

**CASE COMMENT: RAJ RANI V PREM ADIB**

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**Shatarup Banerjee\*****CITATION**

(1949)51BOMLR256

**COURT**

Bombay High Court

**BENCH**

Justice Desai

**INTRODUCTION**

Indian contracts are governed by the Indian Contracts Acts, of 1872. The principles are based on English Common Law. There are many English Case laws as well as Indian Case laws that are used in Contracts. One of the important case laws in the Indian Case laws is Raj Rani v Prem Abib relating to capacity to contract. The capacity to contract means the legal ability of an individual or an entity to enter into a contract<sup>1</sup>. According to the Indian Contract Act any contract with minors<sup>2</sup> i.e., persons who are below the age of eighteen years is considered as void ab initio<sup>3</sup>. Raj Rani v Prem Adib deals with a minor's ability to contract for services and important questions relating to a guardian's power to enter into contracts on behalf of a minor.

**FACTS AND JUDGMENT**

The basic facts of the case are that there was a movie director named Prem Abib who made an agreement with a minor named Raj Rani that she would be allotted a role in a movie and the director made another agreement with the minor's father also for the same that her daughter would get to be the actress in the movie. The role in the movie was given to a

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<sup>1</sup> Indian Contract Act, 1872, § 10, No. 9, Acts of Parliament, 1872 (India)

<sup>2</sup> Indian Majority Act, 1875, § 3, No. 9, Acts of Parliament, 1875 (India)

<sup>3</sup> Indian Contract Act, 1872, § 11, No. 9, Acts of Parliament, 1872 (India)

different actress and hence the contract with the father and the minor was terminated. Hence the minor and her father decided to take this case to the Honorable Bombay High Court.

The Honorable Bombay High Court in its judgment said that the contract with the minor had a valid consideration under the Indian Contract Act i.e., getting the movie role but the contract itself is considered void ab initio because she was a minor at the time of the making of the agreement. The contract with the minor's father was also considered void because there was no consideration in the agreement is not a legally competent agreement because there is no consideration so hence it is legally void. Thus, the court held that the father and the minor are not entitled to any compensation for the breach of those agreements.

## BACKGROUND

Section 11 of the Indian Contract Act, 1872 disqualifies minors from entering into contracts. For a while, there was confusion that an agreement with a minor would be a void contract i.e., one of the parties can withdraw during the contract or it will be void ab initio i.e., void at the very beginning. In the case of *Mohori Bibee v Dharmodas Ghose* (1903)<sup>4</sup> it was the first instance where it was clarified in the Indian Context that contracts with a minor will be considered void ab initio. In the case of *Raghavachariah v. Srinivas*, (1917)<sup>5</sup> it was held that minors can be beneficiaries in a contract in this case a mortgage was executed in favor of a minor. Court held; that he could get a decree of the enforcement of the mortgage. In the circumstances of services, it was clarified in this case. The facts of this case are there was a film director called Prem Abib who is the defendant in this case was the proprietor of Prem Adib Pictures, Andheri and was doing a movie where Raj Rani the plaintiff who was a minor was supposed to be allotted a role in his upcoming movie. The defendant made a contract with the plaintiff that she would be an actress in the movie and she would be paid Rs. 9,500 over 12 months. The defendant also made an agreement with the plaintiff's father that her daughter Naj Singh Muramal would watch the movie and she would get Rs 9,500 over 12 months. Later during the actual shoot of the movie Prem Abib, decided that Raj Rani would be there in the movie and hence terminated the contract and Raj Rani would not be there. The plaintiff and her father filed a case in the Bombay High Court for compensation against the defendant.

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<sup>4</sup> *Mohori Bibee v. Dharmodas Ghose*, 9 W.R. (P.C.) 284 (1903)

<sup>5</sup> *Raghavachariah v. Srinivas*, (1917), 36 Ind Cas 921, (1916) 31 MLJ 575

## ISSUES

The Bombay High Court had to decide on the questions of:

- 1) Capacity to enter into contracts for minors
- 2) Is Raj Rani's contract valid with Prem Adib?
- 3) Is Dhiraj Singh Muramal's contract valid with Prem Adib?
- 4) Are Raj Rani and Dhiraj Singh Muramal entitled to compensation?
- 5) What will the interpretation of entering into contracts on behalf of the minor in case of services?

## ANALYSIS

The judgment by the Honorable Bombay High Court reiterated the stance in the case of *Mohori Bibee v Dharmodas Ghose* (1903)<sup>6</sup> that contracts entered by the minor will be void ab initio i.e., void at the beginning. Since Raj Rani was a minor under the Indian Majority Act, 1875<sup>7</sup> i.e., under 18 years of age the contract that is made is void hence the defendant has no obligation to fulfill the conditions of the contract Raj Rani is not entitled to any compensation from Ad. The contract made by Prem Adib with Dhiraj Singh Muramal i.e. defendant's father's contract is also void because it is essential for a valid contract to have a consideration under Section 10 of the Indian Contract Act, 1872. Here there is no consideration at all for Dhiraj Singh Muramal because for the contract he is not benefiting from it at all so hence it is a violation of Section 10 of the Indian Contract Act, 1872 which is essential for a valid contract under Section 2(h) of the Indian Contract Act, 1872. In this case, Dhiraj Singh Muramal was not getting any benefit out of this transaction so hence it is not a valid consideration.

This judgment is very good in my opinion because it upheld that minors cannot enter into contracts and any contracts entered into will be void ab initio. This is a very sound restriction on contracts because minors do not have their brains developed that much that they know what exactly they are entering into hence they can enter into contracts which is bad for them

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<sup>6</sup> *Mohori Bibee v. Dharmodas Ghose*, 9 W.R. (P.C.) 284 (1903)

<sup>7</sup> Indian Majority Act, 1875, § 3, No. 9, Acts of Parliament, 1875 (India)

or the other party barring them from entering contracts is not correct and the court upheld it. Legal guardians do not have the power to enter into contracts on behalf of a minor in cases of services rendered by the minor because there is scope for exploitation as well as not obtaining proper consent of the child while doing this. There are exceptions such as necessities which include both goods and services such as education, clothing, learning, food, etc which allow the minors to enter into a contract and hence can be held liable which is in line with the stance in the English Laws. This was explained in the case of Roberts v. Grey<sup>8</sup> of the United Kingdom. In this case, there was a professional billiards player named Roberts who made a contract with a minor named Grey who would go on a world tour with Roberto would teach him how to play billiards. During the actual time of the world tour, Grey backed out of it due to which Roberts suffered financial losses because he had made arrangements specifically for the world tour with Grey. Due to this Roberts sued Grey for damages. In defense Grey claimed that since he was a minor the contract was void ab initio and hence he was not liable to pay for any damages. Even though Grey gave a defense of being a minor when he entered the contract. The court held that despite being a minor, Gray was found to be liable for breach of contract by the Court of Appeal. The court concluded that Gray would benefit from the billiards lessons contract since it would help him hone his talents and maybe earn money as a billiards player. The court further observed that there were no burdensome or severe provisions in the contract. Hence even though contracts with minors are considered void ab initio this falls under the exception of necessity. The case also made a distinction between contracts that are partially executed (done by one party) and those that are entirely executory (not yet completed by either party). The court decided that although a minor cannot be sued for breach of contract if the agreement is partially carried out and provides benefits to him, he can be sued for breach of contract if the agreement is fully executory and beneficial to him.

## CONCLUSION

The case of Raj Rani v. Prem Adib is a landmark case in Indian contract law, establishing the principle that a minor is generally incompetent to contract. Raj Rani v Prem Adib is a landmark case in relation to entering into contracts on behalf of minors. I believe that this judgment by the Honorable High Court of Bombay is sound and fair. It barred minors from entering into contracts because of the rationale that minors' brains are not fully developed

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<sup>8</sup> Roberts v. Gray, (1913) 1 KB 520 (United Kingdom)

hence they might not know what they are entering into and they can enter into extremely unfair contracts without fully knowing their implications. Hence it poses a danger to the minor as well as the other party. Hence keeping it void ab intio best. The judgment also said that legal guardians cannot enter into contracts on behalf of minors in cases of services rendered by them and there is a requirement of consideration in a contract that directly benefits the party other than the minor which is on similar lines to the English case law of Roberts v Grey. There are some criticisms of the judgment such as not taking into consideration minors who are professionals such as those running a business or professional dancers who have the maturity and the mental capacity to enter into contracts. Despite these criticisms, the Raj Rani v. Prem Adib case remains an important case in Indian contract law. It is a reminder that minors are generally vulnerable to exploitation and that their interests need to be protected from entering into contracts that may not be in the interest of the minors.

