

Faculty of Law

End Semester Examination May 2025

LW3CO04 Law of Contract -II

Programme	:	All	Branch/Specialisation	:	-
Duration	:	3 hours	Maximum Marks	:	60

Note: All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary.
 Notations and symbols have their usual meaning.

Section 1 (Answer all question(s))					
				Marks CO BL	
Q1. A contract of insurance is what type of contract?				1 2 2	
<input type="radio"/> Contract of Guarantee	<input type="radio"/> Contract of Surety				
<input checked="" type="radio"/> Contract of Indemnity	<input type="radio"/> Individual Contract				
Q2. Who is primarily liable in a contract of guarantee?				1 2 2	
<input type="radio"/> The surety	<input checked="" type="radio"/> The principal debtor				
<input type="radio"/> The creditor	<input type="radio"/> The agent				
Q3. Which of the following is NOT a right of a bailee?				1 2 2	
<input type="radio"/> Right to claim compensation	<input type="radio"/> Right to sell the goods under specific circumstances				
<input checked="" type="radio"/> Right to use the goods for personal purposes	<input type="radio"/> Right to recover expenses				
Q4. A pledge can be made by a non-owner under which of the following conditions?				1 2 2	
<input type="radio"/> When the goods are stolen	<input type="radio"/> When the pledgee agrees				
<input checked="" type="radio"/> When the non-owner has possession with the owner's consent	<input type="radio"/> When the goods are perishable				
Q5. Which of the following statements about agency is TRUE?				1 2 2	
<input type="radio"/> An agent must always act without a principal	<input type="radio"/> An agent's authority can never be implied				
<input checked="" type="radio"/> A minor can be appointed as an agent	<input type="radio"/> An agent is personally liable in all contracts				
Q6. An Agency can be terminated in which of the following ways?				1 2 2	
<input type="radio"/> By agreement	<input type="radio"/> By insolvency of the principal				
<input type="radio"/> By death of the agent	<input checked="" type="radio"/> All of the above				
Q7. Which of the following is NOT a difference between a sale and an agreement to sell?				1 2 2	
<input type="radio"/> Ownership transfer is immediate in a sale	<input checked="" type="radio"/> The contract cannot be performed later in an agreement to sell				
<input type="radio"/> Risk passes to the buyer in a sale	<input type="radio"/> In an agreement to sell, the seller remains the owner				
Q8. Who has the right to stop goods in transit under the Sale of Goods Act?				1 2 2	
<input type="radio"/> The buyer	<input checked="" type="radio"/> The unpaid seller				
<input type="radio"/> The carrier	<input type="radio"/> The agent				
Q9. Which of the following is NOT a duty of a partner in a partnership firm?				1 2 2	
<input type="radio"/> Duty to share profits and losses	<input type="radio"/> Duty to act in good faith				
<input type="radio"/> Duty to avoid competition with the firm	<input checked="" type="radio"/> Duty to always seek the consent of other partners before acting				

Q10. A partnership firm must be registered to-

1 2 2

- Sue third parties
- Conduct business
- Hire employees
- Avoid unlimited liability

Section 2 (Answer all question(s))

Q11. Define a Contract of Indemnity. Explain its essential features.

Marks CO BL
2 2 2

Rubric	Marks
Definition of indemnity	1
Essential of indemnity	1

Q12. Differentiate between a contract of indemnity and a contract of guarantee.

3 2 2

Rubric	Marks
Concept of contract of indemnity	1.5
Concept of contract of guarantee.	1.5

Q13. (a) Discuss the rights of a surety against the principal debtor, creditor, and co-sureties.

5 2 2

Rubric	Marks
Enumerate the sections	2
Rights of Sureties	3

(OR)

(b) Explain the modes of discharge of a surety under a contract of guarantee with relevant case laws.

Rubric	Marks
Relevant Provisions in Contract	2.5
Modes of discharge of a surety	2.5

Section 3 (Answer all question(s))

Q14. Define Bailment. Explain the essential features of a bailment contract.

Marks CO BL
4 2 2

Rubric	Marks
Legal Provisions	2
Bailment and essential features	2

Q15. (a) Discuss the rights and duties of a Bailee in a Contract of Bailment.

6 2 2

Rubric	Marks
Concept of Bailment	2
Illustrate the rights and duties of a bailee.	4

(OR)

(b) Discuss the concept of pledge. Explain how it differs from bailment.

Rubric	Marks
Concept of pledge	2
Pledge difference from bailment	4

Section 4 (Answer all question(s))

Marks CO BL

Q16. Define an agency. Explain the different modes of creation of an agency.

3 3 2

Rubric	Marks
Definition of agency.	1
Different modes of creation of an agency	2

Q17. (a) Discuss the various types of agencies and analyze the concept of sub-agency with case references.

7 2 2

Rubric	Marks
Definition of Agency	2
Various types of agencies	2
The concept of sub-agency	2
Case Laws	1

(OR)

(b) Explain the legal effects of an agent acting beyond their authority. Discuss the principal's liability in such cases with relevant case laws.

Rubric	Marks
Relevant Provisions	2
Legal effects of an agent acting beyond their authority.	2
The principal's liability with case laws	3

Section 5 (Answer all question(s))

Marks CO BL

Q18. Define a contract of sale and distinguish it from an agreement to sell.

4 2 2

Rubric	Marks
Legal Provision	2
Distinguished from sale and agreement.	2

Q19. (a) Explain the essential conditions and warranties in a contract of sale. Explain the rights of an unpaid seller under the Sale of Goods Act.

6 2 2

Rubric	Marks
the essential conditions and warranties	3
The rights of an unpaid seller under the Sale of Goods Act.	3

(OR)

(b) Discuss the rules relating to the transfer of ownership and risk in a contract of sale of goods.

Rubric	Marks
Rules relating to the transfer of ownership	3
Risk in a contract of sale of goods.	3

Section 6 (Answer any 2 question(s))

Marks CO BL

Q20. Define partnership and explain its essential characteristics. Discuss the mutual rights and duties of partners in a partnership firm. 5 4 4

Rubric	Marks
Define partnership	1
Explain partnership's essential characteristics	2
Mutual rights and duties of partners in a partnership firm	2

Q21. X, Y, and Z are partners in a registered firm. After a disagreement, X decides to retire from the partnership. However, the remaining partners continue to use the firm's name without informing creditors. Later, the firm defaults on a loan taken in the firm's name. The bank sues X along with Y and Z. 5 3 3

- (i) Is X liable for the firm's debts after his retirement?
- (ii) Discuss the legal consequences of a partner's retirement and the importance of giving notice to third parties.

Rubric	Marks
Problem identification	1
Legal Proposition	2
Case Laws and Conclusion	2

Q22. A, B, and C are partners in a firm. Without consulting A and B, C enters into a contract with a supplier on behalf of the firm for purchasing raw materials. Later, A and B refuse to honor the contract, claiming that they were unaware of the transaction. 5 2 2

- (i) Is the firm bound by C's act?
- (ii) Discuss the authority of partners in a partnership firm and whether C had the right to make such a decision.

Rubric	Marks
Legal framework	2
Issue Identification	3
