

Law of agency



SYNOPSIS

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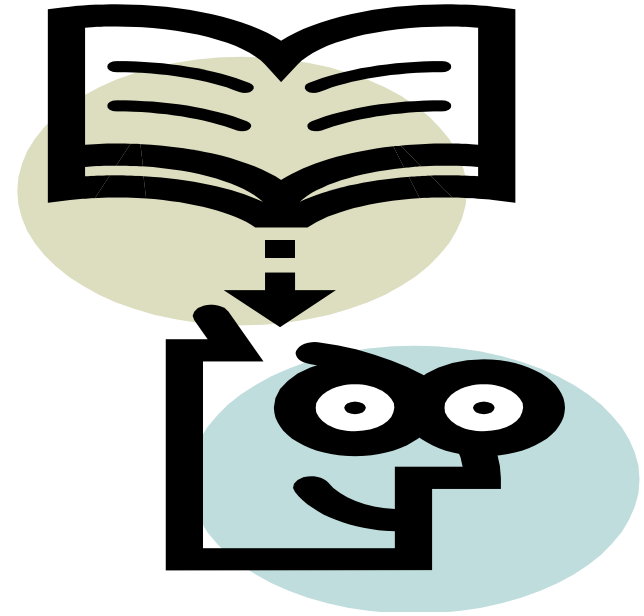
3. What is a Contract of Agency?

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- Difference between Agent, Servant and Independent Contractor



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INTRODUCTION

- Chapter X of the Indian Contract Act, 1872 deals with the laws relating to Agency under **sec. 182 to 238**
- In a modern business organization, it is not always possible for a man to do everything by himself hence delegation is necessary
- The law of agency is based on the principle "What a person does by another, he does by himself".
- an agent does not act on his own behalf but acts on behalf of his principal

Who can appoint an Agent?

Section 183 provides any person who is of the age of majority according to the law to which, he is subject, to the law who is of sound mind, may employ an agent. Thus a minor or a person of unsound mind cannot act as a principal.



Who may be an Agent?

- section 184 it becomes clear that "as between the principal and third persons, any person may become an agent".
- Now the question arises, can a minor or a person of unsound mind also become an agent?
- The answer is yes.



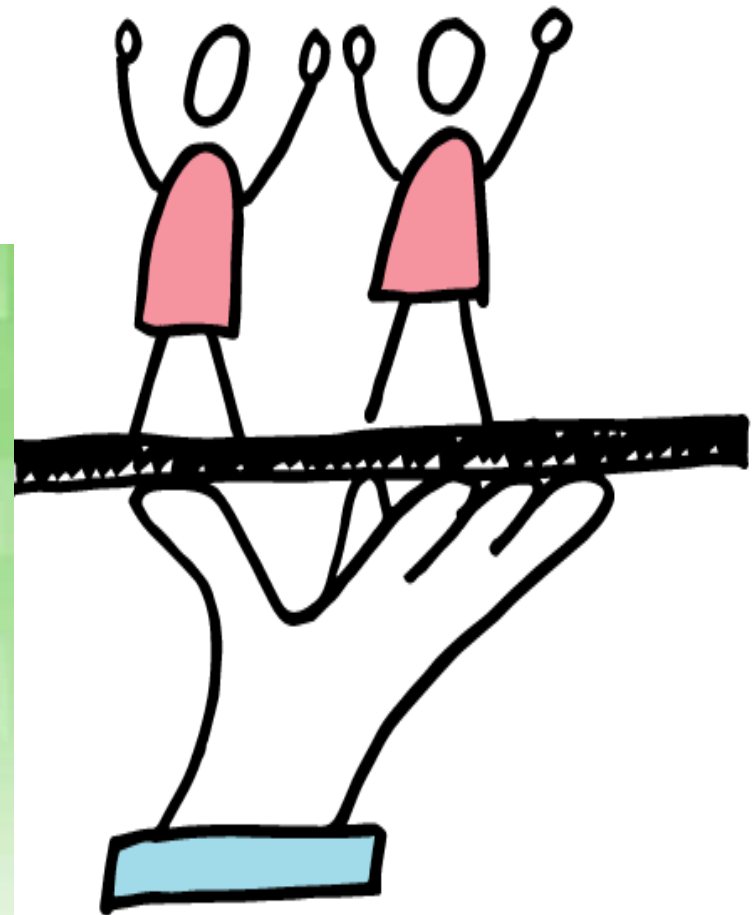
Consideration for Agency

- **Section 185** expressly provides that no consideration is necessary to create an agency.
- The fact that the principal has agreed to be bound by the acts of the agent is a sufficient detriment to the principal.



Difference between Agent, Servant and Independent Contractor

- There is a lot of difference between Agent, Servant & Contractor
- Agent is not a servant
- Agent is not a contractor



Creation of Agency

1 Express agreement,

2 Implied agreement.

- By Estoppels
- By Holding Out
- By Necessity

3 Ratification, and

4 Operation of law.



Classification of Agents

1 General agents

2. Special agent

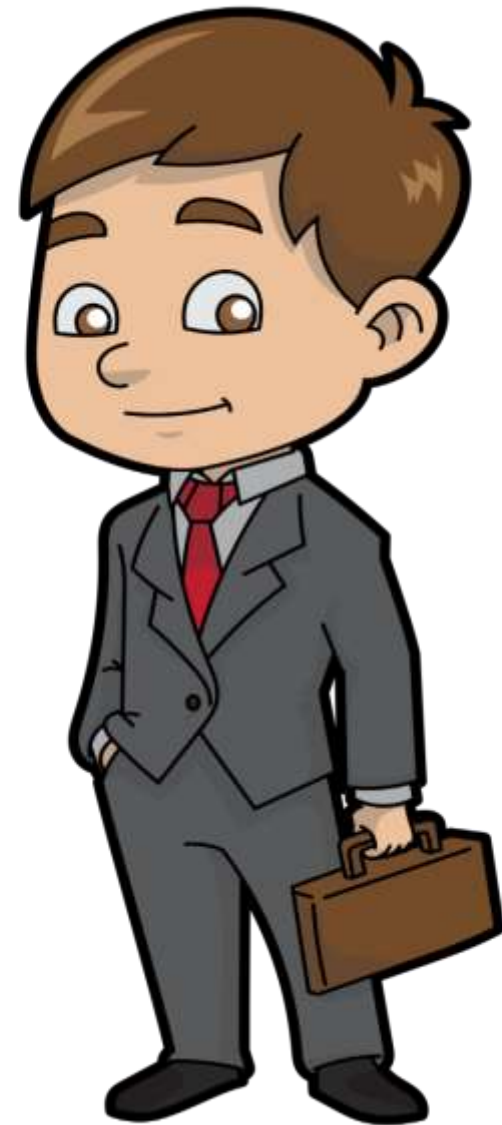
3. universal agent

4. Mercantile agents

- **Factor Agent**
- **Auctioneer Agent**
- **Del Creder Agent**
- **Commission Agent**
- **Banker Agent**

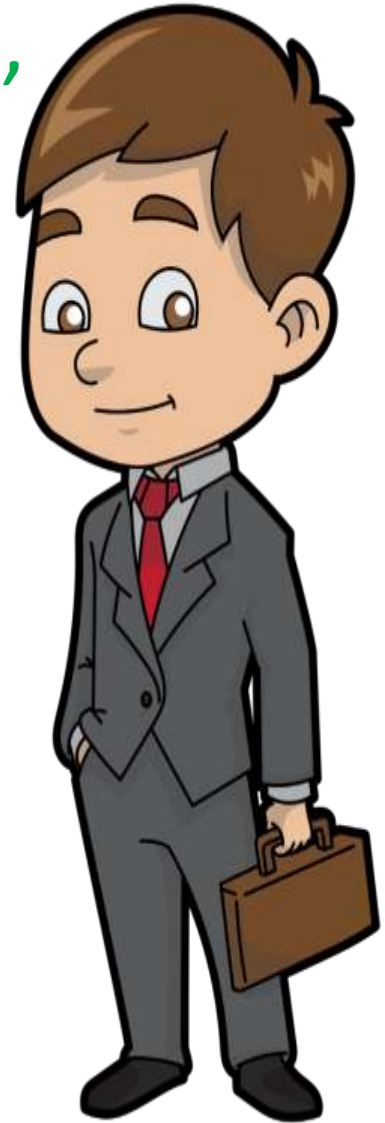
5. Sub –Agent

6. Substituted Agent



RIGHTS OF AN AGENT

1. Right to receive remuneration,
2. Right of retainer,
3. Right of lien,
4. Right to be indemnified
5. Right to Compensation



DUTIES OF AN AGENT

1. To act according to the instructions or custom of the trade,
2. To act with reasonable care and skill.
3. To render true accounts,
4. To communicate with principal,
5. Not to deal on his own account,
6. Not to use information obtained in the course of the agency against the principal,
7. Not to set-up adverse title,
8. Not to make personal secret profits,
9. To exercise his authority himself
10. To take all reasonable steps to protect the interest of the principal on his death or insanity.



Personal Liability of an Agent

An agent is personally liable:

- 1) When he expressly agrees,
- 2) When acting for a foreign principal,
- 3) When acting for an undisclosed principal,
- 4) Where the principal, though discovered, can't be sure,
- 5) Where the principal is a company which is yet to come into existence,



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6) when the agent's authority is "coupled with interest,

7) if custom or trade usage is such,

8) where agent receives money by mistake or fraud

9) where agent exceeds or deals without authority,

10) when agent. enters into contract in his own name.

LIABILITY OF PRINCIPAL TOWARDS THIRD PARTY

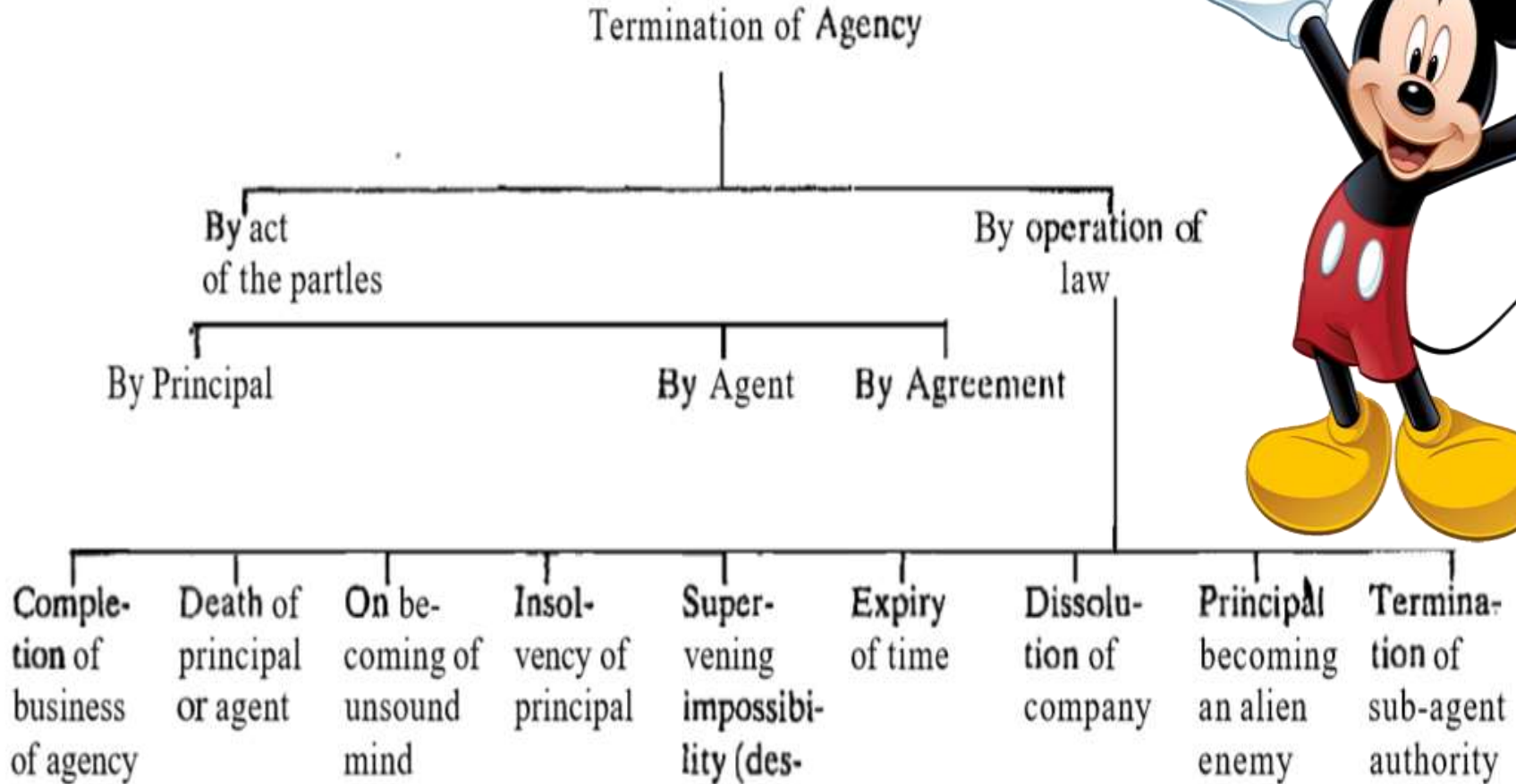
1) Where the name and existence of the principal is disclosed by the agent to the third party.

2) Where the name is not but principal's existence is disclosed or where we may conveniently say that that principal is unnamed, and

3) Where the principal is undisclosed i.e., neither the existence nor the name of the principal is disclosed.



Termination of Agency



*The
End*