

MGT611-Business and Labor Laws- Solved MCQs and Subjective for With Reference For Midterm Examination Prepared and Solved by Sparkle Fairy 100% Accurate File

Multiple Choice Questions

Which of the following is not true about Law?

- Law is to maintain rights
- Law upholds justice
- Law is used to redress wrongs
- **Law does not ensures public order Page#6**

Which of the following is termed as science of civil law?

- **Jurisprudence Page#10**
- Court
- Business law
- Labor law

Principles of law as they currently exist are studied under which of the following?

- **Analytical Jurisprudence Page#6, Page#8**
- Historical Jurisprudence
- Ethical Jurisprudence
- Both Analytical and Historical Jurisprudence

Which of the following deals with the law that should be in an ideal state?

- Commercial Jurisprudence
- Analytical Jurisprudence
- Historical Jurisprudence
- **Ethical Jurisprudence Page#8**

By definition, a contract is _____

- **An Agreement Page#21**
- An obligation
- Both an agreement and a legal obligation
- Neither an agreement nor a legal obligation

Reference:

Contract is defined in section 2(h) as follows

A contract is an agreement b/w two parties enforced by law

According to section 2(e) of contract act, every promise and every set of promises, forming the consideration for each other is

➤ A contract

➤ **An agreement Page#21**

➤ A proposal

➤ An Obligation

Which of the following statement is true about imperative law?

➤ Imperative law is a general rule

➤ Imperative law has some authority behind it

➤ Imperative law is enforced by a superior person

➤ **All of the above are true Page#1**

Reference:

Three ingredients of imperative law are

1. Imperative law is a general rule

2. Imperative law has some authority behind it

3. Imperative law is enforced by a superior person

Divine law is imperative law on the basis of which of the following statements?

➤ Divine law is enforced by a superior authority (God)

➤ Following divine law is compulsory on everyone

➤ Breaching it is considered a sin and punishment is given.

➤ **All of the above are true Page#11**

Reference:

Divine law is also an imperative law on the basis of following points

1. Divine law is laid or enforced by superior authority (God)

2. It is compulsory or necessary to follow divine law.

3. Breaching it (breaking divine law) is a sin and punishment is given.

Civil law is imperative law on the basis of which of the following statements?

- The superior power is sovereign.
- It is compulsory to follow due to the fear of punishment by the state.
- It is enforced by physical force of the state.
- **All of the above are true Page#11**

Reference:

Civil law is imperative law on the basis of following points.

1. The superior power is sovereign (supreme ruler, king).

2. It is compulsory to follow due to the fear of punishment by the state.

3. It is enforced by physical force of the state

4. Civil law decides whether the act is innocent or crime.

Which of the following is known as instrument of coercion by which rule of imperative law is enforced?

- **Sanction Page#12**
- Sword
- Emotional pressure
- Conventional law

Reference:

Sanction is an instrument of coercion by which rule of imperative law is enforced. Through sanction, obedience to the rule is ensured. Sanction is a conditional evil (evil/pain or penalty by which wrong doers suffer if the law is broken). Sanction is force of coercion which ensures that the rules of imperative law are observed or obeyed. In Divine law, sanction takes the form of evils to flow from divine extreme anger (punishment for the sins here or hereafter) while in civil law, sanction is the sword of the state.

The decisions made by superior judges are known as _____

➤ Civil law

➤ **Precedents or case law Page#15**

➤ Rational law

➤ Divine law

Which of the following law is defined as law of state, law of the land, law of the lawyers and law of Courts?

➤ Rational law

➤ **Civil law Page#14**

➤ Divine law

➤ Unwritten law

Reference:

Salmond defined civil law as the law of state, law of the land, law of the lawyers and law of Courts, Civil law Roman law or entire body of Roman law, civil law decides whether an act is innocent or a crime.

When a 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, according to section 2(a) of Contract Act, said to _____

➤ **Make a proposal Page#22**

➤ Make an obligation

➤ Formulate a contract

➤ Formulate an agreement

Mr. Asad agrees to construct Mr. Basheer's house for Rs. 10 lac. What is the consideration for Mr. Asad?

➤ Construction of the house by Mr. Asad

➤ Construction of the house by Mr. Basheer

➤ Promise to pay Rs. 10 lac by Mr. Asad

➤ **Promise to pay Rs. 10 lac by Mr. Basheer Page#27**

Reference: (Lecture#6)

In the given example, Mr. Asad agrees to build the house for Mr. Basheer for Rs. 10 Lac. So promise to construct the house by Mr. Asad is the consideration for Mr. Basheer and the promise to pay 10 Lac Rs by Mr. Basheer is the consideration for Mr. Asad. We can simply say that Mr. Asad has to build the house for Money so 10 lac Rs payment by Mr. Basheer is the consideration for Mr. Asad. Whereas Mr. Basheer's Consideration is the construction of the house by Mr. Asad

An agreement which is not enforceable by law is said to be a _____

➤ Valid agreement

➤ **Void agreement Page#22**

➤ Voidable agreement

➤ Executed agreement

Which of the following are the sources of law?

➤ Al-Quran

➤ Sunnah of Holy Prophet (PBUH)

➤ Ijtihad

➤ **All of the above Page#15**

Reference:

Sources of law are

1. Al-Quran

2. Sunnah of Holy Prophet (PBUH)

3. Ijtihad

To see that the promises made by contracting parties are fulfilled is the object and function of which of the following?

➤ **Law of contract Page#18**

- Law of trade
- Law of acceptance
- Law of compromise

According to Salmond, there are two main sources of law which are_____

- Formal sources
- Material sources

➤ **Both a and b Page#14**

- None of the above

Reference:

According to Salmond, there are two main sources of law

1. Material sources: Material sources consist of legal and historical sources.

2. Formal sources: Formal sources consist of statutes (written law or rules) and decision of the court.

Which of the following are legal sources?

- Legislation
- Precedent
- Custom and agreement

➤ **All of the above Page#15**

Reference:

Legal sources consist of the following

1. Legislation

2. Precedent

3. Customs

4. Agreement

Consent caused by a Fraud makes a contract _____

- Void
- **Voidable Page#57**
- Unenforceable
- Invalid

Reference:

Consent caused by mistake makes the contract void but in all other cases such as consent caused by fraud, undue influence, misrepresentation, coercion makes the contract voidable.

Consent caused by a mistake makes a contract _____

- **Void Page#59**
- Voidable
- Unenforceable
- Invalid

Reference:

Consent caused by mistake makes the contract void but in all other cases such as consent caused by fraud, undue influence, misrepresentation, coercion makes the contract voidable.

In undue influence, the consent is obtained by _____

- Fraud
- Threat
- **Domination Page#50**
- Physical force

Reference:

Undue influence means the ability to dominate the will of other person by use of position. One person dominates the will of other person by use of position and then uses that

position to take unfair advantage from the other person (Emotionally convincing or forcing the other person to do what he does not want to do)

A police officer bought a property worth one lac rupees for Rs.50000 from an accused under his custody. The contract was done by _____

➤ **Undue Influence Page#50**

- Fraud
- Coercion
- Consent

Reference:

The police officer used his position to force the person under his custody to sell the property at his desired price of 50,000 while the property was worth of 1 lac. So police officer used his position to dominate the will of person under his custody for convincing him to do whatever he (the police officer) wants. We can say police officer used his position to take unfair advantage of the person under his custody.

A promise which is made without intention of performing it known as _____

- Coercion

➤ **Fraud Page#56**

- Misrepresentation
- Undue Influence

The definition of contract is provided by which section of contract Act?

- Section 1(d)
- Section 1(h)

➤ **Section 2 (h) Page#21**

- Section 2 (d)

The definition of agreement is provided by which section of contract Act?

- Section 2 (d)
- Section 2 (b)

➤ **Section 2 (e) Page#21**

- Section 2 (a)

The definition of promise is provided by which section of contract Act?

➤ **Section 2 (b) Page#21**

- Section 2 (d)
- Section 2 (a)
- Section 2 (h)

The definition of promise is defined in which of the following section of Contract Act?

- Section 12
- Section 11

➤ **Section 13 Page#46**

- Section 10

Which of the following contract is an agreement enforceable by law?

- Void contract

➤ **Valid contract Page#33**

- Voidable contract
- Executed contract

Reference: A valid contract is an agreement enforceable by law

If there is _____ b/w two parties only then there exists a contract b/w them

- Dispute

➤ **Consent**

- Relationship
- None of the above

Reference:

If there is a consent b/w two parties only then there exists a contract b/w them. If there is no consent then there will be no contract.

If two or more persons agree upon the same thing in the same sense, what is it called according to section 13 of Contract Act?

- **Consent Page#46**
- Proposal
- Promise
- Contract

Reference: Two or more parties are said to have consent when they agree on the same thing in the same sense

Consent is said to be a free consent if it does not caused by _____

- Coercion
- Undue influence
- Misrepresentation
- **All of the above Page#47**

Reference:

Consent is said to be a free consent if it not caused by

- 1. Coercion**
- 2. Undue influence**
- 3. Misrepresentation**
- 4. Mistake**
- 5. Fraud**

A contract in which there is no consent at all shall be a _____

- Valid contract
- **Void contract Page#48**
- Voidable contract
- Consent free contract

A contract in which consent is not free shall be a _____

- **Voidable contract Page#48**
- Void contract
- Valid contract
- None of the above

An agreement leads to contract if it fulfills which of the following requirements according to section 10 of the Contract Act?

- Free consent of parties
- Lawful object
- Agreements not declared to be void
- **All of the above Page#28**

Reference:

Agreements lead to contracts if they fulfill following requirements mentioned in section 10 of the Contract Act. An agreement leads to contract if there is

- 1. Free consent of parties**
- 2. Parties are competent to contract (capable of)**
- 3. Lawful consideration**
- 4. Agreement not expressly declared to be void (A void contract is a contract which is not enforceable by law).**

A contract which is enforceable by law at the option of one party but not at the option of other party is known as _____

- Valid contract
- Void contract
- **Voidable contract Page#34**
- Executed contract

Reference:

A contract which is enforceable by law at the option of one party but not at the option of other party is known as voidable contract. In this contract, only one party has the option/ right to enforce it or to stop it from being enforceable. The other party does not have to option to enforce the contract or avoid the contract. Only one party can do it not the other.

A type of contract in which both parties have completely performed their respective obligations under the contract is known as _____

- Valid contract
- Void contract
- **Executed contract Page#43**
- Executory contract

A type of contract in which both parties are yet to perform their respective obligations under the contract (both parties have not completely performed their obligations yet) is known as _____

- Valid contract
- Void contract

- Executed contract
- **Executory contract Page#43**

_____ Is committed whenever a person causes another person to act on a false belief by representation on which he himself does not believe to be true

- Undue influence
- **Fraud Page#43**
- Coercion
- Misrepresentation

Definition of void contract is given in which of the following section of the Contract Act?

- Section 2 (d)
- Section 2(e)
- **Section 2 (j) Page#42**
- Section 2(h)

Type of contract provided in section 9 of the Contract Act which may be expressed by words spoken or written is known as _____

- Implied contract
- Unenforceable contract
- **Expressed contract Page#42**
- Illegal contract

Reference:

An Expressed contract is a type of contract which may be expressed by words spoken or written.

A type of contract which is inferred from the acts and conduct of the contracting parties is known as _____

- **Implied contract Page#42**
- Unenforceable contract
- Executed contract
- Valid contract

Reference:

Implied contract is a type of contract which is inferred from the acts and conduct of the contracting parties. It is a contract which is implied by law whether the parties intended or not. We can say that the contract which is understood or implied from the behavior, action or conduct of the parties is known as implied contract.

A contract which is unenforceable before the court of law due to some technical defects such as non-deposit of court fee, absence of writing or submission of un-signed document etc is known as _____

- Implied contract
- **Unenforceable contract Page#42**
- Executed contract
- Valid contract

Coercion is committing, or threatening to commit, any act forbidden by _____

- **Pakistan Penal Code Page#48**
- Criminal Procedure Code
- Contract act
- Civil Law

Which of the following is an act done in order to deceive someone?

- Undue Influence
- **Fraud Page#56**
- Consent
- None of the above

Reference:

Fraud is an act which is done in order to deceive someone. Fraud is done when one person causes the other person to act on a false belief on which he himself does not believe to be true. So he tries to deceive the other person and such kind of act in which one person tries to deceive the other person is known as fraud.

Which of the following statement is true about coercion?

- Applying Physical pressure, threatening or committing crime
- Trying to do something against the law or forbidden
- Threatening to detain any property
- **All of the above are true Page#48**

Reference:

Coercion means applying physical force or pressure to threaten someone. Coercion is involved when someone tries to do something against the law. When someone threatens or tries to threaten someone then he makes use of coercion. We can say that crime is performed under coercion such as threatening to detain any property of a person (take control of property by force). For example, if a person makes a contract with another person and says that if you did not pay the loan on time that I have given you then I will take over all of your property (house, business etc). So coercion is applying either physical force or threatens someone to do whatever is required.

Definition of fraud is provided in detail in which of the following section of the Contract Act?

- Section 18
- Section 16
- **Section 17 Page#57**
- Section 12

Definition of misrepresentation is provided in detail in which of the following section of the Contract Act?

- **Section 18 Page#57**
- Section 16
- Section 17
- Section 12

Definition of coercion is provided in detail in which of the following section of the Contract Act?

- Section 16
- Section 17
- **Section 15 Page#57**
- Section 12

Definition of undue influence is provided in detail in which of the following section of the Contract Act?

- **Section 16 Page#57**
- Section 17
- Section 15
- Section 12

A contract in which one party promises to save the other party from the loss caused to him is known as _____

- Contingent contract
- Wagering contract
- **Contract of indemnity Page#95**
- Discharged contract

Reference:

Contract of indemnity is a contract in which one party promises to save the other party from the loss caused to him.

According to section 17, an order obtained by fraud is only _____

- Void not voidable
- **Voidable not void Page#58**
- Valid not void
- Void not valid

Reference:

According to section 17, an order received by fraud is only voidable not void

Common rule of law is that there is no fraud if _____

- The other party is deceived
- There is some damage of the other party
- **There is no damage of the other party Page#57**
- There is misrepresentation

Which of the following is one of the essentials of a valid contract?

- Mistake
- **Consideration Page#27**
- Absence of free consent
- None of the above

Definition of consideration is provided in which of the following sections of the Contract Act?

- Section 2 (b)
- **Section 2 (d) Page#27**
- Section 2 (a)
- Section 2 (j)

Definition of contingent contract is provided in which of the following sections of the Contract Act?

- Section 22
- Section 32
- **Section 31 Page#68**
- Section 19

Which of the following is a contract to do or not to do something as if the event related to that contract does or does not happen?

- Executory contract
- **Contingent contract Page#68**
- Void contract
- Voidable contract.

Reference:

Contingent contract is defined in section 31 of the contract as it is a contract to do something or not to do something if the events collateral to that contract does or does not happen. We can simply say that contingent contract is a contract to do something or not to do something based on the event. Contingent contract is conditional contract and it depends upon the event. (There is a condition of some event to happen, if event happens then the contract is enforced, if the event does not happen then the contract is not enforced)

Which of the following contract is betting agreement consisting of mutual promise of parties on condition of happening or not happening of an unknown event?

- Contingent contract
- **Wagering contract Page#41**
- Legal contract
- Execution contract

Reference:

Wager means bet so wager is simply a betting agreement or contract. Wagering contract is a contract which is based on mutual promise of parties on condition of happening or not happening of an unknown event.

A sum of money that someone pays for breaking law rule or a contract is known as _____

- **Penalty Page#93**
- Damage
- Legal money
- Liquidated damage

Reference:

Penalty is a sum of money imposed on a person as punishment for breaking law, rule or a contract.

**MGT611- Business and Labor Laws Solved Subjective Questions Midterm
Written by Sparkle Fairy**

Question

What is consideration? Describe briefly the value of consideration in a valid contract?

Answer:

Consideration is a promise given by both parties as a price for entering into a contract. It can be anything of value which both parties of a legal contract must agree to exchange. Consideration is

one of the vitals (most important) of valid contract. Without consideration, a contract is not binding. Consideration is all about give and take. It is doing something in return of something. It is doing or not doing something at all. Whatever you give in a contract to other party is your promise and whatever you get or take in return from the other party is consideration for you. Without consideration, a contract is not a binding contract.

Consideration Example:

Mr. Ali promises to sell the car to Mr. Ahmad for Rs. 600000. Selling the car to Mr. Ahmad is promise of Mr. Ali. While getting 600000 Rs from Mr. Ahmad is the consideration for Mr. Ali. Buying the car from Mr. Ali is the promise of Mr. Ahmad While the car is the consideration for Mr. Ahmad which he will get from Mr. Ali.

Question:

Differentiate b/w Undue influence and Coercion with the help of example?

Answer:

Undue influence:

Undue influence means dominating (take control of) the will of others (by applying unnecessary emotional or psychological pressure). In undue influence, one person takes control of the will of other by using his position to take unfair advantage of the other person.

There is no threat or crime is performed in undue influence, No physical harm is done. Undue influence is just playing with the emotions of other to take unfair advantage or to get more than just required. Undue influence is always applied in relations such as teacher/student, father/son, employee/boss, master/slave etc.

Example:

For example father forces his son (emotionally) to do whatever he wants and the son does the same whatever his father insists him to do due to the respect of his father. In this case, the father uses his position to dominate the will of his son and forces him by applying emotional pressure to do as he orders and takes unfair advantage

Coercion:

Coercion means applying physical force or pressure to threaten someone.

Coercion is involved when someone tries to do something against the law.

We can say that crime is performed under coercion such as threatening to detain any property of a person (take control of property by force). There may or may not be a relation b/w two parties to apply coercion. Physical pressure or harm is done under coercion

Example:

If a person makes a contract with another person and says that if you did not pay the loan on time that I have given you then I will take over all of your property (house, business etc) or I will shoot you instead if I did not receive my money on time. So coercion is applying either physical force or threatening someone to do whatever is required.

Question:

What is free consent? Explain briefly under which situation(s), consent b/w two parties is said to be free?

Answer:

Free Consent:

Free consent can be defined as follows

Two or more people are said to have free consent/consent when they agree upon the same thing in same sense.

Consent is said to be free b/w two parties (in a contract) if followings are not present, if any of these are present then free consent is absent in a contract.

1. Undue influence: It means dominating the will of other person by use of emotional pressure and position and forcing him to do what he/she does not want to do to take unfair advantage

2. Fraud: It is an act which is done in order to deceive someone.

3. Coercion: It means doing something or trying to do something which is against the law by applying physical force or pressure.

4. Misrepresentation: It means making a false statement but there is no intention to deceive. (A person positively states that a fact is true but it is not true in reality, the statement is false but there is no intention to deceive other person because the person himself does not know that the fact that he is stating is not true)

5. Mistake: Mistake is mainly error in the consent. Mistake leads one party to misunderstand the other in a contract. It occurs when parties are not aware of the terms in the contract/agreement so there is no consent because both parties do not understand the same thing in the same sense. It is of two types. Mistake of fact, mistake of law

Question:

What is contingent contract? Under which condition contingent contract is impossible give an example?

Answer:

Contingent contract:

Contingent contract is a contract to do something or not to do something and it depends upon happening of an event. If the event happens then the contingent contract is enforced, if the event does not happen then the contract is not enforced. Contingent contract is conditional contract. If the condition is uncertain (something may or may not happen) in nature only then the contract is contingent contract otherwise not.

Example:

Mr. Fahad contracts to pay 200000 Rs to Mr. Ahsan if the house is burnt. It is a contingent contract because there is a condition to pay 200000 Rs, only if the house is burnt otherwise the contingent contract will not be enforced. There exists uncertainty about the event of burning of house, it may or may not burn so the contract is contingent contract.

Question

Differentiate b/w fraud and misrepresentation?

Answer:

Fraud:

Fraud is something which is done in order to deceive someone. It involves making false statement with the intention to deceive someone. A person knows that a statement or belief is false but he makes a false statement purposely in order to deceive other person.

Misrepresentation:

Misrepresentation is making false statement without the intention of deception. A person positively states that a fact is true but in reality the fact is not true. He makes a false statement but there is no intention of deception because the person himself does not know about the fact that he stated is false.

Question:

Write down at least two conditions which show the presence of undue influence and coercion in a contract or agreement?

Answer:

Undue Influence:

Two conditions which show the presence of undue influence in a contract are:

1. Position of dominance or the ability to take control the will of other person.
2. Use of emotional or psychological pressure to take advantage of the other person or party.
3. Close relation b/w two parties

Note: (Undue influence cannot be applied on strangers. It can be applied in relations such as father/son, teacher/student, master/slave, employee/boss and b/w friends etc)

Coercion:

Two conditions which show the presence of coercion in a contract are

1. Use of physical pressure or force to take advantage of the other person.
2. A crime is performed (something is done which is against the law)
3. There may or may not be close relation b/w two parties.

(To apply coercion, close relation is not necessary. It may or may not exist b/w two parties in a contract)

Question

What is a wagering contract? Explain with an example?

Answer:

Wagering Contract:

As we know that wager means bet. Wager is something that is won or lost as a result of an unknown/doubtful issue. So wagering contract is simply a betting agreement. It is a contract which is based on mutual promise of parties on condition of happening or not happening of an unknown event.

Wagering contract- Example:

Ali makes a contract with Bilal that if it rains today then Bilal will pay 100 Rs to Ali but if it does not rain today then Ali will pay 100 Rs to Bilal so there is contract b/w both parties Ali and Bilal on mutual agreement based on the condition of happening or not happening of unknown event of raining. They both have to pay on the basis of happening or not happening of unknown event because it is a betting contract on mutual agreement of parties.

Wager- Example: The money won or lost as a result of happening or not happening of unknown or doubtful event of rain is wager.

Question:

Briefly explain the concept of a sound mind and unsound mind for the purpose of contracting?

Answer:

Sound Mind:

A sound mind is a mind which can think properly, understand things well, can function logically, can draw conclusions and is able to make rational judgments.

Sound Mind for the purpose of contracting:

A person is said to have a sound mind for the purpose of contracting if he is able to understand and can make rational judgment at the time he makes the contract. He is in a state of understanding what he is doing.

Unsound Mind for the purpose of contracting:

A person with unsound mind cannot make contracts because they are not able to think properly, they cannot understand well, their mind cannot think logically or draw conclusions. They cannot make rational judgments such as idiots, mentally ill, physically ill and drunken people etc are person with unsound mind. So the contract by a person of unsound mind is void (not enforceable by law) as long as he is able to think and understand properly and a contract made by person of sound mind is valid (enforceable by law).

Example: Sound Mind:

A person can make a contract that is physically and mentally fit and is able to understand the terms of a contract very well.

Example: Unsound Mind

A person cannot make the contract who is so drunk that he is not able to understand the terms of contract or make rational judgments. He is not in a state to think properly that what he is doing. A drunk or physically ill person cannot make a contract till he is fully recovered and able to understand and make judgments.

Question:

Under which circumstances or conditions agreements are called contracts? (What type of agreements are contracts)

Answer:

All the agreements are contracts if

1. They are made by free consent of the parties. (if agreements are not affected by undue influence, coercion, misrepresentation, fraud, mistake etc)
2. The purpose of agreement is not against the law means if the agreement is a lawful object then it is a contract.
3. It is not declared to be void.
4. If there is lawful consideration in an agreement then it is a contract.

If any of the above mentioned points is not present in an agreement then it is not a contract.

Question:

What is meant by discharged contract? What are the modes of discharge of contract or when does a contract gets discharged?

Answer:

A contract is said to be a discharged contract when the contract by the both parties is performed. When nothing is left to do in the contract everything is done then the contract is discharged or terminated.

Modes of discharge of a contract:

A contract get discharged by

1. Performance (a contract is completely performed, nothing is left to be done so contract gets discharged)
2. By mutual agreement of parties (both parties mutually agree to terminate the contract)
3. Impossibility of performance (a contract is discharged when there is something impossible to do such as searching mine of gold with magic)
4. By operation of law (contract is terminated by law)
5. by breach of contract. (Contract is discharged due to breaking of contract between the parties as contract promises are not fulfilled well)

Question:

Discuss the essentials of a valid tender?

Answer:

Essentials of Valid tender:

1. Tender should be unconditional
2. Tender should be made at proper time and proper place.
3. Tender must be offered to a person who is able to perform the promise under the contract.
4. Tender must be made to a promisee or his agent
5. In case of joint promisee, tender can be made to any promisee
6. In case of tender of money, the exact amount of money should be mentioned.

Question:

What is breach of contract? Under what conditions a contract is said to be breached?

Answer:

Breach of contract:

Breach of contract means breaking a contract, a contract is breached when the contract is not performed. We know that in any contract or agreement there are two parties who promise something to do. If any of the party does not perform or fulfill his side of promise then the contract is said to be breached because the contract is not performed. In simple words if the parties do not do what is required to do in the contract then we can say that the contract has been breached. If a contract is breached or broken by one party then the other party has the right to take legal action against the other party for this breach.

Question:

What are the two types of contract breach?

Answer:

There are two types of breaching of a contract

Actual breach:

It is the type of breach in which the promisor refuses to perform the contract on the due date.

Example:

Mr. Ahmad makes a contract to build software for Mr. Ahsan and the due date for building it is 10 July. So on the 10th July Mr. Ahmad comes and says to Mr. Ahsan that he could not perform the contract. He could not make the software due to lack of time or other resources. As Mr. Ahmad refused to perform the contract on the due date so the type of breach in the contract is actual breach

Anticipatory breach:

It is the type of breach in which the promisor refuses to perform the contract before the due date (before the time for performance)

Example:

Mr. Ahmad makes a contract to build software for Mr. Ahsan and the due date for building it is 10 July but 10 days before the due date of software construction, Mr. Ahmad comes and says to Mr. Ahsan that he cannot perform the contract. As Mr. Ahmad refused to make the software before the due date so the type of breach in the contract is anticipatory breach

Question:

What is a contract of indemnity? Explain with the help of an example?

Answer:

Contract of indemnity:

Contract of indemnity is a contract in which one party promises to save the other party from the loss caused to him.

Insurance contract is the example of contract of indemnity in which insurance companies promise the person who makes the insurance contract with them to save him from the loss or damage caused.

Example:

Mr. Bashir signs a contract with the insurance company for his car by paying a premium price to insurance company. The insurance company promises Mr. Bashir to save him from any loss that will be caused such as theft or robbery of the car, damage of the car or accident etc in such case of loss, the company will compensate the loss to Mr. Bashir (company will save him from the caused car loss)

Question

What are the remedies for the breach of contract?

Answer:

Remedies for the breach of contract:

Remedies for the breach of contract means the legal right that a party has to take action when the contract is breached/broken or when the contract is not performed well (remedies for breach of contract is what can the other party legally do if the contract is broken by one party)

If the contract is breached then the other party has the legal right to

1. Discharge the contract or cancel the contract (rescission of the contract)
2. Claim the damage caused to him (suit for damage)
3. Demand for compensation (suit for compensation)

(Compensation is something specially money given to a person for the recovery of his loss)

4. Suit for specific performance (the court orders the other party to specifically perform the contract and orders that the contract cannot be broken until it is performed well which means whatever happens contract must be completed)

5. Suit for injunction (the court orders that the contract should not be performed)

Question:

What is contract of guarantee? Explain with example?

Answer:

Contract of Guarantee:

It is a contract to perform the promise or discharge the liability of a third person in case of his default. The person who gives the guarantee is called the surety (third person). The person for whom sake the guarantee is given by the third person is called principle debtor and the person to whom the guarantee is given is known as creditor. The given guarantee may be oral or written.

Example:

Mr. Akbar asked a bank for the loan of one million rupees. The bank demanded for the guarantee of a well reputed person in the market along with security otherwise loan will not be given. Mr. Akbar requested Mr. Ali to give the guarantee so that he could get the loan. Mr. Ali gave the guarantee as desired by the bank and the bank gave Mr. Akbar the loan. Now if Mr. Akbar gets late in the payment of the loan or refuses to pay the loan in any case then Mr. Ali will be liable (responsible) to pay the amount in default. In this example, the bank is creditor, Mr. Akbar is principle debtor and Mr. Ali is surety or guarantor.

Question:

What is a valid contract? What are the essentials of a valid contract?

Answer:

Valid Contract:

A valid contract is a contract or agreement which is enforceable by law.

A valid contract has following essential elements, if these essential elements are present in a contract then the contract is said to be a valid contract otherwise not.

Essentials of a valid contract:

A valid contract is a contract b/w two parties in which there is present

1. Offer and acceptance
2. Free consent of the parties
3. Legal relationship b/w the parties
4. Legal consideration (giving something in return of something)
5. Lawful object (purpose of contract is not against the law)
6. Terms of agreement are complete and certain
7. There is possibility to perform/complete the contract. (A contract which is impossible to perform or complete is a void contract-not enforceable by law).
8. Contract is not declared void under the Act.
9. Contract is valid if it got registered and in writing.
10. Parties to enter in a contract are competent parties

Question:

What are the conditions imposed by law for competent parities in order to enter in a contract?

Answer:

The parties who want to enter in a contract must be competent parties in the eyes of law otherwise the contract will not be enforced.

According to section 11, of the Contract Act following persons are competent to enter in a contract

1. A person having sound mind is competent to enter the contract
2. A person having mature age is competent to enter the contract
3. A person who is not disqualified by the law from contracting is competent to enter in a contract.

Question:

Differentiate b/w Executed and Executory contract with the help of an example?

Answer:

Executed Contract:

It is a type of contract in which both parties have completely performed their respective obligations under the contract (Both the parties have done completely what was required to do).

Example:

Mr. Shahid made a contract with Mr. Ali to sell his car to him for 800000 Rs. Mr. Shahid sold the car to Mr. Ali and Mr. Ali paid him 800000 Rs. It is an executed contract because both the parties have performed their side of promise. (Both of them have done what was required to do)

Executory Contract:

It is a type of contract in which both parties are yet to perform their respective obligations under the contract means both parties have not completely performed their obligations yet. The contract is not completely performed by parties.

Example:

Mr. Shahid made a contract with Mr. Ali to sell his car to him for 800000 Rs. Mr. Shahid not yet sold the car to Mr. Ali and Mr. Ali has not paid him 800000 Rs yet. It is an Executory contract because both the parties have not performed their side of promise. (Both of them have not done yet what was required to do)

Question

What is contract? Briefly discuss different types of contract?

Answer:

A contract is an agreement enforceable by law. A contract contains two parties and free consent must be present b/w these two parties.

Kinds of contract:

1. **Valid contract**-A contract which is enforceable by law and contains all the essential elements is a valid contract.
2. **Void contract**- A contract which is not enforceable by law and does not contain all the essential elements is a void contract
3. **Executed contract**- it is a type of contract in which both the parties have completely performed their promises under the contract is known as executed contract.
4. **Executory contract**- it is a type of contract in which both the parties have not yet completely performed their promises under the contract is known as Executory contract.

5. Voidable contract-A contract which is enforceable by law at the option of one party but not at the option of other party is known as voidable contract.

6. Expressed contract: It is a type of contract which may be expressed by words spoken or written.

7. Unenforceable contract- A contract which is unenforceable before the court of law due to some technical defects such as non-deposit of court fee, absence of writing or submission of unsigned document etc is unenforceable contract

8. Implied contract-A type of contract which is inferred from the acts and conduct of the contracting parties is known as implied contract. It is a type of contract which is imposed by law whether the parties want or not. It is a type of law which implied and understood by the behavior and actions of the parties.

Question:

Write down the advantages of Jurisprudence?

Answer:

1. Jurisprudence is grammar of law. It teaches lawyers and the legislators (lawmakers) proper use of legal terms.
2. It trains the mind and enables us to discover.
3. It enables a person to study international laws intelligently.

Question:

Differentiate b/w agreement and a contract?

Answer:

Agreement:

An agreement is a promise by which people agree about what is to be done. An agreement is a situation in which two parties agree or share the same situation. All agreements can be contract but the agreement which is not enforceable by law is not a contract.

Contract:

A contract is an agreement enforced by law.

Question:

What is sanction? Explain with an example.

Answer:

Sanction:

Sanction is an instrument of coercion by which rule of imperative law is enforced. Through sanction, obedience to the rule is ensured. Sanction is a conditional evil (evil/pain or penalty by which wrong doers suffer if the law is broken). Sanction is force of coercion which ensures that the rules of imperative law are observed or obeyed. In Divine law, sanction takes the form of evils to flow from divine extreme anger (punishment for the sins here or hereafter) while in civil law, sanction is the sword of the state. Sanction always operates on desire.

Example: X thinks of stealing a purse of Y. X has two options, either X should remain in the law and suffers the pain or punishment of getting illegal advantage or he should break the law,

and in that case the punishment for breaking the law will be stronger as sanction operates on desire.

Prepared By Sparkle Fairy