

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Law of Contracts-II  
Semester-III (Batch: 2014-19)

End Semester Examination: Oct-Nov. 2015

Date: 27<sup>th</sup> October, 2015

Duration: 3 hours

Max. Marks: 50

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- **Bare Act is not allowed.**

	<b>Part-A</b>	<b>Marks</b>
	Answer all the questions:	
Q.1	B contracts to build a ship for C for a given sum, to be paid by instalments as the work reaches certain stages. A becomes surety to C for B's due performance of the contract. C without the knowledge of A, prepays to B, the last two instalments. What is A's liability? Explain with the help of relevant provisions of the Indian Contract Act 1872 and decided cases.	(03)
Q.2	A directs B to sell goods for him and agrees to give B, 5 percent commission on the price fetched by the goods. Later A, by issuing a letter revokes B's authority. B, after the letter is sent and before he receives it, sells the goods for Rs 100/-. Is B entitled to receive commission? Explain with the help of relevant provisions of the Indian Contract Act 1872 and decided cases.	(03)
Q.3	The owner of a motor car gave it to a company to maintain it for 3 years on a fixed annual payment. An amount having become due for maintenance charges, the company claimed lien on the car. Is the company justified in doing so? Explain with the help of relevant provisions of the Indian Contract Act 1872 and decided cases.	(03)
Q.4	The defendant was a manager in a hotel, where his wife was a manageress. They lived together in the same hotel but had no domestic establishment of their own. The wife incurred with a tradesman a debt for clothes, payment for which was demanded from the husband. Would he be liable to pay? Explain with the help of relevant provisions of the Indian Contract Act 1872 and decided cases.	(03)
Q.5	An agent's lien does not give unrestricted authority to the agent to deal with the property in any manner the agent may like. The right is limited in nature. It enables the agent to retain the property till his dues are paid. But this confers no authority on the agent to sell or otherwise dispose of the property without the consent of the owner. Elucidate with the help of relevant provisions of the Indian Contract Act 1872 and decided cases.	(03)

- Q.6 No cast-iron standard can be laid down for the measure of care, due from a bailee and the nature and amount of care must vary with the posture of each case. Nature, quality and bulk of the goods bailed, the purpose of bailment, facilities reasonably available for safe custody and the like, will be taken into account for determining whether proper care has been taken. Elucidate with the help of relevant provisions of the Indian Contract Act 1872 and decided cases. (03)
- Q.7 A under a contract to sell rice to the R on certain terms, where the A had to bag the rice, book it on the railway and dispatch it when wagons became available and then deliver the railway receipt to the R. The rice was bagged, weighted and stocked by the A in his godowns, but no wagons became available within a reasonable period and the transaction went off. Can the A sue the R for price? Explain with the help of relevant provisions of the Indian Contract Act 1872 and Sale of Goods Act 1930 and decided cases. (03)
- Q.8 A and B purchased a tea shop and incurred additional expense for purchasing utensils, each contributing part of the total expense and the shop is leased out on a daily rent which is divided between both of them. Does this relationship constitute partnership between A and B? Give reasons for your answers. Support your answers with relevant provisions of the Partnership Act 1932 and decided cases. (03)
- Q.9 Atul introduced Monica to Neha as his partner, when infact she was not his partner and Monika silently stood by. Is she liable to Neha for credit given to the partnership firm? Support your answer with relevant provisions of the Partnership Act 1932 and decided cases. (03)
- Q.10 B handed her jewellery to M to value it and tell her what advance he could make on them, it being agreed that M was to keep the jewellery as security if he made the advance. On the same day M pledged the jewellery with A, a pawnbroker, who advanced £1,000 in good faith. Four days later M advanced £500 to B on the security of her jewellery. Subsequently on coming to know about the transaction between M and A, B paid the amount she had borrowed and sued A for the recovery of her jewellery contending that when M advanced the money, no valid pledge could arise as there was no delivery of goods in pursuance of the contract of pledge and M had already parted with the possession of the goods by pledging them with A. Will B succeed? Explain with the help of case laws and relevant provisions of the Indian Contract Act 1872 and decided cases. (08)

#### Part-B

- Q.11 Distinguish between the following: (5x3=15)
- (a) Gratuitous Bailor and Non Gratuitous Bailor
  - (b) Partnership and LLP
  - (c) Condition and Warranty
  - (d) Agent and Servant
  - (e) Pledge, Hypothecation and Mortgage

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