

Chap 1: CONTRACT ACT 1872

40 MARKS 1 HOUR 15 MIN.

Ques 1: 1 mark

State with reasons whether the following statement is correct or not:

Where the mode of acceptance is prescribed in the proposal, it need not be accepted in that manner.

Ques 2: 3 marks

Mr. Ramesh promised to pay Rs. 50,000 to his wife Mrs. Lali so that she can spend the sum on her 30th birthday. Mrs. Lali insisted her husband to make a written agreement and the agreement was registered under the law. Mr. Ramesh failed to pay the specified amount to his wife Mrs. Lali. Mrs. Lali wants to file a suit against Mr. Ramesh and recover the promised amount. Referring to the applicable provisions of the Contract act 1872, advise whether Mrs. Lali will succeed?

Ques 3: 5 marks

Comment on the following: To form a valid contract Consideration must be adequate

Ques 4: 2 marks

State with reasons whether the following statement is correct or not:

According to the doctrine of Privity of Contract, a stranger to a contract, if he is beneficiary, cannot enforce the contract

Ques 5: 5 marks

Comment on the following: Mere silence as to facts does not amount to fraud

Ques 6: 5 marks

Answer the following: An agreement in restraint of trade is void

Ques 7: 4 marks

Mr. X & Mr. Y entered into a contract on 1st August, 2018 by which Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadways only. Severe flood came on 2nd August 2018 & the only road connecting their places was damaged & could not be repaired within 15 days. Mr. X offered to supply sugar on 20th August 2018 for which Mr. Y did not agree. On 1st September 2018, Mr. X claimed compensation of RS. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000, which he had paid as advance in terms of contract. Analyze the above situation in terms of the provisions of the Indian contract act, 1872 and decide on Y's contention.

QUES 8: 4 MARKS

Comment : Damages are compensatory and not penal

Ques 9: 6 marks

M Ltd., contract with Shanti traders to make & deliver certain machinery to them by 30.06.2017 for Rs. 11.50 lakhs. Due to labour strike, M Ltd. could not manufacture and deliver the machinery to Shanti traders. Later, Shanti traders procured the machinery from another manufacturer for Rs. 12.75 lakhs. Due to this Shanti Traders was also prevented from performing a contract which it made with Zenith traders at the time of their contract with M Ltd. & were compelled to pay compensation for breach of contract. Advise Shanti traders the amount of compensation which it can claim from M Ltd., referring to the legal provisions of the Indian Contract act 1872.

Ques 10: 5 marks

Comment on: A contract of indemnity is a contingent contract