

VOID AGREEMENTS

MODULE II
CHAPTER 2

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- **Definition:**

Literally: Void means having no legal value and agreement means Arrangement, promise or contract made with somebody. So void agreement means an agreement that has no legal value.

Traditionally: “An agreement not enforceable by law is said to be void”. [Sec 2(g)]

LEGAL POSITION

A void agreement has no legal effect. An agreement which does not satisfy the essential elements of contract is void. Void agreement confers no rights on any person and creates no obligation.

Example of void agreement: *An agreement made by a minor, agreement without consideration, certain agreements against public policy etc.*

Agreement which become void:

An agreement, which was legal and enforceable when it was entered in to, may subsequently become void due to impossibility of performance, change of law or other reason. When it become void the agreement ceases to have legal effect.

- Section 2 (g) of the Indian Contract Act, states “that a void agreement is one which is not enforceable by law. A void agreement does not create rights, obligations or duties. It does not give rise to any legal consequences. Such agreements are *void ab initio*”.

Void Agreement

- A void agreement is not valid.
- The agreement is not enforceable by law.
- It is void from the very beginning of the making of the agreement.

The following agreements are expressly declared as void by the Indian Contract Act:

- Agreement by a minor or a person of unsound mind.[Sec(11)]
- *Agreement of which the consideration or object is unlawful[Sec(23)]*
- Agreement made under a bilateral mistake of fact material to the agreement[Sec(20)]
- Agreement made. without consideration.[Sec(25)]
- A Void contract is valid when it is entered into but after it is formed due to some limitation it becomes non enforceable.

- Agreement in restraint of marriage [Sec(26)]

Every individual enjoys the freedom to marry and so according to section 26 of the contract act “every agreement is restraint of the marriage of any person, other than a minor, is void.”

- Agreement in restraint of trade [Sec(27)]

An agreement whereby one of the parties agrees to close his business in consideration of the promise by the other party to pay a certain sum of money, is void, being an agreement is restraint of trade,

- Agreement in restraint of legal proceedings[Sec(28)]

- Agreement the meaning of which is uncertain [Sec(29)]

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.

- Agreement by way of wager [Sec(30)]

Literally the word ‘wager’ means ‘a bet’ something stated to be lost or won on the result of a doubtful issue, and, therefore, wagering agreements are nothing but ordinary betting agreements

- Agreement contingent on impossible events [Sec(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.” (Sec. 36)

A agrees to pay B Rs.1000 (as a loan) if B will marry A’s daughter, C. C was dead at the time of the agreement, the agreement is void.

- Agreement to do impossible acts [Sec(56)]

An agreement to do an act impossible in itself is void.” (Sec, 56 Part-1)

(a) A agrees with B to discover treasure by magic. The agreement is void. [Section 56].

(b) A agrees with B to run with a speed of 100 Kilometre per hour. The agreement is void.