



VIT[®]

Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

Legal Aspects of Business

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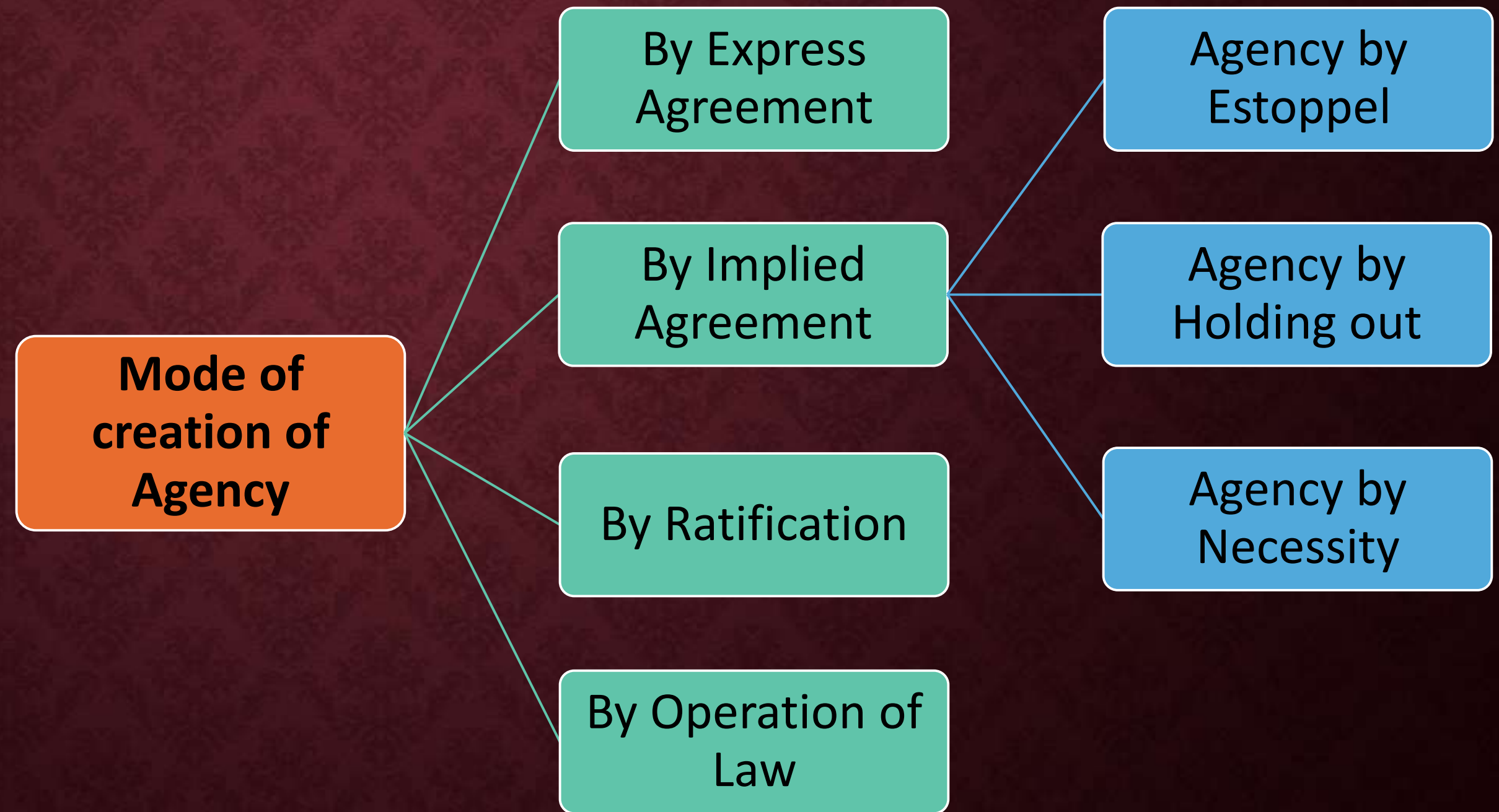
Recapitulate

Law of Agency

- Introduction
- Essentials of relationship of agency
- Who can employ an agent?
- Who may be an agent?

Law of Agency

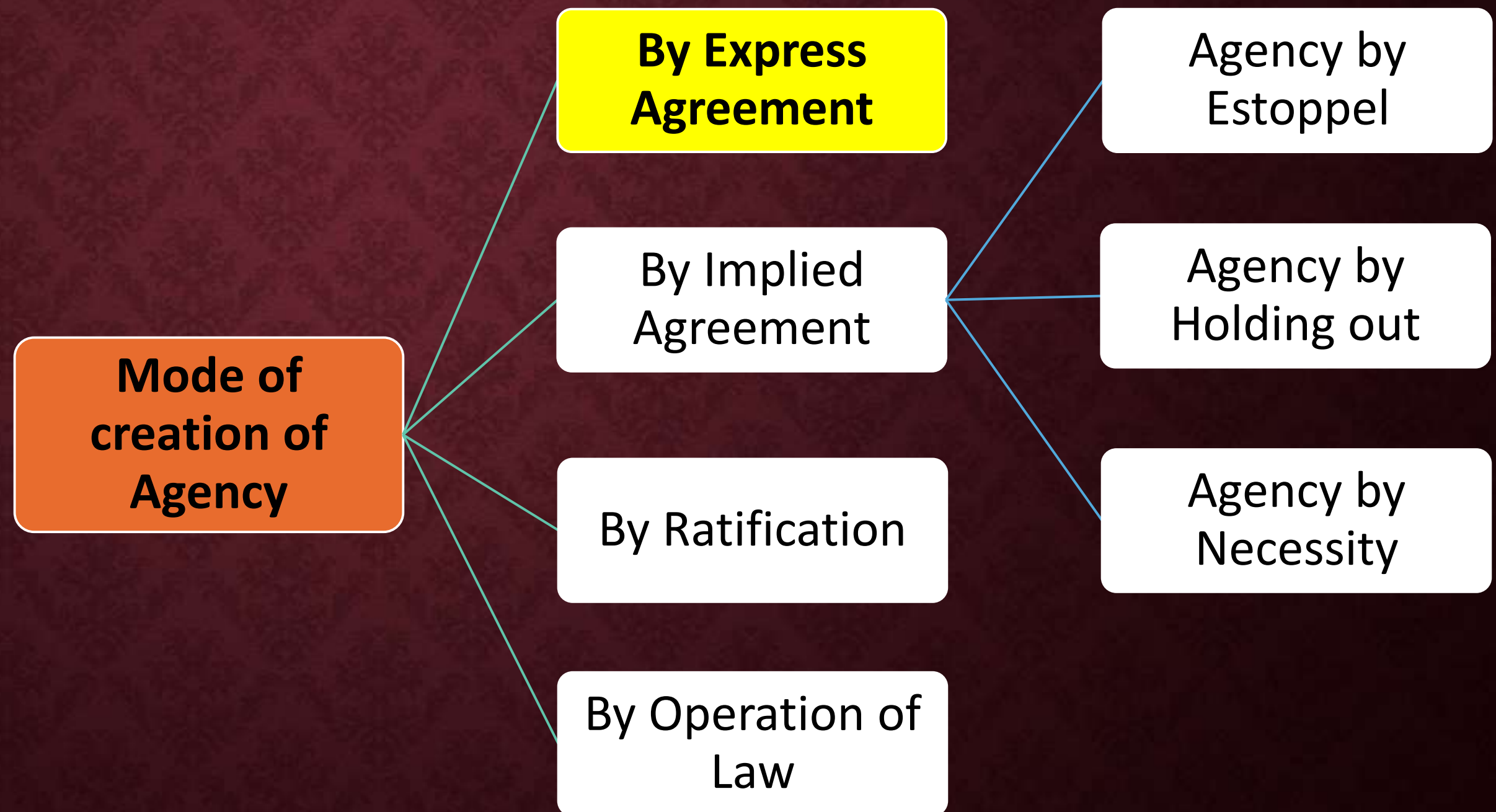
Creation of Agency



Law of Agency

Creation of Agency

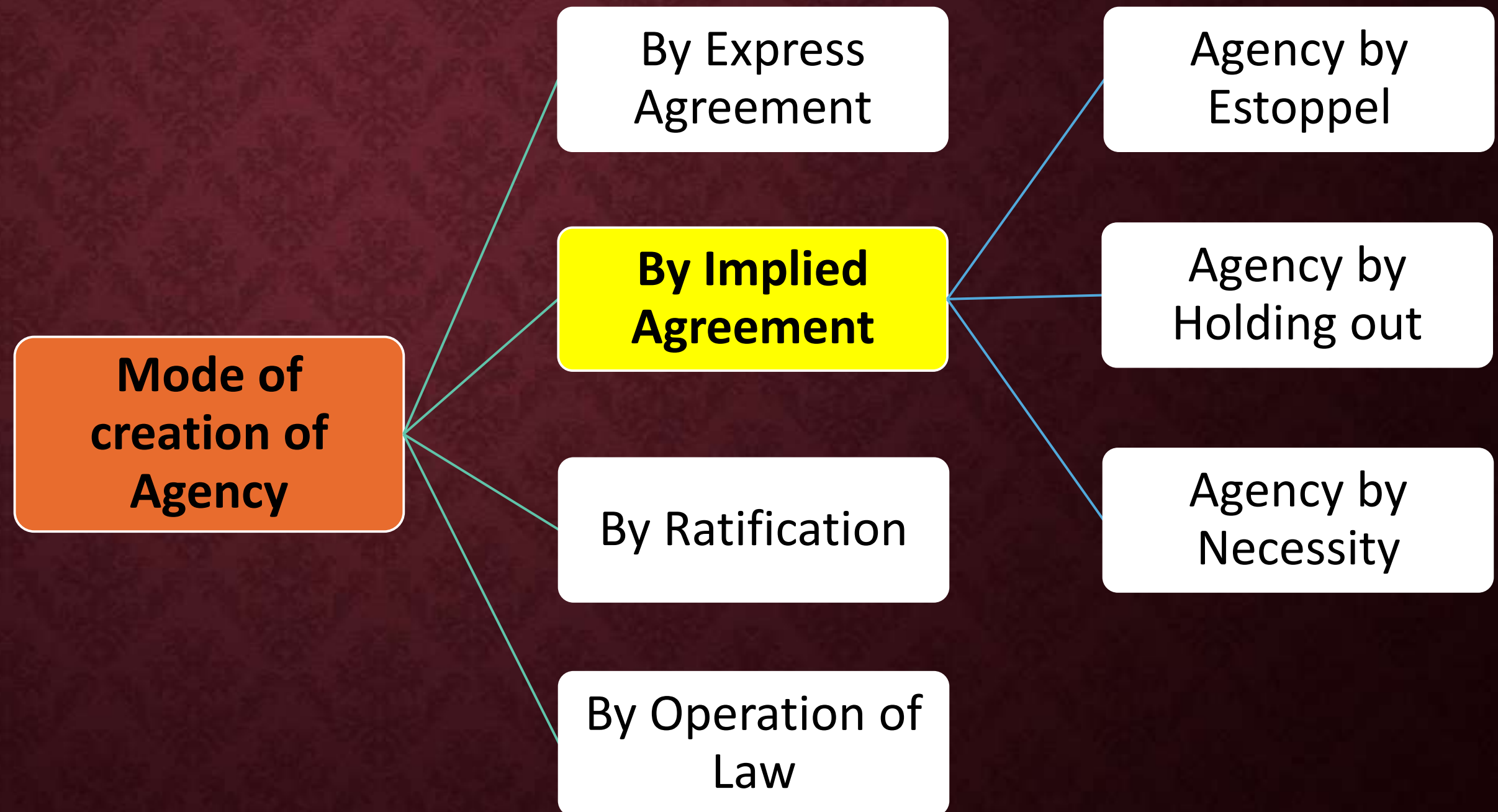
When a principal appoints an agent either by word of mouth or by an agreement in writing



Law of Agency

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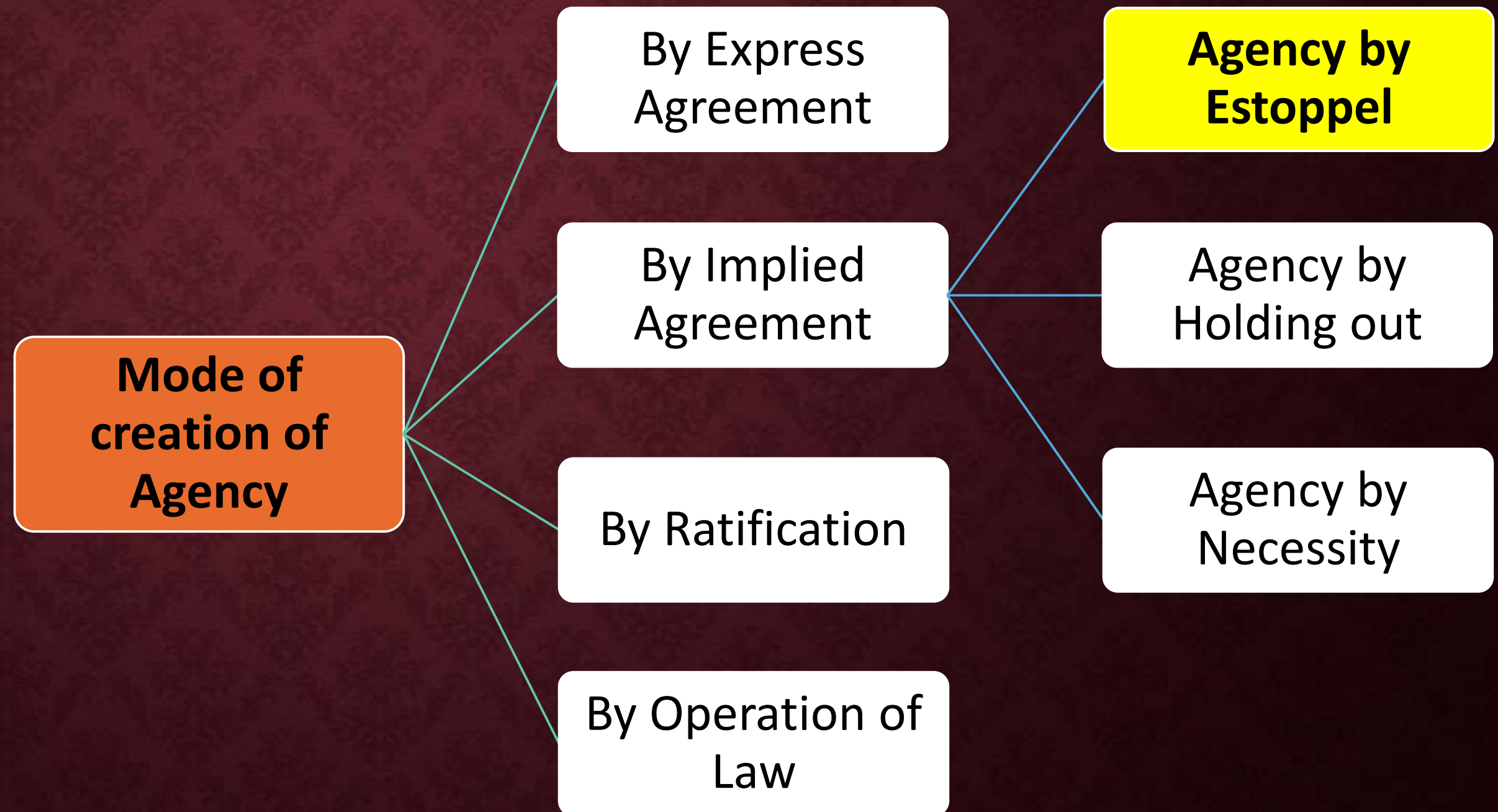
This kind of agency arises based on conduct, situation of parties or necessity of the case



Law of Agency

Creation of Agency

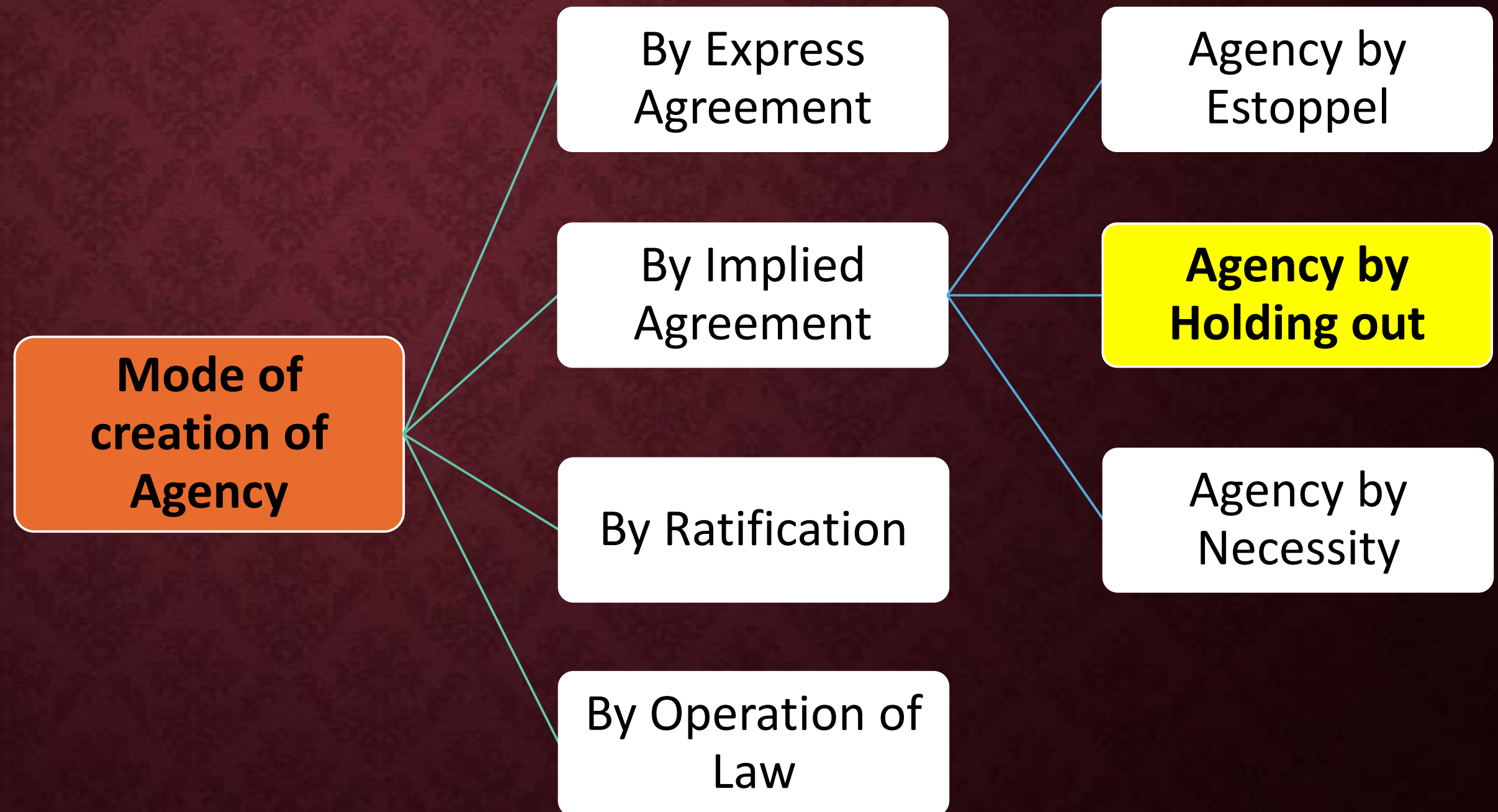
When an agent has, without authority, done acts or incurred obligations to third parties on behalf of his principal



Law of Agency

Creation of Agency

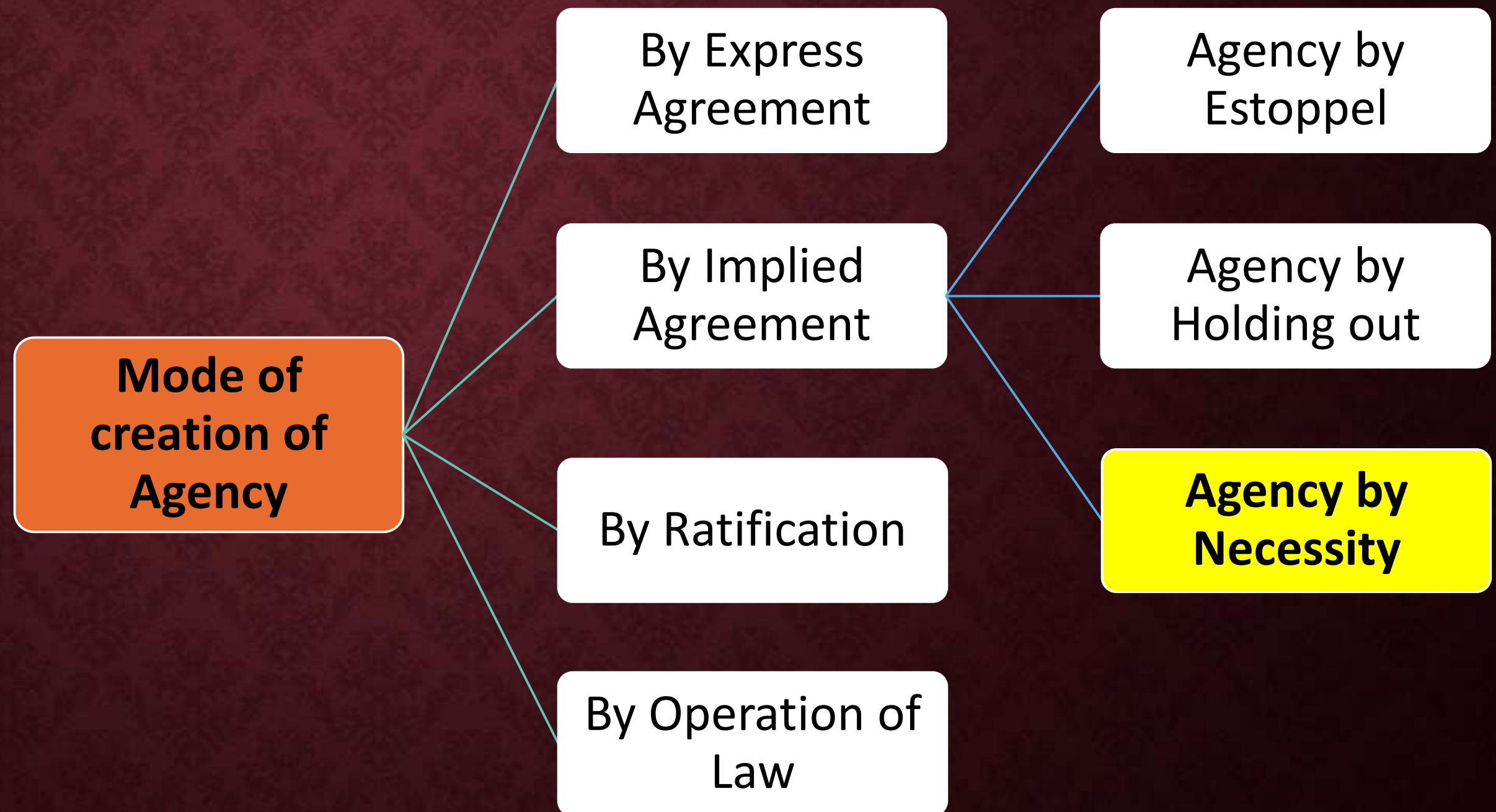
A prior positive or affirmative act on the part of the principal is necessary to establish an agency subsequently



Law of Agency

Creation of Agency

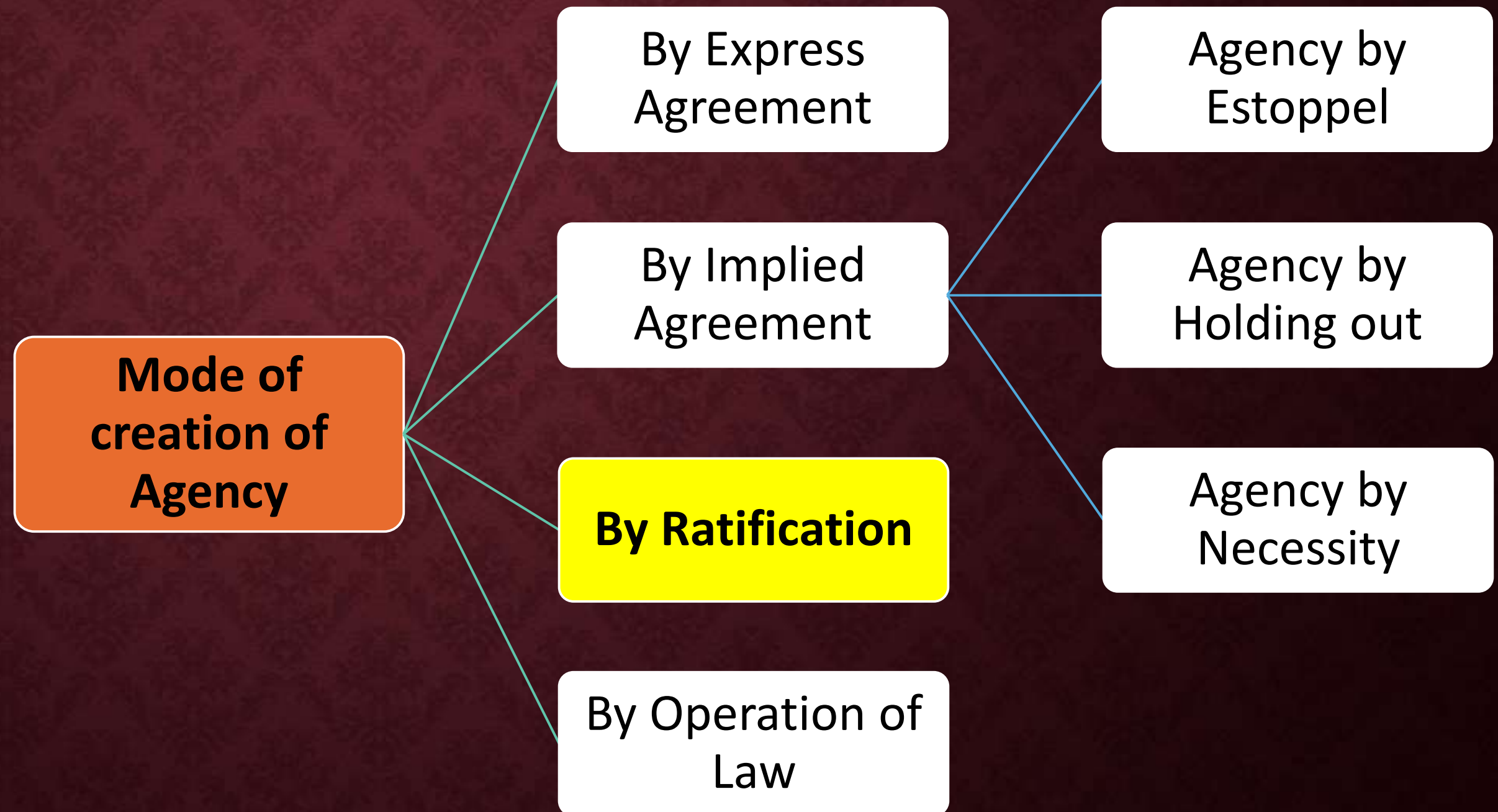
When there is a real emergency, and when the agent is not in a position to get instructions from the principal and acts bonafide in the best interest of the principal



Law of Agency

Creation of Agency

Where acts done by one person on behalf of another but without his knowledge or authority, he may elect to ratify or to disown such acts.

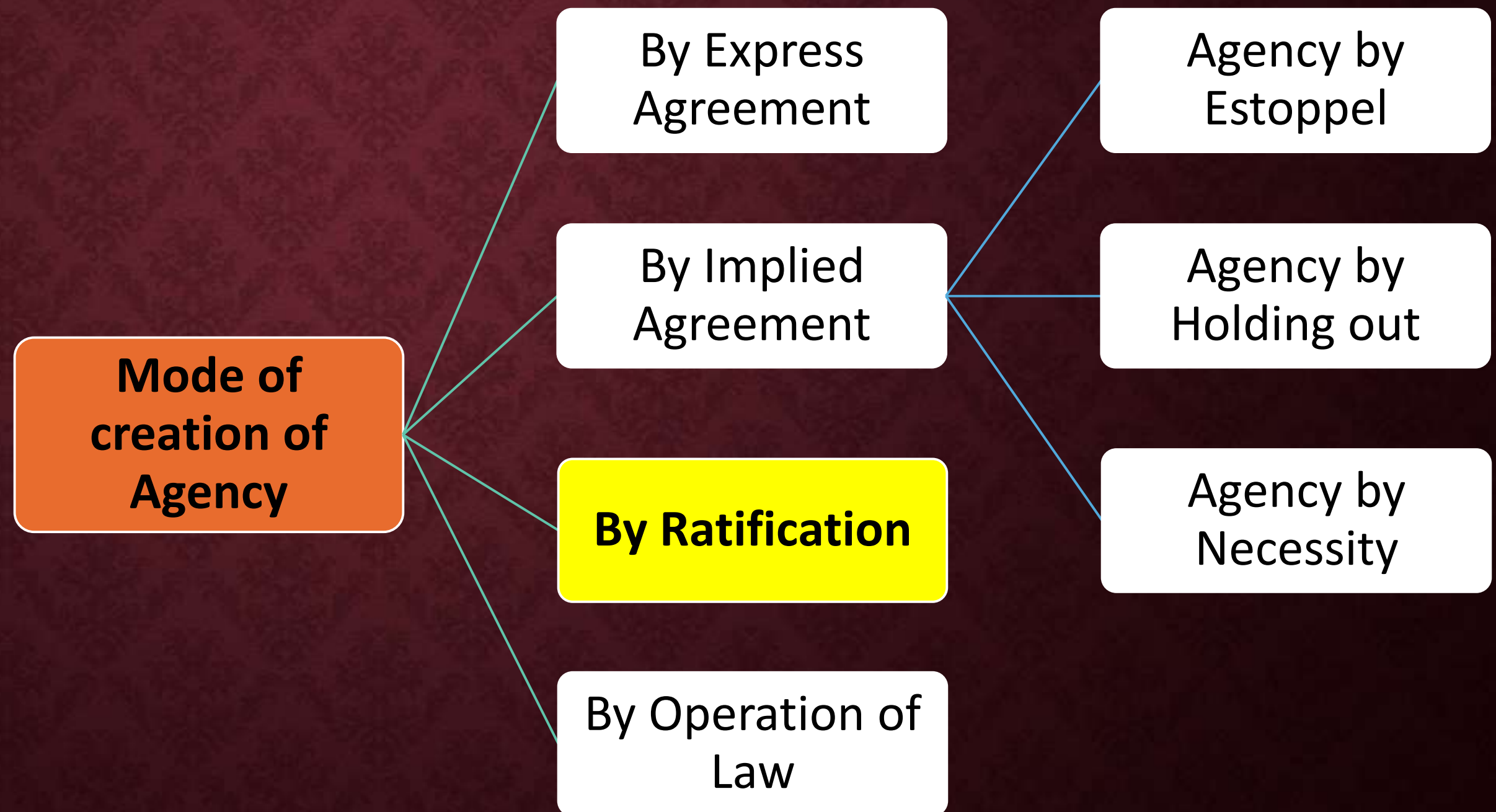


Law of Agency

Creation of Agency

Essentials of Ratification

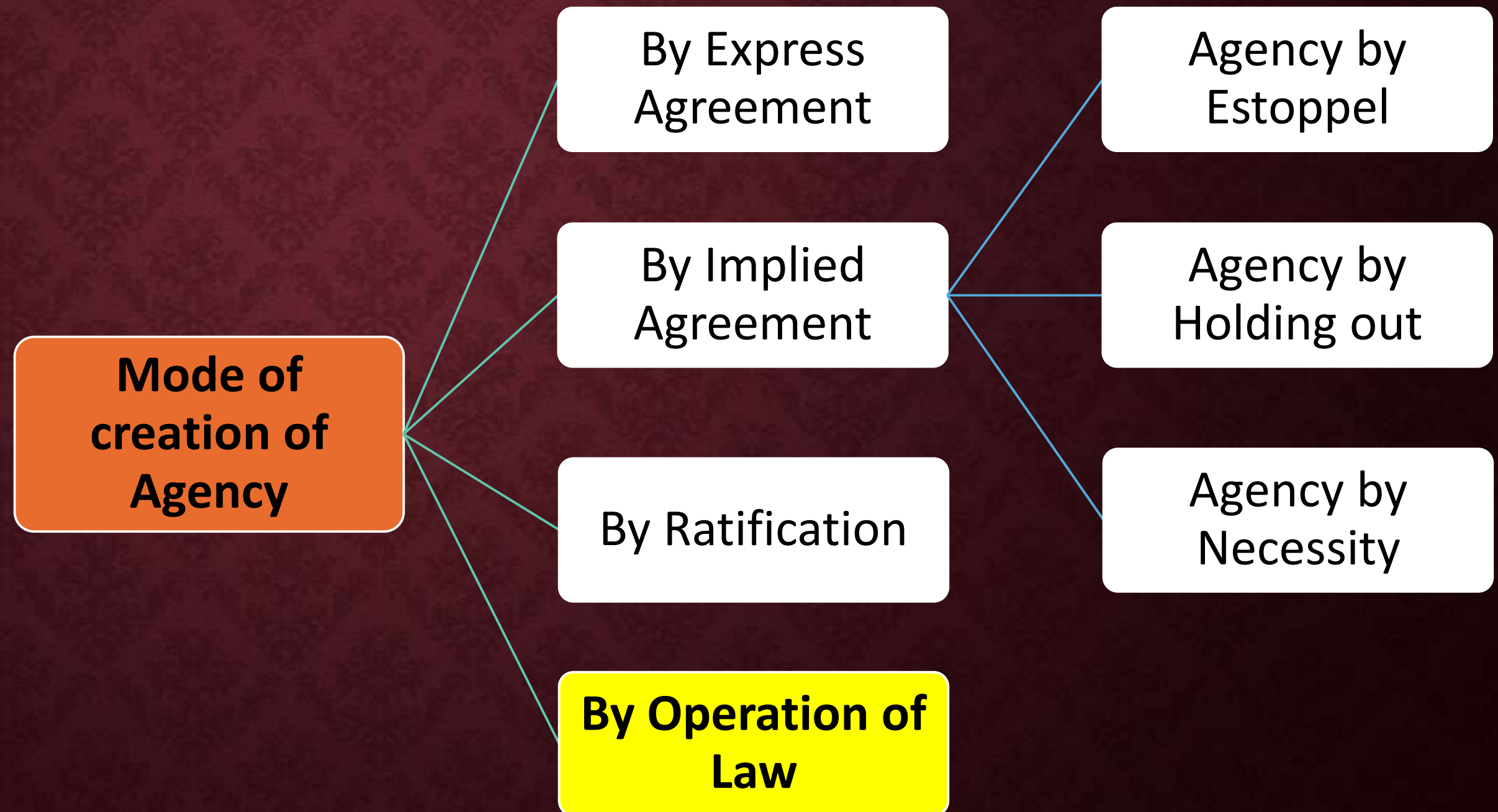
- Express or Implied
- Material defective not valid
- Ratify whole transactions
- Third parties not to be damaged
- A person must exist at the date of act ratified
- Cannot valid for criminal acts



Law of Agency

Creation of Agency

When a company first established, the promoters are its agents and partner is the agent of the firm



Review Questions

1. Mode of creation of agency
 - a. By Express Agreement
 - b. By Implied Agreement
 - c. By operation of law
 - d. All of the above
2. When the agent is not in a position to get instructions from the principal and acts bonafide in the best interest of the principal is known as Agency by Estoppel. **True or False**
3. As per the law of operation who may be an agent When a company first established;
 - a. Directors
 - b. Promoters
 - c. Managing director
 - d. Members

Answer

1. Mode of creation of agency

Answer: d. All of the above

2. When the agent is not in a position to get instructions from the principal and acts bonafide in the best interest of the principal is known as Agency by Estoppel.

Answer: False

3. As per the law of operation who may be an agent When a company first established;

Answer: b. Promoters

Thank You