

Contract-I — Law of Contract

KSLU LL.B. — Complete Exam-Ready Study Bundle (All Five Units)

KSLU LL.B. Study Bundle

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Read this first page, then go to your unit. This bundle covers the whole of Contract-I — the general principles of the Indian Contract Act, 1872 and the relevant parts of the Specific Relief Act, 1963. Everything is in plain English, every Latin maxim is translated in [brackets], and every topic is built backwards from the real KSLU exam questions (2011–2026, both 80- and 100-mark papers).

How to Use These Notes

What this is. A complete, exam-focused bundle covering all units of KSLU Contract-I. Every topic is built from one question: *what will the examiner ask, and how do I score full marks?* High-frequency questions get the most space; the years listed under each question tell you where to spend revision time.

Who it is for. The first-time learner (understand before memorising), the revision student (fast high-yield recall), and the last-week crammer (which questions repeat and how to answer them).

What is inside every topic — the same blocks, in the same order:

Block	Its job	The mark it earns
Previous Year Questions	Real questions + years asked	What to prepare and how often it repeats
The Hook	A true story / landmark-case opener	Memorable; a strong opening line
Jurist / Statutory Quotes	Exact definitions & sections	Examiners reward precise authority
In Simple Terms	Plain-English translation	Ensures you <i>understand</i>
The Visual (chart)	Maps the topic structure	Recall and structure at a glance
Case Laws	Landmark judgments + ratio	Case names with years are pure marks
☰ Tracker + ⚠ Risk Alert	Answer plan + applied IRAC	Converts knowledge into a scoring answer

Each unit closes with a **Quick Revision & Case Law Table** for the final hour.

The 4-step study plan. (1) Read the PYQ box first. (2) Understand, then memorise. (3) Trace the chart from memory. (4) Rehearse the Tracker and one Risk Alert.

The 10 Rules That Win Marks

1. **Lead with a definition + roadmap.**
2. **Follow the Blueprint Tracker** stage by stage.
3. **Name the case AND the year** every time.
4. **Quote the exact section / jurist** where given.
5. **Translate every Latin maxim in [brackets].**
6. **Use the four IRAC headings** for problems; spot the decoy fact.
7. **Always give a definite verdict.**
8. **Use the chart's structure** to organise the body.
9. **Close with a short, confident conclusion.**
10. **Manage time** so no high-mark question is left unwritten.

Disclaimer. A study aid, not a substitute for the bare Act and prescribed texts. Cross-check every section number against the official Indian Contract Act, 1872 and Specific Relief Act, 1963. © Medha-Academy.in · KSLU LL.B. · For personal academic use.

UNIT 1 — Formation of Contract & Consideration

Contract-I (Law of Contract) · KSLU LL.B. · Medha-Academy.in

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1. Definition, Essentials & Classification of Contract

Previous Year Questions

- **[16M]** Define contract. Explain the essentials of a valid contract. (Jun2011, Jun2017, Jun2018, Nov2021) ★★
- **[16M]** “All contracts are agreements but all agreements are not contracts.” Explain. (Jan2012, Dec2013, Jun2019, Dec2019, Dec2018, Jun2019-80, Feb2025) ★★
- **[16M]** “An agreement enforceable by law is a contract.” Discuss. (Feb2025, Aug2024)
- **[16M]** What are the requisites of a valid contract? Explain its classification. (Dec2014)

The Hook

In 1919, Mr Balfour, posted to Ceylon, promised his wife £30 a month while she stayed back in England for her health. When the marriage broke down she sued on the promise. The court refused — a husband's domestic promise was never meant to be enforceable. *Balfour v Balfour* fixed the first lesson of contract law: **not every promise is a contract.**

What is a Contract?

The Indian Contract Act, 1872 builds a contract in two steps. First, an **agreement** — under Section 2(e), “every promise and every set of promises forming the consideration for each other.” A promise itself (Section 2(b)) is an accepted proposal. Second, that agreement must be **enforceable by law.**

So the famous equation is: **Agreement = Offer + Acceptance**, and **Contract = Agreement + Enforceability**. Every contract is an agreement, but only those agreements that the law will enforce become contracts. A dinner invitation is an agreement; it is not a contract.

Section 2(h): “An agreement enforceable by law is a contract.”

In Simple Terms: Two people must reach the *same* understanding (*consensus ad idem* [meeting of minds]) and the law must be willing to back it with a remedy. If either is missing, there is no contract.

Essentials of a valid contract (Section 10). An agreement is a contract if it is made by (i) **free consent** of (ii) parties **competent to contract**, for (iii) a **lawful consideration** and (iv) a **lawful object**, and (v) is **not expressly declared void**. To these the courts add: an intention to create legal relations, certainty of terms (Section 29), and possibility of performance (Section 56).

Classification. Contracts are classified by:

- **Enforceability** — valid, void (Section 2(g)), voidable (Section 2(i)), illegal, and unenforceable.
- **Formation** — express, implied, and quasi (constructive) contracts.
- **Performance** — executed (done) and executory (yet to be done); also unilateral and bilateral.

The Visual



Case Laws

- **Balfour v Balfour (1919)** — domestic/social agreements lack intention to create legal relations; not contracts.
- **Carlill v Carbolic Smoke Ball Co. (1893)** — a general offer to the world becomes a contract with whoever performs the condition.
- **Rose & Frank Co. v Crompton Bros. (1925)** — an express “honour clause” can keep even a commercial agreement out of court.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with *Balfour*; state that every contract is an agreement but not vice versa.
- **STAGE 2** → **The two equations:** Agreement = offer + acceptance (S.2e); Contract = agreement + enforceability (S.2h).
- **STAGE 3** → **Essentials (S.10):** list and explain the five statutory essentials + the three judge-made ones.
- **STAGE 4** → **Classification:** by enforceability, formation, performance — one line each.
- **STAGE 5** → **Verdict:** enforceability is the dividing line; close with *Balfour*.

⚠️ **FACT-PATTERN RISK ALERT**

Scenario: A invites B to dinner; B accepts but fails to attend; A sues to recover the money spent on the food. (decoy: money was actually spent)

- **I — ISSUE:** Is a social invitation an enforceable contract?
- **R — RULE:** S.10 + *Balfour v Balfour* — a social/domestic agreement lacks intention to create legal relations.
- **A — ANALYSIS:** The expense is real, but the parties never intended legal consequences; the “decoy” of money spent does not convert a social arrangement into a contract.
- **C — CONCLUSION:** No contract; A cannot recover the dinner expenses.

2. Offer / Proposal

Previous Year Questions

- **[16M]** Define offer/proposal. Explain the rules relating to a valid offer (with decided cases). (Jan2011, Dec2015, Dec2016, Apr2023, Jan2026) ★★★
- **[16M]** Define proposal. Explain the circumstances under which it lapses. (Dec2020, Apr2021, Jun2016, Jan2026, Dec2018, Apr2021-80) ★★★
- **[16M]** Define offer. Distinguish it from invitation to offer. (Nov2022)
- **[Short Note]** Invitation to offer; General offer; Counter offer. (Jun2017, Dec2018, Nov2021, Jun2015, Dec2017, Aug2024, Jun2019)

The Hook

The Carbolic Smoke Ball Co. advertised £100 to anyone who caught influenza after using its smoke ball, and said it had deposited £1,000 in a bank “to show our sincerity.” Mrs Carlill used the ball, caught flu, and claimed. The company argued an advertisement is mere puff — but in 1893 the court held this was a serious **general offer** accepted by performance. The advertisement cost the company dearly.

What is an Offer?

Under **Section 2(a)**, a person makes a proposal “when he signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other.” The person making it is the **promisor/offeror**; the person to whom it is made is the **offeree**.

Rules of a valid offer. (1) It must intend to create legal relations. (2) Its terms must be **certain** (Section 29), not vague. (3) It must be **communicated** to the offeree (Section 4) — you cannot accept an offer you do not know of. (4) It must be distinguished from an **invitation to offer** (a price list, display of goods, auction catalogue, tender notice). (5) It may be **specific** (to a person) or **general** (to the world, as in *Carlill*). (6) An offer must not contain a term that silence will be treated as acceptance.

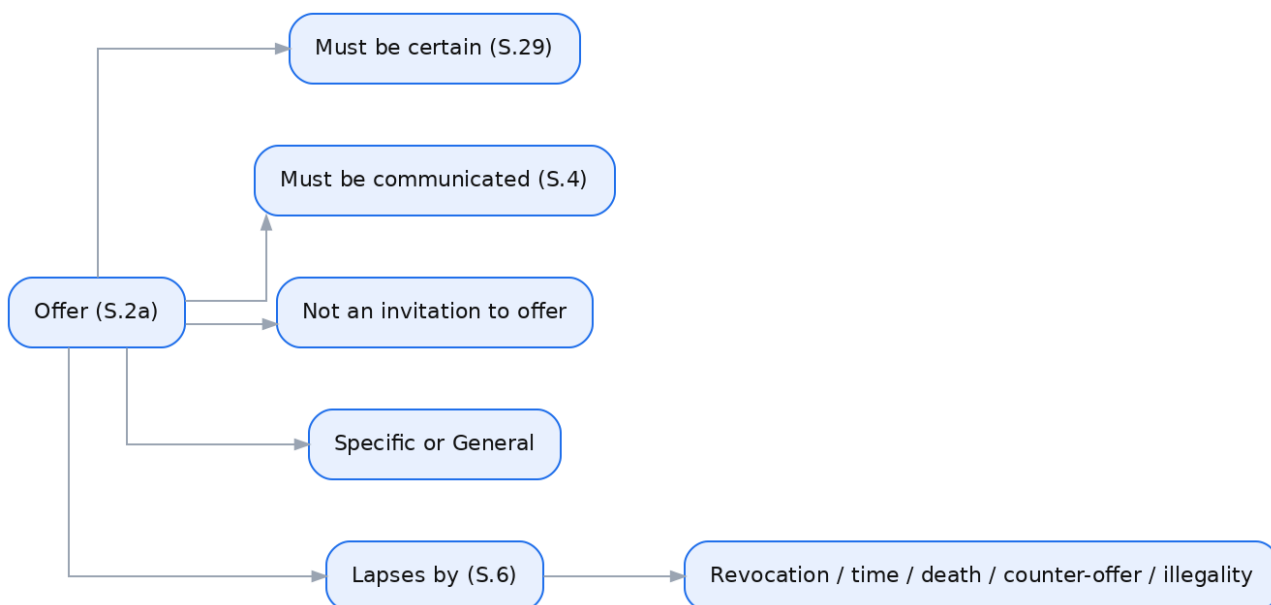
Invitation to offer. A shopkeeper displaying goods with a price tag is only *inviting* offers; the customer makes the offer at the counter, which the shopkeeper may accept or refuse (*Pharmaceutical Society v Boots*).

How an offer comes to an end. Section 6 lists **four** statutory modes of revocation/lapse: (1) **communication of revocation** before acceptance is complete; (2) **lapse of time** fixed, or a reasonable time; (3) **failure of a condition** precedent; and (4) **death or insanity** of the offeror, if known to the offeree before acceptance. Two further modes come from the **general law**, not Section 6: **rejection or a counter-offer** (which destroys the offer — *Hyde v Wrench*, flowing from Section 7), and **supervening illegality** where a change of law makes the proposed act unlawful.

Section 2(a): “When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal.”

In Simple Terms: An offer is a clear, communicated willingness to be bound on fixed terms the moment the other side says “yes.” Anything that merely invites bargaining is not an offer.

The Visual



Case Laws

- **Carlill v Carbolic Smoke Ball Co. (1893)** — advertisement with a deposited reward is a binding general offer accepted by performance.
- **Harvey v Facey (1893)** — a quotation of the lowest price (“£900”) is information, not an offer.
- **Pharmaceutical Society of Great Britain v Boots (1953)** — display of priced goods is an invitation to offer; the customer offers at the till.
- **Lalman Shukla v Gauri Dutt (1913)** — no acceptance without knowledge of the offer.
- **Harris v Nickerson (1873)** — an auction advertisement is only an invitation; no obligation to hold the sale.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with Carlill; define proposal under S.2(a).
- **STAGE 2** → **Rules of a valid offer:** certainty, communication, intention, kinds (specific/general).
- **STAGE 3** → **Offer v Invitation to offer:** display of goods, price lists, tenders, auctions — with Boots and Harvey v Facey.
- **STAGE 4** → **Lapse of offer (S.6):** the six modes, with examples.
- **STAGE 5** → **Verdict:** an offer is the precise willingness that, once accepted, binds; close with Carlill.

⚠️ FACT-PATTERN RISK ALERT

Scenario: A picks an article with a displayed price tag in a self-service store; at the counter the shopkeeper refuses to sell; A sues for breach. (decoy: the displayed price tag “looks like” an offer)

- **I — ISSUE:** Is the display of priced goods an offer that A “accepted”?
- **R — RULE:** S.2(a) + Boots — display is only an invitation to offer.
- **A — ANALYSIS:** A made the offer at the counter; the shopkeeper was free to reject it; no agreement arose. The price-tag decoy does not bind the seller.
- **C — CONCLUSION:** No contract; A’s suit fails.

3. Acceptance

Previous Year Questions

- **[16M]** Define acceptance. Explain/discuss the rules of a valid acceptance (with leading cases). (Dec2012, Jun2011, Jun2013, Dec2018, Dec2019, Apr2022, Oct2023) ★★★
- **[16M]** Define offer and acceptance and explain the rules regarding their revocation. (Jun2015, Jun2025, Nov2022) ★★★
- **[16M]** Define acceptance. What is the effect of acceptance? (Dec2019-80)
- **[Short Note]** Acceptance. (Dec2016, Jan2026)

The Hook

An uncle wrote to his nephew offering to buy his horse, adding “If I hear no more, I consider the horse mine.” The nephew said nothing but told an auctioneer to keep the horse out of the sale; by mistake it was sold. When the uncle sued the auctioneer, the court held in *Felthouse v Bindley (1862)* there was **no contract** — silence is not acceptance. You cannot force agreement by saying “your silence means yes.”

What is Acceptance?

Under **Section 2(b)**, when the offeree “signifies his assent” to the proposal, the proposal is accepted and becomes a **promise**. Acceptance is the spark that turns a proposal into an agreement.

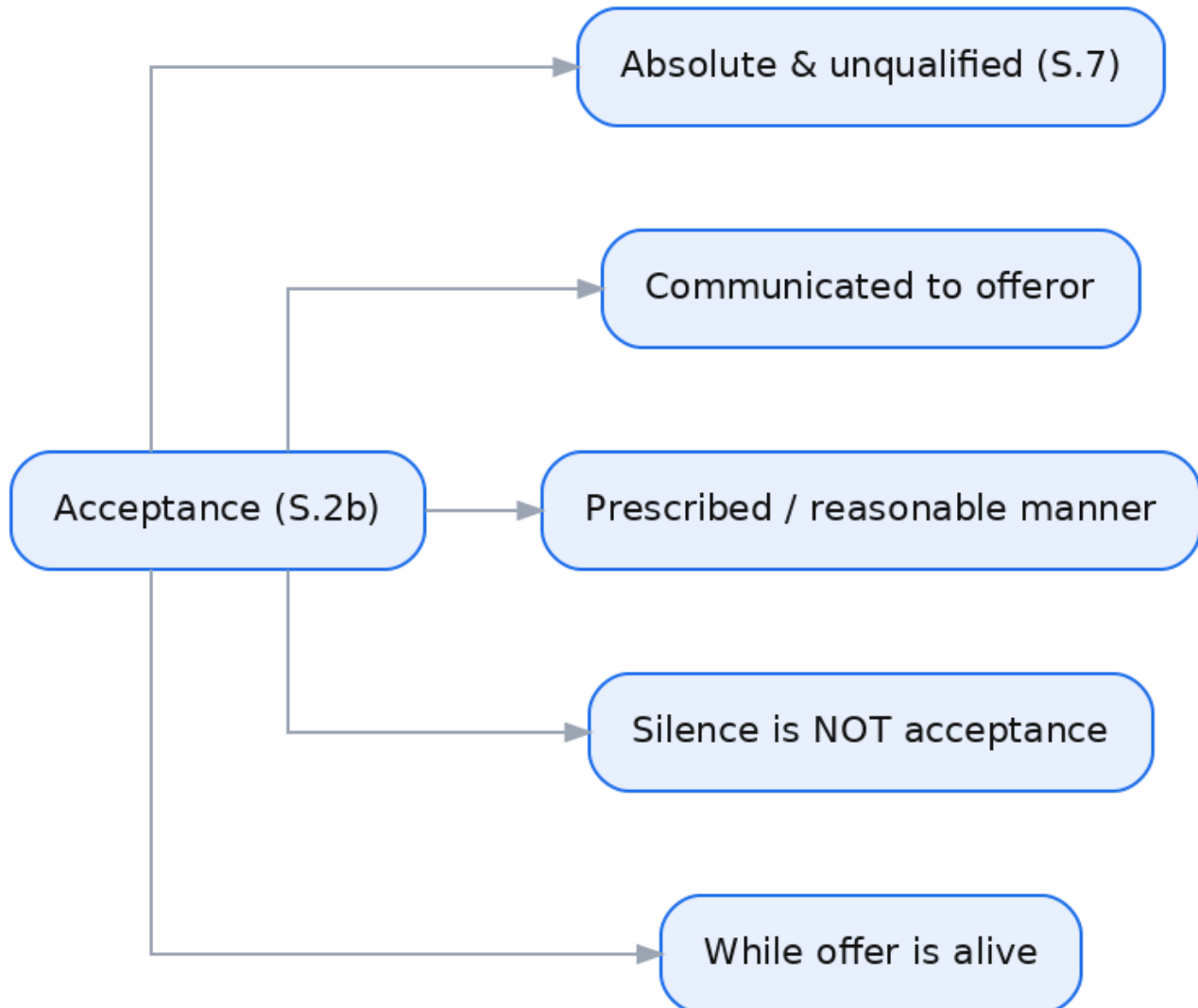
Rules of a valid acceptance. (1) It must be **absolute and unqualified** (Section 7) — a conditional or altered acceptance is a **counter-offer** that kills the original offer (*Hyde v Wrench*). (2) It must be **communicated** to the offeror; mere mental assent is not enough (*Brogden v Metropolitan Railway*). (3) It must be in the **prescribed manner**, or, if none, in a reasonable manner (Section 7). (4) **Silence is not acceptance** (*Felthouse v Bindley*). (5) It must be given **while the offer is alive** and by the person to whom it was made. (6) Acceptance of a **general offer** may be by conduct/performance (*Carlill*).

Effect of acceptance. “Acceptance is to a proposal what a lighted match is to a train of gunpowder.” Once communicated, the offer can no longer be revoked (Section 5), and a binding agreement comes into existence.

Section 2(b): “When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a promise.”

In Simple Terms: Say “yes” to the exact offer, say it to the offeror, and say it in time. Change a term and you have rejected and re-offered; stay silent and you have done nothing.

The Visual



Case Laws

- **Felthouse v Bindley (1862)** — silence cannot be imposed as acceptance.
- **Hyde v Wrench (1840)** — a counter-offer destroys the original offer.
- **Powell v Lee (1908)** — acceptance must be communicated by an authorised person.
- **Brogden v Metropolitan Railway (1877)** — acceptance may be inferred from conduct once communicated.
- **Carlill v Carbolic Smoke Ball Co. (1893)** — performance is acceptance of a general offer; no separate communication needed.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with Felthouse; define acceptance under S.2(b).
- **STAGE 2** → **Rules:** absolute & unqualified (S.7), communicated, manner, silence, timing.
- **STAGE 3** → **Counter-offer:** Hyde v Wrench — alteration = rejection.
- **STAGE 4** → **Effect & revocation:** S.5; acceptance closes the offer; the gunpowder metaphor.
- **STAGE 5** → **Verdict:** acceptance is mirror-image assent; close with Felthouse.

⚠️ FACT-PATTERN RISK ALERT

Scenario: A in one city telephones B in another offering to sell a car; B says “I accept,” but a **line defect** means A does not hear it. (decoy: B believing acceptance is complete)

- **I — ISSUE:** Is acceptance complete when the offeror does not actually hear it (instantaneous communication)?
- **R — RULE:** S.4 + Entores v Miles Far East / Bhagwandas v Girdharilal — for instantaneous media, acceptance is complete only when received by the offeror.
- **A — ANALYSIS:** B must repeat the acceptance so that A hears it; the unheard words do not bind. The decoy of B’s belief is irrelevant.
- **C — CONCLUSION:** No contract until A actually receives the acceptance.

4. Communication & Revocation — When Complete

Previous Year Questions

- **[16M]** When are the communications of proposal, acceptance and revocation complete? Explain with illustrations. (Jun2012, Oct2023) ★★

The Hook

In 1818, a wool dealer posted an offer; the buyers posted their acceptance the same evening; meanwhile the seller, hearing nothing, sold the wool elsewhere. *Adams v Lindsell* decided the contract was made **the moment the acceptance was posted**, not when it arrived. The “postal rule” was born — and with it a favourite KSLU problem.

When is Communication Complete?

Sections 3–5 lay down precise moments.

Communication of a proposal (Section 4) is complete when it comes to the knowledge of the person to whom it is made.

Communication of an acceptance (Section 4) is complete at two different times for the two parties: **as against the proposer**, when it is put in a course of transmission (posted), so as to be out of the acceptor’s power; **as against the acceptor**, when it comes to the knowledge of the proposer.

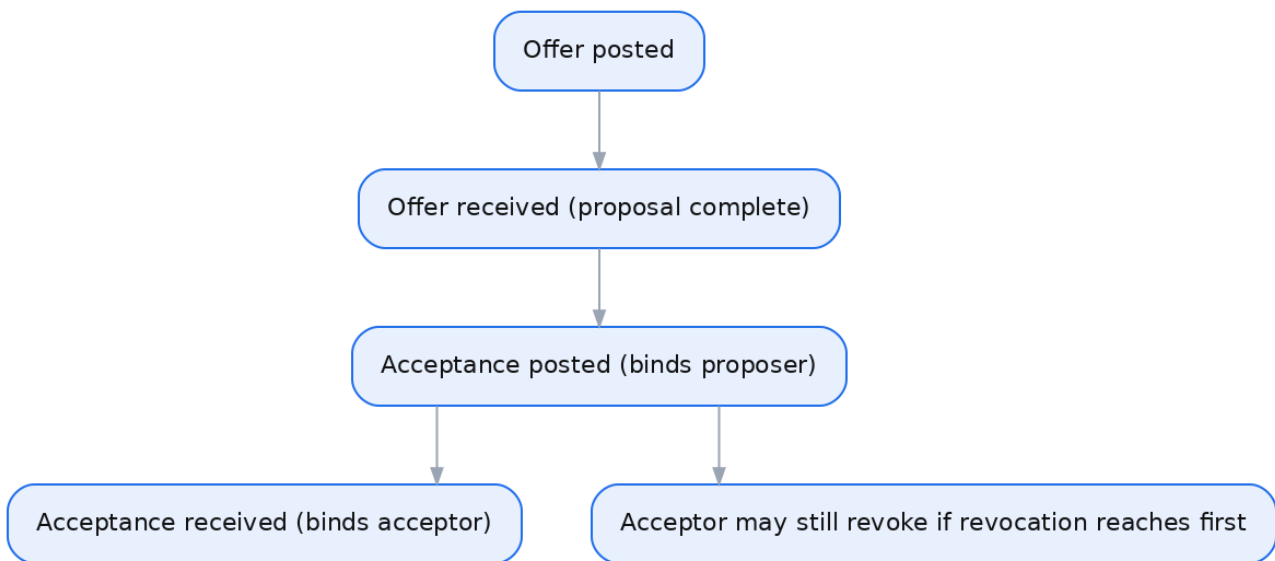
Communication of a revocation (Section 4) is complete: **as against the person making it**, when it is put into transmission; **as against the person to whom it is made**, when it comes to his knowledge.

Time for revocation (Section 5). A **proposal** may be revoked any time **before the acceptance is complete as against the proposer** (i.e., before the acceptor posts it), but not afterwards. An **acceptance** may be revoked any time **before it is complete as against the acceptor** (i.e., before it reaches the proposer), but not afterwards. This narrow window is what most postal-rule problems test.

Section 5: “A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards. An acceptance may be revoked at any time before the communication of the acceptance is complete as against the acceptor, but not afterwards.”

In Simple Terms: Posting the acceptance locks in the offeror but not yet the acceptor; the acceptor can still race a faster revocation that reaches the offeror **before or with** the acceptance letter.

The Visual



Case Laws

- **Adams v Lindsell (1818)** — acceptance by post is complete on posting (as against the proposer).
- **Henthorn v Fraser (1892)** — the postal rule applies where post is a reasonable mode of acceptance.
- **Byrne v Van Tienhoven (1880)** — revocation of an offer is effective only on receipt, not on posting.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with *Adams v Lindsell*; flag two different moments for acceptance.
- **STAGE 2** → **S.4:** completion of proposal, acceptance, revocation — with the illustration.
- **STAGE 3** → **S.5:** the revocation windows for proposal and acceptance.
- **STAGE 4** → **Apply to a postal problem:** show who is bound and when.
- **STAGE 5** → **Verdict:** timing is everything; close with the S.5 windows.

⚠️ **FACT-PATTERN RISK ALERT**

Scenario: A posts a proposal; B receives it and the same day posts acceptance; B then sends a **telegram revoking the acceptance** that reaches A together with / before the acceptance letter. (decoy: the later revocation telegram)

- **I — ISSUE:** Can B revoke an already-posted acceptance?
- **R — RULE:** S.5 — acceptance may be revoked before it is complete as against the acceptor (before it reaches A).
- **A — ANALYSIS:** If the telegram reaches A before or at the same time as the letter, the revocation is valid and no contract forms; if it reaches A after, the contract stands. The decoy telegram works only inside the S.5 window.
- **C — CONCLUSION:** Contract depends on which communication reaches A first — apply S.5 to the given dates.

5. Consideration

Previous Year Questions

- **[16M]** “An agreement without consideration is void.” Discuss / explain with exceptions. (Jan2011, Dec2016, Jun2015, Dec2020, Dec2019, Jan2026, Apr2022, Dec2018, Jun2019-80, Jan2026-80) ★★★
- **[16M]** Define consideration. Explain its essentials / exceptions. (Jan2012, Dec2013, Dec2014, Jun2014, Dec2012, Jun2018, Feb2025, Dec2017, Apr2023) ★★★
- **[16M]** Explain consideration with reference to leading cases; difference between English and Indian law. (Aug2024)

The Hook

When old Mr Beswick’s nephew bought his coal business, he promised to pay Mr Beswick’s widow £5 a week after his death. He paid once, then stopped. The widow had given nothing herself — yet she sued and won (as administratrix). The case shows why courts ask the central question of consideration: **what did each side give to buy the other’s promise?**

What is Consideration?

Consideration is the **price** for which a promise is bought. The classic English definition is in *Currie v Misa (1875)*: “some right, interest, profit or benefit accruing to one party, or some forbearance, detriment, loss or responsibility given, suffered or undertaken by the other.”

Under **Section 2(d)**, consideration arises 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.” A bare promise without consideration is *nudum pactum* [a naked promise] and is void.

Essentials of valid consideration. (1) It must move **at the desire of the promisor** (*Durga Prasad v Baldeo*). (2) It may move from the promisee **or any other person** — this is the key Indian departure from English law (*Chinnaya v Ramayya*). (3) It may be **past, present or future**. (4) It need not be **adequate** but must be **real** and of some value (Explanation 2 to Section 25). (5) It must be **lawful** (Section 23). (6) It must be **something the promisor is not already bound to do**.

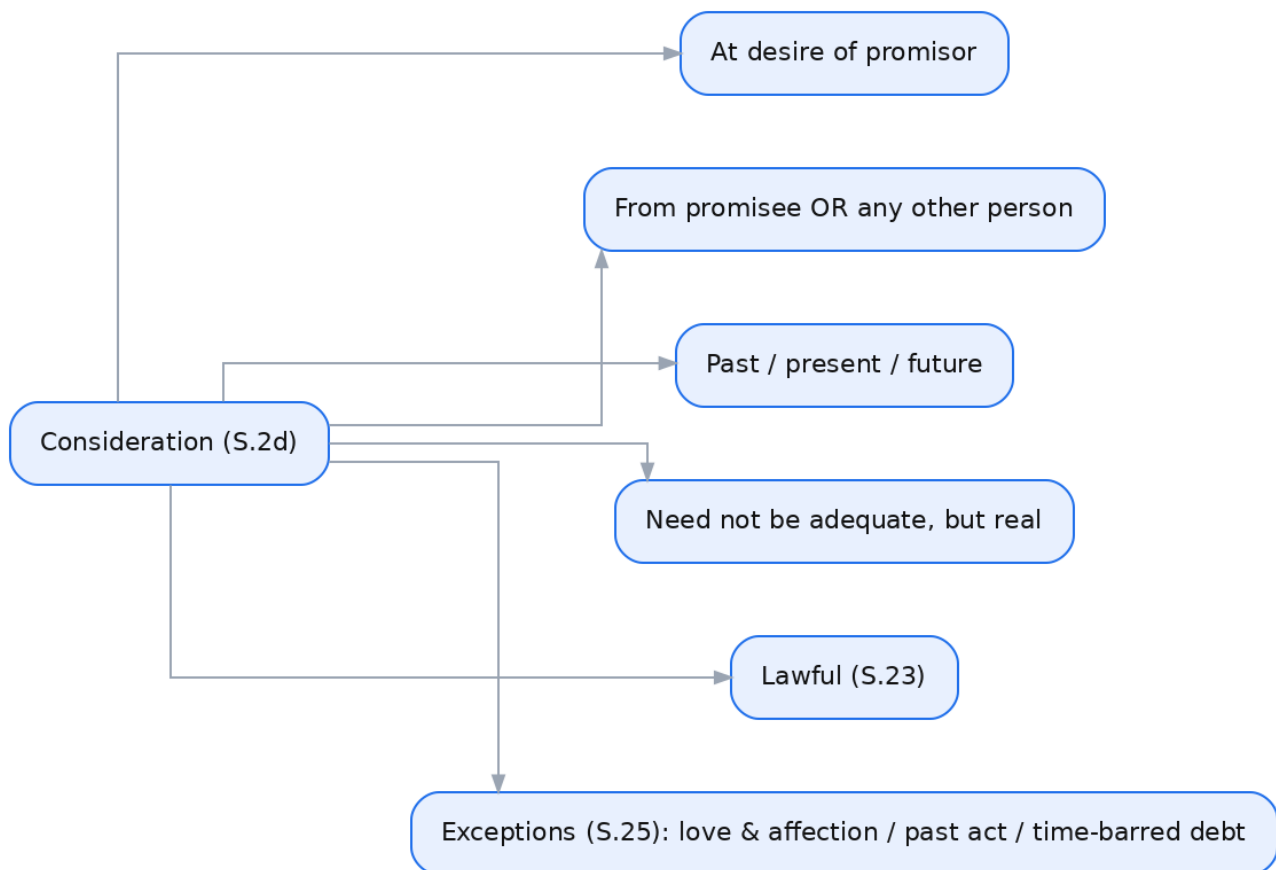
The rule and its exceptions (Section 25). An agreement without consideration is void **except**: (a) a promise in **writing and registered**, made out of **natural love and affection** between parties in near relation; (b) a promise to **compensate for a past voluntary act**; (c) a promise to pay a **time-barred debt** in writing signed by the debtor. Also outside the rule: completed **gifts** (Explanation 1) and creation of an **agency** (Section 185).

English v Indian law. In England, consideration must move *from the promisee*; in India, Section 2(d) allows it to move from “the promisee or any other person,” so a stranger to consideration may still sue.

Section 25: “An agreement made without consideration is void, unless...” (the three exceptions follow).

In Simple Terms: A promise is enforceable only if the other side paid something for it — money, an act, or a forbearance. The payment need not be a fair price, but it must be genuine; and a few special promises (registered family gifts, past services, time-barred debts) are enforced even without it.

The Visual



Case Laws

- **Currie v Misa (1875)** — defines consideration as benefit to one party or detriment to the other.
- **Chinnaya v Ramayya (1882)** — consideration may move from a third party; a stranger to consideration can sue in India.
- **Durga Prasad v Baldeo (1880)** — consideration must move at the promisor's desire, not voluntarily.
- **Kedarnath v Gorie Mahomed (1886)** — a subscriber's promise is enforceable where liability was incurred on its faith.
- **Abdul Aziz v Masum Ali (1914)** — a bare subscription promise with no detriment incurred is void for want of consideration.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with the “price of a promise”; define under *S.2(d)* and *Currie v Misa*.
- **STAGE 2** → **Essentials:** the six requirements, each with a case.
- **STAGE 3** → **The rule (S.25):** *nudum pactum* is void.
- **STAGE 4** → **Exceptions:** love & affection (registered), past voluntary act, time-barred debt; plus gift & agency.
- **STAGE 5** → **Verdict:** consideration is essential but flexible; close with *Chinnaya v Ramayya*.

⚠️ FACT-PATTERN RISK ALERT

Scenario: A, out of natural love and affection, promises his son ₹1,000 under a **registered document**; later refuses. (decoy: absence of consideration)

- **I — ISSUE:** Is a registered family promise enforceable without consideration?
- **R — RULE:** *S.25(1)* — a written, registered promise out of natural love and affection between near relations is valid.
- **A — ANALYSIS:** Father and son are in near relation; the promise is registered and out of affection — it squarely fits the first exception, so the “no consideration” decoy fails.
- **C — CONCLUSION:** Valid contract; the son can enforce it.

6. Privity of Contract & Privity of Consideration

Previous Year Questions

- **[16M]** Explain the doctrine of privity of contract. State the exceptions. (Jun2014, Jun2016, Jun2019, Nov2021, Nov2021-80, Feb2025, Jan2026) ★★★
- **[16M]** “A stranger to consideration may sue but not a stranger to the contract.” Discuss. (Jun2013)
- **[Short Note]** Privity of contract. (Dec2015, Oct2023)

The Hook

Two fathers agreed that each would pay money to the young couple about to marry; the agreement said the bridegroom could sue to enforce it. When one father defaulted, the son sued. In *Tweddle v Atkinson* (1861) the English court refused — the son was a **stranger to the contract** and could not enforce it, even though it was made for his benefit. That refusal became the doctrine of privity.

What is Privity of Contract?

The doctrine of **privity of contract** means that only a **party** to a contract can sue or be sued on it; a third person, however much he benefits, cannot enforce it. This must be distinguished from **privity of consideration** — the question of *who paid the price*.

- **Privity of consideration** — in England, consideration must move from the promisee; in India, **Section 2(d)** allows it to move “from any other person,” so a stranger to consideration **can** sue (*Chinnaya v Ramayya*).
- **Privity of contract** — even in India, a stranger to the *contract* generally **cannot** sue (*Dunlop v Selfridge*; *MC Chacko v State Bank of Travancore*).

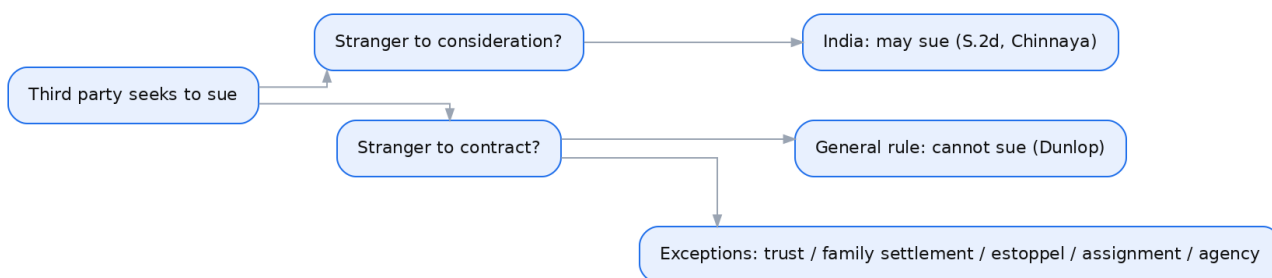
So the accurate Indian statement is: **a stranger to consideration may sue, but a stranger to the contract cannot.**

Exceptions (where a third party may sue). (1) A **beneficiary under a trust** or charge on property (*Khwaja Muhammad Khan v Husaini Begum*). (2) **Marriage settlement, partition or other family arrangement**. (3) **Acknowledgement or estoppel** — where one party acknowledges payment to the third person. (4) **Assignment** of contractual rights. (5) **Agency** — the principal can sue. (6) **Covenants running with land**.

Section 2(d) (privity of consideration): *consideration may move from “the promisee or any other person.”*

In Simple Terms: You can only enforce a contract you are a party to. Indian law is generous about *who paid*, but strict about *who may sue* — unless your case fits one of the recognised exceptions like a trust or family settlement.

The Visual



Case Laws

- **Tweddle v Atkinson (1861)** — a stranger to the contract cannot sue, even if made for his benefit.
- **Dunlop Pneumatic Tyre Co. v Selfridge (1915)** — privity of contract confirmed; only a party may enforce.
- **Chinnaya v Ramayya (1882)** — a stranger to consideration may sue in India.
- **Khwaja Muhammad Khan v Husaini Begum (1910)** — beneficiary under a marriage settlement/charge may sue (exception).
- **MC Chacko v State Bank of Travancore (1970)** — reaffirmed privity; person not a party cannot enforce.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with *Tweddle v Atkinson*; distinguish the two privities.
- **STAGE 2** → **Privity of consideration:** S.2(d), *Chinnaya* — stranger to consideration may sue in India.
- **STAGE 3** → **Privity of contract:** *Dunlop*, *MC Chacko* — stranger to contract cannot.
- **STAGE 4** → **Exceptions:** trust, family settlement, estoppel, assignment, agency — one case each.
- **STAGE 5** → **Verdict:** “stranger to consideration may sue, stranger to contract may not”; close with *Khwaja Muhammad Khan*.

⚠️ FACT-PATTERN RISK ALERT

Scenario: By a family settlement, A agrees with B to pay a fixed sum to B’s relative C; A defaults; C sues A directly. (decoy: C gave no consideration and is not a “party”)

- **I — ISSUE:** Can C, a third party, enforce the agreement?
- **R — RULE:** Privity of contract bars strangers, **but** a beneficiary under a family settlement may sue (*Khwaja Muhammad Khan*).
- **A — ANALYSIS:** C did not pay and is not a formal party (the decoy), yet the family-settlement exception lets the named beneficiary enforce the charge in his favour.
- **C — CONCLUSION:** C can sue A under the family-settlement exception.

7. Unlawful Consideration & Object

Previous Year Questions

- **[16M]** When does the object or consideration of an agreement become unlawful? Explain. (Nov2021) ★★
- **[16M]** Explain the provisions relating to legality of object and consideration. (Jun2018)
- **[Short Note]** Unlawful object. (Jun2016)

The Hook

In *Gherulal Parakh v Mahadeodas (1959)*, partners entered wagering transactions and one sought a share of the gains. The Supreme Court held wagering is *void* but not *immoral or against public policy* — drawing the careful line that Section 23 asks the court to draw between merely void and positively unlawful objects.

When is Consideration or Object Unlawful?

Section 23 lists when the consideration or object of an agreement is unlawful. It is unlawful if it: (1) is **forbidden by law**; (2) would **defeat the provisions of any law** if permitted; (3) is **fraudulent**; (4) involves or implies **injury to the person or property of another**; or (5) the court regards it as **immoral** or **opposed to public policy**. In every such case the agreement is **void**.

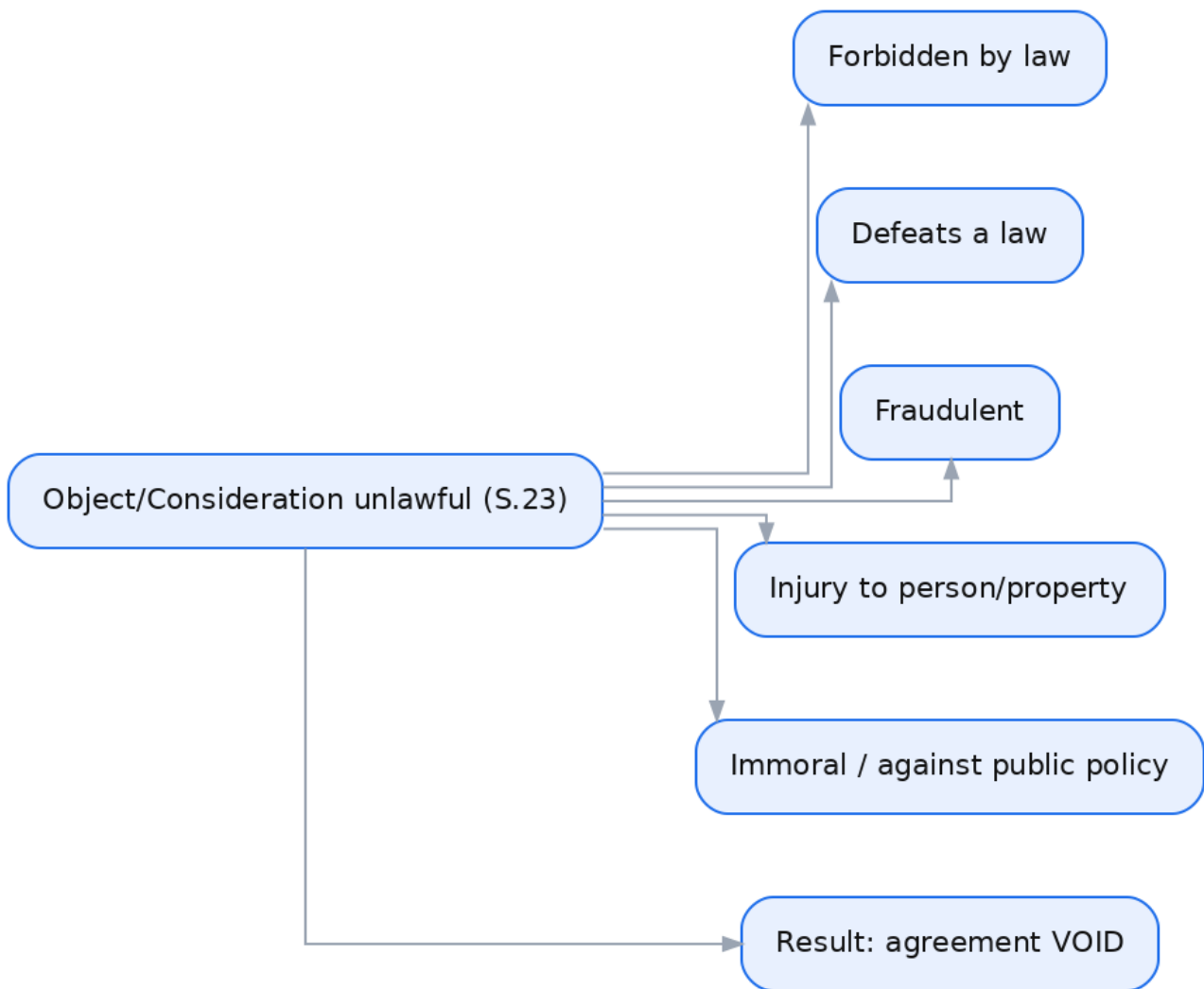
The difference between **consideration** and **object** matters: the *consideration* is what is given; the *object* is the purpose. If **either** is unlawful, the whole agreement falls (Section 24 — where part of a single consideration for one object is unlawful, the agreement is void).

Heads of public policy include: trading with an enemy, stifling prosecution, maintenance and champerty, agreements interfering with the course of justice, marriage-brokerage agreements, and agreements in restraint of trade, marriage, or legal proceedings (these last three are dealt with under Sections 26–28 in Unit 2).

Section 23: “The consideration or object of an agreement is lawful, unless — it is forbidden by law; or is of such a nature that, if permitted, it would defeat the provisions of any law; or is fraudulent; or involves or implies injury to the person or property of another; or the Court regards it as immoral, or opposed to public policy.”

In Simple Terms: The law will not lend its hand to a bargain whose price or purpose is illegal, fraudulent, harmful, immoral, or against public policy — the agreement is simply void.

The Visual



Case Laws

- **Gherulal Parakh v Mahadeodas (1959)** — wagering is void but not immoral or against public policy.
- **Pearce v Brooks (1866)** — supply of goods knowingly for an immoral purpose has unlawful object; not recoverable.
- **Ouseph Poulo v Catholic Union Bank (1965)** — agreements defeating the provisions of a statute are void.

☰ 16-MARK ESSAY BLUEPRINT TRACKER

- **STAGE 1** → **Hook + Roadmap:** open with Gherulal; flag S.23 as the master section.
- **STAGE 2** → **The five heads of unlawfulness** under S.23, with examples.
- **STAGE 3** → **Consideration v object;** S.24 partial illegality.
- **STAGE 4** → **Public policy heads:** stifling prosecution, champerty, marriage-brokerage.
- **STAGE 5** → **Verdict:** an unlawful price or purpose makes the agreement void; close with Pearce v Brooks.

⚠️ FACT-PATTERN RISK ALERT

Scenario: A promises to pay B ₹1,000 **if B beats C**; B beats C; A refuses to pay.
(decoy: B has actually performed)

- **I — ISSUE:** Can B enforce a promise whose consideration is an assault?
- **R — RULE:** S.23 — consideration involving injury to another is unlawful; the agreement is void.
- **A — ANALYSIS:** B's "performance" is itself the unlawful act; performance of an illegal consideration cannot create an enforceable claim.
- **C — CONCLUSION:** Agreement void; B cannot recover the ₹1,000.

8. E-Contract

Previous Year Questions

- **[Short Note]** E-Contract. (Dec2014) ★

The Concept

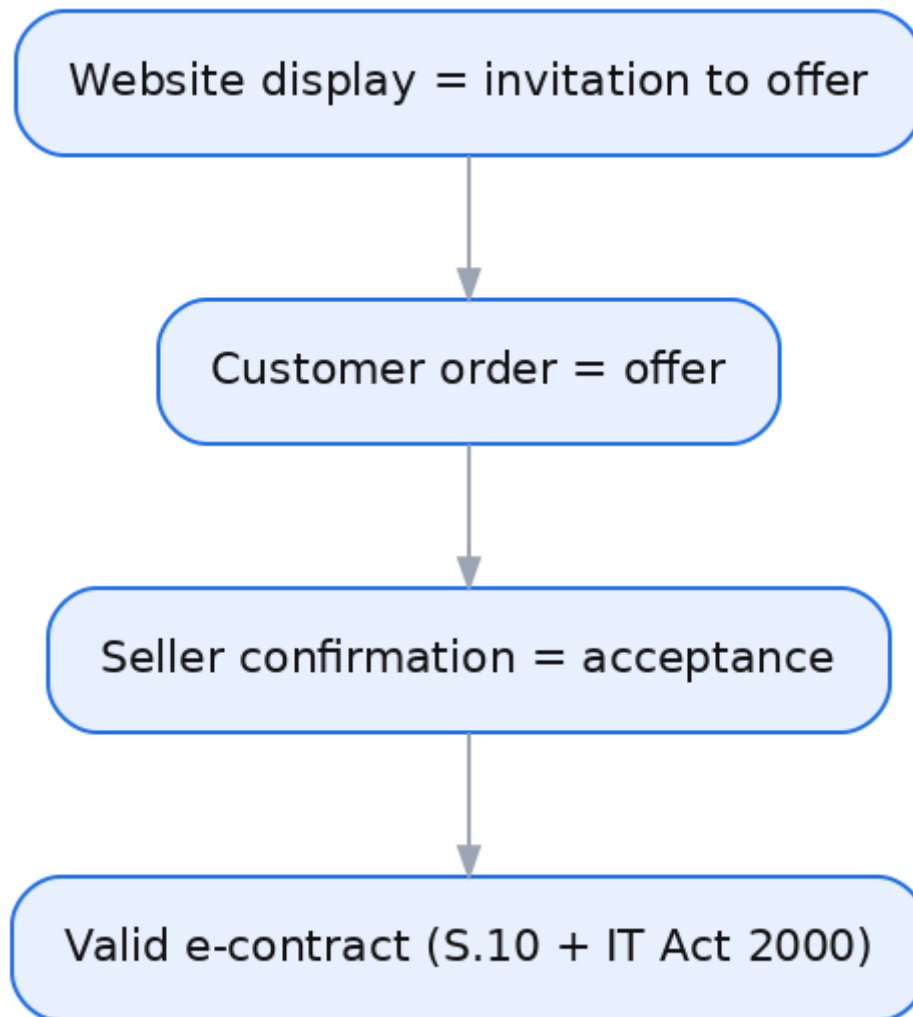
An **e-contract** is a contract formed by electronic means — email, websites, click-wrap and shrink-wrap terms — rather than on paper. The same essentials of Section 10 apply (offer, acceptance, consideration, capacity, free consent, lawful object), but formation and proof are governed additionally by the **Information Technology Act, 2000**.

Key features: a website's display of goods is generally an **invitation to offer**; the customer's order is the **offer**; the seller's confirmation is the **acceptance**. Section 10A of

the IT Act validates contracts formed through electronic records, and Sections 11-13 deal with attribution, acknowledgement, and the **time and place of despatch and receipt** of electronic records. Click-wrap (“I agree”) and browse-wrap terms are enforceable if reasonable notice is given.

In Simple Terms: Online contracts are real contracts. The clicks replace signatures, but the law still asks the same questions — was there a clear offer, a communicated acceptance, and consideration?

The Visual



☰ **SHORT-NOTE ANSWER PLAN**

Define e-contract → apply S.10 essentials → website = invitation to offer, order = offer, confirmation = acceptance → IT Act 2000 (S.10A, 11-13) → types (click-wrap, browse-wrap, shrink-wrap) → conclude that electronic form does not change substance.

9. Tenders

Previous Year Questions

- (never asked as a standalone question) — appears only as part of “offer.” Cover briefly.

The Concept

A **tender** is a response to an invitation to submit offers (e.g., to supply goods or do work). The tender notice is an **invitation to offer**; each tender submitted is an **offer**, which the inviter may accept or reject (*Spencer v Harding*). Tenders are of two kinds: a **definite/specific tender** (accepted, it becomes a contract at once) and a **standing/open tender** (an offer to supply goods as and when required — each order placed is a separate acceptance, and the supplier may revoke for future supplies before an order is placed, as in *Union of India v Maddala Thathiah* (1966)).

In Simple Terms: Calling for tenders only invites offers. Submitting a tender is the offer; placing an order under a standing tender is the acceptance for that lot.

SHORT-NOTE ANSWER PLAN

Tender notice = invitation to offer → tender = offer → definite v standing tender → standing tender revocable for future orders (*Maddala Thathiah*) → each order is a separate acceptance.

Quick Revision & Case Law Table

One-line memory hooks

- **Definition & essentials:** Contract = Agreement + Enforceability (S.2h); essentials in S.10; *Balfour* — no intention, no contract.
- **Offer:** clear, certain, communicated willingness (S.2a); display/ads are invitations; lapse by S.6.
- **Acceptance:** absolute, communicated, in time (S.2b, S.7); silence is not acceptance (*Felthouse*).
- **Communication/revocation:** S.4–5; posting binds proposer, receipt binds acceptor; revoke acceptance before it reaches.

- **Consideration:** price of a promise (S.2d); need not be adequate but real; *nudum pactum* void (S.25) with three exceptions.
- **Privity:** stranger to consideration may sue (S.2d), stranger to contract may not (*Dunlop*) — save the exceptions.
- **Unlawful object/consideration:** S.23 five heads → agreement void.
- **E-contract / Tenders:** S.10 + IT Act; tender notice = invitation to offer.

Master Case List for Unit 1

Case	Topic	One-line ratio
<i>Balfour v Balfour</i> (1919)	Intention to contract	Domestic promises are not enforceable contracts
<i>Carlill v Carbolic Smoke Ball Co.</i> (1893)	General offer	Advertisement with deposited reward is a binding general offer
<i>Harvey v Facey</i> (1893)	Offer v information	A price quotation is not an offer
<i>Pharmaceutical Society v Boots</i> (1953)	Invitation to offer	Display of priced goods invites offers
<i>Lalman Shukla v Gauri Dutt</i> (1913)	Knowledge of offer	No acceptance without knowledge of the offer
<i>Felthouse v Bindley</i> (1862)	Acceptance	Silence cannot be acceptance
<i>Hyde v Wrench</i> (1840)	Counter-offer	A counter-offer destroys the original offer
<i>Adams v Lindsell</i> (1818)	Postal rule	Acceptance by post is complete on posting
<i>Byrne v Van Tienhoven</i> (1880)	Revocation	Revocation of offer effective only on receipt
<i>Currie v Misa</i> (1875)	Consideration	Benefit to one or detriment to the other
<i>Chinnaya v Ramayya</i> (1882)	Privity of consideration	Consideration may move from a third party in India
<i>Durga Prasad v Baldeo</i> (1880)	Consideration	Must move at the promisor's desire
<i>Kedarnath v Gorie Mahomed</i> (1886)	Consideration	Subscription enforceable where liability incurred on its faith
<i>Tweddle v Atkinson</i> (1861)	Privity of contract	Stranger to contract cannot sue
<i>Dunlop v Selfridge</i> (1915)	Privity of contract	Only a party may enforce a contract

Case	Topic	One-line ratio
<i>Khwaja Muhammad Khan v Husaini Begum (1910)</i>	Privity exception	Beneficiary under a marriage settlement may sue
<i>Gherulal Parakh v Mahadeodas (1959)</i>	Unlawful object	Wager is void but not immoral/against public policy
<i>Union of India v Maddala Thathiah (1966)</i>	Tenders	A standing tender is revocable for future supplies

End of Unit 1.

Contract-I — Law of Contract

KSLU LL.B. — Question Bank · Model Answers (Essays & Problems)

KSLU LL.B. Question Bank

Medha-Academy

www.medha-academy.in

Notes Version: **v1.0**

June 2026

Read this first, then go to your unit. This companion to the study notes gives you a full, exam-ready **model answer** to every 16M essay, every 10M essay/short note, and every fact-pattern problem asked in past KSLU Contract-I papers (2011–2026), grouped by unit and topic in the same order as the notes. Sub-10-mark short notes (5M / 6M / 8M) are answered in the study-notes bundle, not here.

How to Use This Question Bank

What this is. A rehearsal book. The study notes teach the concept; this bank shows you how to *write the marks* — a complete answer in the exact shape an examiner rewards.

The 3-step drill. (1) Read the question and try a 2-minute plan from memory. (2) Read the model answer; note the structure, the cases, the verdict. (3) For problems, re-do the IRAC in your own words under time.

Note on the two paper formats. KSLU has set Contract-I both as a **100-mark** paper (essays worth 16M, problems 10M, short notes 8M) and an **80-mark** paper (one essay 10M + one short note/problem 6M per unit). The **same essay topics** recur in both formats, only at different marks. So each essay below is answered **once** in **Section A** and lists *all* the years it was asked (100- and 80-mark alike); write it at full length in the 100-mark paper and trim to the core for the 80-mark paper.

Priorities. The ★ rating shows how often a question repeats — ★★★ (5+ times) is a near-certainty; do these first.

House rules that win marks. Lead with a definition + roadmap; name the case **and** the year; quote the exact section; for problems use the four IRAC headings and always give a definite verdict.

Exam Pattern & Mark Weights

100-mark paper: Answer Q.9 + any five of the remaining. Q.9 = 20 marks (two problems × 10); Q.1–Q.8 = 16 marks each (incl. one short-note question of 8×2). **80-mark paper:** answer all five units; each unit = one essay (10M) + one short note/problem (6M). Figures on the right indicate marks.

Mark slot	What it is	How many	Where it's drilled
16M	Long essay (100-mark paper)	Answer ~5 + Q.9	Section A of each unit
10M	Essay in the 80-mark paper (same topics)	One per unit	Section A (merged) / Section B
Problems	Fact-pattern, IRAC (10M / 6M)	Two in Q.9 + per unit	Section C of each unit

Priority Index — Questions by Frequency

Rank	Question (short)	Type	Frequency	Unit
1	"Agreement without consideration is void" + exceptions	16M	★★★	1
2	Doctrine of frustration / impossibility	16M	★★★	3
3	Anticipatory & actual breach; kinds of breach	16M	★★★	3
4	Quasi contracts — types / unjust enrichment	16M	★★★	4
5	Remoteness of damages — <i>Hadley v Baxendale</i>	16M	★★★	4
6	Capacity / minor's agreement (<i>Mohori Bibee</i>)	16M	★★★	2
7	Fraud — elements / silence / v misrepresentation	16M	★★★	2
8	Restraint of trade / void agreements	16M	★★★	2
9	Contingent contracts (v wager)	16M	★★★	2
10	Contracts specifically enforceable / not	16M	★★★	5
11	Injunctions — kinds / when granted	16M	★★★	5
12	Define offer / proposal & rules / lapse	16M	★★★	1
13	Define acceptance & rules / revocation	16M	★★★	1
14	Privity of contract & consideration	16M	★★★	1
15	Modes of discharge of contract	16M	★★★	3
16	Free consent / consent (when free)	16M	★★★	2
17	Specific performance — who / against whom	16M	★★★	5
18	Damages — general & special / kinds	16M	★★★	4

Year Index — Questions by Paper (recent sittings)

Year (paper)	Essays asked	Problems / short notes asked
Jan/Feb 2026 (100)	Offer & lapse; consideration exceptions; quasi contract; capacity; remedies; discharge; injunction refusal	Minor false rep; auction of unsound horse; ship-not-return
Jan/Feb 2026 (80)	Offer rules; minor's agreement; contingent contract; frustration; specific enforcement	Display of goods; necessities to lunatic's family; promise to marry
Jun/Jul 2025 (100)	Acceptance & rules; fraud v misrep; modes of discharge; remedies; frustration; SP who/ against whom; injunction	Employment-promise consideration; minor scooter; fruits eaten
Jan/Feb 2025 (100)	"Enforceable by law"; consideration; minor capacity; contingent; discharge; Hadley v Baxendale; SP not enforceable	A&B marry-A insane; car destroyed by fire; fruits eaten
Jan/Feb 2025 (80)	"All contracts are agreements"; minor's agreement; discharge; remedies; specific performance	Inadequate consideration; necessities to lunatic; kidnap-sign
Aug/Sep 2024 (80)	"Enforceable by law"; capacity (Mohori Bibee); frustration; quasi contract; SP/ injunction	Inadequate sale; minor false rep; joint promisors
Oct 2023 (80)	Acceptance essentials; coercion	Reward to whoever marries; suicide threat; fruits eaten

Year (paper)	Essays asked	Problems / short notes asked
	v undue influence; frustration; remoteness; non-enforceable contracts	
Apr 2023 (80)	Offer rules; minor's agreement; restraint of trade; kinds of damages; specific enforcement	Display of goods; kill-for-money; article left by mistake

UNIT 1 — Formation of Contract & Consideration · Question Bank

Contract-I (Law of Contract) · KSLU LL.B. · Medha-Academy.in

Scope of this unit's bank: full model answers to every **16M essay** (§A), every **10M essay/short note** (§B), and every **fact-pattern problem** (§C) asked in past KSLU papers for this unit. Sub-10-mark short notes (5M / 6M / 8M) are answered in the study-notes bundle, not here.

A. Essay Questions (16M) — Model Answers

Q1.1 — [16M] “All contracts are agreements but all agreements are not contracts.” Explain. (Also: Define contract and explain the essentials of a valid contract.)

Asked: 2011(100), 2012(100), 2013(100), 2017(100), 2018(100), 2019(100), 2019(80), 2021(100), 2022(80), 2024(80), 2025(100), 2025(80) · ★★ ★ · Notes: Unit 1 → Definition & Essentials

Introduction. A contract is “an agreement enforceable by law” (Section 2(h)) of the Indian Contract Act, 1872. The statement under discussion captures the relationship between the two ideas: every contract starts life as an agreement, but only the agreements that the law is prepared to enforce mature into contracts. The rest remain mere agreements with no legal teeth. This answer explains the two equations and the essentials that decide enforceability.

The two building blocks

1. Agreement = offer + acceptance (Section 2(e)) — an agreement is “every promise and every set of promises forming the consideration for each other.” A promise (Section 2(b)) is a proposal that has been accepted. So an agreement is born the moment one party's offer is met by the other's acceptance, producing *consensus ad idem* [meeting of minds] — both sides agreeing on the same thing in the same sense.
2. Contract = agreement + enforceability (Section 2(h)) — an agreement becomes a contract only when the law attaches a remedy to its breach. A dinner invitation is an agreement, but it is not a contract because the parties never intended legal

consequences (*Balfour v Balfour*). Enforceability, supplied by Section 10, is therefore the extra ingredient.

Why all agreements are not contracts

Many agreements fail an essential and so never become contracts. A social or domestic arrangement lacks the intention to create legal relations; an agreement with a minor is void for want of capacity; one without consideration is void under Section 25; and one with an unlawful object is void under Section 23. Each is an agreement but not a contract. The class of agreements is therefore the wider circle, and contracts are the enforceable sub-set inside it — which is exactly what the statement asserts.

Essentials of a valid contract (Section 10)

1. Offer and acceptance — a lawful offer matched by a lawful, absolute acceptance creating the agreement.
2. Intention to create legal relations — presumed absent in domestic/social agreements (*Balfour v Balfour*) and present in commercial ones.
3. Lawful consideration (Section 2(d), 23) — the price of the promise; a bare promise is void (Section 25).
4. Capacity of parties (Section 11) — majority, sound mind, and not disqualified by law.
5. Free consent (Section 14) — not caused by coercion, undue influence, fraud, misrepresentation or mistake.
6. Lawful object (Section 23) — not forbidden, fraudulent, immoral or opposed to public policy.
7. Certainty (Section 29) and possibility of performance (Section 56), and the agreement must not be expressly declared void.

Leading cases

- ***Balfour v Balfour (1919)*** — domestic agreements lack the intention to create legal relations; not contracts.
- ***Carlill v Carbolic Smoke Ball Co. (1893)*** — a serious general offer accepted by performance is an enforceable contract.

Conclusion. Therefore every contract is an agreement, but only an agreement that satisfies Section 10 and is enforceable by law (Section 2(h)) is a contract. Enforceability is the dividing line between the two.

Q1.2 — [16M] Define offer/proposal. Explain the rules relating to a valid offer and the circumstances under which it lapses.

Asked: 2011(100), 2015(100), 2016(100), 2017(100), 2020(100), 2021(100), 2026(100), 2023(80), 2026(80), 2018(80), 2021(80), 2022(80) · ★★★ · Notes: Unit 1 → Offer / Proposal

Introduction. Under Section 2(a), a person makes a proposal when he “signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other.” The offer is the first step in forming a contract: it is the willingness that, once accepted, binds. This answer states the rules of a valid offer and the modes by which an offer comes to an end.

Rules of a valid offer

1. Intention to create legal relations — an offer made in jest, anger or as a social gesture is not a valid offer; the offeror must intend to be legally bound on acceptance.
2. Terms must be certain (Section 29) — a vague offer (“at a good price”) cannot be accepted into a contract because the courts cannot enforce an uncertain bargain.
3. Must be communicated (Section 4) — an offer is effective only when it reaches the offeree; one cannot accept an offer he does not know of (*Lalman Shukla v Gauri Dutt*).
4. Offer must be distinguished from an invitation to offer — a display of priced goods, a price list, a catalogue, an auction notice or a tender notice merely *invites* offers; the customer or bidder makes the offer (*Pharmaceutical Society v Boots; Harvey v Facey*).
5. May be specific or general — an offer may be made to a definite person, or to the world at large and accepted by anyone who performs its condition (*Carlill*).
6. No term imposing silence as acceptance — an offeror cannot stipulate that the offeree’s silence will be treated as assent.

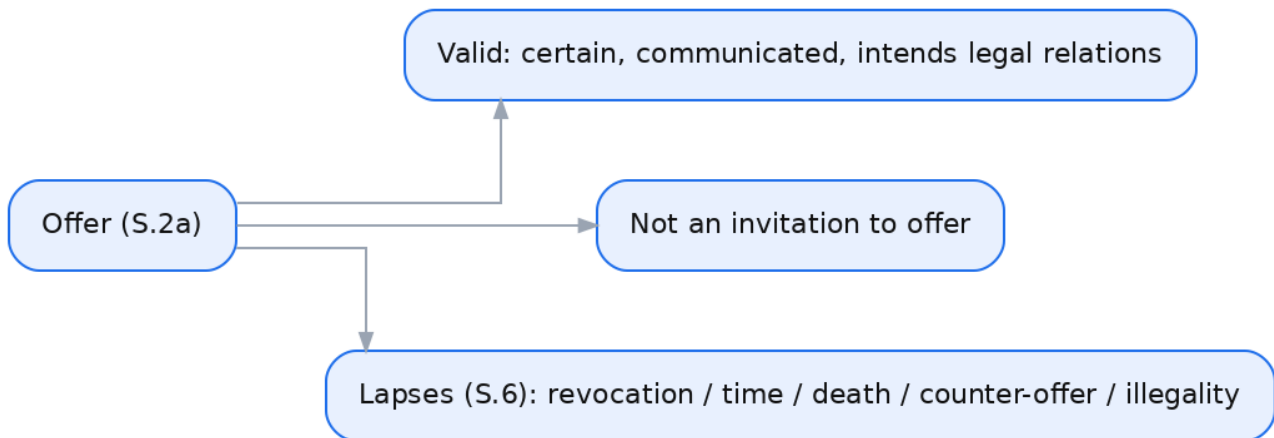
How an offer comes to an end

Section 6 modes (the four statutory grounds):

1. By revocation — communicated by the offeror before acceptance is complete as against him (Section 5).
2. By lapse of time — failure to accept within the time prescribed, or, where none is fixed, within a reasonable time.
3. By failure of a condition precedent — where the offer is subject to a condition that is not fulfilled.
4. By death or insanity of the offeror — if the fact comes to the offeree’s knowledge before acceptance.

Other modes (general law, not Section 6):

1. By rejection or counter-offer — a counter-offer or a qualified acceptance destroys the original offer (*Hyde v Wrench*; this flows from Section 7).
2. By subsequent illegality — a change in the law that makes the proposed act unlawful.



Sketch this in the exam — the 30-second version earns presentation marks.

Leading cases

- ***Carlill v Carbolic Smoke Ball Co. (1893)*** — an advertisement with a deposited reward is a binding general offer accepted by performance.
- ***Harvey v Facey (1893)*** — a mere statement of the lowest price is information, not an offer.

Conclusion. A valid offer must be certain, communicated, and made with the intention of being bound; it lapses under Section 6 by revocation, lapse of time, death or insanity, counter-offer, failure of condition, or supervening illegality.

Q1.3 — [16M] Define acceptance. Explain the rules of a valid acceptance and the law of its revocation.

Asked: 2011(100), 2012(100), 2013(100), 2015(100), 2018(100), 2019(100), 2025(100), 2022(80), 2023(80), 2019(80) · ★★ · Notes: Unit 1 → Acceptance

Introduction. Under Section 2(b), when the person to whom a proposal is made “signifies his assent thereto,” the proposal is accepted and “becomes a promise.” Acceptance is the spark that converts an offer into an agreement; without a valid acceptance no contract can arise. This answer sets out the rules of a valid acceptance and the law governing its revocation.

Rules of a valid acceptance

1. Absolute and unqualified (Section 7) — acceptance must mirror the offer exactly. A conditional acceptance, or one that varies a term, is a counter-offer that destroys the original offer (*Hyde v Wrench*).
2. Communicated to the offeror — a mere mental resolve to accept, or an uncommunicated act, is not acceptance; the assent must be expressed to the offeror or his agent (*Brogden v Metropolitan Railway*).

3. In the prescribed or a reasonable manner (Section 7) — if the offer prescribes a mode, acceptance should follow it; if a different mode is used the offeror may, within a reasonable time, insist on the prescribed mode.
4. Silence is not acceptance — an offeror cannot impose that the offeree's silence shall amount to assent (*Felthouse v Bindley*).
5. Given while the offer is alive and by the very person to whom it was made; an offer that has lapsed or been revoked cannot be accepted.
6. Acceptance of a general offer by performance — for an offer to the world, performing the condition is itself acceptance and no separate communication is required (*Carlill*).

Communication and revocation (Sections 4-5)

1. Completion of acceptance (Section 4) — acceptance is complete as against the **proposer** when it is put in a course of transmission (posted), and as against the **acceptor** only when it comes to the knowledge of the proposer. These two different moments are the heart of the postal-rule problems.
2. Revocation of acceptance (Section 5) — an acceptance may be revoked any time before it is complete as against the acceptor, that is, before it reaches the proposer; so a speedier revocation that overtakes the acceptance defeats it.
3. Effect of acceptance — once complete, the offer can no longer be revoked, and a binding agreement comes into being; “acceptance is to a proposal what a lighted match is to a train of gunpowder.”

Leading cases

- ***Felthouse v Bindley (1862)*** — silence cannot be imposed as acceptance.
- ***Hyde v Wrench (1840)*** — a counter-offer destroys the original offer.

Conclusion. Therefore a valid acceptance must be absolute, communicated, in proper manner and timely (Sections 2(b), 7), and it may be revoked at any time before it reaches the proposer (Section 5).

Q1.4 — [16M] When are the communications of proposal, acceptance and revocation complete? Explain with illustrations.

Asked: 2012(100), 2023(80) · ★★ · Notes: Unit 1 → Communication & Revocation

Introduction. Sections 4 and 5 fix the precise moments when communications take legal effect. They matter because they decide exactly **when** a contract is concluded and **until when** it can still be undone. The governing principle for postal acceptance is the postal rule laid down in *Adams v Lindsell*.

Completion of communication (Section 4)

1. Communication of a proposal — complete when it comes to the **knowledge** of the person to whom it is made. An offer letter takes effect only when the offeree reads it.
2. Communication of an acceptance — two moments — as against the **proposer**, the moment the acceptance is put in a course of transmission so as to be out of the acceptor's power (i.e. posted); as against the **acceptor**, only when the acceptance comes to the **knowledge** of the proposer (i.e. is received). This split is deliberate and decisive.
3. Communication of a revocation — as against the person who makes it, when it is put into transmission; as against the person to whom it is made, when it comes to his knowledge.

Time for revocation (Section 5)

1. A proposal may be revoked before the communication of acceptance is complete as against the proposer — that is, before the acceptor posts the acceptance, but not afterwards.
2. An acceptance may be revoked before the communication of acceptance is complete as against the acceptor — that is, before the acceptance reaches the proposer, but not afterwards.

Illustration. A proposes by letter to sell his house to B; the proposal is complete when B reads it. B posts an acceptance on the 3rd — A becomes bound from the 3rd, but B is bound only when the letter reaches A on the 6th. If, on the 5th, A receives a telegram from B revoking the acceptance (before the letter), the revocation is valid and no contract results; if the telegram arrives only on the 7th, acceptance is already complete and the contract stands.

Leading cases

- ***Adams v Lindsell (1818)*** — acceptance by post is complete, and the contract concluded, as against the proposer on posting.
- ***Byrne v Van Tienhoven (1880)*** — revocation of an offer is effective only on receipt, not on posting.

The practical lesson is that the **mode of communication** matters: speed of one channel against another decides who is bound, which is why examiners set these problems with a slow letter racing a fast telegram.

Conclusion. Thus posting the acceptance binds the proposer, receipt binds the acceptor, and the narrow windows in Section 5 govern when a proposal or acceptance may still be revoked.

Q1.5 — [16M] “An agreement without consideration is void.” Explain consideration, its essentials and the exceptions to this rule.

Asked: 2011(100), 2012(100), 2013(100), 2014(100), 2015(100), 2016(100), 2017(100), 2018(100), 2019(100), 2020(100), 2021(100), 2025(100), 2026(100), 2018(80), 2019(80), 2022(80), 2023(80), 2024(80), 2026(80) · ★★★ · Notes: Unit 1 → Consideration

Introduction. Consideration is the price for which the promise of the other is bought. Under Section 2(d) it arises when, “at the desire of the promisor,” the promisee or any other person has done, abstained from doing, or promises to do or abstain from doing something. A bare promise unsupported by consideration is *nudum pactum* [a naked promise] and is, by Section 25, void — subject to defined exceptions. This answer explains the concept, its essentials, and those exceptions.

Essentials of valid consideration

1. It must move at the desire of the promisor — an act done voluntarily, or at the instance of a third party, is no consideration (*Durga Prasad v Baldeo*, where consideration furnished at the Collector’s order, not the promisor’s, failed).
2. It may move from the promisee or any other person — this is the key Indian departure from English law: even a stranger to the consideration may sue, provided he is a party to the contract (*Chinnaya v Ramayya*).
3. It may be past, present or future — Indian law, unlike strict English law, recognises past consideration as valid.
4. It need not be adequate but must be real — by Explanation 2 to Section 25 inadequacy does not by itself avoid a contract, but the consideration must have some real value in the eye of the law, not be illusory or impossible.
5. It must be lawful (Section 23) and must be something the promisor is not already legally bound to do.

The rule and its exceptions (Section 25)

1. Natural love and affection — a promise in **writing and registered**, made out of natural love and affection between parties standing in a near relation, is valid without consideration (Section 25(1)).
2. Past voluntary service — a promise to compensate a person who has already voluntarily done something for the promisor, or done something the promisor was legally compellable to do (Section 25(2)).
3. Time-barred debt — a written, signed promise to pay a debt barred by the law of limitation (Section 25(3)).
4. Completed gifts (Explanation 1 to Section 25) and the creation of an agency (Section 185) require no consideration.

Leading cases

- ***Chinnaya v Ramayya (1882)*** — consideration may move from a third party; a stranger to consideration may sue.
- ***Kedarnath v Gorie Mahomed (1886)*** — a subscription promise is enforceable where liability was incurred on the faith of it.
- ***Durga Prasad v Baldeo (1880)*** — consideration must move at the promisor's desire.

Conclusion. Therefore an agreement made without consideration is void (Section 25), except in the statutory cases above; the consideration must move at the promisor's desire and be real, though it need not be adequate.

Q1.6 — [16M] Explain the doctrine of privity of contract.

Distinguish privity of consideration and state the exceptions. (“A stranger to consideration may sue, but a stranger to the contract cannot.”)

Asked: 2013(100), 2014(100), 2016(100), 2019(100), 2021(100), 2021(80), 2025(80), 2026(80) · ★★ ★ · Notes: Unit 1 → Privity

Introduction. The doctrine of privity of contract means that only a **party** to a contract may sue or be sued upon it; a third person, however much the contract benefits him, cannot enforce it. This must be carefully distinguished from privity of consideration, which concerns *who furnished the price*. The Indian position is neatly summed up: a stranger to consideration may sue, but a stranger to the contract cannot.

The two privities distinguished

1. Privity of consideration — in English law consideration must move from the promisee himself; in India, Section 2(d) permits consideration to move “from the promisee **or any other person**,” so a **stranger to the consideration can sue** so long as he is a party to the contract (*Chinnaya v Ramayya*, where a sister enforced an annuity though the consideration — a gift of land — moved from the donor, not from the plaintiff herself).
2. Privity of contract — even in India, a person who is **not a party** to the contract generally **cannot sue** on it, because no contractual relationship (*vinculum juris* [legal bond]) exists between him and the promisor (*Dunlop v Selfridge*; *MC Chacko v State Bank of Travancore*).

Hence the accurate Indian rule: a stranger to consideration may sue, but a stranger to the contract cannot.

Exceptions — where a third party may sue

1. Trust or charge on property — a beneficiary may enforce a trust or charge created in his favour (*Khwaja Muhammad Khan v Husaini Begum*, charge for a Muslim wife's *kharch-i-pandan*).

2. Marriage settlement, partition or family arrangement — a beneficiary under such a family arrangement may sue.
3. Acknowledgement or estoppel — where a party acknowledges or holds money for the benefit of the third person, he becomes liable to him.
4. Assignment — the assignee of a contractual right may enforce it; and under agency the principal (though not named) may sue.
5. Covenants running with land — bind a subsequent purchaser with notice.

Leading cases

- ***Tweddle v Atkinson (1861)*** — a stranger to the contract cannot sue, even where it was made for his benefit.
- ***Dunlop v Selfridge (1915)*** — privity of contract reaffirmed; only a party may enforce.
- ***Khwaja Muhammad Khan v Husaini Begum (1910)*** — beneficiary under a marriage settlement may sue (exception).

Conclusion. Therefore, in India, consideration may be furnished by a stranger, but only a party to the contract — or a third party within a recognised exception such as trust or family settlement — can enforce it.

Q1.7 — [16M] When does the object or consideration of an agreement become unlawful? Explain the provisions relating to legality of object and consideration.

Asked: 2018(100), 2021(100) · ★★ · Notes: Unit 1 → Unlawful Consideration & Object

Introduction. A fully formed agreement is still void if its object or its consideration is unlawful. Section 23 is the master section: the consideration is *what is given* and the object is *the purpose*, and if **either** is unlawful the whole agreement collapses. This answer explains the five heads of unlawfulness and their effect.

When object or consideration is unlawful (Section 23)

1. Forbidden by law — where the act is prohibited by a statute or attracts a penalty (e.g., sale of liquor without a licence). What the law forbids directly cannot be the lawful subject of a contract.
2. Defeats the provisions of any law — where the agreement, though lawful in form, is designed to **evade** a statutory provision; the law looks at substance, not form.
3. Fraudulent — where the very object is to commit or further a fraud on a third person.
4. Injury to the person or property of another — for example, a promise founded on committing an assault or destroying property.

5. Immoral or opposed to public policy — agreements founded on sexual immorality (*Pearce v Brooks*), marriage-brokerage, stifling prosecution, maintenance and champerty, or trading with an enemy.

Effect and related provisions

1. The whole agreement is void — any agreement falling under Section 23 is void and unenforceable; the court will not assist either party.
2. Section 24 — partial illegality — where any part of a single consideration for one object, or one of several considerations for a single object, is unlawful, the **entire** agreement is void, unless the lawful part can be clearly severed.
3. Public policy kept narrow — being an “unruly horse,” public policy is applied cautiously and its heads are not lightly expanded (*Gherulal Parakh v Mahadeodas*).

Leading cases

- ***Gherulal Parakh v Mahadeodas (1959)*** — wager is void but not immoral or against public policy; courts will not invent new heads of public policy.
- ***Pearce v Brooks (1866)*** — supply of goods knowingly for an immoral purpose has an unlawful object and is not recoverable.

Conclusion. Therefore an agreement is void under Section 23 where its object or consideration is forbidden by law, defeats a law, is fraudulent, injures person or property, or is immoral or against public policy; and by Section 24 it is void even where only part of the consideration or object is unlawful.

B. Short Notes (10M) — Model Answers

*The 80-mark papers set the same essay topics at 10 marks; those are answered in **Section A** (write the §A answer, trimmed to the 10M core). Distinct 10M questions are answered below.*

S1.1 — [10M] Define acceptance and explain the effect of acceptance.

Asked: 2019(80) · ★ · Notes: Unit 1 → Acceptance

Introduction. Under Section 2(b), when the person to whom a proposal is made “signifies his assent thereto,” the proposal is accepted and “becomes a promise.” Acceptance is therefore the decisive act that turns a one-sided offer into a two-sided agreement. This note states what a valid acceptance requires and, chiefly, the legal **effect** it produces.

Requisites of a valid acceptance

1. Absolute and unqualified (Section 7) — the acceptance must correspond with the offer in every respect; any variation makes it a counter-offer that destroys the original (*Hyde v Wrench*).
2. Communicated to the offeror — assent must be expressed; silence or an uncommunicated mental decision is not acceptance (*Felthouse v Bindley*).

Effect of acceptance

1. It creates a binding agreement — acceptance converts the proposal into a promise; with the other essentials of Section 10 (consideration, capacity, free consent, lawful object), a concluded contract comes into existence. As Anson put it, acceptance is to a proposal what a lighted match is to a train of gunpowder — it produces something that cannot be recalled.
2. The offer becomes irrevocable — once acceptance is complete as against the proposer (Section 4), the proposer loses the right to revoke his offer (Section 5).
3. It fixes the time and place of the contract — under the postal rule, the contract is concluded, as against the proposer, when the acceptance is posted (*Adams v Lindsell*), which can also determine the place of contracting and the court of jurisdiction.

Leading case. *Adams v Lindsell (1818)* — acceptance by post is complete, and the contract concluded, on posting.

Conclusion. Therefore a valid acceptance binds both parties, makes the offer irrevocable, and fixes the moment at which the contract comes into existence.

C. Problems — Model Answers (IRAC)

P1.1 — [Prob] A posts a proposal/acceptance; the other party posts acceptance and then revokes it by a speedier telegram that reaches the proposer before/with the acceptance letter. Is there a contract?

Asked: 2014(100), 2015(100), 2016(100), 2018(80), 2021(80) · ★★ · Notes: Unit 1 Risk Alert

Issue. Can an acceptance that has already been posted be revoked by a faster communication that overtakes it before it reaches the proposer?

Rule. Under Section 4, an acceptance is complete as against the acceptor only when it comes to the **knowledge of the proposer**; until then, under Section 5, the acceptor

remains free to revoke his acceptance. The postal rule binds the proposer on posting but does **not** bind the acceptor until receipt.

Application. The decoy is the impression that posting the acceptance instantly and irrevocably binds the acceptor — it does not. The acceptor keeps a window in which a speedier revocation (here a telegram) may be used. If the revocation telegram reaches the proposer **before, or at the same time as**, the acceptance letter, the revocation is effective and no contract is formed. If, however, the acceptance letter reaches the proposer **first**, acceptance is already complete as against the acceptor, the window has closed, and the later telegram is of no effect. Everything therefore turns on the order of receipt by the proposer.

Conclusion. A contract exists only if the acceptance letter reaches the proposer before the revocation; if the telegram arrives first or together, there is no contract — apply the actual dates given in the problem.

P1.2 — [Prob] A picks an article/book with a displayed price tag in a self-service store; at the counter the shopkeeper refuses to sell; A sues for breach. Decide.

Asked: 2011(100), 2018(80), 2019(80), 2021(80), 2023(80), 2018(100) · ★★ ★ ·
Notes: Unit 1 → Offer

Issue. Is the display of priced goods an offer which the customer “accepted” merely by picking up the article, so that refusal at the counter is a breach?

Rule. Under Section 2(a) an offer is a willingness to be bound on acceptance; a display of goods with price tags is only an invitation to offer, not an offer (*Pharmaceutical Society of Great Britain v Boots*). The customer makes the **offer** at the cash counter, which the seller is free to accept or reject.

Application. The decoy is the price tag, which looks like a firm offer that the customer accepts by selecting the item. In law the display merely invites the customer to make an offer. When A took the article to the counter, A made the offer; the shopkeeper, as the person to whom the offer was made, was entitled to refuse it. No acceptance, and therefore no agreement, ever came into existence, so there was no contract capable of being broken.

Conclusion. No contract was formed and A’s suit for breach must fail — the display was only an invitation to offer.

P1.3 — [Prob] A announces (often in conversation) that he will give a reward to whoever marries his daughter; B marries her and claims the reward. Will he succeed?

Asked: 2012(100), 2013(100), 2023(80) · ★★ · Notes: Unit 1 → Offer

Issue. Is an announced reward a binding general offer which B accepted by performing the stated condition of marrying the daughter?

Rule. A general offer (Section 2(a)) made to the public is accepted by any person who, with knowledge of it, performs its conditions, and the offeror is then bound (*Carlill v Carbolic Smoke Ball Co.*). Performance of the condition is both the acceptance and the consideration.

Application. The decoy is that the promise was made “in conversation,” suggesting it was loose talk with no intention to be bound. But where the words amount to a definite promise of a reward upon a specified act, and the claimant, knowing of it, performs that act, a contract is concluded by performance. Here, if A’s statement was a serious promise and B married the daughter on the faith of it, acceptance is complete and consideration furnished. The only real defence open to A would be that the words were spoken casually with no intention to be bound; if that is not made out, the promise stands. The marriage, being the very act called for, is at once the acceptance and good consideration moving at A’s desire.

Conclusion. B can recover the reward — the general offer was accepted by performing its condition, provided the promise was seriously and definitely made.

P1.4 — [Prob] A’s son/boy is missing; A announces a reward; a servant/finder who is unaware of the reward finds and returns the boy, then claims it. Can he claim?

Asked: 2012(100), 2014(100), 2018(100), 2019(100), 2022(80) · ★★★ · Notes: Unit 1 → Offer

Issue. Can a person who performs the act for which a reward is announced, but in **ignorance** of the offer, claim the reward?

Rule. Under Section 4 an offer must be communicated, and acceptance presupposes **knowledge** of the offer; a person who does not know of an offer cannot accept it (*Lalman Shukla v Gauri Dutt*, where a servant who found his master’s nephew without knowing of the reward could not claim it).

Application. The decoy is that the finder did, in fact, perform the very act for which the reward was promised. But because he acted **without knowledge** of the offer, there was

no acceptance and so no agreement; his act was done either in discharge of his duty as a servant or voluntarily, not in response to the offer. Knowledge of the offer is an indispensable condition of a valid acceptance, for one cannot assent to something one is unaware of. It is immaterial that the offeror in fact benefited; an offer creates no obligation until it is communicated and consciously acted upon by the acceptor.

Conclusion. The finder cannot claim the reward — there can be no acceptance of an offer one does not know of (*Lalman Shukla*).

P1.5 — [Prob] A sells property/car/horse/TV worth a large sum for a token price; he later questions or refuses the sale because the consideration is inadequate. Decide.

Asked: 2012(100), 2013(100), 2024(80), 2022(80), 2021(80), 2025(80) · ★★ ★ ·
Notes: Unit 1 → Consideration

Issue. Can a concluded contract be avoided merely because the consideration is grossly inadequate compared with the value of the thing sold?

Rule. Under Explanation 2 to Section 25, an agreement is **not void merely because the consideration is inadequate**; the adequacy of consideration is for the parties to decide at the time they make the bargain. Inadequacy is relevant only as **evidence** to be considered on the question whether the consent of the promisor was freely given (Section 16).

Application. The decoy is the striking disparity between the market value and the price agreed. By itself this disparity does not invalidate the sale, because the law requires consideration to be real, not adequate. Unless the seller can show that his consent was not free — that it was obtained by coercion, undue influence, fraud or misrepresentation — the bargain he struck binds him, however poor it was. A person is free to sell his property for whatever price he chooses, and the courts will not rewrite an improvident but freely made bargain. Gross inadequacy might raise a suspicion calling for inquiry into consent, but here nothing suggests the seller's consent was unfree.

Conclusion. The sale is valid and cannot be avoided on the ground of inadequacy of consideration alone (Explanation 2 to Section 25).

P1.6 — [Prob] A, out of natural love and affection, promises his son a sum under a registered document and later refuses. Is it a valid contract?

Asked: 2011(100) · ★ · Notes: Unit 1 → Consideration

Issue. Is a registered promise made by a father to his son enforceable although no consideration was given for it?

Rule. Under Section 25(1), an agreement made in **writing and registered**, out of **natural love and affection** between parties standing in a **near relation** to each other, is valid and enforceable even without consideration. It is a statutory exception to the rule that an agreement without consideration is void.

Application. The decoy is the absence of consideration, which ordinarily would render the promise *nudum pactum* and void under Section 25. But all three conditions of the first exception are satisfied: father and son stand in a near relation, the promise is expressed to be out of natural love and affection, and it is reduced to writing and registered. The case therefore falls squarely within Section 25(1), which was enacted precisely to enforce deliberate family settlements that, though gratuitous, the promisor plainly intended to honour. Because all three statutory conditions — writing, registration, and natural love and affection between near relations — are met, the absence of consideration is no obstacle, and the father cannot resile from his registered promise.

Conclusion. The agreement is valid and enforceable under Section 25(1); the son can recover the promised sum.

P1.7 — [Prob] A agrees to sell his Luna to a friend for “₹4,000 or ₹5,000”; the friend agrees to buy. Is this a contract?

Asked: 2011(100) · ★ · Notes: Unit 1 → Offer / Certainty

Issue. Is an agreement in which the price is left as an unsettled alternative certain enough to be an enforceable contract?

Rule. Under Section 29, “agreements, the meaning of which is not certain, or capable of being made certain, are void.” Certainty of the essential terms — and price is an essential term in a sale — is indispensable to a contract.

Application. The decoy is the apparent agreement of both parties to buy and sell, which looks like a concluded bargain. But the price is stated as “₹4,000 **or** ₹5,000,” leaving it genuinely uncertain which sum is payable, and the agreement provides no mechanism by which the figure can be made certain. An essential term being thus uncertain, no enforceable contract can arise. The law requires either a fixed term or a clear standard by which it can be ascertained; here there is neither, since the parties left the choice of price entirely open. The mutual willingness to deal cannot cure the fatal vagueness of the price. Had the agreement said “₹4,000, or ₹5,000 if delivered with accessories,” it could have been made certain; as worded, it cannot.

Conclusion. The agreement is void for uncertainty under Section 29; there is no contract.

P1.8 — [Prob] A in one city telephones B in another, offering to sell a car; B says “I accept,” but due to a telephone-line defect A does not hear the acceptance. Can B enforce?

Asked: 2012(100) · ★ · Notes: Unit 1 → Acceptance

Issue. Over an instantaneous medium such as the telephone, is acceptance complete when the offeror does not actually hear it?

Rule. For **instantaneous communication** (telephone, telex), the postal rule does **not** apply; acceptance is complete only when it is **actually received** by the offeror (*Bhagwandas Goverdhandas Kedia v Girdharilal*; *Entores v Miles Far East*). The contract is made at the place and time where and when the acceptance is heard.

Application. The decoy is B’s belief that uttering “I accept” concluded the contract. But because the telephone line failed and A never heard the words, the acceptance was never communicated to A. For instantaneous media, the acceptor must ensure his acceptance reaches the offeror; if he knows it has not got through, he must repeat it. Until A actually hears the acceptance, no agreement exists. The rationale is that, unlike the post, the parties are in virtually continuous contact and the acceptor usually knows at once whether his words were received; the risk of a failed transmission therefore rests on him, not on the offeror.

Conclusion. No contract arose, because the acceptance was never received by A; B cannot enforce it until he communicates a heard acceptance.

P1.9 — [Prob] A makes a proposal; B purports to accept it after a long delay (e.g., proposal in 2017, “acceptance” in 2018). Is it a valid acceptance?

Asked: 2019(80) · ★ · Notes: Unit 1 → Offer (lapse)

Issue. Can an offer be validly accepted after the lapse of an unreasonably long period of time?

Rule. Under Section 6(2), a proposal is revoked by the lapse of the time prescribed for acceptance or, where no time is prescribed, by the lapse of a **reasonable time** without communication of acceptance. What is reasonable is a question of fact depending on the subject-matter.

Application. The decoy is that B did, eventually, communicate an “acceptance,” which appears to complete the agreement. But where no time was fixed and roughly a year elapsed, the offer had already lapsed by the efflux of a reasonable time; there was no longer any live offer in existence for B to accept. An acceptance can operate only upon a

subsisting offer. What is a “reasonable time” depends on the nature of the subject-matter — for perishable goods or volatile prices it is short, for a sale of land it may be longer — but a delay of about a year, with nothing to justify it, plainly exceeds any reasonable period. The offer had spent itself long before B purported to act on it.

Conclusion. The purported acceptance is invalid because the offer had already lapsed under Section 6; no contract was formed.

P1.10 — [Prob] A invites friends to dinner/a party; they accept but fail to attend; A sues to recover the money spent on arrangements. Can he recover?

Asked: 2019(80), 2021(80), 2023(80), 2026(80) · ★★ · Notes: Unit 1 → Definition (intention)

Issue. Is a social invitation, accepted but not honoured, an enforceable contract for whose breach expenses can be recovered?

Rule. A contract requires an intention to create legal relations (Section 10). Social, domestic and family arrangements are presumed to lack such intention and are therefore not contracts (*Balfour v Balfour*).

Application. The decoy is the real money A spent on the arrangements, which makes the loss feel like a recoverable contractual loss. But the invitation to dinner is a social arrangement; the parties did not intend their acceptance to carry legal consequences, and no consideration moved between them in the contractual sense. The expenditure, however genuine, does not transform a social engagement into a binding contract. The test is objective: would reasonable persons in their position have intended legal consequences? Friends accepting a dinner invitation plainly would not; an unfulfilled social promise sounds in disappointment, not in damages. Were it otherwise, every broken social engagement would flood the courts — a result the law deliberately avoids by presuming no legal intention in such cases.

Conclusion. A cannot recover the expenses — a social invitation is not a contract for want of intention to create legal relations (*Balfour v Balfour*).

P1.11 — [Prob] A husband promises his wife a monthly household allowance; he later defaults and the wife sues. Decide.

Asked: 2013(100) · ★ · Notes: Unit 1 → Definition (intention)

Issue. Is a husband’s promise of a monthly household allowance to his wife, while they live together, an enforceable contract?

Rule. Agreements between spouses living together in amity are presumed to lack the intention to create legal relations and are therefore not contracts (*Balfour v Balfour*); the presumption can be displaced only by clear evidence of contractual intent or where the promise is made in contemplation of separation.

Application. The decoy is the fixed monthly sum and the apparently serious promise, which look contractual. But a promise of housekeeping money between a husband and wife who are living together is a typical domestic arrangement; the law presumes the parties did not intend to be sued upon it. Nothing in the facts shows an intention to create legal relations or a separation context. In *Balfour* itself a husband's promise to remit a monthly sum to his wife was held unenforceable for exactly this reason. Such arrangements rest on mutual trust and affection, not on the expectation of a lawsuit; the courts leave them to the conscience of the parties. Only clear evidence of contractual intent, or a promise made when the spouses are separating, would displace the presumption.

Conclusion. The wife cannot enforce the promise — it is a domestic arrangement without intention to create legal relations (*Balfour v Balfour*).

P1.12 — [Prob] On divorce a husband promises his wife a yearly permanent alimony; relying on it she forbears to apply to court for maintenance; he defaults and she sues. Decide.

Asked: 2014(100) · ★ · Notes: Unit 1 → Consideration

Issue. Is the husband's promise supported by consideration, given that the wife appears to have "given" nothing in return?

Rule. Under Section 2(d), an abstinence at the desire of the promisor is good consideration; forbearance to sue — giving up or postponing the exercise of a legal right — is a recognised consideration. Moreover, a promise made on **divorce or in contemplation of separation** is intended to create legal relations, unlike a promise between spouses living together.

Application. The decoy is that the wife paid no money and did no positive act. But in reliance on the husband's promise she **forbore** to apply to the court for maintenance — a real detriment to her and a benefit to him, and therefore valid consideration moving at his desire. Because the promise was made upon divorce, the intention to create legal relations is present, unlike the housekeeping promises between cohabiting spouses in *Balfour v Balfour*. Forbearance need not be expressly bargained for in words; it is enough that the wife in fact refrained from pursuing her remedy in reliance on the husband's promise. That detriment supplies the consideration the law requires.

Conclusion. The promise is enforceable — the wife's forbearance to sue for maintenance is good consideration; she can recover the agreed alimony.

P1.13 — [Prob] After repeated quarrels a husband, by a registered deed, agrees to give his wife a house and a car; he later declines, pleading no consideration; the wife relies on the Section 25 exception. Decide.

Asked: 2018(100) · ★ · Notes: Unit 1 → Consideration

Issue. Is a registered promise between spouses enforceable without consideration under the first exception to Section 25?

Rule. Under Section 25(1), a promise in **writing and registered**, made out of **natural love and affection** between parties in a near relation, is valid without consideration. Husband and wife are within “near relation,” and registration plus writing satisfy the formal requirements.

Application. The decoy is the husband’s plea that the promise lacks consideration and is therefore void. The promise is registered and in writing, and spouses are in near relation, so the formal conditions of Section 25(1) are met. The only live question is whether it was made out of natural love and affection; where a husband settles property on his wife by a registered deed, courts ordinarily uphold it under this exception. (Only where bitter estrangement negatives “love and affection” — as in *Rajlukhy Dabee v Bhootnath* — has the exception failed; a registered settlement in the wife’s favour is generally enforced.)

Conclusion. The agreement is enforceable under the Section 25(1) exception; the wife can claim the house and the car.

P1.14 — [Prob] X parks his car at a paid parking lot and receives a slip; the music player is stolen by breaking the door; the company relies on “cars parked at owner’s risk” printed on the slip. Decide.

Asked: 2018(100) · ★ · Notes: Unit 1 → Terms / exemption clause

Issue. Can the parking company escape liability for the loss by relying on the exemption clause printed on the parking slip?

Rule. An exemption clause binds a party only if reasonable notice of it was given before or at the time the contract was made; a term contained in a receipt handed over **after** the contract is concluded, or not reasonably brought to the other’s notice, does not bind him (*Olley v Marlborough Court*). Additionally, a bailee of goods must take reasonable care of them (Section 151) and is liable for loss caused by his negligence.

Application. The decoy is the printed clause “cars parked at owner’s risk.” The slip handed to X is, on these facts, a mere receipt given **after** the parking contract was made; unless the company proves the clause was brought to X’s notice **before** contracting, it cannot rely on it. Further, the theft occurred by the car door being broken open, pointing to a failure by the company, as bailee, to take reasonable care.

Conclusion. The exemption clause does not protect the company, which is liable for the loss — unless it can prove the clause was adequately brought to X’s notice before the contract.

End of Unit 1 Question Bank.

