

# The standard format of Contract: A bane in the times of Globalization

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## Abstract

In general, business practices in past were not based on current trend of "unfair business practices", Parties used to follow their words as ultimate duty. With passage of time, the practices started to take on form of different imperatives in dealing with business practices as well as in other legal transactions. They started behaving ineffectively and disputes arising out of this kind of disputes and dissolution in front of governance/sovereign was the result. In 1872, India was regulated by codification of contractual law. Remedies were provided against contractual breach of parties and mutual transactions. The codification of the contractual law explains rights and responsibilities arising from private contracts of parties. In era of globalization, private transactions are happening massively that individual private contracts cannot be done in a practical way to regulate them, nor the reasons mentioned in codified form of contractual procedure are standard form of contract. The standard format of contract was not codified, but it became practical at wide level that now it is time that following facts to be considered:

- |   |                                 |
|---|---------------------------------|
| a) Practicality   | b) Legal justification          |
| c) Characteristics  | d) Behavioral System            |
| e) The tendency of exploitation   | f) Future of Standard Contracts |
| g) New dimensions beyond the trends of exploitation in standard contracts | h) Statutory Pre Censorship     |

The present paper critically examines the aspects of standard format of contracts vis a vis the exponential change in business practices and contractual obligations.

**KeyWords:** Standard Contract, Unfair Trade Practices, Codification, Private Transactions, barter System, Interpersonal Transactions, Exploitation, Natural Necessity

## Introduction

At present, global interdependence is expanding with such velocity that human behavior is marching forward towards materialist loyalty from the primacy of traditionalism. This sequence is so intensely accentuated in a few decades, from the village level of business practice to the global level that the entire global level has been reconciled to the level of the village, Globalization has transformed the behavioral business practice. Human civilization introduced the behavior chain in a systematic process to regulate its socio-cultural development order. Family needs were fulfilled from the family, social needs were satisfied by cooperation and collaboration and the village or local needs through public participation. By fulfilling a strong (empowering) social life as an ever ideal / standard pattern for adoption and attempted to further transfer this from generation to next generation. Thus, the general need always limits the dependence of individuals. Indian life philosophy gave a global identity to the social harmony. If studied in Indian perspective, it is found that the philosophy of Indian society is the transformation of the behavior of individuals, Along with this, interrelation constitutes a social structure.

It is a simple rule of nature that changes occur over time, Due to this, the interdependence of behaviors in the Indian social structure widely impacted the dynamic sector of trade. And now the business sees the dependence of society and people's interactions as an opportunity, not only in Indian perspective, but also on the global scene. In ancient times the inter-dependence of behaviors was based on necessity. Today, this assumption is changing completely. Now it

creates business needs and turns them into interdependent behaviors. In this way trade, has completely subdued human behaviors. And now human behavior has become a mere business but it cannot be understood to mean that the business is completely independent. Governance / securities has regulated business practices.

## The Concept of Standard Contract & Contractual Compulsions : A Legal and Social Analysis

In this era of globalization it has become necessary to determine the legality in order to regulate the compulsion of interdependence. In order to fulfill the basic needs of the person, he / she first became so confused in the depth of the totality of the complexity of the dependencies, that now the fulfillment of these natural needs has also become a problem.

For this reason, the obligation to the interchange of returns and interdependent behavior became the basis of the lifeline of civil societies. But practically, these inter-dependents never believed in ethics or behavior and presently the legal form is prevalent.

In this way, these inter-dependent relations in the practical form have been identified in the term 'professional legal technology' and the contract has played an uneven role in the revolutionary changes in the human gradual development order. In the current business era, the contract has assumed its standard form, because reasons like necessity, compulsion and expedition forwarded a facilitative approach to reducing the contract from technical and complex obligations, as a result of which the standard form of contract is widely practiced.

## Compulsory Requirement of Standard Contract

Due to increasing business activities, autonomous retention of technical dimensions of the contract is practically a misleading hypothesis, because in the business activities, a series of transactions from the same party occur. And, in today's competitive era, if you started to follow the technical vocabulary literally, somewhere, the business objective becomes secondary.

Thus, without the codified legal dimension, the question of practical appropriation will lead to business-related problems and the society will only be confused with the technical terminology of the contract, but only on the basis that the obligatory requirement is given to be operational.

Their practical use is beyond one-sided exploitation and the existence of a standardized contract can be codified and meaningful on the technical grounds and prevailing beliefs of the contractual method. The circulation of standard contracts is based on converting and prevailing legalistic principles. Therefore, the compulsory requirement of the concept of standard contract can be divided into two perspectives:

- Positive Attitude
- Negative Outlook

**Positive Approach :** Currently, the standard contract helps virtually complete the intervals of the obligations of the legal and technical obligations of the contract, due to this, the legal challenges of the terms of the contract can be completed. These can regulate business and private trades involving the country irrespective of the time and circumstances and with the help of no interruption, the legality of the contract can be fulfilled, through which the parties of the contract should be aware of their rights and

codified legality maintain credibility with the system smoothly. Thus, the positive attitude of standard contract can be classified as follows  
Legal justification Professional appropriateness  
Social Approach / Appraisal National  
Cooperation / Developmental Approach

## Legal Approach

The contract is a developmental approach, which is essential for the satisfaction of the basic needs of human civilization on a global scale. So, the legal and behavioral aspect of the contract cannot be denied in any way, due to which business moves forward, A practical and theoretical compulsion for treating the contractual obligation of the codified legal system, in compliance with the contract and treating the breach has thus been implemented.

For this reason the significance of the contract gained the basis of business impact, the contract gave birth to distortions and the practice of contract breach began in place of contractual practice. So, the legislation started providing legal and technical dimensions to the contract. But the technological requirements of contractual obligations in the codified law system cannot be met virtually.

Generally, it is observed that the technical requirements of the contract that can be implemented easily. But, in this era of globalization, where the level of business has become international, a verbatim adherence to the legal technical terminology of contracts of a complex business practices leads to entangled contracts. Therefore, it became a business requirement to facilitate this complex process in some way. That is why, practically the determination of practical standards for the business at the same level has started, thereby facilitating business practices in this era of

globalization the following standards are being put into practice

- Easy access to the contract
- Equal approach to similar behaviors
- New dimension of contract
- The legal obligation of parties
- The smooth process of contract execution
- Easy legal treatment on contract breach

### **Professional Suitability**

Without the contract, the concept of business is totally misleading because the base of the business is dependent on the contract. In order to regulate the dependence of transactions in the business, the parties need reliability, which is possible only through a valid contract. Therefore, one cannot separate the existence of the contract from the business sector.

In practical terms, the use of the contractual law is the same for regulating the normal transactions, so also in the business field. Mutual transactions between parties are created and performed on the basis of faith apart from exceptional circumstances. The implicit point in regulating the transactions and their execution, is the belief that the discharge of legal obligation is included and therefore the codified contractual law.

The contribution of the business sector in the form of evolution of standard contracts is enormous. Because the compliance of the technical and legal conditions of the contract is a complicated process for any business units but due to necessity and compulsion these business units and parties thereto had to create a systematic procedure.

Currently the standard format of the contract has been operative widely in such a manner that it is adopted by parties or the series of contracts being made from a single contract or by the

respective business units this standard form of contract is practiced.

### **Social Approach**

In this era of globalization, business has become an inherent part of society and business cannot be thought of only a transaction with society, because today society can exist on the strong shoulder of business. Whether the civilization is primitive or evolved, business has always existed in some form or other, due to which the parties have been present either directly or indirectly. And focusing on the primitive age trading systems, it is found that the barter system was a commodity regulation in trade practice. The item regulation itself is a form of contract, which is either written or verbal. Generally, the oral contract itself is a standard form of a type of contract, which fundamentally expresses that whosoever is being executed by contractual parties, this is important today also for :

- Comprehensive public support,
- Help in ensuring social security.

### **Developmental Approach**

The foundation pillar for the development of a nation is the social level of the members of the nation and this social level encourages the development of business. The inherent dependence of society facilitates the complexities of the business and the business takes up to the summit and this is the level where the nation is involved in the mainstream of development. Thus, the development of the nation relies solely on the social activities and occupations in the nation. Society and business have an important contribution in the formation of a developed nation, and the development of business is also possible where society encourages a positive nature. Generally, mass public

cooperation for public utility business enterprises is expected and it relies on public interest in public interest schemes. These beneficial schemes depend on the human nature of the contract, so the standard nature of the contract indirectly reflects the stability of the business units and the strong business dimension determines the development of the nation.

## Negative Attitude of Standard Contract

The creation of series of contracts in the business sector is a part of general practice. For this reason, the adherence to the conditions of contract is virtually unrealistic, resulting in a standard contract, but for the positive purpose. The purpose was always neglected because in the contracts with the parties, that kind of behavior is lacking in standard terms. Somehow, in practical terms, the standard contract creates one-sided prejudice and the subject of second party exploitation remains. Practically human self-interest cannot be destroyed. It is impossible and one-sided exploitation always keeps alive and because of the typical characteristic directly or indirectly, the standard contract always implicates the contractual rights of the public. The requirement of the parties is usually changed into compulsions and so no codified legal grounds of the standard contract have been submitted till date.

## Suggestions

The present era of liberalization in which competition is so intense that any business establishment that is against the consumer will be out of the market. So, the standard contract

has now shifted to the interest of the consumer.

Even though there are many flaws in the standard contract, this is an effective way for specific contracts that can be attained by achieving the business objectives and making it universal for the masses. The form of standard contract can prove to be effective for establishing a healthy form of contracts such as life insurance. The importance can be expressed in the following points:

- Prevent, exploitation of society by misuse of standard form.
- Generating public awareness of standard contract and educating the public about contractual rights.
- To know the need for legal scrutiny before using the standard contract so that the interests of the consumer and society can be protected,
- Detailed analysis of contractual and standard contracts.
- The standardization of globalization on the contract.
- Legal future of standard contract

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