

Types of Contracts

1. On the basis of Formation

- **Express contract-** When the offer or acceptance is made in words spoken or written, it is an express contract.
- **Implied Contract-** When the offer or acceptance is made otherwise than in words i.e. by acts and conduct of the parties, it is an implied contract.
- **Quasi Contract-** In this type of contract there is no offer and acceptance and hence no contractual relations between parties. It is created by virtue of law.

2. On the basis of Enforceability/Validity

- **Valid Contract** - A valid contract is one which has all the essential elements of a contract as mentioned in Section 10 and is enforceable in a court of law.
- **Void Contract** – A contract which ceases to be enforceable by law becomes void i.e. if it lacks any or more of the essential elements (except free consent and legal formalities).
- **Voidable Contract** – An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a voidable contract. Usually a contract becomes voidable, when the consent of one of the parties to the contract is obtained by coercion, undue influence, misrepresentation or fraud.
- **Illegal Contract** – If the contract has been made with an unlawful object, it is called Illegal Contract. Such contracts are void.
- **Unenforceable Contract** – This kind of contract is valid by itself, but is incapable of being enforced in a court of law because of some technical defect such as absence of writing, registration, requisite stamp etc.

3. On the basis of Performance/Execution

- **Executed Contract** - A contract is said to be executed when both the parties to a contract have completely performed their share of obligation.
- **Executory Contract** - Where contractual obligations are not to be performed now but in future, it is called executory contract.

4. On the basis of Nature of Consideration

- **Bilateral Contracts** - In this contract, obligations on the part of both the parties to the contract are outstanding at the time of the formation of the contract.

- **Unilateral Contract** - Under this contract, one of the parties has performed his share of obligation and the other party is still to perform his share of obligation at the time of formation of the contract.

Difference between Void & Voidable Contracts

Void Contracts

1. A contract which ceases to be enforceable by law becomes void.
2. A void contract is valid when it is made but subsequently becomes unenforceable on certain grounds.
3. A void contract does not provide any legal remedy for the parties to the contract. They cannot get it performed even when they so desire.

Voidable Contracts

1. An agreement which is enforceable at the option of the aggrieved party.
2. A contract becomes voidable when the consent of one of the parties to the contract is obtained by coercion, undue influence, misrepresentation or fraud.
3. The aggrieved party in a voidable contract gets a right to rescind (cancel) the contract which then becomes void.