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# Law of Contract Questions for CLAT & IBPS SO Law officer Exam.

## Law of Contract Quiz 1

Direction : Study the following question carefully and choose the right answer.

**1. Legal Principle :** A contract with a minor would be void if the other party knew about the minority.

**Facts of the Problem :** Hitesh is a leading seller of the computer hardware items in the city. His sixteen years old son has Rohan as his best friend. Rohan is also of the same age. Hitesh knowing the age of Rohan entered into a contract with him for a set of laptops for a sum of Rs. 20 lakhs to him. When Hitesh sent the consignment of the laptops, Rohan refused to take them and dishonoured the contract. Hitesh sues Rohan for the damages suffered by him. Decide the legal outcome of the situation?

- A. Hitesh would be able to get compensation for the damages from Rohan.
- B. Hitesh would not be able to get the damages, but can force Rohan to buy the laptops from him.
- C. Hitesh would not be able to get the damages as the contract is void.
- D. The court could grant exemplary damages to Hitesh.

**2. Legal Principle :** A contract whose consideration is uncertain, or incapable of being made certain is void in law.

**Facts of the Problem :** Amit has a stable of racing horses. He owns many horses of various exotic as well as indigenous breeds. He agrees to sell a horse of exotic breed for a price of Rs. 5 lakh to Arun. Arun also agrees to pay the price for the horse, but when the time of delivery of the horse came, there is confusion as regards which horse is to be given under the contract. A case is filed in the civil court for the delivery of the horse by Arun. What would be the outcome of the suit?

- A. The court would order Amit to give his best horse of the exotic breed to Arun under the contract.
- B. The court would allow Arun to choose which horse he wants to purchase from the horses of the exotic breeds.
- C. The court would order Amit to give any random horse to Arun.
- D. The court would term the contract void due to uncertainty as to the consideration of the contract.

**3. Legal Principle :** A contract which is made to restraint the legal proceedings is void under the law.

**Facts of the Problem :** Raj is a leading barrister of the city. His friend Nitin enters into a contract with him that he would not in represent Jatin in any law suit for the next one year. After two months, Raj represents Jatin in a civil suit. Nitin sues Raj for the breach of the contract. What would be the legal outcome of the suit against Raj?

- A. The suit would grant relief to Nitin as Raj has violated the terms of the contract.
- B. The suit would award compensation to Nitin and would direct Raj to pay the amount.
- C. The suit would fail as the contract being made to restraint the legal proceedings is void.
- D. The suit would fail as Raj is a barrister and he has the fundamental right to practise trade or profession without any legal restrictions.

**4. Legal Principle :** The acceptance of an agreement by both the parties must be absolute and unqualified in order to constitute a valid contract.

**Facts of the Problem :** Rahul proposes to sell Parul two quintals of kerosene at the cost of Rs. 40/litre. Parul did not convey her acceptance, but says that she would think about it. Unable to wait for Parul to accept the contract, Rahul sells the kerosene to someone else. Parul gets furious after learning about the sale of the kerosene to someone else by Rahul. Parul files a suit for damages against Rahul for the dishonouring of the contract?

- A. Parul would get damages from Rahul for the dishonouring of the contract.
- B. Parul would not get any relief as the acceptance of Parul to the contract was not absolute.
- C. The contract between Rahul and Parul was against public policy as kerosene could not be sold/purchased in open market.
- D. The court would direct Rahul to sell the specified quantity of kerosene to Parul.

**5. Legal Principle :** A contract to do an impossible act is void ab initio.

**Facts of the Problem :** Tarun enters into a contract with Karan to make his dead pet dog alive again through the use of magic. Karan agrees to pay him Rs. 20,000 for the act. Later, when Tarun tries to bring back the dog to life, Karan refuses to pay the money to him. Tarun sues Karan for damages due to non-payment of the agreed consideration by him. Decide the case?

- A. The court would direct Karan to pay the agreed amount to Tarun.
- B. The suit would fail as the contract was void ab initio.
- C. The court would direct Karan to only pay compensation to Tarun for rescinding the contract.
- D. The court would allow Tarun to perform his magic procedure to bring back the deade dog to life.

**6. Under section 2(b) if the person to whom the proposal is made signifies his assent the proposal is said to have been**

- A. Accepted                      B. Agreed                      C. Provisionally agreed                      D. Tentatively accepted

**7. A proposal when accepted becomes**

- A. Promise under section 2(b)                      B. Agreement under section 2(e)  
C. Contract under section 2(h)                      D. None of the above.

**8. When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or, does or abstains from doing or promises to do or to abstain from doing something, such act or abstinence or promise under section 2(d) is called**

- A. Reciprocal promise                      B. Consideration for the promise                      C. Counter offer                      D. Acceptance.

**9. Promises which form the consideration or part thereof, for each other under section 2(F) are called**

- A. Acceptances for different proposals                      B. Agreements  
C. Reciprocal promises                      D. Consideration.

**10. Every promise or set of promises forming the consideration for each other under section 2(e) is called**

- A. Reciprocal promise                      B. Contract                      C. Agreement                      D. None of the above.

**Correct Answers:**

1	2	3	4	5	6	7	8	9	10
C	D	C	B	B	A	A	B	C	C

**Explanations:**

**1.** In the present case, Hitesh entered into a contract with Rohan despite knowing that Rohan was a minor at the time of entering into the contract. Hitesh would not be able to get the required damages as the fact that Rohan is a minor, renders the contract void. Thus, not damages could be attained from a contract which is *void ab initio*.

Hence, option C is correct.

**2.** In the present situation, the consideration of the contract i.e. horse of an exotic breed is uncertain as to which horse of Amit is being referred to; as Amit has many horses of exotic breed in his stable. Thus, the court would term the said contract to be void due to want of certainty as to the consideration of the contract.

Hence, option D is correct.

**3.** In the instant case, the contract between Raj and Nitin was made which tried to restraint the legal proceedings. As any contract which is made to restraint the legal proceedings is void under the law; thus, the contract between Raj and Nitin is also void and the action of Nitin suing Raj for the violation of the void contract would fail.

Hence, option C is correct.

**4.** In the present case, the contract between Rahul and Parul was never formed as Parul never conveyed her acceptance to the contract to Rahul. Thus, she would not get any legal damages for the violation of the contract. The **Legal Principle** is that the acceptance of an agreement by both the parties must be absolute and unqualified in order to constitute a valid contract.

Hence, option B is correct.

**5.** In the present case, the contract was to bring back a dead dog to life which is an impossible act. As the law says that a contract to do an impossible act is void ab initio; so, the contract between Tarun and Karan was void in law. Thus, Tarun's action of suing Karan for a void contract would fail in the court.

Hence, option B is correct.

**6.** According to Section 2(b) Contract Act 1950 provides that when the person to whom the proposal is made signifies his assent thereto, the proposal is said to have been accepted. Let us take the example of Zakaria and James

Zakaria telephones James and told him that he would pay the amount of £55,000 to buy over the car from James. But unfortunately the telephone line stopped working before Zakaria could hear James say, " I accept your offer". There is no contract as Zakaria has not been able to signify her proposal.

Hence, option A is correct.

**7.** An offer may require a unilateral act or an acts by two or more parties. Thus if X gifts Y his horse, it is an offer of unilateral acts as Y has to do nothing or pay nothing to X in return of the gifts of X. But in case of offers of bilateral acts or requiring actions by two or more persons, then the offeree is supposed to act or respond in a specified manner. Now suppose X offers to sell his horse for Rs. 1000 to Y then here Y also is expected to pay Rs. 1000 to X. It is only the second type of offers about which we are concerned in the Indian Contract Act. Thus an offer can be analysed into two parts comprising of :-

(a) A promise by the offeror, and

(b) A request to the offeree for something in return of the offer.

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

Hence, option A is correct.

**8.** Consideration in simple words means something in return of a promise which may either be benefit gained by one party or something lost by the other. So generally there can be no doubt that for a valid contract, there must be consideration, and also free consent. Consideration is, in a sense, the price agreed to be paid by the promisee for the obligation of the promisor. Consideration has, therefore, been defined in an English judgment as “some right, interest, profit or benefit accruing to one party (i.e. promisor) or forbearance, detriment, loss or responsibility given, suffered or undertaken by the other (i.e., the promisee)” at the request of the promisor.

Hence, option B is correct.

**9.** In most commercial contracts, two or more parties typically undertake to perform certain obligations vis-à-vis each other. Such obligations could be in the nature of reciprocal promises i.e., promises which form part or the entire consideration for each other.<sup>1</sup> In other words, the performance of one party's obligation is dependent upon the other party fulfilling its express or implied obligation.

Sections 51 to 54 of the Indian Contract Act 1872 ("Act") are the relevant provisions which specifically pertain to reciprocal promises. While Sections 51 and 52 explain the different situations where a reciprocal promise may be relevant, Sections 53 and 54 pertain to situations where one party fails to perform its obligation.

Hence, option C is correct.

**10.** According to Section 2(e) of the Indian Contract Act, 1872, "Every promise and every set of promises forming the consideration for each other is an agreement". example A promises to B to sell his Laptop for Rs. 25,000/- and B accepts to purchase it for the said amount. here 'A' and 'B' entered into an agreement.

Hence, option C is correct.



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