

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

**Course: Law of Contracts I (General Principles and Specific Reliefs)
Semester- II (Batch: 2020-25)**

End Semester Online Examination: July-August 2021

Date: 25th July, 2021

Duration: 8 hours

Max. Marks: 50

Instructions:

- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Word Limit: 10 Marks: 700 Words, 5 Marks: 500 Words.

Marks

Q.1 During her summer break, Professor 'P', a professor at Gandhinagar Law University, received a call from her Aunt A residing in the USA, who told Professor 'P' that her sick uncle, Uncle 'U', would be leaving Professor 'P' \$25 million in his will. In excitement, Professor 'P' announced during the first day of her Contracts I class that she would award \$10 million to the student who received the highest overall grade in her class at the end of the semester. To encourage her students to study hard throughout the semester, she also offered \$5 million award to the student who received the highest grade on the mid-semester exam. She said both the awards would be given on the final result day. Student 'S' enrolled in Professor P's contract I class was not present when Professor 'P' made the announcement. Nevertheless, hearing about Professor P's announcement from another student, Student 'S' decided that she would do everything within her power to win both awards, and immediately set upon reading her contracts textbook and purchasing and reading all of the major treatises of contract law from cover to cover. Indeed, Student 'S' was so determined that she stopped studying for all of her classes in order to dedicate every single working hour to the study of contract law, and her study seemed to pay off. In the mid-semester exam, Student 'S' received a staggering 98%, highest ever received in mid-semester in Professor P's teaching career of the past 20 years. Inspired by her mid-semester performance, Student 'S' decided to study even harder than ever before. Sleeping for only three-four hours, drinking eight-nine cups of coffee per day, hiring a tutor, buying every study aid imaginable to study contract law. About two weeks before the examination, Student 'S' decided to skip Professor P's final classes so that she could hop on a plane and fly to an isolated island in the Andamans where she could study alone without interruption. She purchased a round trip business class ticket to the island, so that she would have room to spread out and study during the flight which costed \$5,000.

(10)

While Student 'S' was on the plane heading to the Andamans, Professor 'P' received a call from her Aunt A informing her that Uncle 'U' had passed away, but had apparently changed his will before doing so and Professor P's inheritance was reduced to merely

\$50,000. After the call, Professor 'P' walked into her last contract class of the semester and announced to her students that due to unforeseen circumstances, she would no longer be able to award either the \$10 million or \$5 million awards. All of Professor P's students were in attendance except Student 'S', and many of them looked angry. Friend 'F' of Student 'S' texted her about the announcement, however to concentrate Student 'S' had left her phone in Gandhinagar. On coming back she read the message sent by Friend 'F', but decided to ignore it and continued studying. Having already spent \$10,000 in contract law materials and tutor, she was determined.

Sure enough, Student 'S' excelled in her final exam and received her highest overall final grade in Contract I course. However, because she neglected all her courses, Student 'S' flunked in Legal English, Sociology and History and was kicked out of her law school. When Student 'S' demanded payment of \$15 million from the Professor 'P', Professor 'P' refused to pay on the grounds that as the Student S was not present in the class when the offer was made neither any communication was made by student 'S' for the offer made nor any consideration has flown from her, Student 'S' brought an instant suit against her.

Whether there exists a valid contract between the parties? Determine the rights and liabilities of the parties accordingly.

- Q.2 Meanwhile, Professor 'P' was criticised a lot by the students, and hence agrees to negotiate with Student 'S'. Professor 'P' promises that she shall not be able to pay \$5 million, and will pay \$50,000 by next week. Student 'S' agrees for the amount but puts one condition, that she will accept the payment only in cash. Professor 'P' agrees. (5)

Determine the validity of this new agreement?

- Q.3 While all this issue has engaged everyone in the university, two roommates 'R1' and 'R2' of Student 'S' enter into an agreement to bet on the outcome of this issue. Also, Roommate 'R1' was negotiating about purchasing an iPhone 11 from Roommate 'R2'. So, 'R1' says, I believe that Professor 'P' will not give the money whereas 'R2' says that Professor 'P' will keep her promise and pay the money. So they bet that if Professor 'P' pays the money to Student 'S', 'R1' will purchase the iPhone at double the price negotiated between them but if Professor 'P' does not pay, then he will take the iPhone for free. (5)

Whether the agreement between Roommates 'R1' and 'R2' is valid ?

- Q.4 Two days before the performance, when Professor 'P' was ready with the cash, the Government of India announced demonetization. All the money that Professor 'P' had was no longer valid. So, on the day of performance Professor 'P' refused to perform saying that the contract is void because of impossibility. (10)

Discuss the provision relating to impossibility under Indian Contract Act, 1872 and determine whether Professor 'P' is not bound to perform on the ground of impossibility?

Q.5 Ultimately, being tired of waiting for performance of contract, Student 'S' files a suit for breach of contract, and claims damages. Determine the amount of damages that can be claimed by Students 'S'? Whether Students 'S' can claim damages for failing in other subjects? (10)

Q.6 Write Note on any one of the following: (10)

- a) Minor's contracts
- b) Specific Performance of Contract
