

**3<sup>rd</sup> Semester BBA**

**Calicut University**

equipping with excellence

# **BUSINESS REGULATIONS**

**2019 ADMISSION**

CPA COLLEGE OF GLOBAL STUDIES

**Submitted By;**

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## **BACHELOR OF BUSINESS ADMINISTRATION**

### **BBA3CO2 - BUSINESS REGULATIONS**

**Lecture Hours per Week: 5**

**Credits: 4**

**Internal: 20**

**External: 80**

#### **Objective:**

This course aims to familiarise the students with major statutes affecting the operations of business organizations.

**Learning Outcomes:** On completing the course students will be able to:

1. Analyse statutory provisions and the core concepts in business laws
2. Analyze legal issues arising in day-to-day business operations prevalent in India
3. Discuss possible solutions to issues in organisations in the frame work of business laws

**Module I : Business Laws:** Introduction – Nature of Business Law – Meaning and definition -Indian Contract Act, 1872: Contract – Definition – Essentials of valid contract - Classification of contracts – Offer and acceptance – Consideration – Capacity to contract – Free consent –Coercion – Undue influence – Misrepresentation – Fraud – Mistake – Void agreements – Discharge of contract – Breach of contract and remedies – Contingent Contracts-Quasi Contract. **20**

**Hours Module II : Special Contracts:** Contract of Indemnity: Meaning - Nature – Right of indemnity holder and indemnifier – Contract of Guarantee : Meaning – Nature - Rights and liabilities of surety

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– Discharge of surety from liability – Contract of Bailment and Pledge: Rights and duties of bailor and bailee, pledger and pledgee – Contract of Agency : Creation of agency – Delegation of authority - Duties and liabilities of principal and agent – Termination of agency. **20 Hours**

**Module III : Sale of Goods Act 1930:** Contract for sale of goods – Essentials of a contract of sale – Conditions and Warranties – Caveat emptor – Sale by non owners – Rules as to delivery of goods –

Un paid seller and his rights.

10

### **Hours**

**Module IV : The Consumer Protection Act 1986:** Objects and scope –

Definition of consumer and consumer dispute – Complaint – Goods - Service -

Unfair trade practices – Restrictive trade practices - Rights of consumers –

Consumer Protection Council – Consumer Disputes Redressal Agencies: District

Forum, State Commission, National Commission. **10 Hours**

**Module V : Competition and Information Laws:** The Competition Act, 2002: Objectives of

Competition Act, Features of Competition Act, Components of Competition Act, CCI, CAT,

Offences and Penalties under the Act - Right to Information Act 2005: Objectives of the RTI Act,

Scope, Suo-Moto disclosure, Method of seeking information, Eligibility to obtain information,

Authorities under the Act.

### **20 Hours Reference Books:**

1. Singh Avtar: The Principles of Mercantile Law; Eastern Book Company, Lucknow.
2. Kuchal M.C: Business Law; Vikas Publishing House, New Delhi
3. Kapoor N.D: Business Law; Sultan Chand & Sons, New Delhi.
4. Chandha P.R: Business Law; Galgotia, New Delhi.
5. Desai T.R.: Indian Contract Act, Sale of Goods Act and.
6. VidhiMadaanChadda, Competition Act, 2002 Law and Practice, Bloomsbury.
7. Government of India: Right to Information Act, 2005.
8. P. K Das, Right to Information Act, 2005, Universal Law Publishing.
9. Relevant Bare Acts.

# **BUSINESS REGULATIONS**

## **MODULE 1**

### **INDIAN CONTRACT ACT**

Law is a set of rules that govern and regulate human conduct and actions, and is enforceable by the state.

Business law governs and regulates the trade and auxiliaries of trade.

Indian Contract Act, 1872

### **CONTRACT**

—According to section 2(h) of ICA 1872, an agreement enforceable by law is a contract||

An agreement consists of an offer by one party and its acceptance by the other.

Agreement = offer + acceptance of offer

And

Contract = agreement + enforceability by law

Essentials of agreement:

- At least two parties
- Consensus ad idem or identity of minds
- Promise or reciprocal promises

### **Nature of contract or Essentials of a valid contract**

1. offer and acceptance
2. Intention to create legal relationship
3. Consensus ad idem
4. Lawful consideration
5. Capacity of parties
6. Free consent
7. Lawful object
8. Possibility of performance
9. Legal formalities
10. —All contracts are agreements but all agreements are not contracts||

### **Classification of contracts**

1. According to validity
  - Valid contracts
  - Void contracts
  - Void agreement

- Voidable contracts
  - Unenforceable contracts
  - Illegal or unlawful contracts
2. According to formation
- Express contracts
  - Implied contracts
  - Quasi contracts
3. According to performance ☐ Executed contract
- Executor contracts And
  - Unilateral or one sided contracts
  - Bilateral contracts

### DIFFERENCES

Basis	Agreement	Contract
<input type="checkbox"/> Definition	every promise and every set of promises forming for each other	<input type="checkbox"/> an agreement enforceable by law
<input type="checkbox"/> creation	sum total of offer and acceptance	<input type="checkbox"/> agreement and its enforceability by law
<input type="checkbox"/> legal effect	Agreement that lacks any of the required elements	<input type="checkbox"/> a contract is legally binding and its terms may be enforceable in a court of law.
<input type="checkbox"/> binding	An agreement is not always a concluded or binding contract	<input type="checkbox"/> a contract is always concluded and binding on the concerned parties
<input type="checkbox"/> concepts	All agreements are not contracts because they may not possess some of the essential elements	<input type="checkbox"/> all contracts are agreement , because an agreement is the beginning of a contract

Void agreement	Void contract
An agreement is not enforceable by law is a contract	A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable at law

Void agreement is void ab-initio	Cannot be void ab- initio
Does not create any legal rights or obligation	Creates legal rights and obligations
The question of damage does not arise	The aggrieved party can claim damages

VOID AGREEMENT	VOIDABLE CONTRACT
<ol style="list-style-type: none"> <li>1. It is void ab-initio</li> <li>2. Unenforceable from the very beginning</li> <li>3. A third party cannot acquire any right from claiming</li> <li>4. Non -performance of agreement does not arise any question of compensation</li> </ol>	<p>The defects is curable and may be condoned</p> <p>One of the party may affirm or reject at his option</p> <p>A third party can acquire a valid title from a person claiming</p> <p>A person is entitled to compensation for damage or loss on account of nonperformance</p>

VOID AGREEMENT	ILLEGAL AGREEMENT
<p>It is not prohibited by law</p> <p>All void agreements are not necessarily illegal</p> <p>A collateral agreement to a void agreement is enforceable</p> <p>No party to a void agreement can be punishable</p>	<p>It is prohibited by law</p> <p>All illegal agreements are void</p> <p>A collateral agreement to a void agreement is not enforceable</p> <p>Parties to an illegal agreement may be punishable</p>

## **OFFER AND ACCEPTANCE**

SEC 2 (a) of ICA —when one person 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 , he is said to make a proposall

The person making proposal- offeror or proposer The

person to whom it is made- offeree or proposee

### **How an offer is made?**

- express offer
- implied offer
- specific offer □      general offer

### **essentials and legal rules for a valid offer**

1. legal relationship is required
2. the terms of the offer must be certain
3. must be communicated to the offeree
4. offer must be made with a view to obtaining the assent of the other
5. offer may be conditional
6. offer should not contain a term the non-compliance of which may be assumed to amount to to himacceptance
7. an invitation to an offer is not an offer

### **Types of offer**

1. on the basis of mode of offer
  - express offer
  - implied offer
2. on the basis of offeree □      specific offer  
□      general offer
3. on the basis of nature of offer
  - cross offer
  - standing offer/open offer
  - counter offer

= ‘acceptance is the assent of the offeree to an offer made to himl

It is a communication of intention to be bound by the terms of offer.

### **Essentials and legal rules for valid acceptance**

- acceptance may be express or implied
- acceptance must be absolute



- acceptance must be made within a reasonable time
- it must be according to the mode prescribed
- the acceptor must be aware of the offer
- acceptance must be given before the offer lapse
- acceptance cannot be implied from silence

### **When does an offer comes to an end? (Revocation of an offer) sec 6**

1. by communication of notice of revocation
2. by lapse of time
3. by the failure of the acceptor to fulfill a condition precedent to the acceptance
4. by death or insanity of the proposer
5. by counter offer
6. by rejection
7. an offer lapses by subsequent illegality or destruction of subject matter

## **CONSIDERATION**

It is the price paid by the promisee for the obligation of the promisor. '*quid pro quo*' "*something in return*"

### **Essentials of a valid consideration**

1. it must move at the desire of the promisor
2. consideration may move from the promisee or any other person
3. it may be past, present, or future
4. consideration need not be adequate
5. it must be real not illusory
6. it must be lawful
7. it must be something which the promisor is not already bound to do

stranger to contract(privity of contract) and stranger to consideration(privity of consideration)

The doctrine privity of contract is a person who is not a party to contract cannot claim rights even though the contract is for his benefit.

The term privity of consideration means stranger to the consideration, or consideration given by any other person than the promisee.

### **Exceptions to the rule that stranger to a consideration cannot sue.**

1. Trusts
2. Where provision is made in marriage settlement
3. Where provision is made in a partition or family arrangement
4. Acknowledgement or estoppel
5. Contract entered into through agent



6. Assignee can also sue on the basis of assignment Contracts without consideration/naked promise or *nudum pactum* Exceptions:

- Promise made on account of natural love and affection
- Promise to compensate for voluntary service
- Agreement to pay time barred debt
- Contract of agency
- Completed gift
- remission

## **CAPACITY OF PARTIES**

SEC 11 declares the following persons to be incompetent to contract:

1. minors
2. persons of unsound mind
3. persons disqualified by any law

### 1. minors:

rules governing judicial philosophy as to minors are:

- the law must protect the minors
- the law should not cause unnecessary hardship to other party
- Enforcement of agreement is possible if minor is beneficiary or promisee.

### Position of agreement by a minor

1. an agreement with minor is void ab initio (from the very beginning)
2. minor can be promisee or beneficiary
3. ratification on attaining the majority is not allowed
4. minor cannot be asked to compensate or pay for any benefit received under a void agreement
5. minors can always plead his minority: no estoppel against him
6. no specific performance of the agreement
7. minor cannot enter into a contract of partnership
8. minor can be an agent
9. minor is liable for necessities supplied or necessary services rendered to him

### 2. persons of unsound mind

#### Types:

- idiots
- lunatics
- drunken or intoxicated persons

### 3. persons disqualified by other laws

- alien enemies
- foreign sovereigns and ambassadors
- convict
- professional persons
- insolvents
- corporations and companies
- women

## FREE CONSENT

According to sec 14 consent is said to be free when it is not caused by:

1. coercion(sec15)
2. undue influence(sec16)
3. fraud(sec17)
4. misrepresentation(sec18)
5. mistake(sec20,21,22)

### 1.coercion

Consent is said to be caused by coercion when it is obtained by pressure by the following:

- committing or threatening to commit any act forbidden by IPC
- unlawful detaining or threatening to detain any property
- intention of causing any person to enter into a contract
- it can be applied either by a party to the contract or even by a stranger
- the place of coercion is immaterial

### 2.undue influence

Persons in dominant position:

- He holds a real and apparent authority over the other
- He stands in a fiduciary relation to the other
- He makes a contract with a person whose mental capacity is temporarily affected by age, illness, or mental or bodily distress

Contact with pardanashin women:

She is a lady who kept under pardha. She is not allowed to mix up with outsiders. Any person who contracted with pardanashin women has to prove that no undue influence was exercised to obtain her consent.

### 3. Fraud

Elements;

- The act must have been committed by a party to the contract
- There must be a false representation

- There must be active or willful concealment of fact
- Promise made without intention to performing it
- An act or representation must made with an intension to deceive the other party
- If an act or omission has specifically been declared bylaw to be fraudulent
- The representation must relate to the fact
- The other party must have been deceived
- The party acting on the representation must have suffered some loss. 4. Misrepresentation

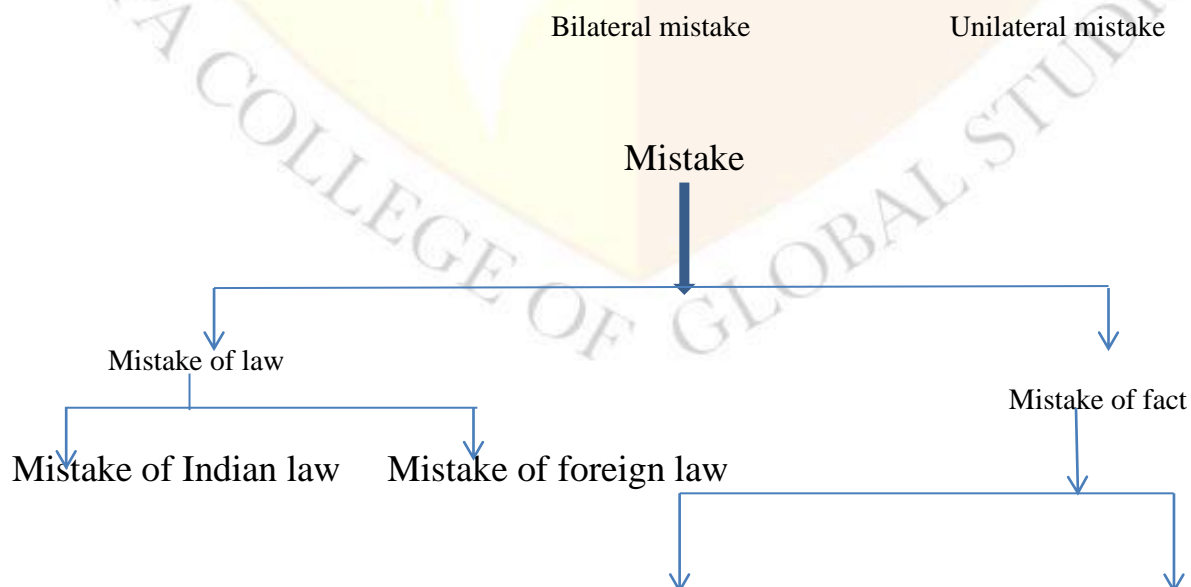
Essentials :

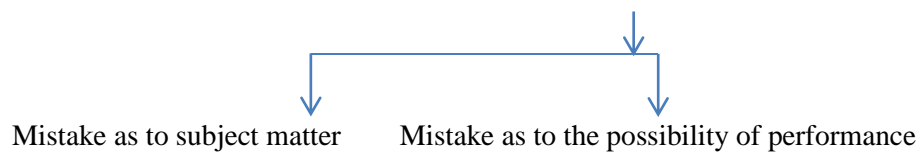
- The representation should be made innocently
- It should be of facts material to the contract
- The representation must be untrue
- The representation must be made with a view to inducing the other party to enter into a contract\

Difference :

Basis	Misrepresentation	Fraud
Intention	There is no intention to deceive	It implies an intension to deceive
Belief	The person making the wrong statement believes it to be true.	The person making wrong statement does not believe it to be true
Effect of consequences	Rescind the contract but cannot claim damages.	Can rescind the contract, and claim for damages
Discovery of truth	Aggrieved party cannot avoid the contract	Contract is voidable
Knowledge	The wrong statement made without knowledge	Making the representation have full knowledge

### 5. Mistake





## **LEGALITY OF OBJECT AND CONSIDERATION**

### **Circumstances under which the object and consideration is unlawful**

1. If it is forbidden by law
2. If it defeats the provisions of any law
3. If it is fraudulent
4. If it involves or implies injury to the person or property of another
5. If it is immoral
6. If it is opposed to public policy

### **Agreements opposed to public policy**

- Agreements for trading with enemy
- Agreement to commit crime or to indemnify a person for his criminal act
- Agreements interfering the course of justice
- Agreements for stifling/suppressing prosecution
- Agreements of champerty and maintenance
- Agreement in restraint of legal proceedings
- Agreements to defraud creditors or revenue authority
- Agreements to create monopolies
- Agreement not to bid

## **VOID AGREEMENTS**

1. UNCERTAIN AGREEMENTS ( SEC 29)
2. WAGERING AGREEMENTS OR WAGER (SEC 30)

### **ESSENTIALS OF WAGERING AGREEMENT**

- A. Uncertain event
- B. Mutual chances of gain or loss
- C. Neither party's control over the event
- D. No other interest in the event
- E. Promise to pay money or money's worth the bet money should come out of the pocket of the parties themselves

### **Exceptions in the wagering agreement**

1. Commercial transactions
2. Speculative transactions

3. Horse racing
4. Lotteries
5. Prize competitions
6. Athletic competition
7. Contract of Insurance

## CONTINGENT CONTRACT

SEC 31 of the Contract Act defines contingent contract as A contract to do or not to do something if event collateral to such contract, does or does not happen Characteristics of contingent contract

1. Dependence on a future event
2. Uncertain event
3. Collateral event

### Rules regarding performance of contingent contract

- Dependent on the happening of an uncertain event
- Dependent on the non-happening of an uncertain future event
- When event to be deemed impossible
- Dependent on the non- happening of a specified uncertain event within a fixed time ☐
- Dependent on the happening of impossible event are void

BASIS	CONTINGENT CONTRACT	WAGERING AGREEMENTS
Validity	<input type="checkbox"/> valid	<input type="checkbox"/> void
Reciprocal promises	<input type="checkbox"/> may not be mutual contract	<input type="checkbox"/> consist of mutual promises
Nature of event	<input type="checkbox"/> uncertain event is merely collateral	<input type="checkbox"/> uncertain event is the sole determining factor
Interest in the subject matter	<input type="checkbox"/> either the party or both may have interest in the subject matter	<input type="checkbox"/> parties have no interest except getting or paying money
Nature of contract	<input type="checkbox"/> not a wagering nature	<input type="checkbox"/> essentially a contingent nature

## QUASI CONTRACTS

Indian Contract Act 1872 defines quasi contract as certain relations resembling those created by contract“

### Types of quasi contract

1. claims for necessities supplied
2. reimbursement of the payment made by an interested person
3. obligation to pay for the benefit enjoyed from a non-gratutious act
4. responsibility of finder of goods

5. money paid or things delivered by mistake or under coercion

#### DIFFERENCES

<u>BASIS</u>	<u>CONTRACT</u>	<u>QUASI CONTRACT</u>
Nature	It is a full fledged contract	It is not contract in reality
Essentials	All essential elements are there	Lacks the essentials of a contract
Agreement	It is an agreement	There is no agreement
Obligation	Creates contractual obligation between parties through agreement	Obligations are created and imposed by law
Foundation	Founded upon general principles	Founded upon the principle of justice and equity

## DISCHARGE OF CONTRACT

Discharge means the termination of contractual relationship.

#### MODES OF DISCHARGE OF CONTRACT:

1. Discharge by performance
2. Discharge by Agreement
  - a) Novation
  - b) Rescission
  - c) Alteration
  - d) Remission
  - e) Waiver
  - f) Merger
3. Discharge by lapse of time
4. Discharge by operation of law
  - Death
  - Insolvency
  - Material alteration
  - Merger of rights
5. Discharge by impossibility of performance
  - a) Initial impossibility
  - b) Subsequent impossibility or supervening impossibility

Or “*Doctrine of Frustration*”

Cases of Subsequent impossibility or supervening impossibility or “*Doctrine of Frustration*”

- Destruction of subject matter of the contract
- Death or personal incapacity of the parties
- Change of law
- Declaration of war



Cases where the doctrine of supervening impossibility is not applicable/ impossibility of performance is not an excuse

- Difficulty of performance
- Commercial impossibility
- Default of a third party
- Strikes, lock-outs, civil disturbances
- Failure of one of the object or partial impossibility
- Self-induced impossibility

6. Discharge by breach of contract

1. Actual breach of contract

- On due date of performance
- During the course of performance

2. Anticipatory breach or constructive breach of contract

BREACH OF CONTRACTS AND REMEDIES

When one of the party fails or neglects or refuses to perform his promises, he is said to have committed a breach of contract. In case of breach, the aggrieved or injured party has one or more of the following remedies:

1. Rescission of the contract

2. Suit for damages

Kinds of damages:

- General or ordinary or compensatory damages
- Special damages
- Exemplary or punitive or vindictive damages
- Nominal damages

3. Suit upon Quantum Meruit( as much as earned)

Claim for quantum meruit

- when a contract is found to be void
- when something is done without any intention to do so gratuitously
- when a contract is divisible
- when one party abandons or refuses to perform the contract
- when an indivisible contract is performed badly

4. Suit for specific performance of the contract

5. Suit for injunction





MODULE 2

**SPECIAL CONTRACTS**

## **CONTRACT OF INDEMNITY**

Sec 124 of the Contract Act — a contract by which one party promises to save other from the loss caused to him by the conduct of the promisor himself or the conduct of any other person is called contract of indemnity

### **Nature**

- express or implied
- compensation of loss
- essentials of a valid contract

### **Rights of indemnity holder(indemnified)**

1. right to recover damages
2. right to recover costs
3. right to recover sums paid

### **Rights of indemnifier**

1. right to subrogation
2. right to equities
3. right to refuse indemnity

## **CONTRACT OF GUARANTEE**

Sec 126 of the Contract Act — a contract of guarantee is a contract to perform the promise or discharge the liability of a third person in case of his default

### **Nature and features**

- Three parties
  - a) The creditor
  - b) The principal debtor
  - c) The surety
- Three contracts
- Capacity to contract
- Concurrence
- At the request of the principal debtor
- Debt or liability
- Consideration
- Free consent
- Writing not necessary
- Other essentials of a contract

### **Kinds of guarantee**

1. On the basis of purpose

- For payment of debt
  - For price
  - For honesty
2. On the basis of transaction
- Simple or specific guarantee
  - Continuing guarantee

Revocation of continuing guarantee

- ✓ By notice
- ✓ By death of the surety
- ✓ By modes of discharge of surety

Rights of surety

1. Rights against principal debtor
  - a) Right of subrogation
  - b) Right to indemnity
2. Rights against the creditor
  - a) right to securities
  - b) right to claim set-off
  - c) right of subrogation
  - d) right to insist on the creditor suing
3. Rights against the co-sureties
  - a) Right to claim contribution
  - b) Release of co-surety
  - c) Right to share benefits of securities

Discharge of surety from liability

- I. Discharge of surety by revocation
  - a) Revocation by notice (sec10)
  - b) Revocation by death of surety (sec 131)
  - c) Revocation by novation(sec62)
- II. Discharge of surety by conduct of creditor
  - a) Variation in terms of the contract
  - b) Release or discharge of the principal debtor
  - c) Compounding the creditor with the principal debtor
  - d) Impairing surety's remedy
  - e) Loss of security
- III. Discharge of surety by invalidation of the contract of guarantee
  - a) Guarantee obtained by misrepresentation or concealment
  - b) When co-surety does not join
  - c) Failure of consideration
  - d) Lack of essential elements

**CONTRACT OF BAILMENT**

Section 148 of the Indian Contract Act —bailment is the 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 of according to the directions of the person delivering them.

#### Features of bailment

1. Delivery of goods
2. Specific purpose
3. Return of the same goods
4. Contract
5. Ownership
6. Goods

#### Kinds of bailment

1. On the basis of reward
  - a) Gratuitous bailment
  - b) Non-gratuitous bailment
2. On the basis benefit derived
  - a) Bailment for the exclusive benefit of the bailor
  - b) Bailment for the exclusive benefit of the bailee
  - c) Bailment for the mutual benefit of the bailor and bailee

#### DUTIES AND RIGHTS OF THE BAILOR AND BAILEE

##### Duties or liabilities of the bailor:

- Duty to disclose faults in goods bailed
- Duty to bear expenses
- Duty to indemnify the bailee due to lack of title to goods bailed
- Duty to indemnify bailee for excess loss
- Duty to bear normal risks
- Duty to receive back the goods bailed

##### Duties or liabilities of the bailee:

- Take reasonable care
- Not to make unauthorized use of the goods bailed
- Not to set up an adverse title
- Duty to return any accretion
- Duty to return the goods

##### Rights of the bailor

- Enforcement of rights
- Right to claim damages
- Right to terminate the contract
- Restoration of goods lent gratuitously
- Right to claim compensation

- Right to get back the goods bailed on expiration of time or accomplishment of purpose ☐ To claim increase of profit from the goods

#### Rights of the bailee

- Enforcement of rights
- Deliver the goods to any one of the joint bailors
- To claim damages
- Right to be indemnified
- To claim necessary expenses
- To recover loss due to defective title of the bailor
- To file a suit to decide title of the goods bailed
- Right of particular lien
- Right of general lien

#### LIEN

It is a right available to a person to retain that which is in his possession and which belongs to another, until the demands of the person in possession are satisfied.

#### TYPES OF LIEN

1. Particular lien
2. General lien

##### Difference between Particular lien and General lien

BASIS	PARTICULAR LIEN	GENERAL LIEN
1. Goods	<input type="checkbox"/> Right to retain particular goods	<input type="checkbox"/> Right to retain all the goods of other party
2. Entitled persons	<input type="checkbox"/> Available to all bailees Who exercised some labour skills in respect of the goods bailed to them	<input type="checkbox"/> Available to bailees such as bankers, factors, wharfingers, attorneys of high courts and policy brokers
3. Nature of exercise	<input type="checkbox"/> Only against the goods in respect of which labour and skill has been exercised by the bailee	<input type="checkbox"/> Against all goods lying under the possession of the bailee
4. Nature of claims or dues	<input type="checkbox"/> Can be exercised only for the payment of bailee's charges	<input type="checkbox"/> Can be exercised for the recovery of general balance of account

#### Termination of bailment

- On the expiry of the period
- Accomplishment of purpose
- Inconsistent use of goods
- Destruction of subject matter
- Demand of goods by gratuitous bailor
- Death of the bailor or the bailee Finder of lost goods

#### Duties:

- Takes reasonable care
- Try to find out real owner
- Should not use the goods for his own purpose
- Should not mix the found goods with his own goods
- Should also return any accretion or profit occurred to the found goods

#### Rights

- Right of lien
- Right to claim reward
- Right of sale of goods

### **PLEDGE Or PAWN**

According to sec 172 —the bailment of goods as security for payment of debt or performance of promise is called pledge or pawn. Two parties:

- Pawnor or pledger
- Pawnee or pledgee

#### Essentials of pledge

1. Delivery of goods
2. Delivery of goods by way of security
3. The security is meant for the payment of a debt or performance of a promise
4. Transfer of possession
5. Returning of goods
6. Movable goods
7. Existing goods
8. Contract

#### Rights and duties of pawnor and Pawnee

##### Rights of Pawnee or pledgee

1. Rights of retainer
2. Retainer for subsequent advance

3. Extra ordinary expenses
4. Right in case of default of the pawnor

#### Duties of Pawnee or pledgee

1. The Pawnee has to take reasonable care of the goods pledged
2. He should not do any act in violation of the terms of the contract of pledge
3. Return the goods to the pawner when the amount of the goods has been paid by him
4. Deliver any accretion to the goods pledged
5. Pay the surplus of the proceeds of the sale of the goods pledged

#### Rights of pawnor or pledger

1. Rights to get back goods pledged
2. Right to redeem the goods
3. Preservation and maintenance
4. Rights of an ordinary debtor
5. Right to receive any increase of profits from pledged goods

#### Duties of pawner or pledger

1. Duty to repay the loan
2. To pay extraordinary expenses incurred by the pawnee

#### Pledge by non-owners

1. Pledge by mercantile agent
2. Pledge by a seller in possession of goods after sale
3. Pledge by a buyer in possession of goods
4. Pledge by person in possession under a voidable contract
5. Pledge by co-owners in possession
6. Pledge by person having limited interest

### **CONTRACT OF AGENCY**

Sec 182 of the Indian Contract Act ,Agent‘ and \_\_principal‘ defined.—An \_\_agent‘ is a person employed to do any act for another, or to represent another in dealings with third person. The person for whom such act is done, or who is so represented, is called the \_\_principal‘

#### Essential features of agency

1. Name of a relation(agency)
2. An agreement



3. Competency of principal
4. Intention of the agent
5. Consideration not necessary
6. Free consent
7. Other essentials

#### Creation of an agency

- I. Agency by express agreement or authority
- II. Agency by implied agreement or authority
  - a) Agency by estoppel
  - b) Agency by holding out
  - c) Agency by necessity
- III. Agency by ratification
- IV. Agency by operation of law

#### Kinds of agent

1. On the basis of extent of their authority
  - a) General agent
  - b) Special agent
  - c) Universal agent
2. On the basis of the nature of work performed
  1. Mercantile agents or commercial agents
    - Commission agent
    - Del credere agent
    - Factor
    - Auctioneers
    - Broker
  2. Non-mercantile agent or non-commercial agent

#### RIGHTS AND DUTIES OF AN AGENT

##### Rights of an agent

- Right of retainer(sec217)
- Right to receive remuneration(sec219 &220)
- Right of lien(sec221)
- Right of indemnification(sec222)
- Right to compensation(sec225)
- Right of stoppage of goods in transit

##### Duties of an agent

- Duty in conducting principal's business(sec211)
- Duty to act with skill and diligence(sec212)
- Duty to render accounts(sec213)
- Duty to communicate(sec214)
- Duty not to deal on his own account(sec215&216)
- Duty to pay the amounts received for the principal(sec218) □ Duty not to delegate his authority(sec190)
- Duty on termination of agency by principal's death or insanity(sec209)

## RIGHTS AND DUTIES OF THE PRINCIPAL

### Duties of the principal

- Duty to pay the remuneration(sec219-220)
- Agent to be indemnified(sec222)
- Duty to indemnify the loss due to principal's neglect(sec211)
- Indemnify the agent against the consequences of the acts done in good faith(sec223)

### Rights of the principal

- Right to give proper direction to the agent for the conduct of the business
- If any skills required for to the business, the principal has to provide such skills to the agent
- The principal is entitled to proper accounts and vouchers in support of the entries
- Give necessary directions to the agent as and when required
- Right to receive any secret profit made by the agent out of the agency
- He can revoke the authority of the agent under certain circumstances
- He has a right to be compensated for any breach of duty by the agent

### Delegation of authority

- Sub-agent  
A sub agent is a person employed by , and acting under the control of the original agent in the business of the agency
- Substituted or co-agent  
Co-Agent is one who is named by the Agent for performing such part of the business of the agency as is entrusted to him.

### Termination of agency

1. Termination of agency by act of the parties □  
Agreement
  - Revocation of authority by the principal

- Renunciation by the agent
- 2. Termination of agency by operation of law
  - Performance of contract
  - Expiry of time
  - Destruction of the subject matter
  - Death or insanity of either party
  - Insolvency of the principal
  - Principal becoming an alien enemy
  - Impossibility
  - Dissolution of company
  - Termination of sub agent's authority

#### Irrevocable agency

1. When the agency is coupled with interest(sec 202)
2. When authority has been partly exercised (sec 203)
3. Where authority has been partly exercised by the agent(sec 204)
4. Where the agent has incurred a personal liability

### Module 3

#### THE SALE OF GOODS ACT 1930

According to sec4 of the Sale of goods act \_ 'A contract of sale of goods is a contract where by the sellers transfer of agrees to transfer the property in goods to the buyer for a price' Essential features of a contract of sale

1. Two parties
2. Contract
3. Movable goods
4. Transfer of property
5. Price
6. Formalities
7. Form

## Subject matter of contract of sale

### Types of goods are:

1. Existing goods
  - Specific goods
  - Ascertained goods
  - Unascertained goods
2. Future goods
3. Contingent goods

### Sale and agreement to sell

- Sec 4(3) of sale of goods act where under a contract of sale , the property (ownership) in the goods is transferred from the seller to the buyer is called a sale, thus in case of sale, the transfer of property is takes place immediately.
- In contract of sale if the transfer of property takes place at a future time or subject to some conditions thereafter to be fulfilled , the contract is called an agreement to sell.

### Sale and other similar transactions

#### 1. Sale and hire purchase

- A hire purchase is an agreement where the buyer acquires the possession of goods immediately and agrees to pay the total hire purchase price in installments.

#### 2. Sale and bailment

- Bailment is the 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 of according to the directions of the person delivering them.

#### 3. Sale and mortgage

- —A **mortgage** is the **transfer** of an interest in specific immovable **property** for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability

## CONDITIONS AND WARRANTIES

### **Condition:**

A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated. If a condition is broken, the buyer has the right to terminate the contract to refuse the goods, and if he has already paid for them, then to recover the goods. Essential features

1. It is essential to the main purpose of the contract
2. The non –fulfillment of condition causes irreparable damage to the aggrieved party
3. The breach of condition gives a right to terminate the contract to the aggrieved party. **Warranty:**

A warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract repudiated. In short, breach of warranty will only give rights to claim for damages, while a breach of condition would entitle the other party to avoid the contract altogether. Distinction between condition and warranty:

Base	Condition	Warranty
Nature	It is fundamental in nature and essential for main purpose of contract.	It is supportive and collateral to the contract.
Breach	Due to breach of condition, the contract may be avoided	Breach of warranty may give a rise to a right to claim for compensation.
Treatment	Breach of condition can be treated as breach of warranty	Breach of warranty cannot be treated as breach of condition
Fulfilling purpose	The main purpose of contract cannot be fulfilled unless the condition is fulfilled.	Fulfillment of a contract does not depend on the fulfillment of a warranty

#### Express and Implied Conditions and Warranty:

Express conditions and warranties are those which have been expressly agreed upon by the parties at the time of contract of sale. They are stated in definite words as the basis of the contract. When the conditions and warranties are not written in the contract, but applied to the contract either by operation of law or by trade or custom, they are called implied conditions and warranties.

#### **Important implied conditions:-**

1. Conditions as to title of goods sold.
2. Goods sold should correspond to description.
3. Sale by sample
4. Conditions as to quality or fitness
5. Condition as to merchantability
6. Conditions as to wholesomeness **Important Implied Warranties:**

1. Warranty for quiet possession
2. Implied warranty against encumbrance
3. Implied warranty as to usage of trade
4. Implied warranty as to disclose dangerous nature

#### **Doctrine of Caveat emptor**

The term ‘Caveat emptor’ means ‘let the buyer beware’. This principle states that, at the time of buying goods, the buyer must make reasonable examination of the goods as to satisfy himself regarding suitability of goods for the purpose, he buys for and as to discover the defects.

#### **Exceptions to the rule of caveat emptor**

1. Fitness for buyer’s purpose
2. Sale under a patent or trade name
3. Merchantable quality



4. Usage of trade
5. Consent by fraud
6. Sale by Sample
7. Misrepresentation

### Transfer of property in goods

The transfer of ownership in goods, delivery and passing of the risk. Property in goods means the ownership of goods whereas possession of goods refers to custody or control of goods.

#### Importance of Transfer of property

1. Risk follows ownership
2. Action against third parties
3. Suit for price
4. Insolvency of the buyer or seller Rules regarding the transfer of

#### ownership:

##### 1. In the case of ascertained or specific goods

When the intention of the parties cannot be ascertained in the case of sale of specific or ascertained goods, the following rules are applicable.

- a. When goods are in deliverable state
- b. When goods are not in a deliverable state:
- c. When goods are to be measured and weighted
- d. When goods are delivered —on sale or return or —on approval basis

2. In the case of unascertained goods:

- a) goods must be ascertained
- b) Unconditional appropriation of goods.

##### 3. In case of sale on approval

- a) When the buyer signifies approval
- b) When the buyer adopts the goods
- c) When the buyer fails to return the goods
- d) When the buyer makes the return of goods impossible.

### SALE BY NON –OWNERS

The general rule is that no one can transfer a better title than what he himself has. This is expressed in the Latin maxim — Nemo dat quod non habet. This means that one cannot give that which he has not.

#### Exceptions to the General Rule:

1. Title by estoppels
2. Sale by a mercantile agent:
3. Sale by one of the joint owners
4. Sale of goods obtained under a voidable agreement

5. Sale by the seller in possession of goods after sale
6. Re sale by an unpaid seller
7. Sale under provisions of other acts

#### Performance of Contract of Sale

According to sec.31 of the Sale of Goods Act, performance of contract of sale means as regards seller delivery of goods to the buyer, and as regards the buyer acceptance of the delivery of the goods and payment for them, in accordance with the terms of the contract of sale.

#### Delivery of the Goods:

Sec. 2(2) of the Sale of Goods Act defines delivery as a voluntary transfer of possession from one person to another. The delivery of goods may be :.

1. Actual delivery
2. Symbolic delivery
3. Constructive delivery or delivery by atonement

#### Rules regarding delivery of goods

1. Possession of goods
2. Delivery and payment are concurrent conditions.
3. Effect of Part delivery
4. Buyer to apply for delivery.
5. Time of delivery
6. Place of delivery
7. Goods in possession of third person.
8. Expenses of delivery.
9. Installment delivery.
10. Delivery to a carrier by wharfinger.
11. Buyer right of examining the goods.
12. Buyer not bound to return of rejected goods.
13. Liability of the buyer for neglecting or refusing delivery of goods.

#### **UNPAID SELLER**

According to sec.45 (1) of the Sale of Goods Act, the unpaid seller means, a seller

- a. Who has not been paid or tendered the whole of the price of goods sold and
- b. Who has received a Bill of Exchange or any other negotiable instrument like cheques as conditional payment the condition being that the instrument shall be duly honoured. **Rights of an unpaid seller**

1. Rights of an unpaid seller against the goods:- It includes:



a) Right of lien (sec.47 to 49)

The conditions that should be fulfilled before an unpaid vendor can exercise right of lien are :

- i. ownership must have been passed to the buyer
- ii. The goods must be in the possession of the seller
- iii. The price or part of the price must remain unpaid.

b) Right of stoppage of goods in transit (sec.50 to 52)

This right can be exercised only when the following conditions are satisfied:

- i. The seller must be an unpaid seller
- ii. Goods must be in transit
- iii. The buyer must have become insolvent.

c) Right of resale(sec. 54)

This right can be exercised only when the following conditions are satisfied.

- i. If the goods are of a perishable nature
- ii. When the unpaid seller notice of his intention to sell
- iii. Where the seller expressly reserves a right of re sale in case the buyer makes default.

2. Right of an unpaid seller against the buyer personally:

- a) Suit for price
- b) Suit for damages
- c) Suit for repudiation
- d) Suit for interest or special damages.

**Auction Sale:**

An Auction sale is a public sale, where the goods are offered to be taken by the highest bidder from among the public. The person who sells goods through auction is known as auctioneer. The relationship between the owner of the goods and the auctioneer is that of the principal and agent.

**Rules of auction sale**

1. Where an auction sale is made in lots, each lot is prima facie deemed to be the subject of separate contract of sale.
2. A sale by auction is complete when the auctioneer announces its completion and consequently property in the goods passes to the buyer
3. If the sale is notified to be subject to a right to bid on behalf of the seller, it shall not be lawful for the auctioneer to take the bid.
4. A right to bid may be reserved by the seller.
5. Any sale contravening the above rule may be treated as fraudulent by the buyer.
6. If the seller makes use of pretended bidding to raise the price, the sale is voidable at the option of the buyer.

**Remedies of breach of contract**

1. Sellers remedies
  - Suit for price
  - Suit for damages of non-acceptance of goods
  - Suit for damage for repudiation of the contract
  - Suit for interest or special damage
2. Buyer's remedies
  - Suit for damages for non-delivery
  - Suit for specific performance
  - Suit for breach of remedies
  - Suit for repudiation of the contract before due date □ Suit for interest.

#### MODULE 4

### **THE CONSUMER PROTECTION ACT 1986**

- The consumer protection act was passed on 5th December 1986. This Act was amended in the year 1991, 1993 and 2002.
  - This Act tries to help a consumer when the goods purchased are defective or the services rendered to him are unsatisfactory. Definitions of important terms
1. Appropriate laboratory  
It means a laboratory or organization
    - Recognized by the central govt.
    - Recognized by a state govt.
    - Any such organization or laboratory established by or under any law for the time being in force, which is maintained financed or aided by central govt. or a state Govt.
  2. Definitions of Important terms:-
    1. Complainant:- According to Section 2(1) (b)  
—Complainant means (i) a consumer or (ii) any voluntary consumer association registered under the Companies Act, 1956 or under any other law for the time being in force or (iii) the central govt. or any state government, which makes a complaint (iv) one or more consumers, if there are a number of consumers and have the same interest.
  3. Complaint:- A complaint means any allegation in writing made by a complainant.
  4. Consumer:- According to this Act, —Consumer means any person who
    - a. Buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment.
    - b. Hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment.
  5. Consumer disputes: - Consumer disputes means a disputes where the person against whom a complaint has been made, denies or disputes the allegations contained in the complaint.

6. Defect:- Defect means any fault, imperfection or short coming in the quality, quantity, potency or standard which is required to be maintained by or under any law, in relation to any goods.
7. Deficiency:- It means any fault , imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law, in relation to any service.
8. Goods: - According to the sale of goods act, goods means every kind of movable property other than actionable claims and money ie, legal tender.
9. Manufacturer:- A manufacturer as per sec2 ((1)(j) is a person who
  - a. Makes or manufacture any goods or part thereof or
  - b. Does not make or manufacture any good but assembles part thereof made or manufacture by others.
10. Restrictive Trade Practices:- As per sec.2(1)(n) ‘Restrictive trade practices’ means any trade practice which requires a consumer to buy, hire or avail of any goods or as the case may be, services, as a condition precedent for buying, hiring or availing of other goods or services.
11. Service:- According to section 2(1) (o) ‘service’ means service of any description which is made available to potential users.
12. Persons:- Person includes
  - a. A firm whether registered or not
  - b. A Hindu undivided family
  - c. A co-operative society
  - d. Every other association of person whether registered under the societies Registration Act 1860 or not.
13. Trader:- Trader in relation to any goods means a person who sells or distributes any goods for sale.
14. Unfair trade practices:- Unfair trade practice means a trade practice which for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair method.
15. Spurious goods and services:- these are such goods which claimed to be genuine but they are actually not so.

### **Rights and Remedies of Consumers**

1. Rights to be protected or right to safety
2. Right to be informed
3. Right to be assured
4. Right to be heard
5. Right to seek redressal
6. Right to consumer education

### **Remedies to Consumers**

- a) Removal of defects from goods.
- b) Replacement of defective goods
- c) Refund against defective goods or deficient services.

- d) Award of compensation for the loss or injury suffered
- e) Removal of defects or deficiencies in the services
- f) Discontinuance of unfair trade practices or restrictive trade practices
- g) Prohibition on sale of hazardous goods.

### **Consumer Protection Councils**

- Central Consumer Protection Council It shall consist of the following members:-
  - a. The minister in charge of the consumer affairs in the central government who shall be the chairman of the Central Council.
  - b. Such members of other official or non-official members representing such interest as may be prescribed.
- The state Consumer Protection Council It consist of the following members:
  - 1. The minister in charge of consumer affairs in the state government, who shall be its Chairman.
  - 2. Such member of other officials or non-official members representing such interest as may be prescribed by the State Government.
  - 3. Such member of other official or non-official members, not exceeding ten, as may be nominated by the Central Government.
- The District Consumer Protection Council It consists of the following members.
  - 1. The District Collector, who shall be its chairman.
  - 2. Such member of other official and non-official members representing such interest as may be prescribed by the state Government.

### **Redressal Agencies for Consumer Disputes**

The consumer protection act provides for three tier quasi-judicial redressal machinery at the District, State and National levels for redressal of consumer disputes and grievances.

- District Forum ➤ State Commission ➤ National commission.

## MODULE 5

### **THE COMPETITION ACT 2002**

- In 1999 Govt. of India appointed a committee on —competition policy and lawl.
- Based on the recommendations of the committee a competition bill was introduced in the parliament in 2002
- The competition bill having been passed by both the houses of parliament ,received the assent of the president on 13<sup>th</sup> January 2003.
- It came on the statute book as —THE COMPETITION ACT 2002l

Competition is an evasive term. It refers to economic rivalry amongst economic enterprises to control greater market power.

#### Objectives of the Act

- To protect the interest of the consumer by providing them good product and services at reasonable price.
- To promote and sustain healthy competition in the Indian market.
- To protect the interest of the smaller companies or prevent the base of dominant position in the market.
- To prevent practices having adverse effect on competition.
- To ensure freedom of trade carried on by the participants in the market.
- To prevent from anti-competition practices and to promote fair and healthy competition in the world.
- Establishment of the competition commission in India.
- Creating awareness and imparting training about the competition act.

#### Scope of the act

1. Wide coverage
2. Anti- competitive agreements
3. Abuse of dominance
4. Regulation of combinations

#### Features of the act

1. The act may be called the Competition Act 2002
2. It extends to the whole India except the state Jammu & Kashmir
3. It prohibit ant- competitive agreements
4. It prohibit abuse of dominant positions
5. It regulate combination that likely to cause adverse effect on competition



6. It provides various remedies for restoring competition and penalizing the offenders in the case of contravention of this law.
7. Anti- competitive committed overseas has been covered under section 32 of the act.
8. It entrust the competition commission the responsibility of undertaking competition undertaking competition advocacy awareness and training about competition issues.
9. The act provides establishment of —competition fund
10. Every order passed by the commission is appealable

#### Some important definitions in the Act

1. Consumer sec 2(f)  
—Consumer means any person who Buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment .or Hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment
2. Enterprise  
It means a person or a department of the Government, who or which is, or has been, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods, or the provision of services.
3. Goods —Goods means goods as defined in the Sale of Goods Act, 1930
4. Person
  - (i) an individual;
  - (ii) a Hindu undivided family;
  - (iii) a company;
  - (iv) a firm;
  - (v) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
  - (vi) any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956);
  - (vii) any body corporate incorporated by or under the laws of a country outside In
  - (viii) a co-operative society registered under any law relating to co-operative societies
  - (ix) a local authority;
  - (x) every artificial juridical person, not falling within any of the preceding subclauses;
5. Party sec (2Kc)  
It includes a consumer or an enterprise or a person or an information provider or consumer association or a trade association or the central Govt. or any state Govt. or any statutory authority.
6. Price sec2(O)  
Includes every valuable consideration whether direct or indirect or deffered.
7. Services sec 2(U)  
It means service of any description which is made available for potential users.
8. Shares sec 2(v)

—shares|| means shares in the share capital of a company carrying voting rights and includes—

- (i) any security which entitles the holder to receive shares with voting rights;
- (ii) stock except where a distinction between stock and share is expressed or implied;

9. —statutory authority|| means any authority, board, corporation, council, institute, university or any other body corporate, established by or under any Central, State or Provincial Act for the purposes of regulating production or supply of goods or provision of any services or markets therefor or any matter connected therewith or incidental thereto;

10. —trade||

Means any trade, business, industry, profession or occupation relating to the production, supply, distribution, storage or control of goods and includes the provision of any services

11. —turnover||

It includes value of sale of goods or services;

#### Components of Competition Act

- 1. Anti-competitive practices sec (3)
- 2. Abuse of dominant position sec(4)
- 3. Regulation of combinations sec (6)
- 4. Competition advocacy sec(49)

#### Competition Commission of India (CCI sec 7)

- Is a statutory body of govt. of India for enforcing the competition Act 2002.
- It was established on 14<sup>th</sup> October 2003 ○

#### Composition of commission:

.(1) The Commission shall consist of a Chairperson and not less than two and not more than six other Members to be appointed by the Central Government.

(2) The Chairperson and every other Member shall be a person of ability, integrity and standing and who has special knowledge of, and such professional experience of not less than fifteen years in, international trade, economics, business, commerce, law, finance, accountancy, management, industry, public affairs or competition matters, including competition law and policy, which in the opinion of the Central Government, may be useful to the Commission.

(3) The Chairperson and other Members shall be whole-time Members.

#### Functions of the CCI ○ To promote and sustain competition in the market and eliminate practices having adverse effect on competition.

- To protect the interest of consumers and ensure freedom of trade ○ To ensure fair and healthy competition in economic activities. ○ To implement competition policies. ○ To act as a competition regulator and safeguard the interest of smaller organizations. ○ To carryout competition advocacy and spreads the information relating to the benefit of competition.



- It has the authority to notify the organization that sell to India ,if it feels that it influences the competition in Indian market.
- To develop and retain close association with sectoral regulators.

#### Competition Appellate Tribunal(CAT)

- Head quartered at Delhi ○ CAT is:
  - To hear appeal against direction issued or decision made or order passed by the commission.
  - To adjudicate on claim for compensation that may arise from the findings of the commission and pass orders for the recovery compensations.

#### Offences and penalties under Act Offences:

- Possession of market power in the relevant market
- The willful acquisition or maintenance of the power distinguished from the growth and development.

#### Penalties:

- Contravention of orders of commission(sec42)
- Penalty for failure to comply with directions of commission and direct general(sec43)
- Power to impose penalty for non -furnishing of informations of combinations(sec43A)
- Penalty for making false statement or omission to furnish material information(sec44)
- Penalty for offences in relation to furnishing of informations(sec45)
- Crediting ums realized by way of penalties to consolidated fund of India (sec47)
- Contravention by companies(sec48)

### **THE RIGHT TO INFORMATION ACT 2005**

Right to Information is an act of the Parliament of India which sets out the rules and procedures regarding citizens' right to information.

- ❖ It consist of the important definitions of the following terms:
  - Public authority
  - Appropriate government
  - Competent authority

- Information
- Information commission
- Public information officer
- Assistant public information officer
- Record
- Right to information
- Third party
- Third party information

### Objectives of the Act

- ❖ To empower the citizens and to promote transparency in dealing with public authority.
- ❖ To create proper accountability in the working of the Government.
- ❖ To make the democracy work for the people and keep away corruption from the society.
- ❖ To keep necessary vigil on the instruments of governance.
- ❖ To inform activities of the Government correctly to the citizens of the country.

### Scope of the Act

- ❖ It covers whole India except Jammu and Kashmir.
- ❖ It covers government and Non-government organization financed by govt. directly or indirectly.
- ❖ It makes the citizen a part of the decision making process of government.
- ❖ Because of the Act there is a transparency in every dealing of the Govt.
- ❖ It makes administrative responsiveness and hence strengthens the democracy.
- ❖ Every citizen can request for any information, take copies of documents, inspects documents, and obtain information in the form of print outs, diskettes, floppies etc.

### Important features of the RTI Act 2005

- All citizens possess the right to information
- The term information includes any mode of information in any form.
- It covers inspection of work, records, documents, and its certified copy and information in any form.
- Applicant can obtain information within 30 days .
- If it is a matter of life or liberty of person information can obtain within 48 hours.
- Every public authority is under obligation to provide information on written request on request in electronic form.
- Appeal against decision of the central or state information commission can be made to an officer senior in rank.
- Penalty for refusal to receive an application for information or not providing information is Rs.250/day but total amount should not exceed Rs. 25000.
- Central and state information commission are to be constituted by the central govt and the respective state governments.

- No court can entertain any suit , application or other proceedings in respect of any order made under the Act.

#### Rights of the citizens under the Act

- Request any information(as defined)
- Take copies of the documents
- Inspects documents, works and records ➤ Take certified samples of materials of work ➤ Obtain information in any form.

#### Obligations of public authorities

1. Maintenance of records
2. Computerization of records
3. Proactive disclosure of information

#### SUO-MOTO DISCLOSURE (sec 4)

Suo Moto, meaning "on its own motion" is an Indian legal term, Certain instructions have been drawn up by the Government to make sure that the public departments/ministries make **Suo Moto disclosure** of information.

#### Authorities under the Act

- The Central Information Commission(sec 12 and 13)
- The State Information Commission(sec 15 and 16)