

CONTINGENT CONTRACT

A Contract may be

- (i) An Absolute Contract ,or
- (ii) A Contingent Contract

An Absolute Contract is one in which the promisor binds himself to performance without any Conditions.

According to sec.31 of the Indian Contract Act, a Contingent Contract is a Contract to do or not to something, if some event ,collateral to such contract ,does or does not happen.

- ⦿ Example: A Promises to provide A Grade Indian Cotton to B when the ship Majesty arrives at the London Port.
- ⦿ This is a contingent contract the performance of which depends on the arrival of the Ship.

Contracts of Insurance are the most common instances of Contingent Contract.

Rules regarding Contingent Contracts

1. Contingent Contracts dependent on the happening of an uncertain future event can not be enforced until the event has happened .If the event becomes impossible then such contracts become void.(Sec.32)
 - ⦿ A makes a Contract with B to sell his horse if C,to whom the horse is offered to buy refuses to do so.The Contract to sell the Horse to B can not be enforced so long as C does not refuse to buy it.

2. Where a Contingent Contract is to be performed if a particular event does not happen, its performance can be enforced when the happening of that event becomes impossible.

A promises to pay a certain sum of money to B if a certain ship does not return. The ship sinks on the Sea. A must fulfill his promise

3.If a Contract is Contingent upon how a person will act at an unspecified time,the event shall be considered to become impossible when such person does anything which renders it impossible that he should so act within any definite time or otherwise than under further contingencies.

- ⦿ A agrees to pay B a sum of money if B marries C.C marries D.Hence the agreement becomes void.

4. Contingent Contracts to do or not to do anything, if a specified uncertain event happens within a fixed time, become void if the event does not happen or its happening becomes impossible before the expiry of that time.

A promises to pay a certain sum of money to B if a certain ship does not return. The ship sinks on the Sea. A must fulfill his promise

- ⦿ Contingent Contracts to do or not to do anything, if an impossible event happens, are void, whether or not the fact is known to the parties