

EXAMINATION OF ARTICLE CLERKS

PAPER V

COMMERCIAL LAWS

Wednesday 26th April, 2023

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

TOTAL MARKS – 100

General Instructions:

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 hired a room in Fancy Stays, a 3 star hotel and paid a week's rent in advance. After registering, he went up to occupy the room. In the welcome letter it was mentioned that "The hotel shall not be liable for any articles misplaced, lost or stolen unless handed over to the manager for safe keeping." On the third day of his stay Mr. A finds that his money and watch have been stolen. Is the hotel liable for the loss caused to Mr. A? 4 Marks

2. Write short notes on any three of the following: 12 Marks
 - i. No consideration No contract.
 - ii. Privity of contract.
 - iii. Differentiate between a void contract and a voidable contract.
 - iv. Uberrimae fidei.

3. Discuss the essential elements of a valid e-contract? 5 Marks

4. Mr. A, an agent, has authority from his principal Mr. B to sell goods on credit. Mr. A sells goods on credit to Mr. C. At the time of sale, Mr. C was insolvent. Is Mr. A liable to compensate Mr. B? Why? 4 Marks

SECTION – II

THE INDIAN PARTNERSHIP ACT, 1932

THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

5. Mr. A and Mr. B, partners of M/s. AB & Co. deal trade in textile piece goods. Mr. B separately starts the manufacturing of textile piece goods. What advice would you give Mr. A. 4 Marks

6. Mr. A, Mr. B and Mr. C are partners. Mr. C is a sleeping partner and is not known to be a partner of the firm. C retires without giving the public notice of his retirement. Is C liable for subsequent debts incurred by the firm? 4 Marks
7. Discuss the grounds on which a partnership firm may be dissolved by an order of the court. 5 Marks
8. Write short notes on any **three** of the following: 12 Marks
- i. Implied authority.
 - ii. Winding-up of a LLP.
 - iii. Designated Partner.
 - iv. Holding Out.

SECTION – III

THE NEGOTIABLE INSTRUMENTS ACT, 1881

9. Write a brief note on the different kinds of endorsements. 4 Marks
10. A is the holder of a Bill of Exchange. He transfers it to B without consideration who transfers it to C without consideration. Mr. C transfers it to Mr. D for consideration. Mr. D transfers it to Mr. E without consideration. From whom can Mr. E recover the amount on such instrument. Give reasons. 4 Marks
11. Describe the different modes of discharge of liability of parties with regards to a negotiable instrument. 5 Marks
12. Write short notes on any three of the following” 12 Marks
- i. Distinguish between a Bill of Exchange and a cheque.
 - ii. Ambiguous Instruments.
 - iii. Inchoate Instrument.
 - iv. Drawee in case of need.

SECTION – IV

SALE OF GOODS ACT, 1930

13. What are the implied conditions ‘as to title’ and ‘as to sample’ in a contract for sale of specific goods? 5 Marks

14. When does property in goods pass from a seller to a buyer in a contract for sale of ascertained and unascertained goods. 5 Marks
15. Mr. A, Mr. B and Mr. C jointly own a Truck which is kept in the possession of Mr. A. Mr. A sells the truck to Mr. D without informing him that Mr. B and Mr. C are the joint owners. Is the sale between Mr. A and Mr. D valid? Why 3 Marks
16. Write short notes on any three of the following: 12 Marks
- i. Distinguish between Future Goods and Contingent Goods.
 - ii. Essentials of a contract for sale.
 - iii. When does a condition become a warranty?
 - iv. Risk prima facie passes with ownership.
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