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**SUBJECT: BUSINESS AND LABOR LAW**

**ID: 12886**

Q1. What is Contract and what are the essentials of Contract?

* Answer: Contract;

Definition: The term contract is defined as an agreement between two or more parties which has a binding nature, in essence, the agreement with legal enforceability is said to be a contract. It creates and defines the duties and obligations of the parties involved.

Contract is an agreement between two or more persons creating rights and duties between

them and which is enforceable by Law.

• Pollack defines, every agreement and promise enforceable at law is a contract

• According to Salmond, a contract is an agreement creating and defining obligations between the

parties.

Essentials of Contract;

**>Offer**

First, an offer must be extended in order to begin a contract. This should include details of the agreement and its terms and conditions. Simply put, the offer is the offeror's attempt at entering into a contract with another.

Sometimes businesses will look for contractors through an invitation to treat by letting people know that they are interested in entering into a contract.

**>Acceptance**

Once the offer is extended, it's in the hands of the offeree to either accept or reject the proposal and its terms and conditions. Offerees can accept offers via mail, email, or verbally.

Most states use the mailbox rule meaning that, if an offer is accepted via mail or email, the moment the acceptance is placed in a mailbox to be mailed or sent via email, it has officially been accepted. This holds true even if the offerer never receives the acceptance. Within this acceptance, there needs to be a clear statement that the terms of the agreement are all accepted.

**>Meeting of the Minds**

The meeting of the minds in contract law refers to the moment when both parties have recognized the contract and both agreed to enter into its obligations. This is also called:

Genuine agreement

Mutual agreement

Mutual assent

Consensus ad idem

Even after the parties have entered into the contract, it can be voided a few different ways including duress, undue influence, fraud, or misrepresentation.

**>Consideration**

Something of value must be exchanged in order to have a valid legal agreement. Usually, things like products, property, protection, or services are offered for the exchange of money.

If not trading in money at all, the parties should be sure that the court would view whatever they are trading, also called their consideration, as valuable.

**>Capacity**

Each party must be fully able or have the legal capacity to enter into the contract in order for it to be considered valid. For instance, you cannot enter into a legal contract with a three-year-old. Both parties must be of their right mind in order to form a contract, so a valid agreement could not take place if one of the parties is under the influence of any mind-altering substance.

This also includes the desire of both parties to enter into the agreement free from coercion.

**>Legality**

Contracts cannot be created to govern the trade of illegal products or services. A drug dealer cannot enforce a contract with their buyer if their buyer doesn't pay them.

Each party must show legal intent, meaning that they intend for the results of their agreement to be completely legal.

Q2. Define Valid Contract and its essentials?

* Answer: Valid Contract;

An agreement enforced by law is a valid contract. An agreement becomes a valid contract when it fulfils all the essentials of a contract.

Essentials of a valid contract;

**1. Offer and acceptance:**

In a contract there must be at least two parties one of them making the offer and the other accepting it.

There must thus be an offer by one party and its acceptance by the other. The offer when accepted

becomes agreement.

**2. Legal relationship:**

Parties to a contract must intend to constitute legal relationship. It arises when the parties know that if

any one of them fails to fulfil his part of the promise, he would be liable for the failure of the contract

**3. Free Consent**

Another essential of a valid contract is the consent of parties, which should be free. “Two or more

parties are said to consent, when they agree upon the same thing in the same sense.”

**4. Lawful consideration:**

Consideration is known as ‘something in return’. It is also essential for the validity of a contract. A

promise to do something or to give something without anything in return would not be enforceable

at law and, therefore, would not be valid.

**5. Lawful Object**

an agreement may become a valid-contract only, if it is for a lawful consideration and lawful object

**6. Agreement not expressly declared void:**

An agreement to become a contract should not be an agreement which has been expressly

declared void by any law in the country, as it would not be enforceable at law

**7. Certainty and possibility of performance:**

Agreements to form valid contracts must be certain, possible and they should not be uncertain,

vague or impossible. An agreement to do something impossible is void

**8. Legal formalities:**

The agreement may be oral or in writing. When the agreement is in writing it must comply with all

legal formalities as to attestation, registration. If the agreement does not comply with the

necessary legal formalities, it cannot be enforced by law.

**9. Competency of parties:**

The parties to an agreement must be competent to contract. In other words, they must be capable

of entering into a contract

Q3. According to the Contract Law what is offer and acceptance and how can we revoked offer?

* Answer:

**Offer:** An offer is an open call to anyone wishing to accept the promise of the offeror and generally, is used for products and services.

 **Acceptance:** Acceptance occurs when an offeree agrees to be mutually bound to the terms of the contract by giving consideration, or something of value like money, to seal the deal.

**How we can revoked offer?**

Revocation of offer is the withdrawal of an offer by the offeror so that it can no longer be accepted. Revocation takes effect as soon as it is known to the offeree. An offeror may revoke an offer before it has been accepted, but the revocation must be communicated to the offeree.