

Mr. D. Divakar has published case study titled “**Legal Considerations in Business Contracts and Corporate Finance**”. This case study is used for first year MBA students for **Legal Aspects of Business**.

Case Study 10

Bhoopathi operates an antique shop with a focus on priceless porcelain dolls. She started the company in 1989 at a storefront in Delhi's Kamla Nagar Market. She began using the Internet to promote in 1999, and by 2006, the company had expanded to the point where she required assistance to maintain it. In July 2006, the family decided during a dinnertime chat at the kitchen table that Bhoopathi would likely run the company for a few more years before retiring. Her youngest child, Selvi, who was 16 years old, agreed to labour at the store for however long was required in exchange for receiving any dolls that weren't sold. When Margaret retired at the end of 2009, she decided that she would give the unsold stock to charity and they could auction it and keep the proceeds. Advise Emily

Issues:

Devi and Selvi had an oral agreement, but Selvi was still a minor at the time, meaning she was under the age of 18. In essence, there are two questions at play here. The first is whether Selvi can affirm their arrangement as a contract after reaching majority. Second, consider whether Selvi has the authority to bind Devi in accordance with their contract.

SOLUTION

Law: At the minor's discretion, a contract may be valid, void, or voidable. [2009 Business Law] The agreement made by the kid for the compensation received in exchange for his services is a legal contract. After reaching the age of majority, a minor has the option to renounce a contract and absolve themselves of responsibility or reaffirm that.

Application: In this case, Bhoopathi committed to give Selvi the unsold stocks in exchange for the services she gave, but upon retiring, she declares that she will donate the unsold stocks to charity. Devi can be forced to abide by the conditions of the agreement by Selvi since it was a binding contract with legal standing. After reaching the age of majority, the contract can only be annulled by Selvi. But after she reached the age of majority, she could only use this choice while she was still a minor. She cannot invalidate the contract after failing to take action to do so within her minority.

Conclusion: Selvi has all the rights under the contract as a result, and because the agreement became enforceable in this case in 2009, she is allowed to file a lawsuit against Devi to get all the benefits.