

**DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD**

Post-Graduate Diploma in Alternative Dispute Resolution (Batch 2020 – 2021)

Take Home – Annual Examination (June, 2021)

Paper II – 1.2. Law of Contracts

TOTAL MARKS: 100

INSTRUCTIONS TO CANDIDATES

- a) Read the instructions for Take Home Examination carefully and adhere to the same.
 - b) *Please mention your name, ID No., subject name and total number of pages on the Answer Sheet.*
 - c) *Clearly indicate the question numbers while answering them.*
 - d) *Answer all the four questions and each question carries 25 marks.*
 - e) *The approximate word limit for a 25 marks question is 800-1000, for a 15 marks question, 600-700, for a 10 marks question 400-500 and for a 5 marks question 200-250*
 - f) *All the candidates are required to submit only word / Pdf files containing the typed answers.*
 - g) *All papers will be uploaded on Turn-it-in for plagiarism check. Any paper with more than 15% similarity will be considered to be plagiarized and shall not be evaluated.*
 - h) *Since this is a take home exam, we expect your answers to be analytical rather than straight answers.*
 - i) Copying from any source including from other students is strictly prohibited. Plagiarism is considered as a serious academic mis-conduct and the University will take action as it deems fit.
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1. Yash Singhania is the owner of a chain of restaurants. He is always on hunt for properties. He comes to know about a very spacious piece of land near to a lake which he finds very suitable for his new restaurant. He finds out the contact details of the owner of the land and sends him a letter, offering to buy the land for 8 crore rupees. The owner replies back, "Any amount below 10 crore is not acceptable." Yash consults his friend who is a real estate agent about the price, who informs him that it is a very good deal for 10 crore rupees. Yash immediately sends a letter to the owner stating he is ready to pay the said amount. Please specify- cash or cheque? The owner however refuses to sell the property. Sanjay, institutes a suit against the owner of the property for breach contract. Discuss and decide.
2. A is working with a company Panasonic Security Systems (PSS) which is into the production of security equipments. A is working at a level where he becomes privy to sensitive information related to the gadgets manufactured by the company.

The employment agreement between them provides that

1 (a) A is hired for a period of 4 years. During this period he cannot work in any capacity for any company dealing in security equipments.

1(b) Also he cannot work with any company doing any type of business anywhere.

2 (a) At the end of 4 years he has a choice to continue. If he decides to leave he has to give an advance notice of 3 months. During this period he cannot come to the office and also cannot join any other organization. He shall be entitled to his full salary during the said period.

2 (b) After the notice period he can join his new employer immediately, provided the new employer is not dealing in security equipment's. If the new employer deals in security equipment's, he i.e. (A) cannot join for a further period of 3 month. However he is entitled to his last drawn salary during the said period.

Decide the legal validity of the above mentioned clauses with the aid of relevant provisions of law and cases.

3. An agreement opposed to public policy is void. But courts must be extremely careful in applying this doctrine, because "it is a very unruly horse, once you get astride you never know where it will carry you". Discuss the test laid down by the courts for declaring an agreement void on account of public policy. Critically analyse the various heads of public policy.
4. An irrevocable commitment either in the form of confirmed bank guarantee or irrevocable letter of credit is the life blood of international commerce hence must be honored. Explain their nature and the obligation of the bank to honor them. When can a bank refuse payment of the above mentioned guarantee or letter of credit? Discuss the factors a court take into account (i.e. how it decides) before granting an injunction restraining the enforcement of the above mentioned irrevocable commitments.