

DIRECTORATE OF DISTANCE EDUCATION  
NALSAR UNIVERSITY OF LAW, HYDERABAD

P.G.DIPLOMA IN ALTERNATIVE DISPUTE RESOLUTION  
2019 – 2020

Take Home - Annual Exams (August, 2020)

**PAPER II - 1.2. Law of Contracts**

**TOTAL MARKS: 100**

**INSTRUCTIONS TO CANDIDATES**

- a) Please mention your name, ID No. and Subject name on the Answer Sheet.**
- b) Only typewritten answers will be accepted.**
- c) Clearly indicate the question numbers while answering them.**
- d) Answer all the questions given below. Each question is for 25 Marks.**
- e) The word limit is mentioned to give an approximate idea about the length of the answer.**
- f) Cut and paste of any material either from reading material or from internet will result in rejection of answer-sheet, which means a failure with zero marks. No plagiarism.**
- g) Do not consult other students as that has every chance of coming within the purview of plagiarism.**

**Answer the following questions:**

1. It is a settled law that a stranger to a contract cannot enforce it. This may result in injustice in some situations. Explain the rationale behind the doctrine of privity of contract and discuss the exceptions to the doctrine under the Indian law with the help of important judicial decisions. **(Word Limit: Not more than 600)**

2. A, owes an amount 12 lakhs to B. The due date of repaying the amount is 30<sup>th</sup> December 2019. He fails to repay the amount on the said date. B threatens to institute a suit against him. A, is unable to repay the amount because of he is duped by C to the tunes of 10lakhs. He offers to repay the amount in 4 installments of 3 lakhs each after every 3 months. B accepts his proposal. Nevertheless after two installments, B insists on getting the entire amount else he is free to institute a suit against him in the court for the recovery of the remaining amount. A argues that B cannot do that before the expiry of the one year period.

What obligations are generated by the new agreement between A and B, if any? Discuss and decide referring to the relevant provisions of law and cases. **(Word Limit: Not more than 500)**

3. What do you understand by discharge of a contract? Discuss the ways in which a contract could be discharged. **(Word Limit: Not more than 700)**
4. (a) What are liquidated damages (LD)? What is the need and advantage of an LD clause? How is LD different from ordinary or unliquidated damages? **(15 Marks, Word Limit: 400 to 500 Words)**

(b) What are the formal requirements of a government contract as to parties, writing, signatures and authority of signature? What is the effect on the contract if any formality is not followed? **(10 Marks, Word Limit: Approximately 300 Words)**