

SUGGESTED ANSWERS FOR TEST -1 (ICA – Topic 1 & 2)

1. "Good Girl" Soap Co. advertised that it would give a reward of Rs. 1,000 who developed skin disease after using, "Good Girl" soap of the company for a certain period according to the printed directions. Miss. Rakhi purchased the advertised "Good Girl" and developed skin disease inspite of using this soap according to the printed instructions. She claimed reward of Rs.1,000. The company refused the reward on the ground that offer was not made to her and that in any case she had not communicated her acceptance of the offer.

Decide whether Miss. Rakhi can claim the reward or not.

Answer:

- **As per the provisions of The Indian Contract Act, 1872**, an Advertisement issued by the company is an offer made to the public in general and hence any one can accept and do the desired act.
 - Where a general offer is of continuing nature, it will be open for acceptance to any number of persons until it is retracted.
 - **Facts of the case state that** Good Girl soap Co. advertised that it would give a reward of Rs. 1,000 who developed skin disease after using their soap. Ms. Rakhi purchased the same and used it. She developed the disease after using it. Later the company refuses to pay award to her that she had not communicated her acceptance to them.
 - **Question involved is** whether Ms. Rakhi can claim the reward or not.
 - **Applying the above provisions in the given case we understand that** performance of the conditions of a proposal is an acceptance of the proposal. So there is no need of actual and formal offer and the communication of an acceptance of an offer.
 - In this case Ms. Rakhi has received an offer through general offer. Therefore acceptance for such offer is not necessary by express means.
 - **Therefore, we can conclude that** Ms. Rakhi can claim the reward of Rs.1, 000.
2. Father promised to pay his son a sum of Rs.1 lakh if the son passed C.A. examination in the first attempt. The son passed the examination in the first attempt, but father failed to pay the amount as promised. Son files a suit for recovery of the amount. State along with reason whether son can recover the amount under the Indian Contract Act, 1872.

Answer:

- **As per Sec.10 of The Indian Contract, 1872**, there should be an intention to create legal relationship between the parties.
- **In the given case**, Father promises to his son that, if he passed C.A examination in first attempt, he will award one lakh to him. Later son have passed according to the condition, father failed to pay the amount that he promised.
- **Question involved is** whether the son can recover the amount from his father or not.
- **Applying the above provisions in the given case, we understand that** Agreements of a social nature or domestic nature do not contemplate legal relationship and such are not contracts, which can be enforced. In this case there is no contractual relationship between father and son.
- **Accordingly, we can conclude that** in this case son cannot recover the amount of Rs.1 lakh from father.

3. Distinguish between void and voidable Contracts.

Answer:

Basis	Void Contracts	Voidable Contract
1. Meaning	Sec. 2(j): A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.	Sec. 2(i): A voidable Contract is one which may be repudiated at the will of one or more of the parties but not at the will of the other or others.
2. Nature	<ul style="list-style-type: none">At the time of making, it is valid.Subsequently it becomes unenforceable due to some defect.	It is Voidable at the option of the aggrieved party and remains valid till rescinded by him.
3. Rights	It does not provide any legal remedy for the parties to the contract. Even the Court will not permit performance of the Contract even if the parties desire.	Aggrieved party gets a right to rescind the contract. When he rescinds it, contract becomes void. In case he does not rescind the contract within a reasonable time, it remains valid.
4. Example	A and B contract to marry each other. Before the time fixed for the marriage, A goes mad. The contract becomes void.	D was enfeebled by disease. B, his medical attendant influenced him to agree to pay B an unreasonable sum for his professional services. B employs undue influence. D's consent is not free and can set aside the Contract.

4. State whether the following is true or false with reasons:

- a. Social agreements are enforceable in the Courts of India.

Ans: False. Social agreements do not create any legal obligation, hence are not enforceable in the courts of India.

- b. The proposal should always be communicated to the person to whom it is made.

Ans: True. The proposal should be communicated to whom it is made except when that person specifies that it can be sent to his agent as well.

- c. A tender does not amount to an offer.

Ans: False. A tender is a kind of standing offer.

- d. In case of void agreements, collateral transaction are also void.

Ans: False. Collateral transaction to illegal agreement is also void but not for void agreements.

- e. When a person without expressing his final willingness proposes certain terms on which he is willing to negotiate he makes a standing offer.

Ans: False. When a person without expressing his final willingness proposes certain terms on which he is willing to negotiate is treated as a counter offer and amounts to rejection of the original offer.

5. Ramaswami proposed to sell his house to Ramanatham. Ramanatham sent his acceptance by post. Next day, Ramanatham sends a telegram withdrawing his acceptance. Examine the validity of the acceptance in the light of the following:
- The telegram of revocation of acceptance was received by Ramaswami before the letter of acceptance.
 - The telegram of revocation and letter of acceptance both reached together.

Answer:

- **As per Sec.4 of Indian Contract Act, 1872 states** that the communication of an acceptance is complete as against the acceptor when it comes to the knowledge of the proposer.
- As per Sec. 5 of Indian Contract Act, 1872 An acceptance may be revoked at time before the communication of the acceptance is complete as against the acceptor, but not afterwards.
- **In the given case:** Ramaswami proposed to sell his house to Ramanatham. Acceptance is given through post. Later Ramanatham withdrew his acceptance through telegram.
- **Question involved is** about validity of acceptance under different circumstances.
- There are two conflicts - One if letter have reached first Ramanatham is liable to buy the house or else telegram reaches first the contractual capacity of Ramanatham gets revoked.
- **Referring to the above provisions, we may conclude that**
- The revocation of acceptance by Ramanatham (the acceptor) is valid if telegram of revocation of acceptance was received by Ramaswami before the letter of acceptance as he gets the knowledge of revocation before the letter of acceptance.
- The revocation of acceptance by Ramanatham (the acceptor) is valid if Ramaswami opens the telegram first (and this would be normally so in case of a rational person) and reads it, the acceptance stands revoked.
- If he opens the letter first and reads it, revocation of acceptance is not possible as the contract has already been concluded.