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**THE LAW OF CONTRACTS-INTERPRETATIONS AND ROLE IN BUSINESS
TRANSACTIONS**

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ABSTRACT:

This article breaks down the legitimate designs for bargains in the setting of financial development, with a complement on understanding regulation. A customary view emphasizes the formal necessity of arrangements for economic development. However, a contrasting view, citing correct works, holds that contract regulation and formal requirements are not significant for business transactions because the majority of issues and challenges arising from agreements are resolved informally, without reference to legally binding terms. This article considers these perspectives and examines regulations and legal systems, overlooking that are useful for economic development. The chance of understanding, which is seen as an underpinning of the market economy, should also be balanced with public interest, including financial development; for instance, the government could believe that it is essential to intervene in confidential legally binding relations to resolve the issues of economic growth, such as seizure for infrastructure projects. This article also reviews the congruity between the chance of understanding and public interest limits on this opportunity, a balance that is continuously changing throughout economic development. Finally, public and international development organizations have proposed regulation changes to improve protected transactions to foster economic development in agricultural countries. This article also examines whether the actual progression of secured transactions would be beneficial for economic improvement.

Key words-: Agreement Law, Enforcement of Contract, Economic Development, Public Interest, Secured Transaction, business contracts.

Introduction:-

Starting from the beginning of human culture, various regulations and approaches have been practiced by individuals. These standards and rules are referred to as 'Institutions,' created or established by a named authority and managed or enforced by an administrative power. During the trade period, when people initiated the exchange of goods, among other things, to address their needs, they introduced money and established organizations.

In today's world, rapid economic development accelerates corporate transactions and business outcomes, facilitated by a legal instrument for establishing a foundation of a firm arrangement, known as an 'Understanding.' A body corporate, individual, or professional organization frequently enters into an agreement/grasping/trade with another body corporate, individual, or professional organization based on business needs. This may involve an agreement to purchase supplies and raw materials or to provide or receive services from another party. Agreements specifically outline the work or services to be provided, the cost of the work or services, who will pay, and include the obligations and responsibilities of each party.

Literature review:-

The objective of this is to investigate how business regulations impact or influence our daily business activities. The topic I have chosen concerns how business regulations play a crucial role in every aspect of life. Rules and regulations have been implemented to govern how businesses operate. These regulations ensure consumer protection and also safeguard competition among businesses. Businesses that fail to comply with any of the business regulations will face fines or penalties.

BLIND FOLD LEGAL JOURNAL

Dr. Henry R. Chesbrough, a former researcher, is a lawyer and economist. His expertise lies in the interrelationships of regulation with economic issues and finance. He specializes in asset management, loans, banking, anti-trust regulation, economics, and compliance regulation. In his fifth book, he highlights the significance of the internet as a crucial framework for business regulations. He has also authored a few publications, including "Contemporary Sales and E-commerce Regulation" and "The Legal and Regulatory Environment."

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Business Regulation as his primary subject, having previously taught Corporate Regulation and Corporate Bankruptcy. He is interested in research related to The European Charter on Regional or Minority Languages and Comparative Business Regulation. This research primarily focuses on the sources of business regulation, the purposes of various regulations for businesses, and regulations regarding trade and industry in South Africa. This illustrates how vital business regulations are today and how they impact clients and businesses. Without business regulations, ongoing businesses cannot operate or endure.

Research Gap:

1. Contract regulation, or the law of arrangements, shapes the underpinning of business and day-to-day life. Contracts feature the unavoidable impact of this legal discipline, governing the obligations and commitments that bind individuals, businesses, and associations.
2. Whether you're a student embarking on an academic journey at the undergraduate, masters, or doctoral levels, contract regulation dissertation topics offer a gold mine of opportunities to explore the intricate web of rights, obligations, and legal frameworks that shape contractual relationships. These topics include various subjects, ranging from contract formation and interpretation to the nuances of contractual remedies, contract breaches, and the impact of emerging technologies on contractual arrangements.
3. In this blog post, we'll guide budding legal scholars through various contract regulation dissertation topics, each presenting an opportunity to unravel the complexities of the contracts world.
4. As the name suggests, contract regulation is a key aspect of law and business, and your dissertation work in this field ensures academic growth, real-world relevance, and an opportunity to contribute to the ongoing discourse surrounding the legal complexities of agreements and obligations. The following is a list of contract regulation topics provided as a guide for you to consider when choosing the subject for your dissertation.

Research Objectives:

Knowing the law of contracts provides you with a range of valuable information. First, understanding the elements required to create a valid contract. Second, grasping the scope of obligations and duties associated with a legal contract.

Research Objectives:

Third, identifying the grounds on which an agreement may be overlooked. Fourth, the opportunities someone could choose to cancel an enforceable contract. The main motivation to understand the law of contracts is the strength contracts offer to most people in most of their lives. To begin with, if you are advising a client who is drafting a contract, you need to think through every conceivable issue and ensure that your client is fully protected in case the other party breaches. This means not only anticipating potential issues (what we sometimes refer to as "bad hypotheticals") but also making sure that the contract language is clear and unambiguous. Contracts that are not thoroughly considered or are not well-drafted can cause significant trouble for your client.

Second, if you are advising a client who wishes to escape a contractual obligation, you're trying to identify the mistakes someone else could have made that would release your client from performing. Perhaps the parties failed to address certain circumstances, or maybe there's room for ambiguity in how the situation was described that could free your client.

So, contract regulation is intriguing for those who like to build things and to dismantle things. In most contract cases, one will do both: find the loopholes in a particular contract and then draft the settlement agreement resolving the matter.

However, to do both of these things, one must have a solid grasp of the principles of contract regulation, which is what one learns in law school. Although we now have tools such as the Uniform Commercial Code that provide legal support for specific types of contracts, most contract regulation arises from common law, and much of that developed in Britain centuries ago. You get to learn how people wrestled to solve problems when they first arose, such as the dispute over confusion between two ships both named the Unbeatable, and of course, the infamous "hairy hand" case when a skin graft went wrong. While law students deal with common law in other essential

subjects like tort, criminal, and property law, the common law seems particularly alive still in contract regulation, and that is significant to me.

Research methodology:-

For any of us engaged in standard transactions as part of our professions, even a routine exchange of work and goods often makes us wish that we had an agreement in writing with the other party. This is generally because most of us acknowledge that few types of transactions function well on trust alone. Yet, when things are uncertain or go awry, we realize that a written document should have been in place and regret not having one.

Therefore, while written agreements are often avoided in everyday transactions to eliminate hassles or avoid "hostility," one typically ends up benefiting more by choosing not to have them! This article will provide you with a brief understanding of the importance of having written agreements in transactions under Indian regulations.

Let us first quickly review the provisions of the fundamental legislation in India that govern contracts - their creation, interpretation, and execution - specifically, the Indian Contract Act, 1872. This legislation describes an agreement as "a promise enforceable by law." Some of the fundamentals that need to be fulfilled under this legislation for an agreement to be a valid contract are:

1. A proposal by one person.
2. Acceptance of the proposal by another person.
3. The capacity of all parties to contract.
4. A lawful consideration.
5. A lawful object; and
6. The agreement not being expressly declared void by law.

All of the above requirements have been explained thoroughly under the Indian Contract Act, 1872. When the essentials for the existence of a valid contract, as enumerated under this legislation, have been fulfilled, the parties are said to have concluded an agreement - a legally binding arrangement capable of legal enforcement.

As can be seen from the situations stated above, it is not required that the terms of the agreement must be written. Oral agreements are also recognized under this legislation and are common enough in transactions. However, oral agreements can be disadvantageous in several ways, the primary ones being:

1. The details of an oral agreement are concealed from the conduct of the parties.
2. Many a time, the actual conduct of the parties to an agreement may be different from the terms initially agreed upon, and thus, the understanding of the agreement may be significantly different from what the parties had originally anticipated.
3. Certain provisions like consequences in case of a breach of agreement, time for performance, and method of execution may be conveyed not entirely clear by a third party without a written agreement, thus leaving room for misunderstandings or potentially adverse outcomes.

It is, therefore, to the best interest of the parties (regardless of whether such a party is an individual or a business establishment) that an oral agreement be avoided and that the agreement be reduced to writing. Such an agreement should address not only the business terms agreed upon between the parties but also the essential legal provisions in accordance with the perspective of the law applicable to a specific transaction. For example, in executing an agreement deed or a contract to sell or lease deed, it is crucial that the business terms and legal provisions are clearly outlined in a written document.

Analysis and Discussion:-

Rose and Frank Co v. Crompton and Brother Ltd (1925)

The House of Lords, in the well-known case of Rose and Frank Co v. Crompton and Brother Ltd (1925), emphasized agreements that are enforceable by law. The Court, in this case, held that the mere fact that the arrangement between the parties does not constitute a legal contract will not automatically prevent the orders and acceptances from forming legally binding contracts. Therefore, the lack of enforceability of a legal arrangement expressly stated under an agency agreement does not negate the legal transactions.

Harvey v. Facey (1893)

The difference between an "invitation to offer" and an "offer" has been elucidated by the Lords of Judicial Committee of the Privy Council on the appeal in the case of Harvey v Facey (1893). While the case revolved around an issue that arose regarding the offer to sell a Bumper Hall Pen, the Privy Council observed that there never existed an agreement between the parties to the case. The Council went further to state that for a contract to be valid, a proposal and an acceptance are needed to make the contract binding. Furthermore, the acceptance of the proposal must be notified to the individual who is proposing because a legally enforceable agreement requires certainty to hold from both parties.

Professionals enter into agreements or transactions with others and organizations almost consistently. The transaction could involve an agreement to purchase supplies and raw materials from another party. Agreements may also include services or work to be performed by the professional for another party or work to be performed by another party for the professional. These agreements or transactions are also referred to as contracts.

Contracts often include details such as what work or services will be provided, the cost of the work or services, and who will pay and when. Contracts can be made orally (verbally) or in writing. Both oral and written contracts can be legally binding. However, if a dispute arises between two parties concerning an oral agreement, the dispute becomes a "he said, she said" situation that is more challenging to prove in court than a written contract. Memories can fade over time, creating genuine disputes between two casual parties. Consequently, parties to an oral agreement have more significant room for interpretation.

Therefore, a well-drafted written agreement is a good risk management strategy to help avoid mistakes and disputes that can lead to professional liability claims and other legal disputes, better protecting the interests of a business professional.

Definition of contracts in Business:

A contract is a written agreement accepted by all parties, the business, and the employee, forming the basis for any successful endeavor. Contracts provide greater accountability for the execution

of tasks and the achievement of goals as agreed in the contract. It acts as a crucial tool for establishing a positive relationship with clients. In this regard, contract management or administration is a process applied to the management of contracts negotiated with clients, partners, or employees.

Contract management involves managing or modifying the terms of the contracts and ensuring compliance with the rules as set out in the contract. Contracts ensure a standard business practice, offering clarity on the specifics. It helps achieve the desired results efficiently and also serves as evidence if the expectations of one party are not met, considered a breach of the contract, and the individual needs to bear the cost of the service.

It is essential to have the contract drawn up and reviewed by a lawyer. According to the following factors, contracts become crucial:

1. Detailed proof of information: The primary purpose of the contract is to document the specifics agreed upon by both parties through mutual consent. It provides a structured understanding of the services provided by a third party or the financial obligations to be fulfilled by a third party. This information serves as legal facts and is highly relevant to the negotiation.
2. Avoidance of miscommunication and confusion: Miscommunication or misunderstanding is a common issue experienced in any organization for various reasons. The formation of a contract is a mechanism to address such situations. It is essential for both parties to read and adhere to the agreed-upon regulations. It significantly impacts the business as breaches of the contract regulations will lead to disputes among the parties and thus affect the entire firm.
3. Offers protection: A valid contract plays a significant role in providing protection between the parties, as it clearly outlines the contract duration and the scope of responsibilities. Any deviation is a violation of the contract, and each party has their respective recourse in such a scenario.

Research Findings -:

This revolves around the sources of business regulation, the organizations targeted by various regulations, and regulations related to trade and industry in South Africa. This demonstrates how significant business regulations are currently and how they impact clients and organizations. Without business regulations, ongoing associations cannot function or endure.

The Upsides of an Oral Rent:

One of the primary advantages of an oral agreement is its ease of modification and the ability to change terms abruptly. In a month-to-month lease, the tenant can contact the landlord by phone to provide 30-days' notice if they intend to move, and the landlord can similarly notify the tenant to end the lease with 30-days' notice. It is a simple process without the need for cause or other complexities found in a written lease.

Oral leases tend to be less intricate and more straightforward compared to written leases, which often contain more provisions, qualifications, and obligations. This simplicity can be advantageous if either party is not well-versed in property manager-tenant regulations.

Whether to enter into an oral or written lease often depends on personal preference for both the tenant and the landlord. However, it's essential to recognize that an oral lease can leave parties vulnerable and may not be entirely clear under the law. Most property managers prefer a signed, written lease for clarity and security, especially when managing multiple rentals and different tenant agreements.

BLIND FOLD LEGAL JOURNAL

The Detriments of an Oral Rent:

The lack of a written document makes it challenging to reference terms in case of conflicts or disputes in the future. Without a written record, determining responsibility for issues such as property damage can be difficult. Parties might disagree on who is responsible for what without a clear reference point.

An oral lease may expose parties to potential manipulation or changes to the agreement's terms, as there is no clear documentation of the arrangements. For instance, a tenant who initially entered

into a one-year lease but wants to move early might claim it was a month-to-month agreement. Without a written record, proving the one-year duration can be challenging for the landlord. Issues may arise if a tenant wishes to negotiate changes to the initial rules and requirements agreed upon. In such cases, a written lease provides a clear and robust record of the agreement.

Conclusion:-

The factors mentioned above emphasize the importance of agreements for organizations to safeguard their details and protect them from uncertainties. Additionally, agreements serve to shield employees when employers fail to adhere to the specifics of the agreement by making false commitments and deceiving them. Moreover, it is crucial to recognize that the focus of the assessment is on the negotiation process, the agreement, and its implementation. Consequently, the actual agreement significantly influences the utilization of the arrangement.

An imbalanced agreement, possibly drafted by the providing party in a right-of-use strategy, is utilized to manage individuals within the organization of the receiving party. Such agreements are often employed in a more isolative manner. It is observed that a well-crafted agreement leads to a non-isolative utilization. An agreement that is less comprehensive is perceived in a more integrated manner compared to a more extended agreement. An agreement with comprehensive functional content is utilized to manage the operational processes, whereas an agreement with significant technical content tends to monitor the output operations of the party.

The relationships between the parties directly impact the execution of the agreement. A transactional relationship tends to result in an isolated use of the agreement, while a relational relationship leads to a non-isolated use. However, drafting an agreement, considering all these considerations, is a challenging and time-consuming task. It is advisable to seek the assistance of legal professionals who specialize in contract drafting.

For professionals involved in routine transactions as part of their professional duties, even a commonplace exchange of work and goods between parties should be documented in writing with the other party. This is because most professionals understand that many transactions function well based on trust, as per their verbal agreements. However, when things become complicated or go

awry, professionals realize the importance of a written agreement.

Every professional can mitigate their risks by reducing all transactions into written agreements or contracts. By employing well-drafted written agreements, organizations and professionals can manage risks, avoid misunderstandings, and prevent disputes that can lead to costly legal claims and lawsuits.

Scope for Future Research-:

- The identification stage provides a fundamental scope of the agreement, where various tasks may involve different development and management components falling under distinct segments of the agreement.
- This implies that the obligations or services are directed towards different parties. For instance, a project involving a hospital might encompass a section on medical services. If the hospital outsources the medical services to a confidential partner,
- The hospital must decide to include various services such as cleaning and catering, in addition to its maintenance services. The hospital must also determine which services to incorporate within the boundaries of the agreement.

Suggestions-:

A well-drafted agreement plays a crucial role in any transaction. Apart from establishing the arrangement between concerned parties as legally binding, agreements can also serve as future references and become integral parts of the business's procedures. They act as documentation that can be used as evidence in case of misunderstandings, disputes, or legal proceedings.

By having a clear agreement agreed upon by the parties involved, it creates a record that binds the parties to such a document. This significantly reduces the likelihood of any party making a false claim against another, and in case of any dispute, the parties can seek the assistance of their legal counsel to clarify their stance against the contested argument. This ensures that no false claims are successful.

Moreover, agreements serve as a commitment record for the parties involved. They prevent conflicts, mitigate risks, and indirectly contribute to revenue generation, thereby aiding business growth.

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