

1

1. Subject Overview

2

2. Indian Contract Act, 1872

3

3. Offer and Acceptance

4

4. Consideration



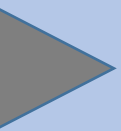
Beshmukh
Director
PTVA's Institute of Management
Chitrakar Keshkar Marg,
Behind M. L. Dehanurkar College,
Vile Parle (E), Mumbai-400 057.

LEGAL ASPECTS OF BUSINESS

Subject Overview



Beshmukh
Director
PTVA's Institute of Management
Chitrakar Kelkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

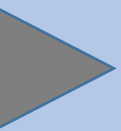


Subject Overview

- Basic Concepts of Law
- Indian Contract Act 1872
- Indian Companies Act 2013
- Competition Act – 2002
- Negotiable Instruments Act 1881
- Case Studies and Presentations



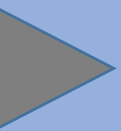
Beshmukh
Director
PTVA's Institute of Management
Chitrakar Kekar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.



Indian Contract Act, 1872



B. Chmalkar
Director
PTVA's Institute of Management
Chitrakar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

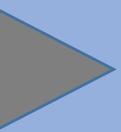


Object & Nature of Act:

- **Object:** The law of contract is that branch of law which determines the circumstances in which promises made by parties to the contract shall be legally binding on them.
- **Nature of Act:** This Act consists of limiting principles subject to which parties may create contract.



Behmalkh
Director
PTVA's Institute of Management
Chirakar Kulkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.

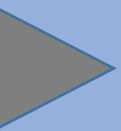


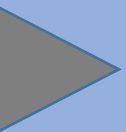
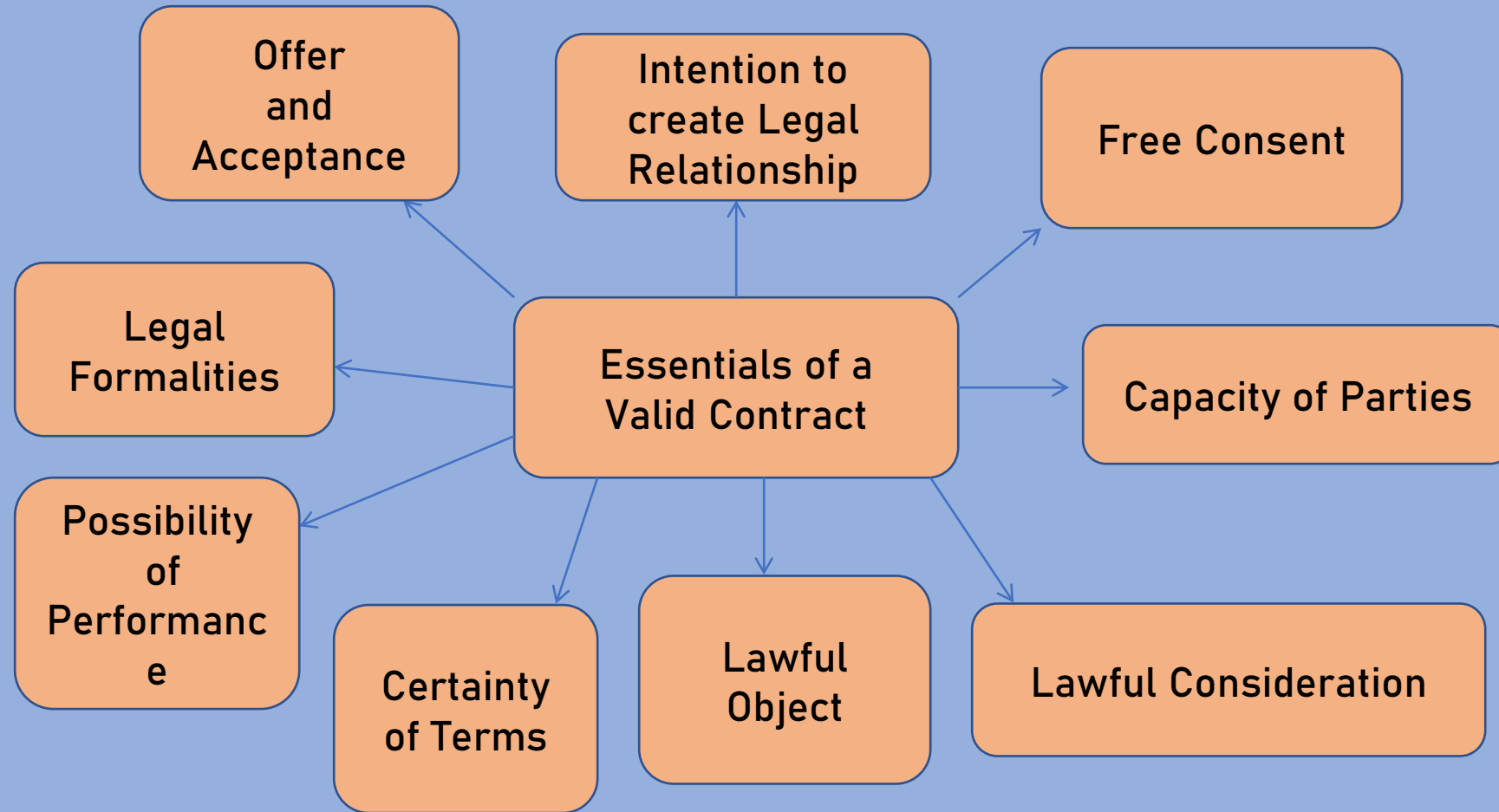
Definition:

- Contract-U/s 2(h): “an agreement enforceable by law is a contract.
Contract- Agreement + enforceable by Law
- Agreement-U/s 2(e): “every promise and every set of promises forming consideration for each other.”
- Promise-U/s 2(b): “an offer/proposal when accepted becomes a promise”



Beshmukh
Director
PTVA's Institute of Management
Chitrakar Kulkar Marg,
Behind M. L. Dahanukar College,
V/6 Parle (E), Mumbai-400 057.





Types of Contracts

On the Basis of Creation

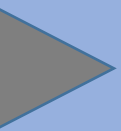
- Express
- Implied
- Quasi

On the Basis of Execution

- Executed
- Executory
- Unilateral
- Bilateral

On the Basis of Enforceability

- Valid
- Void
- Voidable



On the basis of creation:

- **Express:** A contract made in writing or orally.
- **Implied:** A contract inferred from the conduct of parties.
- **Quasi:** In such a contract, the rights and obligations arise not by an agreement but by operation of law.



Beshmukh
Director
PTVA's Institute of Management
Chitrakar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

On the basis of execution:

- Executed: A contract where both parties have fulfilled their respective obligations.
- Executory: A contract where either or both parties are yet to fulfill their part of obligation.
- Unilateral: A contract where, at the time of formation, only one party has to perform his part of obligations(the other has already executed his part.)
- Bilateral: A contract where, at the time of formation, obligations of both parties are outstanding. It is similar to Executory Contract.



Beshmukh
Director
PTVA's Institute of Management
Chivrao Kulkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.

On the basis of enforceability:

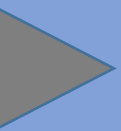
- **Valid:** A contract which satisfies all the conditions prescribed by law.
- **Void:** A contract which ceases to be enforceable by law becomes void when ceases to be enforceable [Sec. 2(j)].
- **Voidable:** An agreement which is enforceable by law at the option of one or more of parties thereto, but not at option of other or others, is a voidable contract. [Sec.2(i)].



Offer and Acceptance



Beshmukh
Director
PTVA's Institute of Management
Chivarkar Kelkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.

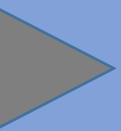


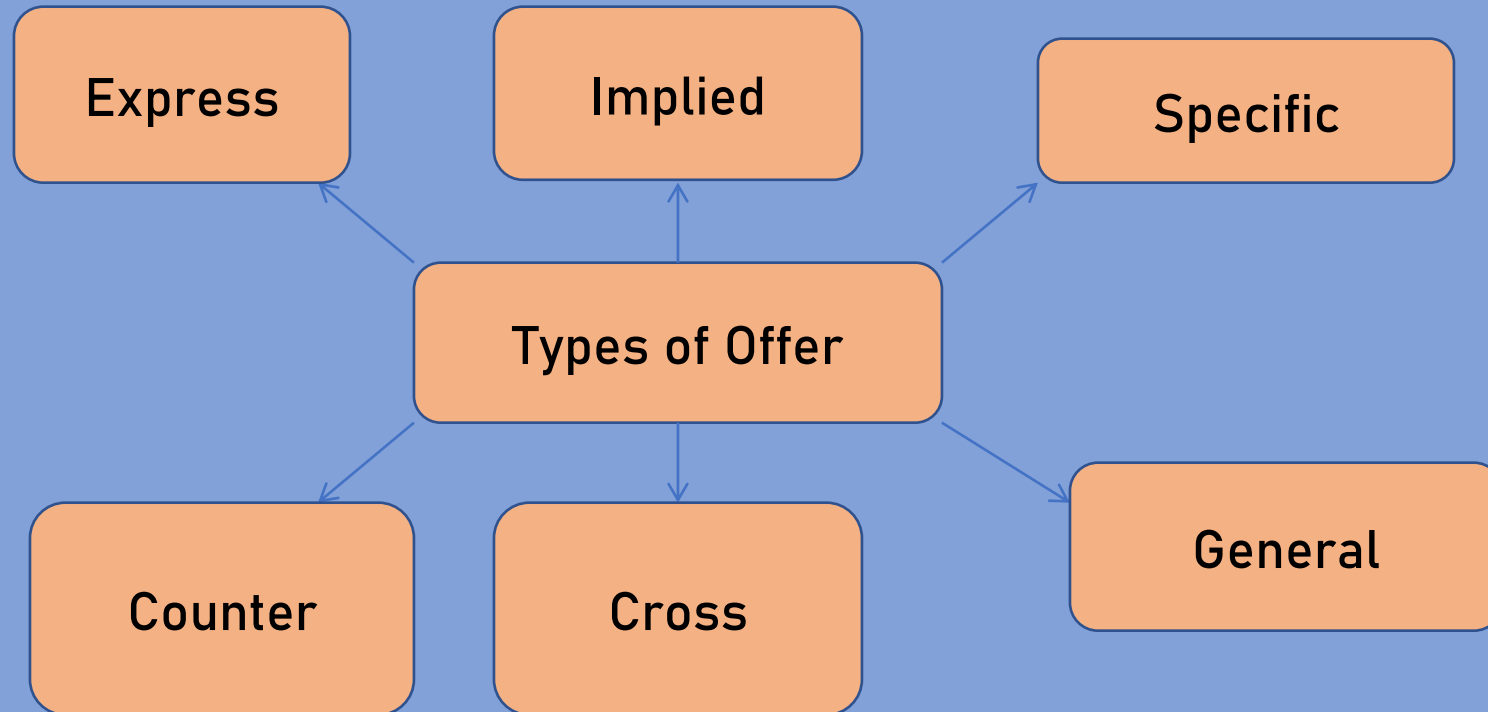
Offer (Proposal):

- Sec.2(a): “when one person signifies to another his willingness to do or abstain from doing anything, with a view to obtaining the assent of the other to such act or abstinence, he is said to make proposal.”
- It contains Positive Act & Abstinence.

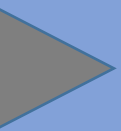


Behmala
Director
PTV's Institute of Management
Chitambar Kelkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.





Beshmukh
Director
P.T.V.A.'s Institute of Management
Chivkar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

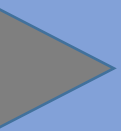


Legal Rules as to a Valid Offer:

- Offer must intend to create legal relations.
- Terms of offer must be certain, definite and not vague.
- The offer must be distinguished from a mere declaration of intention.
- Offer must be distinguished from an invitation to offer.
- The offer must be communicated.
- Offer must be made with the view to obtain the assent.
- Offer should not contain a term the non-compliance of which would amount to acceptance.
- Special terms in an offer must also be communicated.



B. Deshmukh
Director
PTVA's Institute of Management
Chitambar Kelkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

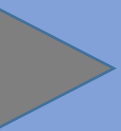


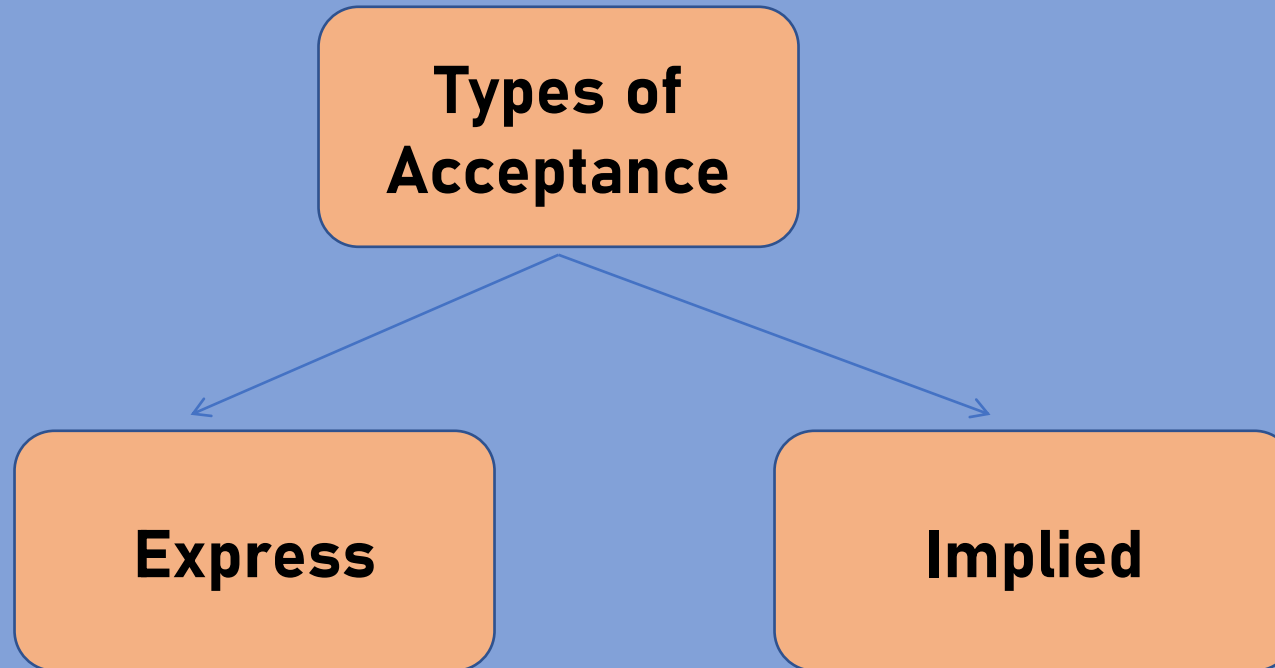
Acceptance:

- Sec.2(b): “when person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes promise.

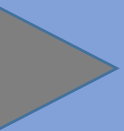


B. S. Chakrabarti
Director
PTVA's Institute of Management
Chitrakar Kedar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.





Beshmukh
Director
PTVA's Institute of Management
Chitrakar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.

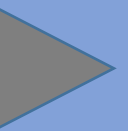


Legal Rules as to Valid Acceptance:

- Acceptance must be absolute and unconditional.
- Acceptance must be communicated.
- Acceptance must be in mode prescribed.
- Acceptance must be within a reasonable time.
- Acceptance must be given only by the offeree.
- Acceptance must be after an offer.



B. S. Mahesh
Director
PTVA's Institute of Management
Chirakar Kulkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.



Consideration



Beshmukh
Director
PTVA's Institute of Management
Chirakar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.



The term 'consideration' is used in the sense of 'quid pro quo' meaning something in return.

Definition:

According to Sec.2(d)“when at the desire of the promisor the promisee or any other person has done or abstained from doing, does or abstains from doing, or promises to do or abstain from doing something, such act or abstinence or promise is called consideration for the promise.”



Beshmukh
Director
PTVA's Institute of Management
Chivarkar Kulkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.



Legal Rules as to Valid Consideration:

- Consideration must move at the desire of promisor.
- Consideration may move from promisee or any other person.
- Consideration may be past, present or future.
- Consideration need not be adequate.
- Consideration must be real.
 - a) Physical impossibility.
 - b) Legal impossibility.
 - c) Uncertain consideration.
 - d) Illusory consideration
- Consideration must be lawful
- Consideration must be something which the promisor is not already bound to do.



B. S. Mahesh
Director
PTVA's Institute of Management
Chivarkar Kulkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.



Agreement without Consideration [Sec. 25]:

Rule: No Consideration – No Contract

Exceptions:

- a) Agreements made out of natural love and affection.
- b) Promise to compensate.
- c) Promise to pay a time barred debt
- d) Gifts
- e) Bailment
- f) Agency
- g) remission



B. Chandra
Director
PTVA's Institute of Management
Chitrakar Kelkar Marg,
Behind M. L. Dahanukar College,
Vile Parle (E), Mumbai-400 057.



References:

Weblinks:

<https://lddashboard.legislative.gov.in/actsofparliamentfromtheyear/indian-contract-act-1872>

<https://www.taxmann.com/post/blog/basic-primer-on-the-indian-contract-act>

Books: Legal Aspects of Business- Pathak



Beshmukh
Director
PTVA's Institute of Management
Chazakar Kerkar Marg,
Behind M. L. Dehanukar College,
Vile Parle (E), Mumbai-400 057.

