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## LAW OF CONTRACTS

### PROPOSAL OR OFFER

1. Under the Indian Contract Act, 1872, when is a contract deemed to be entered into by the parties? Discuss. [2017 8(a)]
2. "An offer is to an acceptance what a lighted match-stick is to a train of gunpowder. It produces something which cannot be recalled or undone"-Anson. Explain. [2016 5(a)]
3. 'An invitation to treat is not an offer' Explain. [2009 5(a)]
4. Distinguish between the following, citing relevant provisions/case laws. Limit your answers to about 200 words each.  
(a) 'Specific offer' and General offer'. [2009 8(b)]
5. Distinguish an offer from a quotation or an invitation to an offer with the help of illustrations. [2006 5(b)]
6. "The test of contractual intention is objective, not subjective." Discuss. , [2001 5(a)]
7. Explain an 'offer' and a 'quotation' and differentiate between the two. [1994 5(b)]
8. "Though offer and acceptance bring the parties together and constitute the outward semblance of contract, yet most systems of law require some further evidence of the intention of the parties and in default of such evidence refuse to recognize obligation." [1994 6(a)]
9. 'An offer cannot be accepted after it has been terminated or negated. 'Explain' when an offer ceases to be capable of acceptance. [1992 1(a)]

### ACCEPTANCE AND REVOCATION OF PROPOSAL AND ACCEPTANCE

1. "Revocation of proposal is death of the proposal." Explain the statement and mention the manners of revocation. [2017 6(b)]
2. What are the difficulties that arise in the application of the rule that "acceptance" must be absolute, and must correspond with the terms of the offer? [1993 1(a)]
3. A, a firm at Calcutta, offers B a firm at Delhi, to sell a commodity at a particular price. B posts a letter unconditionally accepting the offer. But as the market conditions of that commodity are unsteady, later in the day. B sends a Telex message asking A to treat the letter as null and void and stating that B would buy at a stated lower price. A few hours later, B again sends a Telex message intimating final lower price.



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A few fours later, B again sends a Telex message intimating final acceptance of the offer. B demands performance of the contract and A contends that there is no contract at all. Decide. [1989 6(b)]

4. ".....as an ordinary rule of law, an acceptance of an offer made ought to be notified to the person who made the offer....". Discuss this rule and exceptions thereto if any. Refer to decided cases. [1985 2(a)]
5. A offered certain amount for a property belonging to B. In accepting the offer B enclosed with the letter of acceptance a contract for the signature of A. This document contained various terms, as the payment of deposit, date of completion and requirement of title which had never been suggested in the offer, Decide. Refer to case law. [1985 2(b)]

#### MINORITY

1. Explain the law relating to minor's agreements. [2015 7(c)]
2. The defendant an infant entered in to a contract by which he agreed to join the plaintiff, a famous billiard player in a world tour as 'professional billiardist.' the plaintiff incurred certain necessary expenses as a result of preparation for the tour, but before the tour began, the defendant repudiated the contract. Decide, if the plaintiff will succeed in claiming, damages. [1986 2(c)]

#### CONSIDERATION

1. "Privity of contract is no longer a rule but only an exception." Explain in the context of modern transactions. [2013 5(b)]
2. "A contract can not be enforced by a person who is not a party to it though it is made for his benefit. He is a stranger to the contract and can claim no rights under it." Examine the above statement in the light of judicial pronouncement stating the exceptions thereto. [2007 5(b)]
3. "Insufficiency of consideration is immaterial but an agreement without consideration is void." Comment. [2006 5(a)]
4. Discuss in detail the principle of promissory estoppel and its application in respect of contractual obligations. Explain the position of this principle as against the government and its agencies. [2003 6(a)]
5. "An act done at the promisor's desire furnishes a good consideration for his promise even though it is of no significance or personal benefit to him." Discuss. [2001 5(b)]
6. What are the exceptions to the principle that the contractual benefits or obligations are confined to the parties to the contract? [2000 6(a)]



7. "The general rule undoubtedly is that not every person can sue or be sued on contract to which he is not a party; but at bottom that is only a rule of procedure. It goes to the form of remedy, not to the underlying right." Critically comment on the principle of privity of contract in the light of the above statement and state whether you agree with this statement. [1999 5(a)]
8. Consideration need not be adequate, but it must be real or valuable.' Explain. [1990 5(a)]
9. That there is no consideration if all that the plaintiff does is to perform, or to promise the performance of an obligation already imposed upon him by a previous contract between him and the defendant. Discuss the above rule, its exceptions and recent application. [1989 2(a)]
10. "The definition of consideration as the price paid by the plaintiff, for the defendant's promise is preferable to the nineteenth century terminology of benefit and detriment." (Anson.) Discuss. [1985 1(a)]
11. A was engaged to command B's ship and to conduct certain explorations. A threw up his command in the course of the expedition, but helped to work the vessel home, though without the knowledge of the defendant. He then claimed to be remunerated for the service thus rendered. Decide. Refer to case law. [1985 2(c)]

#### FREE CONSENT

1. "There can be a mistake of identity only when a person bearing a particular identity exists within the knowledge of the plaintiff, and the plaintiff intends to deal with him only. If the name assumed by the swindler is fictitious, there will be no mistake of identity." Examine the statement with leading case. [2016 6(c)]
2. X and Co. in its prospectus represented that A, B and C would be the directors of the company. This was true and on the basis of this P and Q applied for shares. However, before the allotment took place, there were changes in directors. Is the allotment of P and Q subject to their choice or it stands cancelled due to change in directors? Discuss. [2014 6(a)]
3. "It has been a common statement of the law that while relief is available for certain kinds of mutual mistake, it is unavailable for unilateral mistake unless the other party knew or had reason to know of the mistake." Critically examine the statement with leading case law. [2013 6(a)]
4. "Undue influence is said to be a subtle species of fraud whereby mastery is obtained over the mind of the victim by insidious approaches and seductive artifices." Explain. [2012 5(a)]



5. A television was displayed on a Web site owned by XYZ Distributors for sale at a price of Rs. 79.99. Hundreds of customers ordered the television but the retailer refused to fill the orders on the ground that they had been incorrectly priced by mistake. The correct price was Rs.7,999. Explain the liability, if any, arising out of the above-mentioned communications. Give reasons. . **[20128(b)]**
6. "For giving rise to a valid contract, there must be consensus ad- idem among the contracting parties." Explain this statement. [2008 5(a)]
7. Explain the meaning of 'free consent' as an essential element of a valid contract and enumerate the factors vitiating 'free-consent'. [2007 5(c)]
8. Law relating to coercion and undue influence has a feature in each which is uncommon to the legal system as a whole. Explain with illustrations. [2002 5(a)]
9. Examine the obligation under the Indian Contract Act of a person to whom money has been paid by mistake. In this connection is there a distinction required to be drawn between a mistake of fact & mistake of law? [1999 6(b)(1)]
10. One of the requirements for formation of a valid contract is free consent, why then, in some cases of absence of free consent, does it make the contract voidable, not a void agreement? [1998 7(a)]
11. Explain the effect of mistake of fact on agreements with illustrations and decided cases. [1995 7(a)]
12. Outline the nature of undue influence in the law of contract. [1993 1(b)]
13. A takes on hire a fishing trawler from B for the purpose of deep sea fishing. The trawler was imported by B and was never used by him. Under the contract A was to get the necessary repairs done in the trawler to make it sea-worthy, for which 8 would pay. After it was certified seaworthy, A was to pay monthly rent, while the repairing was being done, A discovered that the refrigeration equipment of the trawler was not capable of bringing down the the temperature to such a low level as is necessary to use the trawler for deep sea fishing. A sues for declaration that the contract is void and for recovery of the expenses incurred on repairs. There is no evidence that during the negotiation for contract there was any discussion about the quality of the refrigeration of the trawler, but the purpose of chartering of trawler was known to B. How will you decide? [1990 6(b)]
14. 'The right to rescind a contract is a more drastic remedy than the right to damages and therefore some restrictions are placed on it.' What are they? when may rescission be refused ? [1990 5(d)]
15. P, Q and R are sisters, and their parents died soon after the eldest of them, P got married to S. S started managing the properties left by the parents to the three sisters. At the instance of S, the three sisters jointly executed a promissory note for a sum of Rs. 30,000 in favour of S. The sum was stated to be the amount which S himself spent



for managing properties. Q and R discovered that S did not spend more than Rs. 3,000. They have sued for rescission of the promissory note. Give your decision. [1989 6(b)]

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OBJECT AND CONSIDERATION

1. "Minority can only be claimed as a shield but not as a sword." Explain the statement and mention the situations when a minor is liable under the law of contract. [2017 5(a)]
2. "Every agreement by which any party thereto is restricted absolutely from enforcing his rights under or in respect of any contract, by the usual legal proceedings in the ordinary Tribunals, Or which limits the time within which he may thus enforce his right is void to that extent." Explain the exceptions, if any, of this principle. [2015 5(c)]
3. "All illegal agreements are void but all void agreements are not illegal". Discuss. [2007 5(a)]
4. "Jurisdiction of a court to decide dispute arising out of contractual relations cannot be ousted by an agreement between the parties.' Discuss. [2003 5(a)]
5. There is a very limited application of law relating to agreement in restraint of trade in India.' Critically examine the statement and suggest the area of limitations. [2002 5(c)]
6. "Public policy was a very unruly horse and when once you get astride it you never know where it will carry you." (Burrough,J.) Examine relevancy of this statement under the Indian Law. [2000 5(b)]
7. How do you distinguish void agreement and void contract? Does void contract have similar legal implications to voidable contract? [1998 5(b)]
8. "Under the law of contract the intention of the parties must be manifested clearly so that their obligations may be demarcated with certainty."Examine. [1997 5(a)]
9. X, a company which manufactures a certain type of goods, has 4 units of new and sophisticated machinery to manufacture the goods. Such units are not easily available in the market. Y, another company which is just formed and is expected to go into production two years hence enters into a contract with X to buy 2 of those units. Later Y company gets merged in Z company. Z is a serious competitor with X in the manufacture and sale of the particular type of goods. Z can immediately start production using the new units. X refuses to sell the units to Z. Can Z sue for specific performance of the contract. [1992 3(b)]
10. Explain the principle of non est factum, and comment on its rationality when applied in reference to a document executed by a well-educated person. [1991 5(a)]



11. 'All contracts in restraint of trade are prima facie void, but are valid if they are reasonable.' Explain how the reasonableness of restraints can be tested. [1989 6(a)]
12. Wager is a promise to give money's worth upon the detennination or ascertainment of an uncertain event and it may relate to past, present and or future event." [1988 2(a)]
13. The plaintiff company, as valuer's and surveyors, employed defendant as the Branch Manager of its Culcutta office. The agreement by its Clause 10 provided that the defendant would not be permitted to join any firm of competitors of the plaintiff or to run a business of zhis own in similar line directly or indirectly, for a period of 2 years at the place of his last posting after he left service of the plaintiff company. The company terminated his services and he started thereafter a similar service. The plaintiff claims damages for breach of the said negative covenant by the defendant and an injunction restraining him in terms of Clause 10 before the expiry of two years. Decide. [1987 2(c)]

#### PERFORMANCE

1. A owed B Rs. 1,000 but the debt is barred by the Limitation Act, 1963. Subsequently A signs a written promise to pay Rs. 1,000 on account of the previous debt. Decide the validity of this agreement.
- A, a singer, contracts with B, the manager of a restaurant, to sing at his restaurant for two nights every week during next two months; and B engages to pay to her 5,000/- rupees for each night's performance. On the sixth night, A wilfully absents herself from the restaurant and B, in consequence, rescinds the contract. Decide. [2015 5(a)]
2. 'A contract is a contract from the time it is made and not from the time its performance is due. 'Explain'. [1994 5(a)]
  3. 'In a bilateral contract, where both parties have obligation to perform, questions may arise as to who is to perform list.' How are such question, answered? [1990 5(c)]
  4. When a contract stipulated that a contract shall be performed by a particular date, and is not performed by the date, what are the rights of the promisee if
    - (a) time is of the essence of the contract and
    - (b) time is not of the essence of the contract? [1989 5(c)]

#### FRUSTRATION

1. What is meant by the doctrine of "supervening impossibility"? Under what circumstances the "supervening impossibility" may arise? [2007 5(d)]



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2. Is a party rightfully rescinding the contract entitled to compensation? Explain with the help of examples. [2006 5(c)]
3. What are the circumstances under which a party to a contract can plead impossibility as an excuse from performing his contractual obligation? [2006 7(a)]
4. "In India the impossibility of performance covers both the agreement to do impossible act as well as the contract to do act afterward becoming impossible or unlawful". Examine. [1997 6(a)]
5. The plaintiff municipality of a town, sold to the defendant by contract the right to collect dung in the municipal area for one year. No dung was however, left to be collected by the defendant as the same was removed by the pig owners themselves in their own right. [1994 6(b)]
6. Explain the doctrine of 'frustration' of contracts. Examine the statement: Cases of frustration of contracts are not simply cases of initial or supervening physical or legal impossibility of performance of contracts. [1991 6(a)]
7. X agreed with Y to supply twenty transformers which were to be imported from a foreign country at a price stated to be firm and not subject to escalation. X imported ten transformers and thereafter stopped importing as the prices had gone up three fold due to conditions of war. Y sued X for specific performance of the contract limiting the claim to the ten transformers available with X, and claimed damages with respect to the remaining ten. X has taken the position that whole contract has become frustrated and so the suit is not maintainable. Does Y succeed?[1991 6(b)]
8. The defendant placed an order with the plaintiffs for supply of underwear of certain kind, making it clear that they intended to sell them in 'England'. British government prohibited the import of such goods. He pleads frustration of the contract in reply to plaintiffs suit for damages. Decide. [1988 2(b)]
9. Doctrine of frustration directly affects the performance of a contract. Discuss. [1986 1(a)]

#### QUASI CONTRACT

1. "Quasi-contract consists of the contractual obligation which is entered upon not because the parties have consented to it, but because law does not allow a person to have unjustified benefit at the cost of other party." Explain the real basis of quasi-contracts with legal provisions and illustrations. [2012 5(b)]
2. 'A quantum meruit, although a quasi contract, arises out of a contract'. Comment. [2009 5(d)]
3. "Law as well as justice should try to prevent unjust enrichment. Critically examine this statement in relation to quasi-contracts." [2008 5(b)]



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4. A minor is liable to pay out of his property for necessaries supplied to him. Discuss with the help of decided cases. [2000 5(a)]
5. A transport company refuses to deliver certain goods to the consignee except upon the payment of illegal charge of carriage. The consignee pays the sum charged in order to obtain the goods. Discuss the rights of the consignee as against the transport company. [2000 5(c)]
6. "A quasi-contract arises out of judicial principles and not out of a contractual agreement between two persons." Examine. [1996 6(a)]
7. After competitive examination, X was selected for the Indian Administrative Service and the government of India sent him to the National Academy for training at its cost. After completion of the training he failed to join the service. Union of India filed a suit against X for recovery of the cost training. The suit is resisted on the ground that there was no written agreement between the parties and also on the ground of government's non-compliance with the provisions of Art. 299(1) of the Constitution of India. Decide. [1988 2(c)]
8. The Union of India supplied steel of the plaintiff company for the manufacture of gas plant at Issapur. Since all the steel was not exhausted, the Steel Controller directed the company to deliver it to a named association at Ahmednager. For lack of transport facilities, another direction was issued to deliver the same to G. Brothers at Issapur itself, the Controller undertaking to pay the price. The company complied with this direction. Since neither G Brothers nor the Union of India paid the price of the returned steel, the company claimed the price from the Union of India. The latter resisted the suit on the ground that neither the constitutional requirement as to formal contracts with it had been adhered to, nor had it received any benefit from it. Decide. [1987 2(b)]

#### STANDARD FORM CONTRACT

1. "The individual deserves to be protected against the possibility of exploitation inherent in 'Standard Form of Contract.'" Explain. [2015 7(b)]
2. If a contract is broken, the law will endeavour so far as money can do it, to place the injured party in the same position as if the contract had been performed. Explain the above statement and discuss the principle court follows for assessment of damages. [2014 5(a)]
3. "Standard form contract exists in complete disregard to the established principles of freedom of contract and equality of bargaining power of the parties" Elucidate. [2011 5(a)]

#### REMEDIES & DAMAGES

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1. “Section 74 of the Indian Contract Act, 1872 has cut down the most troublesome knot of common law doctrine of awarding damages. “Discuss the statement. [2017 7(a)]
2. “The object of awarding damages for a breach of contract is to put the injured party in the same position, so far as money can do it, as if he had not been injured.” In the light of the above statement, explain the various kinds of damages that the court can award. Also explain the rules relating to assessment of damages. [2016 8(a)]
3. “Every contract contains a ‘core’ or ‘fundamental obligation’ which must be performed. If one party fails to perform this fundamental obligation, he will be guilty of a breach of contract whether or not any exempting clause has been inserted which purports to protect him.” Critically examine the statement with case law. [2016 5(b)]
4. On breach of contract only such loss can be recovered as was in the contemplation of both the parties at the time of entering into the contract. Discuss. [2010 5(a)]
5. With the help of decided cases discuss in detail the market rate theory Of assessment of damages in cases of breach of contract. [1995 6(a)]
6. The plaintiff booked a hotel for his son's wedding reception in which two hundred guests were invited. The contract included provision for a dinner in a big hall by the hotel management who would also provide a band to play music. The hotel management cancelled the contract just a day before the wedding. As a result the plaintiff was forced to organize only a simple function at a small place with a simple dinner. The plaintiff sues the hotel management and claims general damages for inconvenience and mental torture and special damages for cancellation of the band music and telephone expenses to inform the guests about the change of venue. Decide. [1995 6(b)]
7. If there has been a substantial though not exact and literal performance by the promisor, the promisee cannot treat himself as discharged. Explain what is the remedy is such a case regarding the deficiency in performance? [1992 1(b)]
8. Examine the value of stipulations contained in a contract which specify the damages or penalties to be paid by the party in breach to the other party. [1991 5(b)]
9. "In estimating the loss or damage arising from a breach of contract the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account". [1988 1(a)]
10. Every contract contains a 'core' or fundamental obligation which must be performed, if one party fails to perform this fundamental obligation, he will be guilty of a breach of contract whether Or not any exempting clauses has been inserted which purports to protect him. [1987 1(a)]