



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

The Sale of Goods Act, 1930

- Introduction
- Essential Elements of Sale of Goods Act
- How contract of sale can be made?
- Difference between Sale and Agreement to Sell
- Subject matter of contract of sale
- Performance of Contract of Sale
- Rights of an Unpaid Seller
- Conditions and Warranties
- CAVEAT EMPTOR

Law of Agency

- Introduction
- Essentials of relationship of contract of agency
- Who can employ an agent?
- Who may be an agent?
- Creation of Agency
- Classification of Agents
- Duties and rights of agent
- Duties and rights of principal
- Termination of Agency
- Sub – Agent
- Co-agent or substituted agent
- Difference between sub-agent and co-agent

Law of Agency

Introduction

- Complex modern business
- Not possible for an individual to carry out all the business activities solely.
- He must delegate some of his powers to another to act on his behalf

Law of Agency

Introduction

- The contract which creates the relationship of principal and agent is called 'agency'.
- An agent is a person employed to do any act for another or to represent another in dealing with third persons. The person for whom such an act is done, or who is so represented, is called 'principal'

Law of Agency

Essentials of relationship of agency

- Agreement between the principal and the agent
- Intention of the agent to act on behalf of the principal

The function of an agent is to bring his principal into contractual relations with third persons.

This means that an **agent** is merely a **connecting link** between the principal and third parties.

Law of Agency

Essentials of relationship of agency

1. Two parties
2. Intention to create legal relationship
3. Free and genuine consent
4. Lawful object
5. Certainty of Meaning
6. Possibility of Performance
7. Legal Formalities

Law of Agency

Who can employ an agent?

Any person who is of the **age of majority** according to the law to which he is subject, and who is of sound mind, may employ an agent. As such a lunatic or a minor or a drunken person cannot employ an agent.

Law of Agency

Who may be an agent?

Any person who is authorized to act as such may be an agent. As the agent does not make contracts on his own behalf, it is not necessary that he should have contractual capacity.

Even a minor may be an agent. If a person who is not-competent to contract is appointed an agent, the principal is liable to the third party for the acts of the agent. Thus as between the principal and a third party any person may become an agent.

Review Questions

1. An agent is merely a connecting link between the principal and third parties.
True or False
2. A minor cannot be appointed as an agent. **True or False**
3. The contract which creates the relationship of principal and agent
 - a. Law of agency
 - b. Indian contract Act
 - c. Both a & b
 - d. Either a nor b

Answer

1. An agent is merely a connecting link between the principal and third parties.

Answer: True

2. A minor cannot be appointed as an agent.

Answer: False

3. The contract which creates the relationship of principal and agent

Answer: a. Law of Agency

Thank You