

LEGAL ASPECTS OF BUSINESS

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THE INDIAN CONTRACT ACT, 1872

Nature of contract

In business transaction, promises are made at the time and the performance follows. In such a situation, either of the parties may fail to carry out the promises without incurring any liability. It will result in so many complications and disturbances in business transactions. Hence the law of contract was enacted.

The law of contract is a very important branch of business law, which conclude the circumstance in which promises made by the parties to a contract shall legally binding to the promises, their formation, their performance and their enforceability.

The Indian contract Act 1872

The law of contract o India is contains in the Indian contract Act 1872.This act is based mainly an English common law. It extends to the whole of India (Except the state of Jammu & Kashmir) and came into force on the first day of September 1872.

The Act is not exhaustive because, it does not deal with all the Branches of the law of contract. There are separate set which deal with contracts relating to negotiable instruments, transfer of properly, state of goods, partnerships, Insurance etc.

Scheme of the Act

1. General principles of the law of the contract (sec1-75)

2. Specific kinds of contracts

- a) Contracts of indemnity and guarantee (124-147)
- b) Contracts of Bailment & Pledge (sec 148-181)
- c) Contracts of Agency (sec 182-+8 238)

Definition of contract

According to sec 2(b) of the Indian contract Act, An Agreement enforceable by law is a contract". So, it is clear that a contract is an agreement made between two or more parties which the law will enforce.

There are two elements in the above definition such as

- 1. An agreement and two parties.
- 2. Enforceability

Agreement and two parties

As per sect 2(e): "Every promise and every set of promises, forming consideration for each other, is an agreement." Thus, it is clear that the 'promises' is an agreement. But **what is a promise?**

As per sec 2(b): "A proposal, if it is accepted becomes a promise", this means that an agreement is an accepted proposal. So, an agreement comes into existence only when one party makes a proposal (or offer) to the other party and the other gives his acceptance there to.

Agreement= offer+ Acceptance.

On analysing the above explanation, it is clear that there must be two or more persons to make an agreement. One person can make any agreement with him.

Enforceability

An agreement, to become a contract, should create legal obligation or duty. If an agreement is incapable of creating legal duty, it is not a contract.

So, agreement of moral, religious or social nature are not contracts, because they do not create legal obligations between the parties.

For eg: inviting a friend to dinner, a father promise to his son for a gift etc. are of social obligations. As these agreements cannot create legal duties, they cannot become contracts. But in business agreements, it is assumed that the parties concerned create legal duties, hence they are contracts.

So, it is clear that an agreement is a wider term than a contract. “all contracts are agreements but all agreement are not contracts”.

To sum up contract = agreement+ enforceability

Consensus ad-idem

The essence of an agreement is the meeting the minds of the parties in all this means that the parties to the agreement must have agreed about the subject-matter of the agreement in the same sense and the same time, in other word, there should be consensus ad-idem between the mind of the parties. Unless there is consensus ad-idem, there should be no contract.

ESSENTIAL ELEMENT OF VALID CONTRACT

The essential elements of valid contract are as follows:

1. Offer and Acceptance

There must be a lawful offer and a lawful acceptance of the offer. So, there must be two parties to an agreement. i.e., one party making the offer and the other party accepting it. The terms of the offer should be definite and acceptance should be absolute.

2. Intention to create legal relationship

Where the two parties, enter into agreement, their intention must be to create legal relationship between them. If there is no such an intention, there is no contract between them. Agreements of social, religious or domestic nature cannot make the legal relationship between the parties. In case of law of balfour vs. balfour (1919) insisted this point. **Balfour vs. balfour 1919**

The husband promised to pay his wife a household allowance of £30 every month. Later, the husband failed to pay the amount. The wife sued for the allowance. Held, she could not recover the amount as the agreement did not create any legal relationship; hence, there was no contract at all.

But, in business agreements it is assumed that parties concerned create a legal relationship. Thus, an agreement to buy and sell goods intends to create legal relationship, there is a contract. But, if the parties have expressly declared their intention not creates any legal relationship even in the business agreement, such type of agreement cannot become a contract. The case of rose vs. frock co vs. cromption and brother ltd, in a good illustration on the point.

3. Lawful consideration

The next aspect to be present in a valid contract is the law consideration. The term “consideration” means an advantages or benefits moving from one party to the other. It means “something in return”. The agreement between lawful only when party gives something to the other party and receives something from the other party. Consideration need not necessarily be in cash on hand. It may be an act or forbearance not doing something) or promise to do or not to do something. But it must be real and lawful.

4. Capacity of parties:

The parties entering into a contract must have certain capacity. They must be legally competent to enter into a valid contract. They should not suffer from any incapacity either an account of status like forgiveness of an account of mutual deficiency like minors, lunatics or any ground if the parties have no capacity, the contract entered into by them as void of initio.

5. Free and genuine consent

It is essential that the parties must be on the same mind and on the same subject. There should consensus ad-idem between the parties to the contract. The parties should have a free and genuine willingness in making the contract. The consent should have to been obtained by force or any other by force or any other coercive methods. The consent is said to be free of it is not obtained by,

- A. coercion
- B. undue influence
- C. fraud
- D. mistake and
- E. misrepresentation

6. Lawful object

The act of a contract and consideration should be lawful an object. Lawful if it is not prohibited by law. An agreement is lawful when it is not.

- a) illegal
- b) immoral
- c) oppose to public policy

7. Certainty of Meaning

The terms of meaning of the agreement must be certain and definite, otherwise the agreement will not be enforceable. **For example**, if A agrees to sell to B ten tons of oil; no contract is there because it is not clear what kind of oil is intended to be sold.

8. Possibility of Performance

An agreement to do an impossible act is not valid. For example, an agreement between A and B to construct a house in one day cannot become a valid contract, because, the act of the agreement is not possible.

9. Agreement not declared Valid

The agreement should not have been expressly declared void by any law, providing in the country.

10. Legal Formalities

The agreement may be in oral or written form. If in writing, it must comply with the prescribed legal formalities in regard to writing, registration and attestation. There are some legal formalities also in order to make an agreement legally enforceable. In some cases the document in which the contract has been written, should be stamped and registered. Thus the legal formalities should be complied with. Then only a contract can be enforced in a court of law.

CLASSIFICATION OF CONTRACTS

Contracts can be classified according to their;

- 1) enforceability or validity
- 2) formation
- 3) performance

1. On the basis of Validity:

a) Valid Contract:

The contract which is enforceable by law is known as valid contract. Sec.10 of the Indian Contract act, 1872 explains various legal requirements for a valid contract; they are: offer and acceptance, capacity of parties, lawful consideration, lawful agreements, free consent, etc. in short a valid contract is one which possesses all the requirements of legal enforceability.

b) Void Contract:

It is a contract which has no legal effect. It is unenforceable by law. It is not enforceable at the option of either party. The void contract is not void ab initio. It is valid at the time of making it, but it becomes invalid in future. This void contract cannot be enforced by law.

A valid contract becomes void contract due to the following reasons;

i) **Due to impossibility** – A valid contract becomes void by impossibility of performance after the formation of the contract. Illustration: A and B contract to marry each other. But before the date A goes mad. The contract becomes void.

ii) **Due to subsequent illegality** – A contract also becomes void by subsequent illegality. **Illustration:** A agrees to sell 100 bottles of wine to B for Rs.1000 within 15 days. But before delivery, the govt. may prohibit the purchase and sale of wine, if it happens the contract becomes void.

c. 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 others, is a voidable contract. In short, a voidable contract is one which is enforceable by law at the option of one of the parties. Until it is avoided or cancelled by one of the parties, it is a valid contract.

Example: A promises to sell his car to B for Rs.1, 00,000. But his consent has been obtained by use of force. Now the contract is voidable at the option of A. He may cancel it or accept it.

Circumstances under which a contract becomes voidable:

- a) When the consent of one of the parties to the contract is obtained by coercion, undue influence, misrepresentation or fraud.
- b) When one party prevents the other party from performing his duty, and then the contract becomes voidable at the option of the party so prevented.

Example: A contract with B that A shall whitewash B's house for Rs.100. A is ready and willing to execute the work accordingly. But B does not entrust his house for whitewash.

- c) When one party fails to carry out a promise within the specified period, then the contract becomes voidable at the option of the promisee.

Example: X accepts to sell and deliver 50 bags of rice to Y for Rs.10, 000 within one week. But X does not supply the 50 bags of rice within the specified period. Here, the contract becomes voidable at the option of Y.

d) Illegal contract or unlawful agreement:

An agreement is illegal and void if its object or consideration is prohibited by law or is of fraudulent or it's against to public policy or morality. An illegal agreement is void ab initio.

2. On the basis of formation:

a) Express Contract: If the terms of a contract are expressly agreed upon (whether by words, spoken or written) at the time of formation of the contracts, it is called as express contract.

Example: A tells B on telephone that he offers to sell his car for Rs.1,00,000 and B in reply informs A that he accepts the offer. There is a express contract.

b) Implied Contract: the contract which is not expressed in written or spoken words, but is to be inferred from the conduct of the parties is called as implied contract.

Example: There is an implied contract if a person;

- i) gets into a public bus
- ii) takes a cup of coffee in a hotel
- iii) permits a porter to lift luggage

iv) **Quasi Contract:** A quasi contract is one which resembles a contract but not possess all the essentials for a valid contract. But quasi contract is valid contract. It is created by law and it resembles a contract, such a contract does not arise by virtue of any agreement, express or implied, between the parties but the law infers or recognizes a contract under certain special circumstances.

For example: 1) Obligation of finder of lost goods to return them to true owner

2) Liability of a person to whom money is paid under mistake, to repay it back

In the above cases, there are no offer, acceptance, agreement etc but in the eyes of law these are considered as quasi contracts. The quasi contract is known as "constructive contracts".

3. On the basis of performance:

On the basis of performance, the contract can be classified as follows:

- 1) **Executed contract:** an executed contract is one, in which both the parties have fulfilled their obligations and which are completely carried out.
- 2) **Executory contracts:** an executory contract is one in which both the parties do not fulfill their obligations. **Example:** if A makes a contract with B regarding the sales of his scooter. As per the terms and conditions. A will deliver his scooter to B within a

specified time; B will pay the price offer one month. Here, at the time of making the contract, both the parties have to fulfill the obligation henceforth. This is executory contract.

- 3) **Unilateral contract:** if one party has to be fulfilling his obligation and the other has already fulfilled his obligation, it is known as unilateral contract.
- 4) **Bilateral contract:** if both the parties yet to fulfilled their obligation hence, it is known as bilateral contract.

OFFER AND ACCEPTANCE

OFFER

In every contract, there are two aspects they are offer and acceptance.

Offer is the first and foremost requirement to make an agreement. An offer is a proposal by one party to another to enter into a legally binding agreement with him. By means of an offer, a person signifies his willingness to do some acts in order to get consent from the other party. By making an offer, a person shows his willingness to enter into an agreement with other.

Ex: 'A' says to 'B' will you purchase my house for Rs.2, 00,000. 'A' in this case, is making an offer to 'B' as he signifies to 'B' his willingness to sell his house to 'B' for Rs.2, 00,000 in order to get 'B's acceptance to buy the house.

The person making the offer is known as the "Offerer", "Perposer", "Promisor" and the person to whom it is made is called the "Offerer", "Proposee". If the offeree accepts the offer he is called the "acceptor" or "Promisee".

The term "offer" is used in English law and it is known is "proposal" in Indian law.

Types of Offer:

1. Express Offer:

An offer, which is express by words, spoken, or written is called an "Express Offer". Ex: "M" says or writes to "N" like, "I am ready to sell my house to you for Rs.1, 00,000" This is an offer.

2. Implied Offer:

If the offer is made by the conduct of the parties, it is called as "Implied Offer".

Illustration: If a transport company runs buses on a particular route, there is an implied offer by the transport company to carry passengers for a certain fare.

3. Specific Offer:

Where an offer is made to a definite person it is called a specific offer. It can be accepted only by the person to whom it is made.

4. General Offer:

A general offer is one which is made to be world at large or public in general and not to any specific person. Advertisement for tracing a missing person or thing, seeking valuable. Information relating to a missing person or thing etc., are the best examples for the general offer. Here the offer can be accepted by any body if interested in the offer.

The general offer binds the offerer, the leading case on the subject of general offer is that of **Mrs. Carlill vs. carbolic smoke ball co.**

Case law:

In the above case, the carbolic smoke ball company issued an advertisement in which the company offered to pay of 100 to any person who contracts influenza, offer having used their smoke balls three times daily for two weeks, as per the printed directions. Mrs. Carlill, on the faith of the advertisement, bought and used the balls according, 'the direction, but she contracted influenza. She sued the company for the promised reward. Held, she could recover the amount as by using the smoke balls she had accepted the offer.

5. Standing Offer or Tender:

A tender (in response to the advertisement) is an offer. It may be either a "definite offer" or a "Standing offer".

If a person a tender to supply specified goods or to tender specified services to the person, who invites the tender, such tender is called as a "definite offer".

Ex: ABC Company invites tender for the supply of 100 tables. For this reason, it means an advertisement (this advertisement inviting tender, is not the offer) **JK and TIRES** submit the tenders are definite offer. If the company accepts the J's offer. It is meant that is a binding contract between ABC co and C.

If the goods or services are required over a certain period, a person may invite tenders. Such type of tender to supply goods or to tender services over a certain period, the tender are called as "Standing Offers".

6. Counter Offer:

When some changes are made by the offeree in the original made by the offerer, it is called the "Counter Offer". Here the offeree does not accept the terms and conditions of the

original offer as laid down by the offerer. He wants to make some changes in the original offer. This counter offer will not become a contract unless the conditions given by the offeree are accepted by the offerer.

Ex: "A" offers to sell his cycle to "B" for Rs.2000. This is the original offer. "B" makes a reply offering to purchase it for Rs.1,500. In this case B's reply is not acceptance, but it is only a counter offer.

7. Cross Offer:

If two parties makes an identical offer for the same subject matter to each other, it is called cross offer. None of them is aware of the fact that the other party is also making the offer for the same thing. In the case of cross offers they shall not (Institute acceptance of one's offer by the other).

Illustration:

"A" writes to "B", agreeing to sell his car for Rs.1,50,000 on the same day, without knowing this "B" writes to "A", agreeing to buy A's car for Rs.1,50,000. Both the parties are unaware of the letters written by one to the other. This is not regarded as a contract, because it is meant that both the parties make offers simultaneously; but there is not acceptance at all moreover there is no consensus add idem.

LEGAL RULES OF A VALID OFFER OR ESSENTIALS:

A valid offer should be in confirming with the following rules.

1. An offer must be capable of creating legal relationship:

A social invitation, even if it is accepted, does not create legal relationship because it is not so intended. An offer therefore, must be such as would results in a valid contract when it is accepted.

2. An offer must contain definite terms and conditions:

Terms of contract must be definite and not lose or vague. If the terms of an offer are vague or indefinite, it acceptance cannot create any contractual relationship.

3. An offer must be communicated:

An offer to be complete must be communicated to the person to whom it is made.

4. An offer must be made in order to get assent of the other:

An offer must be made with a view to obtain the assent the offer to do something must be made with a view to obtain the assent of other party addresser and merely with a view to disclosing the intention of making an offer.

5. A statement of price is not an offer:

A mere statement of price is not an offer to sell some goods or things.

Revocation of offer:

The revocation means, "Taking back" or "withdrawal" By means of revocation of an offer, the offers is withdrawn or cancels by the offerer. The offer can be revoked at any time, before the offeree posts the letters of acceptance once the letters of acceptance is posted by offeree, even if it does not reach the offer, the acceptance is over then the offer cannot be revoked.

Circumstances in which the offer is revoked:

In the following circumstances the offer comes to an end either by revocation or laps of time.

1. Revocation by giving notice:

The offerer can revoke his offer before it is being accepted by the offeree Mere posting of letters of acceptance is considered as the time of acceptance and Here revocation should be pursued before passing the letter of acceptance and not after words. Moreover the revocation must be communicated to the offeree.

2. Lapse of time:

If the offerer has fixed any time within which the offeree has to give his acceptance, the offeree must act so, if he fails to give his acceptance within the time limit the offer is invoked by the expiry of the time limit.

3. Non-fulfillment of conditions:

If the offerer has laid down any condition for accepting the offer, the offeree must fulfill them. If not the offer stands revoked.

4. Death or Insanity:

If offerer dies or becomes insane the offer is revoked. But, if the offerer without having the knowledge of the death or insanity of the offerer gives his acceptance, the executor of the deceased offerer is bound to execute the contract.

5. Counter Offer:

If the offerer makes some changes to the original made by the offerer, it is known as counter offer. Unless the changes are accepted by the offerer the offer stands revoked.

6. Not following the mode prescribed by the offerer.

If the offerer has prescribed any mode to the offerer to communicate the acceptance the offered is bound to comply with it. On the contrary, if the offerer chooses a different mode, the offer is considered as revoked, if the offerer has not prescribed any mode the offerer must follow the usual or reasonable mode.

ACCEPTANCE:

Acceptance refers to an act of giving consent by the offeree. If the offer is considered as the starting point in a contract, acceptance is the concluding point.

Who can accept?

When an offer is made to a particular person, it can be accepted by him alone. If it is accepted by any other person, it is not a valid acceptance.

In the case of equal offer, any person can accept it. This was incurred in the case law of Mr. Carlill vs. Carbolic Smoke Ball Company.

Essentials/legal rules for a valid acceptance:

The acceptance of an offer must satisfy the following conditions.

1. Acceptance should be absolute and unqualified:

It should be given by the offeree without making any variation or addition to the original. Offeree, even if there is a slight variation effected by the offeree to the original offer; it will not be a valid acceptance. If any alteration is made to the original offer unless the counter offer is accepted by the offered is total, it will not become a valid acceptance.

2. Acceptance should be communicated:

Acceptance should be communicated to the offers in due course. Mere acceptance by the offeree without communicating to it the offerer can not become a valid acceptance.

In the case of general offer, it is not necessary to communicate the acceptance to the offered. Mere complying with terms and conditions of the offer will amount to a valid acceptance this was confirmed in the case law of Carlill vs. Carbolic Smoke Ball Co.

3. It must be given within a reasonable time

4. It must be in the prescribed mode

5. It must be made by the offeree
6. It must show to fulfill his promise
7. It cannot precede an offer
8. It must be made before the lapse or revocation of an offer
9. It must be aware of the proposal at the time of the offer
10. Silence does not imply acceptance
11. Acceptance must be in contractual intention

CONSIDERATION

Meaning of consideration

Consideration is a technical term and it means “something in return”. When a party of an agreement to do something. They must get something in return. This “something in return” is known as consideration.

Ex: ‘A’ après to sell his car to B for Rs.50, 000. Car is the consideration for B and the price is the consideration for A.

Lawful consideration

Consideration is one of the essential elements of a valid contract. An agreement without consideration is null and void; such an agreement is not enforceable by law (However sec 25 of the Indian contract act lays down certain exceptions where there is no necessary for the consideration even for a valid contract a gratuitous promise will not create any legal obligation. A promise without consideration cannot be enforced by law.

The “something in return” may be in the form of cash, any goods or services.

In short, the consideration refers to.

- a) An act (or).
- b) A return promise(or)
- c) Some benefit to the promises.
- d) Some detriment or loss, or damage to the promisee.

LEGAL RULES AND ESSENTIALS OF A VALID CONSIDERATION:

1. It is required both for formation and discharge of an agreement or contract.
2. it must be lawful
3. it must not be adequate
4. it must be real and not illusory
5. it must move at the desire of the offeror

6. it must be of some value in the eyes of law
7. it must not be the performance of existing duties
8. it may be past, present, future consideration
9. it may be either positive or negative
10. it may be furnished by the promisee or any other person

State the exceptions to the rule “No consideration No contracts” or A contract without consideration is void - Discuss

1. Love and affection:

If any agreement is made, which is expressed in writing and is made out of natural love and affection between the parties, standing in near relation to each other without consideration is void.

In short.

- i) The contracting parties should be near relatives for each other.
- ii) The agreement should be made out of natural love and affection between one party.
- iii) The agreement should be in written form and it should be registered under the law for the time being in force.

Ex: “A” out of his love and affection, promises to give his daughter “B” Rs.15, 000 this promise is made in writing and registered. This is a valid contract though there is no consideration.

2. Compensation for voluntary services:

If there is an agreement to compensate wholly or partly for the voluntary acts done by another for the promisor, the agreement is valid even the consideration is absent.

Ex:

- i. “A” finds B’s purse and gives it to him. “B” promises to give “A” Rs.50. This is a contract.
- ii. “A” supports “B” infant son.”B” promises to pay A’s expenses in so doing. This is a contract. It is an important point that the past consideration is not at all a consideration in English law and it should be either present or future consideration. Under Indian law the past consideration is a valid consideration.

3. Promise to pay a time-barred debt

A promise by a debtor to pay a time-barred debt is enforceable provided it is made in writing and is signed by the debtor or by his agent generally or specially authorized in that

behalf. A debt is barred by limitation if it remains unpaid or unclaimed for a period of three years. Such a debt becomes legally irrecoverable.

Ex: D owes C Rs.1,000 but the debt is barred by the Limitation Act. D signs a written promise to pay C Rs.500 on account of the debt. This is a contract.

4. Completed Gift

The rule “No consideration, no contract” does not apply to completed gifts.

5. Agency

No consideration is necessary to create an agency.

6. Charitable Subscription

Where the promise on the strength of the promise makes commitments, i.e., changes his position to his detriment.

CAPACITY OF PARTIES

The parties who enter into a contract must have the capacity to do so. All persons cannot make a valid contract.

Eligible persons:

A person who is of the age of majority, is of sound mind is not disqualified from contracting by any law, a make a valid contract.

So, the following persons are not competent to contract 1) minor 2) persons of unsound mind 3) other persons, disqualified by law.

MINOR:

A minor is a person, who has not completed 18 years of old. In the following two situations, he attains majority offer 21 years of age.

- i.If there is any guardian, appointed by the court (or).
- ii.If the properties of minor are in superintendence of the court.

Minor’s agreement: The law regarding minor agreement is as follow

1) An agreement with or by a minor is void and inoperative:

Generally the agreements entered into by a minor are void and the other party cannot enforce the claim in a court of law. A party who has advanced money or obtained mortgage on the properties of a minor cannot recover the amount and the mortgage is void. This was confirmed by the Privy Council the highest court of appeal in expands for Indians before the independence in famous case mohiri bibi Vs Dharmados ghose.

In this case, a minor executed a mortgage deed for Rs.20, 000 but received only 50,000...later, he filed a case to cancel the agreement and the creditor (the money lender) claimed the refund of Rs.8000. Held, the agreement is void and the amount cannot be recovered.

2) Minor can be beneficence or a promisee or a payee:

In some cases, contracts entered into a minor are voidable and they are enforceable at the option of the minor and not at time option of the other party. If a person has advanced and money to a minor it cannot be recovered and the contract is void. On this contrary, if a minor has advanced any loan to a party, this contra is enforceable at the option of the minor and the other party cannot refuse to repay the amount. Thus the contract is voidable.

3) Valid contract in the case of necessities:

Some contracts made by the minor are perfectly valid and they can find the minor, if they are for their “necessaries”. If a person suppliers necessities to a minor or lends money to the minor to purchase necessary things, or to meet his educational of medical expenses, such an amount can be recovered. Hence, the contracts by minor with minor for necessary goods or necessarily services to mine become valid absolutely. His properties can be held for this purpose, but he is not personally liable for this case.

4) Notification:

Notification means the act of confirming, or make as valid. The minor cannot satisfy his agreement after attaining the agreement of majority.

For eg: A minor borrows Rs.5000 from “A” and executes a promissory note in favor of “A”. After attaining the age of majority, he executes another promissory note in settlement of the first note. The secondary promissory note is void.

5) No restitution:

The minor cannot be ordered to make compensation for a benefit obtained under a void agreement. In other words, if he has received only benefit under a void agreement, he need not return back the benefit; he need not give any compensation for it.

6) He can always plead minority:

If a minor by misrepresenting this age, makes a contract with another person, he cannot be sued.

Eg: “J” a minor, by fraudulently representing himself to be full age, induced to “L” sends him for the money. Held, the contract was void and “s” was not liable to repay the amount. Hence the principle of estoppels is not applicable to minor.

7) No specific performance:

Specific performance means the actual carrying out of the contract as agreed. Since an agreement by a minor is void, the court will never direct “specific performance” of such an agreement but a contract entered into by his guardian or his manager of the estates. (Behalf of the minor) can find the minor, if the following conditions are fulfilled.

- a. The contract should be within the authority of the guardian or manager.
- b. It should be for the benefits of the minor.

8) Minor as a partner:

Generally a minor cannot become a partner in a partnership firm. But, he may be admitted to the benefits of an existing partnership firm as a partner, with the consent of the entire partner. But, his liability is limited.

9) The minor can acts as an agent. The acts done by the minor as the agent are binding the principal if they are done within the scope of authority given to him.

10) The minor cannot be declared as insolvent.

- a) The partner or guardian, are not capable for agreement. Made by the minor on though the agreement is for necessities.
- b) The minor is not liable, if he is a surety in a contract of guarantee.

Web links

- <https://www.youtube.com/watch?v=KjwCB-yLwl&list=PLOvpsdL4-2727TLkWdPTe6rEMLsxdwHf&index=16>
- <https://www.youtube.com/watch?v=EYu5EFBqIbE&list=PLOvpsdL4-2727TLkWdPTe6rEMLsxdwHf&index=33>
- <https://www.edx.org/course/contract-law-from-trust-to-promise-to-contract>
- <https://www.youtube.com/watch?v=hUoOe3PbyPQ>
- <http://legislative.gov.in/actsofparliamentfromtheyear/indian-contract-act-1872>

- https://indiacode.nic.in/handle/123456789/2187?view_type=browse&sam_handle=123456789/1362
- <http://uputd.gov.in/site/writereaddata/siteContent/indian-contract-act-1872.pdf>
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