

EXAMINATION OF ARTICLE CLERKS

PAPER V

COMMERCIAL LAWS

Thursday 6<sup>th</sup> October, 2021

TIME : 3 HOURS [1-00 P.M. TO 4-00 P.M.]

TOTAL MARKS – 100

---

General Instructions:

- (1) Please answer all questions to the point.
- (2) Answers should be reasoned and where possible supported by provisions of law and case law.

SECTION – I

THE INDIAN CONTRACT ACT, 1872

1. Mr. A offered to buy Mr. B's house on 25-11-2020 for Rs. 5 Crore. On 10-12-2021 Mr. B made an offer of not less than Rs. 5.5 Crore. This offer was refused by Mr. A on 15-12-2020. On 20-12-2021 Mr. A wrote to Mr. B that he was now prepared to pay Rs. 5.5 Crore. Mr. B refused to sell the house. Mr. A wants to file a suit against Mr. B for breach of contract. What advice would you give Mr. A? **3 Marks**
2. Distinguish between undue influence and coercion. **4 Marks**
3. Mr. A promises Ms. X to marry her in the event of his wife, Mrs. B's death. 4 years later Mrs. B dies. On Mr. A's refusal to marry Ms. X, she sues Mr. A for damage for breach of promise to marry her. How would you decide the case?. **3 Marks**
4. Write short notes on any **three** of the following: **15 Marks**
  - i. Agent's duties to the Principal.
  - ii. What is a Pledge? How is it different from a Bailment?
  - iii. Remedies for breach of contract.
  - iv. Novation.
  - v. Rights of indemnity holder.

## SECTION – II

## THE INDIAN PARTNERSHIP ACT, 1932

## The Limited Liability Partnership Act 2008

5. Discuss the key differences between a Partnership under the 1932 Act and a Limited Liability Partnership. **5 Marks**
6. Can a HUF be a partner of a LLP? **3 Marks**
7. Is an Agreement between the partners of the LLP mandatory for the incorporation of the LLP? **2 Marks**
8. Write short notes on any **three** of the following: **15 Marks**
- i. Implied authority of a Partner.
  - ii. Dissolution of a Firm.
  - iii. Doctrine of Holding Out.
  - iv. Consequences of not registering the firm.
  - v. Foreign Limited Liability Partnership.

## SECTION – III

## THE NEGOTIABLE INSTRUMENTS ACT, 1881

9. What is meant by negotiation of a negotiable instrument? **2 Marks**
10. Mr. A requires Rs. 1 Lakh but fails to obtain a loan from the bank as his credit rating is not high enough. Mr. B whose credit is good, accomodates Mr. A by giving him a pronote made out in favour of Mr. C, though Mr. B owes no money to Mr. C. Mr. C endorses the pronote to Mr. D for value received. Mr. D who is a holder in due course, demands payment from Mr. B. Can Mr. B refuse to pay relying on the arrangement between him and Mr. A? **3 Marks**

11. Write a short note on presumptions as to negotiable instruments. **5 Marks**
12. Write short notes on any three of the following" **15 Marks**
- i. Noting.
  - ii. Holder in due course.
  - iii. Rules as to compensation.
  - iv. Foreign Instruments.
  - v. Applicability of mens rea to the dishonour of cheques.

**SECTION – IV**

**SALE OF GOODS ACT, 1930**

13. Distinguish an Agreement to Sell from and Agreement of Sale. **5 Marks**
14. Explain the rules of Auction under the Act. **5 Marks**
15. Write short notes on any three of the following: **15 Marks**
- i. Stoppage in transit.
  - ii. Sale of unascertained goods.
  - iii. Rules relating to delivery.
  - iv. Seller's lien and termination of the lien.
  - v. Sale by sample.
-