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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2017

Program: Bcom LLB Taxation Law
Subject (Course): Law of Contract I
: 100

Semester – 1
Max. Marks

Course Code : CLCC1002

Duration : 3 Hrs

No. of page/s:

Section A (10 Marks) (Attempt Any Five- 2 Marks Each)

Short Answer Type

1. Define the following
 - a) Define “Coercion”.
 - b) Quantum Meruit
 - c) Anticipatory Breach
 - d) Commercial Hardship
 - e) Novation of contract
 - f) Consideration

Section B Conceptual type (20 Marks)

(Attempt Any Two)

(10 Marks Each)

2. Explain exceptions to the rule that a contract to restraint of trade is void.
3. Explain the concept of Novation, rescission and alteration of contract as provided under Section 62 of Indian Contract Act.
4. Differentiate between Illegal and Void agreements with the help of illustrations?

Section C Analytical type (20 marks)

(Attempt Any Two)

(10 Marks Each)

5. The directors of a company issued a prospectus containing a statement that the company had the right to use steam engine as well as electric engines for running trams, believing it to be a mere formality. A relying on the statement made in the prospectus, bought shares of the company.

Subsequently the Government department refused to consent to the use of electricity for the running of trams and the company went into losses. A sued the company on ground of fraudulent statement in the prospectus.

What is meant by fraud? Mention the various activities that constitute fraud under Indian Contract Act.

Will A succeed in this particular case; explain with the help of a case law.

Differentiate between fraud and misrepresentation.

6. A unique opportunity to the giant Company to exploit the weakness of the individual by imposing upon him terms which often look like a kind of private legislation and which may go to the extent of exempting the company from all liability under the contract. The Courts have found it very difficult to come to the rescue of the weaker party particularly where he has signed the document. In such cases the Courts have been constrained to hold that he will be bound by the document even if he never acquainted himself with its term In lieu of the above statement explain the standard form of contract and also device the modes of protection against the possibility of exploitation which has been evolved by the Courts, with the help of leading cases.
7. A got a house on rent to see the annual parade. He even mentioned his excitement to see the parade to the landlord. The landlord gave the house and took some advance rent. The parade got subsequently cancelled due to regional riot, before A could make his shift in the house. What remedy A has against the landlord?

Section D Application based / Case study based type (50 marks)

(Attempt 5 Questions)

8. A, a manufacturer of tyres had formed a contract with B, a rubber supplier for the delivery of rubber by November 15th. While signing the contract A forgot to mention that any sort

of delay on part of B while making the delivery will cause A a huge loss of a major consignment.

Subsequently B did not make the delivery on time, leading to a loss of Rs 2 crores to A. Explain the damages that A can make B liable for, keeping in mind the case of Hadley v. Buxendale. **(10 marks)**

9. Raj takes a room on rent by signing a “rent agreement” for the purpose of running a business of café shop in a town where the soldiers stationed nearby come to relax during the weekends. It was speculated that due to being the only café in the area, it will be able to earn a lot of profit as the soldiers frequently visit the town. As soon as the café was opened the government announced the town to be out of bound for the soldiers. Can Raj declare the contract impossible to perform? Please explain whether this contract be void in nature due to frustration or is it mere economic hardship. **(10 marks)**
10. The performance of Contract becomes physically impossible because of the disappearance of the subject matter. But the principle is not confined to physical impossibilities It also extends to cases where the performance of the contract is physically possible , but the object the parties had in mind has failed to materialize. Analyze the doctrine of frustration of Contract with the help of leading cases. **(10 Marks)**
11. Define Quasi-Contract. Explain the rationale given by the Courts justifying the Quasi Contractual obligation in various cases.
12. The defendant company started a scheme for the development of a land tract into housing colony. The plaintiff was granted a plot on payment of earnest money. The company undertook to construct the roads and drains necessary for making the land suitable for building and residential purposes. Before the defendant could make the above stated development, considerable portion of the land was requisitioned by the government during the war. Can the defense of Section 56 be taken by the defendant in order to not perform the contract? Explain with the help of leading case law. **(10 Marks)**
13. Discuss the effect of minor’s agreement. Discuss the remedies which are available to a minor under the law of contract against the other party to the contract? A, aged less than 18 years, represents to B, that he is above 18 years of age and thereby induces B to pay him a loan of Rs. 20,000 against a promissory note. A, later on, refuses to repay the loan to B. Discuss the remedies available to B in the light of the law under section 64 and 65 of the Indian Contract and the Specific relief Act. **(10 Marks)**

Note: - Pl. start your question paper from next page

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Section A (10 Marks) (Attempt Any Five- 2 Marks Each)

Short Answer Type

1. Define the following

- a) Estoppel
- b) Commercial Hardship
- c) Define “undue influence”.
- d) Frustration of contract
- e) Alteration of contract
- f) Online Contract

Section B Conceptual type (20 Marks)

(Attempt Any Two)

(10 Marks Each)

1. Explain the concept of contract to restraint of legal proceedings and the effects of the same.
2. Explain the concept of joint liability under Indian Contract Act.
3. Differentiate between wagering and contingent contract with the help of illustrations?

Section C Analytical type (20 marks)

(Attempt Any Two)

10 Marks Each

4. A got a house on rent to see the annual parade. He even mentioned his excitement to see the parade to the landlord. The landlord gave the house and took some advance rent. The parade got subsequently cancelled due to regional riot, before A could make his shift in the house. What remedy A has against the landlord?
5. A Promises to superintend, on behalf of B, a legal manufacturer of indigo, and an illegal traffic in other articles. B promises to pay A, a salary of Rs. 10,000/-a year. Is the Contract Valid? Explain with the help of relevant sections.
6. Discuss the effect of minor's agreement. Discuss the remedies which are available to a minor under the law of contract against the other party to the contract? A, aged less than 18 years, represents to B, that he is above 18 years of age and thereby induces B to pay him a loan of Rs. 20,000 against a promissory note. A, later on, refuses to repay the loan to B. Discuss the remedies available to B in the light of the law under section 64 and 65 of the Indian Contract and the Specific relief Act. (10 Marks)

Section D Application based / Case study based type (50 marks)

(Attempt 5 Questions)

1. A, a manufacturer of tyres had formed a contract with B, a rubber supplier for the delivery of rubber by November 15th. While signing the contract A forgot to mention that any sort of delay on part of B while making the delivery will cause A a huge loss of a major consignment. Subsequently B did not make the delivery on time, leading to a loss of Rs 2 crores to A. Explain the damages that A can make B liable for, keeping in mind the case of Hadley v. Buxendale. (10 marks)

2. Raj takes a house on rent by signing a “rent agreement” for the purpose of running a business of lodge in a town which is a popular tourist destination. It was speculated that due to the city being crowded with tourist all-round the year, it will be able to earn a lot of profit. As soon as the lodge was opened the government announced the town to be out of bound for the tourist in order to preserve the environment. Can Raj declare the contract impossible to perform? Please explain whether this contract be void in nature due to frustration or is it mere economic hardship. (10 marks)

3. Define Quasi-Contract. Explain the rationale given by the Courts justifying the Quasi Contractual obligation in various cases. (10 marks)

4. A, a singer , enters into a contract with B, the manager of a theater, to sing at his theater two nights on every week during the next two months, and B engages to ay het at the rate of hundred rupees for each night. On the sixth night, A willfully absents herself. With the assent of B, A sings on the seventh night. Explain the legal position in the instant case. Can B after the seventh night put an end to the contract? (10 Marks)

(10 marks)

5. Mohan goes to a Sharma’s watch collection ltd for the purchase of a watch. The shop keepers shows a number of watches and consequently Mohan decides to buy a watch worth Rs 5000/-. Later on when Mohan comes home, he realizes that the watch is defective in nature and one of its hands does not work.

Mohan goes back to the shop and accuses the shopkeeper of defrauding him. Can Mohan take a legal action against the shopkeeper for fraudulent forming the contract of sale or not.

Please give the reason with the help of the legal provision applicable in this particular case along with relevant case laws and examples. (10 marks)

6. Comment on the validity of the following agreement with the help of relevant provision

a. A agrees to sell to B one hundred tons of oil of a specified description, known as an article of commerce. Is the agreement valid?

- b. A owes B Rs. 5,000 which A has failed to pay. B promises a rebate of Rs. 1500 if A pays the amount within a week. A pays Rs. 3,000 within one week. B then demands the balance from A. Will he succeed?