



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore – 641 107**

**An Autonomous Institution**

**Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A’ Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**SUBJECT NAME & CODE : 23BAT104 - LEGAL ASPECTS OF BUSINESS**

**YEAR/ SEMESTER : I MBA / I SEMSTER**

**UNIT 1 : THE INDIAN CONTRACT ACT 1872**

**Topic : Law of Agency**



## Law of Agency



The Law of Agency governs the legal relationship in which one party (the agent) acts on behalf of another party (the principal) in various dealings or transactions. This relationship is crucial in commercial and business law, enabling principals to delegate authority to agents, who then act to fulfill the principal's legal rights and obligations in certain matters.



## Key Elements of Agency Law



1. Principal: The person or entity who authorizes another to act on their behalf.
2. Agent: The individual or entity authorized to act for the principal in specified matters.
3. Consent: Both principal and agent must agree to the relationship, though it may be formal (contractual) or informal.
4. Authority: Defined as the power granted to the agent to make decisions and act in a certain scope. Types of authority include:
5. Actual Authority: Explicitly granted by the principal (either orally or in writing).
6. Apparent (or Ostensible) Authority: Created when the principal's actions lead a third party to believe the agent has authority.
7. Implied Authority: Inferred from the nature of the relationship or conduct.



## Termination of Agency



1. Mutual Agreement: Both principal and agent agree to terminate the relationship.
2. Revocation by Principal: The principal may withdraw the agent's authority.
3. Renunciation by Agent: The agent decides to end the relationship.
4. Completion of Purpose: When the agency's goal is achieved, the agency automatically terminates.
5. Death, Insanity, or Bankruptcy: Either party's incapacity may lead to termination.



**RECAP**

**QUESTIONS???**

**THANK YOU**