

NATIONAL LAW UNIVERSITY, JODHPUR
 End Term Examination November – 2024
 Semester: UG I Semester
 Subject: Contract-I (General Principles and Specific Relief Act)

Time: Three Hours

Marks: 100

Instructions:

1. *Answer any 5 out of 6 questions.*
2. *Your answers must be to the point, brevity will be appreciated.*

Q.1) a. Modi Marbles Inc. enters into a contract dated September 25, 2024, with Arihant Group for supplying 1000 tonnes of marbles for construction of new residential apartments in a housing project near the Jhalamand Circle, Jodhpur. According to the terms of the contract, the consignment will be shipped on January 10, 2025. The first instalment of the advance payment of Rs. 25 lakhs will be paid on October 10, 2024, as a pre-condition for the delivery of the first consignment. However, on October 1, 2024, Modi Marbles writes to Arihant refusing to send consignment. Arihant does not accept the refusal and schedules an emergency meeting between the company directors to sort out the vendor's grievance. Though the problem gets resolved, Arihant doesn't pay the first instalment of advance which prevents Modi Marbles from delivering the first consignment. On January 11, 2025, Arihant sues Modi Marbles for specific performance. Decide.

b. X threatened Y that if Y did not legally transfer his box of gold to X, X would shoot Y's wife Z dead. Y maintained a calm demeanor and considered retaliating but changed his mind thinking about his spouse's safety. Y conveyed the box of gold to X through a gift deed in writing and validly stamped. Shortly, Y filed a suit against X claiming that his consent to the contract was vitiated through coercion. X argued that since the threat was not directly towards Y but Z, and the fact that Y was not unnerved of his ordinary firmness of mind negated any possibility of coercion. Examine the merits of X's contention in light of the relevant statutory provision in India.

(Marks 10+10=20)

Q. 2) a. Department of Urban Planning and Housing released an advertisement in the form of a letter of intent containing an application form for allotment of plots of land on the Noida Extension Road to construct residential houses at Rs. 2500/acre on January 1, 2024. The form had to be submitted by interested applicants within March 31, 2024, with the earnest money of Rs. 5 lakhs and a clearance certificate from the Government Surveyor, being the exclusive conditions that were required to be satisfied. X submitted the filled-up application with the earnest money and certificate on March 20, 2024. However, at the start of the financial year, the department received an office memo from the Ministry of Finance that the scheme was undervalued by almost Rs. 3000/acre with the actual valuation being closer to Rs. 6000/acre. A directive was also issued by the PMO ordering an immediate withdrawal of the scheme. Therefore, the department sent a communication on June 1, 2024, to X that it was withdrawing the advertisement and that it would not be able to allot the plot of land. X filed a suit against the department in the Noida District Court on July 1, 2024. The department contended that the advertisement was simply a letter of intent and constituted an invitation to offer at best. It could not be treated as a binding contract in the absence of the signature by the President of India. Examine the merits of the department's contention with the help of ONE relevant case.

b. Q is going through a difficult family situation and approaches P for a loan of Rs 10 lakhs. P provides the loan which is to be repaid with an interest of 25% after 10 years. When Q fails to repay, P files a suit against Q claiming the entire debt amount. Q contends that P took undue advantage of his family situation and imposed an extortionate amount of interest making the transaction prima facie unconscionable. Thus, P must prove that there is no undue influence. Examine the merits of Q's contention with the help of ONE relevant case law.

(Marks 10+10=20)

Q. 3) a. A sells a building to B. The building consists of two wings. Prior to the sale, A proudly states to B, "Our building is a brilliant example of top-class compliance with local laws. We have the necessary fire safety clearance from the municipal authority for both wings." A had no legal obligation to disclose the extent of fire safety compliance under the local law. B had no prior knowledge of the compliance and after buying the building, he finds out that only one of the wings have the requisite fire safety clearance. B sues A for misrepresentation. A contends that A's silence regarding the absence of fire safety clearance in one of the wings does not amount to fraud as he had no duty to inform B about the fire safety compliance in the first place. Also, A's remark was merely an expression of opinion. Examine the merits of this contention with the help of supporting case law.

b. 'The rule of survivorship in common law determines the devolution of joint liabilities amongst co-promisors under the Indian contract law.' Do you agree? Explain with reasons.

(Marks 10+10=20)

Q. 4) a. Explain why insurance contracts are not considered to be wagering in nature with the help of ONE supporting case.

b. All India Chess Federation ('AICF') is a society registered under the Societies Registration Act, 1860. It is a central governing authority for chess in India. Chennai Chess Federation ('CCF') is an affiliated member of AICF since 1978. On December 25, 2023, the Central Council of AICF passed a resolution to disaffiliate CCF. CCF filed a writ petition before the Madras High Court Under Article 226 of the Constitution challenging the disaffiliation. AICF, while admitting that the Madras High Court had territorial jurisdiction based on the Petitioner's residence, raised a preliminary objection that the Madras High Court could not decide the petition as Clause 21 of the Constitution and Bye-Laws conferred exclusive jurisdiction on courts at Mumbai in disputes involving AICF and any other party to the Constitution and Bye-Laws. Examine the merits of this contention with supporting cases.

(Marks 10+10=20)

Q. 5) Explain how even a unilateral mistake would render a contract void in cases of *non est factum*.

(Marks 20)

Q. 6) Discuss how the common law theories have shaped the construct of the statutory provision on frustration under the Indian contract law.

(Marks 20)

