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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 08 / 01/ 2025 **Time:** 01:00 pm – 04:00 pm |

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| **School:** School of Law | **Program:** BA LL.B/BBA/LL.B/BCL. LL.B (Hons) | |
| **Course Code :** LAW2122 | **Course Name :** Law of Contract-1 | |
| **Semester**:I | **Max Marks**: 100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** | **CO6** | **CO7** |
| **Marks** | **6** | **16** | **14** | **14** | **15** | **15** | **20** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2marks. 10Q x 2M=20M** | | | | |
| **1** | Distinguish between void agreements and void contracts. | **2 Marks** | **L1** | **CO1** |
| **2** | A employs B as his assistant for a period of three years with a condition that he will not serve any person for a period of one year after retiring from A’s service. Is this agreement enforceable? State reasons for your answers. | **2 Marks** | **L3** | **CO1** |
| **3** | “When a contract is made by post, it is clear that acceptance is complete as soon as the letter is posted. But there is no clear rule about contracts made by telephone or by telex communications.” Discuss the validity of the statement with reference to statutory provisions and decided cases. | **2 Marks** | **L2** | **CO2** |
| **4** | Explain the modes of revocation of offer. | **2 Marks** | **L1** | **CO1** |
| **5** | How is contract made by auction? Can a person, who after reading an advertisement about an auction comes to participate in it from a distance, claim compensation if the auction is not held as announced? | **2 Marks** | **L2** | **CO3** |
| **6** | Can an offerer waive intimation of acceptance? Discuss with the help of decided cases. | **2 Marks** | **L2** | **CO2** |
| **7** | “A mere promise to subscribe a sum of money or the entry of such promised sum in a subscription list does not furnish consideration.” Comment. | **2 Marks** | **L1** | **CO2** |
| **8** | A agrees to construct a building for B for Rs. 5 Lakh. The payment is to be made by B only on the completion of the building. Is this a contingent contract? | **2 Marks** | **L3** | **CO4** |
| **9** | On whom lies the burden of proving that undue influence has vitiated free consent in a contract? What is the rule regarding the shifting of that burden of proof. | **2 Marks** | **L2** | **CO4** |
| **10** | “All illegal agreements are void but all void agreements are not illegal.” Discuss. | **2 Marks** | **L1** | **CO1** |

**Part B**

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| **Answer the Questions Total 80 Marks** | | | | | |
| **11.** | **a.** | A’s dog was missing. He distributed handbills whereby he announced a reward of Rs. 1001 to any person who would trace his dog. B, who had not seen the handbills, traced A’s dog. Had B validly accepted A’s offer? Would the position be different if B had seen the handbill? | **10**  **Marks** | **L3** | **CO4** |
| **or** | | | | | |
| **12.** | **a.** | A forest crop was put to public auction for sale with a reserve price of Rs. 5,00,000. B’s bid was the highest but it was only Rs. 4,00,000 much below the reserve price. His bid was provisionally accepted by the auctioneer subject to confirmation by the Divisional Forest Officer. No confirmation was received after lapse of a long time. B revoked his bid. Could he do so? The Divisional Forest Officer sent confirmation despite revocation by B. Is it binding on B? Answer with the help of decided cases. | **10**  **Marks** | **L4** | **CO3** |
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| **13.** | **a.** | ‘H’, a minor but tall and well built, obtains a loan of Rs. 15,000 from ‘J’ on a promisory note by telling that he has attained the age of majority and that he needed money for his college education. ‘H’ then purchased a costly wrist watch for Rs. 1200 and presented it to his friend. He spent Rs. 5000 on furnishing his house and entertained his friends in a famous restaurant for Rs. 4000. He also purchased books costing Rs. 1500 and deported the balance in his bank account. On his failure to repay, ‘J’ sues ‘H’ for the recovery of the loan. Will ‘J’ succeed? Answer with reasons. | **10**  **Marks** | **L4** | **CO5** |
| **or** | | | | | |
| **14.** | **a.** | Mr. Sunil’s teenage son met with a serious accident, two days after the demonetization of Rs. 500 and Rs. 1000 notes. He took his son to a private hospital. The doctors advised an urgent surgery of his son. Mr. Sunil had cash in hand consisting of the demonetized notes, but the hospital refused to accept the same. He went to Mr. Naresh, a moneylender, to exchange the notes. However, Mr. Naresh insisted that he would accept the demonetized notes only if Mr. Sunil was ready to exchange it for half of its value i.e. Mr. Sunil would get Rs. 250 and Rs. 500 in exchange of the old Rs. 500 and Rs. 1000 notes respectively. Mr. Sunil did not have an option but to agree to the terms of Mr. Naresh because of the circumstances he was in. He exchanges Rs. 10 Lakhs (demonetized notes) and got half of its value i.e. Rs. 5 Lakhs and used it for the treatment of his son. Mr. Sunil feels that his consent for the transaction was caused by undue influence and wants Mr. Naresh to give him Rs. 5 Lakhs more. Advise Mr. Sunil. | **10**  **Marks** | **L4** | **CO6** |

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| **15.** | **a.** | A, B and C jointly promise to pay Rs. 30,000 to Z. Z compelled A to pay the whole amount. Can A recover anything from B and C (a) if both B and C are solvent, (b) if B is solvent and C being insolvent pays only 60 paise in a rupee? Answer with reasons. | **5+5**  **Marks** | **L3** | **CO5** |
| **Or** | | | | | |
| **16.** | **a.** | N had a license to import jute for manufacturing jute bags. N sold the license to B. Before jute could be actually imported by B under the license, the import of such jute was banned. Can B recover the sale consideration from N on the ground of frustration? Answer referring to legal provisions. | **10**  **Marks** | **L5** | **CO4** |

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| **17.** | **a.** | A sends a letter of acceptance by post to B on 5th December, 2024. The letter of acceptance reaches B on 8th December, 2024. Decide, in the light of the above facts, whether there is a binding contract in the following cases:   1. If the letter of acceptance is lost in the transit and never reaches B and acceptance is not revoked by A. 2. B revokes his offer and the letter of revocation reaches A on 6th December, 2024. 3. A revokes his acceptance and the letter of revocation of acceptance reaches B at the moment when the letter of acceptance reaches B.   Discuss the essential requirements of a valid acceptance. | **4+4+4+3**  **Marks** | **L5** | **CO6** |
| **Or** | | | | | |
| **18.** | **a.** | R agrees to manufacture and deliver 500 custom-designed chairs to S by December 31, 2024. The contract specifies that payment will only be made after R delivers all 500 chairs. By December 31, 2024, R delivers 400 chairs but fails to deliver the remaining 100 due to unforeseen circumstances. S refuses to make any payment. Is S justified in refusing payment? Discuss with reference to the relevant provisions of the Indian Contract Act. | **15**  **Marks** | **L4** | **CO7** |

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| **19.** | **a.** | Nina enters into a contract with a weather insurance company to receive ₹5 lakhs if the rainfall in her region exceeds 100 mm during the month of August, as recorded by the local meteorological department. Midway through August, the weather station malfunctions, and no official data is available. Nina claims compensation, arguing that local records show heavy rainfall. Analyze the enforceability of Nina’s claim under the provisions of the Indian Contract Act, 1872. | **15**  **Marks** | **L4** | **CO2** |
| **Or** | | | | | |
| **20.** | **a.** | X writes to Y and says: “I hear that you are thinking of selling your television. If it is in good order and the price is right, I would like to buy it. Please advise by return post.” Y wrote back saying: “The television is in good working order and is cheap at Rs. 8000.” To this X replied saying: “I accept your offer and will buy the television for Rs. 8000.” Shortly after receiving this letter from X, Y received an offer of Rs. 10,000 from his friend. As a result, Y now wishes to sell the television to his friend.   1. Advise Y. 2. Would your answer be different if Y had said in his letter to X: “The television is in good working order and cheap at Rs. 8000. Please advise by return post whether you wish to have the television”? | **8+7**  **Marks** | **L5** | **CO7** |

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| **21.** | **a.** | CineWorld Pvt. Ltd., a film production company, enters into a contract with Priya, a popular actress, to star in their upcoming movie, "Rising Sun." Priya agrees to work exclusively on the project from January to June 2025. In February, Priya receives a lucrative offer from another production house and signs a contract to work on a competing movie during the same period. CineWorld learns about this and sends a notice to Priya, demanding that she fulfill her original agreement. Priya refuses, citing scheduling conflicts. CineWorld files a suit for anticipatory breach of contract, claiming that Priya’s actions have caused reputational and financial losses.  Analyze the rights and remedies available to CineWorld under the Indian Contract Act, 1872. Discuss whether Priya’s conduct constitutes a breach and the consequences of anticipatory breach in such scenarios. | **10+5+5**  **Marks** | **L4** | **CO6** |
| **Or** | | | | | |
| **22.** | **a.** | Shalini, a renowned interior designer, enters into a contract with a multinational company, GlobalCorp, to refurbish their new office within a specified budget of ₹2 crores and a six-month timeline. Halfway through the project, prices of key raw materials, including wood and steel, skyrocket due to a sudden supply chain disruption, making it impossible for Shalini to complete the project within the agreed budget. Shalini requests a modification of the terms, seeking an additional ₹50 lakhs to cover the increased costs, but GlobalCorp refuses and insists on strict adherence to the original terms. Frustrated, Shalini abandons the project and claims that the contract has been frustrated due to the unforeseen price hikes. GlobalCorp sues her for breach of contract.  Analyze Shalini’s defense under the doctrine of frustration as per the Indian Contract Act, 1872. Discuss whether the contract has been frustrated and the rights and liabilities of both parties in such circumstances. | **7+6+4+3**  **Marks** | **L4** | **CO3** |

**\*\*\*\*\* BEST WISHES \*\*\*\*\***