2000 - May [4] (i) contracts? State the various implied (10 marks)

Under certain circumstances, a person may receive a benefit to which the not be allowed to enrich himself unjustly at the expense of another. Contracts. A quasi contract rests on the ground of equity that a person shall the parties. Such relationships are termed as "Quasi-Contracts" or Implied he should pay to the other person, even though there is no contract between law regards another person as better entitled, or for which the law considers

Sections 68 to 72 of the Indian Contract Act, 1872 have prescribed the following relationships creating quasi-contractual relationship:

- Supply of necessaries: Under Section 68, if a person, incapable of in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person. is supplied by another person with necessaries suited to his conditions entering into a contract, or anyone whom he is legally bound to support,
- N of the Indian Contract Act that a person who is interested in the payment Payment by an interested person: It has been laid down in Section 69 it, is entitled to be reimbursed by the other. of money which another is bound by law to pay, and who therefore pays
- co Obligation to pay for non-gratuitous Act: Section 70 of the Indian gratuitously, and such other person enjoys the benefit thereof, the latter another person or delivers anything to him not intending to do so done or delivered. is bound to make compensation in respect of or to restore, the things so Contract Act states that where a person lawfully does anything for
- 4 Responsibility of finder of goods: Under Section 71 of the Act, a custody, is subject to the same responsibility as a bailee. person who finds goods belonging to another, and takes them into his
- CT money has been paid, or anything delivered, by mistake or under Case where money is paid by mistake or under coercion: Finally coercion, must repay or return it. Thus, quasi-contractual right is always Section 72 of the Indian Contract Act provides that a person to whom

Solved Scanner CA Foundation Paper - 2A (New Syllabus)

2.44 a right to money and generally, though not always to a liquidated sum of against whole world but against a particular person or persons only. concerned, but is imposed by the law. It is a right which is not available money. It does not arise from any agreement between the parties they are put in the same position as if there were a contract between There is no contract between the parties in cases of quasi contracts, yet

2000 - Nov [3] (a) State the rules relating to acceptance of a Contract.

(10 marks)

means that a valid contract can be made only by adhering to the following Rules Relating to Acceptance of a Contract: The Indian Contract Act, 1872 specifies the following rules relating to the acceptance of a contract. It

rules relating to the acceptance of an offer. These are: Acceptance must be absolute and unqualified: Acceptance shall be valid only when it is absolute and unqualified and is expressed in some

usual and reasonable manner, unless the proposal prescribes the manner in which it is to be accepted.

about the acceptance, he can not be bound by the acceptance given by be brought to the knowledge of the offeror. Unless the offeror knows Acceptance must be communicated to the offeror: Acceptance must

ç Acceptance must be in the mode prescribed: Where the mode of the offeror may later on waive this condition and bound himself from the the manner prescribed, otherwise it shall not bind the offeror. However, acceptance has been prescribed in the proposal, it must be accepted in the offeree. Mere silence is no acceptance.

4 Time: Acceptance must be given within the prescribed time and where no time is prescribed, within the time which is reasonable and does not acceptance not given in the prescribed mode.

Ġ Acceptance may be expressed i.e. words of mouth or in writing, or even allow the offer to lapse. implied i.e. by conduct of the party concerned.

person to whom the offer is made, is not valid acceptance. made: Acceptance given by some other person or even on behalf of the Acceptance must be made by the person to whom the offer is

does not result in a contract. It cannot precede an offer. If it does, it is not a valid acceptance and

CO It must show an intention on the part of the acceptor to fulfil the terms of

It must be given before the offer lapses or before the offer is withdrawn.

2002 - May [5] (a)

(5 marks)

to Section 6 and 7 of the Indian Contract Act, 1872, an offer comes to an end An offer may come to an end by revocation or lapse or rejection. According

in the following cases: If the offerer revokes his offer before it has been accepted by the

The offer comes to an end of it is not accepted within the time fixed in offeree, the offer comes to an end.

automatically be revoked of the acceptor fails to fulfil that condition which the acceptor can not accept the proposal, the offer will If there is a condition mentioned in the proposal, before the fulfilment of reasonable time is a question of fact. the offer, or within a reasonable time as the case may be. What is a

knowledge of the acceptor before acceptance, the offer of proposal is If the fact of the death or insanity of the proposer comes to the

offer, in such a case, if the proposal is not accepted in the prescribed Sometimes, the mode of acceptance is specifically prescribed in the revoked. (Section 6)

An offer comes to an end as soon as it is rejected by the offeree. form or method, it stands revoked. [Section 7(2)]

\n offer lapses if it becomes illegal before it is accepted.

Nov [2] Comment on the following:

Il contracts are agreements, but all agreements are not contracts. (5 marks)

"All contracts are agreements, but all agreements are not contracts":

enforceable by law, it is not a contract. There can be agreements which are enforceable by law. If an agreement is incapable of creating a duty contract is an agreement enforceable by law. It means that to become a offer to the other party and that other party gives his acceptance to it. A agreement is a wider term than the contract. All agreements need not not enforceable by law, such as social, moral or religious agreements. The contract an agreement must give rise to a legal obligation i.e. duty An agreement comes into existence when one party makes a proposal or necessarily becomes but all contracts shall always be agreements.

was a social agreement where there was no intention to create a legal contract. For example, A invites B to see a football match and B agrees. But this promise against A i.e. no compensation can be claimed because this A could not manage to get the tickets for the match, now B cannot enforce All agreements are not contracts: When there is an agreement between the parties and they do not intend to create a legal relationship, it is not a

an agreement and (b) enforceability by law. Thus existence of an agreement is a pre-requisite for existence of a contract. Therefore, it is true to say that All contracts are agreements: For a contract there must be two things (a) all contracts are agreements.

contract, but we can't have a contract without an agreement. Thus, we can say that there can be an agreement without it becoming a

Indian Contract Act, 1872. 2018 - Nov [6] (a) Explain the modes of revocation of an offer as per the

The modes of revocation of an offer as per the Indian Contract Act, 1872 are:

By notice of revocation

By lapse of time:

the specified time and where no time is specified, then within a made to wait indefinitely. reasonable time. This is for the reason that proposer should not be The time for acceptance can lapse if the acceptance is not given within

- (iii) By non-fulfilment of condition precedent where the acceptor fails to fulfil a condition precedent to acceptance the proposal gets revoked. This principle is laid down in Section 6 of the Act. The offer or for instance may impose certain conditions such as executing a certain document or depositing certain amount as earnest money.
- By death or insanity
- By counter offer
- (vi) By the non-acceptance of the offer according to the prescribed or usual mode
- (vii) By subsequent illegality.

2021 - Jan [2] (a) Define the term acceptance under the Indian Contract Act, 1872. Explain the legal rules regarding a valid acceptance.

Answer:

Definition of Acceptance:

In terms of Section 2(b) of the Indian Contract Act, "the term acceptance" is

"When the person to whom the proposal is made signifies his assent thereto, proposal is said to be accepted. The proposal, when accepted, becomes a

Analysis of the above definition

- 1. When the person to whom proposal is made for example if A offers to sell his car to B for ₹ 2,00,000. Here, proposal is made to B.
- 2. The person to whom proposal is made i.e. B in the above example and if B signifies his consent on that proposal., then we can say that B has signified his consent on the proposal made by A.
- 3. When B has signified his consent on that proposal, we can say that the proposal has been accepted.
- Accepted proposal becomes promise.

Legal Rules regarding a valid acceptance

(1) Acceptance can be given only by the person to whom offer is made: In case of a specific offer, it can be accepted only by the person to whom it is made. [Boulton vs. Jones (1857)] Case Law: Boulton vs. Jones (1857)

2.48 Solved Scanner CA Foundation Paper - 2A (New Syllabus) Facts: Boulton bought a business from Brocklehurst. Jones, who we Broklehurst for the angle of an order with Brocklehurst for the angle of the state of the state

Facts: Boulton bought a business from Brocklehurst for the supplemental Broklehurst's creditor, placed an order with Brocklehurst for the supplemental process of contract and Broklehurst's creditor, placed an order will broad though the order was of certain goods. Boulton supplied the goods even though the order was not in his part to have Roultan for the goods here. of certain goods. Boulton supplied the goods even though the order was not in his name. Jones refused to pay Boultan for the goods because the not in his name. Jones refused to pay Boultan for the goods because the notion of the goods with glocklehurst, he intended to set out the goods are the goods and the goods are the g not in his name. Jones refused to pay Boullari to the groups because of the entering into the contract with Blocklehurst, he intended to set off the entering into the contract with Blocklehurst, he intended to Boullary as the offer was not made to Boullary as the offer was not entering into the contract with Blockienurs, its made to Set off independent of the contract with Blockienurs, its made to Boulton and Jones the contract between Boulton and Jones the contract between Boulton and Jones therefore, there was no contract between Boulton and Jones. Increfore, there was no contract perweel by any person who has the ln case of a general offer, it can be accepted by any person who has the

In case of a general offer, it can be accepted. Smoke Ball Co. (1893)] knowledge of the offer. [Carfill vs. Carbolic Smoke Ball Co. (1893)] (2) Acceptance must be absolute and unqualified: As per section 7 the Act, acceptance is valid only when it is absolute and unqualified and

the Act, acceptance is valid only which it must be acceptance is valid only which it must be acceptance in some usual and reasonable manner unless the is also expressed in some usual and roads the must be accepted. If the proposal prescribes the manner in which it must be accepted. If the proposal prescribes the manner in which it must be accepted, then

must be accepted accordingly.

Moffered to sell his land to N for £280. N replied purporting to accept the offer but enclosed a cheque for £ 80 only. He promised to pay the balance of £ 200 by monthly instalments of £ 50 each. It was held that N could not enforce his acceptance because it was not an unqualified

one. [Neale vs. Merret [1930] W. N. 189]. A offers to sell his house to B for ₹ 1,00,000/-. B replied that, "I can pay ₹ 80,000 for it. The offer of "A" is rejected by "B" as the acceptance is not unqualified. B however changes his mind and is prepared to pay ₹1,00,000/-. This is also treated as counter offer and it is upto A whether to accept it or not. [Union of India v. Bahulal AIR 1968 Bombay 294].

Example: "A" enquires from "B", "Will you purchase my car for ? lakhs?" If "B" replies "I" shall purchase your car for ₹ 2 lakhs, if you buy my motorcycle for ₹ 50,000/-, here "B" cannot be considered to have accepted the proposal. If on the other hand "B" agrees to purchase the car from "A" as per his proposal subject to availability of valid Registration Certificate / book for the car, then the acceptance is in place though the offer contained no mention of R.C. book. This is because expecting a valid title for the car is not a condition.

Therefore, the acceptance in this case is unconditional.

[Chapter ⇒ 1 Unit : 1] Nature of Contrac

(3) The acceptance must be communicated: To conbetween the parties, the acceptance must be commi perceptible form. Any conditional acceptance or accept or too deviant conditions is no acceptance. Such cond is a counter proposal and has to be accepted by the original proposal has to materialize into a contract proposal is accepted, the offeree must have the known made to him. If he does not have the knowledge acceptance. The acceptance must relate specifical Then only it can materialize into a contract. The clearer from the following examples: Brogden vs. Co. (1877)

Facts: B a supplier, sent a draft agreement relating to the Manager of Railway Co. viz, Metropo acceptance. The manager wrote the word "Appr put the draft agreement in the drawer of the tab the company's solicitors for a formal contract to sight the draft agreement remained in drawer contract as the manager had not communica supplier, B.

Where an offer made by the intended offeree an offer has been made to him cannot be thereto. (Bhagwandas v. Girdharilal)

A mere variation in the language not i substance would not make the acceptant Knight [1864] 144 ER 120].

Example: A proposed B to marry him. Bi ready to marry him. But his sister didn't of proposal.

There is no contract as acceptance was

(4) Acceptance must be in the prescribe acceptance is prescribed in the propos manner. But if the proposer does no

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Solved Scanner CA Foundation Paper - 2A (New Syllabus) s: Boulton bought & business from Brocklehurst for the is: Boulton bought a business from Brocklehurst for the supplements or the supplementation of the supplementation of the supplements of the supplements of the supplementation of the supplements of the supplementation of the suppl lehurst's creditor, placed an order with Brooker Hough the order we heliurst's creditor, placed an order with Brooker Hough the order we have some supplied the goods even though the order we have goods. Boulton supplied the goods because he have been placed to new Boultan for th tain goods. Boulton supplied the goods even through the order was tain goods. Boulton supplied the goods for the goods because this name. Jones refused to pay Boultan for the intended to set offer this name. Jones refused to Set offer the set of the set his name, Jones refused to pay Bourtan for the Suprus because this name, Jones refused to pay Bourtan for the Intended to set off his name, Jones refused with Blocklehurst, he intended to Bourtan grinto the contract with ng into the contract with Blocklehurst, we was not made to Boulton gainst Brooklehurst. Held, as the offer was not Jones.

yainsi Brooklehursi. Helid, as the union med and Jones. Te, there was no contract between Boulton and Jones. re, there was no contract between a supple of a general offer, it can be accepted by any person who has the of a general offer, it can be accepted by smoke Ball Co. (120). of a general offer, it can be exception of a general offer, it can be exception of the offer, it can be exception of the offer. [Cartall vs. Carbolic Smoke Ball Co. (1893)] ige of the offer. [Cartal Is. Larunin annual filed: As per section 7 annual be absolute and unqualified and unqualification in the absolute and unqualification. nnce must be absolute and unqualified and unqualified an acceptance is valid only when it is absolute manner and acceptance is valid only when it is absonable manner. acceptance is valid only when it is assonable manner unless the acceptance is valid only when it is assonable manner unless the acceptance in some usual and reasonable must be accepted. xpressed in some usual and remained be accepted. If the prescribes the manner in which it must be accepted. prescribes the manner in which it must be accepted, then prescribes the manner in which it must be accepted.

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vs. метец 1900) т. т. 1,00,000/. В replied that, "I can pay Il his house to B for ₹ 1,00,000/. The offer of "A" is rejected by "B" as the acceptance is no the ones of a larges his mind and is prepared to pay his is also treated as counter offer and it is upto A whether not. [Union of India v. Bahulal AIR 1968 Bombay 294].

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eptance in this case is unconditional

[Chapter - 1 Unit : 1] Nature of Contract

2.49

(3) The acceptance must be communicated: To conclude a contract between the parties, the acceptance must be communicated in some perceptible form. Any conditional acceptance or acceptance with varying or too deviant conditions is no acceptance. Such conditional acceptance is a counter proposal and has to be accepted by the proposer, if the original proposal has to materialize into a contract. Further when a proposal is accepted, the offeree must have the knowledge of the offer made to him. If he does not have the knowledge, there can be no acceptance. The acceptance must relate specifically to the offer made. Then only it can materialize into a contract. The above points will be clearer from the following examples: Brogden vs. Metropolitan Railway

Facts: B a supplier, sent a draft agreement relating to the Supply of Coal to the Manager of Railway Co. viz, Metropolitian Railway for his acceptance. The manager wrote the word "Approved" on the same and put the draft agreement in the drawer of the table intending to send it to the company's solicitors for a formal contract to be drawn up. By an over sight the draft agreement remained in drawer. Held, that there was no contract as the manager had not communicated his acceptance to the

Where an offer made by the intended offeree without the knowledge that an offer has been made to him cannot be deemed as an acceptance thereto. (Bhagwandas v. Girdharilal)

A mere variation in the language not involving any difference in substance would not make the acceptance ineffective. [Heyworth vs. Knight [1864] 144 ER 120].

Example: A proposed B to marry him. B informed A s sister that she is ready to marry him. But his sister didn't inform A about the acceptance of proposal.

There is no contract as acceptance was not communicated to A.

(4) Acceptance must be in the prescribed mode: Where the mode of acceptance is prescribed in the proposal, it must be accepted in that manner. But if the proposer does not insist on the proposal being

Solved Scanner CA Foundation Paper - 2A (New Syllabus)

accepted in the manner prescribed after it has been accepted otherwise, i.e., not in the prescribed manner, the proposer is presumed to have

consented to the acceptance. Example: If the offeror prescribes acceptance through messenger and offeree sends acceptance by email, there is no acceptance of the offer if the offer or informs the offeree that the acceptance is not according to the mode prescribed. But if the offer or fails to do so, it will be presumed that he has accepted the acceptance and a valid contract will arise.

Time: Acceptance must be given within the specified time limit, if any, and if no time is stipulated, acceptance must be given within the reasonable time and before the offer lapses. What is reasonable time is nowhere defined in the law and thus, would depend on facts and circumstances of the particular case.

Example: A offered to sell B 50 kgs of bananas at ₹ 500. B communicated the acceptance after four days. Such is not a valid contract as bananas being perishable items could not stay for a period of week. Four days is not a reasonable time in this case.

Example: A offers B to sell his house at ₹ 10,00,000. B accepted the offer and communicated to A after 4 days. Held the contract is valid as four days can be considered as reasonable time in case of sell of house.

Mere silence is not acceptance: The acceptance of an offer cannot be implied from the silence of the offeree or his failure to answer, unless the offeree has in any previous conduct indicated that his silence is the evidence of acceptance.

Case Law: Felthouse vs. Bindley (1862)

Facts: (Uncle) offered to buy his nephew"s horse for £30 saying "If I hear no more about it I shall consider the horse mine at £30." The nephew did not reply to F at all. He told his auctioneer, B to keep the particular horse out of sale of his farm stock as he intended to reserve it for his uncle. By mistake the auctioneer sold the horse. F sued him for conversion of his property. Held, F could not succeed as his nephew had not communicated the acceptance to him.

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Example: "A" subscribed for the weekly magazine for one year. Even after expiry of his subscription, the magazine company continued to send him magazine for five years. And also "A" continued to use the magazine but denied to pay the bills sent to him. "A" would be liable to pay as his continued use of the magazine was his acceptance of the

(7) Acceptance by conduct/Implied Acceptance: Section 8 of the Act lays down that "the performance of the conditions of a proposal, or the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, constitutes an acceptance of the proposal. This section provides the acceptance of the proposal by conduct as against other modes of acceptance i.e. verbal or written communication.

Therefore, when a person performs the act intended by the proposer as the consideration for the promise offered by him, the performance of the act constitutes acceptance.

Example: when a tradesman receives an order from a customer and executes the order by sending the goods, the customer's order for goods constitutes the offer, which has been accepted by the trades man subsequently by sending the goods. It is a case of acceptance by

Example: When a cobbler sits with a brush and polish, a person giving his shoes for polishing constitutes as acceptance by conduct.

PRACTICAL QUESTION

2018 - Nov [3] (b) (i) Mr. Ramesh promised to pay ₹ 50,000 to his wife Mrs. Lali so that she can spend the sum on her 30th birthday. Mrs. Lali insisted 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. Lali. Mrs. Lali wants to file a suit against Mr. Ramesh and recover the promised amount. Referring to the applicable provisions of the Contract Act, 1872, advise whether Mrs. Lali will succeed. (3 marks)

2.52 Solved Scanner CA Foundation Paper - 2A (New Synables) (ii) A shop-keeper displayed a pair of dress in the show-room and a price

A shop-keeper displayed a pair of dress. Ms. Lovely, looked at the tag of ₹2,000 was attached to the dress. Then she asked the shop-keeper tag of ₹2,000 was attached to the dress. tag of ₹2,000 was attached to the class. The asked the shop-keeper to and rushed to the cash counter. Then she asked the shop-keeper rest. and rushed to the cash counter. The shop-keeper refused receive the payment and pack up the dress. The shop-keeper refused receive the payment and pack up use uses. The consideration of the price to hand-over the dress to Ms. Lovely in consideration of the price to hand-over the dress to Ms. Lovely seek to hand-over the dress to Ms. Lovely seeks your stated in the price tag attached to the dress. Ms. Lovely seeks your stated in the price tag attached to the chon-keeper for the above seeks. stated in the price tag attached to the discount of the above cause advice whether she can sue the shop-keeper for the above cause under the Indian Contract Act, 1872.

- wer:
 Parties must intend to create legal obligations: There must be an Parties must intend to create legal relationship between intention on the part of the parties to create legal relationship between intention on the part of the parties to discuss are not enforceable in them. Social or domestic type of agreements are not enforceable in court of law and hence they do not result into contracts.
- court or law and nence triey of the first to pay ₹ 50,000 to his in the given question, Mr. Ramesh promised to pay ₹ 50,000 to his in the given question, wir. names on her birthday. However, wife so that she can spend the same on her birthday. However, wile so that she can spend to fulfill the promise, for which Mrs subsequently, Mr. Ramesh failed to fulfill the promise, Lali wants to file a suit against Mr. Ramesh. Here, in the given circumstance wife will not be able to recover the amount as it was a social agreement and the parties did not intend to create any legal
- The offer should be distinguished from an invitation to offer. An offer is definite and capable of converting an intention in to a contract. Whereas an invitation to an offer is only a circulation of an offer, it is an attempt to induce offers and precedes a definite offer. Where a party, without expressing his final willingness, 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 offer and invitation to offer.

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, Ms. Lovely by selecting the dress and approaching the shopkeeper for payment simply made an offer to buy the dress selected by her. If the shopkeeper does not accept the price, the interested buyer cannot compel him to sell.

[Chapter = 1 Unit: 1] Nature of Contract

2021 - Jan [3] (c) Mr. B makes a proposal to Mr. S by post to sel for ₹ 10 lakhs and posted the letter on 10th April 2020 and the let to Mr. S on 12th April 2020. He reads the letter on 13th April 202 Mr. S sends his letter of acceptance on 16th April 2020 and the le Mr. B on 20th April 2020. On 17th April Mr. S changed his mind telegram withdrawing his acceptance. Telegram reaches to April 2020.

Examine with reference to the Indian Contract Act, 1872:

- (i) On which date, the offer made by Mr. B will complete?
- Discuss the validity of acceptance
- What would be validity of acceptance if letter of revoc of acceptance reached together?

Answer:

- Offer made by Mr. B will be completed on 13 April comes to the knowledge of Mr. S)
- Here, acceptance is not valid as he revoked hi telegram before letter of acceptance reaches Mr. E
- If letter of acceptance and letter of recavation read two situation may arise.
 - (i) It will be decided on the basis of the letter while if he reads acceptance than acceptance is va first than acceptance is revoked.
 - (ii) In absence of any such information revocati

Foundation Paper - 2A (New Syllabus) and a prior har of dress in the Lovely, looked at the ta the dress, Mis was the shop-keeper to Thei she done shop-keeper refused to the dress. The shop-keeper refused to the dress. to me ores consideration of the price s Lovely seeks you to me seed for the above cause

legal obligations: There must be an legal unique segal relationship between ni agreements are not enforceable in not result into contracts.

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[Chapter - 1 Unit: 1] Nature of Contract

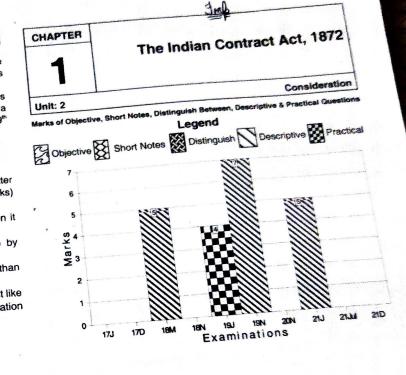
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 - (i) It will be decided on the basis of the letter which he reads first like two situation may arise. if he reads acceptance than acceptance is valid and if revocation first than acceptance is revoked.
 - In absence of any such information revocation is absolute.



For detailed analysis Login at www.scanneradda.com for registration and password see first page of this book.

2.54