

CAIB Examination

Essentials of a Contract



CAIIB FREE ONLINE CLASSES

S.NO	DAY	SUBJECT	FACULTY	TIME
1	Monday	Banking Regulations and Business Laws	Megha Ma'am	7:00 PM
2	Tuesday	Advanced Business and Financial Management	Nishant Sir	7:00 PM
3	Wednesday	Bank Financial Management	Surender Sir	7:00 PM
4	Thursday	Banking Regulations and Business Laws	Megha Ma'am	7:00 PM
5	Friday	Advanced Business and Financial Management	Nishant Sir	7:00 PM
6	Saturday	Bank Financial Management	Surender Sir	7:00 PM

Contract= Agreement + Enforceability

All agreements between two or more persons are contracts if those satisfy the following

- a) It is made by free consent of all the parties
- b) It is made by parties who are competent to contract.
- c) It is made for a lawful consideration
- d) It is made with a lawful object and
- e) It is not declared as void expressly in the Indian Contract Act



- When one person signifies to another person, his willingness to do or not to do something, with a view to obtaining the consent of that other person, he is said to make a **proposal**.
- When a person to whom the proposal is made, signifies his assent (consent), the proposal is said to be accepted.
- **A proposal becomes a promise when it is accepted.**
- The person making the proposal is called the '**promisor**'. The person accepting the proposal is called '**promisee**'.
- The acceptance of the offer should be absolute and unconditional. Moreover, the offer and acceptance must be 'consensus ad idem' which means that both the parties must agree on the same thing in the same sense.

- Agreements of social nature, as they do not contemplate legal relationship, are not contracts.
- An Agreement may be **oral or written**
- In the following cases an agreement without consideration is valid:
 - An agreement made out of natural love and affection.
 - Between parties standing in near relation to each other
 - Which is in writing and registered.
- The object of a contract should be lawful. The agreements, in which the meaning is uncertain is deemed void. The contract must be certain and not vague or indefinite. Moreover the terms of the agreement must also be capable of performance and should not be something which is impossible in itself.

- The parties to an agreement must be legally competent to enter into a contract.
- "Every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind and is not disqualified from contracting by any law to which he is subject"

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Q. 1

A _____ is said to be free when the parties to the contract agree to the same thing in the same sense.

- A. Consent
- B. Contract
- C. Agreement
- D. Law

Answer: Option A



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Q. 2

A person who makes a proposal is known as_____.

- A. Surety
- B. Guarantor
- C. Promisor
- D. principal debtor

Answer: Option C

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Q. 3

Which of the following statements is correct?

- A. A enters into an agreement with B to rob C and share the money. B runs away with all the money. A can file a suit against B to recover the money.
- B. Mr. X (aged 17) can enter into an agreement with Mr. Y (aged 25) to buy a car.
- C. A contract is concluded only when the party to whom the proposal is made, accepts the proposal.
- D. All of the above

Answer: Option C



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Q. 4

Which of the following statements is correct?

1. A patient in a lunatic asylum, who is at intervals of sound mind, may contract during those intervals.
2. A person is said to be of sound mind for the purpose of making a contract if he is capable of forming a rational judgment.
3. Guardians can contract on behalf of the minor.

Choose the correct code-

- A. 1,2
- B. 2,3
- C. 1,3
- D. 1,2,3

Answer: Option D

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Q. 5

A person is said to be competent to contract if_____.

- A. he is a major
- B. he is of sound mind
- C. he is a major and of sound mind
- D. He signs the contract through a lawyer

Answer: Option C

Thank You

For More Info Contact us:



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