

**CA FOUNDATION MAY/SEP 2026**



**BUSINESS LAWS**

# LET'S WRITE DAY-4

PRACTICE DAILY, WIN CONFIDENTLY

**FREE SANCHAY BATCH**



**CA WALLAH**



## Schedule



- 1 16/04 – The Companies Act, 2013
- 2 17/04 – The Partnership Act, 1932
- 3 18/04 – LLP + ICA
- 4 20/04 – The Indian Contract Act, 1872
- 5 21/04 – The Negotiable Instruments Act, 1881
- 6 22/04 – IRF + SOGA, 1930
- 7 23/04 – The Sale of Goods Act, 1930





# Topics to be Covered



1 20/04 – The Indian Contract Act, 1872

↓  
38m → 32m.

WA



⇓  
5 Q's ⇒ 3 DTQ  
2 CSB

void/valid ∈ Type

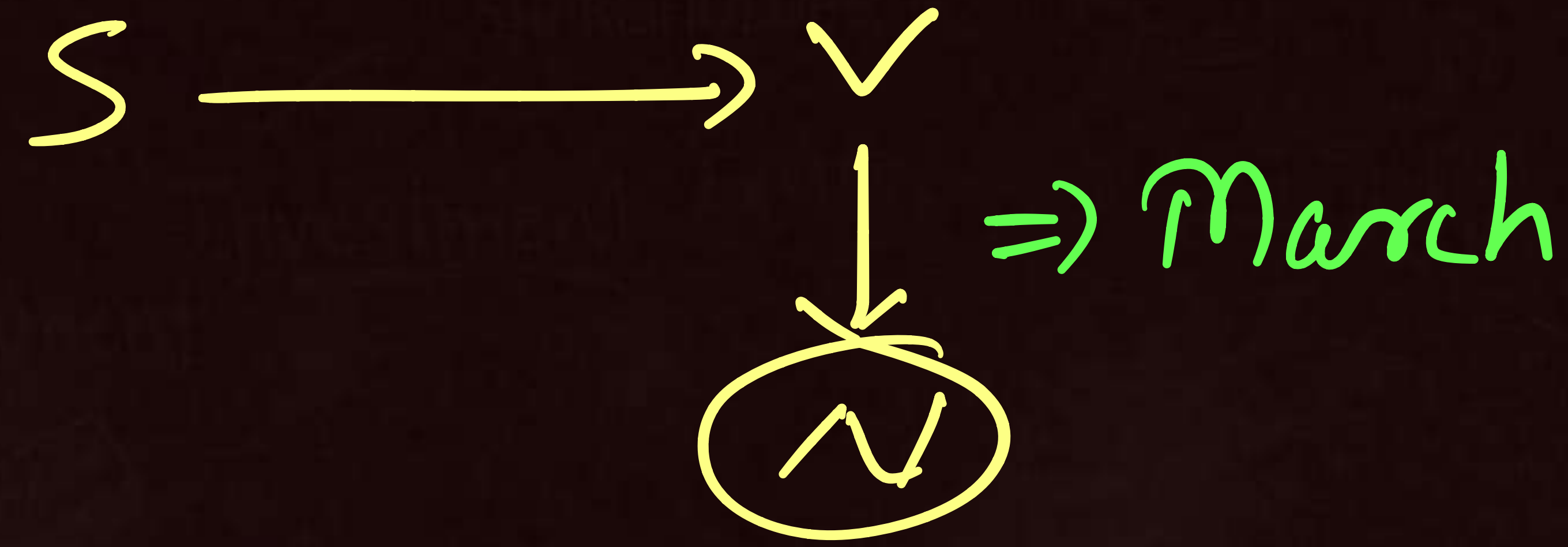
Dist.



**ARE YOU READY?**



# Question No. 01



Q – ‘Sooraj’ guarantees ‘Vikas’ for the transactions to be done between ‘Vikas’ & ‘Nikhil’ during the month of March 2023. ‘Vikas’ supplied goods of Rs. 30,000 on 01.03.2023 and of Rs. 20,000 on 03.03.2023 to ‘Nikhil’. On 05.03.2023, ‘Sooraj’ died in a road accident. On 10.03.2023, being ignorant of the death of ‘Sooraj’, ‘Vikas’ further supplied goods of Rs. 40,000. On default in payment by ‘Nikhil’ on due date, ‘Vikas’ sued legal heirs of ‘Sooraj’ for recovery of Rs. 90,000.

01/03 → 30,000

03/03 → 20,000

05/03 → Surety died.

10/03 → 40,000



## Question No. 01



①

Describe, whether legal heirs of 'Sooraj' are liable to pay Rs. 90,000 under the provisions of Indian Contract Act, 1872. What would be your answer, if the estate of 'Sooraj' is worth Rs. 45,000 only?

[RTP, S24]

②

(a) (i) 45000

(b) 90,000

(c) 50,000

## Answer - 1

Provision: -

As per section 129 of The Indian Contract Act, 1872, Guarantee which extends to series of transaction is called Continuing Guarantee and As per section 131, it is revoked by the death of the surety

for future transactions in the absence of contract to contrary.

However the estate of deceased surety is liable for the transactions taken place before the death of surety and not for the transactions taken place after the death of surety even if

Creditor had no knowledge of the death of surety.

facts of the case

In the instant case, Suryaj was surety for Vikas who supplied goods of Rs 90,000 in between 1<sup>st</sup> March to 10<sup>th</sup>

March 2023, out of which Goods of ₹  
50,000 was supplied before death of surety  
and Goods of ₹ 40,000 was supplied  
after death of surety. Nikhil defaulted  
and Vikas sued legal heir of surety for  
₹ 90,000.

## Conclusion of the case

On the basis of above law & facts of the case, In case of death of surety i.e. Booraj, his representative is liable for transactions entered before death i.e. before 05/03/23 which was sum of £ 50,000.

further, Legal Representative is liable  
only upto the value of estate inherited  
from the deceased.

Hence, if estate of deceased is only ₹45,000,  
Legal Representatives are liable for  
liabilities upto ₹45,000 only.



## Question No. 02



Q - 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.

# Voidable.

- 1) free consent
- 2) Time
- 3) prevent
- 4) Bailee inconsistent
- 5) Auction sale.

# Types / Valid or Void

Bilateral

Exe.

Valid

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

Concl.

✓

## Answer - 2.

(i) As per section 28 of The Indian Contract Act, 1872, if one party restricts absolutely to another party from enforcing his rights under a contract, such contract is void in nature. However, if two parties enter an

agreement that suit be filed in one  
of two courts, such agreement are not  
complete restrictions and hence valid,

Hence, the given statement is valid.

(ii) As per section 10 of The Indian Contract  
Act, 1872, two or more parties are

Said to consent when they agree upon  
same thing in same sense i.e. consensus  
ad idem.

In the given case, two parties i.e. X & Y  
are thinking about different subject matters,  
hence there is no real consent as well  
as mistake of fact.

---

Hence, the agreement is void.

(iii) As per section 27 of The Indian Contract Act, 1872, if an agreement by which any person is restricted from exercising a lawful profession, trade or business, such an agreement is void.

But, An Agreement of service by which

an employee binds himself during the  
term of his employment as not to  
compete the employer is not an  
agreement in restraint of trade as it  
is an exception to section 27.

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In the given case, Y is restricted not  
to compete during his service of employment.

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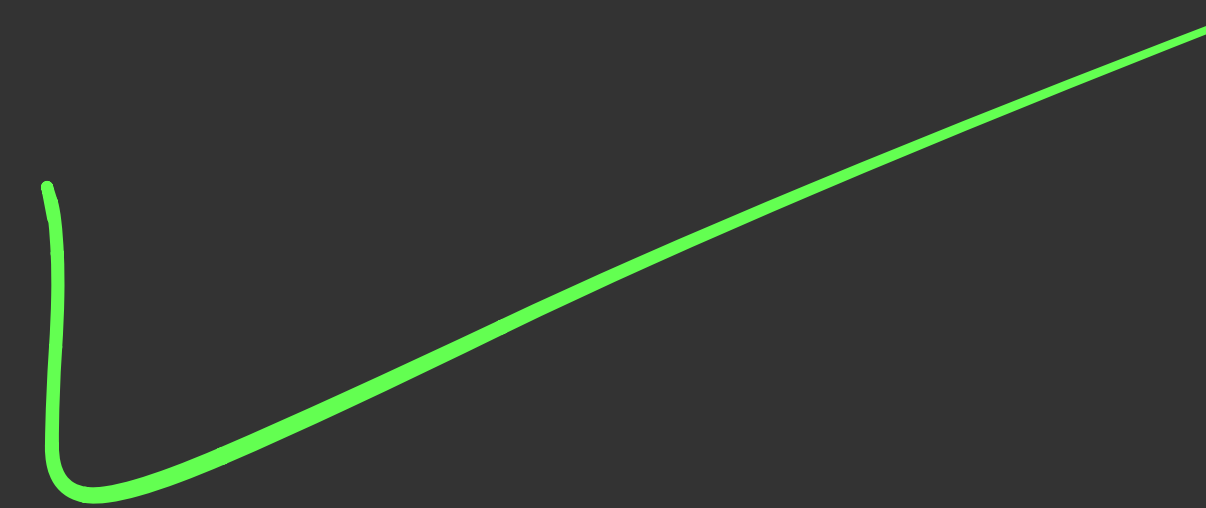
Hence, the given statement is valid.

Answer 2

2) a)

b)

②





## Question No. 03

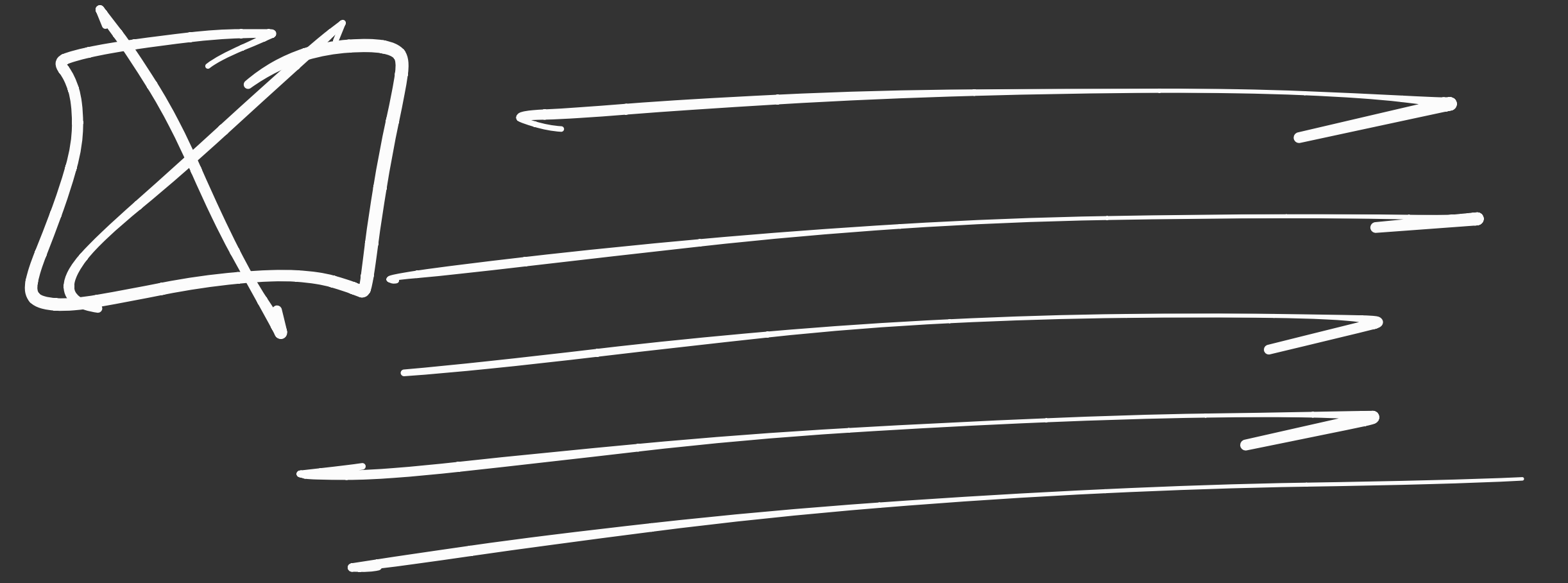
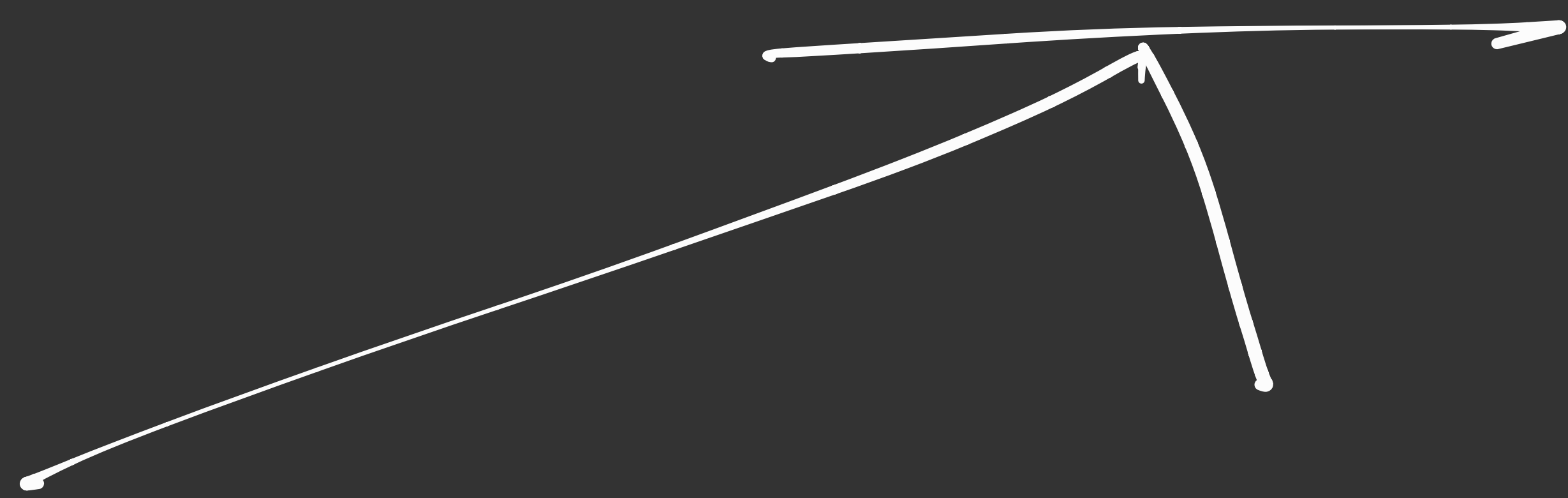


Q - Both a sub-agent and a substituted agent are appointed by the agent, however, there are some points of distinction between the two.

Elaborate any 6 points.

[6m, J25]

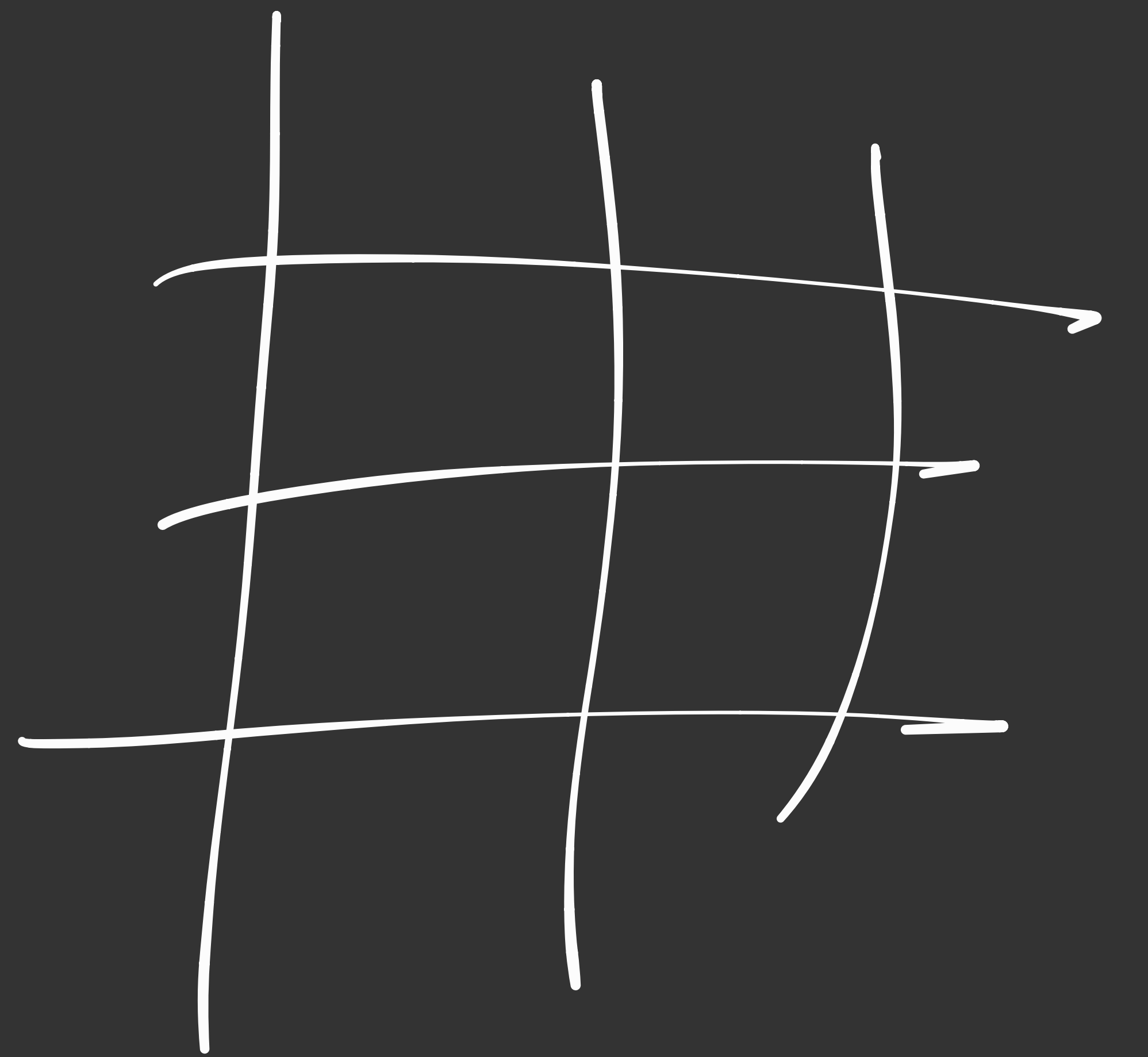
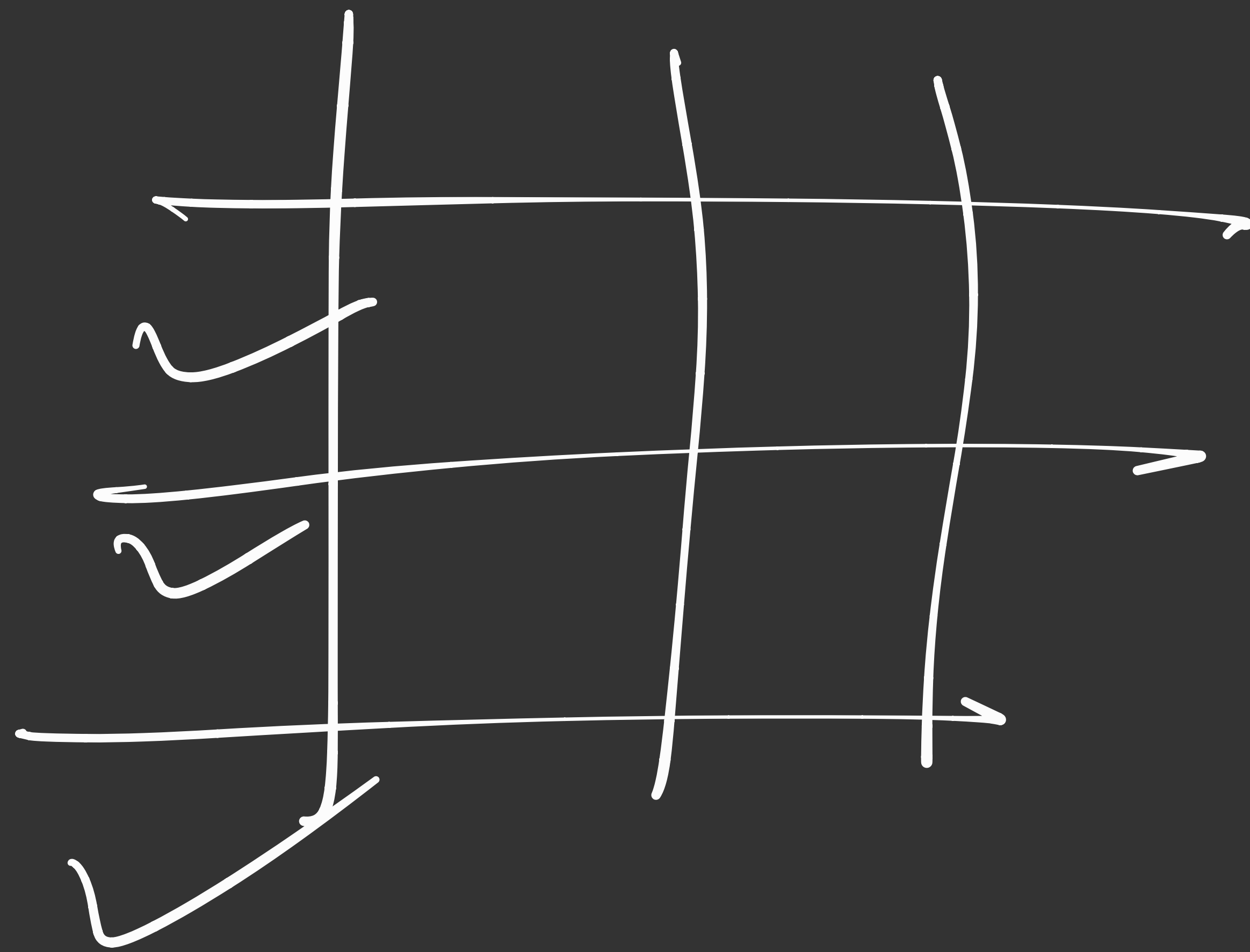
D: 50.



Shares

V's

G.



Jais padha hai

Wais likho.

## Answer - 3.

As per the provisions of The Indian Contract Act 1872, following are the differences between 'sub agent' and 'substituted Agent': -

S.No

Sub Agent

Substituted Agent

①

Sub Agent works  
under the control  
& Directions of  
Original Agent

Substituted Agent  
works under the  
control & Directions of  
principal.

② Agent appoints & delegates his part of work to sub-agent

Agent does not delegates part of his work to 'Substituted agent.

③ There is <sup>no</sup> privity of contract between sub-agent & principal

There is privity of contract between Substituted agent & principal,

④ Agent is responsible  
for the acts of  
sub-agent to  
principal

⑤ Sub-agent has no  
right of action against

Agent is not  
responsible for the  
acts of substituted  
agent to principal.

Substituted agent has  
right of action against

principle for  
remuneration.

⑥ Subs-agent may  
be appointed  
improperly.

principle for  
remuneration.

Substituted agent can  
never be appointed  
improperly.



## Homework



Q - Rahul hired a car for 15 days from M/s Kushwah Travels. After five days, M/s Kushwah Travels demanded back his car from Rahul.

He was also agreed to compensate for any loss suffered by Rahul due to such premature return of goods.

But Rahul refused to return the car before the period of bailment i.e. 15 days.

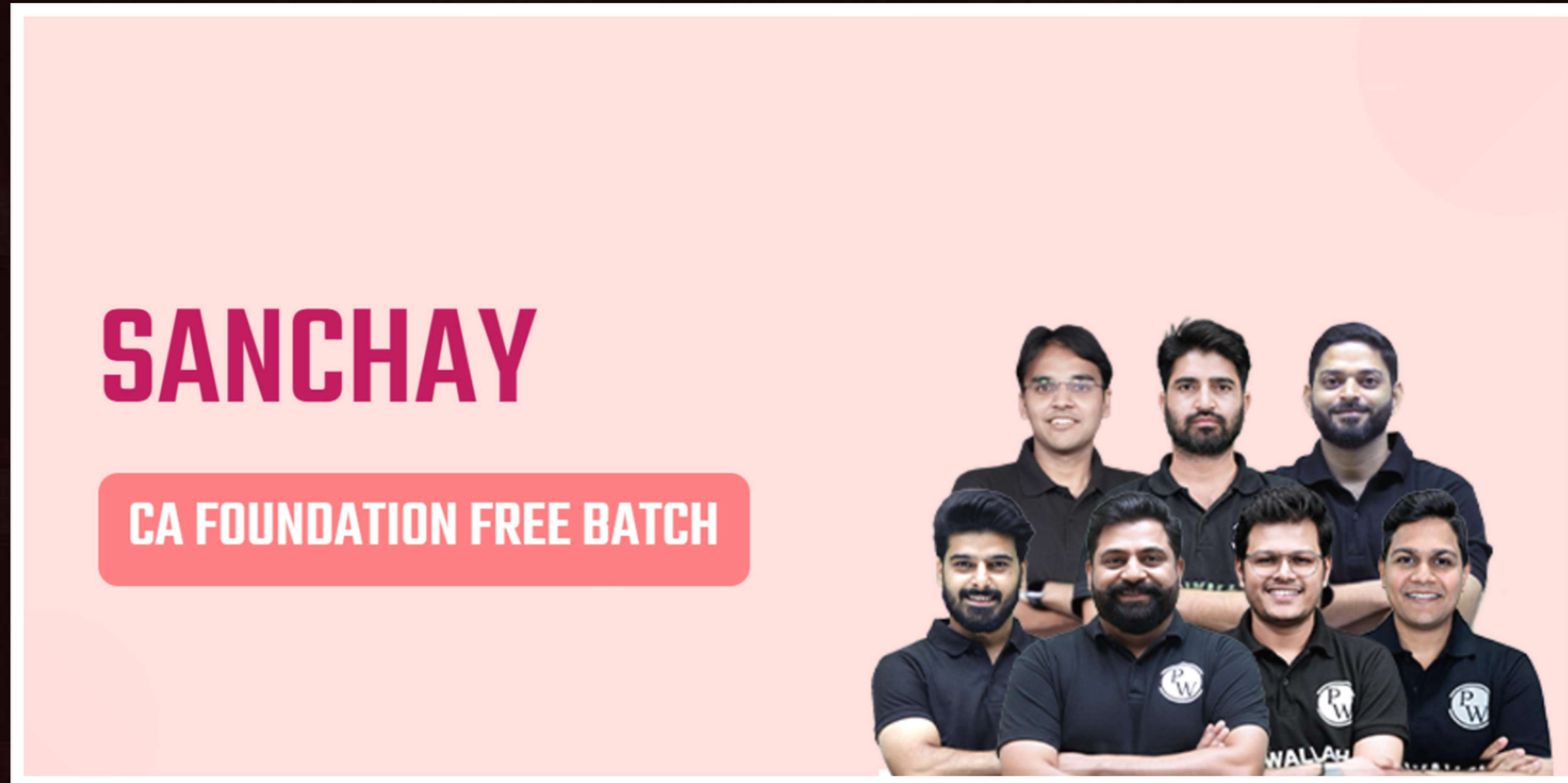
M/s Kushwah Travels sued Rahul for recovery of car.

Referring to the provisions of the Indian Contract Act, 1872, whether M/s

Kushwah Travels can recover the car from the Rahul before the time fixed for bailment?

[RTP,S25]

**Find the notes of the session here**



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