

Devi Ahilya University, Indore (M.P)  
LL.B.(Hons) Revised Syllabus  
Part-I Semester II  
Paper-IV, Law of Contract-II

**Unit - I**

**Indemnity** - The Concept – Theories of contract, Need for indemnity to facilitate commercial transactions Method of creating indemnity obligations, Definition of indemnity, Nature and extent of liability of the indemnifier. Commencement of liability of the indemnifier, Situations of various types of indemnity creations, Documents/agreements of indemnity, Nature of indemnity, clauses, Indemnity in case of International transactions, Indemnity by Governments during interstate transactions

**Guarantee** Concepts, Definition of guarantee: as distinguished from indemnity, Basic essentials for a valid guarantee contract, The place of consideration and the criteria for ascertaining the existence of, consideration in guarantee contracts, Position of minor and validity of guarantee when minor is the principal debtor, creditor or surety.

**Continuing guarantee**, Nature of surety's liability, Duration and termination of such liability, Illustrative situations of existence of continuing guarantee, Creation and identification of continuing guarantees, Letters of credit and bank guarantee as instances of guarantee transactions.

**Rights of surety**: Position of surety in the eye of law, Various judicial interpretations to protect the surety, Co-surety and manner of sharing liabilities and rights, Extent of surety's liability Discharge of surety's liability

**Unit - II**

**Bailment** Definition of bailment, Kinds of bailees, Duties of bailor and bailee towards each other, Rights of bailor and bailee, Finder of goods as a bailee,

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