

Indian Contract Act, 1872

Section 129 - Continuing Guarantee

A guarantee which extends to a series of transactions is called a 'continuing guarantee'.

Illustrations

(a) A, in consideration that B will employ C in collecting the rent of B's zamindari, promises B to be responsible, to the amount of 5,000 rupees, for the due collection and payment by C of those rents. This is a continuing guarantee.

(b) A guarantees payment to B, a tea- dealer, to the amount of 100, for any tea he may from time to time supply to C. B supplies C with tea to above the value of 100, and C pays B for it. Afterwards B supplies C with tea to the value of 200. C fails to pay. The guarantee given by A was a continuing guarantee, and he is accordingly liable to B to the extent of 100.

(c) A guarantees payment to B of the price of five sacks of flour to be delivered by B to C and to be paid for in a month. B delivers five sacks to C. C pays for them. Afterwards B delivers four sacks to C, which C does not pay for. The guarantee given by A was not a continuing guarantee, and accordingly he is not liable for the price of the four sacks.
