

(3) If an order is issued pursuant to sub-section (1), the aggrieved party shall be entitled to also recover additional loss or damage caused from the failure of the other party to comply with the order so issued.

542. Compensation to be ascertained in monetary value: Except as otherwise provided for in the contract, assessment of compensation for any loss or damage as referred to in this Chapter shall be ascertained in monetary value.

Provided that Section 540 shall apply to the remedy under that Section.

543. Power of court to consider matters: While determining compensation arising from the breach of a contract, the court shall consider matters including whether the party has breached the contract intentionally or whether the non-performance has occurred due to recklessness and how much money or benefit might have been received by the innocent party to the contract had the contract not been breached.

544. Statute of limitation: A person who is aggrieved from an act done or action taken under this Chapter may make a lawsuit within two years after the date of the accrual of the cause of action.

Chapter-6

Provisions Relating to Contract of Sale of Goods

545. Contract of sale of goods: (1) A contract of sale of goods shall be deemed to have been made if any seller agrees to transfer the property in goods immediately or in the future to the buyer for a price.

Explanation: For the purposes of this Chapter, the term “goods” means any kind of movable property capable of being purchased or sold other than currency in circulation for the time being, security or actionable claim.

(2) A contract of sale of goods may be conditional or unconditional.

(3) A contract may be concluded to sell the goods owned or possessed by the seller for the time being or those to be produced or acquired by the seller in the future.

546. Contract of sale of goods to be void: If a contract is concluded to sell any specific type of goods, which have already become damaged at the time of or before making of the contract, and the seller is not aware about that at the time of making of the contract, the contract shall be void.

Explanation: For the purposes of this Section, the term “specific type of goods” means the specific goods mentioned in the contract at the time of making of the contract.

547. Determining price of goods: (1) Except as otherwise provided for in the contract, the price of goods shall be determined in the manner

agreed upon in the contract under the terms and conditions of the contract, or by the course of dealing between the parties.

(2) If the price of goods is determined according to their weight and measurement, the price of goods shall be determined on the basis of the net weight and measurement of such goods, except as otherwise provided for in the contract.

(3) If the price of goods cannot be determined under sub-section (1) or (2), the buyer shall pay the seller a reasonable price, taking into account the relevant circumstances.

548. Payment of price of goods: (1) Except as otherwise provided for in the contract, the price of goods shall be paid as follows in any of the following circumstances:

- (a) The price of goods to be paid by the buyer to the seller, at the time of the purchase of goods by the buyer,
- (b) At the time of the transfer of the goods.

(2) While making payment of the price of goods pursuant to sub-section (1), it shall be paid in cash.

Explanation: For the purposes of this Section, the term “cash” includes a cheque, traveler's cheque, promissory note, bill of exchange, letter of credit, bank draft, credit card and telegraphic transfer, payable through bank.

549. Description of goods: (1) If a contract specifies the name, brand, trademark or specification of any goods to be sold, the contract shall be deemed to have been concluded for the sale of the goods corresponding to that name, brand, trademark or specification.

(2) If a contract specifies the name, brand, trademark or specification and the sample of goods to be sold, the bulk of such goods shall correspond not only to the sample but also to the name, brand, trademark or specification specified in the contract.

550. Condition as to title to goods to be sold: (1) Except as otherwise provided for in the contract, it shall be deemed that, in the case of a sale of goods, the seller has the title to the goods sold or, in the case of an agreement to sell the goods in the future, the seller has or will have the title to the goods to be sold, and that such goods are free from custody, control or possession by any other person.

(2) Except as otherwise provided for in the contract, the seller shall be deemed to have the right to sell the goods sold or to be sold.

551. Condition as to quality of goods: (1) Except as otherwise provided for in the contract, the goods sold or to be sold shall be deemed to be of satisfactory quality.

(2) If any goods sold or to be sold for any particular purpose are fit for that purpose, the goods sold or to be sold shall be considered to be of satisfactory quality.

(3) Notwithstanding anything contained in sub-section (2), if the contract itself specifies any defects of such goods or if the buyer has already knew such defects before the conclusion of the contract or while inspecting the goods, such goods shall not be deemed to be of unsatisfactory quality.

(4) If the quality of any particular goods is specified in the contract, the goods shall correspond to that quality, and if no

quality is so specified, the goods shall be of the quality according to the prevalent standards.

(5) Except as otherwise provided for in the contract, the seller shall not be deemed to have warranted that the goods sold or to be sold are of a particular quality.

552. Right to accept or reject goods of different quantity: (1) If the seller tenders to deliver to the buyer the goods of different quality than that specified in the contract, the buyer has the right to accept and take delivery of the goods in whole, to reject the whole or to accept any part and reject the rest of the goods.

(2) If any goods are rejected in whole or in part pursuant to sub-section (1), the buyer may give a notice to the seller to either deliver other goods instead of such goods or where the quality of such goods could be improved, to improve the quality of such goods.

(3) If a notice is given pursuant to sub-section (2), the seller shall deliver the other goods instead of such goods or improve the quality thereof, according to the notice given by the buyer or mutual understanding reached between them.

553. Deemed to be contract for sale by sample: (1) If a provision has been made in a contract to sell goods upon inspection of their samples directly or indirectly a contract of sale of goods is deemed to be a contract for the sale of goods upon inspecting sample.

(2) If a contract is concluded for the sale of goods by sample, the contract shall be deemed to contain the following conditions, except as otherwise provided for in the contract:

- (a) The bulk of the goods shall correspond to the sample in quality,
- (b) The buyer shall have a reasonable opportunity of comparing the quality of the bulk of the goods with the sample,
- (c) The goods sold or to be sold shall be free from any defect, and such goods appear to be of satisfactory quality, apparent on comparing them with the sample.

554. Provisions relating to transfer of ownership of goods: (1) If there is a contract for the sale of any specific or certain goods, the transfer of such goods shall be made as provided for in the contract, and failing such provision in the contract, the transfer shall be made according to the terms and conditions of the contract, intention of the parties, ascertained by having regard to the conduct of the parties, and the relevant circumstances.

(2) Except as otherwise provided for in the contract, if a contract is concluded for the sale of any specific goods in a deliverable state, the parties shall be deemed to have the intention of transferring them when the contract is concluded or upon payment of the price of the goods.

(3) If a contract is concluded for the sale of any specific goods in a deliverable state and the buyer has to take measurement, weight, make examination of the goods or to perform some acts to determine the price of such goods, such goods shall not be

transferred until the buyer performs such acts and gives information thereof to the buyer within a reasonable time.

(4) Except as otherwise provided for in the contract, a contract shall be deemed to have been concluded so that the goods sold or to be sold shall be transferred in the place where such goods are situated.

(5) Except as otherwise provided for in the contract, the buyer shall be deemed to have the title or ownership of the goods at the time of the transfer of the goods to the buyer.

555. To bear risks: (1) Except as otherwise provided for in the contract, the seller shall bear the risk of any loss or damage to the goods until such goods are transferred to the buyer.

(2) If the transfer of goods has been delayed due to the fault of either the buyer or the seller, the party who has caused such delay shall bear the risk of loss or damage under sub-section (1).

(3) If the seller agrees to deliver the goods from the place of purchase to the place specified by the buyer, the seller shall bear the risk of any loss or damage to the goods, except as otherwise provided for in the contract.

556. Right of buyer to ascertain goods: If the delivery of the goods sold is tendered to the buyer, the buyer shall have a reasonable opportunity to examine and ascertain whether or not the goods conform to the contract and the buyer shall not be deemed to have been accepted the delivery of the goods until the buyer so ascertains.

557. Goods deemed to be accepted: The buyer shall be deemed to have accepted the goods in any of the following circumstances:

- (a) If the buyer or his or her agent receives the goods,
- (b) If a receipt or slip is issued having acknowledged the delivery of the goods,
- (c) If the buyer stores the goods having ascertained, pursuant to Section 556, that the goods conform to the contract,
- (d) If the goods reach the buyer and the buyer does not inform the seller within reasonable time that he or she has rejected the goods and retains the goods with him or her.
- (e) If the buyer does any act proving that he or she has ownership in and control over such goods.

558. Time for delivery of goods: (1) If the contract provides that goods have to be delivered at any specific time or within any specified period, the seller shall deliver the goods to the buyer at that time or within that period.

(2) Notwithstanding anything contained in sub-section (1), if the buyer accepts the goods delivered by the seller before or after the time or period specified in the contract, the seller shall be deemed to have delivered the goods.

559. Documents concerning sold goods to be handed over: Except as otherwise provided for in the contract, the goods are delivered but such basic documents as are related to the ownership of the goods

or required for their use are not handed over, the ownership of the goods shall not be deemed to have been transferred.

560. Not to deliver of goods in quantity different from quantity specified in contract: (1) If the seller delivers to the buyer a quantity of goods less than the quantity specified in the contract, the buyer may reject the goods.

Provided that if the buyer accepts the goods even in such quantity, the buyer shall pay the price of that quantity at the rate specified in the contract.

(2) If the seller delivers to the buyer a quantity of goods larger than the quantity specified in the contract, the buyer may accept the goods only in the quantity specified in the contract, and reject the rest or the whole quantity of goods.

Provided that if the buyer accepts the whole quantity of goods so delivered, the buyer shall pay for the whole at the rate specified in the contract.

(3) If the seller delivers to the buyer the goods mixed with goods of a description different than specified in the contract, the buyer may accept the goods specified in the contract and reject the rest or the goods in whole.

(4) Except as otherwise provided for in the contract, the buyer shall not be bound to accept the delivery of goods in installments.

(5) Except as otherwise provided for in the contract, if the buyer rejects the goods tendered by the seller for delivery, the buyer shall not be bound to return them to the seller.

Provided that the buyer shall give a notice of rejection, along with the reason for the same, to the seller through fastest means of communication.

561. Special provisions relating to compensation: Notwithstanding anything contained elsewhere in this Part, the following provisions shall apply to compensation for a contract under this Chapter:

- (a) If the buyer does not accept or rejects the goods or refuses to pay the price of the goods after the making of a contract of the sale of goods, the seller may, subject to the contract, claim compensation from the buyer in consideration of the buyer's failure to accept or refusal to accept the goods,
- (b) While determining compensation under clause (a), if the goods which the buyer has not accepted or has refused to accept are available in the market, compensation shall be determined on the basis of the difference between the price of the goods specified in the contract and the market or prevalent price of the goods,
- (c) If the seller does not deliver or refuses to deliver the goods according to the contract for the sale of goods, the buyer may claim compensation from the seller for his or her failure to deliver the goods,
- (d) While determining compensation under clause (c), if the goods which the seller has refused or failed to deliver to the buyer are available in the market,

compensation shall be determined on the basis of difference between the price of the goods specified in the contract and the market or prevalent price of the goods.

562. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of the accrual of the cause of action.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-7

Provisions Relating to Contracts of Guarantee

563. Contract of guarantee deemed to be made: (1) If a contract is concluded under which a third party undertakes to repay the loan borrowed by or discharge the liability promised by a person in case of that person's default, a contract of guarantee shall be deemed to be concluded.

(2) If a third party gives the guarantee pursuant to subsection (1) and the person bound to repay the loan or discharge the liability fails to repay or discharge such loan or liability, the person giving the guarantee (the surety) to such loan or liability shall repay the loan or discharge the liability according to the terms and conditions of the contract.

(3) The terms and conditions of guarantee shall be as determined in the contract.

(4) A contract of guarantee shall be made in written form.

564. Surety's obligation: (1) Except as otherwise provided for in the contract, the surety's obligation shall be as follows:

(a) Obligation of the surety shall arise at the time when the debtor fails to discharge the obligation to be discharged by him or her.

(b) Obligation of the surety shall be the same as the obligation of the debtor who has to repay the loan or discharge the obligation, and the surety shall remain

liable until the debtor becomes free from the obligation to repay or discharge.

- (c) Obligation of the surety shall not be discharged merely because the principal debtor becomes free from the obligation by operation of law.

(2) Notwithstanding anything contained in sub-section (1), if both security and guarantee have been given for any loan or obligation, the surety shall not be liable to the extent covered by the security so provided.

(3) A contract of guarantee shall be effective immediately when the principal debtor breaches the obligation of repayment or discharging liability to the creditor, and the creditor may cause the surety to discharge such liability.

Explanation: For the purposes of this Part, the term “creditor” means a person who has lent a loan, and also includes a person who is entitled to obtain any benefit from, or have any act done, by the person who is bound to repay the loan or discharge the liability.

(4) Notwithstanding anything contained in sub-section (3), the creditor shall give a notice to the principal debtor to perform the contract according to its terms and conditions before claiming the surety under the contract of guarantee for the repayment of the amount not paid or discharge of the liability not discharged according to the contract.

565. When surety is in discharge from obligation: (1) Except as otherwise provided for in the contract, the surety shall be in discharge of his or her obligation to the following extent, in any of the following circumstances:

- (a) If the principal debtor so alters the terms and conditions of the contract without the surety's consent as to have substantial impact on the contract, in respect of the transactions subsequent to the alteration,
- (b) If a contract is concluded to discharge the principal debtor from the obligation for which the guarantee was given,
- (c) If the principal debtor is discharged from the obligation by an act or action of the creditor or the loan is written off,
- (d) If the creditor agrees to discharge the debtor from the liability by recovering a sum less than that is due or to give additional time for repaying the loan or not to institute a lawsuit,
- (e) If any act or action by the creditor causes an adverse impact to the surety's right to legal remedy against the principal debtor,
- (f) If the creditor loses, damages any security obtained by him or her from the principal debtor or returns it to the principal debtor, to the extent of the value of such security,

(g) To the extent to which the principal debtor has repaid the loan or discharged the obligation to the creditor according to the contract.

(2) Notwithstanding anything contained in sub-section (1), the surety shall not be deemed to be in discharge of obligation, except as otherwise provided in the contract, merely because the creditor fails to institute legal action against the surety or attempt to recover the amount to be recovered by him or her in time.

(3) If there are two or more sureties and the creditor discharges one co-surety from obligation, the other co-sureties shall not be discharged from their respective part of obligation.

(4) Notwithstanding anything contained in sub-section (3), if the part of the co-sureties' obligation cannot be separated, no co-surety shall be deemed to be in discharge of his or her obligation even though the creditor has discharged him or her from the obligation.

(5) Except as otherwise provided for in the contract, the surety shall not be in discharge of obligation under the contract of guarantee merely because there arises a dispute between the parties in relation to the contract creating the obligation for the discharge of which the contract of guarantee is made.

566. Relation between the surety and the principal debtor: (1) The surety shall cause the principal debtor to repay the loan or discharge the obligation according to the contract.

(2) If the principal debtor has given any property or security to the surety for the guarantee given by him or her while borrowing a loan or promising the obligation, the surety shall not pledge, mortgage, sell or otherwise transfer the title to such property or security without the consent of the principal debtor.

(3) If a guarantee is given for any loan or obligation borrowed or promised for any specific purpose, the object, nature or terms and conditions of that loan or obligation shall not be altered without the consent of the surety.

(4) Notwithstanding anything contained elsewhere in this Section, if the contract otherwise provides in relation to the surety and the principal debtor, such provision shall be applicable.

567. Surety to substitute creditor: (1) After the surety has, on behalf of the principal debtor, repaid the loan to be repaid or discharged the obligation to be discharged to the creditor under the contract, the surety shall substitute the creditor in relation to such loan or obligation, and, as the creditor, be entitled to recover the loan from, or institute legal action against, the principal debtor.

(2) Notwithstanding anything contained elsewhere in this Chapter, the principal debtor shall pay to the surety the sum of loan repaid by the surety or all amounts in consideration for the obligation performed by the surety on behalf of the principal debtor, as well as interest or any other fee or amount chargeable thereon.

(3) If it becomes necessary to institute legal action because of the default of the principal debtor to pay the amount payable by

him or her under sub-section (2) or if any other expenses need to be incurred in this regard, the surety shall be entitled to recover also such expenses from the principal debtor.

568. When contract of guarantee can be voided: In any of the following circumstances, the surety may have the contract of guarantee voided:

- (a) If the guarantee is obtained by the creditor or by any other person with his or her consent by supplying misleading or false notice or information to the surety about the matter of the transaction for which the guarantee is given,
- (b) If the matter of guarantee, property or fact is concealed or not disclosed,
- (c) If the contract is concluded on the condition that a third person will also become the surety but the third person does not consent to give the guarantee.

569. Obligation of sureties to be equal: (1) If two or more persons give the guarantee jointly or severally for any loan or obligation and the principal debtor fails to repay the loan or discharge the obligation, the co-sureties shall repay the loan or discharge the obligation or perform the contract on an equal basis, except as otherwise provided for in the contract.

(2) If, while giving the guarantee jointly pursuant to sub-section (1), the co-sureties guarantee different parts, every surety

shall be liable to pay or bear the obligation only to the extent of the respective part guaranteed by him or her.

570. Continuous guarantee: (1) A guarantee which is so given as to extend to a series of transactions shall be deemed to be a continuous guarantee.

(2) If the provision of a guarantee referred to in subsection (1) is made, the surety shall be liable to the extent of the amount of guarantee that could not be recovered in the entire period of the contract of guarantee irrespective of the number of transactions made thereunder.

(3) The surety may, by giving a notice to the creditor at least three months in advance, revoke the continuous guarantee as to the future transactions.

(4) Except as otherwise provided for in the contract, if the surety dies, the continuous guarantee shall be deemed to be *ipso facto* revoked.

571. Contract of indemnity deemed to be concluded: (1) If a contract is concluded by which one party to the contract promises to save the other from loss or damage caused to him or her by the conduct of the promisor himself or herself or by the conduct of any other person working under the direction of such a party or loss or damage caused to such a party or third party by his or her conduct, the contract shall be deemed to be a contract of indemnity.

(2) If a contract referred to in sub-section (1) is concluded, the indemnity holder shall be entitled to recover as compensation all or any of the following amounts, subject to that contract:

- (a) The amount of indemnity specified in the contract,
- (b) If any loss or damage is caused to a third person, the amount to be paid to or borne therefor,
- (c) All costs paid in any suit, if any, filed or defended by him or her in connection with the contract of indemnity,
- (d) The costs involved in any suit compelled to be made due to failure to pay the amounts referred to in clause (a), (b) or (c).

(3) Notwithstanding anything contained in sub-section (2), if the other party or third party suffers any loss or damage due to any act done by any person under the direction of such a party when such an act is done knowingly or recklessly by that person, with the intention of causing such loss or damage, such a person shall personally be liable for such loss or damage.

572. Provisions relating to subrogation: (1) If any person concludes a contract with another person against any possible loss or damage that could be caused by a third person to his or her property, facility or right enjoyed by him or her or benefit that could result from his or her business, the person concluding such a contract shall be liable for such loss or damage irrespective of the person causing such loss or damage.

Provided that if a contract is concluded to recover such loss or damage from any other person, it shall be recovered from such other person.

(2) The amount or compensation, if any, specified in the contract for any loss or damage suffered pursuant to sub-section (1) and a reasonable amount or compensation, failing such specification, shall be paid, or caused to be paid, immediately to the person affected by the loss or damage or to his or her successor if he or she is dead.

(3) If any loss or damage is suffered pursuant to sub-section (1), the person paying the amount or compensation referred to in sub-section (2) shall be deemed to have subrogated the person who has sustained such loss or damage, and accordingly, the subrogator shall be entitled to the recovery of the amount or compensation for such loss or damage from the person causing such loss or damage.

573. Rights of subrogator: The rights and obligation of the subrogator shall be as specified in the contract, and, failing such specification, shall be as follows:

- (a) All the rights, under the contract, of the person who has sustained the loss or damage shall devolve on the subrogator,
- (b) The subrogator under clause (a) may recover from the person who has caused the loss or damage, or from the party to a contract concluded in that respect, if any, the

amount or reasonable compensation paid by him or her to the person who has suffered the loss or damage, as well as the costs incurred in having recourse to legal remedies, if any.

- 574. Statute of limitation:** A person who is aggrieved from any act done or action taken under this Chapter may file a lawsuit within two years after the date of the accrual of the cause of action.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-8

Provisions Relating to Contracts of Bailment

575. Contract of bailment: (1) If a person so delivers any goods to another person that the goods shall be returned to him or her or handed over or sold to any other person according his or her direction, a contract of bailment shall be deemed to have been concluded.

Explanation: For the purposes of this Chapter, the term “goods” means any movable property and right in such property, other than currency in circulation.

(2) In concluding a contract pursuant to sub-section (1), a deed shall be executed while bailing any property the price of which exceeds twenty-five thousand rupees.

576. Bailment deemed to be completed: (1) The process of bailment shall be deemed to be completed once the bailee takes the delivery of the goods under bailment.

(2) If any person or any one authorized by him or her has already taken any goods in custody or possession, such goods shall be deemed to have been held as bailment.

577. To disclose faults in goods bailed: (1) The bailor shall disclose to the bailee any fault in the goods bailed of which the bailor is aware and which interferes with the use of them or can cause any loss or damage to the bailee or warrants separate provision or arrangement for their protection.

(2) If the bailor does not make such disclosure knowingly as required to be made pursuant to sub-section (1), to the bailee the

bailor shall be liable for any loss or damage arising from such goods or such non-disclosure.

(3) Notwithstanding anything contained in sub-section (2), if the goods are bailed for hire, the bailor shall be responsible for any loss or damage resulted from any faults in such goods even if the bailor was not aware of the existence of such faults in such goods.

578. Obligations of bailee: (1) The bailee shall, take care of and protect the goods bailed to him or her in accordance with the terms and conditions specified in the contract and, reasonable care of goods, as his or her own in the absence of such terms and conditions.

(2) Except as otherwise provided for in the contract, if any goods bailed are lost, stolen, damaged, depreciated, deteriorated or destroyed because of a disaster in spite of the reasonable care and protection pursuant to sub-section (1), the bailee shall not be liable to return such goods.

Provided that if the goods are lost, stolen, damaged, depreciated, deteriorated or destroyed because of recklessness or *mala fide* intention of the bailee or of his or her failure to take care of or protect the goods according to the terms and conditions of the contract, the bailee shall be liable to return the goods or pay an amount equivalent to the price thereof to the bailor.

(3) If the bailee uses the bailed goods without authorization to do so under, or in a manner contrary to the terms and conditions of, the contract, the bailee shall pay compensation to the bailor for any damage, loss, destruction or deterioration arising to the goods from such use.

(4) Except as otherwise provided for in the contract, the bailee shall not mix the bailor's goods with his or her own goods.

Provided that if the bailee, with the consent of the bailor, mixes the goods of the bailor with his or her own goods, both parties shall have an interest, in proportion to their respective share, in the mixture thus produced and income accrued therefrom.

(5) If the bailee, without consent of the bailor, mixes the goods of the bailor with his or her own goods, and the goods so mixed can be separated, the title of the property in goods shall remain in the parties respectively, but the bailee shall be bound to bear the expenses for separation and the damage, if any, arising to the bailor from the mixture.

(6) If the bailee, without consent of the bailor, mixes the goods of the bailor with his or her own goods, and the goods so mixed cannot be separated pursuant to sub-section (5), the bailor shall have right in such goods.

579. To return bailed goods: (1) The bailee shall return the bailed goods to the bailor after the expiry of the period specified at the time of bailment of the goods or after the accomplishment of the purpose for which the goods were bailed.

(2) If the bailee does not return the goods within the period specified for returning them pursuant to sub-section (1) or within a reasonable period according to the nature of the goods failing such specified period or if the bailor refuses to take the goods back within such a period and if the goods are lost, stolen, damaged, destroyed or deteriorated or any loss or damage is caused to the

bailor due to such goods from that date, the respective party shall be liable for the loss or damage arising from his or her own default.

(3) Except as otherwise provided for in the contract, in the case of bailment of the goods owned by more than one person, the bailee may return the goods to any one of the joint owners, or to the person assigned by them, and if the goods are so returned, the goods shall be deemed to have been duly returned.

(4) If the bailee does not hold the goods bailed to him or her in accordance with the terms and conditions of the contract, the bailor may take back the goods at any time.

(5) Except as otherwise provided for in the contract, the goods increased or earned from the bailed goods, shall also belong to the bailor.

580. Bailor to be liable for other's goods bailed: If the bailor bails any goods in which he or she has no title, right or ownership to the bailee and the bailee is compelled to bear any claim or loss or damage to a third party from such bailment or bear any costs in relation to the bailment, the bailor shall also be liable to pay such costs.

581. Goods given for repair and maintenance to be returned: (1) If any goods are delivered to a person for their repair, improvement or renovation in any manner, the person shall repair, improve and renovate those goods and return them to the concerned owner, upon charging the costs or service charge for such repair, improvement or renovation within the period specified in the contract. If the goods are not so returned within the specified period or any additional loss

or damage is caused to the goods or the goods are so damaged as to be unusable in the course of their repair, improvement or renovation, that person shall be liable to pay the compensation specified in the contract and, failing such provision, a reasonable compensation to the concerned owner.

(2) Notwithstanding anything contained in sub-section (1), the person who repairs, improves or renovates the goods shall have the right to retain them until the payment of the costs incurred in the repair, improvement or renovation of such goods or the service charge if paid, and if such costs or service fee are not paid within a reasonable period, that person may recover the costs or service fee by selling the goods.

582. Costs incurred in taking care of bailed goods: Except as otherwise provided for in the contract, the bailor shall bear the expenses incurred in the bailment of goods and in the care or security of the bailed goods.

583. Contract of bailment to be void: If it is proved that any goods are bailed with the intention of disentitling partition share, abstaining from paying any payable government fee or amount payable to any one or for any other illegal purpose, such a contract of bailment shall be void.

584. Statute of limitation: A person who is aggrieved from an act done or action taken under this Chapter may make a lawsuit within two years after the date of the accrual of the cause of action.

Chapter-9

Provisions Relating to Collateral or Deposit

585. Contract of pledge or deposit deemed to be made: (1) If a person takes delivery of goods as security for payment of a debt lent to another person, a contract of collateral is deemed to have been concluded and if a person takes delivery of goods as a security for the performance of a promise by another person, a contract of deposit shall be deemed to have been concluded.

Explanation: For the purposes of this Chapter, the term “goods” means any property and includes title to or an instrument establishing title to that property.

(2) A contract of collateral or deposit may be made pursuant to sub-section (1) in relation to the debt for the payment of which security is taken and interest of the debt, and if a deposit is taken as a security for the performance of a promise, other expenses related to that promise and expenses incurred in the care of collateralized or deposited goods.

586. To return goods collateralized or deposited: (1) Except as otherwise provided for in the contract, after the payment of the debt for which the collateral has been taken or after the performance of the promise for which person deposit has been taken shall be returned to the concerned.

(2) If the collateral or deposit taken under sub-section (1) is or may be divided into different parts, the collateral or deposit may be returned to the extent covered by the respective portion of the debt repaid or the promise performed.

587. Rights of the person who obtains collateral or deposit: (1) If a debt has been taken having pledged any goods as a collateral for its payment and makes a default in payment of the debt or interest of the debt, if any, within the specified period, the person who has taken the collateral may initiate the right to take legal action to recover the debt in accordance with law, by selling or auctioning the collateral so given at the prevailing market price or transfer the ownership of such security in his or her name subject to law, if such sale or auction cannot be made.

(2) If the goods pledged as collateral are sold at a price lesser than the amount recoverable by the person who has taken the collateral from the borrower under sub-section (1), such a person shall be entitled to recover the shortfall amount from the other assets of the borrower, and the collateral is sold at a price higher than the amount to be recovered, the excess amount shall be returned to the borrower.

(3) Notwithstanding anything containing in sub-sections (1) and (2), the person who has given the goods as collateral may take back his or her goods at any time by paying the debt and interest thereon and other amounts, if any, due and payable prior to the sale of the pledged goods or the transfer of ownership thereof.

Provided that the person who has given the collateral shall also be liable to bear additional liability arising to the goods pledged from his or her failure to pay the amount within the specified period.

(4) If a deposit is taken as a security for the performance of a promise and the promise is not performed or completed within

the specified time, the goods pledged as deposit may be used for the performance of the promise or the expenses incurred in such performance may be recovered from such goods.

(5) If the promise cannot be performed from the goods pledged as deposit, such shortfall amount may be recovered from the other assets of the borrower.

588. Consequences of pledge or deposit of goods by non-owner: (1) If anyone borrows a debt or enters into a promise by pledging to the creditor any goods in which the he or she has no right or ownership or which has been obtained under a contract which is void under this Part and the pledgee does not know that fact, the pledgee shall have the right to demand the borrower giving such a collateral or deposit to give collateral or deposit of the goods owned by him or her equal to that amount, and if the he or she fails to give the collateral or deposit so demanded, the pledgee shall have the right to get the contract voided.

(2) If any goods obtained under a void contract are pledged as a collateral or deposit and the contract has already become void before giving such collateral or deposit or the pledgee had the knowledge that the goods pledged as the collateral or deposit did not belong to the pledger, the pledgee shall have no right in such goods and may recover the amount to be recovered by him or her or have the promise performed from other goods belonging to the pledger.

(3) If the pledger has a partial or limited title to, or ownership of, the goods pledged as the collateral or deposit, the

pledgee also shall have right and title to such goods to that extent only.

589. Creditors to be on equal footing (*pari pasu*): (1) If a person has borrowed debt from two or more creditors at a time or several times by pledging any of his or her goods as a collateral and the goods so pledged as the collateral are not sufficient to pay the debt of all the creditors, except as otherwise provided for in the contract, all the creditors who have taken the goods as collateral shall be deemed to be in *pari pasu* in respect of the debt outstanding and shall have the right to make a proportionate claim on the goods accordingly.

(2) A contract entered into giving priority right in the future to a creditor on the goods already pledged as collateral pursuant to sub-section (1) shall be void. If a creditor has already recovered his or her debt from such a collateral before the contract becomes void in spite of knowing that there are also other creditors in respect of the security, such a creditor shall return the amount to other creditors and recover his or her debt from other assets of the pledger.

590. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of the accrual of the cause of action.

Chapter-10

Provisions Relating to Contracts of Agency

591. Contract of agency deemed to be made: Any person may appoint any other person as his or her agent to do any act on his or her behalf, except on the matter of his or her personal ability, to conduct business as his or her agent or carry on any transaction with a third person on his or her behalf or to represent him or her to such a person or to establish any type of legal relation with the person appointing an agent (the principal) and a third person, and if an agent is so appointed, a contract of agency shall be deemed to have been concluded.

592. Recognition of transaction carried out by agent: (1) Whatever a person can do on his or her own, the person may get the same done, or cause to be done, through an agent, subject to the law.

Provided that no act may be done through an agent for which one has to be present in person.

(2) A contract concluded through an agent appointed pursuant to Section 591 or act done by the agent shall be deemed to have been carried out by the concerned person and the obligation arising out of such an act shall be performed as if the contract were concluded or act done by the principal.

Provided that if the agent has done any act beyond his or her authority, the principal shall not be liable for such an act other than that accepted by him or her.

(3) Notwithstanding anything contained in sub-section (1), if, out of the acts done beyond authority, some acts are within his or her authority and some are beyond it and the part done within his or her authority can be separated, the principal shall be liable to the extent of the acts done within authority.

593. Power to appoint sub-agent: (1) If it is necessary to appoint a sub-agent according to the nature of any trade, business or transaction or a sub-agent may be appointed having regard to the provision of the contract or usage of the contract of agency, the agent may, except as otherwise provided for in the contract, appoint a sub-agent with the consent of the principal.

Provided that an agent who has been appointed on the condition that he or she shall represent or do any act personally may not appoint a sub-agent.

(2) If a sub-agent is appointed pursuant to sub-section (1), the agent shall give information thereof to the principal, and the rights and obligations of the sub-agent so appointed shall be the same as that of the agent appointed by the principal.

(3) If an agent appoints a sub-agent without the consent of the principal, the principal shall not be liable for any act done or action taken by the sub-agent.

(4) The agent appointing the sub-agent shall be personally liable for the acts referred to in sub-section (3).

594. matters to be complied with by agent: (1) Except as otherwise provided for in the contract, an agent shall comply with the following matters:

- (a) To act subject to the terms and conditions of the contract of agency and the directions given by the principal,
- (b) In the absence of any terms and conditions in the contract or any direction given by the principal, to do the business of agency in good faith, with full diligence and necessary care and skill, accordance to the nature of the act and business assigned to him or her and the laws and usages of the place of transaction,

Provided that if, at the time of the conclusion of the contract, the principal was aware that the agent has no efficiency or capacity in relation to any matter, the agent shall not be liable for any loss or damage resulting from such inefficiency or incapacity of him or her.

- (c) On the removal from an agent, not to do any act as usual in the capacity of an agent on the same business.
- (d) To render or show the details of accounts and records of the agency business to the principal at the time of demand,
- (e) In the case of any obstruction, obstacle or difficulty arising in the course of business of the agency, to

notify the principal as soon as possible and obtain necessary directions, and the principal shall be liable for any act done according to the direction so given.

(2) If the principal suffers any loss or damage because of the failure of the agent to perform his or her duties under clauses (a), (b) and (c) of sub-section (1), the agent shall personally bear such loss or damage.

595. Agent to be responsible: (1) Except as otherwise provided for in the contract, the agent shall, in any of the following circumstances, be personally liable for the transaction done by him or her on behalf of the principal:

- (a) If the agent concludes a contract with a third party in relation to any transaction with provision for personal responsibility,
- (b) If any act is done for or on behalf of an undisclosed principal and such a principal is not disclosed,
- (c) If the principal cannot be sued for any reason,
- (d) If the contract is concluded in his or her own name,
- (e) If any act is done beyond the scope of the contract of agency or authority,
- (f) If any misrepresentation or fraud is committed in the course of the transaction,
- (g) If the agent is required to be liable personally according to the nature of the trade,

(h) If the interest of the agent is also involved in the transaction.

(2) Except as otherwise provided for in the contract between the agent and a third person, nothing shall be deemed to bar the making of any claim by the third person against the principal merely by the reason that the agent is personally liable pursuant to sub-section (1), and legal action may also be taken against the principal for a sum not recovered from the agent.

(3) For the purposes of taking a legal action against the principal pursuant to sub-section (2), the statute of limitation shall be deemed to commence from the date of the last payment made by the agent.

596. Principal to be liable when leading to believe that act is done with authority: (1) If the principal gives information to a third party that he or she has given authority to another person to act on his or her behalf or leads the third party to so believe, the principal shall be liable for any act done by the agent on his or her behalf unless the third party has come to know or has reasonable ground to know that the authority has not been so given.

(2) In the cases referred to in sub-section (1), the principal may be liable even for the act done by the agent beyond the authority if there is a reasonable ground for the third party to believe that the agent has authority.

597. Termination of agency: (1) Except as otherwise provided for in the contract, the agency shall be deemed to be terminated *ipso facto*, in any of the following circumstances:

- (a) If the agent voluntarily renounces the agency and gives a notice thereof to the principal,
- (b) If the principal revokes the authority given to the agency or the contract of agency or gives a notice to the agent on the impossibility of performance of the contract,
- (c) If the agent is appointed for any specific business and that business is completed,
- (d) If the agent is appointed for a specific period and that period expires,
- (e) If the principal or the agent dies or becomes of unsound mind,
- (f) If the principal is declared to be insolvent,
- (g) If the matter for which the agent is appointed no longer exists,
- (h) If an agent is appointed by a body corporate and such a body is liquidated or dissolved.

(2) The principal may revoke any or whole of the authority given to the agent at any time before the agent exercises the authority, and if the authority is so revoked, the principal shall immediately give a notice thereof to the agent.

Provided that if the agent has already exercised some of such authority, the authority shall not be deemed to have been revoked in relation to the act already done in exercise of the authority

(3) Notwithstanding anything contained elsewhere in this Section, if the agent also has a share in the property connected with the main business of the agency, the agent may not be removed in such manner as to be prejudicial to such share.

598. Agent may not be removed: (1) Except as otherwise provided in the contract, if an agent is appointed for any specific period or act, the principal shall not remove the agent before the expiry of that period or before the completion of that act, except for a reasonable and sufficient reason.

(2) An agent who is appointed without specifying any certain period or act shall not be removed without giving a prior notice along with an appropriate reason.

(3) If the principal removes the agent in contravention of sub-section (1) or (2), the principal shall pay a reasonable compensation to the agent.

599. Renunciation of agency by agent not allowed: (1) Notwithstanding anything contained elsewhere in this Chapter, except as otherwise provided for in the contract, an agent appointed for a specific period or act shall not renounce the agency before the expiry of, or completion of, such period or act, except for a reasonable and sufficient reason.

(2) Any agent appointed without specifying any period or act under sub-section (1) shall not renounce the agency without giving a prior notice along with the reason for such renunciation to the principal.

(3) If any agent renounces the agency in contravention of sub-section (1) or (2), the principal may claim a reasonable compensation.

600. Removal of sub-agent together with agent: If an agent ceases to exist under this Part, the sub-agent appointed by him or her shall also be deemed to have, *ipso facto*, been removed.

601. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of accrual of the cause of action.

Chapter-11

Provisions Relating to Contracts for Carriage of Goods

602. Contract for carriage of goods deemed to be made: (1) If a contract is concluded for the carriage of any goods from one place to another, a contract for the carriage of goods shall be deemed to have been concluded.

(2) Except as otherwise provided for in the contract, a receipt or bill to be issued by the carrier to the owner of goods at the time of handing over the goods for carriage shall be recognized as an evidence of the contract concluded between the carrier and the owner of the goods.

Explanation: For the purposes of this Chapter, the term “carrier” means a person operating a transport service other than air or marine transport, or a person engaged in the business of such transport, and also includes a person operating the business of carriage through internal navigation transport, rope-way or animal or any other means.

Provided that if any person employed by the owner of goods on wage basis or his or her agent or a person working under his or her supervision carries goods, such a person shall not be deemed to be a carrier for the purposes of this Chapter.

603. Carrier’s obligations: (1) It shall be the obligation of the carrier to carry the goods received from the owner of the goods for carriage to the specified destination in proper condition.

(2) If the goods received from the owner of the goods for carriage are lost, destroyed, broken, defaced or damaged or the

goods do not reach to the specified destination in proper condition in any other manner, the carrier shall be liable for that.

(3) The carrier shall carry the goods within the time specified in the contract, and within a reasonable time, if no period for transporting the goods is specified in the contract, and deliver the goods to the owner of the goods or his or her agent or a person designated by him or her.

604. Carrier to be liable: (1) If more than one carrier or mode of transport is involved in the carriage of any goods, except as otherwise provided for in the contract, the carrier to whom the owner of the goods has been handed over the goods shall be liable.

(2) If any goods are stolen, lost, damaged or destroyed prior to the carriage and delivery of such goods by the carrier to the concerned person, the carrier shall be liable for that.

Provided that if the goods are stolen, lost, damaged or destroyed due to a disaster or accident, the carrier shall not be liable for that.

605. Right to sell goods without consent of owner: (1) If the carrier fails to carry any goods to the destination within the specified time due to a disaster or accident in the course of carriage of the goods and such goods are perishable or their price or quality is susceptible to decrease significantly, the carrier may sell such goods even without the consent of the owner.

(2) The carrier shall pay the amount so obtained from the sale made pursuant to sub-section (1) to the owner.

606. Carrier's liability to be limited: (1) Except where the owner of goods or his or her agent has clearly declared at the time of conclusion of the contract that the value of the goods to be carried is more or except as otherwise provided for in the contract, the compensation for any loss or damage to the goods carried by the carrier shall not exceed one hundred thousand rupees.

(2) Notwithstanding anything contained in sub-section (1), the carrier shall not be liable for any loss or damage to any gold, silver, diamond, jewelry or articles made thereof, precious stone, bill of exchange, security, document registered at office, certificate issued by an academic and other institute, coin, bank note, postal stamp, fish, meat, fresh fruits and vegetable, insecticide and toxic material, inflammable material, petroleum product, precious fine art work, idol, curio goods or glass or goods made of glass or highly breakable or fragile goods, wildlife and domestic animal, handicraft product, arms and ammunition, explosive, electronic equipment (radio, television, computer, mobile or similar other good) and their spare parts, machinery and such goods as specified by the law to be declared by the owner before the carriage, except where the owner or his or her agent has made explicit declaration at the time of the conclusion of contract or at the time of handing over of the goods to the carrier for carriage.

(3) For the purpose of bearing the risks involved in the carriage of goods under sub-section (2), the carrier may insure the goods through the owner of the goods or his or her agent or insure the goods by himself or herself having charged separate fee to the

owner or the carrier may make other necessary provisions for preventing the risks.

607. To bear compensation: The carrier shall, for such loss, damage or harm as caused to the goods declared at the time of the conclusion of contract or at the time of handing over the goods to the carrier for carriage under this Chapter or the goods not requiring declaration, in the course of their carriage, be liable to pay to the owner the compensation, if any, specified in the contract, to reimburse for the goods carried with the consent of the owner if no such compensation is specified in the contract or failing such consent, the prevailing price of such goods, and failing the determination of the price, a reasonable price and also a reasonable compensation for the loss and damage caused to the owner of the goods, subject to Chapter-5 of this Part.

608. Termination of carrier's liability: Except as otherwise provided for in the contract, the carrier's liability shall be deemed to have been terminated in any of the following circumstances:

- (a) If the carrier or his or her agent carries and hands over the goods to the owner of the goods or his or her agent or the person designated by him or her,
- (b) If the goods handed over to the carrier are taken back by the owner of the goods or his or her agent prior to the carriage thereof,
- (c) If the carrier or his or her agent returns the goods to the owner of the goods or his or her agent specifying the reason that the goods cannot be carried within the

specified time because of the circumstance referred to in clause (b) of sub-section (2) of Section 531.

609. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of accrual of the cause of action.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-12

Provisions Relating to Contracts of Lease

610. A contract of lease deemed to be made: (1) If a contract is concluded under which a person gives any goods in which he or she has right and possession to another person for use and possession and enjoy the benefits accrued therefrom in consideration for a rent payable regularly for a certain period, a contract of lease shall be deemed to be concluded.

Explanation: For the purposes of this Chapter, the term “goods” means any property from which benefit may be acquired through consumption, possession or use without diminishing them.

(2) If a contract of lease is concluded pursuant to sub-section (1), except as otherwise provided for in the contract, the lessor shall ensure the lessee of the following matters:

- (a) To transfer certain goods for use and possession according to the contract,
- (b) To maintain the goods transferred pursuant to clause (a) in a running condition so that they may be possessed or used at the time of the transfer,
- (c) To make arrangements so that the goods transferred pursuant to clause (a) or (b) can be possessed or used peacefully and without any hindrance.

(3) Notwithstanding anything contained elsewhere in this Section, any goods destroyable in use or consumable goods may not be leased.

611. Form of the leased goods not to be changed: The lessee shall not change the original form of the leased goods without the consent of the owner during the period of the contract of lease.

Provided that nothing contained in this Section shall prevent the repairing, maintaining, improving or renovating of the leased goods.

612. To use the leased goods in good faith: (1) The lessee shall have the right to possess and use the leased goods in good faith and in a prudential manner as if the goods were owned by himself or herself.

(2) While possessing and using the leased goods pursuant to sub-section (1), the lessee shall possess and use them in consonance with the object of the contract of lease.

(3) If the lessee is proved to have possessed and used the leased goods contrary to sub-section (1) or (2), the lessor may terminate such a contract at any time.

613. To repair and maintain leased goods: (1) Except as otherwise provided for in the contract of lease, the lessor shall repair and maintain the leased goods.

(2) Notwithstanding anything contained in sub-section (1), if the possession or use of the leased goods cannot be made without their immediate repair, maintenance or renovation, the lessee himself or herself may repair, maintain or renovate such goods by giving information thereof to the lessor.

(3) The lessor shall reimburse or adjust in lease rent the expenses incurred in the repair, maintenance or renovation made pursuant to sub-section (2).

614. Lessor to be informed if goods are not usable: (1) If the leased goods or any part thereof are lost, damaged or destroyed in any manner, are not capable of being possessed or used for any reason, any person makes a claim or dispute of any kind in relation to such goods or any part thereof or any person creates hindrance or disturbance in any manner while possessing or using the goods, the lessee shall give information thereof to the lessor immediately.

(2) Upon receipt of information pursuant to sub-section (1), the lessor shall carry out such repair, maintenance or renovation or obtain such legal remedies as may be necessary to restore the goods into their original condition according to the nature of the goods within fifteen days.

(3) In the case of failure to restore the leased goods into their original condition within the period referred to in sub-section (2), the lease rent shall be subject to reduction in proportion to the extent to which such goods have been lost, damaged or destroyed or become incapable of being used or possessed or such claim, hindrance or dispute has been made.

615. Lessee to be liable: (1) The lessee shall possess or use the leased goods by taking adequate safety measures having regard to the nature of the goods in order to save the leased goods from loss or damage.

(2) If the leased goods are lost or destroyed for any reason or the price of the goods decreases due to loss or destruction thereof in any manner or due to loss because of negligence on the part of the lessee, any member of his or her family, his or her agent or the third party, during the validity of the contract of lease, the lessee

shall be liable therefor, and the lessee shall restore such goods into their original condition, and if the lessee fails to do so, he or she shall be liable to pay compensation therefor.

(3) Notwithstanding anything contained in sub-section (1) or (2), the lessee shall not be liable for the loss or damage, if any, caused to the leased goods due to any *force majeure* event.

(4) If partial loss or damage is caused to the leased goods due to a *force majeure* event pursuant to sub-section (3) and the lessor does not restore such goods into their original condition or such restoration is not possible, the lessor shall reduce the lease rent in proportion to the loss or damage.

Explanation: For the purposes of this Section, the term "force majeure event" means any of the following events:

- (a) A storm, earthquake, eruption of volcano,
- (b) Excessive rain, flood, landslide, soil erosion, thunder-storm,
- (c) Fire caused in any manner other than that caused by dishonesty, negligence or recklessness on the part of the lessee or his or her family member, employee, worker or third party,
- (d) Act of terrorism, civil riot, civil war,
- (e) Other natural calamity of similar nature beyond human control.

616. To pay lease rent: (1) The lessee shall pay to the lessor the lease rent according to the terms and conditions of the contract of lease.

(2) If the terms and conditions of payment of the lease rent are not specified in the contract pursuant to sub-section (1), the lessee shall pay the lease rent on the next day of the end of each month, in the case of a movable property, within fifteen days of the end of every fiscal year, in the case of farmland, servitude, land leased for industrial or infrastructure building or housing, and within a week of the end of every month, in the case of other goods.

(3) Notwithstanding anything contained elsewhere in this Section, if any person does not let the lessee fully possess and use such goods or any part thereof by showing any defect in the ownership and possession of the leased goods or any part thereof, creating any type of hindrance or obstruction or making a claim in relation thereto, the lessee may reduce the lease rent in proportion thereto.

617. Validity period of contract of lease: (1) No contract of lease concluded in relation to the following goods shall remain valid for more than the following period:

- (a) Thirty-five years in the case of housing land leased for the construction of a building or housing land in use after construction of a building therein,
- (b) Thirty-five years in the case of the land leased for the purpose of servitude,
- (c) Forty years in the case of the land leased for the purpose of construction, development and

operation of the infrastructures such as industrial structure, roads, canals, electricity generation,

- (d) Twenty years in the case of land for farming;
- (e) Nineteen years in the case of house and land leased for the purposes other than that referred to in clause (a), (b), (c) or (d),
- (f) Fifteen years in the case of a motor vehicle,
- (g) Fifteen years in the case of machinery equipment other than a motor vehicle,
- (h) Fifteen years in the case of machinery equipment other than that referred to in clause (f) or (g),
- (i) Ten years in the case of a domestic animal,
- (j) Ten years in the case of goods other than that set forth in this Section having regard to their life and nature.

(2) Notwithstanding anything contained in sub-section (1), the parties may extend the validity period of the contract of lease, subject to the validity period of the contract, before expiry of the period referred to in such a sub-section.

(3) Notwithstanding anything contained in sub-section (2), the parties to a contract of lease may decide whether to extend the period of the contract of lease having regard to the place where the leased house and land are situated and the nature of the goods.

618. Leased goods may be sub-leased: (1) The lessee may, with the prior consent of the lessor, sub-lease to any person the goods or any

part thereof leased under the contract of lease, by concluding another contract of lease to that effect.

(2) The lessee shall not be free from his or her obligation towards the lessor for the reason that he or she has made a sub-lease pursuant to sub-section (1).

(3) The terms and conditions of such a sub-lease contract concluded pursuant to sub-section (1) in relation to the goods on sub-lease shall not be different than the terms and conditions of the first contract of lease.

(4) While determining the terms and conditions of the contract of lease pursuant to sub-section (3), provision may be so made that the sub-lessee shall be directly liable to the lessor in respect of the leased goods, and if such provision is made, the sub-lessee shall be liable to the lessor to the extent of the sub-lease contract.

(5) The validity period of the contract of lease made pursuant to sub-section (1) shall not exceed the validity period of the contract of lease concluded between the lessor and the lessee.

(6) If the lessor makes recourse to any legal remedy or a claim against the lessee under this Chapter, the sub-lessee shall not be liable therefor except in the case referred to in sub-section (4).

(7) Notwithstanding anything contained elsewhere in this Section, nothing shall be deemed to have been prejudiced in any manner the right which the lessor may exercise under the contract of lease.

619. To return leased goods: (1) Except as otherwise provided for in the contract of lease, if the contract of lease is terminated for any reason, the lessee shall return the goods leased under this Chapter to the lessor within thirty-five days of the termination of the contract of lease.

Provided that, in the case of an immovable property, the lessor shall be deemed to be entitled, *ipso facto*, to possess that goods after thirty-five days of the termination of the contract of lease.

(2) The lessee shall return the goods leased pursuant to sub-section (1) to the lessor on the same condition as they were received at the time of lease.

Provided that the lessee shall not be liable for any natural decay or depreciation caused from the possession and use of the goods.

(3) If a record of the goods or accessories and spare parts thereof has been maintained at the time of leasing the goods, the goods and accessories and spare parts thereof according to such record shall also be returned, while returning the leased goods pursuant to sub-section (1) or (2).

Provided that the accessories or spare parts that get lost or destroyed in the course of possession and use according to the nature of the goods need not be returned.

620. Special provision relating to the contract of lease of immovable property: (1) Notwithstanding anything contained elsewhere in this

Chapter, a contract of lease of any immovable property shall be concluded in writing.

(2) While leasing any immovable property for a period of more than ten years, the contract of lease, setting out such matter, shall be registered in a body legally authorized for that purpose.

(3) Notwithstanding anything contained elsewhere in this Chapter, no immovable property can, without consent of the Government of Nepal, be leased to a person who cannot acquire ownership in any immovable property in Nepal according to law, for the purpose of farming, constructing a building or housing and land development.

(4) In returning any building, shed or other structure built by the lessee, or the garden, forest or trees located, in the land leased under the contract of lease to the lessor upon the expiry of the validity period of the contract of lease, except as otherwise provided for in the contract, the lessee shall be deemed to have right and ownership in such building, shed or other structure or garden, forest or trees located therein, and the lessee shall accordingly remove such building, shed, structure, garden, forest or trees from such land.

(5) Notwithstanding anything contained in sub-section (4), if the lessor desires to take such building, shed or other structure or garden, forest or trees located in such land on the as is where is basis, the lessor shall pay the mutually agreed price for the same.

621. Contract of lease may be terminated: (1) The lessor may terminate the contract of lease in any of the following circumstances:

- (a) Except as otherwise permitted by the lessor, if the lessee fails to pay the lease amount until ninety days after the due date for the payment of the lease rent has expired,
- (b) If the lessee possesses or uses the leased goods taken contrary to Section 612,
- (c) If the lessee fails to give information to the lessor or keep him or her informed about the matters referred to in sub-section (1) of Section 614,
- (d) If the lessee fails to restore the leased goods into their original condition having regard to the nature of the goods pursuant to sub-section (2) of Section 615,
- (e) If the goods leased are sub-leased without the prior consent of the lessor.

(2) The lessee may terminate the contract of lease in any of following circumstances:

- (a) If the leased goods cannot be possessed or used for the purpose or object for which the goods have been leased,
- (b) If the lessor fails to reimburse the repair and maintenance costs or make its adjustment to the lease rent pursuant to sub-section (3) of Section 613,

- (c) If the lessor does not reduce or agree to reduce the lease rent amount pursuant to sub-section (3) of Section 614 or sub-section (4) of Section 615.

622. Provisions relating to house rent to apply: Notwithstanding anything contained elsewhere in this Chapter, in matters concerning house rent the provisions of Chapter-9 of Part 4 shall apply.

623. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of the accrual of the cause of action.

Chapter-13

Provisions Relating to Hire-Purchase Contracts

624. Hire-purchase contract deemed to be made: (1) If a person lets any goods to another person for hire on the following terms and conditions, a hire-purchase contract shall be deemed to be concluded:

- (a) The hirer has the right of possession and use of the goods let by the owner of the goods, on the condition of payment of the rent amount by installments in periodic basis for that goods,
- (b) The hirer has the right to purchase the goods on hire according to the terms and conditions of the contract,
- (c) The ownership of such goods would be transferred to the hirer upon payment of the last installment,
- (d) The hirer may terminate the contract at any time prior to the transfer of ownership pursuant to clause (c).

(2) The contract referred to in sub-section (1) shall be concluded in writing.

(3) The owner of the goods shall provide one copy of the contract concluded pursuant to this Section to the hirer free of cost as soon as the contract is so concluded.

Explanation: For the purposes of this Chapter,-

- (1) "Goods" means any movable property that may be let for hire for the purpose of its possession and use.
- (2) "Hirer" means a person who takes any goods on hire for possession and use according to the hire-purchase contract and also includes his or her successor in the event of his or her death or other third person to receive such goods under the contract.

625. Matters to be specified in hire-purchase contract: (1) The following matters shall be specified in the hire-purchase contract referred to in Section 624:

- (a) The goods and short description thereof,
- (b) Hire-purchase price of the goods,
- (c) Cash price of the goods,
- (d) The date of commencement of the contract,
- (e) The amount of installment payable by the hirer to the owner of goods and the number of installments,
- (f) The due date for payment of each installment and the mode of payment,
- (g) The person and place for the payment of amount pursuant to clause (f).

(2) If an installment can be paid by any mode other than cash pursuant to clause (f) of sub-section (1), a brief description thereof shall be specified in the hire-purchase contract.

(3) If a hire-purchase contract has been made without specifying any of the terms and conditions referred to in this Section, the hirer may sue for the rescission of such contract, and if the court thinks that non-specification of any of such terms and conditions in the contract is detrimental to the hirer, the court may rescind such contract or issue any such other order as it thinks fit.

Explanation: For the purposes of this Chapter,-

- (1) "Hire purchase price" means the total amount to be paid by the hirer to purchase or acquire the goods upon payment of the full price of the goods, and also includes an amount to be paid as deposit or down payment.
- (2) "Cash price" means the price to be paid in cash by which the hirer may purchase any goods.

626. Conclusion of more than one contract to be deemed as conclusion of single contract: (1) If several contracts are concluded in connection with the making of a hire-purchase contract, namely a contract between the hirer and the owner of any goods, a contract between a surety guaranteeing the payment of installments of the hire-purchase price of such goods or investor and the owner of such goods on the condition of entering into a hire-purchase contract, or in the case of any bailed or pledged goods, a contract between the bailor and the bailee of such goods, the contracts shall be deemed to be a single contract for the purposes of this Chapter.

(2) If the contracts referred to in sub-section (1) are concluded at different dates, the latest date shall be regarded as the date of the formation of the contract.

627. Consequences of formation of hire-purchase contract: (1)

Notwithstanding anything contained in the contract, the following terms and conditions shall be deemed to be inherent in the hire-purchase contract concluded between the parties:

- (a) The hirer has the right of uninterrupted possession and use of the hired goods,
- (b) The goods are free from any type of charge or claim of any one at the time of transfer of the goods by the owner to the hirer,
- (c) The owner of the goods has assured that the hirer will have a reasonable opportunity to compare such goods with the sample,
- (d) The owner of the goods has the right to sell the hired goods at the time of the transfer of such goods by him to the hirer,
- (e) The goods referred to in clause (a) are of satisfactory quality at the time of the transfer of goods,
- (f) If the hirer has informed the owner of the goods that he or she is hiring the goods for any particular purpose, the owner of the goods guarantees that such goods or quality thereof will be appropriate for that purpose.

(2) Notwithstanding anything contained in clause (e) of sub-section (1), the owner of the goods shall not be liable for the quality of the goods in any of the following circumstances:

- (a) The owner of the goods was not aware of the defect in the goods, for which the hire-purchase contract has been made at the time of conclusion of such contract,
- (b) The hire-purchase contract itself has a stipulation about the defect in the quality of the goods,
- (c) If the hirer has collected and examined a sample of the goods and the quality of the goods matches with such a sample,
- (d) The hire-purchase contract is concluded with regard to any second-hand goods and that matter is specified in the contract.

(3) If the hirer takes any goods on hire on the basis of a sample, the owner of the goods shall be deemed to have assured of the fact that all of such goods match with the sample.

(4) If the description of any goods or quality thereof is specified in a contract concluded under this Chapter, the owner of the goods shall be deemed to have assured of the fact that such goods or quality thereof shall be as specified in the contract.

Provided that if the sample is also specified in the contract, the matching of the quality of such goods with that of the sample shall not suffice, and it shall be matched with the description of the contract at the time of transferring the whole of the goods.

628. Transfer of ownership of goods: The ownership of the goods related to a hire-purchase contract shall be transferred to the hirer upon completion of the purchase according to the hire-purchase

price determined in accordance with the contract concluded under this Chapter.

Provided that the right to possession and use shall be deemed to be created at the time of receiving such goods by him or her.

Explanation: For the purposes of this Section, the term "completion of the purchase" means the payment of the last installment of the hire-purchase price.

629. Goods on hire to be cared and maintained: (1) The status of the goods hired under a hire-purchase contract shall be as of the bailment until the transfer of their ownership pursuant to Section 628.

(2) Except as otherwise provided for in the hire-purchase contract, the hirer shall take reasonable care of and maintain the goods related to such a contract as if the goods were those owned by himself or herself.

(3) If such goods are lost or damaged because of the failure to take care of and maintain them pursuant to sub-section (2), the hirer shall be liable therefor.

630. Installment to be paid: The hirer shall pay the amount of installment as determined in the hire-purchase contract in consideration for the hired goods, within such period and according to such mode as specified in the contract.

631. Termination of contract by paying installment: (1) Except as otherwise provided for in the hire-purchase contract, the hirer may, during the currency of the contract, terminate the contract by making payment of the hire-purchase price of the goods or

outstanding installment, and giving an advance written notice of at least fifteen days to the owner of the goods.

(2) While terminating the contract pursuant to sub-section (1), the hirer shall also be entitled to the discount of any kind, if any.

632. Termination of contract by returning goods: (1) Except as otherwise provided for in the contract, the hirer may, at any time prior to the payment of the last installment as determined according to the hire-purchase contract for the goods, terminate the contract by giving a written notice to the owner of goods at least fifteen days in advance.

(2) Prior to terminating the contract pursuant to sub-section (1), the hirer shall deliver or return the hired goods to the owner according to the hire-purchase contract and also pay the amount, if any, due and payable by the hirer to the owner under the contract on or before the termination of the contract.

(3) Notwithstanding anything contained in sub-section (2), if the hirer has already paid more than half of the hire purchase price on or before the termination of the hire-purchase contract, the hirer shall not be required to pay any more amount, and if the hirer has paid less than half the amount, the hirer shall pay up to the half of the amount.

(4) Nothing contained in sub-section (3) shall be deemed to release the hirer from payment of such other amount, charge or due as may be payable according to the hire-purchase contract.

633. Right of hirer to transfer his or her right and interest: (1) The hirer may, with the consent of the owner of the hired goods, transfer

to another person the right, interest or liability in the goods hired by him or her according to the hire-purchase contract and such other right, interest or liability as may be accrued to him or her under such a contract.

(2) The owner of goods shall, for the purposes of sub-section (1), give or refuse to give consent within fifteen days of the date of the written request made by the hirer with the intention of getting consent from the owner to transfer his or her right, interest or liability to another person, and if consent cannot be obtained within such a period, the owner shall be deemed to have refused the consent.

(3) If the owner of goods makes a refusal pursuant to sub-section (2), the hirer shall, within thirty-five days, make a lawsuit in the court to have the refusal voided, and if the court issues an order to the effect that the refusal is not reasonable, the consent shall be deemed to have been obtained from the owner of goods.

(4) If the right, interest or liability of the hirer is transferred to another person by operation of law, nothing contained in this Section shall be deemed to bar the exercise or performance of such right, interest or liability.

634. To be liable for use of goods contrary to terms and conditions: If the hirer uses the goods under the hire-purchase contract contrary to the terms and conditions of such a contract, the hirer shall be liable therefor.

635. Information of actual condition of goods to be given: If the owner of goods demands the hirer using the goods under the hire-purchase contract to give information as to the place where the

concerned goods are situated and the state of benefits accrued from such goods, the hirer shall give information thereof to the owner within fifteen days.

636. The owner of goods may terminate contract: (1) If the hirer defaults to pay more than one installment of the hire-purchase price to be paid to the owner of goods according to the hire-purchase contract, the owner of goods shall be entitled to terminate the hire-purchase contract at any time, by giving an advance notice as follows to the hirer:

- (a) If the installment is to be paid within or less than an interval of one week, a period of one week.
- (b) In the cases other than that referred to in clause (a), a period of fifteen days.

(2) Notwithstanding anything contained in sub-section (1), if the hirer makes payment of the installment and the interest, if any, to be accrued thereon according to the hire-purchase contract before the expiry of the period for giving an advance notice pursuant to the said sub-section, the hire-purchase contract cannot be terminated.

(3) If the hirer fails to perform the hire-purchase contract or the terms and conditions referred to in Section 629 or 635, the concerned owner of goods may terminate the hire-purchase contract, by giving a notice of at least fifteen days.

(4) In the event of termination of the contract pursuant to sub-section (1) or (3), the owner of goods may exercise the following rights in relation to the hired goods:

- (a) To take back the goods wherever and in whatever situation they may be, and if the goods cannot be so taken back, to forfeit them,
- (b) To determine the amount of rent that he or she can recover out of the amount paid in lieu of such goods, and inform the hirer to take back of the exceeding amount,
- (c) To forfeit the amount, if any, taken as a deposit from the hirer at the time of hiring the goods,
- (d) To enter the house where the goods are located with the assistance of police in the course of seizing the hired goods,
- (e) To recover compensation from the amount paid or make a claim for the loss or damage caused from the failure to return the hired goods in time or failure to perform the contract or the terms and conditions referred to in Section 629 or 635.

(5) Notwithstanding anything contained elsewhere in this Section, if the hirer, surety or investor has already paid at least the basic price of the hired goods, the owner of the goods shall not be entitled to terminate the hire-purchase contract under this Section.

Explanation: For the purposes of this Section, the term "basic price" means three-fourths of the amount if the hire-price amounts to up to fifty thousand rupees and at least half the price if the hire-purchase price is more than that amount.

(6) If the owner of goods terminates the hire-purchase contract in contravention of sub-section (5), the hirer or surety shall be in discharge of all liabilities to be fulfilled according to the hire-purchase contract and shall be entitled to refund the entire amount paid for the goods hired by him or her.

Provided that the hirer shall return the hired goods to the concerned owner of goods.

(7) Notwithstanding anything contained in sub-section (5), a restriction to terminate the hire-purchase contract shall not be deemed to bar in any manner the right to make a claim for the hire-purchase price to be received from the hirer according to the contract.

(8) Notwithstanding anything contained elsewhere in this Section, the owner of goods may terminate the hire-purchase contract entered into with the person who does not give information referred to in Section 635 and, if any loss or damage is caused to such goods, make claim for the same as well.

637. Rights of hirer in case of forfeiture of goods: (1) If the owner of the goods hired pursuant to clause (a) of sub-section (4) of Section 636 forfeits the goods, the hirer shall be entitled to refund the amount paid in relation to the hire-purchase price up to the day of forfeiture and the amount equal to the price of the goods on the day of forfeiture from the owner.

Explanation: For the purposes of this Section, the term "price of the goods on the day of forfeiture" means a sum that

remains after making deduction of the following amount or expense from the proceeds of sale of the forfeited goods:

- (1) Reasonable expenses incurred in course of the forfeiture of the goods,
- (2) Reasonable expenses incurred in the storage and repair and maintenance of the goods until the sale of the goods,
- (3) Reasonable expenses incurred in the sale or otherwise transfer of the goods,
- (4) The amount paid for the taxes, charges, fees or dues, if any, outstanding and payable by the hirer for the goods according to the laws in force,

(2) The amount referred to in sub-section (1) shall be paid to the hirer within thirty days after the date of forfeiture of the goods, and while making payment thereafter, an interest at the rate of ten percent per year shall also be paid.

638. Status of hired goods in case of hirer becoming bankrupt: (1) If the court holds, during the currency of a hire-purchase contract, that the hirer has become a bankrupt or is likely to be a bankrupt according to the laws in force, and as a consequence thereof, the liquidator or any other equally competent person taking control of the property of such a person shall exercise and fulfill the same rights and obligations as the successor has with regard to the goods under the hire-purchase contract.

(2) If the hirer becomes bankrupt and the bankruptcy proceedings are under consideration in any court, the liquidator or

the person exercising the right equal to that of the liquidator pursuant to sub-section (1) may, having obtained permission of such a court, transfer the goods under the hire-purchase contract to another person in any manner, and if such goods are transferred in such a manner, the transferee of the goods shall exercise and fulfill the rights and obligations under the hire-purchase contract as if the transferee were the hirer.

- 639. Statute of limitation:** A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of accrual of the cause of action.

Chapter-14

Provisions Relating to Wages

640. Employment in work: (1) Any person who has attained at least fourteen years of age may be employed in a work with his or her consent.

Provided that a person who has not attained sixteen years of age shall not be employed in a hazardous business or work.

(2) While employing any one pursuant to sub-section (1), the provisions of this Chapter shall be complied with, or caused to be complied with.

641. Wages to be paid: (1) While employing any one in any work pursuant to Section 640, the employer shall have to pay the wages in proportion to the work except in cases where the employee voluntarily agrees to work without wages.

(2) While paying the wages pursuant to sub-section (1), if any particular rate of wages is specified with the consent of the employer and the employee, the wages shall be paid accordingly and if no such rate is specified, the wages for the work shall be paid according to the rate prevailing in the place of work.

(3) Except as otherwise agreed upon between the employer and the employee pursuant to sub-section (1) or (2), the wages shall be paid upon completion of the work.

(4) While determining the wages according to this Section, the wages shall be determined on the basis of each day of work except as otherwise agreed upon between the employer and the employee.

642. Provisions of safety measures to be made: A person shall employ another person in a work only after making provisions of adequate safety measures to prevent possible risks or danger in view of the nature of work.

643. Prohibition of employing for more than eight hours: (1) A person may not employ another person in a work under this Chapter normally for more than eight hours a day.

(2) If a person need to employ another in a work for a period more than that set forth in sub-section (1), the consent of the employee shall be obtained, and while so employing him or her in the work, that person shall pay additional wages for each hour in proportion to a day by calculating eight hours as one day.

(3) Notwithstanding anything contained in sub-section (2), the provisions of that sub-section shall not apply to the employment of a domestic helper.

Explanation: For the purposes of this Chapter, the term “domestic helper” means a person so employed in work that he or she may be employed in a household work at any time as per necessity.

644. Special provisions relating to domestic helpers: (1) If a person employs another person as a domestic helper, the employer shall also comply with the following terms and conditions, in relation to the domestic helper:

(a) To determine the wages monthly or annually basis and pay the wages,

- (b) To provide meals three times viz. in the morning, afternoon and evening, and clothes suitable to the weather, according to the capacity of the employer,
- (c) To provide facilities for using appropriate housing, toilet and bathroom facilities according to the capacity of the employer,
- (d) In the case of a domestic helper below eighteen years of age, to make provision for his or her study at an appropriate time having regard to household work if he or she so wishes,
- (e) To arrange for his or her treatment if the domestic helper falls sick,

Provided that the expenses incurred in his or her treatment may not be deducted from his or her monthly or yearly wages.

- (f) Not to employ him or her in work while he or she is sick, and, in other situations, not to employ him or her in such a work that he or she may not be able to do due to the age, ability or condition of him or her,
- (g) If he or she dies, to bear the expenses incurred in the performance of his or her funeral and obsequies rites in a normal way,

- (h) Not to commit any inhumane or degrading treatment or domestic violence,
- (i) To comply with the other terms and conditions agreed upon between the employer and the domestic helper.

(2) The expenses incurred under clauses (b), (c) and (d) of sub-section (1) may not be deducted from the monthly or yearly wages of the domestic helper.

(3) If a person employs another person as a domestic helper, that person shall give written information thereof to the concerned ward committee of the concerned Local Level within one month after the date of such an employment.

645. Undertaken work not to be left incomplete: (1) If a person assumes responsibility to do or undertakes to do any work, the person shall not leave the work incomplete except for a reasonable ground.

(2) If a person leaves a work incomplete as mentioned in sub-section (1), the person leaving the work shall bear the obligation therefor.

646. Wages to be paid to employee: (1) The employer shall pay such wages as required to be paid for employment to the employee or any other person whom he or she has consented to.

(2) If the employee dies prior to the payment of wages pursuant to sub-section (1), the wages he or she is entitled to shall be paid to his or her nearest successor.

647. Statute of limitation: A person who is aggrieved in relation to any of the matters under this Chapter may make a lawsuit within three months after the date of accrual of the cause of action in the case of Section 644, and within thirty-five days in the case of the other matters.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-15

Provisions Relating to Indirect or Quasi-Contracts

648. Indirect or quasi-contract deemed to be made: (1)

Notwithstanding anything contained in Chapter-2 of this Part, if any person does any certain, lawful, voluntary or unilateral act that may give rise to a juridical relationship, an indirect or quasi-contract shall be deemed to be made.

(2) If an indirect or quasi-contract is made pursuant to sub-section (1), an obligation under this Chapter shall be created from the same fact.

649. If other's property managed voluntarily, not to be abandoned

(*negotiorum gestio*): If a person manages or operates a business or property of another person on his or her own without information to, or authority from, that other person, the person shall, so long as such business or property continues to exist, not abandon such business or property without handing it over to that other person, his or her successor or agent or until that other person removes him or her.

650. To care or manage property taken in custody: (1)

If a person takes the custody of a property belonging to another person for its care or management, the person shall take care of and manage the property in good faith as if that were his or her own property.

(2) If a person who takes the custody of a property pursuant to sub-section (1) causes loss or damage to the property with malafide intention or recklessly, the person shall pay compensation therefor.

- 651. Not absolved from obligation by delegation of authority:** If a person, who is entrusted by another person with a responsibility to do any act, delegates any or all of his or her powers to another person to do that act in a manner not to be prejudicial to the obligation vis-à-vis that other person, the person shall not be free from his or her own obligation by the reason of such delegation.
- 652. Reasonable costs to be paid for saving property in times of disaster:** If any person saves or protects any property in times of disaster such as fire, flood, landslide, storm and earthquake without giving information to its owner, the owner of property shall reimburse the reasonable expenses incurred in saving or protecting such property to such a person.
- 653. Right to claim reimbursement:** (1) If a person, in spite of being compelled by law to fulfill any obligation, fulfills such obligation at his or her own expense and another person gets anything or benefit due to the fulfillment of such an obligation or for any other reason, the person fulfilling such an obligation may claim reimbursement of the amount incurred therein from the person who so gets such thing or benefit.
- (2) Notwithstanding anything contained in sub-section (1), if a person fulfills any obligation for any illegal purpose, the person shall not be entitled to claim reimbursement from the same.
- 654. Right to claim for maintenance:** If a person rears and maintains another person without giving information to the person obliged to rear and maintain that other person, the person who so rears and maintains shall be entitled to claim an amount for such rearing and maintenance from the person under such obligation.

Provided that if he or she maintains such a person by way of compassion or gratification or with intention to do so gratuitously, he or she shall not be entitled to claim such an amount.

- 655. Successor to reimburse expenses incurred in obsequies of deceased:** If any person performs the funeral and obsequies acts of a deceased in accordance with his or her rites, tradition and culture, without giving information to the successor to or close relative of the deceased and claims the expenses incurred in the performance of such funeral and obsequies acts, the closest heir to, and, in the absence of the heir, the relative of, the deceased shall reimburse that person for the expenses.
- 656. Relative to bear expenses in maintenance of incompetent person:** If a person obliged to maintain or take care of a person of unsound mind, a person with physical infirmity or a helpless minor having no income of his or her own refuses to maintain such a person and any other person maintains or takes care of him or her, that other person shall be entitled to claim reimbursement for the expenses incurred therein from the person under such an obligation.
- 657. Treatment expenses to be reimbursed:** If a person becomes seriously ill owing to an accident or other reason and any other person, except his or her heir living in the joint family, relative or close person, conducts, or causes to be conducted medical treatment of him or her voluntarily, the heir, relative or close person to him shall reimburse that other person who has conducted, or caused to be conducted, the treatment for the expenses incurred in such treatment.

Provided that if the treatment has been conducted, or caused to be conducted, with the intention of doing so gratuitously, the expenses need not be reimbursed.

- 658. To bear expenses made by public bodies:** If a person voluntarily omits to follow the necessary health or safety measures required to be followed according to law for the protection of body, life or property of him or her or of the public, and if any government or public body follows, or causes to be followed, such measures, the person shall pay reasonable expenses incurred for that purpose even if he or she does not agree to follow, or cause to be followed, such measures.
- 659. To reimburse amount paid by person interested in:** If a contract is so concluded that a person promises to pay any amount which another person is bound by law to pay and if that person fails to pay it, and other person who has to pay, pays it, the person concluding a contract shall reimburse such an amount to that person.
- 660. To pay price or remuneration:** If a person delivers any goods to or does any work for another person, that other person shall pay the price of such goods or service or remuneration of the work to the person.
- 661. Right to recover price of goods or services:** If a person has supplies any goods or service to another person who is incapable of conclusion of a contract under law or any one whom such incapable person is legally responsible to support, the person may recover the price of such goods or service from the person receiving such goods or service.

662. Property in custody to be kept as bailed property: If a person keeps in any manner in his or her custody property owned by another as may be retained according to law, such a person shall keep such property as a property under bailment.

663. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of accrual of the cause of action.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-16

Provisions Relating to Unjust Enrichment

664. Unjust enrichment to be deemed: (1) If any person gets any benefit or advantage from another person, without for the reason of doing any lawful act or fulfilling any obligation, the person who so gets the benefit or advantage shall be deemed to have got an unjust enrichment.

(2) A person shall be deemed to have got an unjust enrichment under sub-section (1) in any of the following circumstances:

- (a) If there is an increment in his or her property or decrease in his or her liability,
- (b) If he or she receives a service from another or causes another to do a work,
- (c) If other's property is used for him or her.

(3) Notwithstanding anything contained in sub-section (1) or (2), even if any person gets any goods, service, benefit or advantage in any manner, except in any of the following circumstances, he or she shall be deemed to have got an unjust enrichment:

- (a) If any goods, service, benefit or advantage can be obtained from any person under a law or contract,
- (b) If the person, from whom any goods, service, benefit or advantage have been obtained, has agreed with free consent not to take back or reimburse the same.

(4) In determining whether or not and to what extent any person has got an unjust enrichment under this Chapter, no consideration shall be granted to any disadvantage or loss or damage caused thereby to him or her after he or she has got the unjust enrichment.

(5) If a person gets an unjust enrichment pursuant to this Section, the person shall bear the obligation under this Chapter.

665. Thing taken by mistake to be returned (*solutio indebiti*): If any person takes or receives by mistake any goods which he or she is not entitled to take or receive, he or she shall return the goods to the person from whom he or she has taken or received them.

666. To pay back debt paid by mistake: If a person pays a debt to another person by mistake because the person thinks that he or she is bound to do so and proves that he or she is not bound to pay such debt, that other person who receives such amount shall return it to him or her.

667. To return goods or amount taken with malafide intention and benefits accrued therefrom: (1) If any person receives from another person with malafide intention any amount or goods in which he or she has no claim, he or she shall return to that other person such amount or goods and the interest to be chargeable on such amount under the law or the advantage or return accrued from such goods, from the date of receipt of such amount or goods to the date of their return.

(2) If the amount or goods received pursuant to sub-section (1) are lost or damaged for any reason, he or she shall also pay the compensation therefor.

668. To pay debt paid by third person: If a debt payable by a person is paid by a third person without the debtor's knowledge, the debtor shall pay the debt to the person who has so paid it.

669. Right to claim reimbursement if payable tax paid by another person: If a tax payable by a person is paid by another person, that other person who has so paid the tax may claim reimbursement therefor from the person who is obliged to pay it.

Explanation: For the purposes of this Chapter, the term "tax" means any type of government fee, charge, tariff, duty and fine, and also includes a local tax.

670. Goods found may be kept upon giving information to police: (1) If any person finds any goods in any manner, he or she may, having given a notice thereof, along with actual description thereof, to the police, safely retain such goods with him or her until the concerned owner is found.

(2) The concerned owner shall bear the expenses incurred in finding the owner of goods referred to in sub-section (1) and retaining such goods, and the finder of goods may retain the goods until the payment of such expenses.

(3) If no person appears to claim the goods retained pursuant to sub-section (1) until three years, the goods shall belong to the finder.

671. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within two years after the date of accrual of the cause of action.

Ministry of Law, Justice and Parliamentary Affairs

Chapter-17

Provisions Relating to Torts

672. Tort deemed to be committed: (1) No person shall cause loss or damage, in any manner, to another person's body, life or property or legally protected right or interest by the reason of commission or omission done, whether by any default, negligence or recklessness on the part of himself or herself or of any one else to whom he or she must bear obligation according to this Chapter.

(2) If the parties do not have any prior contractual relationship in relation to any commission or omission referred to in sub-section (1), the loss or damage resulted from such a commission or recklessness shall be deemed to be a tort.

Explanation: For the purposes of this Chapter, the term "omission" means the state of failure of a person to do any act which the person is bound to do.

(3) A person who commits a tort pursuant to sub-section (1) shall bear liability under this Chapter.

(4) In bearing liability pursuant to sub-section (3), if separate liability can be determined in proportion to the culpability of a tort, liability shall be borne accordingly, and if such determination cannot be made, all persons responsible for the tort shall be liable on an equal basis.

673. Parents to bear liability: The father and mother jointly living with a minor below fourteen years of age, or if there is no father or mother, the person who exercises paternal authority over him or her shall be liable for a tort committed by such a minor.

674. Guardian or curator to bear liability: The guardian or curator of a person of unsound mind shall be responsible for and accordingly bear liability for any loss or damage caused by such a person.

675. Employer to bear liability: (1) Any person, firm, company or organization who employs a domestic helper, other worker or employee in a work shall be liable for the loss or damage to another person, if any, resulted from any act done in good faith by such a helper, worker or employee in the course of doing such a work.

(2) Notwithstanding anything contained in sub-section (1), the worker or employee shall be personally liable for any act which he or she has done negligently or dishonestly.

676. Owner of animal to bear liability for loss or damage caused by animal: The owner of an animal which is kept by or under the control of him or her shall be liable for any loss or damage caused by the animal to any one.

Provided that the owner of animal shall not be liable for any loss or damage caused by the animal while being appropriately controlled by the owner by taking adequate safety measures according to its behavior or caused as a result of any act, default or negligence of the loss or damage sustaining person himself or herself.

Explanation: For the purposes of this Section, the term "animal" means a domestic animal or wildlife or avian of any type under one's control, and also includes a domestic, reptile or wild avian as well.

677. House-owner to bear liability for loss or damage caused by its collapse: The concerned house-owner shall be liable for any kind of loss or damage, if any, caused to any one as a result of the collapse of the house, in whole or in part, or by any part of the house, whether during, or after the completion of, its construction.

678. Owner of property to bear liability: The concerned property owner shall be liable for the loss or damage, if any, caused to any one as a result of the following:

- (a) An explosion owing to a failure to adopt safety measures properly according to the nature of a machine, equipment or engine,
- (b) A fire or explosion owing to a failure to adopt safety measures properly according to the nature of any inflammable or explosive substance,
- (c) Emission of excessive smoke, noise by any industrial enterprise in contravention of the specified standards,
- (d) A tree lying down or laid down on any highway, road, street or way except due to a disaster or an act by any third person,
- (e) Discharge of any infected or toxic substance or communicable disease carrying substance openly through a canal, ditch, pipe or sewerage, without adopting precautionary measures properly, in contravention of the specified standards.

679. House-head to bear liability: The concerned house-head shall be liable for the loss or damage, if any, caused to any one as a result of any kind of solid waste or goods thrown from the house.

Explanation: For the purposes of this Section,-

- (1) "House" means a house or shed, and also includes the structure of a house.
- (2) "House-head" means a person who acts as the chief of family, and also includes, in the case of a tenant renting other's house, the person who acts as the chief of the tenant's family.

680. To bear liability for trespass: A person who commits trespass to other's property shall be liable for any loss or damage resulted from the trespass.

Explanation: For the purposes of this Section, the term "trespass" means an unlawful entry into, taking possession of, unauthorized damage to, interference in, or unlawful encroachment on, a property that is under entitlement, possession or ownership of another person, in the case of an immovable property, and forcibly taking into custody, taking away, taking the advantage arising out of, or causing obstruction or hindrance in the use of, the property under entitlement, possession or ownership of another person, in the case of a movable property, and also includes an act of taking control of any type of property in an unauthorized manner.

681. To bear liability jointly: (1) If more than one person commit any act to be deemed a tort under this Chapter, each of such persons

shall, except as otherwise proved, be jointly and severally liable for any damage caused by that act, in proportion to the culpability of the tort committed by each person.

(2) If separate liability can be determined in proportion to the culpability of tort pursuant to sub-section (1), liability shall be borne accordingly, and if such determination cannot be made, all persons responsible for the tort shall bear liability on an equal basis.

682. Compensation to be paid for liability: (1) While bearing liability for a tort committed under this Chapter, the person who commits the tort shall pay compensation.

(2) Notwithstanding anything contained in sub-section (1), if any tort is committed under this Chapter as a result of any omission, fault, recklessness or negligence of the injured person also, the quantum of such compensation shall be lesser.

(3) The compensation referred to in sub-section (1) shall be limited to the actual loss or damage, and remote or unactual compensation shall not be recoverable.

(4) The compensation may be of any type, in the form of either cash or kind or service.

(5) If any loss or damage is caused under this Chapter, a person who suffers shall be entitled to claim for compensation, subject to this Chapter.

(6) If a claim is made for compensation pursuant to sub-section (5), the court may order reasonable compensation to be paid.

683. Not to bear liability if separate provision is made: (1)

Notwithstanding anything contained elsewhere in this Chapter, if a tort for which liability is to be borne under this Chapter is treated as a criminal offence under a law, or this Act or other law contains a separate provision or provides for a separate legal remedy in relation to such a tort, no liability under this Chapter may be borne.

(2) Subject to sub-section (1), if the alleged tortfeasor proves that the tort for which liability is to be borne under this Chapter was resulted not from his or her negligence, recklessness, fault or omission but from any other reason, he or she shall be released from the liability for such a tort.

684. Statute of limitation: A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within six months after the date on which such an act was done or action was taken.

Chapter-18

Provisions Relating to Liability for Defective Products

685. To be liable for defective product: (1) No person shall produce any defective product and sell or distribute, or cause to be sold or distributed, any defective goods or service.

(2) The producer of a defective product referred to in subsection (1) shall bear liability under this Chapter for the loss or damage, if any, caused to the body, life or property of any person as a result of the consumption of such product sold or distributed by any one.

Explanation: For the purposes of this Chapter,-

(1) "Defective product" means any goods or service which, for any of the following reasons, lack the minimum safety measures that a person of general prudence reasonably expects while consuming any product:

- (a) Defective design, manufacturing, processing or installation,
- (b) Defective packing, safety or storage,
- (c) Defective presentation,
- (d) Lacking adequate measures or precautions to control the potential risk or danger according to the nature of the produced good or service.

(2) "Producer" means a producer who ultimately produces, sells and distributes any defective goods or service, and also includes the following person:

- (a) The distributor or seller if the producer cannot be traced out,
 - (b) In the case of any imported product, the importer of the defective product or the distributor or seller of such product.
- (3) "Good" means any industrial product for consumption by the public.

686. Claimant to prove that product is defective: If any person makes a claim that any good or service is a defective product and he or she has suffered injury to his or her body, life or property from the consumption thereof, he or she shall prove that there is the relationship between such defective product and the injury, and that such injury has resulted solely from the consumption of such product.

687. To be in discharge of liability: Notwithstanding anything contained in Section 685, the producer shall not be liable if he or she proves any of the following facts:

- (a) He or she has not produced, sold or distributed the defective product,
- (b) The goods or service that he or she produced, imported, sold or distributed was not defective at the time of production, import, sale or distribution or it became defective after the sale or distribution,
- (c) The goods or service that he or she produced has not been marketed, sold or distributed,

- (d) The injury has been caused due to the consumer's failure to comply with the directions to be complied with while consuming the produced goods or service,
- (e) The injury has been caused because the consumer has not properly consumed the product or has consumed it otherwise,
- (f) One had no scientific or technical knowledge at the time of production or distribution of the goods or service that such goods or service was defective,
- (g) Information was given at the time of sale of the product, from which the injury has been caused, that it might cause injury if not consumed properly,
- (h) The goods or service has been consumed despite knowing or having a reasonable reason to know that it might cause loss or damage.

688. Quantum of liability may be reduced: Notwithstanding anything contained elsewhere in this Chapter, if it is proved that the injury has been caused due to both the producer and the consumer of a defective product, the producer's liability may be reduced proportionately.

Provided that if such injury has resulted in a loss or damage to a third party, the quantum of liability may not be reduced in the case of such a party.

- 689. Product not deemed to be defective:** Goods or service consumed by a person shall not be considered to be a defective product merely by the reason that any goods or service of quality higher than that of such goods or service is available in the market.
- 690. Not to prejudice other right:** Nothing contained in this Chapter shall prejudice the right, interest or claim available under a law or contract to any person whose body, life or property has been affected from a defective product.
- 691. Statute of limitation:** A person who is aggrieved from any act done or action taken under this Chapter may make a lawsuit within one year from the date on which such an act was done or action taken.

Part-6

Provisions Relating to Private International Law

692. Provisions of this Part to apply: (1) The provisions of this Part shall apply to any matter relating to private legal relationship involving a foreigner, foreign object or any act done in a foreign country.

(2) Without prejudice to the generality of sub-section (1), the provisions of this sub-section shall apply, in particular, to the following matters:

- (a) Legal status of a foreigner and his or her capacity,
- (b) Matters relating to matrimonial relationship, paternal and maternal and other family relationship or partition or succession, with at least one of the related parties whereof being a foreigner, or the place of execution of any act or action related thereto being situated outside Nepal,
- (c) Matter relating to a property situated in a foreign country, with at least one of the concerned parties being a foreigner,
- (d) Matter relating to a contractual or non-contractual right or obligation, with at least one party being a foreigner,
- (e) Matter relating to a contract made in a foreign country.

Explanation: For the purposes of this Part, the term “foreigner” means a foreign natural person or body corporate, and also includes a foreign state.

693. Legal capacity of foreigner to be determined: (1) The legal capacity of any foreign natural person shall be determined according to the law of the country of his or her nationality.

(2) If the nationality of a foreign natural person cannot be ascertained pursuant to sub-section (1), his or her capacity shall be determined according to the law of the country of his or her habitual residence, and even if such residence cannot be ascertained, according to the law of the country where he or she is residing for the time being.

(3) The legal capacity or status of a body corporate shall be determined according to the law of the country where it is registered, if the country of registration cannot be so ascertained, according to the law of the country where the headquarters of such body is located, and if even such a country cannot be ascertained, according to the law of the country where the place of transaction of such a body is located.

694. Presumption of disappearance or death of foreigner: (1) If a presumption of the disappearance or death of a foreigner has to be made, the matter shall be determined according to the law of the country of his or her nationality.

(2) If the nationality of a foreigner cannot be ascertained pursuant to sub-section (1), it shall be determined according to the

law of the country of his or her habitual residence, and even if such residence cannot be ascertained, according to the law of the country of his or her residence immediately before making presumption of his or her disappearance or death.

695. Successor to be determined according to foreign law: While determining the successor to a foreigner residing in Nepal when his or her property is open for succession, the successor shall be determined according to the law of the country of his or her nationality, if such country cannot be determined, according to the law of the country of his or her habitual residence, and if even such residence cannot be ascertained, according to the law of the country where he or she is residing for the time being.

696. Determination of succession of deceased: (1) If succession is open because of the death of any foreigner in Nepal and it is therefore necessary to determine his or her successor to the property situated in Nepal and the order of preference thereof, it shall be determined according to the law of the country of his or her nationality at the time of his or her death.

(2) If the law referred to in sub-section (1) cannot be ascertained, it shall be determined according to the law of the country of his or her habitual residence at the time of his or her death, and if even such country cannot be ascertained, according to the law of Nepal.

697. Determination of the nature of corporate body: Question as regards whether a company, foundation or other corporate body is

public or private shall be determined according to the law of the country of incorporation of such a company, foundation or body, and if such law cannot be ascertained, according to the law of the country where the registered office or headquarters of such a company, foundation or corporate body is situated.

698. Regulation of property: (1) Succession to a movable property shall be governed by the law of the country of habitual residence of the deceased at the time of his or her death.

(2) Succession to an immovable property shall be governed by the law of the country where such property is situated.

699. Citizen of Nepal to follow law of Nepal while concluding marriage abroad: (1) A citizen of Nepal shall, while concluding a marriage in a foreign country, comply with such competency, qualification and conditions for marriage as specified by the law of Nepal.

(2) The formalities to be fulfilled by a citizen of Nepal while concluding a marriage in a foreign country shall be governed by the law of the country where the marriage is concluded.

Provided that while concluding a marriage at an embassy or consulate general of Nepal situated in a foreign country, the formalities referred to in the law of Nepal shall be followed.

(3) A marriage concluded in contravention of sub-sections (1) and (2) shall not be recognized in Nepal.

700. Foreigner to follow law of his or her country while concluding marriage in Nepal: (1) While concluding a marriage between

foreigners or between a foreigner and a citizen of Nepal in Nepal, each person entering into marriage shall comply with the capacity, qualification and condition as specified by the law of the respective country of his or her nationality.

(2) The formalities to be fulfilled by the foreigners while concluding marriage in Nepal shall be governed by the law of Nepal.

Provided that while concluding a marriage at a foreign embassy or consulate general situated in Nepal, the formalities referred to in the law of the concerned country shall be fulfilled.

(3) A marriage concluded in contravention of sub-sections (1) and (2) shall not be recognized in Nepal.

701. Consequence of marriage to be according to law of one's country: (1) The matrimonial relationship between the couple after the marriage and the consequence of marriage shall be determined according to the law of the country of their nationality if both spouses have the same nationality, and if the country of their nationality is not the same, according to the law of the country of their habitual residence and if even such a country is not the same, according to the law of the country of their residence for the time being.

(2) If the consequence of marriage cannot be determined pursuant to sub-section (1), it shall be determined according to the law of the country of their marriage.

702. Paternal authority to be governed by law of the country of nationality: (1) The relationship between father, mother and son,

daughter including paternal authority shall be governed by the law of the country of nationality of the son or daughter, as the case may be.

(2) If the law referred to in sub-section (1) is not ascertained, it shall be governed by the law of the country of habitual residence of the father, mother and, if even such country cannot be ascertained, by the law of the country of their residence for the time being.

703. To be governed by the law of the country of nationality of adoptive person: Subsequent to the adoption of a son or daughter, the relationship between the adoptive person and the adopted son or daughter shall be governed by the law of the country of nationality of the adoptive person, and if such law cannot be ascertained, by the law of the country of habitual residence of the adoptive person, and if even such law cannot be ascertained, by the law of the country where the adoptive parents are habitually spending marital life.

704. Determination of guardianship or curatorship: (1) The guardianship or curatorship of an incompetent or quasi-competent person shall be determined according to the law of the country of nationality of that person.

(2) If the country referred to in sub-section (1) cannot be ascertained, it shall be determined according to the law of the country of his or her habitual residence, and if even such country

cannot be ascertained, according to the law of the country of his or her habitual residence for the time being.

(3) The relationship between the guardian or curator and the person under his or her guardianship or curatorship shall be determined according to the law of the country of the guardian or curator or the law of the country where the guardian or curator is appointed as such.

Provided that if the habitual residence of the person who is under guardianship or curatorship is in Nepal, it shall be determined according to the law of Nepal.

705. To be determined according to the law of residence: (1) The matter of separation of bread and board shall be governed by the law of the country of habitual residence of the married couple.

(2) If, in governing the matter pursuant to sub-section (1), the country of habitual residence of the couple is not the same, it shall be governed by the law of the last country of their habitual residence, and if even such a country cannot be ascertained, by the law of the court where the case of alimony is *sub judice*.

706. Divorce effected abroad to be recognized: If a divorce is effected between the citizens of Nepal or between a citizen of Nepal and a foreigner in a foreign country, such a divorce shall, if effected in accordance with the law of that country, be recognized and enforced in Nepal in accordance with the law of Nepal.

707. Content of ownership to be determined according to law of country where property is situated: (1) The content of ownership

or possession of any property shall be determined according to the law of the country where such property is situated.

(2) A question as regards the maintenance or termination of ownership in an immovable property shall be determined according to the law of the country where such property is situated.

708. Goods to be governed by law of destination: Any goods in transit in the course of carriage shall be governed by the law of their destination.

709. Governing law of contract to be as determined by parties: (1) The governing law of any contract shall be as determined in the contract by its parties.

(2) If no law is determined pursuant to sub-section (1), such a contract shall be governed by the law of the country of its performance, and if even such a country cannot be ascertained, by the law of the country where it was concluded.

Provided that a contract concluded in Nepal shall be governed by the law of Nepal.

710. Deed executed abroad to be recognized: The validity of any contract or deed executed outside Nepal shall be determined according to the law of the country where it has been executed, and such a contract or deed shall be deemed lawful and recognized in Nepal if it has been duly executed in accordance with the law of that country.

711. To be governed by law of nationality of donor: (1) The matter concerning validity of a donation or gift shall be governed by the

law of the country of donor's nationality existing when the donation or gift was made.

(2) If the formalities are completed according to the law of the country where a donation or gift is given, the donation or gift shall be deemed to be duly given.

712. Determination of liability for tort: (1) While determining the liability for an act which, according to law constitutes a tort, involving a foreigner, foreign object or act done in a foreign country, it shall be determined according to the law of the country where such an act has been taken place.

(2) If any act referred to in sub-section (1) originates in one country and results in consequence in another country, the liability shall be determined according to the law of the country where the consequence so results.

(3) If the liability cannot be determined pursuant to sub-section (2), it shall be determined according to the law of the country where the tortious act has been committed.

713. Liability for quasi-contract or unjust enrichment: The liability for a quasi-contract or unjust enrichment shall be determined according to the law of the country where such an act has been done.

714. Other matters to be determined according to recognized principles of private international law: (1) While determining any matter that is not dealt with in this Part involving a foreigner, foreign object or act done in a foreign country, such a matter shall

be determined according to the law of Nepal, if Law of Nepal provides separate provision in relation to that matter, and failing such separate provision, according to the recognized principles of private international law.

(2) Notwithstanding anything contained in sub-section (1), if all parties of the relevant matter so agree, the matter referred to in sub-section (1) shall be determined according to the law of Nepal.

715. In case of double nationality, law of country of habitual residence to be applied: (1) If this Part contains a provision to the effect that any matter is determined according to the law of the country of nationality and a person is having nationality of two or more countries at the same time, his or her nationality shall be determined according to the law of the country of his or her nationality, where he or she habitually resides.

(2) If such a matter cannot be determined according to the law of the country referred to in sub-section (1), it shall be determined according to the law of the country of his or her nationality, to which he or she has most closest connection.

Provided that in the case of a person who holds also the citizenship of Nepal or who has habitual residence in Nepal or is a non-resident Nepali citizen, it shall be determined according to the law of Nepal.

(3) If the matter referred to in sub-section (1) concerns a refugee or stateless person, it shall be determined according to the law of the country of his or her habitual residence, and if even such

a law cannot be determined, according to the law of the country of his or her residence for the time being.

716. Power to give permission for trial of case by foreign court: (1) If both parties to a case which involves a foreign party and is *sub judice* in a court of Nepal make a joint petition to the court, specifying the reason that it is appropriate and practicable for that case to be resolved by a court of the country of residence of such party and the matter is found reasonable upon examination of the petition, the court may give permission for the proceedings of the case by the foreign court as demanded by the parties to such a case.

(2) Once the court has given permission for the proceeding of a case by a foreign court pursuant to sub-section (1), no proceeding shall be made again by a court of Nepal in the same matter.

717. Power to adjourn case *sub judice* in court of Nepal: If any case between the parties is *sub judice* in a court of Nepal and a case is running also in a foreign court between such parties in the same matter, and the parties, having considered that the case pending in the court of Nepal is likely to be directly affected by a judgment to be made in the case between them running in the foreign court, apply for the adjournment of the case running in Nepal, the court may adjourn such a case until their case pending in the foreign court is adjudged.

718. Court of Nepal to have jurisdiction: A court of Nepal shall have jurisdiction to adjudicate the proceedings and settle any disputes arising in connection with the following matters:

- (a) A matter between the foreigners who reside in Nepal or between a foreigner and a citizen of Nepal, that is governed by this Act or other law,
- (b) A matter of a case of which a foreigner residing in Nepal is a defendant,
- (c) A matter as regards the succession of a foreigner who resided in Nepal and had property in Nepal at the time of his or her death,
- (d) A matter concerning payment to be made in Nepal on a financial transaction or dealing made abroad between a citizen of Nepal and a foreigner,
- (e) A matter between foreigners or between a foreigner and a citizen of Nepal, concerning a property situated in Nepal,
- (f) A matter concerning a contract concluded in or to be performed in Nepal between foreigners or to which at least one party is a citizen or body corporate of Nepal,
- (g) A matter concerning a tort, quasi-contract or unjust enrichment committed outside Nepal, where both parties are citizens of Nepal or foreigners who have habitual residence in Nepal,

- (h) A matter to be adjudicated by a court of Nepal under sub-section (2) of Section 699.

719. Other matters concerning a case may also be settled by court of

Nepal: If it appears that any other matter related to any case involving a foreigner instituted in a court of Nepal under its jurisdiction to settle the main dispute should also be settled, the court may assume its jurisdiction over that matter also and settle it accordingly.

720. Treaty, if any, to apply: If any treaty to which Nepal is a party contains a separate provision on any matter set forth in this Part, nothing contained in this Part shall affect such provision.

721. Provisions of this Part not to apply: (1) Notwithstanding anything contained elsewhere in this Part, if the application of any legal provision under this Part in Nepal would be contrary to public order, the provision contained in this Part shall not be applicable in such circumstance.

(2) If there arises a circumstance referred to in sub-section (1), the matters contained in this Part shall be governed by other linking criteria, and if such criteria cannot be determined, by the law of Nepal.