



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

Capacity of Parties

- Competent Parties
- Incompetent Parties
- Minor's Agreement

II. Incapacity arising from mental deficiency

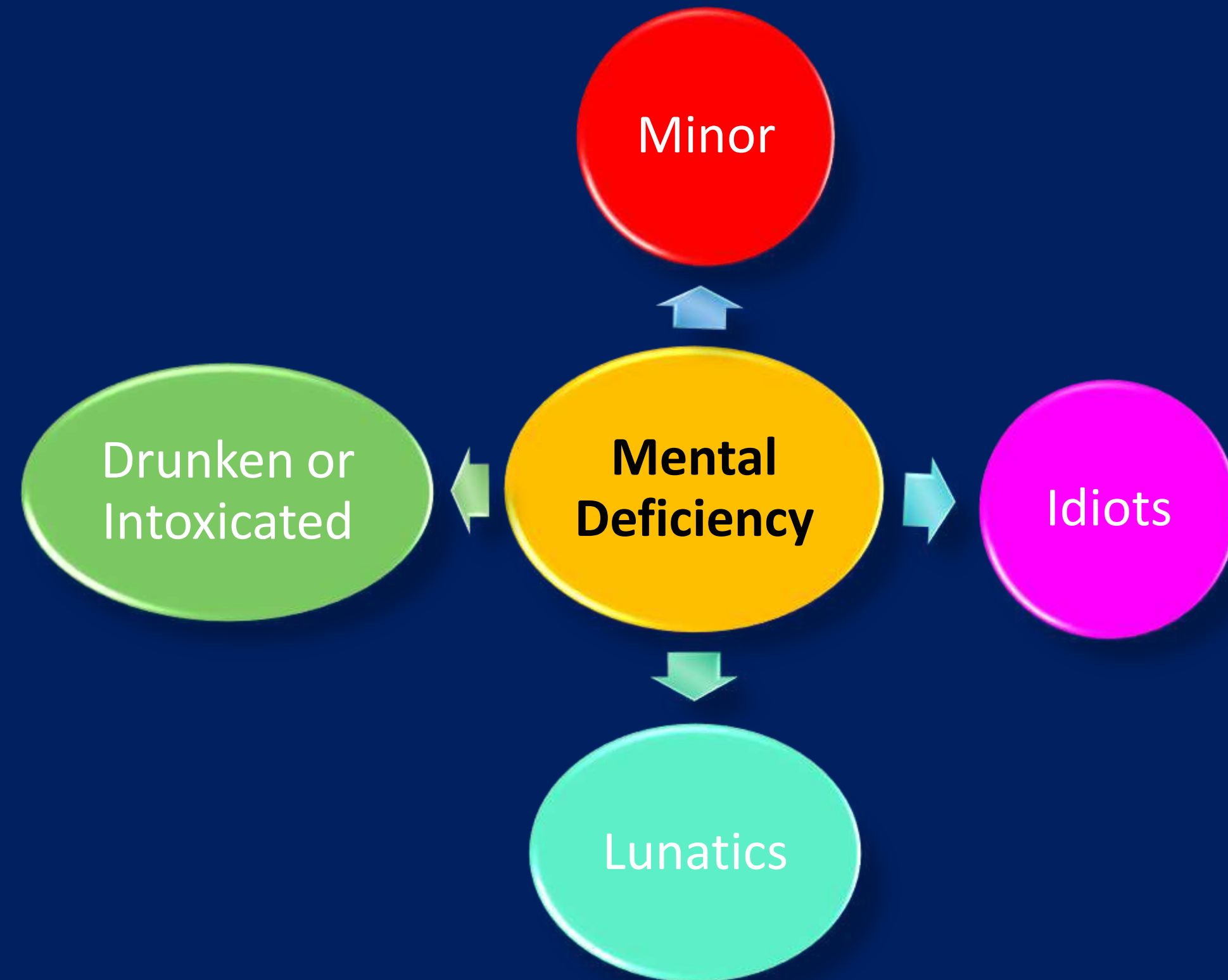
- i. Minor
- ii. Idiots
- iii. Lunatics
- iv. Drunken or Intoxicated
persons

III. Other persons, disqualified by law

- i. Foreign Ambassador
- ii. Alien Enemy
- iii. Convicts
- iv. Insolvent
- v. Corporations

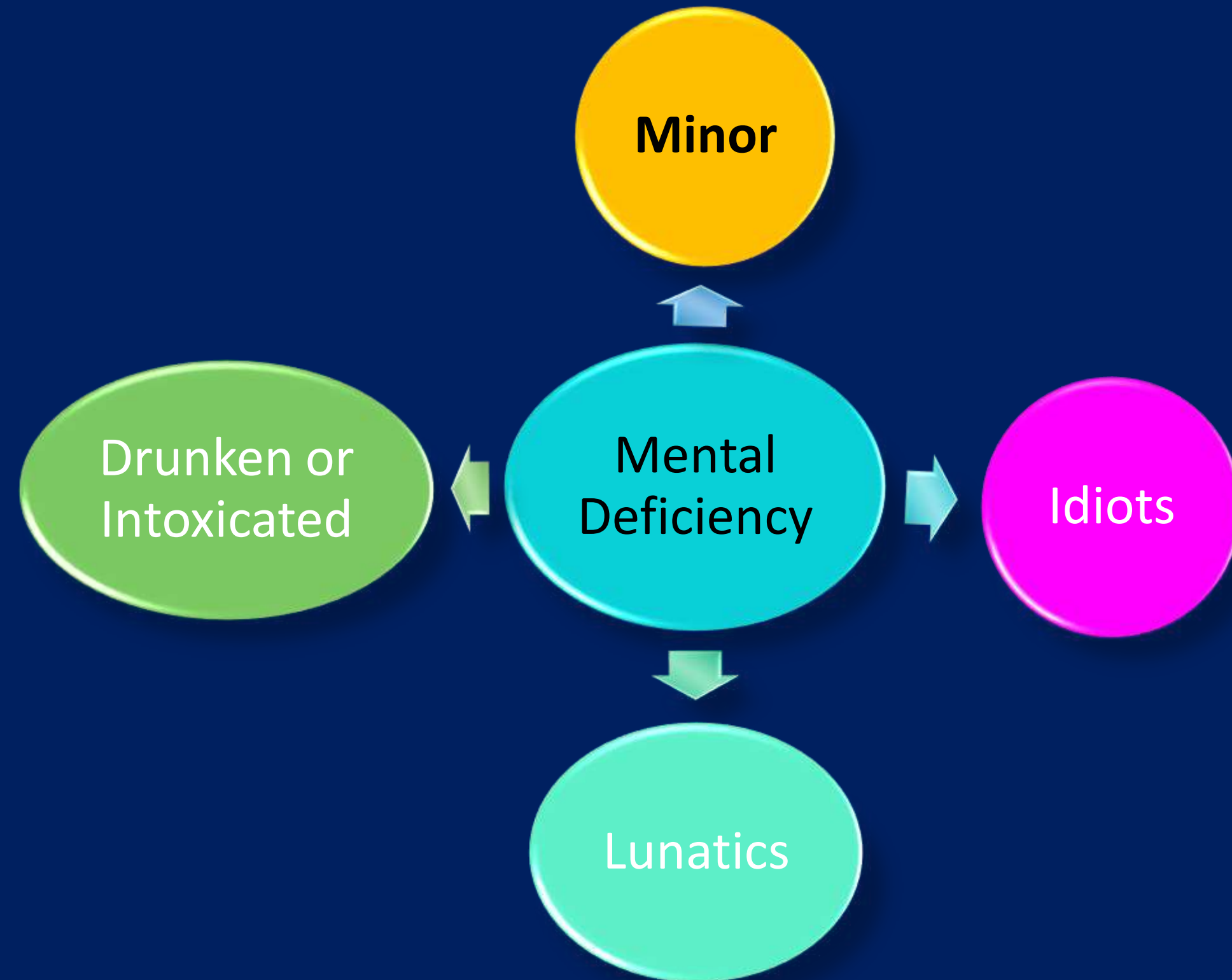
II. Incapacity arising from Mental Deficiency

Mentally not capable in rational decision making



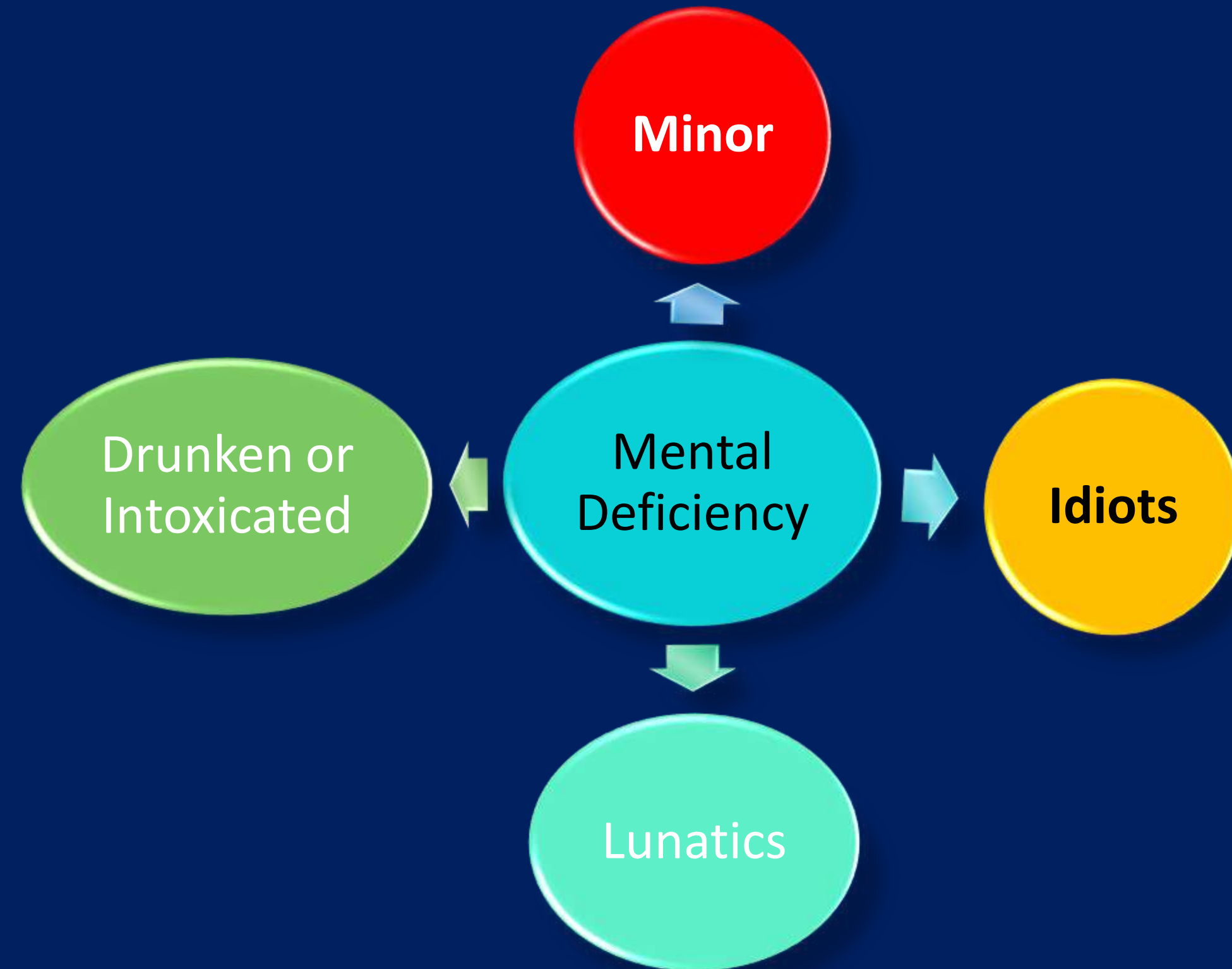
II. Incapacity arising from Mental Deficiency

Person who has not completed their 18 years of age



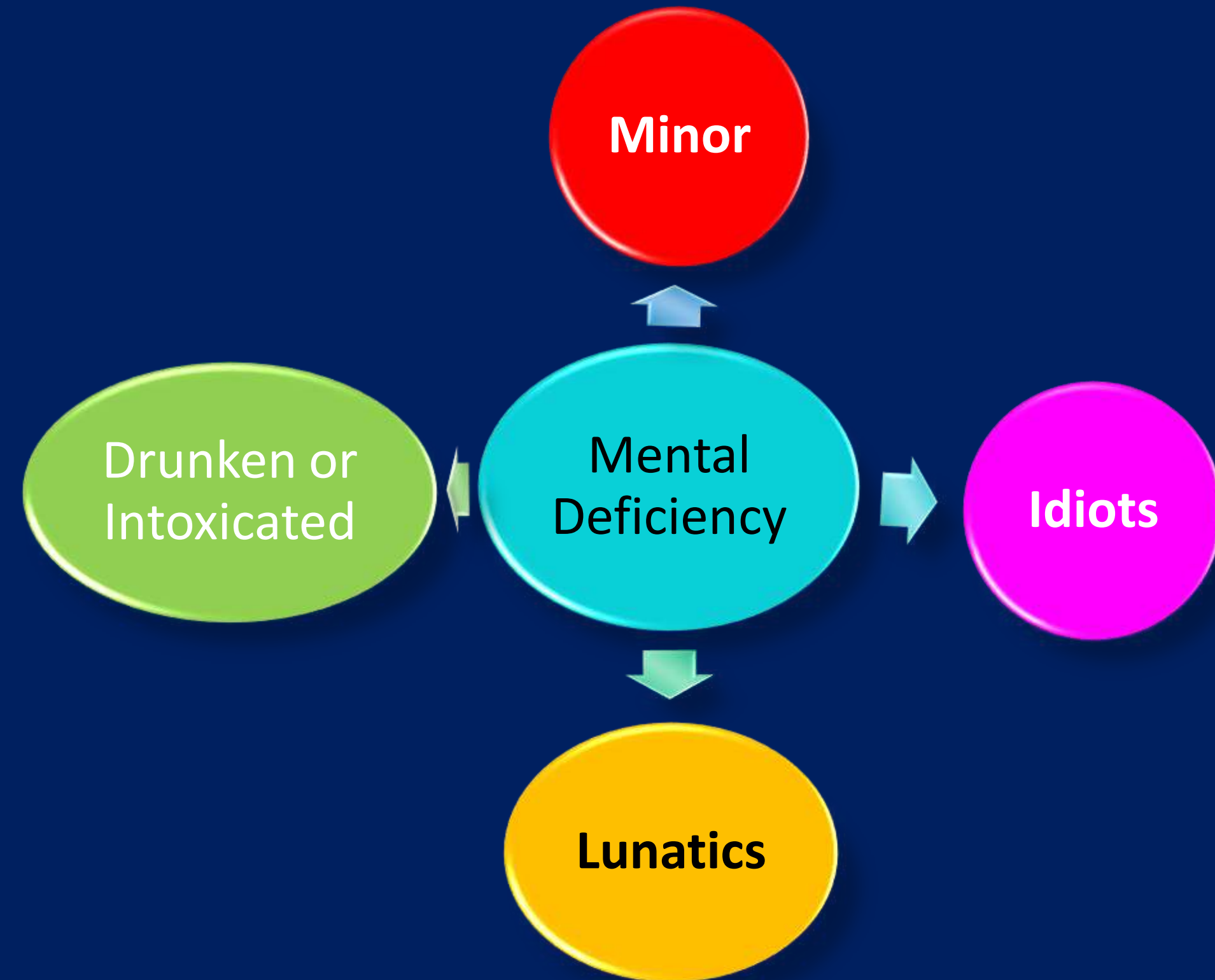
II. Incapacity arising from Mental Deficiency

Person who has completely lost his mental powers permanently



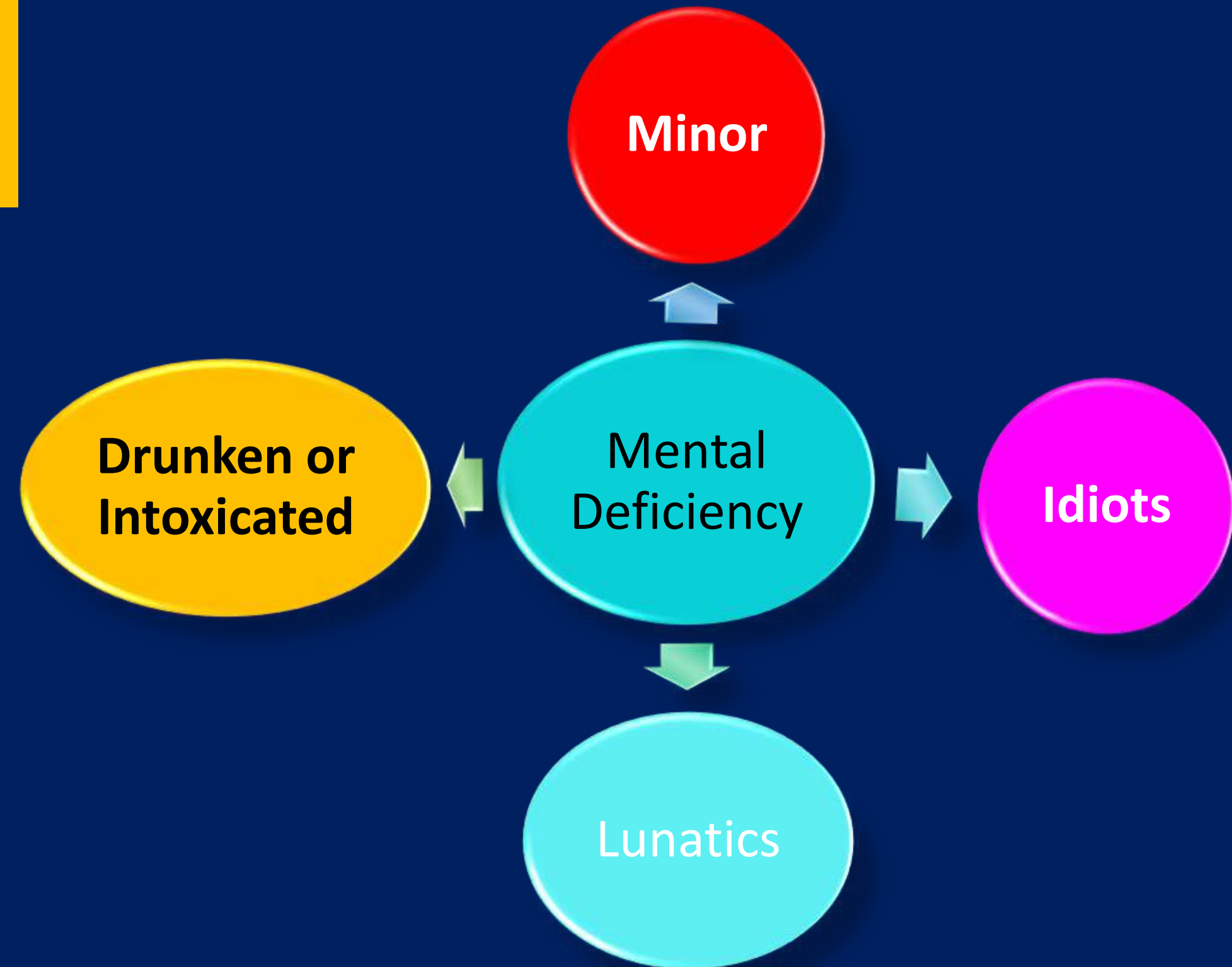
II. Incapacity arising from Mental Deficiency

Person who mentally deranged temporarily due to mental strain



II. Incapacity arising from Mental Deficiency

Persons suffers from temporary incompetent to enter into contract temporarily



III. Other persons, disqualified by law

As per law and order



Review Questions

1. The contractual capacity of a corporate is regulated by

- a) Memorandum of Association and by provisions of the Companies Act, 2013
- b) The terms of contract entered with a third party
- c) Articles of Association
- d) Prospectus

2. A person who is usually of sound mind, but occasionally of unsound mind, cannot enter into a contract when he is of unsound mind. True or False

3. Flaw in capacity to contract may arise from

- a) Want of consideration
- b) Unsoundness of mind
- c) Illegality of object
- d) Uncertainty of object

Answer

1. The contractual capacity of a corporate is regulated by

Answer: a) Memorandum of Association and by provisions of the Companies Act, 2013

2. A person who is usually of sound mind, but occasionally of unsound mind, cannot enter into a contract when he is of unsound mind.

Answer: True

3. Flaw in capacity to contract may arise from

Answer: b) Unsoundness of mind