

IMBA in AVI (NEP) Sem.-5 Examination

DSC-C-AVI-353

Business Law & Contracts of Ser.Ind.

Time : 2.00 Hours]

December-2025

[Max.Marks : 50

Instructions:

- Figures to the right indicate Full Marks.
- Do not write anything on the question paper.

Q1. Attempt any five –**(10 Marks)**

- Define the contract of guarantee. Who is 'surety' in the contract of guarantee?
- Kamla promises Ramesh to lend Rs. 50,000 in lieu of consideration that Ramesh gets Kamla's marriage dissolved and he himself marries her. Is this agreement valid or void? Why?
- Offer Vs. Invitation to offer
- Mrs. Gandhi was illiterate. She made a gift of almost the whole of her property to her nephew who was managing her estates. Does the agreement void or valid or voidable? Why? Give reason for your answer.
- What is wagering agreement? Give one example.
- Abhishek orders a pizza from Dominos. The company salesperson writes down the correct address; however, the delivery boy wrongly delivers the pizza to Abhishek's next door neighbour Prateek. The payment had been made online. Can Dominos recover the loss from Prateek? Does Abhishek have any remedy against Prateek?
- FlyHigh Aviation Services Pvt. Ltd. operates a fleet of charter helicopters. The company requires a significant volume of aviation fuel monthly. They initiate negotiations with PetroCorp, a major fuel supplier.

After several rounds of negotiation, FlyHigh's Operations Manager sends an email to PetroCorp's sales manager stating: "We are interested in purchasing 50,000 litres of Jet A-1 fuel monthly at your current listed market price. Please confirm if you can supply this volume starting next month."

PetroCorp's Sales Manager replies by email: "We are happy to note your interest and can certainly supply those volumes. We look forward to doing business with you."

Relying on this email exchange, FlyHigh begins preparing its fuel storage facilities and adjusting flight schedules. However, a week later, PetroCorp sends a formal letter stating that due to unforeseen supply chain issues, they cannot fulfil the order and are withdrawing their "expression of interest."

FlyHigh sues PetroCorp for breach of contract, arguing that the emails constituted a formal agreement they relied upon. PetroCorp argues it was merely an agreement to agree in the future, not a contract.

E-1502-2

Analyze the situation under the Indian Contract Act, 1872. Determine the legal status of the email exchange. Was it a legally binding contract, or merely an agreement during negotiations? Focus your reasoning on the essential elements that distinguish an enforceable contract from a non-binding agreement.

Q.2. a) "The Indian Constitution ensures equality, provides freedom of speech, and protects against exploitation as inherent rights for all individuals." Discuss this statement by identifying and briefly describing the three specific Fundamental Rights of the Constitution that correspond to the principles mentioned in the statement. **(5 Marks)**

b) Anant had his nephew aged 15 years absconded from home. Bunty was Anant's servant, and he was sent to search the missing boy. After Bunty had left in search of the boy, Anant issued handbills announcing a reward of Rs. 5001/- to anyone who might find the boy. Bunty, who was ignorant of this reward, was successful in searching the boy. When he came to know of the reward, which had been announced in his absence, he brought an action against the employer Anant to claim this reward.

i) Enumerate the main legal points of essential contract which emerged out of this case proposition. Are there any remedies for breach of contract available to any of the parties?

ii) Can the nephew be made liable for the payment of the reward money to Bunty? Explain the position of minor in contract law. **(5 Marks)**

OR

Q2. a) Differentiate between "fraud" and "misrepresentation" under Indian Contract Act. **(5 Marks)**

b) Classify the contracts on the basis of validity/enforceability. **(5 Marks)**

Q3. a) Write short note on "No consideration, no contract". **(5 Marks)**

b) Distinguish between the "Contract of indemnity" and "Contract of Guarantee". **(5 Marks)**

OR

Q3. a) Discuss the various modes of creating agency. **(5 Marks)**

b) Suresh is moving his business to a new location. He places an advertisement in a local Ahmedabad newspaper that reads:

"FOR SALE: Office furniture, including desks, chairs, and filing cabinets. Items available for viewing and purchase at 45, Gandhi Road, between 10 AM and 4 PM, this Saturday. Price list available upon request."

On Saturday morning, Ravi arrives at the location ready to purchase a specific desk listed for ₹10,000 on the price list. However, Suresh informs Ravi that he has decided not to sell the desk to Ravi and has already agreed to sell the entire lot of furniture to another buyer, Jignesh, who made an offer earlier that morning.

Ravi argues that Suresh's newspaper advertisement was a legally binding "offer," and by showing up ready to pay the listed price, he had "accepted" the offer, thus forming a valid contract.

Analyze this situation using the legal rules regarding a valid offer under the Indian Contract Act, 1872. Determine whether Suresh's newspaper advertisement constituted a binding offer that Ravi could accept, or something else. State the relevant legal rule(s) that support your conclusion.

(5 Marks)

Q.4.a) Sunil had not fully boarded the bus but the conductor negligently sounded the bell for the driver to proceed. Sunil had got hold of the rail and had one foot on the bus. Sunil got thrown off the bus and consequently, suffered injury. There was a provision for paying compensation in such cases under the 'contract for conveyance of a passenger'. However, the transport company had given a free pass to all the college students who came from families with limited means. Sunil was one among them. Can Sunil claim remedy for breach of contract by the bus operators? Explain giving reasons. **(5 Marks)**

b) AeroCorp, a startup specializing in aviation hospitality, secured an exclusive five-year contract with a new, rapidly growing private airport in Gujarat to design, build, and operate all of the airport's executive lounges. The contract terms specified detailed designs, timelines for completion, and a revenue-sharing model. This agreement was pivotal for AeroCorp's reputation and future expansion plans in the highly competitive aviation hospitality sector, providing a critical foothold in a key regional market.

After one year of operation and significant investment from AeroCorp, the airport administration suddenly cancels the contract without valid cause and enters into a more lucrative agreement with a large, established competitor, Global Lounges Inc.

AeroCorp sues the airport administration, seeking to enforce the original contract. While AeroCorp can calculate its *immediate* lost revenue from the next four years of operation, it argues that the actual, long-term damages are almost impossible to measure: the loss of goodwill, the inability to use this high-profile project as a reference to secure future multi-million dollar contracts, and the damage to its market reputation as a reliable operator in the industry.

Under the principles of the Indian Contract Act, 1872, can AeroCorp successfully obtain a decree for specific performance to force the airport administration to honour the original five-year contract, arguing that the true extent of the financial loss and reputational damage is not measurable in monetary terms? Explain your reasoning. **(5 Marks)**

OR

Q4.a) What are the different kinds of damages that can be claimed by a party as a legal remedy in case of breach of contract? **(5 Marks)**

Q4. b) What do you mean by discharge of contract? Discuss any two modes of discharge of contract. **(5 Marks)**

Q.5. The legal principle "All contracts are agreements, but all agreements are not contracts" is fundamental to business operations. Discuss this statement with specific reference to the essential elements of a valid contract under the Indian Contract Act, 1872, using practical examples to illustrate your points. **(10 Marks)**

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