

26 NOV 2025

**NATIONAL LAW UNIVERSITY, JODHPUR**  
End Term Examination August-December – 2025  
Semester: UG I  
Subject: Law of Contract I

Time: Three Hours

Marks: 100

*Instructions:*

1. Answer any 5 out of 6 questions.
2. Marks have been indicated against each question.
3. Answer to the point, brevity will be appreciated.

Q.1) a. The 2026 Commonwealth Games ("the Games") is scheduled to be held in New Delhi. A statutory corporation, M2006, was formed by the Government of India to conduct and manage the Games. M2006 sought terms from proposed tenderers to provide services for the sale of Games related merchandise. Two companies ("the promoters") created a joint venture vehicle, Factory 5 Pty Ltd ("F5"). The promoters entered into negotiations with M2006 in relation to the proposed tender and provided M2006 with their standard terms and conditions of trade. M2006 indicated to the promoters that Playcorp Limited would likely be appointed as licensee to sell Games merchandise to the official concessionaire. In early December 2024, M2006 decided that it would seek to negotiate the concessionaire agreement with the promoters in preference to any other tenderer. The parties exchanged correspondence with a view to finalising this agreement. On 23 December 2024, M2006 wrote to F5 stating that it was to be appointed on the commercial terms set out in a number of attached emails and letters "subject to reaching agreement on a legally binding Long Form Concessionaire Agreement to be provided by M2006 and subject to M2006 Board Approval" and requested that F5 sign the letter of intent to acknowledge its terms, which was signed by M2006 later that day. Negotiations for the long form agreement subsequently reached an impasse and were terminated by M2006 in June 2025. F5 issued proceedings to recover damages suffered as a result of M2006's termination of the contract it asserted was comprised by the 23 December 2024 correspondence and the subsequent letter of intent signed by both the parties. Examine the merits of this contention in light of relevant cases.

b. X and Y, a married couple, are currently undergoing divorce proceedings before the District Court. X suffers a car accident. While at the hospital, he develops feelings for Z, the attending nurse, and asks whether she would marry him. Z agrees to marry X. Meanwhile the Court allows the application for divorce. X then marries G instead of Z. Z sues X for breach of contract. X contends that the contract between X and Z is void because of immorality resulting from the interference with marriage between X and Y. Examine the merits of this contention with the help of one supporting case law.

(Marks 10+10=20)

Q. 2) a. P entered a contract to purchase Sudanese groundnuts from Q to be delivered in Mumbai. When the contract was entered, almost all shipments of nuts from Sudan traveled through the Suez Canal. However, it was possible, though rare, to ship the nuts by way of the Cape of Good Hope, but it was a significantly longer route. Before the nuts were shipped, a military conflict between Iran and Israel blocked the use of the Suez Canal. Q never shipped the nuts, and P initiated arbitration for breach of contract. Q contends frustration of the

purchase contract due to supervening impossibility. Examine the merits of Q's contention with supporting authorities.

b. X, a Hindu widow, lives a life of seclusion outside her working hours from 10 am – 2 pm when she supervises the affairs of her estate in close coordination with her manager Y and Y's son Z. Impressed by their loyalty, 6 months before her death, she gifts half of her estate to Z, with Y as the guardian until he turns 18. After X's death, her legal heirs discover this arrangement and files a suit against Y and Z for cancellation of this arrangement as X's consent as a pardanashin woman was vitiated by the presumption of undue influence. Y and Z have approached you for legal assistance. Advise.

(Marks 10+10=20)

Q. 3) a. The plaintiff "Hector" was Martin Aloysius Handel Hector, a businessman who negotiated to purchase a residential property located at 47 Queens Road, Mumbai SW5, owned by the defendant "Lyons". In early 2024, Hector contacted Lyons' solicitors to express interest in buying the property for ₹250,000, representing himself as the purchaser. Lyons' solicitors drafted a contract of sale naming the purchaser as "Mr. D Hector of 47 Longridge Road, London SW5," based on information provided by Hector's solicitors. Hector's solicitors returned the contract signed "D. Hector," without specifying the full name or identity. Unknown to Lyons, the signature "D. Hector" was that of Hector's son, David Hector, who was a minor (aged 17) at the time and had no involvement in the negotiations. Hector intended to purchase the property in his son's name to avoid personal liability or for tax purposes, but he conducted all communications and intended to be the beneficial owner. Upon discovering that the named purchaser was a minor, Lyons refused to complete the sale. Hector sued Lyons in the City Civil Court, Mumbai, for specific performance of the contract, claiming that he was the true contracting party and that his solicitors had signed on his behalf. Lyons has approached you for legal assistance. Advise.

b. 'While the language of the Indian Contract Act, 1872, appears to require the promisor perform the 'entire' obligation in a contract, the rigour has been mitigated through common law precedents.' Do you agree? Explain with reasons.

(Marks 10+10=20)

Q. 4) a. Explain significance of the 1997 amendment in altering the scope of restraint of legal proceedings under the Indian Contract Act, 1872.

b. X is a travel agent whose business almost entirely comprised selling tickets for flights to Dubai on planes owned by Y. In essence, a series of disputes had arisen between various travel agents and Y as to the non-payment of commission. Y threatened to end any contractual relationship with the X unless it entered into a new contract under which X released Y from all claims that X might have against Y in relation to commission under the previous contract. X was heavily reliant on Y for its business and that a termination of the contract could effectively end its business. Hence, reluctantly it signed the new terms in October, 2025, but challenged it immediately before the Calcutta High Court. Advise X on the best possible recourse under the law of contract to succeed against Y.

(Marks 10+10=20)

Q. 5) Discuss the importance of judicial intervention in enforcing contracts which appear uncertain merely on surface. (Marks 20)

Q. 6) Discuss and critically analyse the difference in approaches between the Indian and the English law with respect to the legitimacy of penalties charged as liquidated damages for breach of contract. (Marks 20)