

## BUSINESS LAW - PAPER PRESENTATION

### TYPE 1 - Direct Questions:

Explain the legal rules regarding a valid acceptance under the Indian Contract Act, 1872.

#### Answer:

##### Legal Rules regarding a valid acceptance:

1) Acceptance can be given only by the person to whom offer is made:

- In case of a specific offer, it can be accepted only by the person to whom it is made.
- In case of a general offer, it can be accepted by any person who has the knowledge of the offer.

2) Acceptance must be absolute and unqualified:

- As per section 7 of the Act, acceptance is valid only when it is absolute and unqualified and is also expressed in some usual and reasonable manner unless the proposal prescribes the manner in which it must be accepted.
- If the proposal prescribes the manner in which it must be accepted, then it must be accepted accordingly.

3) Acceptance must be in the prescribed mode:

- Where the mode of acceptance is prescribed in the proposal, it must be accepted in that manner.

4) Time:

- Acceptance must be given within the specified time limit, if any, and if no time is stipulated, acceptance must be given within the reasonable time and before the offer lapses.

5) Mere silence is not acceptance:

- The acceptance of an offer cannot be implied from the silence of the offeree or his failure to answer, unless the offeree has in any previous conduct indicated that his silence is the evidence of acceptance.

- ✓ **For direct questions, write the headings first.**
- ✓ **If needed, give some sub-headings.**
- ✓ **If you know the section numbers correctly, write the section numbers. Or else, just write "as per the relevant provisions of the Act".**
- ✓ **Yes, writing the correct section number will add some value to your paper.**
- ✓ **But remember, writing no section number is better than writing a wrong section number.**

## **TYPE 2 - Case-Study Type Questions:**

Mr. Parth applied for a job as principal of a school. The school management decided to appoint him. One member of the school management committee privately informed Mr. Parth that he was appointed but official communication was not given by the school. Later, the management of the school decided to appoint someone else as a principal. Mr. Parth filed a suit against the school for cancellation of his appointment and claimed damages for loss of salary. State with reasons, will Mr. Parth be successful in suit filed against school under the Indian Contract Act, 1872?

### **Answer:**

#### Provisions of the Act:

As per the rules of acceptance, the acceptance should be communicated to offeror by offeree himself or by his authorized agent. Communication of acceptance by third person cannot be concluded as valid acceptance.

#### Facts of the case:

In the instant case, Mr. Parth applied for a job as principal of a school and one member of the school management committee privately informed Mr. Parth that he was appointed. Later, the management of the school appointed someone else as a principal.

#### Analysis of the case:

On the basis of the above provisions and facts, communication of appointment of Mr. Parth should be made by the school management committee or by any authorised agent. Communication by third person cannot be termed as communication of acceptance.

#### Conclusion:

Therefore, no valid contract was formed between Mr. Parth and the school and Mr. Parth cannot file a suit against the school for cancellation of his appointment.

- ✓ **For case-study type questions, there should be:**
  - ✗ Provisions of the Act
  - ✗ Facts of the case
  - ✗ Analysis of the case
  - ✗ Conclusion
- ✓ **Provisions of the Act - Write the relevant provisions, incorporating all the key words. If more than one provision is relevant to the present case, then write all the relevant provisions. While writing the provisions adhere to the words given in our ICAI material. Don't write in your own words.**
- ✓ **Facts of the case - Write the facts of the case in 2 to 3 lines in a crisp manner. (You can even skip writing facts of case for 2 or 3 marks questions).**
- ✓ **Analysis of the case - Analyse the facts of the case with the relevant provisions.**
- ✓ **Conclusion - Write the conclusion for the question asked.**

### TYPE 3 - Difference Between Questions:

#### **Difference between Agreement and Contract**

<b>Basis of differences</b>	<b>Agreement</b>	<b>Contract</b>
<b>Meaning</b>	Every promise and every set of promises, forming the consideration for each other. (Promise + Consideration)	Agreement enforceable by law. (Agreement + Legal enforceability)
<b>Scope</b>	It's a wider term including both legal and social agreement.	It is used in a narrow sense with the specification that contract is only legally enforceable agreement.
<b>Legal obligation</b>	It may not create legal obligation. An agreement does not always grant rights to the parties	Necessarily creates a legal obligation. A contract always grants certain rights to every party.
<b>Nature</b>	All agreement are not contracts.	All contracts are agreements.

- ✓ For difference between questions, write the basis and then write the differences.
- ✓ If the study material has 10 points and you know only 8 points correctly, then write those 8 points alone. Don't write the points without knowing it correctly.

#### **TYPE 4 - State with reasons - Questions:**

State with reason(s) whether the following agreements are valid or void as per the Indian Contract Act, 1872:

- (i) Where two courts have jurisdiction to try a suit, an agreement between the parties that the suit should be filed in one of those courts alone and not in the other.
- (ii) X offers to sell his Maruti car to Y. Y believes that X has only Wagon R Car but agrees to buy it.
- (iii) X, a physician and surgeon, employs Y as an assistant on a salary of Rs. 75,000 per month for a term of two years and Y agrees not to practice as a surgeon and physician during these two years.

#### **Answer:**

- (i) The given agreement is valid.

##### Reason:

An agreement in restraint of legal proceeding is the one by which any party thereto is restricted absolutely from enforcing his rights under a contract through a Court (Section 28 of the Indian Contract Act, 1872). A contract of this nature is void. However, in the given statement, no absolute restriction is marked on parties on filing of suit. As per the agreement, suit may be filed in one of the courts having jurisdiction.

- (ii) The said agreement is void.

##### Reason:

This agreement is void as the two parties are thinking about different subject matters so that there is no real consent, and the agreement may be treated as void because of mistake of fact as well as absence of consensus.

- (iii) The said agreement is valid.

##### Reason:

An agreement by which any person is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void (Section 27). But, as an exception, agreement of service by which an employee binds himself, during the term of his agreement, not to compete with his employer is not in restraint of trade.

- ✓ **For state with reasons type questions, writing merely the answers won't be enough.**
- ✓ **You need to state the reason along with the answer.**

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<https://whatsapp.com/channel/0029VaQeIKTGehEUVXxZsx1e>