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K19U 2566

Reg. No. : .....

Name : .....

III Semester B.Com. Degree (CBCSS-Reg./Supple./Imp.)  
Examination, November - 2019  
(2014 Admn. Onwards)

COMPLEMENTARY COURSE IN COMMERCE  
3C04 COM : BUSINESS REGULATORY FRAME WORK

Time : 3 Hours

Max. Marks : 40

**PART - A**

Answer **All** questions. Each Question carries  $\frac{1}{2}$  mark. (4x $\frac{1}{2}$ =2)

1. The Indian contract Act came into force on \_\_\_\_\_.
2. The term ' Duress' in English law similar to \_\_\_\_\_ in Indian law.
3. 'Nudum Pactum' refers \_\_\_\_\_.
4. \_\_\_\_\_ means premature termination of contract due to factors beyond our control.

**PART - B**

Answer any **FOUR** questions. Each question carries 1 mark. (4x1=4)

5. Define 'Offer'.
6. Define 'Coercion'.
7. What is wagering contract?
8. What is tender?
9. List out expressly disqualified persons.
10. Who is 'Unpaid seller'?

P.T.O.

**PART - C**

Answer any **Six** questions( not exceeding one page). Each question carries **3** marks. **(6×3=18)**

11. Explain the features of contract of guarantee.
12. Brief the types of quasi contracts.
13. Explain briefly the rules regarding minors agreements.
14. Define 'acceptance'. Briefly explain its essential elements.
15. "No consideration, No contract" - explain.
16. Differentiate between bailment and pledge.
17. Explain remedies available for breach of contract.
18. Why 'surety' is called as ' Favoured debtor'?

**PART - D**

Answer any **Two** questions. Each question carries **8** marks. **(2×8=16)**

19. What is " Discharge of contract"? And explain various modes for discharge of contract.
  20. Define the term 'Caveat Emptor'. Explain its exceptions with suitable examples.
  21. Define 'Agent' and 'Principal'. Briefly describe various modes of creating agency.
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K194 2566

Answer Key

**3C04 COM (COMP.-IV) - Business Regulatory Framework**

Time :3 hours

Maximum Marks :40

**Part A.**

Answer all questions. Each carries  $\frac{1}{2}$  mark.

1. 1<sup>st</sup> September 1872.
2. Coercion
3. Bare promise (promise without consideration)
4. Frustration.

(4x  $\frac{1}{2}$  = 2 marks)

**Part B**

Answer any 4 questions. Each carries 1 mark

5. U/s 2(a) of Indian Contract Act, 1872, "when one person signifies another his willingness to do or to abstain from doing anything with a view to obtain the assent of that other to such act or abstinence, he is said to make an offer/proposal".
6. U/s 15 of ICA, 1872, "Coercion is committing or threatening to commit any act forbidden by IPC or the unlawful detaining or threatening to detain any property belonging to other with an intention of causing any person to enter into an agreement"
7. According to Anson, wager means a promise to give money or money's worth upon the determination of an uncertain event in which the parties have no material interest and with mutual chance of gain or loss"
8. When one party is ready to perform his part of obligation in proper but the other party not willing to accept that performance, known as tender or attempted performance.
9. a. felon/convicts  
b. Insolvents  
c. ultra vires act of Companies  
d. Foreign sovereigns/ambassadors ...
10. U/s 45(1) of The Sale of Goods Act, 1930, "a seller who has not been paid or tendered whole price of goods sold or has been received any negotiable instrument but dishonored later"

(4x1=4 marks)

**Part C**

Answer any six questions (not exceeding one page) each carries 3 marks

11. Explain the following points
  - a) Three parties
  - b) Three contracts
  - c) Capacity to contract
  - d) Concurrence
  - e) Primary & secondary liability
  - f) Consideration
12. Quasi contract- give short description of following points(sec.68-72)
  - a) Necessaries supplied to incapable persons
  - b) Payment by interested persons
  - c) Liability to pay for non gratuitous act
  - d) Obligation of finder of lost goods



② K 19 U 2566

- e) Payment by mistake or coercion
13. the rules regarding minors' agreements:
- a) An agreement with or by the minor is void
  - b) Minor is not bound to return the benefits received
  - c) A minor cannot ratify his act
  - d) Restitution of property in case of fraud
  - e) Principle of estoppels not applicable
  - f) Liable for necessaries supplied
  - g) Services rendered to minor
  - h) Minor as promise or beneficiary
  - i) Minor as agent
  - j) Minor as insolvent
  - k) Minor as partner.
14. U/s 2(b) of ICA, 1872, " when the person to whom the proposal is made signifies his assent there to, the proposal is said to be accepted"

**Essential elements of Acceptance.**

- a) Acceptance must be absolute
  - b) Must be communicated to offeror
  - c) Must be within reasonable time
  - d) Must be communicated in reasonable manner
  - e) May be Expressed or implied
  - f) Must be made by the offeree
  - g) Offeree Must be aware of the offer
  - h) Only after offer is made
  - i) Must be before the lapse of offer
  - j) Concludes the contract
15. "No consideration, No contract"- In general, a contract without consideration is void. But there are certain exceptions to this rule such as:
- a. Agreement based on love and affection
  - b. Agreement to pay for past voluntary services
  - c. Agreement to pay time barred debt
  - d. Completed gift
  - e. Agency.
16. Differentiate between bailment and pledge.

BASIS FOR COMPARISON	BAILMENT	PLEDGE
Meaning	When the goods are temporarily handed over from one person to another person for a specific purpose, it is known as bailment.	When the goods are delivered to act as security against the debt owed by one person to another person, it is known as the pledge.
Defined in	Section 148 of the Indian Contract Act, 1872.	Section 172 of the Indian Contract Act, 1872.
Parties	The person who delivers the goods is known as the Bailor while the person to whom the goods are delivered is known as Bailee.	The person who delivers the goods is known as Pawnor while the person to whom the goods are delivered is known as Pawnee.
Consideration	May or may not be present.	Always present.

③ K190 2566

Right to sell the goods	The party whom goods are being delivered has no right to sell the goods.	The party whom goods are being delivered as security has the right to sell the goods if the party who delivers the goods fails to pay the debt.
Use of Goods	The party whom goods are being delivered can use the goods only, for the specified purpose.	The party whom goods are being delivered has no right to use the goods.
Purpose	Safe keeping or repairs, etc.	As security against payment of debt.

17. Remedies for breach of contract. (explain the following)

- Rescission of the contract
- Suit for damage
- Suit for specific performance
- Suit for injunction
- Suit upon quantum meruit.

18. 'surety' is called as 'Favoured debtor' because :

- Not liable until creditor has performed his obligation
- Only secondary liability
- Only Coextensive liability
- Not liable for fruitless litigation
- Not bound by admissions and adjustment made between debtor and creditor
- Only liable for unpaid balance.

(6x3=18 marks)

#### Part D

Answer any two questions. Each carries 8 marks

19. "Discharge of contract" means termination of the contractual relationship between the parties. a contract is said to be discharged when the parties thereto are freed from the task of performing their respective obligations as arising from the contract.

Explain following modes of discharging of contract:

- By performance - Actual, attempted performance
- By mutual agreements - Notation, rescission, alteration, remission, waiver and merger
- By lapse of time
- By the operation of law
- By impossibility of performance
- By committing breach.

20. 'Caveat Emptor.

The doctrine of caveat emptor means "buyers beware." It basically conveys the message that the buyer must protect his or her own interests when making a purchase or transaction.

**A. Purchase by Description**-When the goods have been purchased by description, the rule of caveat emptor does not apply. It becomes clear to the buyer when he hears about the quality and fitness of the goods from the seller. The seller may point out if there is any flaw in the goods.

**B. Purchase by Sample**-Even when the goods are bought after examining a sample and they get matched with the sample, rule of caveat emptor is not applicable.

④ K190 2566

**C. Fitness for Purpose**-When the buyer has informed the seller about the purpose for buying certain goods and he trusts upon the skill and judgment of the seller in arranging such goods, then the rule of 'Buyer Beware' won't be applicable.

**D. Trade Name**-When the goods are bought under certain trade name, there is no implied condition to its fitness for any particular purpose.

**E. Mercantile Quality**-The rule does not apply when goods are purchased by description from a seller who deals in with goods of that description. This is because there is then an implied condition that the goods shall be of mercantile quality.

**F. Consent by Fraud**-This rule is not applicable where the seller intentionally makes false statement or conceals something about the goods.

21. U/s 182 of ICA, 1872, Defines 'agent' and 'principal'. An "agent is a person employed to do any act for another or to represent another in dealing with third parties. The person for whom such act is done, or who is so represented, is called the "Principal"

Briefly explain the following modes of creating agency:

- a. Agency by express agreement
- b. Agency by implication
- c. Agency by estoppels
- d. Agency by holding out
- e. Agency by necessity
- f. Agency by ratification.