

Chapter - 11 " Indian Contract Act, 1872 "

Part-I " Basics - Secs 1 to 123 "

[Covered in CA-Foundation]

Part-II - Special Contracts

(Secs. 124 to 238)

(A) Contract of Indemnity and
Guarantee

(Secs. 124 to 147)

(B) Contract of Bailment and
Pledge

(Secs. 148 to 181)

(C) Contract of
Agency

(Secs. 182 to 238)

(A) Contract of Indemnity: Sec. 124 and 125

(i) Definition (Sec. 124):

(ii) Mode of Contract of Indemnity:

(iii) Rights of Indemnity holder when sued (Sec. 125)

(iv) Commencement of Indemnifier liability.

Example 1:

Mr. X (Insured) → "Car Insurance" Premium → ABC Insurance Co. Ltd. (Insurer) - Indemnifier

- Indemnity-holder/Indemnified.

Car Met with an accident and injures Mr. M

Mr. M sue Mr. X and court order Mr. X to pay ₹ 1 lakh to Mr. M.

Mr. X also pay ₹ 10,000 to advocate for defending the case in court.

ABC Insurance Co. Ltd. is liable to indemnify Mr. X with ₹ 1,10,000.

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Promise to indemnify Mr. X against any loss caused due to any accident due to negligence of Mr. X or other person.

(B) Contract of guarantee:

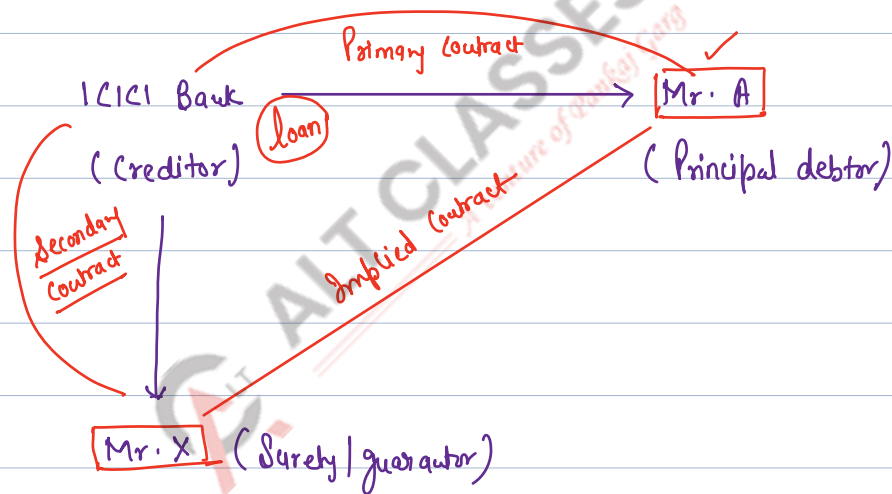
(i) Meaning of Contract of guarantee

(ii) Features of a valid guarantee

(iii) Types of guarantee -- (a) Specific (b) Continuing

(iv) Distinction between contract of indemnity and guarantee.

Example: A obtains a loan from ICICI Bank Ltd. on a guarantee of Mr. X that in the event of default in repayment of loan by Mr. A, amount of loan will be paid by Mr. X.



Example: A agree to sell goods from time to time to Mr. B (a Minor)
guarantee for which is provided by Mr. B father.