

Contingent Contracts And Quasi Contracts

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CONTINGENT CONTRACTS

Section 31 of the Indian Contract Act defines contingent contract as “ **A contract to do or not to do something if some event, collateral to such contract, does or does not happen**”

So in simple words, it may be defined as a conditional contract.

Essential Elements of Valid Contingent Contract

- There must be a valid contract.
- The performance of the contract must be conditional.
- The event must be future uncertain.
- The event must be collateral to the contract.

Rules regarding the enforcement of the Contingent Contract

- **It depends on the happening of the future uncertain event.** So the contract will be enforced only if that uncertain event has happened. **(Section 32)**
- **It depends on the Non-Happening of the future uncertain event.** So the contract will be enforced only if the happening of that uncertain event becomes impossible as that event cannot happen. **(Section 33)**

Rules regarding the enforcement of the Contingent Contract Cont..

- It depends on the happening of the specified uncertain event within the fixed time. So the contract will be enforced only if that uncertain event happens within the fixed time. (Section 35)
- It depends on the Non-Happening of the specified uncertain event within the fixed time. So the contract will be enforced only if the happening of that uncertain event becomes impossible within the fixed time as that event cannot happen. (Section 35, second para)

Rules regarding the enforcement of the Contingent Contract Cont..

- Contingent Contract dependent on the impossible event is void and cannot be enforced by law as the impossible event will never happen. This will be void whether the impossibility of the event is known or not to the parties at the time of making the contract.

Multiple Choice Questions (MCQ'S)

1. A agrees to pay Rs 5000 to B if B's car is burnt. It is
 - a. Void
 - b. Voidable
 - c. Illegal
 - d. Valid

Multiple Choice Questions (MCQ'S)

1. A agrees to pay Rs 5000 to B if B's car is burnt. It is
 - a. Void
 - b. Voidable contract
 - c. Wagering Agreement
 - d. Valid Contract**

Multiple Choice Questions (MCQ'S)

2. Which of the following is not an essential requirement of a valid contingent requirement:
- a. The performance must be conditional.
 - b. The event must be uncertain.
 - c. The event must form the part of the contract.
 - d. The event must be independent or ancillary

Multiple Choice Questions (MCQ'S)

2. Which of the following is not an essential requirement of a valid contingent requirement:
- a. The performance must be conditional.
 - b. The event must be uncertain.
 - c. The event must form the part of the contract.**
 - d. The event must be independent or ancillary

Multiple Choice Questions (MCQ'S)

3. An uncertain event on the happening or non happening of which the performance of a contingent contract depends:
- a. Must be an act of the party.
 - b. Must not be an act of the parties.
 - c. Must be some other independent event.
 - d. May be an act of the parties or some other independent event.

Multiple Choice Questions (MCQ'S)

3. An uncertain event on the happening or non happening of which the performance of a contingent contract depends:
- a. Must be an act of the party.
 - b. Must not be an act of the parties.
 - c. Must be some other independent event.
 - d. May be an act of the parties or some other independent event.**

Multiple Choice Questions (MCQ'S)

4. A contingent contract depending on the happening of the impossible event is:
- a. Void
 - b. Voidable
 - c. Valid
 - d. Illegal

Multiple Choice Questions (MCQ'S)

4. A contingent contract depending on the happening of the impossible event is:
- a. Void**
 - b. Voidable
 - c. Valid
 - d. Illegal

Multiple Choice Questions (MCQ'S)

5. A contract of life insurance is a:
- a. Contract of indemnity
 - b. Contingent contract
 - c. Wagering agreement
 - d. Uncertain agreement

Multiple Choice Questions (MCQ'S)

5. A contract of life insurance is a:

a. Contract of indemnity

b. Contingent contract

c. Wagering agreement

d. Uncertain agreement

Multiple Choice Questions (MCQ'S)

6. A contingent contract dependent on the Non-Happening of the future uncertain event can be enforced when that event:
- a. Happens
 - b. Becomes impossible
 - c. Does not becomes impossible
 - d. Both a and c.

Multiple Choice Questions (MCQ'S)

6. A contingent contract dependent on the Non-Happening of the future uncertain event can be enforced when that event:
- a. Happens
 - b. Becomes impossible**
 - c. Does not becomes impossible
 - d. Both a and c.

Multiple Choice Questions (MCQ'S)

7. A contingent contract dependent on the Non-Happening of the future uncertain event becomes void when such event:
- a. Happens
 - b. Becomes impossible
 - c. Does not becomes impossible
 - d. Both a and c.

Multiple Choice Questions (MCQ'S)

7. A contingent contract dependent on the Non-Happening of the future uncertain event becomes void when such event:
- a. Happens
 - b. Becomes impossible
 - c. Does not becomes impossible
 - d. **Both a and c.**

Multiple Choice Questions (MCQ'S)

8. A contracts to pay Rs 50,000 to B if B marries C. But C dies before marriage. The contract between A and B:
- a. cannot be enforced.
 - b. can be enforced at the option of A.
 - c. can be enforced if B marries C's sister.
 - d. can be enforced at the option of B.

Multiple Choice Questions (MCQ'S)

8. A contracts to pay Rs 50,000 to B if B marries C. But C dies before marriage. The contract between A and B:

a. cannot be enforced.

b. can be enforced at the option of A.

c. can be enforced if B marries C's sister.

d. can be enforced at the option of B.

Multiple Choice Questions (MCQ'S)

9. A contract of insurance which does not provide for the payment of the fixed amount but according to the loss suffered by the injured person, is a:
- a. Contract of indemnity.
 - b. contract of guarantee.
 - c. wagering agreement
 - d. contingency contract

Multiple Choice Questions (MCQ'S)

9. A contract of insurance which does not provide for the payment of the fixed amount but according to the loss suffered by the injured person, is a:

a. Contract of indemnity.

b. contract of guarantee.

c. wagering agreement

d. contingency contract

Multiple Choice Questions (MCQ'S)

10. Legally the term contingency contract is defined in:

- a. Section 30
- b. Section 31
- c. Section 56
- d. Section 68

Multiple Choice Questions (MCQ'S)

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a. Section 30

b. Section 31

c. Section 56

d. Section 68

QUASI CONTRACT

It an obligation, which the law creates in the absence of the agreement. It is not a contract in the strict sense of the term because there is no real contract in existence. A contract is intentionally entered into. A quasi contract is , on the other hand, is created by law. Moreover there is no intension of the parties to enter into the contract. The Indian Contract Act does not use the term “Quasi Contract” for such obligation.

QUASI CONTRACT

It describes quasi contracts as “ **certain contracts resembling those created by the contract.**” These have been named as quasi contract because although there is no contract or agreement between the parties, they are put in the position as if there was a contract between them.

BASIS OF QUASI CONTRACT

It is based on the maxim of “**nomo debet locuplatari ex liena justua**” i.e. no man must grow rich out of another person's costs. In other words ,a person shall not be allowed to enrich himself at the expense of another.

QUASI CONTRACT

The principle of unjust requires:

- a. the defendant has been enriched by the receipt of the benefit.
- b. this enrichment is at the expense of plaintiff.
- c. the retention of the enrichment is unjust.

Kinds of Quasi Contract

1. Supply of necessities to persons who are incompetent to contract (Section 68).
2. Payment by the interested person (Sec. 69).
3. Non-gratuitous acts (Section 70).
4. Finder of Goods (Section 71).
5. Payment of money or deliver of goods by mistake or under coercion (Section 72).

Section 68

Claim for necessities supplied to person incapable of contracting: Sometimes a person supplies the necessities to the person incompetent to enter into the contract(i.e. minor, persons of unsound mind etc.). In such cases, the person supplying the necessities is entitled to recover the cost of necessities from the property of such incompetent person even if there is no valid contract between them.

Section 69

Right to recover money paid for another person:

Sometimes the person makes the payment which is the legal duty of another person. In such a case the person who has made the payment can recover such a money from the person who is legally bound to pay. Such type of cases generally arise when the payment is made by the interested party to protect the property from going in the hands of another person.

Section 69 Cont...

The **essential requirement** of section 69 are as follows:

1. The payment made should be bonafide for the protection of one's interest.
2. The payment should be a voluntary one.
3. The payment must be such as the other party was bound by law to pay.

Section 70

Obligation of the person enjoying the benefits of non-gratuitous acts: “Where a person lawfully does anything for another person, or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof, the later is bound to make compensation to the former in respect of, or to restore, the things so done or delivered.”

Section 70 Cont...

The following conditions must be satisfied for the recovery of the compensation for non gratuitous acts:

1. The person must lawfully do something for another person or deliver some thing to him.
2. The person doing some act or delivering something must not intend to act gratuitously.
3. The other person must voluntarily accept the acts or goods and he must have enjoyed the benefits.

Section 71

Responsibility of the finder of the goods:

“A person who finds the goods belonging to another person and takes them into his custody subject to the same responsibility as that of bailee”. He is not to appropriate the goods use and when the owner is traced, to restore it to the owner.

Section 71 Cont...

He is therefore required to take as much care of the goods found as a man of ordinary prudence would under the similar circumstances take care of his own goods of the same bulk, quantity and value as those of the goods found.

Section 72

Liability for money paid or thing delivered by mistake or under coercion:

“A person to whom the money has been paid, or anything delivered, by mistake or under coercion must repay or return it.”

Multiple Choice Questions (MCQ'S)

1. About Quasi obligation, which of the following is correct:
 - a. There is no real contract in existence
 - b. There is no offer and acceptance.
 - c. There is no intension to make contract.
 - d. All of these.

Multiple Choice Questions (MCQ'S)

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 - a. There is no real contract in existence
 - b. There is no offer and acceptance.
 - c. There is no intension to make contract.
 - d. All of these.**

Multiple Choice Questions (MCQ'S)

2. Quasi contracts are enforceable even if the essential elements of the contract are not present:
- a. True, as quasi contractual obligation have been made specifically made enforceable.
 - b. False, as an agreement which lacks essential elements is void and unenforceable.

Multiple Choice Questions (MCQ'S)

2. Quasi contracts are enforceable even if the essential elements of the contract are not present:

a. True, as quasi contractual obligation have been made specifically made enforceable.

b. False, as an agreement which lacks essential elements is void and unenforceable.

Multiple Choice Questions (MCQ'S)

3. The basis of quasi contractual obligation is the:
- a. Existence of a valid contract between the parties.
 - b. Existence of a voidable contract between the parties.
 - c. Prevention of unjust enrichment at the expense of others.
 - d. Provision contained in section 10 of the contract.

Multiple Choice Questions (MCQ'S)

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 - b. Existence of a voidable contract between the parties.
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 - d. Provision contained in section 10 of the contract.

Multiple Choice Questions (MCQ'S)

4. Quasi contractual relations are based upon the intentions of the parties:
- a. True, an intentions is the basis of every enforceable contract.
 - b. False, as this relation is imposed upon the parties by the law.

Multiple Choice Questions (MCQ'S)

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- a. True, an intentions is the basis of every enforceable contract.
 - b. False, as this relation is imposed upon the parties by the law.**

Multiple Choice Questions (MCQ'S)

5. A paid some money to B by mistake which was in fact due to C. in this case:
- a. A is not entitled to recover money as there is no contract between A & B
 - b. A is not entitled to recover money as mistake makes the agreement, if any void.
 - c. A is not entitled to recover money under section 72 of Indian contract act.
 - d. B is not liable to pay as he did not ask for such payment.

Multiple Choice Questions (MCQ'S)

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 - c. **A is entitled to recover money under section 72 of Indian contract act.**
 - d. B is not liable to pay as he did not ask for such payment.

Multiple Choice Questions (MCQ'S)

6. If the obligation created by the quasi contract has not been discharged, then the injured party becomes entitled to receive compensation from the party in default:
- a. True, as section 73 makes a provision in this regard.
 - b. True, as section 73 simply makes the quasi contract enforceable without consideration.

Multiple Choice Questions (MCQ'S)

6. If the obligation created by the quasi contract has not been discharged, then the injured party becomes entitled to receive compensation from the party in default:
- a. True, as section 73 makes a provision in this regard.**
 - b. True, as section 73 simply makes the quasi contract enforceable without consideration.

Multiple Choice Questions (MCQ'S)

7. A's property was wrongly advertise for sale for recovery of government revenue due from B. In order to save his property, A paid the government dues. In this case, A is entitled to recover the amount of dues paid by him from B on the basis of:
- a. Government contract b. Valid contract
 - c. Quasi contract d. None of these

Multiple Choice Questions (MCQ'S)

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 - b. Valid contract
 - c. Quasi contract**
 - d. None of these

Multiple Choice Questions (MCQ'S)

8.A, a tradesman left certain goods at B's house by mistake, who treats the goods as his own. In this case:

- a. B is not bound to pay the goods as there is no binding contract.
- b. B is bound to pay as A's act is non gratuitous and quasi contract arises between them under section 70.
- c. A is not entitled to recover as no such relations arise under section 70 due to one's own mistake.
- d. The contract is voidable at the option of either party.

Multiple Choice Questions (MCQ'S)

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c. A is not entitled to recover as no such relations arise under section 70 due to one's own mistake.

d. The contract is voidable at the option of either party.

Multiple Choice Questions (MCQ'S)

9. A supplies to B, a lunatic, the necessaries suitable to his conditions in life. In this case:
- a. B is personally liable to pay.
 - b. B's property is liable.
 - c. B's parents are personally liable.
 - d. If B's property is not sufficient to reimburse, then he is personally liable.

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 - c. B's parents are personally liable.
 - d. If B's property is not sufficient to reimburse, then he is personally liable.

Multiple Choice Questions (MCQ'S)

10. Which of the following expression is used in the Indian Contract Act in the part dealing with quasi contract?
- a. Quasi contractual obligations.
 - b. Certain relations of Quasi contractual obligations.
 - c. Certain relations resembling those created by contract.
 - d. Obligation in absence of actual contract.

Multiple Choice Questions (MCQ'S)

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- a. Quasi contractual obligations.
 - b. Certain relations of Quasi contractual obligations.
 - c. **Certain relations resembling those created by contract.**
 - d. Obligation in absence of actual contract.

Multiple Choice Questions (MCQ'S)

11. A quasi contract is a:
- a. A contract
 - b. A legal obligation
 - c. An agreement
 - d. A contingent contract

Multiple Choice Questions (MCQ'S)

11. A quasi contract is a:
- a. A contract
 - b. A legal obligation**
 - c. An agreement
 - d. A contingent contract

Multiple Choice Questions (MCQ'S)

12. A quasi contract is not enforceable contract:

- a. True
- b. False

Multiple Choice Questions (MCQ'S)

12. A quasi contract is not enforceable contract:

a. True

b. False

Reason: A quasi contract is enforceable as per the rules contained in sections 68 to 72.

Multiple Choice Questions (MCQ'S)

13.

The Indian contract Act expressly uses the words quasi contracts to give legal recognition to these contracts.

- a. Correct b. Incorrect

Multiple Choice Questions (MCQ'S)

13. The Indian contract Act expressly uses the words quasi contracts to give legal recognition to these contracts.

a. Correct **b. incorrect**

Reason: The Indian contract Act expressly uses the words “Certain relations resembling those created by contract” for quasi contractual obligation.

THE END

Contingent & Quasi Contracts