



LIVE LEARNING CLASSES BOARD OF STUDIES(A), ICAI

CA FOUNDATION TOPIC NAME - INDIAN CONTRACT ACT, 1872, **Comprehensive Summary** PAPER 2: BUSINESS LAWS

Faculty Name: CA Sudeep Kumar Jain

Faculty Says ...

REVISION TIME



Dear Future CA!

Hopefully all of you will be good and enjoying your studies. This is the comprehensive summary for Indian Contract Act, 1872 as per new course for CA Foundation. This comprehensive summary is like "Gagar main Sagar" for Indian Contract Act, 1872. Believe me, this will definitely help in quick revision. My blessings and wishes will always be you and very soon all of you will be the member of our The Institute of Chartered Accountants of India.



CA Sudeep Kumar Jain

Let's Revise Unit - 1

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CONTRACT V/S AGREEMENT	Promise = Offer (Proposal) + Acceptance Agreement = Promise + Consideration Contract=Agreement+ enforceability by law	Sec.2(b) = Sec.2(a) + Sec.2(b) Sec.2(e) = Sec.2(b) + Sec.2(d) Sec.2(h) = Sec.2(e) + enforceability by law
ESSENTIAL ELEMENTS	<ol style="list-style-type: none"> 1. Offer and Acceptance; 2. Intention to create legal relationship; 3. Legal Formalities; 4. Certainty of meaning: Sec.29; 5. Possibility of performance: Sec.56; 6. Free Consent: Sec.13,14,15,16,17,18,19,19A,20,21,22; 7. Competent parties: Sec.11 & 12; 8. Lawful object & Consideration: Sec.23; 9. The agreement not expressly declared void, 	

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Let's Revise Unit - 1

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CLASSIFICATION OF CONTRACTS	On the basis of Validity <ol style="list-style-type: none"> 1. Valid Contract: Contains all the essential elements of a valid contract. 2. Voidable Contract: Sec. 2(i): An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of other or others. 3. Void Contract: Sec. 2(j): A contract, which ceases to be enforceable by law. 4. Illegal Contracts: A contract which is forbidden by law. 5. Unenforceable Contract: Some technical defect i.e. absence in writing, barred by limitation etc.
	On the basis of Formation <ol style="list-style-type: none"> 1. Express Contract: By words spoken or written 2. Implied Contract or tacit contract: Where the proposal or acceptance is otherwise than in words. 3. Quasi-Contract: Created by law under certain circumstances.
	On the basis of Performance <ol style="list-style-type: none"> 1. Executed Contracts: Both the parties have performed their respective obligations. 2. Executory Contract: Both the parties have yet to perform their obligations. <ol style="list-style-type: none"> a. Unilateral or one-sided contract: Only one party has fulfilled his obligation. b. Bilateral contract: Both the parties have to perform.

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Offer	A person is said to made a proposal when he signifies to another his willingness to do or abstain from doing anything with a view to obtaining the assent of that other to such act or abstinence.
Types of Offers	<ul style="list-style-type: none"> ➤ General Offer: Offer made to the world at large. ➤ Specific Offer: Offer made to a definite person. ➤ Cross Offer: When two parties make identical offers to each other ➤ Counter Offer: When offeree imposes conditions which have effect of modifying or varying the offer ➤ Standing or continue or open offer: Offer to public at large for acceptance for certain period of time
Legal Rules Of Offer	<ol style="list-style-type: none"> 1. Must be with intent to create legal relationship 2. Offer must be certain, definite & unambiguous. 3. Must be communicated to the person to whom it is made. 4. Must be made with a view to obtain the consent of the offeree. 5. Offer may be conditional. 6. Must not contain a term the non compliance of which amount acceptance. 7. May be specific or general. 8. May be expressed or implied. 9. An offer must be distinguish from an invitation to offer. 10. A statement of price is not an offer.

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Acceptance	A proposal or offer is said to have been accepted when the person to whom the proposal is made signifies his assent to the proposal to do or not to do something
Legal Rules of Acceptance	<ol style="list-style-type: none"> 1. Absolute and unqualified; 2. Communicated to Offeror; 3. In the mode prescribed; 4. With in time limit; 5. Mere silence is not acceptance; 6. Express Acceptance; 7. Implied Acceptance;
Communication	<ul style="list-style-type: none"> ➤ Communication of Offer completed when it comes to the knowledge of person to whom it is made. ➤ Communication of acceptance is complete: <ol style="list-style-type: none"> i) as against the proposer when it is put into a course of transmission to him, so as to be out of the power of acceptor to withdraw the same. ii) as against the acceptor when it comes to the knowledge of proposer. ➤ Communication of acceptance by post completed as against the proposer when the letter of acceptance is posted and as against the acceptor when the letter reaches the proposer. ➤ Acceptance over telephone or telex or fax completed when the acceptance is received by the offeree, and the contract is made at the place where the acceptance is received.

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Communication	<p>Communication of special conditions : Special conditions printed on the back of ticket, receipts etc. whether in the knowledge of passenger or not will be treated as accepted by passenger.</p> <p>Exceptions: In the following cases acceptor will not be liable: (a) Conditions are contained in document which is delivered after the contract is complete. (b) Conditions limiting the rights of acceptor are not brought to the notice of acceptor. (c) Document does not give reasonable notice on its face that it contains certain special conditions.</p>
Revocation Of Offer & Acceptance	<ul style="list-style-type: none"> ➤ By communication of notice. ➤ By lapse of time if it is not accepted within the prescribed time. ➤ By non-fulfilment by the offeree of a condition precedent to acceptance. ➤ By death or insanity of the offeror provided the offeree comes to know of it before acceptance. ➤ If a counter-offer is made to it. ➤ If an offer is not accepted according to the prescribed or usual mode. ➤ If the law is changed

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Consideration: Sec 2(d)

“When **at the desire of the promisor, the promisee or any other person has done or abstained from doing something**, such act or abstinence or promise **is called a consideration for the promise.**”

Legal Rules

1. **move at the desire of the promisor**
2. **move from the promisee or any other person**
3. **may be past, present or future.**
4. **need not be adequate.**
5. **must be real & Competent**
6. **must be something which the promisor is not already bound to do.**
7. **must not be illegal, immoral or opposed to public policy.**

Suit by a Third Party

- (i) **Trust**
- (ii) **Marriage settlement**
- (iii) **Acknowledgement**
- (iv) **Assignment of Contract**
- (v) **Agency**
- (vi) **Transfer of immovable property**

Contract Without Consideration

1. **A written and registered* agreement based on natural love and affection between near relatives**
2. **A promise to pay for a past voluntary service is binding.**
3. **Promise to pay time barred debt.**
4. **No consideration for agency.**
5. **Completed gifts**
6. **Bailment (sec. 148).**
7. **Charity**

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Minor	Sec.3 Indian Majority Act, 1875: Minor who is under 18 Position	
	<ol style="list-style-type: none"> 1. An agreement is void-ab-initio agreement 2. Cannot be ratified on attaining majority. 3. Cannot be asked to compensate or pay for any benefit under a void agreement. 4. Can misrepresent his minority. 5. Cannot enter into partnership 6. Cannot be adjusted insolvent 7. Parents/guardians are not liable for the contract entered into by him. 8. Can be an agent without incurring any personal liability. 	<ol style="list-style-type: none"> 9. In case of joint contract by minor and adult, only adult is liable. 10. An adult can be surety or guarantor for minor 11. a minor may, acting through his lawful guardian become a shareholder 12. Minor is liable for torts. <p>Note: Minor is personally liable for contracts for his benefit or supply of necessities entered by guardian within scope of authority.</p>

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Persons of Unsound Mind	<p>➤ Idiot: Unsound all times- can not contract</p> <p>➤ Lunatic: Generally Unsound, sometimes sound- can contract when sound.</p> <p>➤ Intoxicant: Generally sound, sometimes unsound- can not contract when unsound.</p> <p>Burden of Proof</p> <p>Lunatic: proving of sound mind at the time of contract lies on the person who affirms it.</p> <p>Intoxicant: proving of unsound mind at the time contract lies on the person who challenges the validity of the contract.</p>
	<p>Disqualified by Law</p> <p>Alien Enemy, Foreign sovereigns (Rulers), Corporations, Insolvents, Convicts.</p>

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Consent	<p>➤ "Two or more persons are said to consent when they agree upon the same thing in the same sense." (Consensus-ad-idem)</p> <p>➤ When there is no consent, there is no contract.</p>	
Free Consent (Sec.14)	<p>Consent is said to be free when it is not caused by— (1) Coercion, (2) Undue influence, (3) Fraud, (4) Misrepresentation, (5) Mistake</p>	
Coercion (Sec. 15)	<p>(i) Committing or threatening to commit any act forbidden by IPC (ii) Unlawful detaining or threatening to detain any property</p>	
	Consequences	<p>(i) Voidable at the option of party whose consent was so caused. (ii) Person to whom money is paid or thing delivered under coercion must repay or return it.</p>
	Burden of Proof	Lies on the aggrieved party
	Note: Threat to commit suicide is coercion	

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Undue Influence (Sec. 16)	One party is in the position to dominate the will of other and it takes unfair advantages of relation.	
	Consequences	<p>(i) Voidable at the option of party whose consent was so caused. (ii) Such contract may be set aside either absolutely or if the party who is entitled to avoid it has received any benefit thereunder, upon such terms and conditions as to the court may seem just and equitable.</p>
	Burden of Proof	Lies on the aggrieved party
Fraud (Sec. 17)	<p>(i) Knowingly make a false suggestion. (ii) Active concealment of a fact. (iii) Promise without any intention of performance. (iv) Any other act fitted to deceive. (v) Act or omission declared by law as fraud.</p>	
	Essentials	<ol style="list-style-type: none"> 1. The representation must be false. 2. Misrepresentation must be made willfully. 3. Misrepresentation must be made with intention to deceive the other party. 4. The other party is actually deceived. 5. The other party has suffered a loss.

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Fraud (Sec. 17)	Note: Silence amounts to fraud where; (i) There is a duty to speak, (ii) His silence is speech.	
	Consequences	1. Party can rescind the contract. 2. Party can insist for the genuine performance of the contract. 3. Party can sue for damages.
	Note: If party takes any benefit, contract is not voidable.	
Misrepresentation (Sec. 18)	1. Party makes a representation, 2. Representation must be false, 3. Misrepresentation must be made innocently, 4. Misrepresentation was not made with intention to deceive the other party, 5. The other party has actually acted.	
	Consequences	1. Party can rescind the contract. 2. Party can insist for the genuine performance of the contract.
Mistake (Sec. 20 to Sec. 22)	Mistake of Law	(i) Mistake of law of the country - Contract is not voidable. (ii) Mistake of law of a foreign country - Contract is void.
	Mistake of Fact	(i) Bilateral Mistake - Both parties are under mistake - Contract is void. (ii) Unilateral Mistake - One Party under mistake - Contract is neither void nor voidable.

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Unlawful Object & Consideration (Sec. 23)	1. Agreements to do something forbidden by law; 2. Agreements which defeats the provisions of any law; 3. Agreements is fraudulent; 4. Agreements involves or implies injury to the person or property of another; 5. If the Court regards agreement as immoral; 6. Where the courts regards agreement as opposed to public policy;
Agreement as opposed to public policy	1. Agreements of trading with enemy; 2. Agreement of stifling prosecution; 3. Maintenance & champerty; 4. Interference with the course of justice; 5. Marriage brokerage; 6. Interest against obligation; 7. Agreement for the sale public office; 8. Agreements tending to create monopolies;
Void Agreements	Agreements : A. by incompetent parties (Sec. 11). B. made under a mutual mistake of fact (Sec. 20). C. the consideration or object of which is unlawful (Sec. 23). D. the consideration or object of which is unlawful in part (Sec. 24). E. made without consideration (Sec. 25). F. in restraint of marriage (Sec. 26). G. is restraint of trade (Sec. 27). H. in restraint of legal proceedings (Sec. 28). I. the meaning of which is uncertain (Sec. 29). J. by way of wager (Sec. 30). K. contingent on impossible events (Sec. 36). L. to do impossible act. (Sec. 56).

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<p>Performance of a Contract' means carrying out the obligations.</p> <p>Types</p> <p>1. Actual (Sec. 37)</p> <p>2. Tender Performance (Sec. 38): Promisor offers to perform his obligation under the contract at the proper time and place but the promisee refuses to accept the performance.</p>	<p>Condition for a Valid Performance</p> <p>1. Must be unconditional.</p> <p>2. At proper time and place.</p> <p>3. Reasonable opportunity to examine goods.</p> <p>4. For whole obligation.</p> <p>5. To the promisee or his duly authorized agent. <i>However a tender may be made to any one of the joint promisee.</i></p> <p>6. Tender must be of exact amount and must be in legal tender.</p>	<p>By Whom –</p> <p>1. Promisor himself</p> <p>2. Agent (Where the contract does not involve personal skills)</p> <p>3. Legal Representative (In case of death of the promisor. However, if contract involves personal skill, it comes to an end with the death of the promisor)</p> <p>4. Third persons (When a promisee accepts performance of the promise from a third person, he cannot afterward enforce it against the promisor)</p>	<p>Performance of Joint Promises</p> <p>1. All joint promisors are liable jointly and severally. However Contract may provide otherwise.</p> <p>2. One has right of contribution from others.</p> <p>3. If one of the joint promisors is released, he is responsible to the other joint promisor or promisors.</p>
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Let's Revise Unit - 4

REVISION TIME



Time place and manner: As decided otherwise during business hours at business place or residence of promisee.

Performance of Reciprocal Promises: Reciprocal Promise means a promise in return for a promise.

1. Mutual and Dependent- If the promisor, who must perform, fails to perform it, he cannot claim the performance of the reciprocal promise.

2. Mutual and Independent- Each party must perform his promise without waiting for the performance or readiness to perform on the part of the other.

3. Mutual and Concurrent- Promises have to be simultaneously performed.

Note: Reciprocal promises to do things legal and also other things illegal (Sec. 57)- the first set of promises is a contract but second is a void agreement.

Appropriation Of Payment (Adjustment of Payment Against Debt)

Rules 1: Appropriation by Debtor : if accepted, must be applied to that debt.

Rule 2: Appropriation by Creditor: debtor does not intimate, the creditor may apply it at his discretion to any lawful debt including a time-barred debt. (But not to a disputed debt)

Rules 3: Where neither party appropriates: neither party makes any appropriation the payment is to be applied in discharge of the debts in order of time, including time-barred debts. If the debts are equal the payment is to be applied proportionately.

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Discharge of contract means termination of the contractual relationship between the parties. **In other words**, a contract is said to be discharged when either of the parties is no more liable to contract.

By Performance	(a) Actual, (b) Tender
By Mutual Consent or Agreement	(a) Novation, (b) Rescission, (c) Alteration, (d) Remission, (e) Waiver, (f) Merger
By Impossibility of Performance	(a) Destruction of subject-matter, (b) Death or disablement for personal service, (c) Subsequent Illegality, (d) Declaration of war, (e) Non-existence of state of things
By Operation of Law	(a) By death, (b) Insolvency, (c) Merger, (d) Unauthorized alternation of terms of a written document
By Breach of Contract	(a) Anticipatory, (b) Actual
By Lapse of Time	

Contracts which need not be performed

1. If the parties mutually agree to substitute the original contract by a new one or to rescind or alter it.
2. If the promisee dispenses with or remits, wholly or in part the performance of the promise made to or extends the time for such performance or accepts any satisfaction for it.
3. If the person, at whose option the contract is voidable, rescinds it.
4. If the promisee neglects or refuses.
5. If it is illegal.

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Remedies for Breach of Contract

1. Rescission of the contract : Termination of contract by promisee when promisor refuses to perform.

2. Suit for damages: Monetary Compensation

Kinds of Damages

1. Ordinary Damages- Equal to actual loss but not for indirect loss.

2. Special Damages- Decided at the time of contract entered.

3. Exemplary Damages- Granted only in case of breach of contract to marry & unjustified dishonour of cheque.

4. Nominal Damages- When there is no loss.

5. Damages for Inconvenience- Granted for physical inconvenience.

6. Liquidated Damages & Penalty- If damages equal to loss then liquidated damages, if more than loss then penalty

7. Payment of Interest- Payment of interest is permissible as per law or usage, if not decided. Court may grant relief, if interest is in the nature of penalty.

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3. Suit for special performance: Where damages are not an adequate remedy, the court may direct the party in breach to carry out his promise according to the terms of the contract.

Not granted where : a) Damages are adequate relief. b) Contract of personal nature. c) Not possible for the Court to supervise the performance. d) The contract is made by a company beyond its object as laid down in its Memorandum of Association.

4. Suit on Quantum Meruit : As much as earned : When a person has done some work under a contract, and the other party repudiated the contract, or some event happens which makes the further performance of the contract impossible, then the party who has performed the work can claim remuneration for the work he has already done.

5. Suit for injunction: (Order of the court) : Where a party does something which he promised not to do, the Court may by issue an order, prohibit him from doing so.

Let's Revise Unit - 6

REVISION TIME



Contingent contract (Sec. 31)

A contract to do or not to do something if some event, collateral to such contract, does or does not happen.

Eg. Contracts of insurance, indemnity or guarantee.

Legal Rules

Contingent upon	When can it be enforced	When it become void?
Happening of an event	When event has happened.	When event becomes impossible
Non-happening of an event	When the happening of the event becomes impossible.	When event has happened.
Happening of an event within the specified time	When event has happened within the specified time.	When event has not happened within the specified time. OR Event becomes impossible before expiry of specified time
Non-happening of an event within the specified time	When event has not happened within the specified time. OR Event becomes impossible before expiry of specified time.	When event has happened within the specified time.
Behavior of a person within the specified time	Such person acts in specified manner.	When such person does anything which renders it impossible
Happening of an impossible event	Void, whether the impossibility of the event is known or not known to the parties to the agreement at the time when it is made.	

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Quasi Contracts

Under certain special circumstances, the law creates and enforces legal rights and obligations, although the parties have never entered into a contract.

Types of Quasi Contracts

1. Claims for necessities supplied to a person incompetent to contract (but upto property of incompetent).
2. Reimbursement to a person paying money due by another in the payment of which he is interested.
3. Obligation of a person enjoying benefits of non-gratuitous (without any cost) acts.
4. Responsibility of a finder of lost goods. His responsibility is same as that of a bailee.
5. Liability of a person to whom money is paid or goods delivered under mistake or coercion.

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Indemnity	To make good the loss incurred by another person (Gajanan Moreshwar v/s Moreshwar Madan)
Parties	'Indemnifier'- who promises to compensate for the loss, 'Indemnity Holder' or the 'Indemnified' - whose loss is to be made good
Rights of Indemnity Holder	Right to recover all damages, Right to recover costs of suit, Right to recover other sums
Guarantee	Contract to perform the promise; or discharge the liability, of a third person in case of his default.
Parties	Surety: who gives the guarantee, Principal Debtor: In respect of whose default the guarantee is given, Creditor: To whom the guarantee is given
Essentials	Purpose, Enforceable Debt or liability, Consideration, No misrepresentation or concealment, A contract of guarantee may be written or oral, Joining of the other Co-sureties

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Type of Guarantee	Specific Guarantee – 1. Guarantee which extends to a single debt/ specific transaction, 2. Surety's liability comes to an end when the guaranteed debt is duly discharged. Continue Guarantee – 1. Guarantee which extends to a series of transaction, 2. Surety's liability continues until the revocation of the guarantee,
Modes of Discharge of Surety	By Revocation – 1. By Notice, 2. By surety's death, 3. By Novation, By Conduct of the Creditors – 1. By variance in terms, 2. By release or discharge of PD, 3. Composition with PD, 4. Impairing surety's remedy, On invalidation of contract of guarantee – 1. Guarantee obtained by misrepresentation, 2. Guarantee obtained by concealment, 3. Guarantee on contract that creditor shall not act on it until co-surety joins,

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Rights of A Surety	Against Principal Debtor – 1. Right of Subrogation, 2. Right of Indemnity,
	Against Creditors – 1. Right to Security, 2. Right to set off, 3. Right to Share Reduction
	Against Co-sureties – 1. Right to claim contribution equally, 2. Right to claim contribution only agreed sum

Let's Revise Unit - 8

REVISION TIME



Bailment	Delivery of goods, by one person to another, for some purpose, upon a contract, that they shall, when the purpose is accomplished, be returned or otherwise disposed, according to the directions of the person delivering them.
Parties	Bailor- Who delivers; Bailee – Who receives
Essentials	1. Agreement, 2. Delivery of goods, 3. For some purpose, 4. Return of goods
Kinds of Bailment	On the Basis of Benefit: For benefit - Bailor, Bailee, Both On the Basis of Consideration: Gratuitous, Non- Gratuitous
Gratuitous Bailment	Without Consideration, Bailor is liable for known faults Only, All expenses borne by Bailor
Non-Gratuitous Bailment	With Consideration, Bailor is liable for all faults, Extra Ordinary expenses borne by Bailor

Let's Revise Unit - 8

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Duties of Bailor	Disclose known faults, Indemnify Bailee, Bear expenses, Receive back goods.
Rights of Bailor	Terminate bailment, Demand return of goods any time, Claim accretion, Right against third party.
Duties of Bailee	Take care of the goods bailed, No unauthorized use of goods, Not mix goods with own goods, Return the goods, Return accretions to the goods, Not to set up adverse title
Rights of Bailee	Right to compensation, Claim charges, Action for wrongful deprivation of goods, Deliver goods to any of the joint bailors, Right of lien
Lien	Meaning: To retain the goods belonging to another until his claim is satisfied or some debt due to him is repaid, General Lien: Right to retain any goods in respect of any debt. Particular Lien: Right to retain any goods in respect of concerned debt only.

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Termination of Bailment	On expiry of stipulated period, Accomplishment of Specified purpose, Bailee does anything inconsistent with conditions, Gratuitous Bailment (Any time), By Death, Destruction of subject-matter,
Finder of Lost Goods	Duties: Same as of Bailee, Rights: Lien, Sue for Reward, Sale of Goods,
Pledge	Bailment of goods as security for payment of a debt or performance of a promise.
Parties	Bailor – Pawnor; Bailee – Pawnee
Duties of Pawnee	(Same As of Bailee) Take care of the goods bailed, No unauthorized use of goods, Not mix goods with own goods, Return the goods, Return accretions to the goods, Not to set up adverse title
Duties of Pawnor	Pay Debt, Disclose all the faults, Indemnify Bailee, Pay extra ordinary expenses, Pay deficit if Pawnee sells goods due to default by Pawnor

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Rights of Pawnee	Retain The Pledged Goods, Retention for Subsequent Debts, Recover Extraordinary Expenses, Right on Default by Pawnor
Rights of Pawnor	Terminate bailment, Demand return of goods any time, Claim accretion, Right against third party, To Redeem the Goods before Sale,
Pledge by Non-Owner	Pledge by Mercantile Agent, Pledge by Person in Possession under voidable contract, Pledge where Pawnor has only a Limited Interest

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Duties of Bailor	Disclose known faults, Indemnify Bailee, Bear expenses, Receive back goods.
Rights of Bailor	Terminate bailment, Demand return of goods any time, Claim accretion, Right against third party.
Duties of Bailee	Take care of the goods bailed, No unauthorized use of goods, Not mix goods with own goods, Return the goods, Return accretions to the goods, Not to set up adverse title
Rights of Bailee	Right to compensation, Claim charges, Action for wrongful deprivation of goods, Deliver goods to any of the joint bailors, Right of lien
Lien	Meaning: To retain the goods belonging to another until his claim is satisfied or some debt due to him is repaid, General Lien: Right to retain any goods in respect of any debt. Particular Lien: Right to retain any goods in respect of concerned debt only.

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Agent	Person employed to do any act for another, or to represent another
Who Can Appoint	Major, Person of sound mind
Who may be	Any person
Consideration	Not Required
Modes	1. Express Agreement, 2. Implied Agreement (By Estoppels OR Holding Out, By Necessity) 3. By Operation of Law, 4. By Ratification
Valid Ratification	1. Existence of Principal, 2. Contractual capacity of Principal, 3. Full knowledge of facts, 4. Reasonable time, 5. Only lawful acts, 6. Whole transaction must be ratified, 7. Communication, 8. Within the authority of Principal, 9. Ratification not put a third party to damages.

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Agent's Authority	<p>1. An agent, having an authority to do an act, has authority to do every lawful thing which is necessary in order to do such act.</p> <p>2. An agent having an authority to carry on a business has authority to do every lawful thing necessary for the purpose, or usually done in the course, of conducting such business.</p> <p>3. In emergency, an agent has authority to do all such acts for the purpose of protecting his principal from loss.</p>
Sub- Agent	A person who is appointed by and acts under the control and direction of original agent.
Rules of Sub Agent	1. Work under the control and directions of agent. 2. Agent delegates a part of his own duties to Sub Agent. 3. No privity of contract between principal and sub-agent. 4. Sub-agent is responsible to the agent only. 5. Agent is responsible to the principal for the acts of the sub- agent. 6. Sub-agent has no right of action against the principal for remuneration due to him.

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Substituted Agent	1. Works under the instructions of the principal. 2. Agent does not delegate any part of his task to a substituted agent. 3. Privity of contract exists between a principal and a substituted agent. 4. Substituted agent is responsible to the principal. 5. Agent is not responsible to the principal for the acts of the substituted agent. 6. Substituted agent can sue the principal for remuneration due to him.
Duties of Agent	1. To act as per direction of Principal, 2. Reasonable care, 3. Present proper accounts, 4. Communicate with principal, 5. Not to deal on his own account, 6. Protect interests of the principal, 7. Pay sums received, 8. Not to Mis-use information obtained 9. Not to delegate authority.
Rights of Agent	1. Right of Retainer, 2. Right of lien, 3. Right of indemnification, 4. To receive agreed remuneration, 5. Right of compensation for injuries.

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Personal Liability of Agent	1. Foreign principal, 2. Undisclosed principal, 3. Principal incompetent, 4. Acts beyond his authority, 5. Express Contract, 6. Sign in own Name, 7. Principal not in existence, 8. Mistake or fraud, 9. Interest coupled, 10. Pretended Agent.
Undisclosed Principal	The third party has rights against agent as he is a principal.
Termination of Agency	A. By Act of Parties: By Agreement, By Revocation, By renunciation of agency by agent B. Operation of Law: (a) By performance, (b) By expiry of time, (c) By death or insanity, (d) By insolvency of the principal, (e) By destruction of the subject-matter (f) By the principal becoming an alien enemy, (g) By dissolution of the company where it is an agent or principal.

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