

# CLAT 2019

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# CONTRACT LAW QUESTIONS FOR CLAT

## LAW OF CONTRACT QUIZ 3

Directions: Read the questions carefully and choose one of the options as your answer.

- (1). **Legal Principle:** A contract requires a proposal and an acceptance of the proposal. It is necessary to make a binding contract, not only that the proposal be accepted, but also that the acceptance is notified to the proposer.

**Factual Situation:** Diu offered to purchase a home owned by Pawan for 20,00,000. He wrote to Pawan's agent asking whether his offer was accepted. He also added that he was ready to accept any higher price if found reasonable. The agent of pawan Shyam sunder replied, 'would not accept less than 30,00,000'. Diu accepted this and brought a suit in a local court for specific performance.

**Issue:** Is Pawan liable for specific performance?

**Decision:**

- A. Pawan is liable for the specific performance of the contract entered into Diu and Pawan.
- B. Pawan is not liable.
- C. The contract is void ab intio.
- D. The contract is voidable.
- (2). **Legal Principle:** A counter offer doesn't give rise to contractual binding.

**Factual Situation:** Aman offered to sell a Rolls Royce for \$1,500 to Xiaomi who said he would give \$800. Aman refused and Xiaomi who then said he would give \$1,500. Aman declined to adhere to his original offer and Xiaomi tried to obtain specific performance in the court. Decide as a judge?

**Issue:** Is there a valid contract between Aman and Xiaomi?

**Decision:**

- A. There is not valid contract as Xiaomi's offer to pay \$1500 is a refusal of the offer.
- B. There is a valid contract and Aman is liable for specific performance.
- C. It is voidable contract at the option of Xiaomi.
- D. The contract is void ab intio.

- (3). **Legal Principle:** '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, is called a consideration for the promise'.

**Factual Situation:** A doctor gave up his lucrative practice in the city and served as manager of an ashram at the Ashram's request in lieu of which the manager of the ashram subsequently promised a monthly remuneration.

**Issue:** What is the nature of contract?

**Decision:**

- A. There was a valid contract as there is a good consideration.

- B. Such vague promises do not result into contract.
- C. Contract is voidable at the option of land owner.
- D. Contract is void ab intio

**(4). Legal Principle: Communication of offer and acceptance is must for a valid contract.**

**Factual Situation: A proposes by speed post, to sell a watch to B at a definite price. A revokes his proposal by email after 6 hours to B.**

**Issue: Whether the revocation of an offer is valid?**

**Decision:**

- A. Yes, revocation of offer is valid.
- B. Revocation of offer is not valid because it is not complete.
- C. Neither (a) nor (b).
- D. Revocation of offer is not accepted through two different means.

**(5). Legal Principle: An agreement, the meaning of which is not certain, or capable of being made certain, is void.**

**Factual Situation: Mohan offered to sell land to Nimrat at 80 lakhs. Nimrat replied accepting the offer and enclosing 30 lakhs and promising to pay the balance amount by monthly installments of 50000 each. Since Nimrat accepted the offer subject to making full payments in installments, decide as a judge whether there is a valid contract?**

- A. Valid contract.

- B. Invalid contract.
- C. Voidable at option of Mohan.
- D. Misrepresentation of Facts in contract.

(6). **G.O.I floats a tender for making bridges in his industrial township. This tender is of the nature of \_\_\_\_\_ .**

- A. An invitation to offer
- B. An offer
- C. A proposal
- D. A promise

(7). **An agreement to remain unmarried formed with a business partner is \_\_\_\_\_ .**

- A. Valid
- B. Void
- C. Voidable
- D. Unenforceable

(8). **What is the reasonable time to perform a Contract is \_\_\_\_\_ .**

- A. A question of Fact
- B. A question of Law
- C. A mixed question of fact and Law
- D. A procedural question.

(9). **A contract can be discharged \_\_\_\_\_ .**

- A. By the Due Performance of the Contract.
- B. By Frustration of the Contract.
- C. Neither A nor B.
- D. Both A or B

**(10). A operates a property business. He offers B to buy any property from his assets in lieu of 100000 rupees. Is this offer a valid offer?**

A. Valid offer

B. Invalid offer

C. Only invitation to offer

D. Auction of stuff



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### Correct answers:

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

### Explanations:

1.

Pawan is not liable because there is only an invitation to offer from Pawan's agent. There is no meeting of the minds, hence no valid contract can be formed.

Hence option B is correct.

2.

The original offer was not accepted by Xiaomi and thus his claim for specific performance will fail in the court.

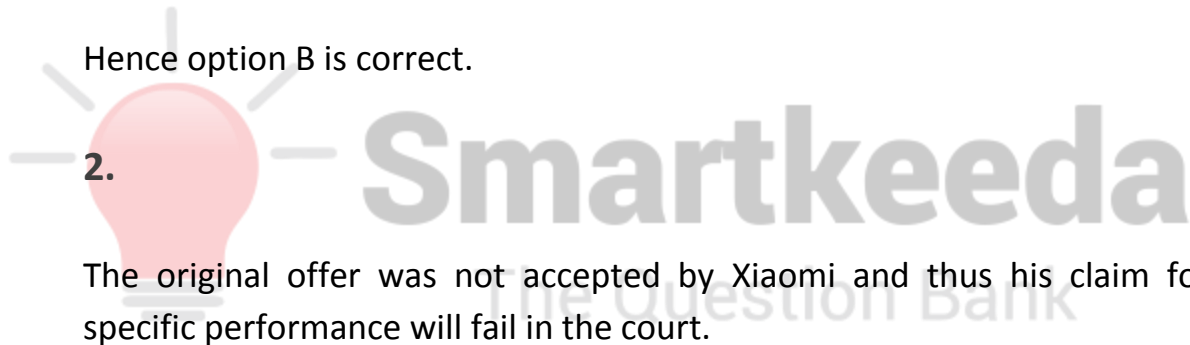
Hence option B is the correct answer.

3.

Consent of the doctor is not taken by misrepresentation or fraud or undue influence. Contract is valid.

Hence option A is the right answer.

4.



Revocation must be done before B has accepted the proposal. A has revoked before post reached B.

Hence option A is the right answer.

**5.**

Invalid as the offer was for full 80 lakhs and not in instalments.

Hence option B is the right answer.

**6.**

The invitation to offer is made to inform the public, the terms and conditions on which a person is interested in entering into a contract with the other party. Although the former party is not an offeror as he is not making an offer instead, he is stimulating people to offer him. Therefore, the acceptance does not amount to a contract, but an offer. When the former party accepts, the offer made by the other parties, it becomes a contract, which is binding on the parties.

Example: Menu card of a restaurant showing the prices of food items.

Government Tender

Hence, option A is correct.

**7.**

Section 26 of the Indian Contract Act of 1872 states that every agreement in restraint of marriage, except those in restraint of marriage of minors, is void.



Hence, option B is correct.

**8.**

What is a reasonable time for performance is a question of fact to be determined as a fact, in view of the circumstances of the case. Accordingly if an action is brought on an agreement to accept a conveyance and in consideration thereof to execute a written contract to pay a certain mortgage, and to reconvey on payment of the amount of such mortgage, and the defense is that plaintiff delayed an unreasonable time before performing the conditions precedent on his part to be performed, it is not error for the court to refuse to charge that a delay of four months would be unreasonable. On the other hand, a notice for performance in eighty days, given to the vendor, followed by demand for performance in five days, followed by a delay of six weeks before bringing a suit for specific performance, has been held as a fact to give to the vendor a reasonable time for performance

Hence, option A is correct.

**9.**

Option A is clear in itself. A contract may be discharged by frustration. A contract may be frustrated where there exists a change in circumstances, after the contract was made, which is not the fault of either of the parties, which renders the contract either impossible to perform or deprives the contract of its commercial purpose.

Hence, option D is correct.

**10.**

A operates a property business and is having many properties. He makes a general offer to B and if B accepts the same it will become a contract. This contract is not vague.

Hence, option A is correct.



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