

# **CONTRACT OF AGENCY**

## **Creation of Agency**

BY –

SURBHI WADHWA

Assistant Professor (Law)

Jiwaji University,

Gwalior



# Creation of Agency

- A contract of agency may arise like any other contract, expressly or impliedly. The essential elements of a valid contract are also necessary for the contract of agency.



- The relation of agency comes into existence whenever one person called the agent has authority to act on behalf of another called the principal and consents so to act.
- The contract of agency may be in writing under seal and it is called power-of-attorney, or it may be a simple writing,



- or it may be by an oral agreement or may be inferred from the conduct of the parties and the circumstances of the case.



# Agency may be created in the following ways –

- **By direct or express appointment** – The authority is said to be express, when it is given by words, spoken or written, for instance, 'A', by writing, appoints 'B' as his agent.



- ***By implication*** – Agency is implied when it is to be inferred from the circumstances of the case in the ordinary course of dealings.
- Where the agency is implied, the principal cannot, by private instructions, limit the implied authority of the agent in such a way as to affect the rights of a third party, who has no notice of the principal's secret instructions.



- ***By necessity*** – Under certain circumstances, one can act as an agent of another without the authority of that other. Such agency is known as agency of necessity.
- **For example**, a wife can, for her necessities act as her husband's agent without his authority.



- ***By Estoppel*** – Sometimes, an agent has no authority to act on behalf of the principal, but the principal by his conduct creates an impression in the mind of the third person that the agent has an authority to act on his behalf.





- Thus, where a person by his conduct, or by statement, has led another person to believe that a certain state of affairs exists,
- *for example*, a certain person is his agent, he is stopped from denying the fact of that statement subsequently.



- In such a case, the principal is liable towards the third person for the acts done by the agent, on the ground of the application of the law of estoppels. (Section 237)



- ***By Ratification*** – Agency by ratification arises when one ratifies or adopts the act of another who, without his knowledge and authority, acted as his agent.
- Ratification, is this, a kind of affirmation of unauthorized acts.





THANK  
YOU

