

LAW OF SPECIAL CONTRACTS

Time: 3 Hours

Maximum Marks: 50

PART-A

Answer ANY FIVE questions. Each question carries FOUR marks

(5 x 4 = 20)

- I. (a) What is a contract of indemnity? Examine whether a life insurance contract is a contract of indemnity.
- (b) Explain the degree of skill and care expected of a bailee of goods. *Del. & B*
- (c) Why is a pledge, a bailment. Explain the right of redemption.
- (d) Explain mutual agency in the context of partnership. Explain its absence in the context of limited liability partnerships.
- (e) Explain ratification and its consequences in the context of contracts of agency. ✓
- (f) Explain the principle of caveat emptor as incorporated under the Sale of Goods Act, 1930. ✓
- (g) Enumerate the rights available to an unpaid seller under the Sale of Goods Act, 1930. ✓
- (h) Distinguish between negotiation and assignment of a negotiable instrument.

PART-B

Answer ANY TWO questions. Each question carries SIX marks

(2 X 6 = 12)

- II. Isaac, a partner, absconds with cash entrusted by Safwan with the partnership. Is Vishnu, the partner of Isaac, liable to indemnify Safwan? If Isaac was only an employee and not a partner, what would be the liability of Vishnu?
- III. Mustafa, a general merchant, instructs his agent Jamal, to pay out of the money entrusted with him for purchase of goods, the dues owed to Joseph. When Joseph comes to receive his dues Jamal discovers that the money due is for supply of wine for personal use of Mustafa. Can Jamal refuse to pay? Decide.
- IV. Sudha is refused payment by the bank citing insufficiency of funds in the account for the cheque she submitted for rupees ten thousand. Due to non receipt of this amount she is unable to pay the balance required and forfeits the deposit of rupees five thousand she had made for an auction purchase. In a claim under the Negotiable Instruments Act for dishonour of cheque, can Sudha claim for the loss of the auction purchase, the deposit amount and the amount on the cheque? Advise.

PART-C

Answer ANY TWO questions. Each question carries NINE marks

(2 X 9 = 18)

- V. Explain the rights and obligations of a sub agent and a substituted agent towards the principal.
- VI. Explain the legal position of a minor admitted as a beneficiary into a partnership.
- VII. Explain the legal rights given to the surety and the creditor in the case of a contract of guarantee.
