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2006

(Jan '07)

CONTRACT—II

Paper : 203

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer Question No. **1** and *any four* from the rest

1. First state whether the following statements are *True* or *False*, and thereafter justify your answer **within 4/5 lines** each : $2 \times 10 = 20$

- (a) A minor cannot enter into a contract of partnership.
- (b) An unregistered firm is an illegal association.
- (c) An agency may be created without any express authority of the principal.
- (d) Only the owner of goods can make a valid pledge.

- (e) The liability of a surety under a contract of guarantee comes to an end only by the death of the surety.
- (f) A banker's lien is different from bank's right to set-off.
- (g) After the ownership has passed to the buyer, the goods are at the buyer's risk—whether delivery has been made or not.
- (h) Breach of warranty entitles the aggrieved party to treat the contract as repudiated.
- (i) A 'cheque' does not include the electronic image of a truncated cheque and a cheque in the electronic form.
- (j) For the purposes of Sec. 141 of the Negotiable Instruments Act, 1881, a 'company' means any body corporate and includes a firm or other association of individuals.

2. Comment on any *three* of the following :

5×3=15

- (a) "A person who finds goods belonging to another and takes them into his custody is subject to the same responsibility as a bailee."

- (b) "Agency exists whenever a person can bind another by acts done on his behalf."
- (c) "Goodwill is a part of the property of a partnership firm."
- (d) "Risk follows ownership."
3. What do you mean by the term 'goods' under the Sale of Goods Act, 1932? What are the essential elements of a contract for the sale of goods? 5+10=15
4. Define 'Negotiable Instruments', and bring out its essential features. 15
5. State briefly the law relating to any *two* of the following : $7\frac{1}{2} \times 2 = 15$
- (a) Contracts of indemnity and guarantee
- (b) The essential elements of a partnership
- (c) Rights of unpaid seller
6. Discuss briefly the law in respect of the following : $7\frac{1}{2} + 7\frac{1}{2} = 15$
- (a) Dishonour of cheque for insufficiency of funds in the account
- (b) Liability of bailee making unauthorised use of goods bailed

7. Distinguish between any two of the following : $7\frac{1}{2} \times 2 = 15$

- (a) Bailment and Pledge
- (b) Promissory Note and Bill of Exchange
- (c) Condition and Warranty

8. Write short notes on any three of the following : $5 \times 3 = 15$

- (a) Caveat Emptor
- (b) Crossed Cheques
- (c) Auctioneer
- (d) Continuing Guarantee
- (e) Dissolution of a Partnership Firm