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Exam. Code :

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LL.B. Ist Semester

1044

LAW OF CONTRACT

Paper : III

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :- Unit I is compulsory. Questions in Unit I are of 5 marks each. Attempt two questions each from Unit II and III. Each question in Unit II and III is of 15 marks.

UNIT—I

1. Write short notes on :

- (a) 'Contract'
- (b) 'Privity to Contract'
- (c) 'Discharge of Contract by Novation'
- (d) 'Recovery of possession where person is dispossessed of immovable property without his consent'.

20

UNIT—II

2. (a) What is an offer? Discuss the circumstances under which an offer gets revoked or lapses. 10
- (b) A offered to sell his house to B for Rs. 50,000. B replied that he can accept the house for Rs. 40,000. A rejected B's counter offer to buy the house for Rs. 40,000. B later changed his mind and sent a letter to A accepting his offer

to buy house for Rs. 50,000. A refused to sell the house. B purported that he has accepted the offer hence, contract stands complete. Can B go to the court for specific performance of contract ?

5

(a) "Public Policy is an 'unruly horse'." Discuss in detail citing case laws.

10

(b) W filed a criminal complaint against her husband H. During the pendency of the complaint, the husband H wrote to his wife W that he agrees to pay Rs. 3000 for her maintenance and Rs. 500 for the maintenance of their daughter. He further agreed to pay for marriage expenses of their daughter and education expenses also on the condition that wife W has to withdraw the complaint and both husband and wife will separate from one another. The wife W accepted the offer. W's complaint was dismissed for non-prosecution. H paid some sums but ultimately stopped payments. W goes to the court for the enforcement of contract. Will she succeed ?

5

(a) Is minor competent to contract ? Discuss in detail the position of the minor with regard to the contracts entered into by him citing case laws.

10

(b) Rahul, aged 17 years was studying in a Law College. On 1st April, 2013 he took a loan of Rs. 70,000 from Suresh for the payment of his college fee and agreed to pay back the loan by 1st September 2013. Rahul possesses assets worth Rs. 5 Lakhs. On due date Rahul fails to pay back the loan to Suresh. Suresh now wants to recover the loan from Rahul out of his assets. Whether Suresh would succeed ?

Decide in reference to the provisions of the Indian Contract Act. 5

5. (a) "Every agreement by which anyone is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void." Elaborate citing case laws. 10
- (b) A agreed to serve for three years as an assistant to B, a physician and surgeon. The agreement contained a stipulation against practicing by A within the period of the agreement, but he started practicing. A contends that the agreement is a restraint on trade hence void. Will A succeed? What is the legal position of the contract? 5

UNIT—III

6. (a) A entered into an agreement with B to deliver him (B) 2000 bags to be manufactured in his factory. The bags could not be manufactured because of strike by the workers and A failed to supply the said bags to B. Decide whether A can be exempted from liability under the provisions of the Indian Contract Act. 5
- (b) A agreed to let B have the use of his music hall for three days on payment of Rs. 10,000 for each day for having three concerts. After making of the agreement and before the first day on which the concert was to be held, the Hall was destroyed by fire without the fault of either party and was so completely destroyed that the concerts could not be held. Decide whether A can be exempted from liability under the provisions of the Indian Contract Act. 5
- (c) A, a famous pianist contracted for performing a concert in the Hotel of B. On the date of the concert, A becomes

seriously ill. B brought an action to claim damages for non-performance (breach) of contract. Will he succeed ? 5

7. (a) Zilo textiles enters into a contract with Ram Garments for supply of 1000 pieces of cotton shirts at Rs. 300 per shirt to be supplied before 31st December 2012. However, on 1st November, 2012, Zilo Textiles informs Ram Garments that he is not willing to supply the goods as the price of cotton shirts in the meantime has gone upto Rs. 350 per shirt. Examine the rights of Ram Garments in this regard.

7½

- (b) A contracted with B to supply B 500 tons of iron steel at the rate of Rs. 5000 per ton, to be delivered at a specified time. Thereafter, A contracts with C for the purchase of 500 tons of iron steel at the rate of Rs. 4,800 per ton and at the same time told 'C' that he did so for the purpose of performing his contract entered into with B. C failed to perform his contract in due course. Consequently, A could not procure any iron-steel and B rescinded the contract. What would be the amount of damages which A would claim from C in the circumstances ? Explain with reference to the provisions of the Indian Contract Act, 1872.

7½

8. What do you understand by Mandatory Injunction ? When grant of injunction may be refused ? When damages in lieu of injunction may be granted ? 15
9. State the contracts which can be specifically enforced and the contracts which cannot be specifically enforced. 15