**THE CONTRACT ACT  
(ACT IX OF 1872)**

[IMPORTANT: For facility of quick reference, Pakistani case-Law is digested at end of Indian Case-Law under each Section.]  
  
**Preamble:** WHEREAS it is expedient to define and amend certain parts of the law relating to contracts; It is hereby enacted as follows:---  
  
**PRELIMINARY**  
**1. Short title:** This Act may be called the Contract Act, 1872.  
  
**Extent and Commencement:** It extends to [the whole of Pakistan] and it shall come into force on the first day of September, 1872.

**2. Interpretation clause.** In this Act the following words and expressions are used in the following senses, unless a contrary intention appears from the context :---  
  
(a) When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal;  
  
(b) When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promises;  
  
(c) The person making the proposal is called the "promisor," and the person accepting the proposal is called the "promisee".  
  
(d) When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or does or abstains from doing, or promises to do or to abstain from doing, something, such act or abstinence or promise is called a consideration for the promise:  
  
(e) Every promise and every set of promises, forming the consideration for each other, is an agreement.  
  
(f) Promises which form the consideration or part of the consideration for each other are called reciprocal promises:  
  
(g) An agreement not enforceable by law is said to be void;  
  
(h) An agreement enforceable by law is a contract;  
  
(i) An agreement which is enforceable by law at the option of one or more of the parties thereto, but put at the option of the other or others, is a workable contract  
  
(j) A contract which ceases to be enforceable by law becomes Void when it ceases to be enforceable.

**CHAPTER I  
OF THE COMMUNICATION, ACCEPTANCE AND  
REVOCATION OF PROPOSALS**

**4. Communication when complete.** The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made.  
  
The Communication of an acceptance is complete, as against the proposer, when it is put in a course of transmission to him, so as to be out of the power of the acceptor; as against the acceptor, when it comes to the knowledge of the proposer.  
  
The communication of a revocation is complete, as against the person who makes it, when it is put into a course of transmission to the person to whom it is made, so as to be out of the power of the person who makes it; as against the person to whom it is made, when it comes to his knowledge.

**Illustrations**

(a) A. proposes, by letter, to sell a house to B. at a certain price. The communication of the proposal is complete when B. receives the letter.  
  
(b) B. accepts A.'s proposal by a letter sent by post. The communication of the acceptance is complete; as against A., when the letter is posted; as against B., when the letter is received by A.  
  
(c) A revokes his proposal by telegram. The revocation is complete as against A., when the telegram is despatched.  
  
It is complete as against B. when B. receives it.  
  
B. revokes his acceptance by telegram. B.'s revocation is complete as against B. when the telegram is dispatched, and as against A. when it reaches him.

**5. Revocation of proposals and acceptances.** A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards.  
  
An acceptance may be revoked at any time before the communication of the acceptance is complete as against the acceptor, but not afterwards.

**Illustrations**

A proposes, by a letter sent by post, to sell his house to B.  
B accepts the proposal by a letter sent by post.  
A may revoke his proposal at any time before or at the moment when B posts his letter of acceptance, but not afterwards.  
B. may revoke his acceptance at any time before or at the moment when the letter communicating it reaches A but not afterwards.

**6. Revocation how made.** A proposal is revoked:---  
  
(1) by the communication of notice of revocation by the proposer to the other party;  
  
(2) by the lapse of the time prescribed in such proposal for its acceptance, or, if no time is so prescribed, by the lapse of a reasonable time, without communication of the acceptance;  
  
(3) by the failure of the acceptor to fulfill a condition precedent to acceptance; or  
  
(4) by the death, or insanity of the proposer, if the fact of his death or insanity comes to the knowledge of the acceptor before acceptance.

**7. Acceptance must be absolute.** In order to convert a proposal into a promise, the acceptance must:---  
  
(1) be absolute and unqualified;  
  
(2) be expressed in some usual and reasonable manner, unless the proposal prescribes the manner in which it is to be accepted. If the proposal prescribes a manner in which it is to be accepted, and the acceptance is not made in such manner, the proposer may, within a reasonable time after the acceptance is communicated to him, insist that his proposal shall be accepted in the prescribed manner, and not otherwise; but if he fails to do so, he accepts the acceptance.

**8. Acceptance by performing conditions, or receiving consideration.** Performance of the conditions of a proposal, or the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is an acceptance of the proposal.

**9. Promises, express and implied.** In so far as the proposal or acceptance of any promise is made in words, the promise is said to be express. In so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.

**CHAPTER II  
OF CONTRACTS, VOIDABLE CONTRACTS AND VOID  
AGREEMENTS**

**10. What agreements are contracts.** All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void.  
  
Nothing herein contained shall affect any law in force in India, and not hereby expressly repealed, by which any contract is required to be made in writing or in the presence of witnesses, or any law relating to the registration of documents.  
  
The first paragraph of this section is developed and applied by the more specific provisions of several following sections, which will be considered as they occur.