Odisha Judicial Service (Mains) 2015

Law of Contract · optional paper

JSM – 15/6 · 3 hours · 150 marks

Answer six questions, selecting two questions each from any two Sections and one each from remaining two Sections.

Section A

1. (a) Law of Contract is neither the whole law of agreements nor the whole law of obligation. Discuss. [15 marks]
(b) Want of free consent vitiates a contract and renders it void or voidable. Discuss. [10 marks]

2. (a) Explain various modes in discharge of a contract. [15 marks]
(b) A advances to B, a minor, Rs. 30,000 on the guarantee of C. On demand for repayment. B refuses to pay on the ground of minority. Can A recover the amount from C ? [10 marks]

3. (a) 'Surety is a favoured debtor.' Elucidate this principle with decided cases. [15 marks]
(b) A surety gives the guarantee to the tune of Rs. 50,000 for an overdraft to be allowed by the bank to the principal debtor. The bank and principal debtor altered this amount of guarantee from Rs. 50,000 to Rs. 40,000 without consent of surety. Decide with the help of decided cases. [10 marks]

Section B

4. (a) Define Goods. Differentiate between sale and agreement to sell. [15 marks]
(b) Explain the rights available to the unpaid seller under the Sale of Goods Act. [10 marks]

5. Explain different types of 'implied conditions and warranties' recognized under Sale of Goods Act, 1930. [25 marks]

6. (a) What is meant by 'caveat emptor' ? Explain exceptions if any. [15 marks]
(b) When does property in the goods pass from seller to the buyer ? [10 marks]

Section C

7. (a) Partnership born out of a contract and not by status. Explain. [15 marks]
(b) Enumerate the rights and liabilities of a minor admitted to the benefits of partnership. [10 marks]

8. (a) Explain the rights and liability of partner in a partnership firm. [15 marks]
(b) Is registration of partnership necessary ? Also explain its implications. [10 marks]

9. (a) What is limited liability of a partner in a partnership firm ? Also explain legal implications in this regard. [15 marks]
(b) 'A' and 'B' are the partners in a firm. 'A' is the managing partner who managed the firm for 3 years and misappropriated the funds. 'B' wanted to file a suit regarding settlement of accounts. Advise 'B'. [10 marks]

Section D

10. (a) Define negotiable instrument. What are the different kinds of negotiable instrument ? Make a comparison among all of them. [15 marks]
(b) Explain when 'holder' becomes 'holder in due course'. Also mention the rights available to holder in due course. [10 marks]

11. (a) Explain the meaning of material alteration. Also explain the liability of paying banker while accepting materially altered instruments. [15 marks]
(b) What is payment in due course ? Mention the essential of payment in due course. [10 marks]

12. (a) Explain the meaning of endorsement. Also mention the effects of endorsement. [15 marks]
(b) 'A issued a cheque for B for discharging his obligation towards payment for the goods he purchased from B. B submitted the cheque to the bank for payment and the cheque was returned by mentioning insufficiency of funds in the account. Explain the legal liability of A under the Negotiable Instruments Act. [10 marks]

De Facto IAS