Indian Contract Act, 1872

Q. No.	Questions & Answers	Marks
1.	State the exceptions to the rule "An agreement without consideration is void."	7
	(ICAI-SM, Jan. 2021, May 2018, RTP Nov. 2019, June 2022, Dec 2022)	
Ans.	 As per the provision of the Indian Contract Act, 1872, the agreement without consideration is not valid. But, in certain conditions, an agreement without consideration is valid and enforceable: Natural love and affection: There is no consideration required if the agreement is made by <u>natural love and affection</u>. The contracts, in this case, shall be valid if: There is an agreement in <u>writing</u>. It is <u>registered</u>. It is made on account of <u>natural love and affection</u>. Compensation for <u>past voluntary services</u>: When the promisor promises to pay for an act done by a promisee in the <u>past</u> for the promisor, the act so performed by a promisee for the promisor shall become a consideration for the amount to promised. Promise to pay the time-barred debt: As per the Limitations Act, 1963, if a debt is not claimed within three years, it cannot be recovered after that. But, a promise to pay the time-barred debt is enforceable. The promise should be in writing and signed by the person making it or by his authorized agent. The promise maybe for the whole or any part of the debt. Agency: No consideration is necessary to create an <u>agency</u>. An agent can be appointed without consideration, and the acts are done by him shall be valid. 	7
	 6) Bailment of Goods: <u>Bailment</u> of goods created required no consideration. 7) Charity: If a promisee undertakes the liability on the promise of a person to 	
	contribute to charity, there shall be a valid contract.	
2.	"To form a valid contract, consideration must be adequate". Comment. (ICAI-SM, RTP May 2021, RTP Nov. 2020)	2
Ans.	✓ It is necessary to have consideration, but it is <u>not necessary</u> that consideration	1⁄2
	 should be adequate. ✓ If a party gets what he has contracted for and it is of <u>some value</u>, the court will <u>not enquire</u> whether it is equivalent to the promise. 	1⁄2
	 ✓ The parties to the contract <u>cannot avoid the contract on the ground of inadequacy of consideration</u>. ✓ It should be noted that where consideration is inadequate on the ground of free 	1⁄2
	consent of parties to contract, then only the contract will be void; otherwise, it will be valid.	1⁄2
3.	"Mere silence is not fraud", but there are some circumstances where the "silence is a fraud". Explain the circumstances as per the provisions of the Indian Contract Act, 1872.	7
	(ICAI-SM, May 2019, May 2018)	

Anc	As not the provision of the Indian Contract Act 1972 froud means and includes any	
Ans.	As per the provision of the Indian Contract Act, 1872, fraud means and includes any of the following acts committed by a party to the contract:	
		1
	i) The suggestion to a fact which <u>is not true</u> by one who does not <u>believe it to be</u>	1
	ii) The <u>active concealment</u> (hiding) of the fact by one having knowledge or belief	1
	of the fact.	I
	iii) A promise made <u>without any intention</u> of performing it.	1
	iv) Any other act fitted to <u>deceive</u> .	1
	 v) Any such act as to law specifically declared to be <u>fraudulent</u>. 	1
	" <u>Mere silence is not fraud</u> ", but there are some circumstances where silence is a	I
	fraud:	
		1
	1) <u>Duty to speak, and the person remains silent</u> :	I
	 The duty to speak arises when one party <u>completely depends</u> upon another party. 	
	party.	
	 The duty to speak arises when one contracting party <u>possesses trust and</u> <u>confidence</u> in another party. 	
	 2) Where silence is equal to speech: For example, the seller sells the article. The 	
	buyer asks if you do not deny, I shall presume the article is good. The seller	1
		1
	remains silent. Here, silence is equal to speech which indicates that the article is	
4.	good. If the article turns out to be defective, then this amounts to fraud.	4
4.	Mr Shyam owned a motor car. He approached Mr Vikas and offered to sell his motor	4
	car for ₹3lakhs. Mr Shyam told Mr Vikas that the motor car is running at the rate of	
	30 kms per litre of petrol. Both the fuel meter and the speed meter of the car were	
	working perfectly.	
	Mr Vikas agreed with the proposal of Mr Shyam and took delivery of the car by π^{\pm}	
	paying ₹3 lakhs to Mr Shyam. After ten days, Mr Vikas came back with the car and stated that the claim made by Mr Shyam regarding fuel efficiency was not correct	
	and, therefore, there was a case of misrepresentation. Referring to the provisions of	
	the Indian Contract Act, 1872, decide and write whether Mr Vikas can rescind the	
	contract in the above ground.	
	(RTP Nov. 2020, RTP May 2021, ICAI-SM)	
Ans.	As per the provision of the Indian Contract Act, 1872, when consent to an <u>agreement</u>	1
Alls.	is caused by coercion, fraud or misrepresentation, the agreement is a contract	1
	voidable at the option of the party whose consent was so caused.	
	A party to the contract, whose consent was caused by fraud or misrepresentation,	
	may, if he thinks fit, insist that the contract shall be performed and that he shall be	1
	put in the position he would have been if the <u>representation made had been true</u> .	I
	Also, if in a contract, the consent of a person is caused by misrepresentation or	
	silence (which amounts to fraud), then such a contract <u>shall not be voidable</u> if such	1
	person had the means of <u>discovering the truth with ordinary diligence</u> .	1
	Facts of the case:	
	Mr Shyam owned a motor car. He approached Mr Vikas and offered to sell his motor	
	car for ₹3,00,000. Mr Shyam told Mr Vikas that the motor car is running at the rate	
	of 30 KMs per litre of petrol. Both the fuel meter and the speed meter of the car were	1/2
	working perfectly. Mr Vikas agreed with the proposal of Mr Shyam and took delivery	12
	of the car by paying ₹3,00,000 to Mr Shyam. After ten days, Mr Vikas came back with	
	the car and stated that the claim made by Mr Shyam regarding fuel efficiency was	
	not correct and, therefore, there was a case of misrepresentation.	

	Conclusion:	1/2
	In the given case, both the fuel meter and the speed meter of the car were working	
	properly. Mr. Vikas had the means of discovering the truth with ordinary diligence.	
	Therefore, the contract is not voidable. Hence, Mr Vikas cannot rescind the contract	
	on the above ground.	
5.	Explain the term 'Quasi Contracts' and state their characteristics.	4
	(Dec. 2021, RTP Nov. 2020, RTP Nov. 2019, ICAI-SM)	
Ans.	Quasi Contracts are based on the <u>principle of equity</u> , justice and good conscience.	
	Quasi contract intends to prevent unjust enrichment, i.e., enrichment (benefit) of	2
	one person at the cost of another.	
	Generally, promisors undertake the duty to perform the contract, or the promisor	
	performs the contract when it is a desire by the promisee. However, in the case of	
	Quasi contracts, <u>obligations to perform the contract is performed by the law upon a</u>	
	person for the benefit of another, and even in the absence of a contract, such cases	
	know as Quasi-contract.	
	The salient feature of the Quasi contract:	
	i) It does not arise from any agreement of the party concerned, but it is imposed	1⁄2
	by the law.	
	ii) Duty and not promise is the basis of such contract.	1⁄2
	iii) The right available are not against the whole world but against a particular	1⁄2
	person or persons only.	
	iv) Such a right is always a right to money and generally, though not always	1⁄2
	liquidated sum of money.	
6.	Define the term "Acceptance". Discuss the legal provisions relating to	4
	communication of acceptance.	
	(RTP Nov. 2020, Jan. 2021)	
Ans.	As per the provision of the Indian Contract Act, 1872, the person to whom the offer	1
	is made signifies his assent thereto, the proposal is said to be accepted. A proposal,	
	when accepted, becomes a promise.	
	Communication of Acceptance is <u>completed</u> on two different dates – On one date as	
	against the offeror and on another date as against the acceptor.	
	Types of communication of Acceptance:	
	1) As against offeror:	1½
	When it is <u>put into the course of transmission</u> so that it is out of control of	
	acceptor.	
	For instance, Mr A offers to Mr B on 20 th June. Mr B received it on 22 nd June and	
	read on 25 th June, accept the letter draft on 27 th June and posted it on 28 th June.	
	Hence, communication of acceptance is completed against the offeror, put into	
	the transmission or when the letter posted on 28 th June so that it is out of control	
	-	
	of the acceptor.	
	of the acceptor. 2) As against Acceptor:	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of 	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of acceptance is received by the offeror. 	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of acceptance is received by the offeror. For instance, Mr A offers to Mr B on 20th June. Mr B received it on 22nd June and 	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of acceptance is received by the offeror. For instance, Mr A offers to Mr B on 20th June. Mr B received it on 22nd June and read on 25th June, accept the letter draft on 27th June and posted it on 28th June. 	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of acceptance is received by the offeror. For instance, Mr A offers to Mr B on 20th June. Mr B received it on 22nd June and read on 25th June, accept the letter draft on 27th June and posted it on 28th June. Mr A received the letter on 30th June. Hence, communication of acceptance is 	1½
	 of the acceptor. 2) As against Acceptor: When it is received by the person to whom it is made or when the letter of acceptance is received by the offeror. For instance, Mr A offers to Mr B on 20th June. Mr B received it on 22nd June and read on 25th June, accept the letter draft on 27th June and posted it on 28th June. 	1½

7.	Mr Ramesh sold 15 acres of his agricultural land to Mr Amit on 10 th October 2019 for ₹40 Lacs. The property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 13 acres as per his choice, but the remaining 2 acres has to be allowed to be used by Mr Rahul, son of the seller, for carrying out farming or other activities of his choice. On 1 st November 2019, Mr Ramesh died, leaving behind his son and wife. On 4 th November 2019, the purchaser started construction of an auditorium on the whole 15 acres of land and denied any land to the son.	4
	Now Mr Rahul wants to file a case against the purchaser and get a suitable redressed. Discuss the above in the light of provisions of the Indian Contract Act, 1872 and decide upon Mr Rahul's plan of action?	
	(ICAI-SM, May 2019)	
Ans.	The problem asked in the question is related to the provision, 'The <u>consideration</u> <u>may move from promise or any other person</u> ' and ' <u>Condition/Covenant running</u> <u>with the land</u> – Exception to the Doctrine of Privity of Contract'. As per the provisions of the Indian Contract Act, 1872, the consideration may proceed from the promisee or any other person who is not a party to the contract	2
	Indeed from the promisee of any other person who is not a party to the contract [This provisions is based on a famous case of Chinnaya vs. Ramayya]. Also, as per the exception to the Doctrine of Privity of Contract, if a person purchases a land with a notice that the owner of the land is bound by certain duties/conditions/ covenants affecting the land, then such a person shall be bound by such conditions/ covenants even though he is not a party to the original agreement containing those conditions or covenants. Facts of the case: Mr Ramesh sold 15 acres of his agricultural land to Mr Amit on 10 th October 2019 for ₹40 Lacs. The property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 13 acres as per his choice, but the remaining 2 acre has to be allowed to be used by Mr Rahul, son of the seller for carrying out farming or other activities of his choice. On 1 st November 2019, Mr Ramesh died, leaving behind his son and wife. On 4 th November 2019, purchaser started construction of an auditorium on the whole 15 acres of land and denied any land to the son. Now Mr Rahul wants to file a case against the purchaser Conclusion:	1
	Here, Mr Rahul's plan of action is valid as Mr Rahul is receiving benefit from the contract. Mr Amit has to give 2 acres of land to Mr Rahul as per the conditions of the contract.	1
8.	 In light of provision of the Indian Contract Act, 1872, answer the following: 1) Mr S and Mr R made a contract wherein Mr S agrees to deliver a paper cup manufacture machine to Mr R and to receive payment on delivery. On the delivery date, Mr R didn't pay the agreed price. Decide whether Mr S is bound to fulfil his promise at the time of delivery? 2) Mr Y was given a loan to Mr G of ₹30,00,000. Mr G defaulted the loan on the due date, and debt became time-barred. After the time-barred debt, Mr G agreed to settle the full amount to Mr Y. Whether acceptance of the time-barred debt Contract is enforceable in law? 3) A & B entered into a contract to supply unique items, alternate of which is not available in the market. A refused to supply the agreed unique item to B. what direction could be given by the Court for breach of such contract? 	3
	(Nov. 2020, RTP May 2021)	

	(Nov. 2020, May 2018)	
10.	Distinguish between wagering agreement and contract of insurance. (Any two points)	2
	Mr S to retire from his post in order get the post for himself.	
	In the present case, the agreement between Mr S and Mr D is void as Mr D is inducing	1
	Conclusion:	
	accepted the above agreement to receive to retire from his office.	
	the tenure of two years of employment. He agreed to receive the consideration and	
	Mr S refused at the first instance but when he evaluated the amount offered as consideration is just double of his cumulative remuneration to be received during	
	as consideration to Mr S in order to induce him to retire.	1
	his post so that Mr D can be appointed in his place. Mr D offered a sum of ₹10 Lakhs	
	after two years. Mr D made a proposal to Mr S to apply for voluntary retirement from	
	Mr S, aged 58 years, was employed in a Govt. department. He was going to retire	
	Facts of the case:	
	be void.	
	person may secure the appointment is opposed to the public policy and hence, shall	
	to a public servant in order to induce him to retire from his office so that another	-
Ans.	As per the provisions of the Indian Contract Act, 1872, an agreement to <u>pay money</u>	1
	the Indian Contract Act, 1872. (Jan. 2021, RTP May 2021)	
	Whether the above agreement is valid? Explain with reference to the provision of	
	accepted the above agreement to receive money to retire from his office.	
	the tenure of two years of employment, he agreed to receive the consideration and	
	Mr S refused at first instance, but when he evaluated the amount offered as consideration as just double of his cumulative remuneration to be received during	
	as consideration to Mr S to induce him to retire.	
	his post so that Mr D can be appointed in his place. Mr D offered a sum of ₹10 lakhs	
	after two years. Mr D made a proposal to Mr S to apply for voluntary retirement from	5
9.	Mr S, aged 58 years, was employed in a Govt. department. He was going to retire	3
	to supply the agreed unique item cannot be compensated through money.	
	In this case, the Court may direct A to supply the item to B because the refusal	
	a case, the Court may give the order for <u>specific performance and direct the</u> <u>party in breach to carry out his promise</u> according to the terms of the contract.	
	monetary damages may <u>not be an adequate remedy for the other party</u> . In such	1
	3) Where there is a breach of contract for the supply of a unique item, mere	4
	enforceable by the law.	
	to make payment of a total amount to Mr Y. Therefore, the contract is	
1	The loan given by Mr Y to Mr G has become time-barred after that, Mr G agreed	
	though there is no consideration.	
	wholly or in part a time-barred debt, the <u>agreement is valid and binding even</u>	
	agreement, made in writing and signed by the debtor or by his agent, to pay	1
	2) As per the provision of the Indian Contract Act, 1872, where there is an	
	at the time of delivery of goods.	
	Mr S is not bound to deliver goods to Mr R since payment was not made by him	
	not be performed.	
	reciprocal promise. If one of the <u>promises is not performed, the other too need</u>	
	perform his promise unless the promisee is ready and willing to perform his	
	of reciprocal promises to be simultaneously performed, no promisor needs to	

Ans.	(Any two points)			
	Basis	Wagering Agreement	Contracts of Insurance	
	Meaning	It promises to pay money or	It is a contract to	1 mark
		<u>money's worth</u> on the	indemnify the loss.	for
		happening or non-happening of an <u>uncertain event</u> .		each
	Consideration	There is <u>no consideration</u>	The crux of an insurance	point
	Consideration	between the two parties. There	contract is a <u>mutual</u>	(Do any
		is just <u>gambling</u> for money.	consideration (premium	two)
			and compensation	
			<u>amount</u>).	
	Insurable Interest		The insured party has an	
		a wagering agreement. There	insurable interest in the	
		is betting on other's life and	life or property sought to	
		properties.	be <u>insured</u> .	
	Contract of	The loser has to pay the <u>fixed</u>	Except for life insurance, the contract of insurance	
	Indemnity	<u>amount</u> on the happening or non-happening of an <u>uncertain</u>	indemnifies the insured	
		<u>event</u> .	person against loss.	
	Enforceability	It is <u>void and</u>	It is <u>valid and enforceable</u> .	
		unenforceable agreement.		
	Premium	No such logical calculations	<u>Calculation of premium</u> is	
		are required in the case of a	based on a scientific and	
		wagering agreement.	actuarial calculation of risks.	
	Public Welfare	They have been regarded as	They are <u>beneficial to</u>	
	r ublic Wentere	against the public welfare.	<u>society</u> .	
11.	X. a minor. was study	ing in M. Com in a college. On 1st	July 2019, he looks a loan of	3
	-	ayment of his college fees and pu		
	=	per 2019. X possesses assets wort	_	
		e loan to B. B now wants to recov		
		e provisions of the Indian Contra		
	B would succeed.			
		(Dec. 202	1, RTP May 2020, ICAI-SM)	
Ans.	As per the provision	of the Indian Contract Act, 18	72, <u>a claim for necessaries</u>	2
	supplied to a minor	is enforceable by law, only again	inst the minor's estate if he	
	possesses. But a mino	or is not liable for any price that h	e may promise and never for	
	more than the value of	of the necessaries. There is no pe	rsonal liability of the minor,	
	but only his property	v is liable.		
	Facts of the case:			
	X, a minor, was study	ing in M. Com in a college. On 1^{st}	July 2019, he looks a loan of	
	₹1 Lakh from B for p	ayment of his college fees and pu	urchase books and agreed to	1⁄2
	repay by 31st Decemb	oer 2019. X possesses assets wort	h ₹9 Lakhs. On the due date,	
	X fails to pay back the	e loan to B.		
	Conclusion:			
	Yes, B can proceed a	against the assets of X. Since the	e loan given to X is for the	
	necessities suited to t	he conditions in the life of the mi	nor, his assets can be sued to	1⁄2
	reimburse B.			
12.		contract? Discuss the essentials of	the contingent contract with	7
	examples.		(July 2021, Nov. 2018)	
L			(July 2021) NOV 2010)	I

Ans.	As per the provision of the Indian Contract Act, 1872, a contract to do or not to do	2	
mis.	<u>something</u> , if some event, <u>collateral to such contract</u> , does or does not happen.	4	
	Essentials of a contingent contract:		
		11/	
	<u>non-happening</u> of some event or condition. The condition may be precedent or	1½	
	subsequent.	marks	
	Example: 'A' promises to pay ₹50,000 to 'B' if it rains on the first of the next	for	
	month.	each	
	2) The contingency contemplated by the contract must be collateral to the contract.	point	
	It. It means that the contract has already arisen, but its performance cannot be		
	demanded unless the collateral events happen or do not happen.		
	<u>Example</u> : A agreed to construct a swimming pool for B for ₹2,00,000. And B		
	agreed to make the payment only on the completion of the swimming pool. It		
	is not a contingent contract as the event is directly connected with the		
	contract and not collateral.		
	3) The contingent event should not be a <u>mere 'will' of the promisor</u> . The event		
	should be contingent in addition to being the will of the promisor.		
	Example: If A promises to pay B ₹1,00,000 if A left Delhi for Mumbai on a		
	particular day, it is a contingent contract because going to Mumbai is an event		
	no doubt within A's will, but is not merely his will.		
	4) The event must be <u>uncertain</u> . Where the event is certain or bound to happen, the		
	contract due to be performed is a non-contingent contract.		
	Example: 'A' agreed to sell his agricultural land to 'B' after obtaining the		
	necessary permission from the collector. As a matter of course, the permission		
	was generally granted on the fulfilment of certain formalities. It was held that		
	the contract was not a contingent contract as the grant of permission by the		
	the contract was not a contingent contract as the grant of permission by the		
	the contract was not a contingent contract as the grant of permission by the collector was almost a certainty.		
13.	collector was almost a certainty.(RTP Nov. 2019)Discuss the cases deemed as quasi-contracts.(RTP Nov. 2019)	5	
13. Ans.	collector was almost a certainty.Discuss the cases deemed as quasi-contracts.Cases deemed as quasi-contracts:	1 mark	
-	collector was almost a certainty. Discuss the cases deemed as quasi-contracts. (RTP Nov. 2019) Cases deemed as quasi-contracts: 1) Claim for necessaries supplied to persons incapable of contracting: If a	1 mark for	
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	5) Money paid by <u>mistake</u> or under <u>coercion</u> : A person to whom money has	
	been paid or anything delivered by mistake or under coercion must repay or	
	return it.	
14.	Explain the type of contracts in the following agreements under the Indian	6
	Contract Act, 1872:	
	1) A coolie in uniform picks up the luggage of A to be carried out of the railway	
	station without being asked by A, and A allows him to do so.	
	2) The obligation of the finder of lost goods to return them to the true owner	
	3) A contract with B (owner of the factory) for the supply of 10 tons of sugar, but	
	before the supply is affected, the fire caught in the factory and everything was	
	destroyed. (May 2020, ICAI-SM)	
Ans.	1) It is an <u>implied contract</u> , and A must <u>pay for the services</u> of the coolie.	2
	Implied contract: A contract that comes into existence by either the	marks
	implication of law or implication of action. According to the Indian Contract Act,	for
	1872, when proposal and acceptance are made otherwise, then in word. The	each
	promise is said to be implied.	point
	2) The obligation of the <u>finder of lost goods</u> to <u>return</u> them to the <u>true owner</u>	
	cannot be said to arise out of a contract even in its remotest sense, as there is	
	neither offer and acceptance nor consent. These are said to be quasi-contracts.	
	Quasi-contract: it is created by law under certain circumstances. Example:	
	obligation of the founder of goods to return to the true owner.	
	3) An above contract is a void contract as the <u>subject matter of the contract is</u>	
	destroyed.	
	Void contract: An agreement that ceases to be enforceable by law becomes void	
	when it ceases to be enforceable. In simple words, a contract cannot be	
	enforceable by a court of law.	
15.	Sohan induced Suraj to buy his motorcycle, saying that it was in very good condition.	4
	After taking the motorcycle, Suraj complained that there were many defects in the	
	motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of	
	repairs. After a few days, the motorcycle did not work at all. Now Suraj wants to	
	rescind the contract. Decide giving reasons whether Suraj can rescind the contract?	
	(RTP May 2020, ICAI-SM)	
Ans.	As per the provision of the Indian Contract Act, 1872, when a person suggests	2
	something which is not true, but he believes it to be true, it shall be regarded as	
	misrepresentation. Misrepresentation made is innocent. However, the person	
	misled can avoid the contract.:	
	In case of misrepresentation, the aggrieved party can avoid or rescind the contract.	
	But, the aggrieved party loses the right to rescind the contract if such party, after	
	becoming aware of the misrepresentation, takes a benefit under the contract or	
	expressly or impliedly accepts the contract after he comes to know that the contract	
	is voidable and he can avoid the contract.	
	Facts of the case:	
	Sohan induced Suraj to buy his motorcycle, saying that it was in very good condition.	1
	After taking the motorcycle, Suraj complained that there were many defects in the	
	motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of	
	repairs. After a few days, the motorcycle did not work at all. Now Suraj wants to	
	rescind the contract.	
	<u>Conclusion</u> :	
	Accordingly, in the given case, Suraj could not rescind the contract as his acceptance	1
	of the offer of Sohan to bear 40% of the cost of repairs impliedly amount to the final	
	acceptance of the sale.	
1		

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16.	 What will be right with the promisor in the following cases? Explain with reasons: a) Mr X promised to bring back Mr Y to life again. b) A agreed to sell 50 kgs of apple to B. the loaded truck left for delivery on 15th March but due to riots in between reached B on 19th March. c) An artist promised to paint on the fixed date for a fixed amount of remuneration but met with an accident and lost both hands. d) Abhishek entered into a contract of import of toys from China. But due to disturbance in the relation of both the countries, the imports from China were banned. 	4
	(Dec. 2021, RTP May 2021, ICAI-SM)	
Ans.	 As per the provision of the Indian Contract Act, 1872, A contingent contract to do or not to do anything of an impossible event happens is void. a) The contract is void because of its initial impossibility of performance. b) As per the provision of the Indian Contract Act, 1872, When the subject matter of a contract subsequent to its formation is destroyed but without any fault of the parties to the contract, the contract is discharged. The contract is void. Time is the essence of this contract. By the time apples reached B, they were already rotten. The contract is discharged due to the destruction of the subject matter of the contract. c) As per the provision of the Indian Contract Act, 1872, A contract after the contract is made impossible or becomes unlawful the contract becomes void when the act becomes impossible or unlawful. Such contract is of personal nature and hence cannot be performed due to the occurrence of an event resulting in the impossibility of performance of a contract. d) As per the provision of the Indian Contract Act, 1872, Any agreement with an alien enemy at times of war without the license obtain from Central Government is void. Such contract is discharged without performance because of the subsequent 	1 1 1
	illegality nature of the contract.	
17.	"Liquidated damage is a genuine pre-estimate of compensation of damages for certain anticipated breach of the contract whereas Penalty, on the other hand, is an extravagant amount stipulated and is unconscionable and has no comparison to the loss suffered by the parties". Explain. (RTP May 2021, ICAI-SM, June 2022)	3
Ans.	Liquidated Damages: If the sum fixed in the contract represents a genuine pre- estimate loss by the parties, which would be caused by a future breach of the contract, it is liquidated damages. It is an assessment of the amount which, in the opinion of the parties, will compensate for the breach. Such a clause is <u>effective</u> , and the amount is recoverable. Penalty : Where the sum fixed in the contract is <u>unreasonable and is used to force</u> the other party to perform the contract, it is a penalty. Such a clause is disregarded, and the injured party cannot recover more than the actual loss.	1√2 1√2
	 Liquidated Damages & Penalty as per Indian Law: ✓ Indian law makes <u>no distinction</u> between 'penalty and 'liquidated damages.' The Courts in India award only reasonable compensation not exceeding the sum so mentioned in the contract. ✓ As per the provision of the Indian Contract Act, 1872, if the parties have fixed what the damages will be, the courts will never allow more. But, the court may allow less. 	2

	\checkmark A decree is to be passed only for reasonable compensation not exceeding the	
	sum fixed by the parties. Thus, a person complaining of breach of contract to get	
	reasonable compensation and does not entitle to realise anything by way of	
10	penalty.	
18.	X entered into a contract with Y to supply him 1,000 water bottles @₹5 per water	5
	bottle, to be delivered at a specified time. Thereafter, X contracts with Z for the	
	purchase of 1,000 water bottles @ ₹4.50 per water bottle, and at the same time told	
	Z that he did so for the purpose of performing his contract entered into with Y. Z	
	failed to perform his contract in due course and the market price of each water bottle	
	on that day was ₹5.25 per water bottle. Consequently, X could not procure any water	
	bottle, and Y rescinded the contract. Calculate the amount of damages which X could	
	claim from Z. What would be your answer if Z had not been informed about Y's	
	contract? Explain with reference to the provisions of the Indian Contract Act, 1872.	
	(RTP Nov. 2020, ICAI-SM, May 2022 RTP, May 2018)	
Ans.	As per the provision of the Indian Contract Act, 1872, an actual breach of contract is	2
	a case of refusal to perform on the scheduled date. The party who is injured by the	
	breach of a contract may bring an action for damages. When one party to the	
	contract refuses to perform, the other party can take the damages:	
	• Which <u>naturally arose in the usual course of things</u> from such breach (ordinary	
	damages), or	
	 Which the parties knew when they made the contract to be likely to result from 	
	the breach of it (special damages).	
	Facts of the case:	
	X entered into a contract with Y to supply him 1,000 water bottles $@$ ₹5 per water	
	bottle, to be delivered at a specified time. Thereafter, X contracts with Z for the	
	purchase of 1,000 water bottles @ ₹4.50 per water bottle, and at the same time told	1
	Z that he did so for the purpose of performing his contract entered into with Y. Z	-
	failed to perform his contract in due course and the market price of each water bottle	
	on that day was ₹5.25 per water bottle. Consequently, X could not procure any water	
	bottle, and Y rescinded the contract.	
	<u>Conclusion</u> :	
	In the present case, X had intimated to Z that he was purchasing water bottles from	1
	him for the purpose of performing his contract with Y. Z has the <u>knowledge of the</u>	1
	special circumstances. Therefore, X is entitled to claim from Z ₹500, i.e., the	
	difference between the procuring price of water bottles and the contracted selling	
	price to Y (1000 water bottles × ₹0.50).	
	If X <u>had not informed Z of Y contract</u> , then the amount of damages would have been	
	the difference between the contract price and the <u>market price on the day of default</u> .	1
	In other words, the <u>amount of damages would be ₹750</u> (water bottle × ₹0.75)	
19.	X, Y and Z jointly borrowed ₹ 50,000 from A. the whole amount was repaid to A by	3
	Y. decide in the light of the Indian Contract Act, 1872 whether:	
	i) Y can recover the contribution from X and Z,	
	ii) Legal representatives of X are liable in case of death of X,	
	iii) Y can recover the contribution from the assets in case of Z become insolvent.	
	(Dec. 2021, July 2021, RTP Nov. 2019, ICAI-SM)	
Ans.	As per the provision of the Indian Contract Act, 1872, when two or more persons	1
	make a joint promise, the promisee may, in the absence of an express agreement to	
	the contrary, <u>compel any one or more of such joint promisors</u> to perform the whole	
	of the promise.	

	Each of the two or more joint promisors may compel every other joint promisor to	
	<u>contribute equally</u> with himself to the performance of the promise unless a contrary	
	intention appears from the contract.	
	If anyone of two or more joint promisors makes default in such contribution, the	
	remaining joint promisors must bear the loss arising from such default in <u>equal</u>	
	shares.	
	Facts of the case:	
	X, Y and Z jointly borrowed ₹ 50,000 from A. the whole amount was repaid to A by	1⁄2
	Υ.	
	Conclusion:	
	i) Y can recover the contribution from X and Z because X, Y and Z are joint	1/2
	promisors.	
	ii) The legal representative of X is liable to pay the contribution to Y. However, a	1⁄2
	legal representative of x is hable to pay the contribution to 1. nowever, a legal representative is liable only to the extent of the property of the deceased	72
	received by him.	47
	iii) Y also can recover the contribution from Z's assets.	1/2
20.	A student was induced by his teacher to sell his brand new car to the latter at less	4
	than the purchase price to secure more marks in the examination. Accordingly, the	
	car was sold. However, the father of the student persuaded him to sue his teacher. State whether the student can sue the teacher?	
	(RTP Nov. 2019, ICAI-SM, May 2022 RTP, Nov 2022 RTP)	
Ans.	As per the provision of the Indian Contract Act, 1872, A contract is said to be induced	1 1/2
AII5.	by undue influence where the relations subsisting between the parties are such that	1 /2
	one of the parties is in a position to dominate the will of the other, and he uses that	
	position to obtain an unfair advantage over the other.	
	A person is deemed to be in a position to dominate the will of another.	
	(a) Where he holds to be <u>apparent authority over the other</u> ; or	
	(b) Where he stands in a <u>fiduciary relationship</u> to the other; or	
	(c) Where he makes a contract with a person whose <u>mental capacity is temporarily</u>	
	or permanently affected because of age, illness or mental or bodily distress.	
	Fact of the case:	
	A student was induced by his teacher to sell his brand new car to the latter at less	
	than the purchase price to secure more marks in the examination. Accordingly, the	1
	car was sold. However, the father of the student persuaded him to sue his teacher.	
	<u>Conclusion:</u> Yes, the student can sue his teacher on the <u>ground of undue influence</u> . A contract	
	brought as a result of <u>coercion</u> , <u>undue</u> influence, fraud or <u>misrepresentation</u> would	1½
	be voidable at the option of the person whose <u>consent was caused</u> .	1/2
21.	Mr Rich aspired to get a self-portrait made by an artist. He went to the workshop of	6
	Mr C, an artist and asked whether he could sketch the former's portrait on oil	-
	painting canvass. Mr C agreed to the offer and asked for ₹50,000 as a full advance	
	payment for the above creative work. Mr C clarified that the painting shall be	
	completed in 10 sittings and shall take three months.	
	On reaching the workshop for the 6 th sitting, Mr Rich was informed that Mr C became	
	paralyzed and would not be able to paint for the near future. Mr C had a son Mr K	
	who was still pursuing his studies and had not taken up his father's profession yet.	
	Discuss in light of the Indian Contract Act, 1872:	
	i) Can Mr Rich ask Mr K to complete the artistic work in lieu of his father?	
	ii) Could Mr Rich ask Mr K for a refund of money paid in advance to his father?	
	(May 2019, ICAI-SM)	
Ans.	As per the provision of the Indian Contract Act, 1872, if it was the intention of the	1½
	parties that the promise should be <u>performed by the promisor himself</u> , the promise	
	must be performed by the promisor. In the case of contracts that involve the <u>exercise</u>	

	of personal skill or diligence of promisor, it shall be performed by the promisor himself.	
	Representatives of the promisor may also perform the contract in case of death of the promisor subject to the condition the contract doesn't require the personal skills of the promisor himself. If the contract requires the personal skills of the promisor, then the contract will become void on the death of the promisor. Fact of the case:	1½
	Mr Rich aspired to get a self-portrait made by an artist. He went to the workshop of Mr C, an artist and asked whether he could sketch the former's portrait on oil painting canvass. Mr C agreed to the offer and asked for ₹50,000 as a full advance payment for the above creative work. Mr C clarified that the painting shall be completed in 10 sittings and shall take three months. On reaching the workshop for the 6 th sitting, Mr Rich was informed that Mr C became paralyzed and would not be able to paint for the near future. Mr C had a son Mr K who was still pursuing his studies and had not taken up his father's profession yet.	1
	 <u>Conclusion:</u> i) In the instant case, since painting involves the use of personal skill and on becoming Mr C paralyzed, Mr Rich cannot ask Mr K to complete the artistic work in lieu of his father, Mr C. 	1
	ii) When an agreement is <u>discovered to be void</u> or when a <u>contract becomes void</u> , any person who has received any advantage under such agreement or contract is <u>bound to restore it or to make compensation for it</u> to the person from whom he received it. Hence, in this case, the agreement between Mr Rich and Mr C has become void because of the paralysis of Mr C. So Mr Rich can ask Mr K for a refund of money paid in advance to his father, Mr C.	1
22.	Mr Ramesh promised to pay ₹20,000 to his wife, Mrs Komal so that she can spend the sum on her 30 th birthday. Mrs Komal insisted on her husband to make a written agreement if he really loved her. Mr Ramesh made a written agreement, and the agreement was registered under the law. Mr Ramesh failed to pay the specified amount to his wife. Mrs Komal wants to file a suit against Mr Ramesh and recover the promised amount. Referring to the applicable provisions of the Indian Contract Act, 1872, advise whether Mrs Komal will succeed? (Nov. 2018)	3
Ans.	As per the provision of the Indian Contract Act, 1872, A contract has no consideration, yet the contract is valid because it is affected by natural love and affection. In this case, the contracts shall be valid if the following conditions are complied with:	
	 ✓ There is an agreement in writing. ✓ It is registered. ✓ It is made on account of natural love and affection. ✓ It is made between parties standing in near relation to each other. Fact of the case:	1/4 1/4 1/4 1/4
	Mr Ramesh promised to pay ₹20,000 to his wife, Mrs Komal, so that she can spend the sum on her 30 th birthday. Mrs Komal insisted on her husband to make a written agreement if he really loved her. Mr Ramesh made a written agreement, and the agreement was registered under the law. Mr Ramesh failed to pay the specified amount to his wife. Mrs Komal wants to file a suit against Mr Ramesh and recover the promised amount. Conclusion:	1
	Here, Mrs Komal shall be entitled to the amount of ₹20,000 promised to her by her husband, Mr Ramesh. The agreement between them was written and registered and was made on account of natural love and affection. Mr Ramesh has to give the promised amount to Mrs Komal.	1

23.	A shopkeeper displayed a pair of dresses in the showroom, and a price tag of ₹5,000 was attached to the dress. Ms Priya looked at the tag and rushed to the cash counter. Then she asked the shopkeeper to receive the payment and pack up the dress. The shopkeeper refused to hand over the dress to Ms Priya in consideration of the price stated in the price tag attached to the dress. Ms Priya seeks your advice on whether she can sue the shopkeeper for the above cause under the Indian Contract Act, 1872. (Nov. 2018)	3
Ans.	As per the provision of the Indian Contract Act, 1872, " <u>an invitation to offer</u> " means the person is <u>inviting the other person to make an offer</u> . The offeror's objective is to send out an invitation that he is willing to deal with any person who is ready to enter into a contract with him. Fact of the case: A shopkeeper displayed a pair of dresses in the showroom, and a price tag of ₹5,000	1
	was attached to the dress. Ms Priya looked at the tag and rushed to the cash counter. Then she asked the shopkeeper to receive the payment and pack up the dress. The shopkeeper refused to hand over the dress to Ms Priya in consideration of the price stated in the price tag attached to the dress. Conclusion:	1
	Here, Ms Priya cannot sue the shopkeeper as the mere display <u>of price tag to the</u> <u>dress in the showroom is an invitation to offer</u> . This implies that it is up to the shopkeeper that <u>he wants to sell that dress or not</u> and to whom he wants to sell it. The shopkeeper has <u>every right to make the decision</u> to whom he <u>will sell the dress</u> .	1
24.	Examine with the reason that the given statement is correct or incorrect "Minor is liable to pay for the necessaries supplied to him". (May 2018)	2
Ans.	"Minor is liable to pay for the necessaries supplied to him". This statement is incorrect. As per the provisions of the Indian Contract Act, 1872, a claim for <u>necessaries supplied to a minor is enforceable by law</u> , only against the minor's estate if he possesses.	1
	But a minor is <u>not liable for any price</u> that he may promise <u>and never for more than</u> <u>the value of the necessaries</u> . There is <u>no personal liability of the minor</u> , but only his <u>property is liable</u> .	1
25.	State the legal rules regarding consideration. (Any 7 points)(Nov. 2019)	7
Ans.	 As per the provision of the Indian Contract Act, 1872, the legal rules regarding consideration are: (Any 7 points) 1) Consideration must move at the desire of the promisor: An act done at the desire of a third party is not a consideration. In the decided case law of Durga 	1
	 <u>Prasad V. Baldev</u>, a collector of the town ordered Baldev to build certain shops in the market at his own expense. In consideration of Baldev having spent money in construction, Durga Prasad promises to pay Baldev some money after occupying a shop in the market. Later on, Durga Prasad refuses to pay Baldev and Baldev sue Durga Prasad. The Court held that the shops were built at the desire of the collector, not the promisor (Durga Prasad). 2) Consideration may move from the promisee or any other person: 	1
	Consideration may <u>proceed from the promisee</u> or any other person who is not a party to the contract. When at the desire of the promisor, the promisee or any other person does something such as an act is a consideration. For example, the famous case law related to this is <u>Chinnaya V. Ramayya</u> . In this case, an old lady made a gift of her property to her daughter with a direction to pay a certain sum of money to her maternal aunty by way of an annuity. On the same day, the daughter executed an agreement in favour of her maternal aunty, agreeing to pay annuity. Later on, the daughter did not pay the annuity, and the aunty sued to recover it. The Court held that there was sufficient consideration from the old lady for the aunty to recover the money from the daughter.	1

	-	
	3) Consideration may be executed and executory: When the consideration for	
	the contract has been <u>already provided</u> , it is known as executed consideration,	1
	and where consideration is promised to be provided in future, then it is known	
	as executory consideration. For example, A pays ₹ 5,000 to B and B promises to	
	deliver a certain quantity of raw materials to A within a month. Here, the	
	consideration paid by A is executed, and the consideration promised by B is	
	executory.	
	4) Consideration may be past consideration: The act was done at the desire of	1
	the promisor, but <u>before any promise is made</u> , it is called past consideration.	1
	For example, X committed a murder and request Y to take his case and to do his	
	best to obtain a pardon for him. Y did his best and obtained a pardon for him at	
	his own expense. Afterwards, X promised Y to pay him a certain amount for his	
	actions. But, later on, X refused to pay. Y sued X. The Court held that a past act	
	done at the request of the promisor (X) should be a consideration for the	
	subsequent promise.	
	5) Adequacy of consideration is not necessary: It is necessary to have	
	consideration, but it is <u>not necessary that the consideration should be adequate</u> .	1
	If a party gets what he has contracted for and it is of some value, the Court will	-
	not enquire whether it is equivalent to the promise or not. The parties to the	
	contract cannot avoid the contract on the ground of inadequacy of	
	consideration with regard to that the consent given by the promisor should be	
	free.	
	6) Performance of what one is legally bound to perform is no consideration:	
	The performance of an act by <u>a person who is legally bound to perform cannot</u>	1
	be a consideration for a contract. For example, an agreement made by a client	
	to pay an additional sum other than the fees to his lawyer if the suit was	
	successful. It was held that the agreement was void for lack of consideration as	
	the lawyer was already under a pre-existing contract of providing his best	
	services under the original contract.	
	7) Consideration must not be illusory and must be of some value: The	
	consideration must be <u>competent</u> . It must be something to which the law	1
		Ŧ
	attaches some values. It <u>should not be physically impossible</u> . It <u>must not be</u>	
	uncertain. For example, a man promises to discover treasure by magic. This	
	contract is void as the consideration is illusory.	
	8) Consideration must not be unlawful, immoral, or opposed to public policy:	
	Consideration must be lawful. Anything which is immoral or opposed to public	1
	policy also cannot be a valid consideration.	
26.	Amit found a wallet in a restaurant. He enquired of all the customers present there,	4
	but the true owner could not be found. He handed over the same to the manager of	
	the restaurant to keep till the true owner is found. After a week, he went back to the	
	restaurant to enquire about the wallet. The manager refused to return it back to	
	Amit, saying that it did not belong to him. Can Amit recover it from the manager?	
	(Nov. 2019)	0
Ans.	As per the provision of the Indian Contract Act, 1872, a finder of lost goods has:	2
	1) To take <u>proper care of the property</u> as a <u>man of ordinary prudence</u> would take.	
	2) No right to <u>appropriate the goods</u> .	
	3) To restore the goods <u>if the owner is found</u> .	
	Fact of the case:	
	Amit found a wallet in a restaurant. He enquired of all the customers present there,	
	but the true owner could not be found. Amit handed over the wallet to the manager	
	of the restaurant to keep till the true owner is found. After a week, he went back to	1
	the restaurant to enquire about the wallet. The manager refused to return it back to	-
	Amit, saying that it did not belong to Amit.	
	Conclusion:	
	In the present case, Amit can recover the wallet from the Manager because Amit was	
	the finder of the wallet, and as a finder, he has to take care of the wallet, as a man of	

	ordinary prudence would do, till its true owner is found. The manager must return the wallet to Amit as he was entitled to retain the wallet found against everyhedy.	1
	the wallet to Amit as he was entitled to retain the wallet found against everybody except the true owner.	
27.	Sonu, a wealthy individual, provided a loan of ₹80,000 to Disha on 26 th February	6
27.	2019. Disha asked for a further loan of ₹1,50,000 to Disha on 20 ^{cm} rebruary 2019. Disha asked for a further loan of ₹1,50,000. Sonu agreed but provided the loan in parts at different dates. He provided ₹1,00,000 on 28 th February 2019 and ₹50,000 on 3 rd March 2019. On 10 th March 2019, while paying off part ₹75,000, Disha insisted that the lender should adjust ₹50,000 towards the loan taken on 3 rd March 2019 and balance as against the loan on 26 th February 2019. Sonu objected to this arrangement and asked the borrower to adjust in the order of borrow of funds. Now decide:	U
	i) Whether the contention of Disha is correct?	
	ii) What would be the answer if the borrower does not insist on such an order of adjustment of payment?	
	iii) What would be the mode of adjustment of such part payment in case neither Disha nor Sonu insists on any order of adjustment on their part?	
Ana	(Nov. 2019)	1
Ans.	As per the provision of the Indian Contract Act, 1872, where a debtor, owing to <u>several distinct debts</u> to one person, makes a payment to him either with <u>express</u> <u>intimation</u> or under the circumstances implying that the payment is to be applied to the <u>discharge of some particular debt</u> , the payment, if accepted, must be applied accordingly.	I
	Fact of the case:	
	Sonu, a wealthy individual, provided a loan of ₹80,000 to Disha on 26 th February 2019. Disha asked for a further loan of ₹1,50,000. Sonu agreed but provided the	1
	loan in parts at different dates. He provided ₹1,00,000 on 28 th February 2019 and	
	₹50,000 on 3 rd March 2019. On 10 th March 2019, while paying off part ₹75,000,	_
	Disha insisted that the lender should adjust ₹50,000 towards the loan taken on 3 rd	1
	March 2019 and balance as against the loan on 26 th February 2019. Sonu objected	
	to this arrangement and asked the borrower to adjust in the order of borrow of	
	funds.	
	Conclusion:	
	 i) Here, the contention of Disha is <u>correct</u> for indicating to Sonu for appropriating the amount of ₹75,000 to the debt of ₹50,000 and ₹80,000, irrespective of the order of the debt. Sonu <u>may or may not accept the indication</u> by Disha for appropriating the payment to a specific debt. If Sonu accepted the indication of Disha, then Sonu has to <u>appropriate</u> the payment to the debts <u>specified</u> by Disha. ii) As per the provision of the Indian Contract Act, 1872, where the debtor has 	
	<u>omitted to intimate</u> , or the creditor has <u>refused the indication</u> of the debtor on such order of adjustment of repayment, the creditor may apply it at his <u>discretion</u> to any <u>lawful debt</u> actually due and payable to him from the debtor, where its recovery is or is <u>not barred by the law</u> in force for the time being as to the <u>limitation of suits</u> .	
	Here, if Disha <u>does not insist</u> on such an order of adjustment of repayment, then Sonu can appropriate the payment of ₹75,000 in any <u>lawful manner</u> he chose at his <u>discretion</u> .	1
	iii) As per the provision of the Indian Contract Act, 1872, where <u>neither party makes</u> <u>any appropriation</u> , the payment shall be applied in <u>discharge of the debts in</u> <u>order of time</u> , whether they <u>are or are not barred by the law</u> in force for the time	1
	being as to the limitation of suits. If the <u>debts are of equal standing</u> , the payment shall be applied in <u>discharge of each proportionately</u> .	

	Users weith an Community Dishes invisite an energy and an of a division and an their next	
	Here, neither Sonu nor Disha insists on any order of adjustment on their part,	
	then the appropriation of payment would be made in the <u>order of time of debts</u> .	
	The first debt of <u>₹80,000</u> will be set off because it is the <u>first debt</u> in the order of	1
	the time. Since the amounts borrowed by Disha are <u>not equal</u> , the payment	
	<u>cannot be set off proportionately</u> .	
28.	Explain the term 'Coercion' along with the effects of coercion.	5
20.	(Nov. 2019)	3
Ans.	As per the provision of the Indian Contract Act, 1872, coercion is:	2
mis.		2
	Coercion is the <u>committing</u> or	
	threatening to commit any act forbidden by the Indian Penal Code	
	• or the <u>unlawful detaining</u> or	
	<u>threatening to detain</u> any property to the prejudice of any person	
	• with the intention of causing the other person to enter into an agreement.	
	Effects of coercion:	
	1) A contract induced by coercion is <u>voidable at the option of the party whose</u>	1
	consent was so obtained.	
	2) If the <u>party rescinds a voidable contract</u> and has <u>received any benefit</u> ,	
		1
	thereunder from the other party to the contract, <u>restore such benefit</u> to the	
	person from whom it was received.	4
	3) A person to whom <u>money has been paid or anything delivered under coercion</u>	1
	must repay or return it.	
29.	P left his carriage on D's premises. The landlord of D seized the carriage against the	2
	rent due from D. P paid the rent got his carriage released. Can P recover the amount	
	from D?	
A	(ICAI-SM)	1
Ans.	As per the provision of the Indian Contract Act, 1872, a person who <u>is interested in</u>	1
	the payment of money which another person is bound by law to pay, and therefore	
	pays it, is entitled to get it reimbursed by the other. Fact of the case:	
	P left his carriage on D's premises. The landlord of D seized the carriage against the	
		1/2
	rent due from D. paid the rent got his carriage released.	1⁄2
	rent due from D. paid the rent got his carriage released. Conclusion:	1⁄2
	Conclusion:	1⁄2
	<u>Conclusion:</u> Yes, P can recover the amount from D. In the present case, D was lawfully bound to	1/2 1/2
	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was	
	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.	
30.	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the	
30.	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.	1⁄2
30.	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D. Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist.	1⁄2
30.	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D. Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up	1⁄2
30.	Conclusion:Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to	1⁄2
30.	 <u>Conclusion:</u> Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D. Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to Mr C. Decide whether Mr C can recover the amount promised by Mr X under the 	1⁄2
	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to Mr C. Decide whether Mr C can recover the amount promised by Mr X under the provision of Indian Contract Act, 1872?	¹ / ₂
	Conclusion:Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to 	1⁄2
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	Conclusion: Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the 	¹ /2 3
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	Conclusion:Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to Mr C. Decide whether Mr C can recover the amount promised by Mr X under the provision of Indian Contract Act, 1872?As per the provision of the Indian Contract Act, 1872, all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. Another provision of this act says that every agreement of which the object is unlawful is void. Also, any agreement which creates interference in the ordinary	¹ ⁄ ₂
	Conclusion:Yes, P can recover the amount from D. In the present case, D was lawfully bound to pay rent. P was interested in making the payment to D's landlord as his carriage was seized by him. Hence an interest party P made the payment and can recover the same from D.Mr X, a business, has been fighting long-drawn litigation with Mr Y, an industrialist. To support his legal campaign, he enlists the services of Mr C, a Judicial officer, stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up the brief of Mr Y. Mr C agrees but, at the end of the litigation Mr X refuse to pay to Mr C. Decide whether Mr C can recover the amount promised by Mr X under the provision of Indian Contract Act, 1872?As per the provision of the Indian Contract Act, 1872, all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. Another provision of this act says that every agreement of which the object is unlawful is void. Also, any agreement which creates interference in the ordinary process of justice is void. This can also be called an agreement in restraint of legal	¹ / ₂

	Fact of the case:			
		n fighting long-drawn litigatic	on with Mr Y, an industrialist.	
			es of Mr C, a Judicial officer	1⁄2
			nim if he does not take up the	72
	0	but, at the end of the litigatio	-	
	Conclusion:	but, at the chu of the hugado	in the Alfender to pay to the d.	
		in the given case, cannot reco	over the amount of ₹10 Lakhs	1⁄2
	-	e it is <u>a void agreement and c</u>		72
31.		presentation. What is the difference of the diff		6
51.	1	the Indian Contract Act, 1872		0
	inisi epi esentation as per	the matan contract net, 1072	(Nov. 2020)	
Ans.	As per the provision of the	ne Indian Contract Act, 1872,	"Fraud" means and includes	2
		committed by a party to a con		
			who does not believe it to be	
	true.	5		
		ent (hiding) of a fact by one h	aving knowledge or belief of	
	the fact.			
		out any intention of performi	ing it.	
	✓ Any other act fitted to			
	5	sion as to law specifically decl	ared to be fraudulent.	
	Misrepresentation:			
		the Indian Contract Act, 182	72, when a person suggests	2
	something which is not t	rrue, but he believes it to be	true, it shall be regarded as	
	misrepresentation.			
		is innocent. However, the p	person misled can avoid the	
	contract.			
	Basis of difference	aud and Misrepresentation: Fraud	Misrepresentation	2
	Intention	To deceive the other party	There is <u>no such intention</u>	
		by <u>hiding the truth.</u>	to deceive the other party.	
	Knowledge of truth	The person making the		
		suggestion <u>believes that</u>	statement believes it to be	
		the statement is untrue.	true, although it is not	
			true.	
	Rescission of the	The injured party can	The injured party is	
	contract and claim for damages	repudiate the contract and claim damages	entitled to repudiate the contract or sue for	
	101 uamages	<u>claim damages</u>	restitution but <u>cannot</u>	
			claim the damages.	
	Means of discovering	The party using the	Party can <u>always plea</u> d	
	the truth	fraudulent activities	that the injured party had	
		cannot secure or protect	the means to discover the	
		himself by saying that the	truth.	
		injured party had the means to discover the		
		truth.		
32.	Mr X and Mr Y entered i		2018, by which Mr X had to	4
32.		nto a contract on 1 st August	2018, by which Mr X had to ly within a period of 10 days	4
32.	supply 50 tons of sugar to	nto a contract on 1 st August Mr Y at a certain price strict	2018, by which Mr X had to ly within a period of 10 days towards advance as per the	4
32.	supply 50 tons of sugar to of the contract. Mr Y also terms of the above contr	nto a contract on 1 st August o Mr Y at a certain price strict o paid an amount of ₹50,000 ract. The mode of transporta	ly within a period of 10 days towards advance as per the tion available between their	4
32.	supply 50 tons of sugar to of the contract. Mr Y also terms of the above contr places is roadway only. A	nto a contract on 1 st August o Mr Y at a certain price strict o paid an amount of ₹50,000 ract. The mode of transporta severe flood came on 2 nd Au	ly within a period of 10 days towards advance as per the tion available between their gust 2018, and the only road	4
32.	supply 50 tons of sugar to of the contract. Mr Y also terms of the above contr places is roadway only. A connecting their places w	nto a contract on 1 st August o Mr Y at a certain price strict o paid an amount of ₹50,000 ract. The mode of transporta severe flood came on 2 nd Au ras damaged and could not be	ly within a period of 10 days towards advance as per the tion available between their gust 2018, and the only road e repaired within 15 days. Mr	4
32.	supply 50 tons of sugar to of the contract. Mr Y also terms of the above contr places is roadway only. A connecting their places w X offered to supply sugar	nto a contract on 1 st August o Mr Y at a certain price strict o paid an amount of ₹50,000 ract. The mode of transporta severe flood came on 2 nd Au ras damaged and could not be o n 20 th August 2018, to whi	ly within a period of 10 days towards advance as per the tion available between their gust 2018, and the only road	4

	accept the supply of sugar, which was not there within the purview of the contract.	
	On the other hand, Mr Y claimed a refund of ₹50,000, which he had paid as an	
	advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's Contention.	
	(Dec 2021, Nov. 2018)	
Ans.	As per the provision of the Indian Contract Act, 1872, when the performance of	2
Alls.	promise becomes <u>impossible or illegal by the happening of an event or change of</u>	2
	<u>circumstances</u> , the contract becomes void.	
	Also, when an agreement is <u>discovered to be void</u> or when a <u>contract becomes void</u> , any	
	person who has received any advantage under such agreement or contract is <u>bound to</u>	
	restore it or to make compensation for it to the person from whom he received it.	
	Fact of the case:	
	Mr X and Mr Y entered into a contract on 1^{st} August 2018, by which Mr X had to	
	supply 50 tons of sugar to Mr Y at a certain price strictly within a period of 10 days	
	of the contract. Mr Y also paid an amount of ₹50,000 towards advance as per the	
	terms of the above contract. The mode of transportation available between their	
	places is roadway only. A severe flood came on 2^{nd} August 2018, and the only road	1
	connecting their places was damaged and could not be repaired within 15 days. Mr	-
	X offered to supply sugar on 20^{th} August 2018, to which Mr Y did not agree. On 1^{st}	
	September 2018, Mr X claimed compensation of ₹10,000 from Mr Y for refusing to	
	accept the supply of sugar, which was not there within the purview of the contract.	
	On the other hand, Mr Y claimed a refund of ₹50,000, which he had paid as an	
	advance in terms of the contract.	
	Conclusion:	
	In the present case, Mr X and Mr Y have entered into the contract to supply 50 tons	
	of sugar, the event of flood occurred, which made it impossible to deliver the sugar	
	within the stipulated time. Thus, the promise in <u>question becomes void</u> . Further, Mr	1
	X has to pay back the amount of ₹50,000 that he received from Mr Y as an advance	
	for the supply of sugar within the stipulated time. Hence, the contention of Mr Y is	
0.0	correct.	
33.	X, Y and Z are partners in a firm. They jointly promised to pay ₹3,00,000 to D. Y to become incluent and his private exacts are sufficient to pay $1/5$ of his chara of	2
	become insolvent, and his private assets are sufficient to pay 1/5 of his share of debts. X is compelled to pay the whole amount to D. Examining the provisions of the	
	Indian Contract Act, 1872, decide the extent to which X can recover the amount from	
	Z.	
	(May 2018)	
Ans.	As per the provisions of the Indian Contract Act, 1872, when two or more persons	1⁄2
	have made a joint promise, the promisee may, in the absence of an express	
	agreement to the contrary, <u>compel any one or more of such joint promisors</u> to	
	perform the whole of the promise.	17
	Each of the two or more joint promisors may compel every other joint promisor to	1⁄2
	<u>contribute equally</u> with himself to the performance of the promise unless a contrary intention appears from the contract.	
	If anyone of two or more joint promisors makes default in such contribution, the	1⁄2
	remaining joint promisors must bear the loss arising from such default in <u>equal</u>	, 2
	shares.	
	Facts of the case:	
	X, Y and Z are partners in a firm. They jointly promised to pay ₹3,00,000 to D. Y	1⁄4
	becomes insolvent, and his private assets are sufficient to pay 1/5 of his share of	
	debts. X is compelled to pay the whole amount to D.	
	<u>Conclusion</u> :	1/
	In the present case, X can recover the contribution from Y and Z because X, Y and Z are joint promisors. X can recover the amount of ₹20,000 from the Y's assets and	1⁄4
	₹1,40,000 from Z.	

34.		
54.	Explain the type of contracts in the following agreements under the Indian Contract Act, 1872	3
	1) X promise to sell his scooter to Y for ₹1 lakh. However, the consent of X has been	
	procured by Y at gunpoint.A bought goods from B in 2015. But no payment was made till 2019.	
	3) G agrees to give tuitions to H, a pre-engineering student, from the next month	
	and H, in consideration, promises to pay G ₹5,000 per month.	
	(RTP May 2021)	
Ans.	1) X is an aggrieved party, and the contract is voidable at his option but not at the	3
	option of Y. It means if X accepts the contract, the contract becomes a valid	
	contract, then X has <u>no option of rescinding the contract</u> .	
	2) B cannot sue A for the payment in 2019 as it has crossed three years and barred	
	by Limitation Act. A good debt becomes <u>unenforceable after the period of three</u>	
	<u>years</u> as barred by the Limitation Act.	
	3) G agrees to give tuitions to H, a pre-engineering student, from the next month	
	and H, in consideration, promises to pay G $3,000$ per month; the contract is	
	executory because it is yet to be carried out.	_
35.	What is the law relating to the determination of compensation on breach of contract,	6
	contained in section 73 of the Indian Contract Act, 1872?	
	(RTP Nov. 2019, Nov 2022 RTP)	4
Ans.	As per the provision of the Indian Contract Act, 1872, the following kinds of damages	1
	are payable to the extent and in the circumstances and subject to the condition of	
	estimating the loss or damage arising from a breach of contract, the means which	
	existed of remedying the inconvenience caused by non-performance of the contract	
	must be taken into account.1) Ordinary Damages: These are damages that naturally arise in the usual course	
	1) Ordinary Damages: These are damages that naturally arise in the usual course of things. For instance: A promises to deliver 1,000 bags of rice at ₹100 per bag	
	on 10 th December. On the due date, he refuses to deliver. On the due date, the	1
	market price is $₹110$, so the ordinary damages will be $₹10,000$, i.e. 1,000 bags	T
	multiplied by ₹10, the difference between the market and the contract price.	
	This damages the aggrieved party can claim and can as a matter of right. As a	
	result of the breach of contract, ordinary damages arise in the ordinary course	
	of business.	
	 Liability for special damages: Special damages are for those losses which arise 	
	on account of unusual circumstances. They are not recoverable unless the	1
	special circumstances were brought into the knowledge of the defendant. So, the	-
	special circumstances were brought into the knowledge of the defendant. So, the possibility of the special loss was in the knowledge of the parties when the	-
	special circumstances were brought into the knowledge of the defendant. So, the possibility of the special loss was in the knowledge of the parties when the contract was made.	-
	possibility of the special loss was in the knowledge of the parties when the contract was made.	-
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	4) Liability to pay nominal damages: Nominal damages are awarded where the plaintiff has proved that there has been a breach of contract. But he has not, in fact, suffered any real damage. These damages are not claimed with a view to establishing the right of a person to the breach of contract. The amount may be rupee or so, a very nominal amount of damages.	1
	5) Damages for deterioration caused by delay: In case of deterioration is caused to goods by delay, damages can be recovered from the carrier. The word deterioration does not only imply physical damage to the goods, but it also means loss of profit caused as a result of loss of special opportunity for sale.	1
36.	"Only a person who is a party to a contract can sue on it". Explain this statement and describe its exceptions, if any. (RTP May 2020)	5
Ans.	As per the provision of the Indian Contract Act, 1872, the consideration for an agreement may <u>proceed from a third party</u> , but the <u>third party cannot sue</u> on the contract. Only a person who is a party to a contract can sue on it. But, in the case of the <u>assignment of a contract</u> , a provision may be made for the <u>benefit of a person</u> .	1
	 He may file a suit, though he is not a party to the contract. 1) A person in whose favour a charge or other interest in some specified property has been created may before enforce it though he is not a party to the contract. 	1⁄2
	2) An agreement is made in connection with marriage, partition, or other family arrangements and provision is made for the benefit of a person. He may take advantage of that agreement, although he is not a party to it. In the case of a family arrangement, if the terms of the arrangements are in writing, the members of the family who originally had not been parties to the agreement may	1
	 enforce the agreement. 3) A female member can enforce a provision made for marriage or other expenses: This provision was made on the partition of the Hindu undivided family. 	1⁄2
	 4) In the case of estoppels (stop from denying) by acknowledgement of liability: This can be illustrated with the help of an example. L gives to M ₹2,000 to be given to N. M informs N that he is holding the money for him. Afterwards, M refuses to pay the money. N will be entitled to recover the same from M. (Here M will be estopped, i.e. stop from denying) 5) There is a condition/covenant running with the land: The person purchases 	1
	land with notice that the owner of the land is bound by certain duties/conditions/ covenants affecting land. He shall be bound by such conditions/ covenants even though he is not a party to the original agreement containing those conditions or covenants. Thus the covenant/condition affecting the land may be enforced against him though he was not the original party to the contract.	1
37.	Explain the circumstances in which the person is deemed to be in a position to dominate the will of the other person under the Indian Contract Act, 1872. (RTP May 2020)	4
Ans.	Position to dominate the will: Relation between the parties exist in such a manner that one of them is in a position to dominate the will of the other. A person is deemed to be in such a position in the following circumstances:	
	 a) <u>Real and apparent authority</u>: Where a person holds a real authority over the other, as in the case of master and servant, doctor and patient, etc. 	1
	b) <u>Fiduciary relationship</u> : Where the relation of trust and confidence exists between the parties to a contract. Such type of relationship exists between father and son, solicitor and client, husband and wife, creditor and debtor, etc.	1

 c) <u>Mental distress</u>: An undue influence can be used against a person to get his consent on a contract where the mental capacity of the person is temporarily or permanently affected by reason of mental or bodily distress, illness or old age. d) <u>Unconscionable bargains</u>: Where one of the parties to a contract is in a position to dominate the will of the other and the contract is apparently unconscionable, i.e., unfair, it is presumed by law that consent must have been obtained by undue influence. Unconscionable bargains are witnessed mostly in money lending transactions and ingifts. 38. "The Basic rule is that the promisor must perform exactly what he has promised to perform". Explain stating the obligation of parties to contracts. (RTP May 2020) Ans. As per the provision of the Indian Contract Act, 1872, the parties to a contract must either perform, or offer to perform their respective promises unless such performance is disputed with or excused under the provisions of this Act or any other law. Promises bind the representatives of the promisor in the case of the death of the promisor before performance unless a contrary intention appears from the contract. Example: X promises to deliver goods to Y on a certain day on the payment of ₹1 Lakh. X dies before that day. X's representatives. 39. Define an offer. Explain the essentials of a valid offer. How is an offer different from an invitation to offer?
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39. Define an offer. Explain the essentials of a valid offer. How is an offer different from an invitation to offer?
an invitation to offer?
(RTP Nov. 2019)
 Ans. As per the provision of the Indian Contract Act, 1872, define the offer as when a person signifies to another his willingness to do or to abstain from doing anything with a view to obtain the assent of other such act or abstinence is said to make a proposal.
The essentials of a valid offer:
$\checkmark \text{The offer must be capable of creating legal relations.} \qquad 1/2$
$\checkmark \text{ The offer must be certain, definite, not vague.}$
 ✓ The offer must be <u>distinguished from an invitation to offer</u>. ✓ The offer should not <u>contain a term the non-compliances of which will amount</u> ½ ½
 ✓ Special terms of an offer shall be <u>brought to the notice of the other party.</u> ✓ The offer must be <u>expressed or implied.</u> As per the provision of the Indian Contract Act, 1872, the offer should be distinguished from an invitation to offer. An offer is the final expression of
 willingness by the offeror to be <u>bound by his offer</u> should the party chooses to accept it. Where a party, <u>without expressing his final willingness</u>, proposes certain terms on which he is willing to negotiate, he does not make an offer but invites only the other party to make an offer on those terms. This is the basic distinction between an offer and an invitation to offer.
40."An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived." Explain the statement and also the effect of4
anticipatory breach on contracts.
(ICAI-SM, May 2022 RTP)

	1) To either treat the contract as <u>rescinded</u> and <u>sue the other party for damages</u> from breach of the contract immediately without waiting until the due date of performance; or	1
	2) He may elect not to rescind but to treat the contract as a <u>still operative</u> , and wait	1
	for the time of performance and then hold the other party responsible for the consequences of non-performance.	1
	He also may <u>keep the contract alive</u> for the benefit of the other party as well as his own, and the guilty party, if he so decides on <u>re-consideration</u> , may still	
	perform his part of the contract and can also take advantage of any supervening	
	impossibility which may have the effect of discharging the contract.	
41.	What is a wagering agreement? Describe the transactions which resemble with wagering transaction but are not void.	4
	(RTP May 2020)	
Ans.	According to Sir William Anson – It is an agreement to pay money or money's worth	4
	upon the determination of an uncertain event. For instance: There is a bet between A and B. A promises to pay B ₹1,000 if it rains. B promises an equal amount if it does not rain.	
	According to the Indian Contract Act 1872, agreements by way of wager are void but	
	there are some transactions that are similar to wagering agreements but are not void:	
	1) Chit Fund: Chit fund does not come within the scope of wager. In the case of a	
	chit fund, a certain number of persons decide to contribute a fixed sum for a	
	specified period and at the end of a month, the amount so contributed is paid to	
	the lucky winner of the lucky draw.2) Commercial transactions or share market transactions: In these	
	transactions in which the delivery of goods or shares is intended to be given or taken, do not amount to wagers.	
	3) Games of skill and athletic competitions: Crossword puzzles, picture	
	competitions and athletic competitions where prizes are awarded on the basis	
	of skill and intelligence are the games of skill and hence, such competitions are valid.	
	4) Contract of Insurance: A contract of insurance is a type of contingent contract and is valid under the law and these contracts are different from wagering agreements	
42.	Explain the concept of 'Quantum Meruit' and state the cases where the claim the quantum meruit arises?	5
Anc	(RTP May 2020) As per the provision of the Indian Contract Act, 1872, " <u>Quantum Meruit</u> " literally	2.5
Ans.	means "as much as earned" or reasonable remuneration. It is used where a person	2.5
	claims reasonable remuneration for the <u>services rendered</u> by him when there was	
	<u>no express promise to pay the definite remuneration</u> . Thus, the law implies reasonable compensation for the services rendered by a party if there are	
	circumstances showing that these are to be paid for.	
	The claim for the quantum meruit arises in the following cases:	
	 When an agreement is discovered to be void or when a contract becomes void. When something is done without any intention to do so gratuitously. 	1⁄2 1⁄2
	3) Where there is an express or implied contract to render services but there is	72 1⁄2
	no agreement as to remuneration.	
	4) When one party abandons or refuses to perform the contract.5) Where a contract is divisible and the party not in default has enjoyed the	1⁄2 1⁄2
	benefits of the part performance.	72
43.	Explain the modes of revocation of an offer as per the Indian Contract Act, 1872. (Nov. 2018)	5
Ans.	As per the provision of the Indian Contract Act, 1872, modes of revocation of	
	offer are:	

	1) By notice of revocation.	1/2
	 By <u>lapse of time</u>: The time for acceptance can <u>lapse</u> if the <u>acceptance is not</u> 	1
	given within the specified time and where no time is specified, then within a	
	reasonable time.	
	3) By <u>non-fulfilment of condition precedent</u> : Where the acceptor fails to fulfil a	1
	<u>condition precedent to the acceptor</u> , the proposal gets <u>revoked</u> .	
	4) By death or insanity: <u>Death or insanity</u> of the proposer would result in	1
	automatic revocation of the proposal, but only if the fact of death or insanity	
	comes to the knowledge of the acceptor.	1/
	5) By <u>counter offer</u> .	1⁄2 1⁄2
	6) By the <u>non-acceptance of the offer according to the prescribed or usual mode</u>.7) By subsequent <u>illegality</u>.	72 1⁄2
44.	Mr B makes a proposal to Mr S by post to sell his house for ₹10 lakhs and posted the	3
	letter on 10 th April 2020 and the letter reaches to Mr S on 12 th April 2020. He reads	U U
	the letter on 13 th April 2020. Mr S sends his letter of acceptance on 16 th April 2020,	
	and the letter reaches Mr B on 20th April 2020. On 17th April, Mr S changed his mind	
	and sent a telegram withdrawing his acceptance. Telegram reaches Mr B on 19 th	
	April 2020.	
	a) On which date, the offer made by Mr B will complete?	
	b) Discuss the validity of acceptance.	
	c) What would be the validity of acceptance if the letter of revocation and letter of acceptance reached together? (Jan. 2021)	
Ans.	a) As per the provision of the Indian Contract Act, 1872, the <u>communication of an</u>	1
11151	offer is complete when it comes to the knowledge of the person to whom it is	-
	made. If a proposal is made by post, the communication will be completed when	
	the letter containing the proposal reaches the person to whom it is made.	
	Further, the receiving of the letter is sufficient.	
	Mr B makes a proposal by post to Mr S to sell his house. The letter was posted	
	on 10 th April 2020, and the letter reaches Mr S on 12 th April 2020, but he reads	
	the letter on 13 th April 2020. Thus, the offer made by Mr B will complete on the	
	day when Mr S received the letter, i.e., 12 th April 2020.	
	b) The <u>communication of acceptance</u> is complete <u>on two different dates</u> on one date	1
	as against the proposer and on another date as against the acceptor.	-
	When a proposal is accepted by a letter sent by post, the communication of	
	acceptance will be completed against the proposer when the letter of acceptance	
	is posted and against the acceptor when the letter reaches the proposer.	
	Mr S accepts Mr B's proposal and sent his acceptance by post on 16 th April 2020,	
	when the letter is posted. As against the acceptor, the acceptance will be	
	complete when the letter reaches Mr B, i.e. 20 th April 2020.	
	c) <u>Revocation of Acceptance</u> : The acceptor can revoke his acceptance any time	
	before the letter of acceptance reaches the offeror. If the revocation telegram	1
	arrives before or at the same time with the letter of acceptance, the revocation	-
	is absolute. The telegram for the revocation of acceptance reached Mr B on 19 th	
	April 2020, i.e. before the letter of acceptance of the offer. Hence, the revocation	
	is absolute. Therefore, acceptance of an offer is invalid.	
45.	Shambhu Dayal started a "self-service" system in his shop. Smt Prakash entered the	3
	shop, took a basket and after taking articles of her choice into the basket, reached	-
	the cashier for payments. The cashier refuses to accept the price. Can Shambhu	
	Dayal be compelled to sell the said articles to Smt Parkash? Decide as per the	
	provisions of the Indian Contract Act, 1872.	
	(ICAI-SM)	
l		

Ans. As per the provision of the Indian Contract Act, 1872, the offer should be availing using from an invitation to offer. An offer is the final expression of willing using through the other party without expressing his final willingness, proposes certain terms on which he is willing to negatize, he does not make an offer but invites only the other party to make an offer on those terms. This is the basic distinction between an offer and an invitation to offer. 1 ½ Shambbu Dayal started a "self-service" system in his shop. Smt Prakash entered the shop, took a basket and after taking articles of her choice into the basket, reached the cashier for payments. The cashier refuses to accept the price. 1/2 Conclusion: The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in os sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt Prakash, by selecting some articles and approaching the cashier for payments, simply made an offer to buy the articles selected by her. If the cashier does not accept the prize, the interested buyer cannot compel him to sell. 2 46. State whether there is any contract in the following cases: a) A engages B to do certain work and remuneration to be paid as fixed by C b) A and B promise to pay for the studies of their maid's son. c) A takes a sect on a public bus. d) A, a chartered accountant, promises to help his friend to file his return. Hence, it is not a social agreement, it creates a legal relationship. Therefore, A can claim for the bus fare. d) A, a chartered accountant, promises to help his friend to file his return. Hence, it is not a social agreement, it creates a leg			
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The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt Prakash, by selecting some articles and approaching the cashier for payment, simply made an offer to buy the articles selected by her. If the cashier does not accept the prize, the interested buyer cannot compel him to sell. 1 46. State whether there is any contract in the following cases: a) A engages B to do certain work and remuneration to be paid as fixed by C b) A and B promise to pay for the studies of their maid's son c) A takes a seat on a public bus. d) A, a chartered accountant, promises to help his friend to file his return. (ICAI-SM) 1 Ans. a) A engages B to do certain work and remuneration to be paid as fixed by C. Hence: It is a valid express contract. ½ b) A and B promise to pay for the studies of their maid's son. Hence it is not a contract as it is a social agreement. ½ c) A takes a seat on a public bus. Hence, it is an implied contract. A is bound to pay for the bus fare. ½ d) A, a chartered accountant, promises to help his friend to file his return. Hence, it is not a social agreement; it creates a legal relationship. Therefore, A can claim for the non-gratuitous act. 3 47. Miss Shakuntala puts an application to be a teacher in the school. She was appointed by the trust of the school. Her friend who works in the same school informs her about her appointment informally. But lat		shop, took a basket and after taking articles of her choice into the basket, reached the cashier for payments. The cashier refuses to accept the price.	1⁄2
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contract, may yet accept a benefit.		<u>competent</u> to contract; nothing in the Contract Act prevents him from making the other party bound to the minor. <u>A promissory note duly executed in favour of a minor is not void</u> and can be sued upon by him because he, though incompetent to	-

	A <u>minor cannot become a partner in a partnership firm</u> . However, he may, with the	
40	consent of all the partners, be <u>admitted to the benefits of the partnership</u> .	0
49.	A sends an offer to B to sell his second-hand car for $\gtrless1,40,000$ with the condition that if B does not reply within a week, he (A) shall treat the offer as accepted. Is A	3
	correct in his proposition? (ICAI-SM)	
Ans.	As per the provision of the Indian Contract Act, 1872, The offer cannot be made as	1
	to constitute the silence as the acceptance. Unless the offeree has by his previous	-
	conduct indicated that his silence amount to acceptance, it cannot be taken as a valid	
	acceptance.	
	Fact of the case:	
	A sends an offer to B to sell his second car for ₹1,40,000 with the condition that if B	1
	does not reply within a week, he (A) shall treat the offer as accepted.	
	<u>Conclusion</u> :	
	B remains silent; it does <u>not amount to acceptance</u> . The acceptance must be made	
	within the <u>time limit prescribed by the offer</u> . The acceptance of an offer after the	1
	time prescribed by the offeror has elapsed will <u>not avail to turn the offer</u> into a	
	contract.	
50.	Mr J entered into an agreement with Mr S to purchase his (Mr S's) motor car for	3
	35,00,000 within a period of three months. A security amount of $320,000$ was also	
	paid by Mr J to Mr S in terms of the agreement. After completion of three months of	
	entering into the agreement, Mr S tried to contact Mr J to purchase the car in terms	
	of the agreement. Even after the lapse of another three-month period, Mr J neither responded to Mr S nor to his phone calls. After the lapse of another six months, Mr J	
	contact Mr S and denied purchasing the motor car. He also demanded back the	
	security amount of ₹20,000 from Mr S. Referring to the provisions of the Indian	
	Contract Act, 1872, state whether Mr S is required to refund the security amount to	
	Mr J.	
	Also, examine the validity of the claim made by Mr J, if the motor car would have	
	destroyed by accident within the three month's agreement period.	
	(ICAI-SM)	
Ans.	As per provision of the Indian Contract Act, 1872, when an agreement is discovered	1
	to be void or when a contract becomes void, any person who has received any	
	advantage under such agreement or contract is bound to restore it or to make	
	compensation for it to the person from whom he received it.	
	Fact of the case:	
	Mr J entered into an agreement with Mr S to purchase his (Mr S's) motor car for	
	₹5,00,000 within a period of three months. A security amount of ₹20,000 was also	1
	paid by Mr J to Mr S in terms of the agreement. After completion of three months of	
	entering into the agreement, Mr S tried to contact Mr J to purchase the car in terms of the agreement. Even after the lapse of another three-month period, Mr J neither	
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	A contract is an agreement enforceable by law. It means that to become a contract,	1⁄2		
	an agreement must give rise to a legal obligation. If an agreement is incapable of			
	creating a duty enforceable by law, it is not a contract.			
	All agreements are not contract: When there is an agreement between the parties	1⁄2		
	and <u>do not intend to create a legal relationship</u> , it is not a contract.			
	All contracts are agreements: For a contract, there must be two things (a) an			
	agreement and (b) enforceable by law. Thus, the existence of an agreement is a pre-	1		
	requisite existence of a contract. Therefore, it is true to say that all contracts are			
	agreements.			
	Thus, we can say that there can be an agreement without it becoming a contract, but			
	we <u>can't have a contract without an agreement</u> .	1 <u>/2</u> 7		
52.	52. Explain any five circumstances under which contracts need not be performed wit			
	the consent of both parties.			
	(Dec 2021)			
Ans.	1. Effect of Novation: Where the parties of the contract agree to substitute the	7		
	existing contract for a new contract, it is called novation. The effect of novation	(write		
	is that the old contract is discharged, and consequently, it need not be	any 5		
		points)		
	performed, and a new contract emerges.	1 ,		
	2. Effect of Rescission: A contract is also discharged by rescission when the			
	parties to a contract agree to rescind it; the contract need not be performed.			
	However, in the case of rescinding, only the old contract is cancelled, and no new			
	contract comes into existence, as happens in the case of novation.			
	3. Effect of Alteration : Alteration of contract means the parties to a contract agree			
	to alter it. The original contract is rescinded, and it need not be performed.			
	4. Promisee may waive performance of promise (Remission) : Every promise			
	may dispense with or remit wholly, or in part, the performance of the promise			
	made to him or may extend the time for such performance made to him or may			
	extend the time for such performance or may accept instead of its any			
	satisfaction which he thinks fit.			
	5. Rescission of voidable contracts : When a person at whose option a contract is			
	voidable rescinds it, the other party is not required to perform any promise in			
	which he is the promisor.			
	6. Neglect of promise : If any promisee neglects or refuses to provide the promisor			
	reasonable facilities for the performance of his promise, the promisor need not			
	to perform any such promise.			
53.	Rahul, a minor, falsely representing his age, enters into an agreement with a	4		
	shopkeeper for a loan amount for purchasing a laptop. He gave his expensive watch			
	as a security and took a loan of ₹40,000. He was very happy to get ₹40,000 and			
	quickly went to the market and purchased a laptop worth ₹30,000. He happily spent			
	the rest of the amount with his friends on a pleasure trip. Later on, Rahul realized			
	that his watch was an expensive watch and he should not have given like this to the			
	shopkeeper. So, he went back to the shopkeeper and asked for his watch back. Also,			
	he refused to repay the loan amount. The shopkeeper disagrees to this and files a			
	case against minor for recovery of the loan amount. Can the shopkeeper succeed in			
	recovering the loan amount under the Indian Contract Act, 1872?			
	(Nov 2021 RTP, June 2022)			
Ano	As per Section 11 of Indian Contract Act, 1872, a minor is not competent to enter	1		
Ans.	into any contract. Any agreement with minor is <u>void-ab-initio</u> means void from the	T		
	very beginning. When a person forms an agreement with minor, such an agreement			
	is devoid of any legal consequences for the person because <u>minor cannot be enforced</u>			
	by law to perform his part of performance in an agreement.			
	by haw to perform ins part or performance in an agreement.			
L	1			

	However, if minor obtains any property by fraudulently misrepresenting his age, he	1	
	can be <u>ordered to restore the property or goods thus obtained</u> . Although no action can be taken against the minor, but if has any property (of other party) in his		
	possession, court can order him to return the same.		
	Facts of the case:		
	Rahul, a minor, falsely representing his age, enters into an agreement with a	1	
	shopkeeper for a loan amount for purchasing a laptop. He gave his expensive watch		
	as a security and took a loan of ₹40,000. He was very happy to get ₹40,000 and		
	quickly went to the market and purchased a laptop worth ₹30,000. He happily spent		
	the rest of the amount with his friends on a pleasure trip. Later on, Rahul realized		
	that his watch was an expensive watch and he should not have given like this to the		
	shopkeeper. So, he went back to the shopkeeper and asked for his watch back. Also,		
	he refused to repay the loan amount. The shopkeeper disagrees to this and files a case against minor for recovery of the loan amount.		
	Case against minor for recovery of the foan amount.	1	
	Hence, in the present case, Rahul is not liable to repay ₹40,000 that he has borrowed	T	
	from the shopkeeper, but he can be ordered by the court to return the laptop (which		
	was in his possession) to the shopkeeper.		
54.		4	
54.	Mr. X was a Disk Jockey at a five-star hotel bar. As per the contract, he is supposed	4	
	to perform every weekend (i.e. twice a week). Mr. X will be paid ₹1500 per day.		
	However, after a month, Mr. X willfully absents himself from the performance.		
	i) Does the hotel have the right to end the contract?		
	ii) If the hotel sends out a mail to X that they are interested to continue the		
	contract and X accepts, can the hotel rescind the contract after a month on this ground subsequently?		
	iii) In which of the cases – (termination of contract or continuance of contract) can		
	the hotel claim damages that it has suffered as a result of this breach?		
	(Nov 2021 RTP, June 2022)		
Ans.	According to the provision of the Indian Contract Act, 1872, when a party to a	1	
	contract has refused to perform or disable himself from performing his promise in		
	its entirety, the promisee may put an end to the contract or may decide to continue		
	with the contract.		
	Facts of the case:		
	Mr. X was a Disk Jockey at a five-star hotel bar. As per the contract, he is supposed to perform every weekend (i.e. twice a week). Mr. X will be paid ₹1500 per day.	1⁄2	
	However, after a month, Mr. X willfully absents himself from the performance.	72	
	Conclusion:		
	In the given case:		
	i) Yes, the hotel has the right to end the contract with Mr. X, the DJ.	1/2	
	ii) The hotel has the right to continue the contract with X. But once this right is		
	exercised, they cannot subsequently rescind the contract on this ground	1⁄2	
	subsequently.		
	iii) In both the cases, the hotel (promisee) is entitled to claim damages that has been	1⁄2	
65	suffered as a result of breach.	2	
55.	"An agreement, the meaning of which is not certain, is void". Discuss.	L	
A	(Nov 2021 RTP)	41/	
Ans.	As per the provisions of the Indian Contract Act, 1872, an agreement, <u>the meaning</u>	1½	
	of which is not certain, is void, but where the meaning thereof is capable of being		
	made certain, the agreement is valid.		
	For example, A agrees to sell B "a hundred tons of oil". There is nothing whatever to	1/2	
	show what kind of oil was intended. The agreement is void for uncertainty. But the	, <u>-</u>	
	agreement would be valid if A was dealer only in coconut oil because in such a case		
	its meaning would be capable of being made certain.		

56.		
001	A enters into a contract with B that he (A) sells his house for ₹10,00,000 to B. Further	4
	they both signed an agreement that if B uses the house for gambling purposes, then	
	B shall pay A ₹50,000 for it. B agreed to this, however after a year of sale, B started	
	gambling business in that house. Can A claim ₹50,000 from B? Discuss with	
	reference to the provisions of Indian Contract Act, 1872. (May 2022 RTP)	
Ans.	According to Section 24 of the Indian Contract Act, 1872, in an agreement, where	2
	some part of the object is legal and the other part is illegal, the question arises about	
	the validity and enforceability of such agreements. Where the legal and illegal part	
	can be <u>severed and divided</u> , and separated, lawful part of object is enforceable, and	
	the unlawful part of the object is void.	
	Facts of the case:	
	In the given case, A sells the house to B, is a valid transaction as the sale of house	
	and consideration paid for the same i.e. ₹10,00,000 is valid and enforceable.	1
	However, the agreement to pay ₹50,000 for gambling done in the house is illegal and	
	thus void.	
	Conclusion:	
	Hence, in the instant case, sale of house agreement is valid agreement and gambling	1
	agreement is illegal and not enforceable by law.	
57.	Mr. Aseem is a learned advocate. His car was stolen from his house. He gave an	3
	advertisement in newspaper that he will give the reward of ₹10,000 who will give	
	the information about his car. Mr. Vikram reads the advertisement and on making	
	some efforts got the stolen car and informed Mr. Aseem. Mr. Aseem found his car but	
	denied giving reward of ₹10,000 to Mr. Vikram with the words, "An advertisement	
	in newspaper is just an invitation to make offer and not an offer. Hence, he is not	
	liable to make the reward." State with reasons whether under Indian Contract Act,	
	1872, Mr. Vikram can claim the reward of ₹10,000.(May 2022 RTP)	
Ans.	An <u>invitation to offer is different from offer</u> . Quotations, menu cards, price tags,	2
	advertisements in newspaper for sale are not offer. These are merely invitations to	
	public to make an offer. An invitation to offer is an act precedent to making an offer.	
	Acceptance of an invitation to an offer does not result in the contract and only an	
	offer emerges in the process of negotiation. But there is an exception to above	
	provisions. When advertisement in newspaper is made for reward, it is the general	
	offer to public.	
	Facts of the case:	
	Mr. Aseem is a learned advocate. His car was stolen from his house. He gave an	
	advertisement in newspaper that he will give the reward of ₹10,000 who will give	
	the information about his car. Mr. Vikram reads the advertisement and on making	1⁄2
	some efforts got the stolen car and informed Mr. Aseem. Mr. Aseem found his car but	
	denied giving reward of ₹10,000 to Mr. Vikram with the words, "An advertisement	
	in newspaper is just an invitation to make offer and not an offer. Hence, he is not	
	liable to make the reward."	
	<u>Conclusion</u> :	
		11
	On the basis of above provisions and facts, it can be said that as advertisement made	1⁄2
F 0	by Mr. Aseem to find lost car is an offer, he is liable to pay ₹10,000 to Mr. Vikram.	
58.	by Mr. Aseem to find lost car is an offer, he is liable to pay ₹10,000 to Mr. Vikram. Mr. Singhania entered into a contract with Mr. Sonu to sing in his hotel for six weeks	¹ / ₂
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Ans.	According to Section 40 of the Indian Contract Act, 1872, if it was the intention of the parties that <u>the promise should be performed by the promisor himself</u> , the promise must be performed by the promisor. Section 41 provides that when a promisee accepts performance of the promise from a <u>third person</u> , he <u>cannot afterwards enforce it against the promisor</u> .	2
	Facts of the case: Mr. Singhania entered into a contract with Mr. Sonu to sing in his hotel for six weeks on every Saturday and Sunday. Mr. Singhania promised to pay ₹20,000 for every performance. Mr. Sonu performed for two weeks but on third week his health condition was very bad, so he did not come to sing. Mr. Singhania terminated the contract.	1∕2
	<u>Conclusion</u> : Therefore, in the instant case, a) As Mr. Sonu could not perform as per the contract, Mr. Singhania can repudiate	1/2
	the contract.b) In the second situation, as Mr. Singhania allowed Mr. Sonu to perform in the fourth week without saying anything, by conduct, Mr. Singhania had given his assent to continue the contract. Mr. Singhania cannot terminate the contract however he can claim damages from Mr. Sonu.	1⁄2
	c) In case Mr. Singhania allows Mr. Mika to perform in the third week without saying anything, by conduct, Mr. Singhania had given his assent for performance by third party. Now Mr. Singhania cannot terminate the contract nor can claim any damages from Mr. Sonu.	1⁄2
59	Mr. Y is a devotee and wants to donate an elephant to the temple as a core part of ritual worship. He contacted Mr. X who wanted to sell his elephant. Mr. X contracted with Mr. Y to sell his elephant for ₹20 Lakhs. Both were unaware that the elephant was dead a day before the agreement. Referring to the provisions of the Indian Contract Act, 1872, explain whether it is a void, voidable or a valid contract. (Nov 2022 RTP)	2
Ans.	As per the provisions of the Indian Contract Act 1872, an agreement that <u>ceases to</u> <u>be enforceable by law</u> becomes void when it ceases to be enforceable. In simple words, a contract cannot be enforceable by a court of law. It is <u>immaterial</u> whether the promisor or promise knows about the fact of impossibility or not.	1
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	In the present case, the agreement between X and Y is void because the elephant was dead before the date on which the agreement was supposed to be entered between and X and Y. It is immaterial whether X and Y knows about the death of elephant or not.	1⁄2
60	Karan agreed to purchase wooden table for his study room from Mr. X. Table was in good condition and was examined by Karan before purchasing. He found no defects in it and paid ₹20,000 for that table. Later on, it was found that one leg of table is broken, and Mr. X has pasted the wood and tried to hide the defects in the table. Can Karan return the table and claim the amount back? Discuss the same with reference to Indian Contract Act, 1872. (Nov 2022 RTP)	4
Ans.	As per the provisions of the Indian Contract Act 1872, the <u>active concealment</u> of a fact by one having knowledge or belief of the fact amounts to fraud. Also, in case a fraud is committed, the aggrieved party gets the right to rescind the contract.	2

	Facts of the case:				
	Karan agreed to purchase wooden table for his study room from Mr. X. Table was in				
	good condition and was examined by Karan before purchasing. He found no defects	1			
	in it and paid ₹20,000 for that table. Later on, it was found that one leg of table is				
	broken, and Mr. X has pasted the wood and tried to hide the defects in the table.				
	<u>Conclusion</u> :				
	In the present case, since Mr X had tried to actively conceal the defects in the table	1			
	(which amounts to fraud), Karan has the right to rescind the contract.				
61	What will be rights with the promisor in following cases? Explain with reasons:				
	a) Mr. X promised to bring back Mr. Y to life again.				
	b) A agreed to sell 50 kgs of apple to B. The loaded truck left for delivery on 15 th				
	March but due to riots in between reached A on 19th March.				
	c) An artist promised to paint on the fixed date for a fixed amount of remuneration				
	but met with an accident and lost his both hands.				
	Abhishek entered into contract of import of toys from China. But due to disturbance				
	in the relation of both the countries, the import of toys from China were banned.				
	(Nov 2022 RTP)				
Ans.	a) The contract is void because of its <u>initial impossibility of performance</u> .	4 (1			
	b) Time is essence of this contract. As by the time apples reached B, they were	mark			
	already rotten. The contract is discharged due to <u>destruction of subject matter</u>	for each			
	of contract.				
	c) Such contract is of personal skill and hence, cannot be performed due to	point)			
	occurrence of an event resulting in impossibility of performance of contract.				
	Such contract is discharged without performance because of <u>subsequent illegality</u>				
	nature of the contract.				
62	X agrees to pay Y ₹1 Lakh, if Y kills Z. To pay Y, X borrows ₹1 Lakh from W, who is	4			
_	also aware of the purpose of the loan. Y kills Z but X refuses to pay. X also refuses to				
	repay the loan to W. Explain the validity of the contract.				
	i) Between X and Y.				
	ii) Between X and W (Dec 2022)				
A 19 G	As per the provisions of the Indian Contract Act 1872, if the consideration or object				
Ans.	Ac nor the provisions of the Indian Lentrast Act 1877 if the consideration or chief L	4			
		4			
	of an agreement or a contract is forbidden by law or unlawful, then such an	4			
	of an agreement or a contract is <u>forbidden by law or unlawful</u> , then such an agreement or contract is void. Also, an illegal contract is a contract that the law	4			
	of an agreement or a contract is <u>forbidden by law or unlawful</u> , then such an agreement or contract is void. Also, an illegal contract is a contract that the law forbids to be made. Agreements collateral to illegal agreements is always void.	4			
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64	Differentiate between Novation and Alteration as per The Indian Contract Act, 1872.	5
	 Mr M threatened Mr Y to file a legal suit to recover money. <u>Conclusion</u>: (i) In the present case, Mr M can file a suit to recover money from Mr Y as Mr M had supplied necessaries to Mr Y and also provided support to Mr Y's grandmother, a person whom Mr Y is legally bound to support. (ii) The maximum amount of money Mr M can recover from Mr Y is 4 Lakhs' of jewellery along with the recovery from Mr Y's private estate (his parent's house). However, Mr Y shall not be personally liable for such recovery. (iii) Yes. The above provisions shall also be applicable to the medical treatment given to the grandmother of Mr Y as she is the person whom Mr Y is legally bound to support. 	
	Facts of the case: Mr Y, aged 21 years, lost his mental balance after the death of his parents in an accident. He was left with his grandmother, aged 85 years, incapable of walking and dependent upon him. Mr M, their neighbour, out of pity, started supplying food and other necessities to both of them. Mr Y and his grandmother used to live in the house built by his parents. Mr M also provided some financial assistance for the grandmother's emergency medical treatment. After supplying necessaries to Mr Y for 4 years, Mr M approached the former, asking him to pay back ₹15 Lakhs, inclusive of ₹7 Lakhs incurred for the medical treatment of his grandmother. Mr Y pleaded that he had got his parent's jewellery to sell to a maximum value of ₹4 Lakhs.	
	 the <u>age of majority</u>, who is of <u>sound mind</u> and is <u>not otherwise disqualified</u> by the contract, is <u>competent to contract</u>. As per the provisions of the Indian Contract Act 1872, a supplier is entitled to recover the price from the <u>property of the incompetent person</u>: where <u>necessaries are supplied</u> to a person who is incapable of contracting, or to someone whom he is <u>legally bound to support</u>. 	
63 Ans.	 Mr. Y aged 21 years, lost his mental balance after the death of his parents in an accident. He was left with his grandmother aged 85 years, incapable of walking and dependent upon him. Mr. M their neighbour, out of pity, started supplying food and other necessaries to both of them. Mr. Y and his grandmother used to live in the house built by his parents. Mr. M also provided grandmother some financial assistance for her emergency medical treatment. After supplying necessaries to Mr. Y for four years, Mr. M approached the former asking him to payback ₹15 Lakhs inclusive of ₹7 Lakhs incurred for the medical treatment of the lady (grandmother). Mr. Y pleaded that he has got his parent's jewellary to sell to a maximum value of ₹4 Lakhs, which may be adjusted against the dues. Mr. M refused and threatened Mr. Y of legal suit to be brought against for recovering the money. Now, you are to decide upon based on the provisions of The Indian Contract Act, 1872: i) Will Mr. M succeed in filing the suit to recover money? Elaborate the related provisions? ii) What is the maximum amount of money that can be recovered by Mr. M? Shall the provisions of the above act also apply to the medical treatment given to the grandmother? (Dec 2022) 	6

Ans.	Basis	Novation	Alteration	5
	Meaning	Where the parties of the	Alteration of contract	
		contract agree to	means the parties to a	
		substitute the existing	contract agree to alter	
		contract for a new	it.	
		contract, it is called		
		novation.		
	Consequences	The effect of novation is	The original contract is	
		that the old contract is	rescinded, and it need	
		discharged, and	not be performed.	
		consequently, it need		
		not be performed, and a		
		new contract emerges.		
	Change of parties	Novation may be made	In the case of alteration,	
		by a change in the	the contracting parties	
		contracting parties.	remain the same.	