

TEST -2 (ICA – Topic 3, 4 & 5)

Answer any 6 questions. Each question carries 4 marks each. Duration – 60 Mins

1. X, minor was studying B.Com, in a college. On 1st July, 2008 he took a loan of Rs. 10, 000 from B for payment of his college fees and to purchase books and agreed to repay by 31st December, 2008. X possesses assets worth Rs. 2 lakhs. On due date X fails to pay back the loan to B. B now wants to recover the loan from X out of his (X's) assets. Referring to the provisions of Indian Contract Act, 1872 decide whether B should succeed.
2. X, agreed to sell his property worth about Rs.1,00,000 for Rs.10,000 only. X's mother proved that X was a congenital idiot, incapable of understanding the transaction. Is this sale valid?
3. X beats Y and compels him to sell his house for Rs.1,00,000. Y agrees to sell his house to X. Y signs the necessary documents for the sale of house and receives the payment. Later on, Y wants to avoid the contract? Will he succeed?
4. X is having two horses, a white and another black. X offers to sell his black horse to Y. Y not knowing that X has two horses, thinks of white horse and agrees to buy the horse. Is this agreement valid?
5. "A" applies to a banker for a loan at a time where there is stringency in the money market. The banker declines to make the loan except at an unusually high rate of interest. A accepts the loan on these terms. Whether the contract is induced by undue influence? Decide.
6. A appoints M, a Minor, as his agent to sell his watch for cash at a price not less than Rs. 700. M sells it to D for Rs. 350. Is the sale valid? Explain the legal position of M and D, under the Contract Act, 1972.
7. X transferred his house to his daughter M by way of gift. The gift deed, executed by X, contained a direction that M shall pay a sum of Rs.5,000 per month to N (the sister of the executants). Consequently M executed an instrument in favour of N agreeing to pay the said sum. Afterwards, M refused to pay the sum to N saying that she is not liable to N because no consideration had moved from her. Decide with reasons under the provisions of the Indian Contract Act, 1872 whether M is liable to pay the said sum of N.

GOOD LUCK !