

Subject: Business Economics

Course: B.A., 2nd Semester, Undergraduate.

Paper No: 203

Paper Title: Legal Aspects of Business.

Unit No.: 1 (One)

Title: Indian Contract Act, 1872

Lecture No: 1 (One)

Title: Indian Contract Act, 1872 Part-1

FAQs

1. Consent” defined –

Two or more person are said to consent when they agree upon the same thing in the same sense.

2. “Free consent” defined –

Consent is said to be free when it is not caused by –

- (1) Coercion, as defined in section 15, or
- (2) Undue influence, as defined in section 16, or
- (3) Fraud, as defined in section 17, or
- (4) Misrepresentation, as defined in section 18, or
- (5) Mistake, subject to the provisions of section 20,21, and 22.

Consent is said to be so caused when it would not have been given but for the existence of such coercion, undue influence, fraud, misrepresentation, or mistake.

3. “Coercion”

“Coercion” is the committing, or threatening to commit, any act forbidden by the Indian Penal Code (45 of 1860) or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

4. Undue influence’ defined.—(1) A contract is said to be induced by “under influence” where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other.

5. "Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agents,¹ with intent to deceive another party thereto his agent, or to induce him to enter into the contract;

(1) the suggestion as a fact, of that which is not true, by one who does not believe it to be true;

(2) the active concealment of a fact by one having knowledge or belief of the fact;

(3) a promise made without any intention of performing it;

(4) any other act fitted to deceive;

(5) any such act or omission as the law specially declares to be fraudulent.

6. "Misrepresentation" means and includes –

(1) the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;

(2) any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or anyone claiming under him; by misleading another to his prejudice, or to the prejudice of any one claiming under him;

(3) causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is subject of the agreement.

7. Mistake

There can be a mistake of identity only when a person bearing a particular identity exists within the knowledge of the plaintiff and the plaintiff intends to deal with him only;

8. Anticipatory Breach of Contract

Breach of contract may occur, before the time for performance is due. This may happen where one of the parties definitely renounces the contract and shows his intention not to perform it or does some act which makes performance impossible. The other party, on such a breach being committed, has a right of action for damages.