**Questions.1. Define capacity of parties as per Indian Contract Act 1872.**

Answer. Capacity to contract means a party has the legal ability to enter into a contract. Capacity also means a person has to be competent as defined by law. Someone's capacity is determined by whether or not they have reached the age of majority and if they are mentally capable of understanding the applicable contract terms.

**Question 2. Discuss the rules regarding minor’s agreement as per Indian Contract Act 1872.**

Answer. Minor: In terms of the Indian majority act 1875 as amended in 2010 minor is a person who has not completed 18 years of age.

The rules regarding minor’s agreement are summed as hereunder:

1. **An agreement entered with or by a minor is void ab initio** :An agreement entered into by a minor is void against the minor and the creation of his enforceability does not arise.
2. **Minor can be a beneficiary:** Though, a minor is not competent to contract nothing in the contract act prevents him from making the other party bound to the minor. Thus, a promissory note duly executed in favour of a minor is not void and can be sued upon by him because he though in competent to contract may yet accept a benefit.
3. **Minor can always plead minority:** Any money advance to a minor cannot be recovered as he can Plead minority and that the contract is void. Even if there had been false representation at the time of borrowing that he was a measure the amount land to him cannot be recovered.
4. **Ratification of agreement not permitted:** A minor on his attaining majority cannot validate any agreement which was entered into when he was minor, as the agreement was void.
5. **No estoppel against a minor:** Where a minor by misrepresenting his age has induced, the other party enter into a contract with him, he cannot be made liable on the contract. There can be no estoppel against a minor. It means he is not estopped from pleading his infancy in order to avoid a contact.
6. **Partnership**: A minor being incompetent to contract cannot be a partner in a partnership firm, but under Section 30 of the Indian Contract Act he can be admitted to the benefit of partnership.
7. **No insolvency**: A minor cannot be declared insolvent as he is incapable of contracting debts and dues are payable from the personal properties of minor and he is not personally liable.
8. **Minor can be an agent:** A minor can act as an agent but he will not to be liable to his principal for his acts. A minor can draw, deliver and endorse Negotiable Instruments without himself being liable.
9. **Minor cannot bind parent or guardian** : In the absence of authority Express or implied, an infant is not capable of binding his parent or Guardian even for necessaries the parents will be held liable only when the child is acting as an agent for parents.
10. **Surety for minors:** In a contract of guarantee when an adult stands for a minor then he ( adult) is liable to third party as there is direct contact between the surety and the third party.