

➤ For the purpose of making uniform for the employees, Mr. Yadav bought dark blue coloured cloth from Vivek, but did not disclose to the seller the purpose of said purchase. When uniforms were prepared and used by the employees, the cloth was found unfit. However, there was evidence that the cloth was fit for caps, boots and carriage lining. Advise Mr. Yadav whether he is entitled to have any remedy under the sale of Goods Act, 1930?

Q125

Caveat Emptor

804

➤ Some of the creditors of Pharmaceutical Appliances Ltd. have complained that the company was formed by the promoters only to defraud the creditors and circumvent the compliance of legal provisions of the Companies Act, 2013. In this context they seek your advice as to the meaning of corporate veil and when the promoters can be made personally liable for the debts of the company.

Define Corporate Veil

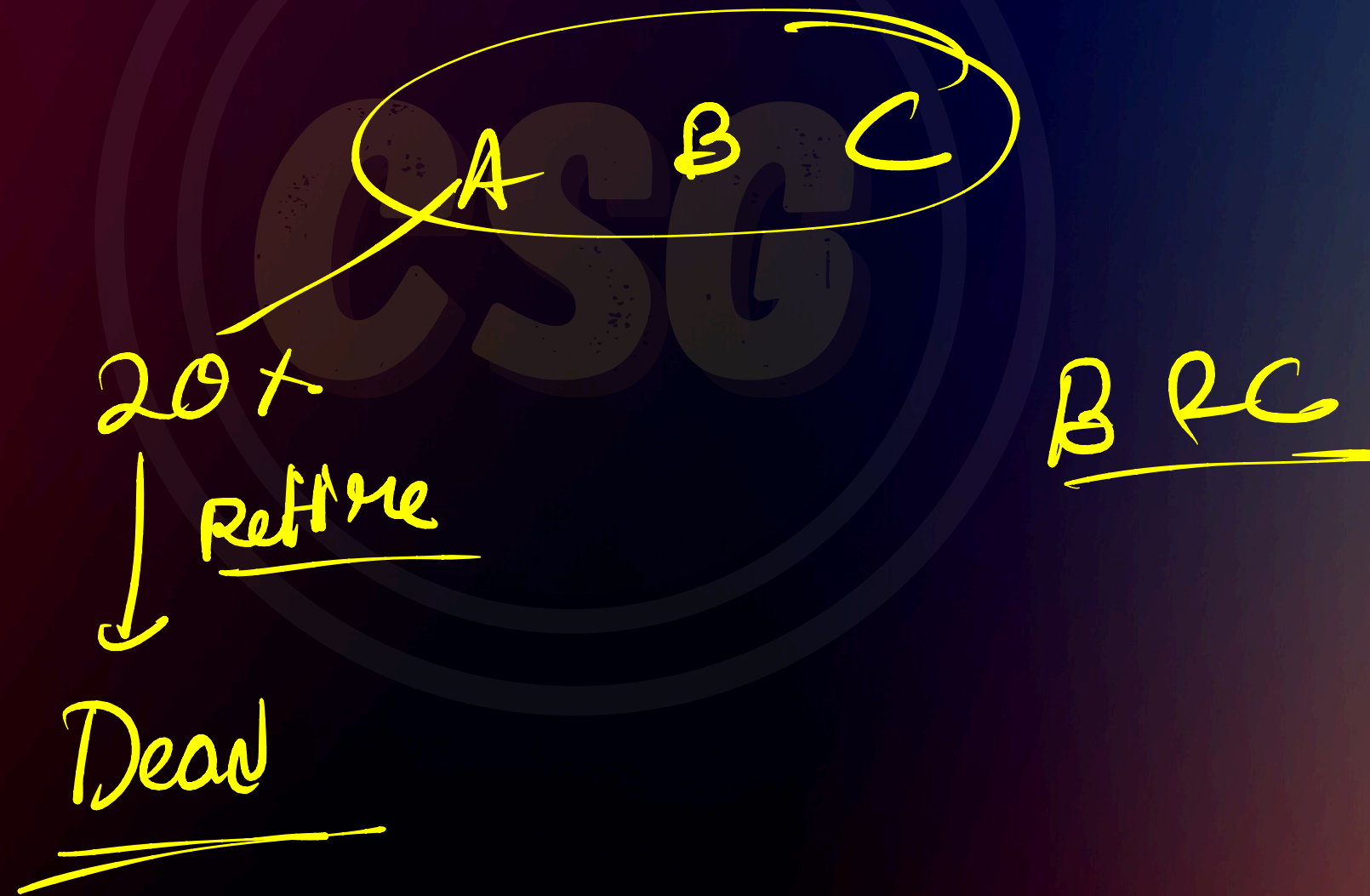
Lifting up the corporate veil

Q124

3

➤ A, B and C are partners in a firm. As per terms of the partnership deed, A is entitled to 20 percent of the partnership property and profits. A retires from the firm and dies after 15 days. B and C continue business of the firm without settling accounts. What are the rights of A's legal representatives against the firm under the Indian Partnership Act, 1932?

Q123



a)

Law

Section 37 of Indian Partnership 1932, it gives the legal executor of the deceased partner the right to either accept share in future profits and losses or to treat the entire amount as a loan to the partnership at 6% interest per annum.

➤ Naveen incorporated a “One Person Company” making his sister Navita as the nominee. Navita is leaving India permanently due to her marriage abroad. Due to this fact, she is withdrawing her consent of nomination in the said One Person Company.

Taking into considerations the provisions of the Companies Act, 2013 answer the questions given below.

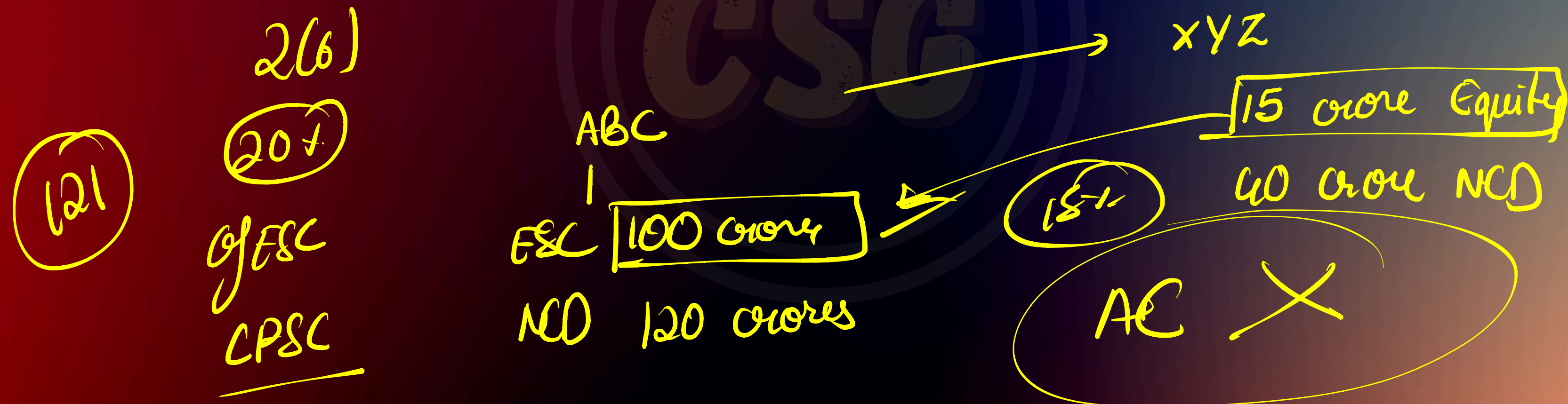
- (a) If Navita is leaving India permanently, is it mandatory for her to withdraw her nomination in the said One Person Company?
- (b) If Navita maintained the status of Resident of India after her marriage, then can she continue her nomination in the said One Person Company?

122

Most Imp OPC

➤ ABC Limited has allotted equity shares with voting rights to XYZ Limited worth ` 15 Crores and issued Non-Convertible Debentures worth ` 40 Crores during the Financial Year 2019-20. After that total Paid-up Equity Share Capital of the company is ` 100 Crores and Non-Convertible Debentures stands at ` 120 Crores.

Define the Meaning of Associate Company and comment on whether ABC Limited and XYZ Limited would be called Associate Company as per the provisions of the Companies Act, 2013?



➤ Chandan was suffering from some disease and was in great pain. He went to Dr. Jhunjhunwala whose consultation fee was ₹ 300. The doctor agreed to treat him but on the condition that Chandan had to sign a promissory note of ₹ 5000 payable to doctor. Chandan signed the promissory note and gave it to doctor. On recovering from the disease, Chandan refused to honour the promissory note. State with reasons, can doctor recover the amount of promissory note under the provisions of the Indian Contract Act, 1872?

Q120

Undue Influence

16

➤ Mr. Aseem is a learned advocate. His car was stolen from his house. He gave an advertisement in newspaper that he will give the reward of ` 10,000 who will give the information about his car. Mr. Vikram reads the advertisement and on making some efforts got the stolen car and informed Mr. Aseem. Mr. Aseem found his car but denied giving reward of ` 10,000 to Mr. Vikram with the words, “An advertisement in newspaper is just an invitation to make offer and not an offer. Hence, he is not liable to make the reward.” State with reasons whether under Indian Contract Act, 1872, Mr. Vikram can claim the reward of ` 10,000.

Q119

Law

An invitation to offer is not an offer, it is an invite to receive an offer for negotiation, an invitation can be withdrawn at any time during its course. However where an advertisement in given with a reward the same qualifies as a general offer and not an invitation to offer.

Case Law - As held in case of *Browni delta vs Lalman Shukla*

Conclusion

Mr. Vikram can claim the reward of ₹ 10,000 as the same is a general offer and not an invite.

➤ AB Cloth House, a firm dealing with the wholesale and retail buying and selling of various kinds of clothes, customized as per the requirement of the customers. They dealt with Silk, Organdie, cotton, khadi, chiffon and many other different varieties of cloth. Mrs. Reema, a customer came to the shop and asked for specific type of cloth suitable for making a saree for her daughter's wedding. She specifically mentioned that she required cotton silk cloth which is best suited for the purpose.

The Shop owner agreed and arranged the cloth pieces cut into as per the buyers' requirements. When Reema went to the tailor for getting the saree stitched, she found that seller has supplied her cotton organdie material, cloth was not suitable for the said purpose. It has heavily starched and not suitable for making the saree that Reema desired for. The Tailor asked Reema to return the cotton organdie cloth as it would not meet his requirements. The Shop owner refused to return the cloth on the plea that it was cut to specific requirements of Mrs. Reema and hence could not be resold.

Q118 With reference to the doctrine of "Caveat Emptor" explain the duty of the buyer as well as the seller. Also explain whether Mrs. Reema would be able to get the money back or the right kind of cloth as per the requirement?

➤ A went to B's shop and selected some jewellery. He falsely represented himself to be a man of credit and thereby persuaded B to take the payment by cheque. He further requested him to hand over the particular type of ring immediately. On the due date, when the seller, B presented the cheque for payment, the cheque was found to be dishonoured. Before B could avoid the contract on the ground of fraud by A, he had sold the ring to C. C had taken the ring in good faith and without any notice of the fact that the goods with A were under a voidable contract. Discuss if such a sale made by non-owner is valid or not as per the provisions of Sale of Goods Act, 1930?

117

a)

Section 27 Subject to section 29

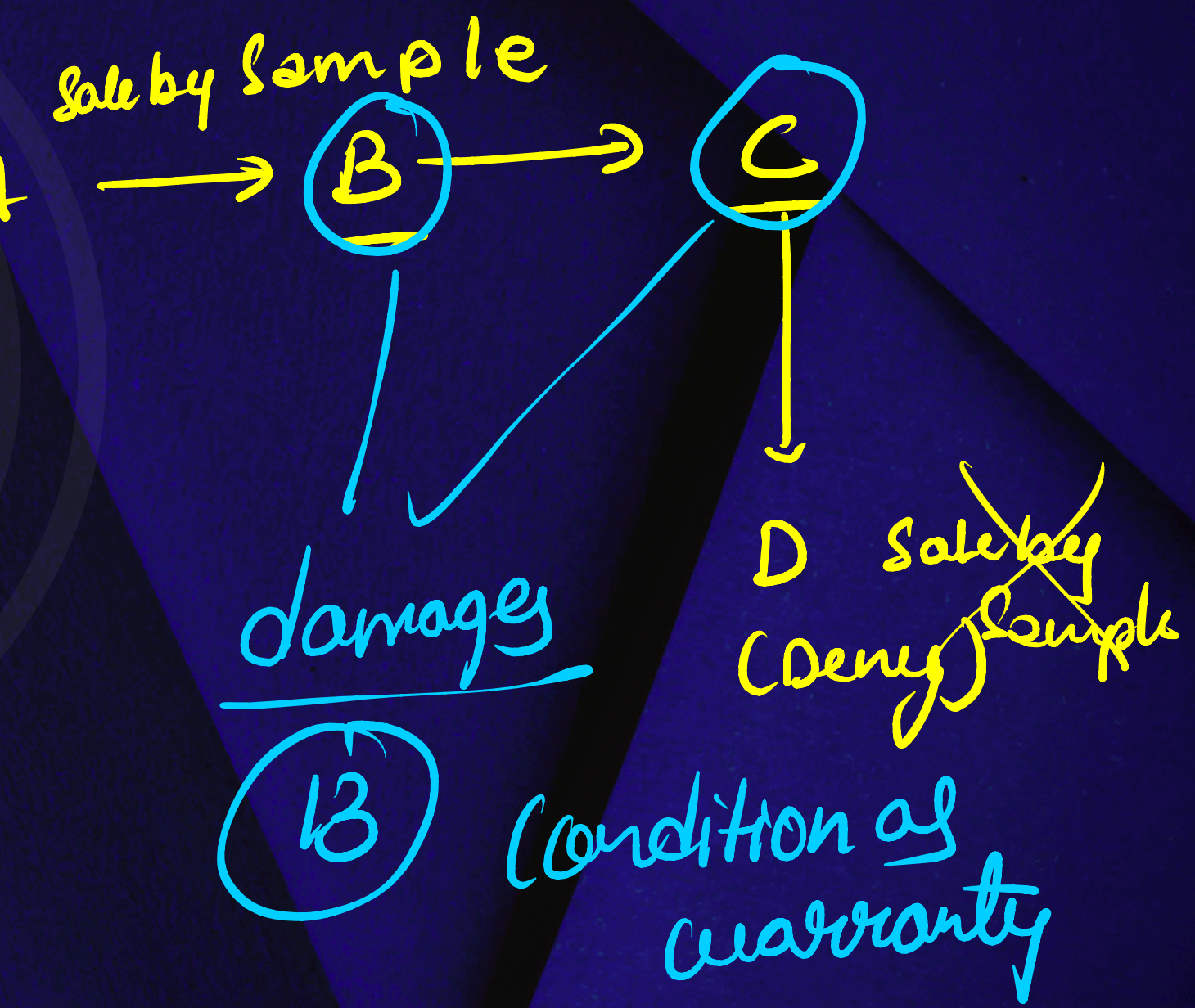
Transfer of ownership when made under a voidable contract, during the existence of such voidable contract, under good faith gives the holder a valid title to goods.

➤ Certain goods were sold by sample by A to B, who in turn sold the same goods by sample to C and C by sample sold the goods to D. The goods were not according to the sample. Therefore, D who found the deviation of the goods from the sample rejected the goods and gave a notice to C. C sued B and B sued A. Advise B and C under the Sale of Goods Act, 1930.

Exam ICAT
 lost time Most Expected

Waiver
 Impossible
 Non-Severable
 Effects
 Effects

W I & E



116

➤ Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2018, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s AB and Co. to supply the furniture for their business on 25 May 2018, when Jay was also alive. Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25 ~~May~~ ^{June} 2018. The fact about Jay's death was known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Jay's private estate is also liable for the price of furniture purchased by the firm?

115

HW

➤ Ankit needs a black pen for his exams. He went to a nearby stationery shop and told the seller for a black pen. Seller gives him a pen saying that it is a black pen but it was clearly mentioned on the packet of pen that “Blue Ink Pen”. Ankit ignore that and takes the pen. After reaching his house, Ankit finds that the pen is actually a blue pen. Now Ankit wants to return the pen with the words that the seller has violated the implied conditions of sale by description. Whether Ankit can do what he wants as per the Sale of Goods Act, 1930.

114

Section 16(2)

Condition as to merchantability applies where goods are sold by description.

Provided that, where the means to identify the defect in the goods are apparent on visibility, the negligence of the buyer shall not give him the right to repudiate the contract.

➤ Akansh purchased a Television set from Jethalal, the owner of Gada Electronics on the condition that first three days he will check it's quality and if satisfied he will pay for that otherwise he will return the Television set. On the second day, the Television set was spoiled due to an earthquake. Jethalal demand the price of Television set from Akansh. Whether Akansh is liable to pay the price under the Sale of Goods Act, 1930?

Who will ultimately bear the loss?

CSG

➤ Priyansh orders an iron window to an Iron Merchant for his new house. Iron merchant sends his technician to take the size of windows. The technician comes at the site and takes size of area where window to be fitted. Afterwards, Iron merchant on discussion with his technician intimates Priyansh that cost of the window will be ` 5,000 and he will take ` 1,000 as advance. Priyansh gives ` 1,000 as advance and rest after fitting of window.

After three days when technician try to fit the window made by him at the site of Priyansh, it was noticed that the size of window was not proper. Priyansh requests the Iron merchant either to remove the defect or return his advance. Iron merchant replies that the window was specifically made for his site and the defect cannot be removed nor can it be of other use. So, he will not refund the advance money rather Priyansh should give him the balance of ` 4,000. State with reason under the provisions of the Sale of

Goods Act, 1930, whether Priyansh can take his advance back?

113

Most Imp

16(2)

merchantability

➤ Ayushman is the owner of a residential property situated at Indraprastha Marg, New Delhi. He wants to sell this property and for this purpose he appoints Ravi, a mercantile agent with a condition that Ravi will not sell the house at a price not less than ` 5 crores. Ravi sells the house for ` 4 crores to Mudit, who buys in good faith. Ravi misappropriated the money received from Mudit. Ayushman files a suit against Mudit to recover his property. Decide with reasons, can Ayushman do so under the Sale of Goods Act, 1930?

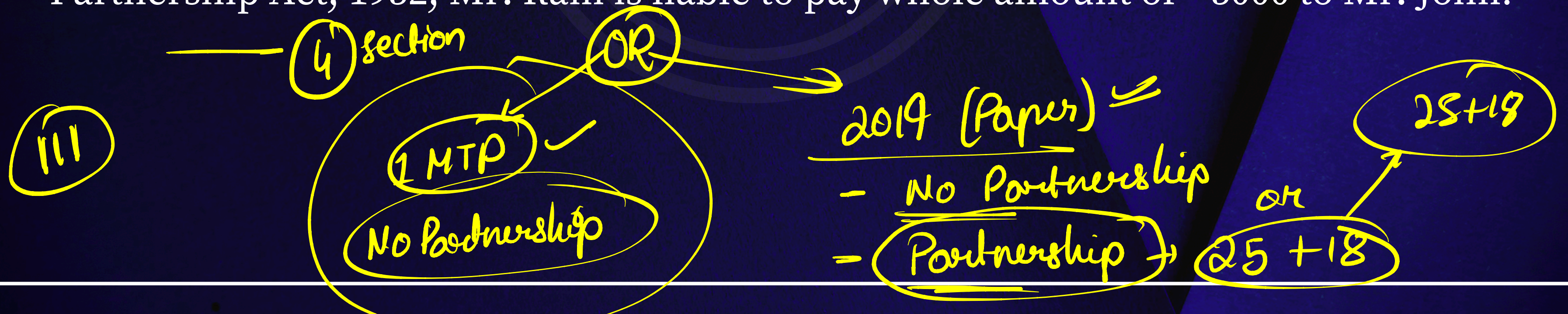
(112)

Recovery of Property is not possible

Q)

Section 27 of the sales of goods act, contains provision of transfer of title by non owners, where it states that where sale is made by a mercantile agent in good faith, having possession of the goods being sold in the ordinary course of business, the receiver shall acquire a valid title to the goods.

➤ Mr. Ram and Mr. Raheem are working as teacher in Ishwarchand Vidhyasagar Higher Secondary School and also are very good friends. They jointly purchased a flat which was given on rent to Mr. John. It was decided between landlords and tenant that the rent would be ` 10,000 per month inclusive of electricity bill. It means electricity bill will be paid by landlords. The landlords, by mistake, did not pay the electricity bill for the month of March 2021. Due to this, the electricity department cut the connection. Mr. John has to pay the electricity bill of ` 2800 and ` 200 as penalty to resume the electricity connection. Mr. John claimed ` 3000 from Mr. Ram but Mr. Ram replied that he is liable only for ` 1500. Mr. John said that Mr. Ram and Mr. Raheem are partners therefore he can claim the full amount from any of the partner. Explain, whether under the provision of Indian Partnership Act, 1932, Mr. Ram is liable to pay whole amount of ` 3000 to Mr. John?



➤ X and Y were partners in a firm. The firm was dissolved on 12th June, 2022 but no public notice was given. Thereafter, X purchased some goods in the firm's name from Z. Z was ignorant of the fact of dissolution of firm. X became insolvent and Z filed a suit against Y for recovery of his amount. State with reasons whether Y would be liable under the provisions of the Indian Partnership Act, 1932?

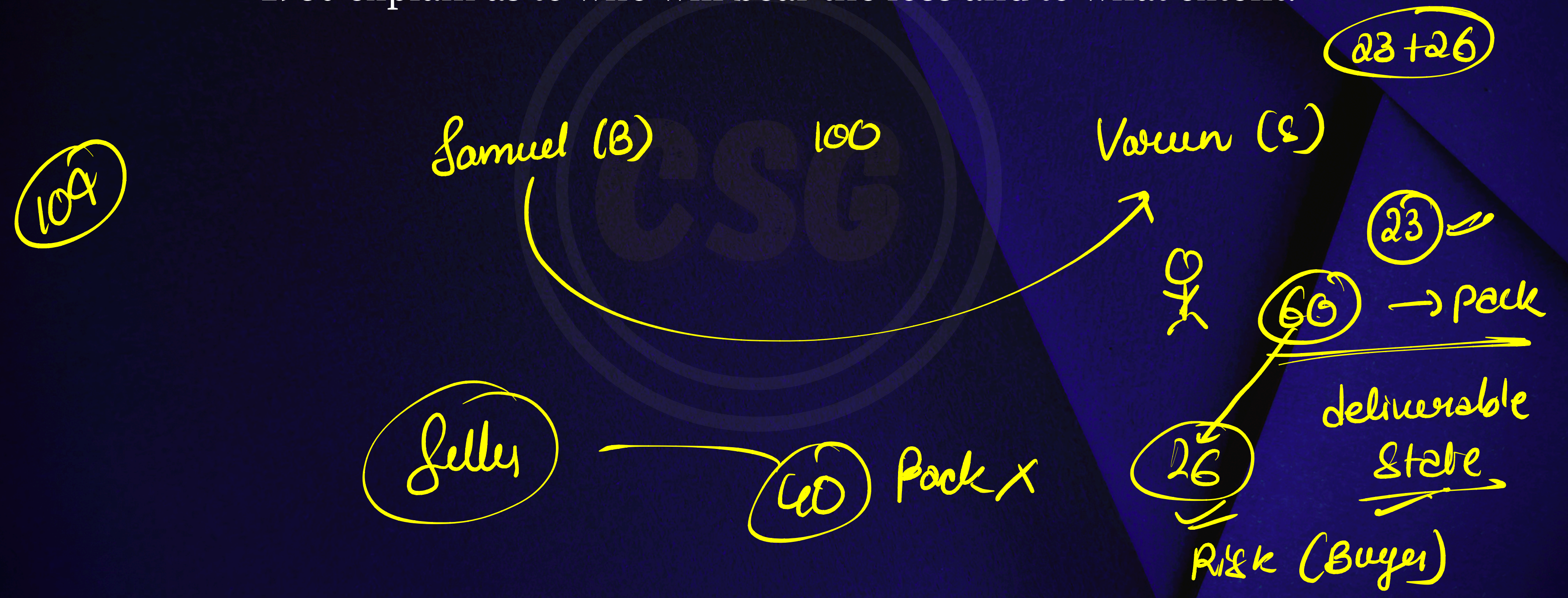
Law

(US)

(110)

of Indian Partnership act, in the event of dissolution, other than when the same is done, by the court, a public notice shall be mandatory. Provided that where such notice is not given all the solvent partners existing at such time shall be held liable.

➤ Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent?



➤ Krish, Kamya and Ketan are partners in a firm. They jointly promised to pay Rs. 6,00,000 to Dia. Kamya become insolvent and her private assets are sufficient to pay $\frac{1}{5}$ of her share of debts. Krish is compelled to pay the whole amount to Dia.

Examining the provisions of the Indian Contract

Act, 1872, decide the extent to which Krish can recover the amount from Ketan.



a)

law

section 42 read with section 43

In a contract there can be more than one promisor, each of the promisees are jointly and severally liable for the debt due. However if any of the promisees are compelled to discharge the entire liability they can claim contribution from other promisees.

➤ Akbar, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to Akbar as a pretended loan. This way, Akbar divided his income into three parts in a bid to reduce his tax liability.

Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded.

107

Q107)

Law

Corporate Veil is the separate legal existence of the company independent of its members. It is clothed with the right of an artificial person where it can engage into contracts on its own. It is the corporate insulation, which protects the shareholders from the activities of the company.

Case law - As held in case of Dinshaw Mackenjee Pithie
vs Commissioner of Income tax.

Fact

AKbar in order to evade and circumvent tax liability formed three Private Company and divided his income in these three Private Companies.

Conclusion

AKbar had formed three private Companies to circumvent tax liability, and hence all these companies are Sham Companies.

➤ M/s Woodworth & Associates, a firm dealing with the wholesale and retail buying and selling of various kinds of wooden logs, customized as per the requirement of the customers. They dealt with Rose wood, Mango wood, Teak wood, Burma wood etc. Mr. Das, a customer came to the shop and asked for wooden logs measuring 4 inches broad and 8 feet long as required by the carpenter. Mr. Das specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames. The Shop owner agreed and arranged the wooden pieces cut into as per the buyers requirements. The carpenter visited Mr. Das's house next day, and he found that the seller has supplied Mango Tree wood which would most unsuitable for the purpose. The: carpenter asked Mr. Das to return the wooden logs as it would not meet his requirements. The Shop owner refused to return the wooden logs on the plea that logs were cut to specific requirements of Mr. Das and hence could not be resold.

(a) Explain the duty of the buyer as well as the seller according to the doctrine of "Caveat Emptor".

(b) Whether Mr. Das would be able to get the money back or the right kind of wood as required serving his purpose?

Q106

16(1)

➤ Rohan is running a grocery store in Delhi. He sells his grocery business, including goodwill worth ` 1,00,000 to Rohit for a sum of ` 5,00,000. After the sale of goodwill, Rohit made an agreement with Rohan. As per this agreement, Rohan is not to open another grocery store (similar kind of business) in the whole of India for next ten years. However, Rohan opens another store in the same city two months later. What are the rights available with Rohit regarding the restriction imposed on Rohan with reference to Indian Contract Act, 1872?

Restriction → is not valid → as it is not within local limits.

105

➤ Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2020, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s AB and Co. to supply the furniture for their business on 25th May 2020, when Jay was also alive. Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25th July 2020. The fact about Jay's death was known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Jay's private estate is also liable for the price of furniture purchased by the firm?

Q)

Law

Section 35, in case of death of a partner, states that on death of a partner the firm is automatically dissolved unless otherwise provided for, in case of death the estate of the deceased partner is not liable for the activities of the firm post date of death. A public notice shall not be required in case of death of a partner.

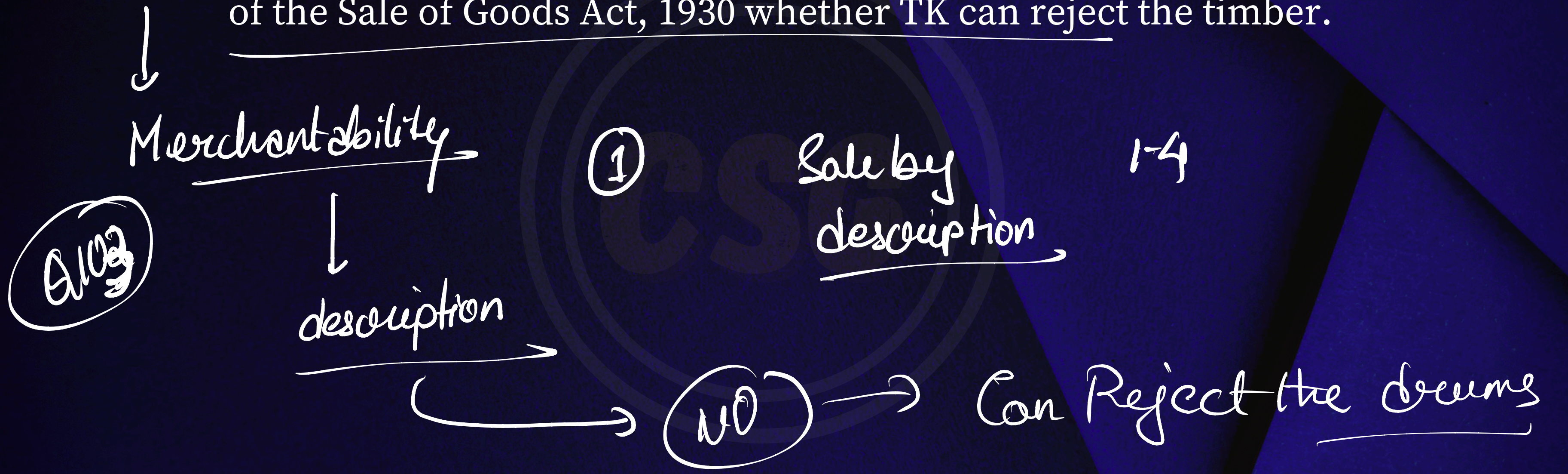
fact

furniture is delivered after the death of Jay, the partner where a public notice of the same was not given stating the fact of death. On the failure of the firm to pay for the furniture, A & B Co wants to recover the same from Jay's estate.

Conclusion

Jay's private estate is not liable for the furniture since it was delivered after the death of Mr. Jay.

➤ TK ordered timber of 1 inch thickness for being made into drums. The seller agreed to supply the required timber of 1 inch. However, the timber supplied by the seller varies in thickness from 1 inch to 1.4 inches. The timber is commercially fit for the purpose for which it was ordered. TK rejects the timber. Explain with relevant provisions of the Sale of Goods Act, 1930 whether TK can reject the timber.



➤ Prashant reaches a sweet shop and ask for 1 Kg of 'Burfi' if the sweets are fresh. Seller replies' "Sir, my all sweets are fresh and of good quality." Prashant agrees to buy on the condition that first he tastes one piece of 'Burfi' to check the quality. Seller gives him one piece to taste. Prashant, on finding the quality is good, ask the seller to pack. On reaching the house, Prashant finds that 'Burfi' is stale not fresh while the piece tasted was fresh. Now, Prashant wants to avoid the contract and return the 'Burfi' to seller.

(a) State with reason whether Prashant can avoid the contract under the Sale of Goods

Act, 1930?

(b) Will your answer be different if Prashant does not taste the sweet?

102

Most
July

➤ Alfa school started imparting education on 1.4.2010, with the sole objective of providing education to children of weaker society either free of cost or at a very nominal fee depending upon the financial condition of their parents. However, on 30th March 2018, it came to the knowledge of the Central Government that the said school was operating by violating the objects of its objective clause due to which it was granted the status of a section 8 company under the Companies Act, 2013. Describe what powers can be exercised by the Central Government against the Alfa School, in such a case?

Q104

- Law - Define - Section 8
- licence can be revoke - PROF Public Interest
- Rules not followed
- Objective not fulfill
- Fraud
- CA can dissolve the Section 8 company or amalgamate with another Co having same purpose

➤ Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:

(a) Directors and their relatives

(b) Employees

(c) Ex-Employees (Shares were allotted when they were employees)

(d) 5 couples holding shares jointly in the name of husband and wife (5×2)

(e) Others

$$190 + 5 + 5 = 200$$

$$200$$

190

~~15~~ X

~~10~~ X

~~10~~ S

5

The Board of Directors of the company proposes to convert it into a private company.

Also advise whether reduction in the number of members is necessary. (3 Marks)

Q 100

➤ Mr. Rich aspired to get a self-portrait made by an artist. He went to the workshop of Mr. C an artist and asked whether he could sketch the former's portrait on oil painting canvass. Mr. C agreed to the offer and asked for ₹50,000 as full advance payment for the above creative work. Mr. C clarified that the painting shall be completed in 10 sittings and shall take 3 months. On reaching to the workshop for the 6th sitting, Mr. Rich was informed that Mr. C became paralyzed and would not be able to paint for near future. Mr. C had a son Mr. K who was still pursuing his studies and had not taken up his father's profession yet? Discuss in light of the Indian Contract Act, 1872? (i) Can Mr. Rich ask Mr. K to complete the artistic work in lieu of his father? (ii) Could Mr. Rich ask Mr. K for refund of money paid in advance to his father? (6 Marks)

Q99

40 (i) void

2(h)
10
40
65

Refund

eligible

65

A) Law
Section 40 read with section 65 of Indian Contract Act

A contract involving personal skill of the promisee shall be discharged on the incapacity of the

promisee to perform the contract.

where the contract is void the restoration of benefit shall be made to both the parties involved in the contract.

Conclusion

- (i) Mr. Rich cannot ask the son of Mr. K i.e. Mr. C to complete the contract as it requires personal skill of K.
- (ii) Mr. Rich is eligible to get the amount refunded as the contract is void and restoration of benefit is allowed.

➤ PQR, a hospital in Delhi, recruits Dr. A, on contract basis for a period of 3 months. The hospital management promises to pay Dr. A, a lumpsum amount of ₹ 1,00,000 if Dr. A tests positive for novel corona virus (Covid 19) during the contract period of 3 months. Identify the type of contract and highlight the rule of enforcement. Also, what will happen if Dr. A does not contract Covid 19.

Q48



Q)

Law

In the case mentioned above the contract is a contingent contract as defined v/s 31 of the ICA 1872 & contract dependent upon happening or non happening

of a collateral event, which is uncertain.

The contract is contingent on happening of an event, becomes void when such event does not occur or becomes impossible to occur in specified time period.

Fact

Mr. A The doctor is appointed is appointed in the hospital with the instruction that will be paid \$ 100,000 if encountered with Covid virus.

Conclusion

If Mr. A does not get contaminated with covid during the 3 months of service, the agreement is void.

➤ Mr. Singhanian entered into a contract with Mr. Sonu to sing in his hotel for six weeks on every Saturday and Sunday. Mr. Singhanian promised to pay ₹ 20,000 for every performance. Mr. Sonu performed for two weeks but on third week his health condition was very bad, so he did not come to sing. Mr. Singhanian terminated the contract. State in the light of provisions of the Indian Contract Act, 1872:-

Q97

Yes

Section 39

B neck

10 : 30 pm

Resume

125

- 96

29

= Case Study

➤ Rahul, a transporter was entrusted with the duty of transporting tomatoes from a rural farm to a city by Aswin. Due to heavy rain, Rahul was stranded for more than 2 days. Rahul sold the tomatoes below the market rate nearby market where he was stranded fearing the tomatoes may perish. Can Aswin recover the loss from Rahul on the ground that Rahul had acted beyond his authority. Explain.

Q96

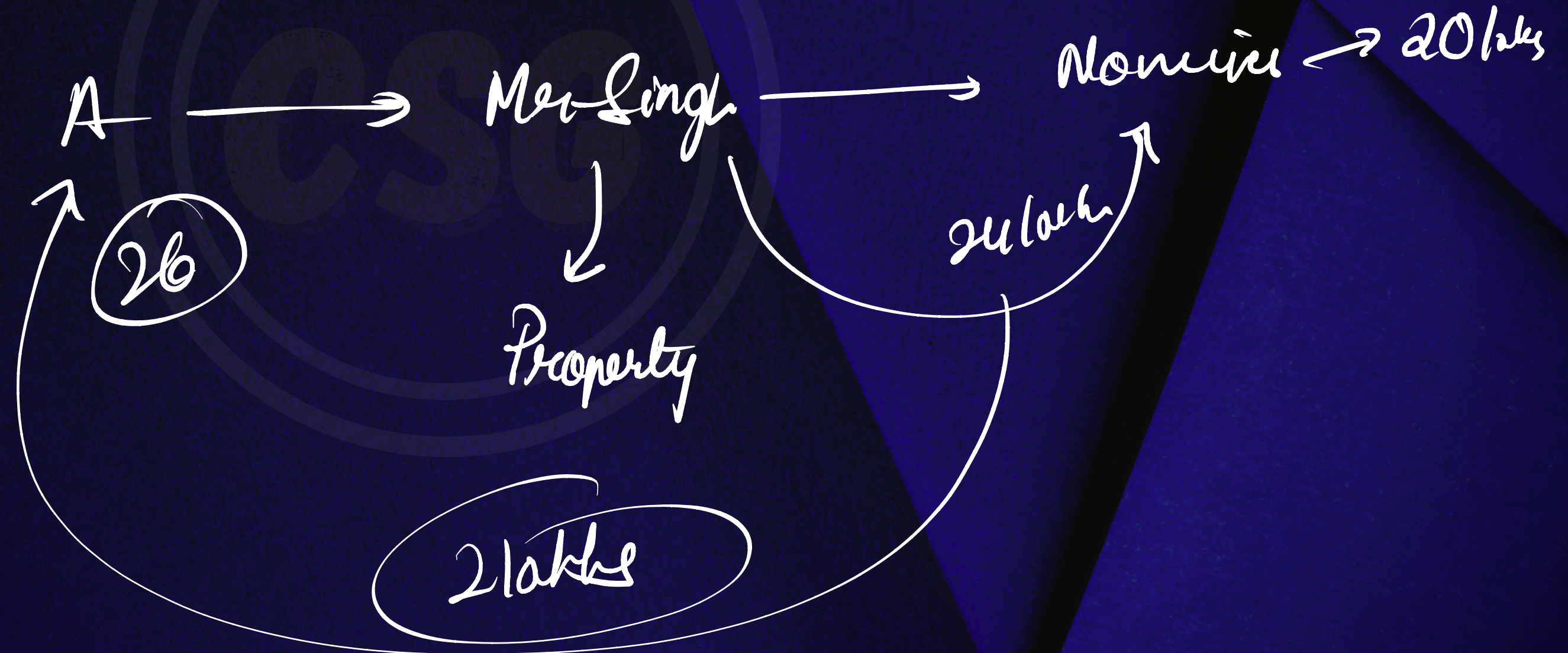
Important

CSG

➤ Mr. Ahuja of Delhi engaged Mr. Singh as an agent to buy a house in west estension area. Mr. Singh brought a house for 20 lakhs in the name of a nominee and then purchased itself for Rs. 24 Lakhs . He then sold the same house for Rs 26 Lakhs . Mr. Ahuja comes to know about the mischief of Mr Singh and tries to recover the excess amount paid to Mr Singh . Is he entitled to recover any amount from Mr. Singh ? If so , how much ? Explain .

Q 95

Secret



➤ Mrs. A delivered her old silver jewellery to Mr. Y a Goldsmith, for the purpose of making new a silver bowl out of it. Every evening she used to receive the unfinished good (silver bowl) to put it into box kept at Mr. Y's Shop. She kept the key of that box with herself. One night, the silver bowl was stolen from that box. Was there a contract of bailment? Whether the possession of the goods (actual or constructive) delivered, constitute contract of bailment or not?

94

NO Bailment Since the possession of goods is not transferred as the key of the box is kept by Mrs. A the owner

Law

In a contract of bailment, transfer of possession, is essential, i.e. delivery of goods shall be made from the bailor to the bailee, without delivery bailment does not exist.

Fact

The box containing the silver bowl is robbed the key to which is with Mrs A and the box is present at the goldsmith's office.

Conclusion

There is no delivery of goods in this contract between Mrs. A and the goldsmith since there is no delivery of goods.

➤ Amar bailed 50 kg of high quality sugar to Srijith, ~~who owned a kirana shop, promising to give ` 200 at the time of taking back the bailed goods.~~ Srijith's employee, unaware of this, mixed the 50 kg of sugar belonging to Amar with the sugar in the shop and packaged it for sale when Srijith was away. This came to light only when Amar came asking for the sugar he had bailed with Srijith, as the price of the specific quality of sugar had trebled. What is the remedy available to Amar?

Q93 Law
In a contract of bailment, the bailee shall not mix the goods of the bailor without the permission of the bailor. Where the bailee has mixed the goods, and the same are not separable, then the bailee is responsible to compensate

the loss.

➤ M drew a cheque amounting to ` 2 lakh payable to N and subsequently delivered to him. After receipt of cheque N indorsed the same to C but kept it in his safe locker. After sometime, N died, and P found the cheque in N's safe locker. Does this amount to Indorsement under the Negotiable Instruments Act, 1881?

Law

Q92

Indorsement is only valid when the same is delivered to the Indorsee, without delivery of the instrument negotiation is invalid. Delivery done by the legal representative of the deceased done not complete the negotiation process.

- Bhupendra borrowed a sum of ` 3 lacs from Atul. Bhupendra appointed Atul as his agent to sell his land and authorized him to appropriate the amount of loan out of the sale proceeds. Afterward, Bhupendra revoked the agency. Decide under the provisions of the Indian Contract Act, 1872 whether the revocation of the said agency by Bhupendra is lawful.

Irrevocable Agency

691

202

Law

Section 202 of the Indian Contract Act 1872, where the contract of Agency includes the interest of the agent such an agency is irrevocable i.e. the principal cannot cancel the contract of agency.

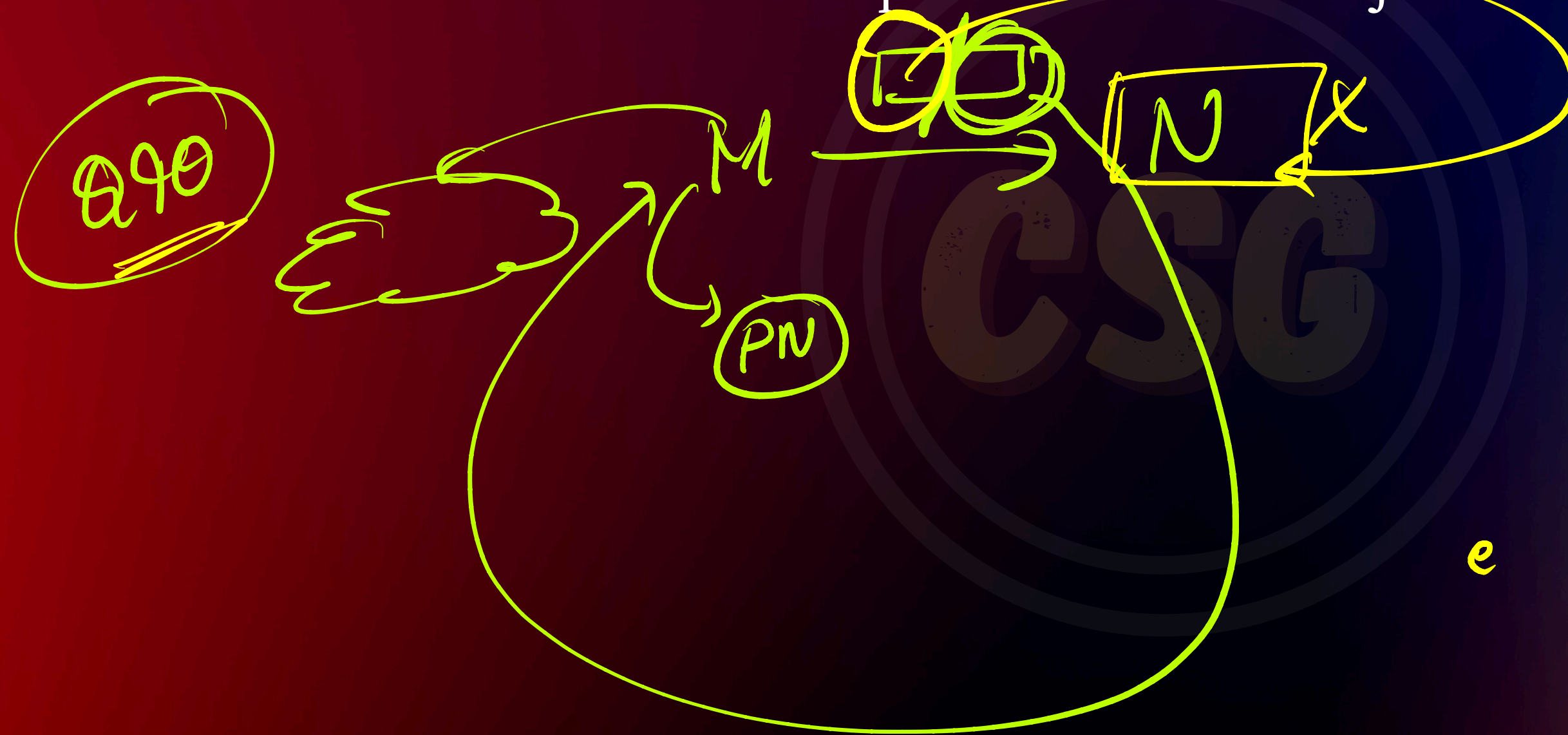
fact

Atul has given a loan to Bhupendra, in exchange of which, the Principal has handed over the property for sale to Atul, and recovers his loan.

Conclusion

Agency is not revocable as interest of the agent is linked to the transaction of £ 200,000 borrowed by the principal.

➤ M owes money to N. Therefore, he makes a promissory note for the amount in favor of N, for safety of transmission he cuts the note in half and posts one half to N. He then changes his mind and calls upon N to return the half of the note which he had sent. N requires M to send the other half of the promissory note. Decide how rights of the parties are to be adjusted.



a)

Law

Section 46 of Negotiable Instrument Act 1881, states that negotiation of an instrument requires delivery of the instrument however delivery is not complete unless the complete instrument is delivered.

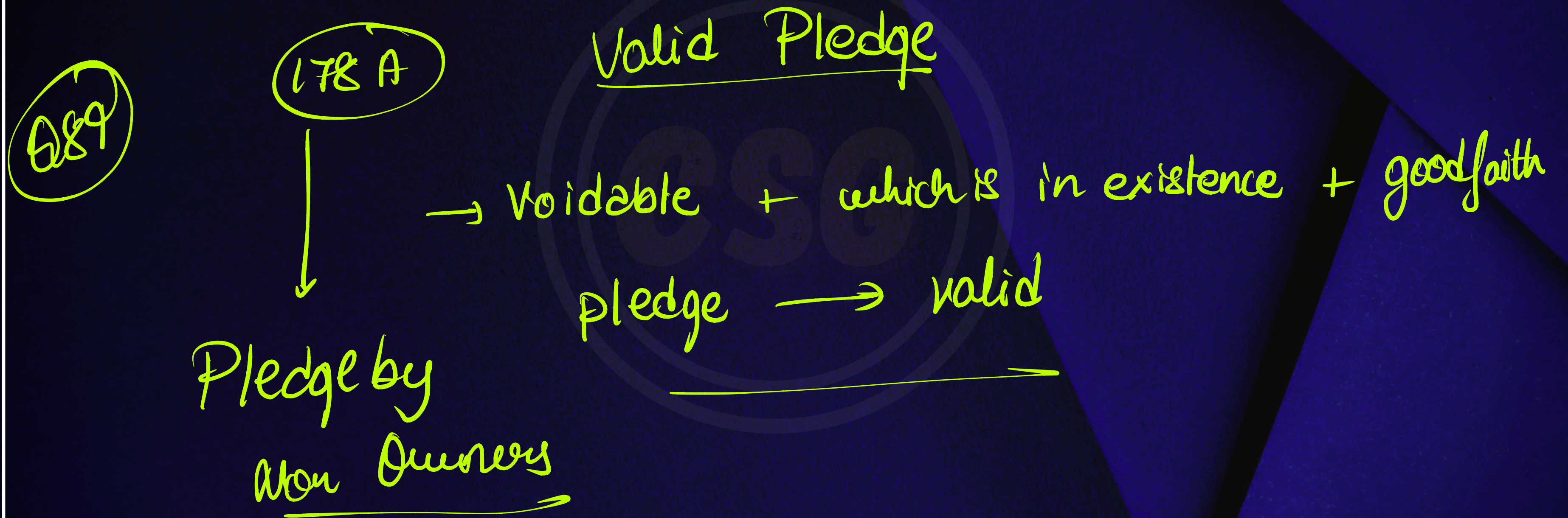
Fact

M has delivered half the note to N and retained the other half, N demand the half with M and similarly since M changed his mind demands the half from N.

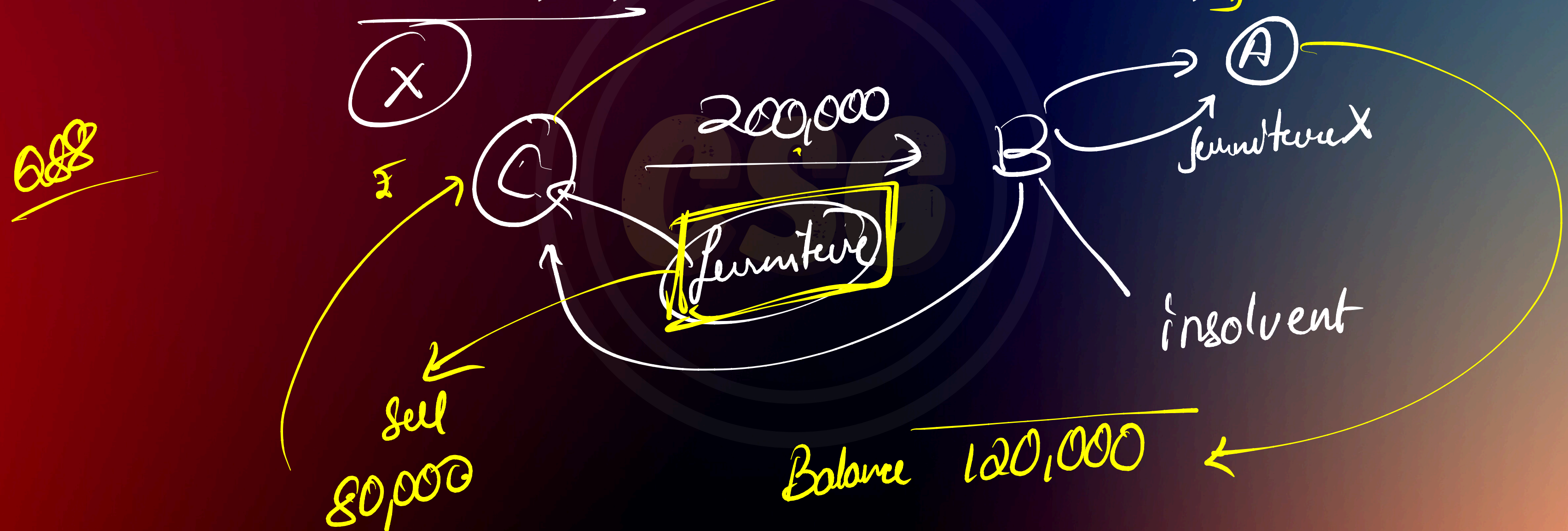
Conclusion

M can take the hay from N and Mr. N is ineligible to do the same.

➤ Srushti acquired valuable diamond at a very low price by a voidable contract under the provisions of the Indian Contract Act, 1872. The voidable contract was not rescinded. Srushti pledged the diamond with Mr. VK. Is this a valid pledge under the Indian Contract Act, 1872?



➤ 'C' advances to 'B', ₹ 2,00,000 on the guarantee of 'A'. 'C' has also taken a further security for the same borrowing by mortgage of B's furniture worth ₹ 2,00,000 without knowledge of 'A'. C cancels the mortgage. After 6 months 'B' becomes insolvent and 'C' sues 'A' his guarantee. Decide the liability of 'A' if the market value of furniture is worth ₹ 80,000, under the Indian Contract Act, 1872.



Law

In a contract of guarantee, the surety is eligible to benefit out of any security which the Principal debtor has furnished to the principal creditor, whether or not known to him.

fact

In this case B has mortgage his furniture for the debt due from him towards Mer-C, where A is the surety and is unaware of such mortgage.

Conclusion

The surety, Mr. A is only liable to the difference of 120,000 left after adjustment of the debt from the value of furniture i.e. 80,000.

Poo Jain Either you are deaf or
you are deaf I have said 20
times do not case study even
if topic not done

Please dont be blind also

➤ Bholenath drew a cheque in favour of Surendar. After having issued the cheque; Bholenath requested Surendar not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Surendar. Decide, under the provisions of the Negotiable Instruments Act, 1881 whether the said acts of Bholenath constitute an offence?

Q87

138

→ Bholenath

No ho

138

Apply

— 2 years Prison or 2 times small or Both of cheque

inefficiency of funds / stop payment

↓
dishonour

Gift x

Charity x

illegal x
consideration

provide

←—————

➤ Rahul, a transporter was entrusted with the duty of transporting tomatoes from a rural farm to a city by Aswin. Due to heavy rains, Rahul was stranded for more than two days. Rahul sold the tomatoes below the market rate in the nearby market where he was stranded fearing that the tomatoes may perish. Can Aswin recover the loss from Rahul on the ground that Rahul had acted beyond his authority?

Q86

CSG

Q)

Law

In the Contract of Agency, the agent in the course of the business in order to save the principal from any loss caused by an emergency, can act outside

his authority provided that:-

- (i) Possession of Goods are with Agent
- (ii) No communication was possible
- (iii) Reasonable course of action is opted.
- (iv) Bonafide action has been taken
- (v) Commercial necessity.

Fact
Rahul the transporter has sold tomatoes in the nearby market to save the principal from the loss due to perishability.

Conclusion

Rahul has acted in a bonafide manner hence the tomatoes were protected from perishability, he is not responsible for any loss.

➤ Manoj guarantees for Ranjan, a retail textile merchant, for an amount of ` 1,00,000, for which Sharma, the supplier may from time to time supply goods on credit basis to Ranjan during the next 3 months.

After 1 month, Manoj revokes the guarantee, when Sharma had supplied goods on credit for ` 40,000. Referring to the provisions of the Indian Contract Act, 1872, decide whether Manoj is discharged from all the liabilities to Sharma for any subsequent credit supply. What would be your answer in case Ranjan makes default in paying back Sharma for the goods already supplied on credit i.e. ` 40,000?

Q85

Q)

Law

In light of relevant provisions of ICA 1872, where continuing guarantee extending to a series of transactions or for a particular period of time, it can be revoked at any time during the continuance of guarantee, however revocation is only valid for future transactions, post transaction shall be enforceable.

fact

Manoj is the surety for transactions upto ₹ 1,00,000 extended over the period of 3 months and has revoked the transaction after 1 month.

Conclusion

- In relation to any subsequent credit supply manoj is discharged as guarantee is revoked.
- Goods supplied upto ₹ 40,000 were during the period where the guarantee was existing therefore surety Mr.

Manoj is liable.

➤ ABC Ltd. sells its products through some agents and it is not the custom in their business to sell the products on credit. Mr. Pintu, one of the agents sold goods of ABC Ltd. to M/s. Parul Pvt. Ltd. (on credit) which was insolvent at the time of such sale. ABC Ltd. sued Mr. Pintu for compensation towards the loss caused due to sale of products to M/s. Parul Pvt. Ltd. Will ABC Ltd. succeed in its claim?

Q84

CSG

law

In a contract of Agency, the principal is liable for all activities of the agent which are performed in the regular course of business within the authority of the agent as provided by the principal. Where the agent acts beyond authority, the agent himself shall be liable.

fact

ABC Ltd has been in the course of business never allowed goods to be sold on credit, however Pintu has sold goods on credit to an insolvent.

Conclusion

The Agent, Pintee has acted outside his authority and hence Mr. Pintee will be liable on his own account for the loss incurred to ABC Ltd.