

Model Answer
AU-7058
B.A. LL.B./B.Com. LL.B. (First Semester) Examination, 2014
Law of Contract-I
(General Principles of Contract Ss. 1—75 and Specific Relief Act)
Maximum Marks: 80 Marks

Note: Attempt questions of all three sections as directed. Distribution of marks is given with sections.

Section-‘A’
(Objective Type Questions)

15×2=30

Note: Attempt all questions. Each question carries 2 marks

1.

(i) (b) Section 5 of Contract Act

(ii) (a) Section 2(f)

(iii) (c) Section 2(i)

(iv) (a) Section 23

(v) (c) Section 29

(vi) (b) Ascertainment of Damages

(vii) (a) section 56

(viii) (a) Section 75

(ix) (a) Section 68

(x) (a) Fraud

(xi) (c) Both (a) and (b)

(xii) (a) to enforce civil liabilities

(xiii) (a) Counter offer

(xiv) (c) Valid

(xv) (d) none of the Above

Section-B
(Short Answer Type Questions)

5×4=20

Note: Attempt any five questions. Each question carries 4 marks.

2

- ⑩ Consideration is something which is of some value in the eyes of law . It may be of some benefit to one party or some detriment to the other.
- ⑩ Section 2 (d)
 - In *Fazaluddin v. Panchanan Das* Calcutta High Court observed that “consideration is the price of a promise or return or *quid pro quo*.”
- ⑩ Essentials of a valid consideration as construed from section 2(d)
- ⑩ Section 25 enumerates that an agreement without consideration is void
- ⑩ Without the flow of the consideration there cannot be an intention to create legal relationship which ripens into a contract.
- ⑩ *Durga Prasad v. Baldeo* the Allahabad High Court observed for a valid consideration any act by the promisee must have been started at the desire of the promisor.
- ⑩ Exception to section 25 in brief.

3.

- ⑩ The Contract Act gives both proposer and acceptor the option of revoking their communication, before a completed contract comes into existence. Thus revocation is an option given to the parties to stop the contract from coming into existence.
- ⑩ Section 5
- ⑩ Section 6 i.e. modes of revocation
- ⑩ *Dickinson v. Dodds* (1876) 2 Ch. D 463
- ⑩ Difference between Indian law and English law.
- ⑩ Anson remarked that acceptance in English Law is like a lighted match box to a train of gun powder.

4.

- In many situations a person is obliged to compensate another although the basis of this obligation is neither a contract between the parties nor any tort on the part of the person who is bound to compensate.
- ⑩ The basis of this obligation is that no one should have 'unjust enrichment' at the cost of other.
- ⑩ Lord Mansfield is considered to be the real founder of developing the theory known as Quasi-Contract.
- ⑩ *Moses v. Macferlan*
- ⑩ the ICA deals with the following quasi contractual obligations
Sections 68-72

5.

- finder is treated *at par* bailee in terms of liabilities and duties
- ⑩ Section 71
- ⑩ the objective of this provision is to prevent the misappropriation of the goods of another person by the finder of goods
- ⑩ liability of bailee
- ⑩ duty to return the goods
- ⑩ to use the goods properly
- ⑩ duty to compensate if goods have suffered loss during the use
- ⑩ not to mix the goods with his own goods

- 6.
- ⑩ One of the essentials for formation of a valid contract is that the party must contract for a lawful object.
 - ⑩ Section 23 every agreement of which the object and consideration is unlawful is void.
 - Forbidden by law. With illustration
 - Defeat the provisions of any law. With illustration
 - Fraudulent purpose. With illustration.
 - ⑩ Agreement injurious to the person or property of another. With illustration.
 - ⑩ Immoral purpose with illustration
 - ⑩ opposed to public policy
- 7.
- ⑩ section 10 of The Specific Relief Act with explanation
 - ⑩ unreasonable delay by plaintiff in performing his part of the contract operate as a bar to his obtaining specific performance
 - ⑩ what is reasonable time is a question of fact
 - ⑩ Hungerford Investment Trust Ltd. v. Haridas Mundhra (1992) 3SCC 684 specific performance can be enforced even if no specific time limit for performance is specified.
 - ⑩ Specific performance would only arise in a concluded contract.
 - ⑩ Specific performance of contract in agreement of sale. Kulwant Singh v. Makhan Singh AIR2003 P&H 142
- 8.
- ⑩ doctrine of unjust enrichment says that a person shall not be allowed to enrich himself inequitably at the expense of another
 - ⑩ doctrine is not contractual but is equitable in nature
 - ⑩ Moses v Macferlan
 - ⑩ remedies available for unjust enrichment i.e. Sections 68-72
 - ⑩ Tilokchand Motichand v. Commissioner of Sales Tax

Section –C

2×15=30

(Long Answer Type Questions)

Note: Attempt any two questions. Each question carries 15 marks

9. proposal made to a general public is known as general offer. Although the proposal can be made to general public but the contract is made only with such person or persons who fulfil the conditions of the proposal and accept it. Under general proposal the communication or notice of acceptance is not necessary. The fulfilment of conditions of the proposal is deemed as acceptance.

Carlill v. Carbolic Ball Company Ltd. (1892)

facts and principle of law laid down in the case.

- A knowledge of the general offer is must. **Lalman Shukla v. Gauri Dutt (1913) 11 All LJ489**
facts and principle of law laid down in the case.
- ⑩ Harbhajan Lal v. Harchaman Lal AIR 1925 All 539
- ⑩ it may be accepted by anyone and no formal notice of acceptance is required.

10. void agreement are those agreement which are neither having value in the eye of law nor enforceable by law. These are not capable of being converted into the contract. There is no any contractual liability for the violation of such agreement. Under law of contract there are so many factors which make the agreement void. Thus if it lacks any of the essential condition required by

law it is deemed as void.

- Section 2(g)
- Sections 26-30 specifically deals with void agreements
- ⑩ Agreement in restraint of marriage. Distinction between restraint of marriage and penalty on remarriage. Rao rani v. Gulab rani
- ⑩ Agreement in restraint of trade. Madhub chander v. Raj coomer
- ⑩ exception to the section 27
- ⑩ Agreement in restraint of legal proceeding. Distinction between bar on jurisdiction and choice of jurisdiction.
- ⑩ Exception to section 28
- ⑩ void due to uncertainty of agreement section 29
- ⑩ section 30 wagering agreement and exception to section 30

11. The Indian Contract Act does not expressly mention about the nature of minor's contract. Section 11 only requires that the parties to the contract must be major. It was the controversy before the decision of **Mohri Bibi's case** what will be the nature of the minor's contract? Whether it is voidable or void

- ⑩ Mohri Bibi v. Dharmodas Ghosh facts and ratio
- ⑩ Effects of minor's agreements
- ⑩ agreement is void ab-initio
- ⑩ agreement cannot be enforced against the minor
- ⑩ Doctrine of restitution
- ⑩ Introduction of doctrine of restitution in Specific Relief Act 1963
- ⑩ doctrine of restitution and section 68 of the Indian Contract Act 1872
- ⑩ It is applicable to minor's agreement but minor personally is not liable for anything under a contract.

Prepared by: **Naved Akhtar**

Assistant Professor

School of Law