

Victoria University of Bangladesh

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Ans to the question no.1

Consideration refers to something of value exchanged between parties to a contract, usually in the form of goods, services, money, or promises. For a contract to be legally binding, there must be consideration from both parties.

When a contract lacks consideration, it means that one or more parties have not provided anything of value in exchange for what they are receiving under the contract. As a result, the contract is generally considered void or unenforceable.

For example, let's imagine Alex promises to gift their car to Bella without any exchange or consideration from Bella's side. Bella agrees to accept the car as a gift. In this case, since Bella hasn't provided anything of value in return for the car, there's no consideration. Consequently, this agreement would likely be deemed void by a court because it lacks the essential element of consideration from Bella's side.

Therefore, a contract without consideration is void due to the absence of this essential element of a binding agreement.

Ans to the question no.2

Coercion, refers to the act of compelling someone to enter into a contract against their free will through the use of force, threats, or intimidation. It undermines the voluntary nature of contractual agreements, and contracts formed under coercion are typically considered voidable.

To fully understand coercion, it's essential to explore its key elements:

Threats or Force:

Coercion involves the use of threats or force, either physical or economic, to induce another party to enter into a contract.

Illegitimate Pressure:

The pressure exerted must be illegitimate or wrongful. It goes beyond the normal bargaining power that parties may have in negotiations.

Deprivation of Free Will:

The coerced party must be deprived of their free will in making the decision to enter into the contract. They act under duress, feeling compelled due to the threats or force.

Wrongful Inducement:

Coercion arises when one party induces the other to act against their will, using tactics that are considered morally or legally unacceptable.

Voidable Nature:

Contracts formed under coercion are considered voidable, meaning the coerced party has the option to either affirm the contract or void it.

Absence of Genuine Consent:

Coercion negates the principle of genuine consent in contract law. For a contract to be valid, it must be entered into voluntarily by all parties involved.

Legal Consequences:

Coercion may render a contract void or voidable, and in some cases, it might lead to legal consequences for the party employing coercive tactics.

Understanding these essential elements helps legal professionals assess whether coercion is present in a particular contractual situation and provides a basis for determining the validity

Ans to the question no.4

Void agreements and illegal agreements are both unenforceable under contract law, but they differ in their legal consequences and reasons for being unenforceable.

A void agreement is one that is considered to have never existed from the outset. Such agreements lack essential elements required for a valid contract,

rendering them null and void ab initio. Examples include agreements made by parties lacking capacity, such as minors or persons of unsound mind, or agreements involving unlawful consideration, like a contract to commit a crime or a contract to defraud someone.

On the other hand, an illegal agreement is one where the object or purpose of the contract is unlawful, rendering the entire agreement unenforceable. Unlike void agreements, illegal agreements may initially appear valid but are deemed unenforceable due to their illicit nature. Examples include contracts for illegal activities like drug trafficking, gambling, or bribery.

To differentiate, consider the example of a contract for the sale of stolen goods. If two parties enter into an agreement to buy and sell stolen property, the contract is illegal because its purpose is unlawful. In contrast, a contract with a minor might be void because the minor lacks the legal capacity to enter into a binding agreement.

Ans to the question no.6

Indemnity and guarantee of control are legal concepts aimed at providing security or assurance in various contractual or financial arrangements.

Indemnity refers to a contractual obligation where one party agrees to compensate another party for any losses, damages, or liabilities incurred as a result of specified events or actions. This agreement helps mitigate risks by shifting the financial burden from one party to another. In essence, indemnity serves as a form of insurance against potential losses. For example, in a business contract, one party might agree to indemnify the other party against any legal claims arising from the use of their products or services, thereby protecting the latter from financial repercussions.

On the other hand, a guarantee of control involves a commitment by one party to ensure that another party maintains a certain level of control over

specified assets, operations, or decisions. This assurance is often sought in situations where one party needs assurance that another party will act in accordance with agreed-upon terms or standards. For instance, in a partnership agreement, one partner might seek a guarantee of control to ensure that critical business decisions require mutual consent or adherence to predetermined guidelines.

Both indemnity and guarantee of control play crucial roles in risk management and contractual relationships. Indemnity provides a safety net against unforeseen losses or liabilities, giving parties confidence to engage in transactions or activities without fear of bearing disproportionate financial consequences. Guarantee of control, meanwhile, fosters trust and stability by ensuring that parties retain a certain degree of influence or oversight, thereby safeguarding their interests and promoting cooperation.