DegreeLive

BBA | Semester III | UK3DSCMGT203

Business Laws

Course Code: UK3DSCMGT203 • Module 2 Notes

Module 2: Law of Contracts: Formation and Enforcement

Course: Business Laws (UK3DSCMGT203) • Semester III • BBA FYUGP Kerala University

1. The Indian Contract Act 1872: Nature, Scope, and Definition of Contract

The **Indian Contract Act 1872** is the foundational commercial enactment governing mercantile transactions, business relationships, and trade agreements in India. It came into force on September 1, 1872, applicable throughout the territory of India. The Act does not attempt to codify the entire exhaustive law of contracts, but establishes universal fundamental legal principles governing contract formation, performance, breach, and special commercial agreements.

Statutory Definition of a Contract

Section 2(h) of the Indian Contract Act defines a contract with supreme legal simplicity:

```
Contract = An agreement enforceable by law. (Section 2(h))
```

A legally binding pact comprising two essential structural elements: an Agreement and Legal Enforceability.

To understand Section 2(h), students must dissect its underlying component definitions:

- **Proposal / Offer (Section 2(a)):** When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal.
- **Acceptance and Promise (Section 2(b)):** When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a **Promise**.
- **Agreement (Section 2(e)):** Every promise and every set of promises, forming the consideration for each other, is an agreement.

Thus, every contract is an agreement, but not every agreement is a contract. Agreements of a purely social, domestic, or religious nature (e.g., an agreement to attend a friend's wedding dinner, or a father promising his son a pocket allowance) do not create legal obligations and are therefore not contracts.

2. Essential Elements of a Valid Contract: Section 10

Section 10 of the Indian Contract Act 1872 sets out the mandatory statutory preconditions for legal enforceability: *"All agreements are contracts if they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object, and are not hereby expressly declared to be void."* An exhaustive analysis reveals ten essential legal requirements:

1. **Offer and Acceptance (Consensus ad Idem):** There must be a lawful, definite offer by one party and an unconditional, absolute acceptance of that offer by the other party. The parties must

agree upon the same thing in the same sense (meeting of the minds).

2. **Intention to Create Legal Relations:** The parties must intend that their agreement will result in formal legal consequences. In commercial agreements, the law presumes an intention to create legal relations; in social and domestic agreements, the presumption is that no legal relations were intended.
   Landmark Case: **Balfour v. Balfour [1919] 2 KB 571:** A husband employed in Ceylon promised to pay his wife a monthly maintenance allowance of £30 while she stayed in England due to illness. When the couple separated, the wife sued for the allowance. The English Court of Appeal ruled that domestic agreements between spouses do not constitute contracts because the parties never intended to establish legal consequences enforceable in a court of law.
3. **Lawful Consideration (Quid Pro Quo):** Consideration is the price paid for the promise—something in return. Section 2(d) defines consideration. Under Section 25, an agreement made without consideration is void, subject to narrow exceptions (natural love and affection registered in writing, compensation for past voluntary services, time-barred debt acknowledgment). Consideration need not be economically adequate, but it must be real and have some value in the eye of the law.
4. **Capacity to Contract (Competence of Parties):** Under Section 11, every person is competent to contract who is of the age of majority according to the law to which he is subject (18 years under the Indian Majority Act 1875), who is of sound mind (capable of understanding and forming a rational judgment), and who is not disqualified from contracting by any law (e.g., alien enemies, insolvent convicts).
5. **Free Consent:** Consent is said to be free under Section 14 when it is not caused by:
   - *Coercion (Section 15):* Committing or threatening to commit any act forbidden by the IPC, or unlawful detaining of property.
   - *Undue Influence (Section 16):* Where one party is in a position to dominate the will of the other and uses that position to obtain an unfair advantage.
   - *Fraud (Section 17):* Intentional false representation, active concealment of facts, or promise made without intention of performing it.
   - *Misrepresentation (Section 18):* Innocent, non-fraudulent misstatement of a material fact.
   - *Mistake (Sections 20–22):* Bilateral mistake as to a matter of fact essential to the agreement renders it void.
6. **Lawful Object and Lawful Consideration (Section 23):** The consideration or object of an agreement is unlawful if it is forbidden by law, defeats the provisions of any law, is fraudulent, involves injury to the person or property of another, or is regarded by the court as immoral or opposed to public policy.
7. **Agreements Not Expressly Declared Void:** The agreement must not fall into statutory categories declared void by the Act: Agreements in Restraint of Marriage (Section 26), Agreements in Restraint of Trade (Section 27), Agreements in Restraint of Legal Proceedings (Section 28), Uncertain Agreements (Section 29), or Wagering / Gambling Agreements (Section 30).
8. **Certainty of Terms:** Terms must not be vague or indefinite (Section 29). An agreement to sell "one hundred tons of oil" without specifying the variety of oil is void for uncertainty.

Degreelive

9. **Possibility of Performance (Section 56):** An agreement to do an impossible act (e.g., discovering treasure by magic) is void ab initio.
10. **Legal Formalities:** Compliance with statutory writing, attestation, and stamp duty registration requirements where mandated by specific enactments (e.g., Transfer of Property Act 1882).

The Position of a Minor in Indian Contract Law: Mohori Bibee v. Dharmodas Ghose

Under Section 11, a person who has not attained majority is incompetent to contract. The definitive legal position regarding minor agreements was established by the Privy Council in the landmark case of **Mohori Bibee v. Dharmodas Ghose [1903] 30 IA 114 (PC)**:

Dharmodas Ghose, a minor, mortgaged his house in Calcutta to a moneylender, Brahmo Dutt, to secure a loan of Rs. 20,000, of which Rs. 8,000 was disbursed. The moneylender's attorney had actual knowledge of the mortgagor's minority at the time of execution. Subsequently, the minor brought a legal suit through his mother as next friend to cancel the mortgage deed. The moneylender's representatives argued that under Section 64 and Section 65, the minor must restore the Rs. 8,000 received.

The Privy Council ruled that under Section 10 and Section 11, a contract by a minor is **wholly void ab initio** (void from the very beginning). A minor is incapable of making a contract; therefore, no legal rights or obligations arise. The Privy Council rejected the lender's claim for repayment, establishing that:

- A minor's agreement is completely void ab initio; there can be no specific performance.
- The doctrine of estoppel does not apply to a minor: even if a minor fraudulently misrepresents their age, they can still plead minority as a legal defense.
- A minor's agreement cannot be ratified upon attaining majority, because a void agreement cannot be validated retrospectively.
- *Exception for Necessaries (Section 68):* A minor's personal estate (property) is liable to reimburse a person who supplies the minor with necessaries suitable to their condition in life (food, clothing, shelter, education), but the minor is never personally liable.

3. Classification and Typologies of Contracts

Contracts are systematically classified according to three fundamental criteria:

Classification Basis	Contract Typologies	Defining Legal Attributes
According to Validity or Enforceability	**Valid Contract** **Void Agreement** **Void Contract** **Voidable Contract** **Unenforceable Contract**	Valid: Satisfies all Section 10 requirements. Void Agreement: Void ab initio (Section 2(g)); creates zero rights. Void Contract: Valid when made, but becomes void subsequently due to impossibility or law change (Section 2(j)). Voidable Contract: Enforceable at option of aggrieved party whose consent was caused by coercion, fraud, or undue influence (Section 2(i)). Unenforceable: Valid in substance, but cannot be sued upon due to technical defects (lack of stamp, limitation).
According to Formation / Creation	**Express Contract** **Implied Contract** **Quasi-Contract**	Express: Terms articulated in spoken or written words (Section 9). Implied: Inferred from conduct of parties or trade circumstances. Quasi-Contract: Not a real contract; legal obligations imposed by law to prevent unjust enrichment (Sections 68–72).
According to Performance / Execution	**Executed Contract** **Executory Contract** **Unilateral Contract** **Bilateral Contract**	Executed: Both parties have completely performed their obligations. Executory: Obligations remain to be performed in the future. Unilateral: One party has performed, the other's performance is pending. Bilateral: Reciprocal promises where performance is pending for both.

4. Performance, Discharge, and Breach of Contract

A contract creates a legal tie (Vinculum Juris) between parties. **Discharge of Contract** refers to the termination of the contractual relationship and the release of parties from their mutual performance obligations.

Modes of Discharge of Contract

1. **Discharge by Performance:** The normal, natural mode; both parties fully execute their respective contractual promises (actual performance) or tender valid performance that is rejected (attempted performance / tender).
2. **Discharge by Mutual Agreement:** Under Section 62, parties may terminate a contract through:
    - *Novation:* Substituting a new contract in place of the original contract, either between the same parties or between new parties.

- *Rescission:* Mutual cancellation of the contract by all parties.
- *Alteration:* Modifying one or more material terms with mutual consent.
- *Remission (Section 63):* Accepting a lesser sum or lesser fulfillment than what was originally promised.

3. **Discharge by Impossibility of Performance (Doctrine of Frustration - Section 56):** A contract valid when formed becomes void if performance becomes physically or legally impossible without default of either party. Grounded in *Taylor v. Caldwell (1863)* (music hall destroyed by accidental fire before concert) and *Satyabrata Ghose v. Mugneeram Bangur & Co. (1954 AIR 44)*. Frustration occurs through: destruction of subject matter, death or personal incapacity in personal contracts, change of law, outbreak of war, or non-occurrence of a contemplated event forming the foundation of the contract. Commercial hardship or strike does not constitute frustration.
4. **Discharge by Lapse of Time:** Failure to enforce contractual rights within the statutory limitation period (3 years for debt recovery under the Limitation Act 1963) bars legal remedies.
5. **Discharge by Operation of Law:** Occurs through death of promisor in personal skills contracts, insolvency, unauthorized material alteration, or merger of inferior rights into superior rights.
6. **Discharge by Breach of Contract:** Failure or refusal of a party to perform their contractual promise. Occurs as *Actual Breach* (failure on the scheduled due date) or *Anticipatory Breach* (repudiating the contract prior to the scheduled performance date under Section 39).

Remedies for Breach of Contract

When a party breaches a valid contract, the law affords the aggrieved injured party five distinct legal remedies:

- **1. Rescission of the Contract:** The injured party treats the contract as cancelled and is discharged from all further performance, suing for restitution under Section 75.
- **2. Suit for Damages (Monetary Compensation - Section 73):** Monetary compensation awarded to put the injured party in the same financial position they would have occupied had the contract been performed. Established in the landmark case of **Hadley v. Baxendale (1854) 9 Exch 341**:
  - *Ordinary / General Damages:* Direct, natural losses arising naturally in the usual course of things from the breach. Recoverable automatically.
  - *Special Damages:* Indirect or consequential losses arising from unique circumstances. Recoverable **only if the special circumstances were communicated to and known by both parties at the time of contract formation**.
  - *Exemplary / Punitive Damages:* Awarded not to compensate loss, but to punish malicious conduct (strictly limited to breach of promise to marry or wrongful dishonor of customer cheque by a bank).
  - *Liquidated Damages Versus Penalty (Section 74):* Indian law eliminates the English common law distinction; courts award only reasonable compensation not exceeding the penalty amount stipulated in the contract.

DegreeLive

- **3. Suit for Specific Performance:** An equitable remedy governed by the Specific Relief Act 1963, directing the defaulting party to carry out the exact terms of the contract. Granted when monetary damages are inadequate (e.g., purchase of unique real estate, rare heirlooms, patented art).
- **4. Suit for Injunction:** A judicial order restraining a party from doing an act that violates a negative contractual covenant (e.g., restraining an opera singer from singing at a rival theatre under *Lumley v. Wagner*).
- **5. Suit upon Quantum Meruit:** A Latin maxim meaning "as much as earned." When a contract is partially performed and subsequently discharged or abandoned by breach, the performing party can recover reasonable compensation for the value of work already executed.

6. Comprehensive Anatomy of Offer, Acceptance, and Consideration

The formation of an enforceable contract under the Indian Contract Act 1872 demands strict compliance with statutory requirements governing offer and acceptance. An offer or proposal under Section 2(a) signifies the willingness of one person to do or abstain from doing anything, with a view to obtaining the assent of the other. Crucially, an offer must be distinguished from an invitation to offer or invitation to treat. An invitation to offer represents an invitation to negotiate, such as goods displayed in a self-service shop with price tags attached (Pharmaceutical Society of Great Britain v. Boots Cash Chemists Ltd.), circulation of a supplier's price list, or an advertisement inviting tenders. Acceptance of an offer must be absolute, unqualified, and communicated in the prescribed manner according to Section 7. Any conditional acceptance or variation of terms constitutes a counter-offer, which operates as an automatic rejection and destruction of the original proposal (Hyde v. Wrench).

The requirement of lawful consideration forms the bedrock of contractual reciprocity under the Latin maxim ex nudo pacto non oritur actio (no action arises from a bare promise). Consideration under Section 2(d) requires that an act, abstinence, or promise must move at the desire of the promisor to the promisee or any other person. Under Indian law, consideration may move from a third party, establishing that privity of consideration is not recognized in India (Chinnaya v. Ramayya (1882) ILR 4 Mad 137). However, the doctrine of privity of contract strictly dictates that only parties to a contract may sue to enforce contractual promises (Dunlop Pneumatic Tyre Co. Ltd. v. Selfridge & Co. Ltd. [1915] AC 847). Indian courts recognize equitable exceptions to privity of contract in instances involving beneficiaries under a trust or marriage settlement, family partition arrangements, and situations where an obligor by acknowledgment or estoppel admits liability to a third party.

Section 25 of the Act codifies the general rule that an agreement made without consideration is void, subject to three explicit statutory exceptions: first, an agreement expressed in writing and registered under the law for the time being in force, made on account of natural love and affection between parties standing in near relation to each other; second, a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor; and third, a promise made in writing and signed by the debtor or their authorized agent to pay a debt barred by the law of limitation.

7. Analysis of Incapacity, Vitiating Elements, Frustration, and Assessment of Damages

The law presumes contractual capacity, but affords absolute protection to minors. Section 11 establishes that every person is competent to contract who is of the age of majority according to the law to which they are subject, of sound mind, and not disqualified from contracting by any law. In the historic Privy Council decision Mohori Bibee v. Dharmodas Ghose (1903) 30 IA 114, the court declared that a contract entered into by a minor is void ab initio (void from the beginning), and the equitable doctrine of estoppel cannot be invoked against an infant to validate an otherwise void agreement. If a minor fraudulently misrepresents their age to obtain a loan, English courts developed the equitable doctrine of restitution in Leslie Ltd. v. Sheill [1914] 3 KB 607, holding that a minor can only be compelled to restore identifiable property or money still in their possession, but cannot be compelled to repay borrowed money where it has been spent, as that would amount to enforcing a void contract. Indian courts adopted a broader restitutionary principle under Section 33 of the Specific Relief Act 1963, as affirmed by the Lahore High Court in Khan Gul v. Lakha Singh AIR 1928 Lah 609, enabling courts to grant compensation or restoration of benefits where justice demands.

Free consent represents an indispensable requirement under Section 10 and Section 14. Consent is vitiated when caused by coercion (Section 15), undue influence (Section 16), fraud (Section 17), misrepresentation (Section 18), or mistake (Sections 20, 21, and 22). Coercion involves committing or threatening to commit any act forbidden by the Indian Penal Code, or the unlawful detaining or threatening to detain any property, with the intention of causing any person to enter into an agreement (Chikham Amiraju v. Seshamma). Undue influence arises where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage, such as in fiduciary relationships between doctor and patient, lawyer and client, or spiritual advisor and devotee. Fraud involves active concealment of a fact, suggestion of that which is not true, or a promise made without any intention of performing it (Derry v. Peek). Contracts tainted by coercion, undue influence, fraud, or misrepresentation are voidable at the option of the aggrieved party under Sections 19 and 19A.

Contractual obligations may be discharged through the Doctrine of Frustration codified under Section 56 of the Indian Contract Act. Under this doctrine, a contract becomes void if, subsequent to its formation, performance becomes legally or physically impossible or unlawful without default of either party. The foundational common law ruling Taylor v. Caldwell (1863) 3 B&S 826 established that when performance depends upon the continued existence of a specific thing, the destruction of that thing excuses performance. In Indian jurisprudence, the Supreme Court in Satyabrata Ghose v. Mugneeram Bangur & Co. AIR 1954 SC 44 clarified that Section 56 is comprehensive and does not rely on implied terms; frustration applies whenever an untoward event or change of circumstances totally upsets the very foundation upon which the parties agreed to contract.

Upon breach of contract, the aggrieved party is entitled to monetary compensation under Section 73, which codifies the landmark common law rule laid down in Hadley v. Baxendale (1854) 9 Exch 341. Section 73 provides that compensation is recoverable for: (a) loss or damage that naturally arose in the usual course of things from such breach (general damages); or (b) loss or damage which the parties knew, when they made the contract, to be likely to result from the breach of it (special damages).

Remote and indirect losses are expressly excluded. Section 74 governs contracts containing stipulations for liquidated damages or penalties, granting courts jurisdiction to award reasonable compensation not exceeding the penalty amount stipulated in the contract.

8. Detailed Examination of Communication Rules and Standard Form Contracts

The precision of contractual formation hinges upon the exact timing and legal locus of communication. Section 4 of the Indian Contract Act 1872 enacts specific rules for the completion of communication of proposals, acceptances, and revocations:

- **Communication of Proposal:** The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. In *Lalman Shukla v. Gauri Datt* (1913) 11 All LJ 489, the defendant sent his servant to trace his missing nephew. Subsequently, the defendant issued handbills offering a reward of Rs. 501 to anyone who found the boy. The servant traced the boy without knowledge of the reward. The Allahabad High Court held that the servant was not entitled to the reward, because there can be no acceptance of an offer without knowledge of its existence.
- **Communication of Acceptance:** The communication of an acceptance is complete:
  1. As against the proposer, when it is put in a course of transmission to him, so as to be out of the power of the acceptor; and
  2. As against the acceptor, when it comes to the knowledge of the proposer.

  This establishes an asymmetric rule: the proposer is bound the moment a properly addressed and stamped letter of acceptance is posted, whereas the acceptor remains free to revoke their acceptance until the letter actually reaches the proposer.
- **Communication of Revocation:** The communication of a revocation is complete:
  1. As against the person who makes it, when it is put into a course of transmission to the person to whom it is made, so as to be out of the power of the person who makes it; and
  2. As against the person to whom it is made, when it comes to his knowledge.

Standard Form Contracts and Protective Judicial Principles

In modern industrial commerce, standard form contracts (contracts of adhesion or "boilerplate" contracts) are extensively utilized by large corporations, transport providers, banks, and utility suppliers. These pre-printed contracts leave no room for bilateral bargaining; the consumer must either accept the terms in their entirety ("take it or leave it") or forgo the service. To protect weaker parties from oppressive or unconscionable exclusion clauses, the judiciary has formulated protective doctrines:

1. **Requirement of Reasonable Notice:** The party relying on an exemption clause must demonstrate that reasonable and contemporaneous notice of the terms was given before or at the time the contract was concluded (*Parker v. South Eastern Railway Co.* (1877) 2 CPD 416).

Degreelive

Conditions printed on the back of a voucher, receipt, or cloakroom ticket handed over after the formation of the contract do not bind the customer (*Chapelton v. Barry Urban District Council*).

2. **Contra Proferentem Rule:** Where an ambiguous exemption clause is capable of two constructions, courts strictly interpret the clause against the party who drafted and introduced it (the proferens).
3. **Doctrine of Fundamental Breach:** An exclusion clause cannot exempt a party from liability for failing to perform the core, fundamental obligation of the contract. A carrier who completely deviates from an agreed maritime route or a bailee who sells bailed goods cannot shelter behind general limitation clauses.

9. Law of Quasi-Contracts (Certain Relations Resembling Those Created by Contract)

Under Chapter V of the Indian Contract Act (Sections 68 to 72), the law imposes contractual-like obligations upon parties in the absence of any agreement, based upon the equitable Roman law maxim *nemo debet locupletari ex aliena jactura* (no one should be unjustly enriched at the expense of another). The Act recognizes five distinct quasi-contractual obligations:

1. **Claim for Necessaries Supplied to Person Incapable of Contracting (Section 68):** If a person incapable of entering into a contract, or any one whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person. Crucially, the minor or incapable person is never personally liable; reimbursement is strictly confined to their estate or property.
2. **Reimbursement of Person Paying Money Due by Another (Section 69):** A person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other (e.g., a tenant paying municipal property taxes to prevent the sale of the leased building by authorities).
3. **Obligation of Person Enjoying Benefit of Non-Gratuitous Act (Section 70):** Where a person lawfully does anything for another person, or delivers anything to him, not intending to do so gratuitously, and such other person enjoys the benefit thereof, the latter is bound to make compensation to the former in respect of, or to restore, the thing so done or delivered.
4. **Responsibility of Finder of Goods (Section 71):** A person who finds goods belonging to another and takes them into custody is subject to the same liabilities, duties, and standards of care as a bailee under Section 151.
5. **Liability of Person Receiving Money by Mistake or Coercion (Section 72):** A person to whom money has been paid, or anything delivered, by mistake or under coercion, must repay or return it (*Sales Tax Officer v. Kanhaiya Lal Saraf* AIR 1959 SC 135).

DegreeLive

10. Managerial Perspectives: Commercial Contract Drafting and E-Commerce Agreements

In modern corporate practice, managers routinely negotiate, review, and execute commercial contracts with vendors, clients, technology partners, and service providers. A well-drafted commercial agreement minimizes ambiguity, mitigates operational exposure, and establishes clear dispute resolution mechanisms. Key clauses that require meticulous executive oversight include limitation of liability, indemnification caps, intellectual property assignment, representations and warranties, and termination covenants.

The proliferation of digital business models has elevated the importance of electronic contracts (E-contracts) formed via digital media. Under Section 10A of the Information Technology Act 2000, contracts formed electronically through data exchange, email, or online click-wrap mechanisms are statutorily recognized as valid and legally binding, provided fundamental requirements of free consent, lawful consideration, and contractual capacity are satisfied. Electronic signatures and digital signature certificates (DSC) issued by licensed Certifying Authorities provide non-repudiation and evidential validity equivalent to physical handwritten execution.

Force Majeure vs. Statutory Frustration in Business Management

A critical managerial responsibility involves negotiating and drafting Force Majeure clauses. While Section 56 of the Indian Contract Act provides the default statutory doctrine of frustration when performance becomes objectively impossible, commercial parties prefer customized contractual force majeure provisions. A contractual force majeure clause defines specific qualifying events (such as natural disasters, pandemics, government export embargos, or armed conflicts) and prescribes structured mitigation procedures, temporary suspension of obligations, and phased termination protocols rather than abrupt statutory cancellation.

11. Classification Matrix of Agreements and Alternative Dispute Resolution

In contractual jurisprudence, agreements that fail to attain full enforceability are categorized based upon the nature and legal consequences of their defect:

Category	Legal Definition	Enforceability Status	Collateral Transactions
Void Agreement (Void Ab Initio)	An agreement not enforceable by law from inception under Section 2(g) (e.g., agreements with minors, mutual mistake).	No legal rights or obligations arise; completely unenforceable.	Collateral transactions remain valid unless the main agreement is criminal or illegal.
Voidable Contract	An agreement enforceable by law at the option of one or more parties thereto, but not at the option of the other under Section 2(i).	Remains valid and binding until formally rescinded by the aggrieved party whose consent was vitiated.	Collateral transactions remain completely valid.

Category	Legal Definition	Enforceability Status	Collateral Transactions
Illegal Agreement	An agreement whose object or consideration is forbidden by law, defeats statutory provisions, or is fraudulent under Section 23.	Void ab initio and visited with statutory penalties under criminal law.	Taints all collateral transactions, rendering them wholly void.
Unenforceable Contract	A contract that is valid in substance but cannot be enforced due to technical defects (e.g., lack of registration, stamp duty).	Cannot be sued upon in court until technical defects are rectified.	Collateral transactions remain unaffected.

Alternative Dispute Resolution (ADR) in Commercial Contracts

To avoid prolonged litigation in traditional civil courts, contemporary commercial contracts universally incorporate Alternative Dispute Resolution (ADR) clauses. Governed by the Arbitration and Conciliation Act 1996, arbitration allows contracting parties to submit disputes to private, impartial arbitrators whose awards possess the legal finality and enforceability of a judicial decree. A standard commercial dispute resolution tier mandates informal managerial negotiations, followed by institutional conciliation, and final binding arbitration, thereby safeguarding ongoing business relationships.

Degreelive