

# BUSINESS LAW

UNIT 1: The Indian Contract Act, 1872

TOPIC- QUASI CONTRACTS

# QUASI- CONTRACTS( Sec.68- Sec.72)

Quasi contracts are those contracts which resemble ordinary contracts in some respects but are different from contracts in other respects. This means that **as far as consequences are concerned , quasi contracts are similar to contracts** i.e. here parties have certain rights and certain obligations just like in ordinary contracts and so they can take legal action against the party for the enforcement of their rights. But as far as **mode of creation is concerned, they are not created the way normally contracts are created**. Here ,there may be no offer ,no acceptance, no negotiation, no meetings, no consensus, parties may not be knowing each other etc. but still they are bound in a contract. In fact, here law presumes or imposes contract upon parties. Thus ,**quasi contracts are those relations where obligations resembling those created by contract are imposed by law although parties have never entered into a contract**. Quasi contracts are based upon the equitable "doctrine of unjust enrichment" i.e. **a person should not enrich himself at the expense of others. Duty**,and not promise or agreement, **is the basis of such contracts . Sections 68 to 72** of Indian Contract Act, 1872 specify the various quasi contracts.

# Sec.68 - Claim for necessities supplied to person incapable of contracting or on his account

- If someone supplies **necessaries of life** ( goods or services like food , clothes, education, medical services)
- to a **person incompetent to contract** (e.g. minor, lunatic etc.)
- **or someone legally dependent on such incompetent person**( e.g. wife\ children of unsound mind person)
- then such supplier is entitled to get a **reasonable price**( and not the agreed price )
- from the **property of the incompetent person**( **no personal liability** will arise only estate of incompetent person, if any, is liable)

**EXAMPLE- A supplies the wife and children of B, a lunatic, with necessities suitable to their condition in life. A is entitled to be reimbursed from B's property.**

# **Sec.69- Reimbursement of person paying money due by another ,in payment of which he is interested**

- If a person makes a payment of money
- which another person was bound by law to pay
- the person makes payment in order to protect his own interest
- he makes payment in good faith
- then he is **entitled to be reimbursed** by the other person

**EXAMPLE- Abid Hussain vs Ganga Sahai-** A's goods were wrongly attached to realize the arrears of Government revenue due by B. A pays the dues to save the goods from being sold. A is entitled to recover the amount from B.

**EXAMPLE-** A, pays the arrears of rent of his neighbour B, just to avoid a struggle between B and B's landlord. A cannot recover from B as he acted voluntarily and had no interest of his own in the payment.

# Sec.70. Obligation of person enjoying benefit of non-gratuitous act.

- If one person has **done some act (things delivered or services rendered)**
- that act is done in the presence of the other party **giving him full choice to reject the thing \ service**
- the act is done **with the intention of being paid for** (and not gratuitously)
- and the **other person must have enjoyed the benefit of act**
- then the person who has enjoyed the act is **bound to make compensation or to restore the benefit** received , to the doer of the act.

**EXAMPLE- A coolie takes the luggage at the railway station without being asked by the passenger or a shoe-shiner starts shining shoes of the passenger without being asked to do so, and if the passenger does not object to that, then he is bound to pay reasonably for the same as the work was not intended to be gratuitously.**

# Sec.71. Responsibility of finder of goods

- If a person **finds goods belonging to another**
- and he **takes them into his custody**
- then **law presumes that contract of bailment** has arisen between the owner and finder and finder, like a bailee in a gratuitous bailment, gets some rights and obligations
- **Duties of finder**
  - ✓ try to find true owner( like shout in public place about the found article, inform police, give advertisement etc.)
  - ✓ not to appropriate goods for self use( otherwise would be guilty of misappropriation)
  - ✓ take reasonable care of goods (as would take care of his own goods)
  - ✓ to restore goods to real owner( in case he is traced.)
- **Rights of finder**
  - **right to retain** possession of goods against everybody except true owner
  - **right of lien for expenses** incurred for preserving the goods or tracing the owner
  - **right to sue for reward**, if any, offered by owner provided he came to know of reward offer before actually finding the goods
  - **right of sale of goods** if true owner is not found or he refuses to pay lawful charges of the finder **and** goods are perishable or lawful charges of finder amount to two- third or more of value of goods found. The true owner is entitled to get surplus, if any, left after meeting the lawful charges of the finder.

# Sec.72.Liability of person to whom money is paid or things delivered by mistake

- If a person has **paid money or delivered goods** to another
- by **mistake** or under pressure
- then the **other person must repay or return** it
- This section is not applicable where money is paid intentionally in payment of natural obligation or in deliberate disregard of law
  - eg. Where one has paid-up a time-barred debt, he cannot recover it as this payment is voluntary and not mistaken .Similarly where moneys are paid voluntarily knowing fully well that the contract has become void, it cannot be recovered under this section.

EXAMPLE-A fruit parcel is delivered under a mistake to R who consumes the fruits thinking them as birthday present. R must return the parcel or pay for the fruits. Although there is no agreement between R and the true owner, yet he is bound to pay as the law regards it a quasi-contract.

EXAMPLE- A bank wrongly credited huge amount to A's account. The bank is entitled to recover that amount from A u/s 72 of the Contract Act.