

CONTINGENT CONTRACT

- According to the Contract Act a contingent contract is one whose performance is uncertain.
- The performance of the contract which comes under this category depends on the happening or non- happening of certain uncertain-events.
- *Contracts of insurance and contracts of indemnity and guarantee are popular instances of contingent contracts.*

- A 'contingent contract' is a contract, to do or not to do something if some event, collateral to such contract does or does not happen
(S. 31)
- *A contract to pay B Rs. 10,000 if B house is burnt.*
- *A asks B to give loan to M and promises that he (A) will repay the loan if M does not return it in time.*

Essentials of a contingent contract

- **(a) The performance of a contingent contract would depend upon the happening or non-happening of some event or condition.** The condition may be precedent or subsequent.
Example: *'A' promises to pay ` 50,000 to 'B' if it rains on first of the next month.*
- **(b) The event referred to is collateral to the contract.** The event is not part of the contract. The event should be neither performance promised nor a consideration for a promise.

- **(c)Contingent on happening of specified event within the fixed time:** Section 35 says that Contingent contracts to do or not to do anything, if a specified uncertain event happens within a fixed time, becomes void if, at the expiration of time fixed, such event has not happened, or if, before the time fixed, such event becomes impossible.
- **Example:** A promises to pay B a sum of money if certain ship returns within a year. The contract may be enforced if the ship returns within the year, and becomes void if the ship is burnt within the year.

- **(d) Contingent on an impossible event (Section 36):**
Contingent agreements to do or not to do anything, if an impossible event happens are void, whether the impossibility of the event is known or not to the parties to the agreement at the time when it is made.
- **Example 1:** *'A' agrees to pay 'B' `one lakh if sun rises in the west next morning. This is an impossible event and hence void.*
- **Example 2:** *X agrees to pay Y `1,00,000 if two straight lines should enclose a space. The agreement is void.*

• QUASI CONTRACTS

- A valid contract must contain certain essential elements, such as offer and acceptance, capacity to contract, consideration and free consent. But sometimes the law implies a promise imposing obligations on one party and conferring right in favour of the other even when there is no offer, no acceptance, no genuine consent, lawful consideration, etc. and in fact neither agreement nor promise.
- Such cases are not contracts in the strict sense, but the Court recognises them as **relations resembling those of contracts** and enforces them as if they were contracts. Hence the term **Quasi – contracts (i.e. resembling a contract)**.
- Even in the absence of a contract, certain social relationships give rise to certain specific obligations to be performed by certain persons. These are known as quasi contracts as they create same obligations as in the case of regular contract.

- Quasi contracts are based on principles of equity, justice and good conscience.
- A quasi or constructive contract rests upon the maxims, “No man must grow rich out of another persons loss”.
- **Example 1:** *T, a tradesman, leaves goods at C’s house by mistake. C treats the goods as his own. C is bound to pay for the goods.*
- **Example 2:** *A pays some money to B by mistake. It is really due to C. B must refund the money to A.*

- **Example 3:** *A fruit parcel is delivered under a mistake to R who consumes the fruits thinking them as birthday present. R must return the parcel or pay for the fruits. Although there is no agreement between R and the true owner, yet he is bound to pay as the law regards it a Quasi-contract.*
- **These relations are called as quasi-contractual obligations. In India it is also called as ‘certain relation resembling those created by contracts’.**

- The obligations which they give rise to are expressly enacted:
- (a) If necessaries are supplied to a person who is incapable of contracting, the supplier is entitled to claim their price from the property of such a person.
- **Example:** A supplies B, a lunatic, or a minor, with necessaries suitable to his condition in life. A is entitled to be reimbursed from B's property. To establish his claim, the supplier must prove not only that the goods were supplied to the person who was minor or a lunatic but also that they were suitable to his actual requirements at the time of the sale and delivery.

- b) A person who is interested in the payment of money which another is bound to pay, and who therefore pays it, is entitled to be reimbursed by the other.
- **Example:** *B holds land in Bengal, on a lease granted by A, the zamindar. The revenue payable by A to the Government being in arrear, his land is advertised for sale by the Government. Under the revenue law, the consequence of the sale will be the annulment of B's lease.*
- *B, to prevent the sale and the consequent annulment of his own lease, pays to the government the sum due from A.*
- *A is bound to make good to B the amount so paid.*

- (c) A person who enjoys the benefit of a non-gratuitous act is bound to make compensation.
- **Example:** A, a tradesman, leaves goods at B's house by mistake. B treats the goods as his own. He is bound to pay A for them.

- (d) A person who finds lost property may retain it subject to the responsibility of a bailee.
- Thus a finder of lost goods has: (i) to take proper care of the property as man of ordinary prudence would take (ii) no right to appropriate the goods and (iii) to restore the goods if the owner is found.

- (e) If money is paid or goods delivered by mistake or under coercion, the recipient must repay or make restoration.