JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -1 EXAMINATION- 2026

M.Tech-II Semester (CM)

COURSE CODE (CREDITS): 10M11CE211 (3) MAX. MARKS: 15

COURSE NAME: CONSTRUCTION CONTRACTS AND LAWS

COURSE INSTRUCTORS: DR. SAURAV MAX. TIME: 1 Hour

Note: *(a) All questions are compulsory.*

(b) The candidate is allowed to make Suitable numeric assumptions wherever required for solving problems

(c) Use of Non programmable calculator is allowed.

Q.No	Question	CO	M
Q1	A contractor faces a ₹12 crore dispute. Litigation is expected to take 4 years with a total legal cost of ₹48 lakh, while arbitration will take 1.5 years with a total cost of ₹22 lakh. The discount rate is 9% per year. a) Compute the present value (PV) of litigation costs assuming equal annual payments. b) Compute the PV of arbitration cost as a single future payment. c) Determine the PV savings by choosing arbitration instead of litigation. d) Interpret the result from a contractor's financial decision perspective.	2	
Q2	A contractor has a ₹8 crore claim. The probability of success in arbitration is 70%, while in litigation it is 50%. Recovery occurs after 1 year in arbitration and 5 years in litigation. Discount rate = 8% per year. Legal costs: arbitration ₹12 lakh, litigation ₹35 lakh. a) Compute the expected present value of recovery under arbitration. b) Compute the expected present value of recovery under litigation. c) Calculate the expected net benefit for both options. d) Recommend the financially preferable option with justification.	2	
Q3.	In a multi-party construction project involving an owner, main contractor, subcontractor, and consultant: a) Explain the doctrine of privity of contract and analyze how it affects the legal rights of subcontractors. b) A subcontractor suffers financial loss due to delayed drawings from the consultant. Can the subcontractor sue the consultant directly? Justify legally. c) Suggest contractual mechanisms that can reduce disputes in such multi-party arrangements.	1	

JUIT TEST-1 EXAMINATION-FEB-2026