

18 DAYS ACCOUNTS & BUSINESS LAW CHALLENGE

DATE: 01.09.2024

PAPER: 2 - BUSINESS LAW

Question 1: (4 marks)

Explain the term 'Quasi Contracts' and state their characteristics.

Answer 1:

Meaning of 'Quasi Contract':

Under certain special circumstances obligation resembling those created by a contract is imposed by law although the **parties have never entered into a contract**. Such obligations imposed by law are referred to as 'Quasi Contracts'. Such a contract **resembles with a contract** so far as result or effect is concerned but it has little or no affinity with a contract in respect of mode of creation. These contracts are **based on the doctrine that a person shall not be allowed to enrich himself unjustly at the expense of another**.

The salient features of Quasi-contract:

- It **does not arise from any agreement** of the parties concerned but is imposed by law.
- **Duty** and not promise is the **basis of such contract**.
- The right under it is always a **right to money** and generally though not always to a liquidated sum of money.
- Such a **right** is available **against specific person(s)** and not against the whole world.
- **A suit for its breach** may be filed in the **same way** as in case of a complete contract.

Question 2: (3 marks)

Rohan found a wallet in a restaurant. He enquired all the customers present there but the true owner could not be found. He handed over the same to the manager of the restaurant to keep the wallet till the true owner is found. After a week, Rohan went back to the restaurant to enquire about the wallet. The manager refused to return it to Rohan, saying that it did not belong to him. In the light of the Indian Contract Act, 1872, can Rohan recover the wallet from the Manager?

Answer 2:

Responsibility of finder of goods (Section 71 of the Indian Contract Act, 1872):

A person who finds goods belonging to another and takes them into his custody is subject to same responsibility as if he were a bailee.

Thus, a finder of lost goods has:

- (i) to **take proper care of the property** as man of ordinary prudence would take
- (ii) **no right to appropriate the goods** and
- (iii) to **restore the goods** if the owner is found.

In the light of the above provisions, the **manager must return the wallet to Rohan**, since Rohan is entitled to retain the wallet found against everybody except the true owner.

Question 3: (3 marks)

P left his carriage on D's premises. Landlord of D seized the carriage against the rent due from D. P paid the rent and got his carriage released. Can P recover the amount from D?

Answer 3:

Yes, P can recover the amount from D. Section 69 states a person who is **interested in the payment of money** which another person is bound by law to pay, and who **therefore pays it**, is **entitled to get it reimbursed by the other**.

In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence being an interested party P made the payment and can **recover the same from D**.