and consent framework.<br>Operational focus: 25. agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(1)</b>       | it is expressed in writing and registered under the law for the time being in force for the registration of 1[documents], and is made on account of natural love and affection between parties standing in a near relation to each other ; or unless                                                                                                                                                                                                                                        | Test this (1) within the validity and consent framework.<br>Operational focus: it is expressed in writing and registered under the law for the time being in force for the.                                | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(2)</b>       | it is a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, or something which the promisor was legally compellable to do; or unless; 1. Subs. by Act 12 of 1891, s. 2 and the Second Schedule, Pt. I, for “assurances”.                                                                                                                                                                                                        | Test this (2) within the validity and consent framework.<br>Operational focus: it is a promise to compensate, wholly or in part, a person who has already voluntarily done something.                      | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(3)</b>       | it is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt of which the creditor might have enforced payment but for the law for the limitation of suits. In any of these cases, such an agreement is a contract. Explanation 1.— Nothing in this section shall affect the validity, as between the donor and donee, of any gift actually made. Explanation 2.—An | Test this (3) within the validity and consent framework.<br>Operational focus: it is a promise, made in writing and signed by the person to be charged therewith, or by.                                   | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                                                                         |                                                                                                                                                                               |                                                                                                   |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|            | agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate; but the inadequacy of the... |                                                                                                                                                                               |                                                                                                   |
| <b>(a)</b> | A promises, for no consideration, to give to B Rs. 1,000. This is a void agreement.                                                                     | Test this (a) within the validity and consent framework.<br>Operational focus: a promises, for no consideration, to give to b rs. 1,000. this is a void agreement.            | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b> | A, for natural love and affection, promises to give his son, B, Rs. 1,000. A puts his promise to B into writing and registers it. This is a contract.   | Test this (b) within the validity and consent framework.<br>Operational focus: a, for natural love and affection, promises to give his son, b, rs. 1,000. a puts his promise. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b> | A finds B's purse and gives it to him. B promises to give A Rs. 50. This is a contract.                                                                 | Test this (c) within the validity and consent framework.<br>Operational focus: a finds b's purse and gives it to him. b promises to give a rs. 50. this is.                   | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(d)</b> | A supports B's infant son. B promises to pay A's expenses in so doing. This is a contract.                                                              | Test this (d) within the validity and consent framework.<br>Operational focus: a supports b's infant son. b promises to pay a's expenses in so doing. this is a contract.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(e)</b> | A owes B Rs. 1,000, but the debt is barred by the Limitation Act. A signs a written promise                                                             | Test this (e) within the validity and consent framework.                                                                                                                      | Contract/deed, authority, chronology,                                                             |

|     |                                                                                                                                                                                                                                                                      |                                                                                                                                                                       |                                                                                                   |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     | to pay B Rs. 500 on account of the debt. This is a contract.                                                                                                                                                                                                         | Operational focus: a owes b rs. 1,000, but the debt is barred by the limitation act. a signs a written.                                                               | notices, performance and payment records tied to this limb.                                       |
| (f) | A agrees to sell a horse worth Rs. 1,000 for Rs. 10. A's consent to the agreement was freely given. The agreement is a contract notwithstanding the inadequacy of the consideration.                                                                                 | Test this (f) within the validity and consent framework.<br>Operational focus: a agrees to sell a horse worth rs. 1,000 for rs. 10. a's consent to the agreement was. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (g) | A agrees to sell a horse worth Rs. 1,000 for Rs. 10. A denies that his consent to the agreement was freely given. The inadequacy of the consideration is a fact which the Court should take into account in considering whether or not A's consent was freely given. | Test this (g) within the validity and consent framework.<br>Operational focus: a agrees to sell a horse worth rs. 1,000 for rs. 10. a denies that his consent to.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 25 is a validity and consent provision dealing with agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done, or is a promise to pay a debt barred by limitation law. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 26 - Agreement in restraint of marriage, void

Local statutory-text source control: Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

26. Agreement in restraint of marriage, void.—Every agreement in restraint of the marriage of any person, other than a minor, is void.

Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                  | Finin2min meaning                                                                                                                                                                                        | Evidence/control                                                                                  |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 26. Agreement in restraint of marriage, void.—Every agreement in restraint of the marriage of any person, other than a minor, is void. | Test this main limb within the validity and consent framework. Operational focus: 26. agreement in restraint of marriage, void.— every agreement in restraint of the marriage of any person, other than. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

Finin2min implementation explanation

Section 26 is a validity and consent provision dealing with agreement in restraint of marriage, void. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 27 - Agreement in restraint of trade, void. Saving of agreement not to carry on business of which good-will is sold

Local statutory-text source control: Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

27. Agreement in restraint of trade, void.—Every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void.

Exception 1.—Saving of agreement not to carry on business of which good-will is sold.—One who sells the good-will of a business may agree with the buyer to refrain from carrying on a similar business, within specified local limits, so long as the buyer, or any person deriving title to the good-will from him, carries on a like business therein, provided that such limits appear to the Court reasonable, regard being had to the nature of the business.

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Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Finin2min meaning                                                                                                                                                                                     | Evidence/ control                                                                                 |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 27. Agreement in restraint of trade, void.— Every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void. Exception 1.—Saving of agreement not to carry on business of which good-will is sold. —One who sells the good-will of a business may agree with the buyer to refrain from carrying on a similar business, within specified local limits, so long as the buyer, or any person deriving title to the good-will from him, carries on a like business therein, provided that such limits appear to the Court | Test this main limb within the validity and consent framework. Operational focus: 27. agreement in restraint of trade, void.—every agreement by which any one is restrained from exercising a lawful. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|                                                                   |  |  |
|-------------------------------------------------------------------|--|--|
| reasonable, regard being had to the nature of the business. 1*... |  |  |
|-------------------------------------------------------------------|--|--|

## Finin2min implementation explanation

Section 27 is a validity and consent provision dealing with agreement in restraint of trade, void. saving of agreement not to carry on business of which good-will is sold. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

**Section 28 - Agreements in restraint of legal proceeding void. Saving of contract to refer to arbitration dispute that may arise. Saving of contract to refer questions that have already arisen. Saving of a guarantee agreement of a bank or a financial institution**

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

**Current statutory text**

28. Agreements in restraint of legal proceedings, void.—2[Every agreement,—  
(a) by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract, by the usual legal proceedings in the ordinary tribunals, or which limits the time within which he may thus enforce his rights; or  
(b) which extinguishes the rights of any party thereto, or discharges any party thereto, from any liability, under or in respect of any contract on the expiry of a specified period so as to restrict any party from enforcing his rights,  
is void to the extent.]

Exception 1.—Saving of contract to refer to arbitration dispute that may arise.—This section shall not render illegal a contract, by which two or more persons agree that any dispute which may arise between them in respect of any subject or class of subjects shall be referred to arbitration, and that only the amount awarded in such arbitration shall be recoverable in respect of the dispute so referred.

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Exception 2.—Saving of contract to refer questions that have already arisen.—Nor shall this section render illegal any contract in writing, by which two or more persons agree to refer to arbitration any question between them which has already arisen, or affect any provision of any law in force for the time being as to references to arbitration<sup>4</sup>.

1. Exceptions 2 and 3 rep. by Act 9 of 1932, s. 73 and the Second Schedule.
2. Subs. by Act 1 of 1997, s. 2, for certain words (w.e.f. 8-1-1997).
3. The second clause of Exception 1 to section 28 rep. by Act 1 of 1877, s. 2 and Sch.
4. Cf. the Arbitration Act, 1940 (10 of 1940) and the Companies Act, 1956 (1 of 1956), s. 389.

1[Exception 3.—Saving of a guarantee agreement of a bank or a financial institution.—This section shall not render illegal a contract in writing by which any bank or financial institution stipulate a term in a guarantee or any agreement making a provision for guarantee for extinguishment of the rights or discharge of any party thereto from any liability under or in respect of such guarantee or agreement on the expiry of a specified period which is not less than one year from the date of occurring or non-occurring of a specified event for extinguishment or discharge of such party from the said liability.

Explanation.—(i) In Exception 3, the expression “bank” means—

- (a) a “banking company” as defined in clause (c) of section 5 of the Banking Regulation Act, 1949(10 of 1949);
- (b) “a corresponding new bank” as defined in clause (da) of section 5 of the Banking Regulation Act, 1949(10 of 1949);
- (c) “State Bank of India” constituted under section 3 of the State Bank of India Act, 1955 (23 of 1955);
- (d) “a subsidiary bank” as defined in clause (k) of section 2 of the State Bank of India (Subsidiary Banks) Act, 1959(38 of 1959);
- (e) “a Regional Rural Bank” established under section 3 of the Regional Rural Banks Act, 1976(21 of 1976);
- (f) “a Co-operative Bank” as defined in clause (cci) of section 5 of the Banking Regulation Act, 1949(10 of 1949);

(g) “a multi-State co-operative bank” as defined in clause (cciiia) of section 5 of the Banking Regulation Act, 1949(10 of 1949); and

(ii) In Exception 3, the expression “a financial institution” means any public financial institution within the meaning of section 4A of the Companies Act, 1956(1 of 1956).]

## Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Finin2min meaning                                                                                                                                                                              | Evidence/<br>control                                                                              |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 28.Agreements in restraint of legal proceedings, void.—2[Every agreement,—                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Test this main limb within the validity and consent framework. Operational focus: 28.agreements in restraint of legal proceedings, void.—2[every agreement,—.                                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract, by the usual legal proceedings in the ordinary tribunals, or which limits the time within which he may thus enforce his rights; or                                                                                                                                                                                                                                                                                                                                                                                                           | Test this (a) within the validity and consent framework. Operational focus: by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any.          | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b>       | which extinguishes the rights of any party thereto, or discharges any party thereto, from any liability, under or in respect of any contract on the expiry of a specified period so as to restrict any party from enforcing his rights, is void to the extent.] Exception 1.— Saving of contract to refer to arbitration dispute that may arise.—This section shall not render illegal a contract, by which two or more persons agree that any dispute which may arise between them in respect of any subject or class of subjects shall be referred to arbitration, and that only the amount awarded in such arbitration shall be recoverable in respect of... | Test this (b) within the validity and consent framework. Operational focus: which extinguishes the rights of any party thereto, or discharges any party thereto, from any liability, under or. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|             |                                                              |                                                                                                                                            |                                                                                                   |
|-------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>(i)</b>  | In Exception 3, the expression “bank” means —                | Test this (i) within the validity and consent framework. Operational focus: in exception 3, the expression “bank” means—.                  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>  | a “banking company” as defined in clause                     | Test this (a) within the validity and consent framework. Operational focus: a “banking company” as defined in clause.                      | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(c)</b>  | of section 5 of the Banking Regulation Act, 1949(10 of 1949) | Test this (c) within the validity and consent framework. Operational focus: of section 5 of the banking regulation act, 1949(10 of 1949).  | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b>  | “a corresponding new bank” as defined in clause              | Test this (b) within the validity and consent framework. Operational focus: “a corresponding new bank” as defined in clause.               | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(da)</b> | of section 5 of the Banking Regulation Act, 1949(10 of 1949) | Test this (da) within the validity and consent framework. Operational focus: of section 5 of the banking regulation act, 1949(10 of 1949). | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|            |                                                                                                       |                                                                                                                                                                                    |                                                                                                   |
|------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>(c)</b> | "State Bank of India" constituted under section 3 of the State Bank of India Act, 1955 (23 of 1955)   | Test this (c) within the validity and consent framework. Operational focus: "state bank of india" constituted under section 3 of the state bank of india act, 1955 (23 of.         | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(d)</b> | "a subsidiary bank" as defined in clause                                                              | Test this (d) within the validity and consent framework. Operational focus: "a subsidiary bank" as defined in clause.                                                              | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(k)</b> | of section 2 of the State Bank of India (Subsidiary Banks) Act, 1959(38 of 1959)                      | Test this (k) within the validity and consent framework. Operational focus: of section 2 of the state bank of india (subsidiary banks) act, 1959(38 of 1959).                      | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(e)</b> | "a Regional Rural Bank" established under section 3 of the Regional Rural Banks Act, 1976(21 of 1976) | Test this (e) within the validity and consent framework. Operational focus: "a regional rural bank" established under section 3 of the regional rural banks act, 1976(21 of 1976). | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(f)</b> | "a Co-operative Bank" as defined in clause                                                            | Test this (f) within the validity and consent framework. Operational focus: "a co-operative bank" as defined in clause.                                                            | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

|                 |                                                                                                                                                                          |                                                                                                                                                                                                             |                                                                                                   |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>(cci)</b>    | of section 5 of the Banking Regulation Act, 1949(10 of 1949)                                                                                                             | Test this (cci) within the validity and consent framework. Operational focus: of section 5 of the banking regulation act, 1949(10 of 1949).                                                                 | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(g)</b>      | “a multi-State co-operative bank” as defined in clause                                                                                                                   | Test this (g) within the validity and consent framework. Operational focus: “a multi-state co-operative bank” as defined in clause.                                                                         | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(cciiia)</b> | of section 5 of the Banking Regulation Act, 1949(10 of 1949); and                                                                                                        | Test this (cciiia) within the validity and consent framework. Operational focus: of section 5 of the banking regulation act, 1949(10 of 1949); and.                                                         | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(ii)</b>     | In Exception 3, the expression “a financial institution” means any public financial institution within the meaning of section 4A of the Companies Act, 1956(1 of 1956).] | Test this (ii) within the validity and consent framework. Operational focus: in exception 3, the expression “a financial institution” means any public financial institution within the meaning of section. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

## Finin2min implementation explanation

Section 28 is a validity and consent provision dealing with agreements in restraint of legal proceeding void. saving of contract to refer to arbitration dispute that may arise. saving of contract to refer questions that have already arisen. saving of a guarantee agreement of a bank or a financial institution. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

### Section-level practical application

#### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

#### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

## Section 29 - Agreements void for uncertainty

**Local statutory-text source control:** Retained official India Code PDF extract. [Official India Code source](#) prevails.

### Current statutory text

29. Agreements void for uncertainty.—Agreements, the meaning of which is not certain, or capable of being made certain, are void.

#### Illustrations

- (a) A agrees to sell to B “a hundred tons of oil”. There is nothing whatever to show what kind of oil was intended. The agreement is void for uncertainty.
- (b) A agrees to sell to B one hundred tons of oil of a specified description, known as an article of commerce. There is no uncertainty here to make the agreement void.
- (c) A, who is a dealer in cocoanut-oil only, agrees to sell to B “one hundred tons of oil”. The nature of A’s trade affords an indication of the meaning of the words, and A has entered into a contract for the sale of one hundred tons of cocoanut-oil.
- (d) A agrees to sell to B “all the grain in my granary at Ramnagar”. There is no uncertainty here to make the agreement void.
- (e) A agrees to sell B “one thousand maunds of rice at a price to be fixed by C”. As the price is capable of being made certain, there is no uncertainty here to make the agreement void.
- (f) A agrees to sell to B “my white horse for rupees five hundred or rupees one thousand”. There is nothing to show which of the two prices was to be given. The agreement is void.

### Finin2min clause-by-clause decode

| Clause           | Statutory requirement                                                                                                                                  | Finin2min meaning                                                                                                                                                                                         | Evidence/control                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Main rule</b> | 29. Agreements void for uncertainty.—Agreements, the meaning of which is not certain, or capable of being made certain, are void. Illustrations        | Test this main limb within the validity and consent framework. Operational focus: 29. agreements void for uncertainty.—agreements, the meaning of which is not certain, or capable of being made certain. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(a)</b>       | A agrees to sell to B “a hundred tons of oil”. There is nothing whatever to show what kind of oil was intended. The agreement is void for uncertainty. | Test this (a) within the validity and consent framework. Operational focus: a agrees to sell to b “a hundred tons of oil”. there is nothing whatever to show what.                                        | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| <b>(b)</b>       | A agrees to sell to B one hundred tons of oil of a specified description, known as an article of                                                       | Test this (b) within the validity and consent framework. Operational focus: a agrees to                                                                                                                   | Contract/deed, authority, chronology, notices,                                                    |

|     |                                                                                                                                                                                                                                                        |                                                                                                                                                                              |                                                                                                   |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     | commerce. There is no uncertainty here to make the agreement void.                                                                                                                                                                                     | sell to b one hundred tons of oil of a specified description, known as an.                                                                                                   | performance and payment records tied to this limb.                                                |
| (c) | A, who is a dealer in cocoanut-oil only, agrees to sell to B "one hundred tons of oil". The nature of A's trade affords an indication of the meaning of the words, and A has entered into a contract for the sale of one hundred tons of cocoanut-oil. | Test this (c) within the validity and consent framework.<br>Operational focus: a, who is a dealer in cocoanut-oil only, agrees to sell to b "one hundred tons of oil".       | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (d) | A agrees to sell to B "all the grain in my granary at Ramnagar". There is no uncertainty here to make the agreement void.                                                                                                                              | Test this (d) within the validity and consent framework.<br>Operational focus: a agrees to sell to b "all the grain in my granary at ramnagar". there is no uncertainty.     | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (e) | A agrees to sell B "one thousand maunds of rice at a price to be fixed by C". As the price is capable of being made certain, there is no uncertainty here to make the agreement void.                                                                  | Test this (e) within the validity and consent framework.<br>Operational focus: a agrees to sell b "one thousand maunds of rice at a price to be fixed by c".                 | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |
| (f) | A agrees to sell to B "my white horse for rupees five hundred or rupees one thousand". There is nothing to show which of the two prices was to be given. The agreement is void.                                                                        | Test this (f) within the validity and consent framework.<br>Operational focus: a agrees to sell to b "my white horse for rupees five hundred or rupees one thousand". there. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

### Finin2min implementation explanation

Section 29 is a validity and consent provision dealing with agreements void for uncertainty. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

**Section-level practical application**

**Transaction test**

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

**Consequence and remedy**

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 30 - Agreements by way of wager, void. Exception in favour of certain prizes for horse-racing. Section 294A of the Indian Penal Code not affected

Local statutory-text source control: Retained official India Code PDF extract. [Official India Code source](#) prevails.

Current statutory text

30. Agreements by way of wager void.—Agreements by way of wager are void; and no suit shall be brought for recovering anything alleged to be won on any wager, or entrusted to any person to abide the result of any game or other uncertain event on which any wager is made.

1. Ins. by Act 4 of 2013, s. 17 and the Schedule (w.e.f. 18-1-2013).

Exception in favour of certain prizes for horse-racing.—This section shall not be deemed to render unlawful a subscription or contribution, or agreement to subscribe or contribute, made or entered into for or toward any plate, prize or sum of money, of the value or amount of five hundred rupees or upwards, to be awarded to the winner or winners of any horse-race.

Section 294A of the Indian Penal Code not affected.—Nothing in this section shall be deemed to legalize any transaction connected with horse-racing, to which the provisions of section 294A of the Indian Penal Code (45 of 1860) apply.

CHAPTER III  
OF CONTINGENT CONTRACTS

Finin2min clause-by-clause decode

| Clause    | Statutory requirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Finin2min meaning                                                                                                                                                                  | Evidence/ control                                                                                 |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Main rule | 30. Agreements by way of wager void.— Agreements by way of wager are void; and no suit shall be brought for recovering anything alleged to be won on any wager, or entrusted to any person to abide the result of any game or other uncertain event on which any wager is made. 1. Ins. by Act 4 of 2013, s. 17 and the Schedule (w.e.f. 18-1-2013). Exception in favour of certain prizes for horse-racing.—This section shall not be deemed to render unlawful a subscription or contribution, or agreement to subscribe or contribute, made or entered into for or toward any plate, prize or sum of money, of the value or amount of five hundred rupees... | Test this main limb within the validity and consent framework. Operational focus: 30. agreements by way of wager void.— agreements by way of wager are void; and no suit shall be. | Contract/deed, authority, chronology, notices, performance and payment records tied to this limb. |

## Finin2min implementation explanation

Section 30 is a validity and consent provision dealing with agreements by way of wager, void. exception in favour of certain prizes for horse-racing. section 294a of the indian penal code not affected. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

**Implementation control:** Preserve negotiations, disclosures and approvals. Test capacity, free consent, lawful object, severability, restitution and ratification as separate questions.

## Section-level practical application

### Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

### Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

# Practical examples and calculations

## Chapter scenario

A supplier signs through an unauthorised employee, the buyer pays an advance and later alleges misrepresentation. Test authority, capacity, free consent, inducement, ratification, restitution and lawful object separately.

| Calculation           | Method                                                                                                        | Evidence                                                 |
|-----------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Price / consideration | Reconcile base amount, GST/tax, credits, retention, deductions and payment terms.                             | Contract, invoice, ledger, tax documents and bank proof. |
| Loss / compensation   | Separate direct loss, consequential loss, avoided cost, mitigation, restitution, interest and stipulated sum. | Loss model, market evidence and mitigation log.          |
| Partner settlement    | Reconcile capital, current accounts, loans, drawings, profit share, assets, liabilities and goodwill.         | Deed, ledgers, bank records and valuation.               |
| Limitation            | Record accrual, breach/refusal, notice, acknowledgment, exclusion and filing date.                            | Chronology and limitation memorandum.                    |

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## Practical transaction application

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1. Identify the transaction, relationship, parties and event date.
2. Map every provision to the contract/deed and actual conduct.
3. Record conditions satisfied, disputed, waived, excused or prevented.
4. Reconcile authority, delivery/performance, acceptance, payment and notices.
5. Quantify exposure and choose cure, termination, recovery, settlement or litigation strategy.

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# Authority, consent and execution controls

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## Authority

- Correct legal entities and counterparties.
- Board, partner, power-of-attorney or delegated authority.
- Ordinary-course and implied-authority limits.
- Third-party knowledge of restrictions.

## Consent

- Offer, acceptance and agreed version.
- Capacity, free consent and disclosures.
- Conditions precedent and approvals.
- No unauthorised post-execution alteration.

## Execution

- Complete schedules and annexures.
- Witnessing, attestation and e-sign audit trail.
- Counterparts, date and place.
- Original and certified-copy custody.

# Stamp duty and registration alerts

Stamp duty is State/UT-specific. Classify the true instrument, place of execution or receipt, consideration and property. Registration is a separate enquiry. Insufficient stamping may require impounding; non-registration may affect property and third-party enforceability.

| Instrument                      | Alert                                                                                                                                               |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial agreement            | Do not default to a generic article if the substance is indemnity, guarantee, security, transfer, lease or another specifically charged instrument. |
| Partnership deed/reconstitution | Check capital contribution, immovable property, retirement/dissolution and Registrar filing separately.                                             |
| Sale of movable goods           | Coordinate contract, invoice, GST/e-invoice, transport and sectoral records.                                                                        |
| Property-related relief         | Check compulsory registration, title, court fee and decree-registration effects.                                                                    |

# Evidence and document-retention checklist

## Core file

- Executed agreement and every amendment
- Authority and approval trail
- Negotiation and version history
- Notices and receipt proof
- Performance and acceptance evidence
- Invoices, ledger and bank proof
- Loss and mitigation working
- Limitation and forum note

## Electronic evidence

- Native email/message and metadata.
- Version history and e-sign certificate.
- System logs and acknowledgements.
- Legal hold and defensible export.

## Retention

- Executed originals and amendments.
- Authority and entity records.
- Tax, payment and accounting records.
- Claims and litigation records through final disposal.

## Forms, registers and operational records

| Record/form                 | Control                                                                                                |
|-----------------------------|--------------------------------------------------------------------------------------------------------|
| No universal statutory form | The Act generally works through agreements, notices and evidence rather than prescribed Central forms. |
| Contract register           | Maintain owner, counterparty, value, term, renewal, governing law and dispute route.                   |
| Breach/claim file           | Preserve notice, causation, loss, mitigation and remedy decision.                                      |

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## Performance, delivery and payment controls

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| Stage                 | Control                                                                                      | Proof                                                |
|-----------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------|
| Obligation matrix     | List each reciprocal obligation, owner, due date, dependency and consequence.                | Signed matrix tied to contract sections.             |
| Delivery/ performance | Record dispatch, carrier, title/risk point, milestones, inspection and acceptance/rejection. | Delivery documents, certificates and correspondence. |
| Payment               | Reconcile invoice, tax, credit, retention, set-off, due date and bank receipt.               | Invoice, e-invoice, ledger and bank proof.           |
| Change/cure           | Use authorised variation and cure procedures; avoid informal waiver.                         | Change order, approval and cure closure.             |

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## Breach, loss, mitigation and remedy framework

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1. Identify the exact obligation and legally material breach.
2. Confirm causation, remoteness, foreseeability and proof of loss.
3. Record mitigation, avoided cost and substitute performance.
4. Test damages, price, restitution, lien, stoppage, accounts, dissolution, specific performance, injunction, rescission, rectification, cancellation or declaration.
5. Check remedy election, double recovery, caps/exclusions and public policy.

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## Limitation and forum controls

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| Control                | Analysis                                                                                                |
|------------------------|---------------------------------------------------------------------------------------------------------|
| Accrual                | Classify cause of action and record breach, refusal, knowledge, demand and continuing-obligation dates. |
| Limitation             | Apply the correct article; test acknowledgment, part-payment, exclusion and disability.                 |
| Jurisdiction           | Check territorial/pecuniary rules, Commercial Courts threshold, exclusive forum and special court.      |
| Interim relief         | Assess preservation, injunction, receiver, security and evidence protection.                            |
| Appeal/<br>enforcement | Map decree/award challenge, execution, interest and cross-border enforcement.                           |

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## Arbitration and mediation interface

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- Validate agreement, signatories, scope, seat, rules and appointment mechanism.
- Separate substantive rights from forum selection and identify non-arbitrable issues.
- Check interim measures, consolidation, joinder and multi-contract issues.
- Preserve limitation during negotiation or mediation.
- Record settlement authority, confidentiality, tax, stamp and enforceability.

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## Company, partnership, GST and tax overlays

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| Overlay               | Questions                                                                                                    |
|-----------------------|--------------------------------------------------------------------------------------------------------------|
| Companies Act         | Authority, objects, approvals, related-party, loan/guarantee/security and disclosure requirements.           |
| Partnership/LLP       | Deed/LLP authority, current constitution and public records.                                                 |
| GST                   | Supply, time/place/value, invoice/e-invoice, ITC, credit note, advance, damages and settlement treatment.    |
| Income tax/TDS        | Withholding, partner remuneration/interest, capital/revenue, bad debt, settlement and transfer consequences. |
| IBC/FEMA/<br>consumer | Moratorium and avoidance, cross-border payment/governing law, consumer and e-commerce protection.            |

# Binding and foundational judicial principles

| Authority                                                  | Principle                                                                                                            | Verification                                  |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Mohori Bibee v. Dharmodas Ghose                            | Capacity: a minor cannot be made contractually liable through an agreement treated as enforceable against the minor. | Verify official judgment and later treatment. |
| Bhagwandas Goverdhandas Kedia v. Girdharilal Parshottamdas | Communication rules determine where and when acceptance creates a concluded contract.                                | Verify official judgment and later treatment. |
| Central Inland Water Transport Corp. v. Brojo Nath Ganguly | Unconscionable terms and unequal bargaining power may engage public-policy and undue-influence analysis.             | Verify official judgment and later treatment. |
| Satyabrata Ghose v. Mugneeram Bangur & Co.                 | Section 56 covers practical impossibility and frustration, not merely literal physical impossibility.                | Verify official judgment and later treatment. |
| Fateh Chand v. Balkishan Das                               | A stipulated sum does not automatically become recoverable; reasonable compensation remains the statutory measure.   | Verify official judgment and later treatment. |
| Kailash Nath Associates v. DDA                             | Section 74 compensation requires legal injury and cannot operate as an automatic windfall.                           | Verify official judgment and later treatment. |

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## Central and State/UT variation alerts

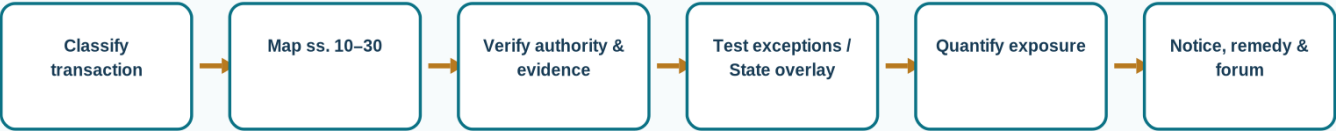
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Stamp duty, registration, court fee, civil procedure and State amendments must be checked for the instrument and forum.

Use the State/UT variation register in the data folder for the live source checklist.

# Chapter-specific decision flowchart

## ICA-C03 · Finin2min decision path



Enforceability, capacity, consent, legality, restraint and wagering. Verify the current official source before professional reliance.

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# Finin2min Q&A

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## **What decision does ICA-C03 help a business make?**

It determines how contracts, capacity, free consent and void agreements should be classified, documented, performed and enforced under sections 10-30 of the Indian Contract Act, 1872.

## **Which provision should be read first in ICA-C03?**

Begin with section 10 (What agreements are contracts) and then read the connected definitions, exceptions and remedy provisions in sequence.

## **What is the principal implementation risk in ICA-C03?**

Applying a commercial label without proving the statutory conditions for contracts, capacity, free consent and void agreements, or acting without authority, notice, performance and payment evidence.

## **Which execution checks are specific to ICA-C03?**

Confirm the correct entities, signatory authority, consent, complete annexures, stamp and registration treatment, digital audit trail and approvals relevant to contracts, capacity, free consent and void agreements.

## **How should evidence be indexed for ICA-C03?**

Link every section in the chapter with the contract or deed, authority, chronology, notices, performance, delivery, payment, loss and remedy evidence supporting it.

## **What calculation should be retained for ICA-C03?**

Retain the relevant price, tax, interest, partner-account, loss, mitigation, restitution or relief working with sources and assumptions, not only the final number.

## **How does limitation affect ICA-C03?**

Classify the precise cause of action associated with contracts, capacity, free consent and void agreements, record accrual, refusal, notice, acknowledgment and exclusion dates, and apply the correct Limitation Act article.

## **Can arbitration resolve every dispute arising under ICA-C03?**

Arbitration may govern the forum, but it does not validate illegality, remove mandatory rules or make a non-arbitrable subject arbitrable. Check scope, seat and interim relief.

### **Which tax and entity overlays should be checked for ICA-C03?**

Check Companies Act authority and related-party controls, partnership constitution, GST supply and invoice consequences, withholding, accounting and insolvency effects.

### **What is the final professional sign-off for ICA-C03?**

Confirm the current statutory source, section conclusions, State variation, authority, calculation, limitation, remedy, forum and complete evidence trail.

### **Why is section 30 important to ICA-C03?**

Section 30 (Agreements by way of wager, void. Exception in favour of certain prizes for horse-racing. Section 294A of the Indian Penal Code not affected) completes the chapter control and must be tested independently.

## **Official sources and verification status**

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- [Indian Contract Act, 1872 - India Code](#)
- Official Gazette and applicable State/UT Gazette, Registrar and court portals.
- Review date: 2026-07-18.