

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Law of Contracts (General Principles & Specific Contracts)  
Semester-I (Batch: 2016-18)

MBA End Semester Examination: October-2016

Date: 26<sup>th</sup> October 2016

Duration: 3 hours

Max. Marks: 60

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

**Part-A**

Marks

Assign reasons to substantiate your answer.

- Q.1 In November 1996, the respondents entered into a charterparty agreement whereunder they agreed to place their ship, the *Indiana*, at the disposal of the appellants on 1 March 1997 for 10 months. Time of shipment was the essence of the contract. Soon afterwards, the ship was requisitioned by the Government. The respondents contemplated that the ship would soon be released and asked the appellants whether they would still be willing to take up the charter when this happened. The appellants told that they would. In fact, the ship was not released until February 2001 and the appellants refused to take delivery of the ship at that time. The respondents contended that the appellants had affirmed the contract after the frustrating event and were, therefore, bound to take delivery of the ship. (08)
- Was the contract frustrated? Is it open to the parties to decide that the contract should continue even if it is frustrated at law?
- Q.2 X, a ship-owner, contracts with Y to convey him from Kolkata to Sydney in X's ship, sailing on the first of January 2015; and Y pays to X, by way of deposit, one-half of his passage-money. The ship, however, does not sail on the first of January, and Y, after being in consequence detained in Kolkata for some time and thereby put to some expense, proceeds to Sydney in another vessel. Y, in consequence of arriving late in Sydney, loses a sum of money. (08)
- Is X liable to repay to Y (i) his deposit, (ii) the expense to which he is put by his detention in Kolkata, (iii) the excess, if any, of the passage-money paid for the second ship over that agreed upon for the first, (iv) the sum of money which Y lost by arriving in Sydney too late.

**Part-B**

(Answer any two)

- Q.3 'Every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void.' Elucidate the statement with exceptions, if any, to the general rule. (07)

- Q.4 Explain the following concepts and make out the distinction between them: 'indemnity', 'guarantee' and 'pledge'. (07)
- Q.5 Discuss the consequences of 'fraud' and 'mistake' in contract formation. (07)

**Part-C**

- Q.6 A, B and C are partners in a business, sharing profits and losses equally. C dies and the firm is dissolved. On the date of dissolution, the capital of A, B and C were Rs. 20,000, Rs. 15,000 and Rs. 10,000 respectively and the outside liabilities amounted to Rs. 65,000. The total assets of the firm realised was Rs. 50,000. What is the amount of deficiency and how the partners shall share such deficiency if the partnership agreement is silent? (02)
- Q.7 A promises to paint a picture for B within a month for a price. A dies shortly thereafter. Can B enforce the contract against the legal representatives of A? (02)
- Q.8 A promises to deliver 50 rice bags at B's warehouse on 1st January. A brings the goods as promised but after the usual business hours. Has A performed his promise? (02)
- Q.9 P contracts with Q to execute some construction work for a fixed price, Q supplying the scaffolding and timber necessary for the work. Q fails to supply the necessary scaffolding and timber. Can P refuse to execute the construction work? Can P claim damages for loss arising for Qs non-performance? (02)
- Q.10 In the pursuance of a contract to fill 20 bags of sugar out of a large quantity, the seller filled four bags which the buyer takes away. Subsequently, the seller filled 16 more bags, informed the buyer of this and requested him to take them away. The buyer promised to do so. Did the property in the 16 bags of sugar pass to the buyer? Give reasons for your answer. (02)
- Q.11 Differentiate between the following: (3x4=12)
- (a) Sale and Agreement to Sell
  - (b) Partnership and Limited Liability Partnership
  - (c) Agent and Servant
- Q.12 What are the duties of a Mercantile Agent? (04)
- Q.13 What are the essentials of a Contract of Sale? (04)

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