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**Subject:** LEB-323

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**Answer any 4 questions from the following:**

1. A CONTRACT WITHOUT CONSIDERATION IS VOID-Explain this statement.
2. Define Coercion. Explain the essential elements of coercion.
3. What do you know about Limited Liability Partnership Act, 2008? Explain.
4. Differentiate between Void Agreement and Illegal Agreement.
5. What do you know about Discharge of Contract? Explain Discharge by performance.
6. Explain Indemnity and Guarantee of Control.
7. Define agent. Describe Rights and Duties of an Agent.
8. Write shorts notes on the following topics: Minor Partner, Remission, Minor and insolvency, Free Consent, Undue Influence, Fraud, Pledge

**Ans to the question no. 1:**

The statement "A contract without consideration is void" refers to a fundamental principle of contract law that stipulates for a contract to be legally enforceable, it must involve consideration from both parties. Consideration is essentially something of value exchanged between parties to a contract. It can be money, goods, services, promises to perform certain actions, or even refraining from taking certain actions.

**Here's an explanation of the statement:**

1. **Contractual Obligations**: In a valid contract, both parties must exchange something of value. This ensures that each party has a vested interest in fulfilling their obligations under the contract. Consideration is what distinguishes a contract from a gratuitous promise or gift. Without consideration, there is no legal obligation for either party to perform their promised actions.
2. **Mutual Assent**: Consideration demonstrates the mutual assent or mutual agreement between the parties involved. It shows that both parties have willingly entered into the contract with full understanding and acceptance of their respective obligations.
3. **Avoiding Unjust Enrichment**: The requirement of consideration prevents unjust enrichment, where one party benefits unfairly at the expense of the other. If a contract lacks consideration, it opens the door for one party to potentially exploit the other without any legal recourse.
4. **Legal Validity**: Courts generally won't enforce contracts that lack consideration because they are deemed to lack the essential element necessary for a binding agreement. Without consideration, the contract is considered void or voidable, meaning it has no legal effect or can be set aside at the discretion of the affected party.

In summary, the absence of consideration in a contract renders it unenforceable because it fails to meet the basic requirements for a legally binding agreement. Both parties must give something of value to create a mutual exchange, ensuring fairness and legal validity in the contractual relationship

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**Ans to the question no. 2:**

Coercion is a legal term that refers to the act of compelling someone to do something against their will by using threats, force, intimidation, or other forms of pressure. In contract law, coercion renders a contract voidable, meaning that the affected party has the option to either enforce or void the contract, depending on the circumstances. To constitute coercion, several essential elements must be present:

1. **Threats or Pressure**: Coercion involves the use of threats, force, or undue pressure to induce someone to enter into a contract. These threats can be physical, economic, or psychological in nature. The coercive party may threaten violence, financial harm, or other negative consequences if the other party does not comply with their demands.
2. **Lack of Free Will**: The coerced party must lack free will or genuine consent when entering into the contract. They may feel compelled to agree to the terms of the contract due to fear, duress, or intimidation, rather than making a voluntary and informed decision.
3. **Illegitimate or Unlawful Conduct**: The conduct used to induce the contract must be illegitimate or unlawful. This can include blackmail, extortion, fraud, blackmail, or any other form of unlawful coercion. The coercive party's actions must go beyond mere persuasion and cross into the realm of unacceptable behavior.
4. **Causation of Contract**: The coercion must have played a significant role in causing the coerced party to enter into the contract. If the coerced party would not have agreed to the contract without the presence of coercion, then it can be considered a substantial factor in the formation of the contract.
5. **Absence of Genuine Consent**: Coercion negates the principle of genuine consent, which is essential for the validity of a contract. Genuine consent requires that parties enter into a contract voluntarily, without any external pressures or influences. Coercion undermines this principle by forcing a party to agree to terms they would not have otherwise accepted.
6. **Voidable Contract**: Contracts entered into under coercion are typically voidable at the option of the coerced party. This means that the coerced party has the legal right to void the contract, rendering it unenforceable. The coerced party can choose to affirm the contract or seek its rescission, depending on their circumstances and preferences.

In summary, coercion involves the use of threats, force, or undue pressure to compel someone to enter into a contract against their will. For coercion to be legally significant in contract law, it must involve the absence of free will, illegitimate conduct, causation of the contract, and the negation of genuine consent, ultimately rendering the contract voidable.

**Ans to the question no. 4:**

Void Agreement and Illegal Agreement are both terms used in contract law to describe situations where a contract is unenforceable, but they differ in their underlying reasons and consequences:

**Void Agreement**:

* + A void agreement is one that is invalid from the outset, meaning it lacks legal effect and cannot be enforced by either party. It is essentially treated as if it never existed. The reasons for a contract being void may vary, but typically it occurs due to a fundamental flaw in the formation of the contract.
  + Examples of void agreements include contracts made by parties lacking legal capacity (such as minors or mentally incapacitated individuals), contracts made under coercion or undue influence, agreements that are against public policy (such as contracts to commit a crime or defraud someone), or agreements with illegal objects.
  + In a void agreement, neither party can enforce its terms, and any consideration exchanged must be returned to its original owner. Courts will not uphold void agreements because they lack the essential elements required for a valid contract.

**Illegal Agreement**:

* An illegal agreement, on the other hand, is one that violates the law or public policy. Unlike a void agreement, an illegal agreement may initially appear to have the necessary elements for a valid contract, but its subject matter or purpose is contrary to the law.
* Examples of illegal agreements include contracts to commit a crime, contracts involving the sale of illegal substances, contracts for illegal gambling activities, or contracts that violate regulatory laws.
* In an illegal agreement, the parties may have the capacity to contract, and the agreement may have been formed without coercion or fraud. However, because the subject matter or purpose of the agreement is illegal, courts will not enforce it.
* While both parties may be equally at fault for entering into an illegal agreement, the law typically does not provide remedies for either party. Courts will generally leave the parties where they find them and will not assist in enforcing or rescinding an illegal agreement.

In summary, the main difference between a void agreement and an illegal agreement lies in the reasons for their unenforceability. A void agreement lacks legal effect due to a fundamental flaw in its formation, while an illegal agreement is unenforceable because its subject matter or purpose violates the law or public policy.

**Ans to the question no. 7:**

An agent is a person or entity who is authorized to act on behalf of another person or entity, known as the principal, in conducting legal, financial, or business affairs. The agent has the authority to enter into contracts, make decisions, and perform actions on behalf of the principal, typically within the scope of their agency relationship. This relationship is governed by agency law, which outlines the rights, duties, and responsibilities of both the agent and the principal.

Rights of an Agent:

1. **Right to Compensation**: Unless otherwise agreed upon, an agent is entitled to receive reasonable compensation for their services rendered on behalf of the principal.
2. **Right to Reimbursement**: An agent has the right to be reimbursed for any expenses incurred while acting within the scope of their authority, such as travel expenses, office supplies, or other necessary costs.
3. **Right to Indemnification**: The principal is generally obligated to indemnify the agent for any losses, liabilities, or damages incurred as a result of lawful actions taken on behalf of the principal.
4. **Right to Lien**: In certain circumstances, an agent may have a right to retain possession of property belonging to the principal until they receive payment for services rendered or expenses incurred.
5. **Right to Perform Duties**: An agent has the right to perform their duties and exercise their authority in accordance with the terms of the agency agreement and within the scope of their authority.

Duties of an Agent:

1. **Duty of Loyalty**: An agent owes a duty of loyalty to the principal, which requires them to act in the best interests of the principal and avoid conflicts of interest. This duty includes refraining from self-dealing, competing with the principal, or otherwise acting in a manner that would undermine the principal's interests.
2. **Duty of Care**: An agent is obligated to exercise reasonable care, skill, and diligence in performing their duties on behalf of the principal. This includes acting with the same level of care that a prudent person would exercise in similar circumstances.
3. **Duty of Obedience**: An agent must follow the lawful instructions and directions of the principal within the scope of their authority. They are required to act within the parameters set by the principal and comply with any legal or contractual obligations.
4. **Duty of Disclosure**: An agent has a duty to disclose all material facts and information relevant to the agency relationship to the principal. This includes providing accurate and complete information about transactions, potential conflicts of interest, or other matters that may affect the principal's interests.
5. **Duty to Account**: An agent is responsible for keeping accurate records of their actions, transactions, and financial dealings on behalf of the principal. They must provide an account of their activities and any funds or property entrusted to them by the principal.

Overall, the rights and duties of an agent are designed to ensure that they act in the best interests of the principal, exercise care and diligence in performing their duties, and maintain transparency and accountability in their actions.