

# BUSINESS REGULATIONS

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INTRODUCTION



# CLASSIFICATION OF LAW

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- DOMESTIC LAW
- INTERNATIONAL LAW
- PUBLIC LAW
- CONSTITUTIONAL LAW
- ADMINISTRATIVE LAW
- CRIMINAL LAW
- CIVIL LAW OR TORT LAW
- PRIVATE LAW

# DEFINITION

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- According to S R Davar, BUSINESS LAW “means that branch of law which is applicable to or concerned with trade and commerce in connection with various mercantile or business transactions”.

# SOURCES OF INDIAN LAW

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- **CUSTOM OR CUSTOMARY LAW**
- **JUDICIAL PRECEDENTS**
- **STATUTE LAW OR LEGISLATIONS**
- **PERSONAL LAW(HINDU LAW AND MOHAMMEDAN LAW)**
- **JUSTICE,EQUITY,AND GOOD CONSCIENCE**
- **ENGLISH LAW**

# **INDIAN CONTRACT ACT, 1872**

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# CONTRACT

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- The word contract is derived from the Latin word “contractum” which means “drawn together”. It denotes a drawing together the minds of two or more persons to form a common intention giving rise to an agreement. **A contract is an agreement enforceable by law**

# DEFINITION-CONTRACT

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Section 2 (h) of the Indian Contract Act defines a contract as “an agreement enforceable by law” Therefore, a contract essentially consists of two elements:

**1. Agreement:** Section 2 (e) defines an agreement as, “*every promise and every set of promises forming the consideration for each other*”. In other words, an agreement is formed where one party makes the proposal and the other party accepts it.

**2. Enforceability:** Only an enforceable agreement can be called a contract. Section 10 of the Act defines “*All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and a lawful object, and are not hereby expressly declared to be void*”.

# ESSENTIAL ELEMENTS OF A VALID CONTRACT





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1. **Offer and Acceptance:** There must be a 'lawful offer' and 'lawful acceptance' of the offer, thus resulting in an agreement.
2. **Consensus ad idem:** For a valid agreement, there must be a complete identity of minds between the contracting parties.
3. **Free Consent:** The contracting parties must give their consent freely. It must not be given due to coercion, undue influence, fraud, misrepresentation or mistake.

# ESSENTIAL ELEMENTS OF A VALID CONTRACT

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- 4. Capacity of the parties:** The parties making the contract must be legally competent in the sense that each must be of the age of majority, of a sound mind, and not expressly disqualified from contracting (Section 11)
- 5. Lawful Consideration:** An agreement to be enforceable by law must be supported by consideration. Without consideration, a contract is regarded as a nudum pactum. Each of the contracting parties must give as well as get something in return. Moreover, the consideration must be lawful.

# WHO CAN ENTER INTO A CONTRACT?

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CAN



CAN'T



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# ESSENTIAL ELEMENTS OF A VALID CONTRACT

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- 6. Lawful object:** The object of the agreement must be lawful. It is considered unlawful if it is (i) illegal (ii) immoral, (iii) fraudulent, (iv) of a nature that, if permitted, it would defeat the provisions of any law, (v) causes injury to the person or property of another, or (vi) opposed to public policy.
- 7. Not expressly declared void:** The agreement must not have been declared void by any law in force in India. The Act has itself declared void certain types of agreements such as those in restraint of marriage, or trade, or legal proceedings as well as wagering agreements.

# ESSENTIAL ELEMENTS OF A VALID CONTRACT

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8. **Intention to create legal relations:** There must be an intention among the parties that the agreement should be attached by legal consequences and create legal obligations.
9. **Certainty of meaning:** The terms of the agreement must be certain and unambiguous.
10. **Legal formalities:** The agreement must comply with the necessary formalities as to writing, registration, stamping etc. if any required in order to make it enforceable by law.