

Chapter-1

INDIAN CONTRACT ACT 1872

INTRODUCTION

RTP-NOVEMBER 2018/ MTP NOV 22/ RTP September 2024

Q- A coolie in uniform picks up the luggage of R to be carried out of the railway station without being asked by R and R allows him to do so. Examine whether the coolie is entitled to receive money from R under the Indian Contract Act, 1872.

RTP Nov 22

Q- Mr. Y is a devotee and wants to donate an elephant to the temple as a core part of ritual worship. He contacted Mr. X who wanted to sell his elephant. Mr. X contracted with Mr. Y to sell his elephant for Rs. 20 lakhs. Both were unaware that the elephant was dead a day before the agreement. Referring to the provisions of the Indian contract Act, 1872, explain whether it is a void, voidable or a valid contract.

MTP DEC 23

Q- Mr. Ayush is the principal in Modern Public School. He needs 2000 packets of Biscuits to be distributed to students in his school on the occasion of Republic Day celebration. For this purpose, he contracted with Yograj Biscuit Company. Mr. Ayush visited the workshop of Yograj Biscuit Company and was very much satisfied with the quality of biscuits. He also found that a large number of varieties of biscuits are manufactured in the workshop. He ordered 2000 packs of biscuits and gave the token money but did not specify the category of biscuits, he needed. Yograj Biscuit Company did not supply the biscuits on the due date. Mr. Ayush filed the suit against Yograj Biscuit Company for compensation. State with reasons, whether Yograj Biscuit Company is liable under Indian Contract Act, 1872?

OFFER

EXAM NOV 18/MTP JUNE 2023

Q- A shop-keeper displayed a pair of dress in the show room and a price tag of 2000 was attached to the dress. Ms. Lovely looked at the tag and rushed to the cash counter. Then she asked the shop keeper to receive the payment and pack up the dress. The shopkeeper refused to hand over the dress to Ms. Lovely in consideration of the price stated in the price tag attached to the dress. Ms. Lovely seeks your advice whether she can sue the shopkeeper for the above cause under the Indian Contract Act, 1872.

RTP MAY 2022

Q- 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.

SURE SHOT QUESTIONS -CA FOUNDATION

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.

ACCEPTANCE

EXAM JAN 2021

Q-. Mr. B Makes a proposal to Mr. S by post to sell his house for ₹10 lakhs and posted the letter on 10th April 2020 and the letter reaches to Mr. s on 12th April 2020. He reads the letter on 13th April 2020. Mr. S sends his letter of acceptance on 16th April 2020 and the letter reaches Mr. B on 20th April 2020. On 17th April Mr. S changed his mind and sends a telegram withdrawing his acceptance. Telegram reaches to Mr. B on 19th April 2020.

Examine with reference to the Indian Contract Act, 1872:

- i. On which date the offer made by Mr. B will complete?
- ii. Discuss the validity of acceptance.
- iii. What would be validity of acceptance if letter of revocation and letter of acceptance reached together?

RTP NOV 2021

Q-. Mr. Pratham applied for a job as principal of a school. The school management decided to appoint him. One member of the school management committee privately informed Mr. Pratham that he was appointed but official communication was not given from the school. Later, the management of the school decided to appoint someone else as a principal. Mr. Pratham filed a suit against the school for cancellation of his appointment and claimed damages for loss of salary. State with reasons, will Mr. Pratham be successful in suit filed against school under the Indian Contract Act, 1872?

EXAM November 2009/RTP November 2018

Q- Mr. Singh, an old man, by a registered deed of gift, granted certain landed property to A, his daughter. By the terms of the deed, it was stipulated that an annuity of ₹ 2,000 should be paid every year to B, who was the brother of Mr. Singh. On the same day A made a promise to B and executed in his favour an agreement to give effect to the stipulation. A failed to pay the stipulated sum. In an action against her by B, she contended that since B had not furnished any consideration, he has no right of action.

Examining the provisions of the Indian Contract Act, 1872, decide, whether the contention of A is valid?

RTP Nov 2018, MTP March 19, Exam Nov 2019, MTP APR 21, MTP JUNE 23

Q-Define consideration. State the characteristics of a valid consideration.

RTP NOV 21, MTP NOV 22, RTP JUNE 23

Q-Mr. Ram Lal Birla was a big businessman of city Pune having two sons and one married daughter.

SURE SHOT QUESTIONS -CA FOUNDATION

He decided to gift his one house to his daughter. For this purpose, he called his lawyer at his house and made a written document for such gift. The lawyer advised him to get the transfer document properly registered. When they both were going for registration of document, they met with an accident and both of them died. Later, his daughter found the document and claimed the house on the basis of that document. Explain, whether she can get the house as gift under the Indian Contract Act, 1872?

CAPACITY TO CONTRACT

Q-X, a minor was studying in M.Com. in a college. On 1st July, 2019 he took a loan of 1,00,000 from B for payment of his college fees and to purchase books and agreed to repay by 31st December, 2019. X possesses assets worth 9 lakhs. On due date, X fails to pay back the loan to B. B now wants to recover the loan from X out of his (X's) assets. Referring to the provisions of Indian Contract Act, 1872 decide whether B would succeed.

EXAM JUNE 2022 RTP DEC 23

Q-Srishti, a minor, falsely representing her age, enters into an agreement with an authorised Laptop dealer Mr. Gupta, owner of SP Laptops, for purchase of Laptop on credit amounting 60,000/- for purchasing a loan 1 August 2021. She promised to pay back the outstanding amount with interest @ 16 % p.a by 31 July 2022. She told him that in case she won't able to pay the outstanding amount, her father Mr. Ram will pay back on her behalf. After One year, when Srishti was asked to pay the outstanding amount with interest she refused to pay the amount and told the owner that she is minor and now he can't recover a single penny from her. She will be adult on 1 January 2024, only after that agreement can be ratified. Explain by which of the following way Mr. Gupta will succeed in recovering the outstanding amount with reference to the Indian Contract Act, 1872

- i. By filing a case against Srishti, a minor for recovery of outstanding amount with interest?
- ii. By filing a case against Mr. Ram, father of Srishti for recovery of outstanding amount?
- iii. By filing a case against Srishti, a minor for recovery of outstanding amount after she attains maturity?

RTP JUNE 23

Q-Mr. Mukund wants to sell his car. For this purpose, he appoints Mr. Parth, a minor as his agent. Mr. Mukund instructs Mr. Parth that car should not be sold at price less than Rs. 2,00,000. Mr. Parth ignores the instruction of Mr. Mukund and sells the car to Mr. Naman for Rs. 1,50,000. Explain the legal position of contract under Indian contract Act, 1872 whether:

- (A) Mr. Mukund can recover the loss of Rs. 50,000 from Mr. Parth?
- (B) Mr. Mukund can recover his car from Mr. Naman?

MTP DEC 23

Q. Ayush, who is a minor, purchased 10 fancy coats for the wedding ceremony of his sister on credit from M/s Surjewala & sons. The cost of all coats was ` 80,000. Not even a single coat was anecessity.

SURE SHOT QUESTIONS -CA FOUNDATION

Ayush has assets of worth of ` 1,00,000. M/s Surjewala & sons file a suit against Ayush for recovery of ` 80,000 out of his assets. Following the provisions of Indian Contract Act, 1872, whether Ayush is liable to pay ` 80,000 to M/s Surjewala & sons?

FREE CONSENT

EXAM NOV 03, RTP May, 19, / RTP May, 20/ MTP March 21/ MTP June 2023

Q. Sohan induced Suraj to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Suraj complained that there were many defects in the motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of repairs. After a few days, the motorcycle did not work at all. Now Suraj wants to rescind the contract. Decide giving reasons..

RTP May' 19, MTP-mar 21

Q. P sells by auction to Q a horse which P knows to be unsound. The horse appears to be sound but P knows about the unsoundness of the horse. Is this contract valid in the following circumstances?

- If P says nothing about the unsoundness of the horse to Q.
- If P says nothing about it to Q who is P's daughter who has just come of age.
- If Q says to P "If you do not deny it, I shall assume that the horse is sound." P says nothing.

MTP NOV 18, RTP NOV 2020, RTP MAY 21

Q. Mr. SHYAM owned a motor car. He approached Mr. VIKAS and offered to sell his motor car for ₹ 3,00,000. Mr. SHYAM told Mr. VIKAS that the motor car is running at the rate of 30 KMs per litre of petrol. Both the fuel meter and the speed meter of the car were working perfectly.

Mr. VIKAS agreed with the proposal of Mr. SHYAM and took delivery of the car by paying ₹ 3,00,000/- to Mr. SHYAM. After 10 days, Mr. VIKAS came back with the car and stated that the claim made by Mr. SHYAM regarding fuel efficiency was not correct and therefore there was a case of misrepresentation. Referring to the provisions of the Indian Contract Act, 1872, decide and write whether Mr. VIKAS can rescind the contract in the above ground.

MTP MARCH 2022

Q. Kapil went to a departmental store to purchase a steel pan. He asked the salesman about the area in departmental store where steel pans are kept. The salesman indicated him the area with instructions that with steel pans, other metal's pans were also kept. Kapil wrongfully picked an aluminium pan in place of steel pan. The salesman watched but said nothing to Kapil. Kapil reached his house and found that pan was not a steel pan but actually an aluminium pan. Kapil filed a suit against departmental store for fraud. Discuss, whether Kapil was eligible to file suit for fraud against departmental store under Indian Contract Act, 1872?

MTP JUNE 2022 RTP NOV 22

Q. Karan agreed to purchase wooden table for his study room from Mr. X. Table was in good condition and was examined by Karan before purchasing. He found no defects in it and paid Rs. 20,000 for

SURE SHOT QUESTIONS -CA FOUNDATION

that table. Later on, it was found that one leg of table is broken and Mr. X has pasted the wood and tried to hide the defects in the table. Can Karan return the table and claim the amount back? Discuss the same with reference to Indian Contract Act, 1872?

MTP MAY 2024

Q. Define Misrepresentation and Fraud. Explain the difference between Fraud and Misrepresentation as per the Indian Contract Act, 1872

MTP JUNE 2024

Q. Mr. A, the employer induced his employee Mr. B to sell his one room flat to him at less than the market value to secure promotion. Mr. B sold the flat to Mr. A. Later on, Mr. B changed his mind and decided to sue Mr. A. Examine the validity of the contract as per the provisions of the Indian Contract Act, 1872.

LAWFUL OBJECT & CONSIDERATION

RTP May 2018

Q. 'X' agreed to become an assistant for 2 years to 'Y' who was practicing Chartered Accountant at Jodhpur. It was also agreed that during the term of agreement 'X' will not practice as a Chartered Accountant on his own account within 20 kms of the office of 'Y' at Jodhpur. At the end of one year, 'X' left the assistantship of 'Y' and started practice on his own account within the said area of 20 kms. Referring to the provisions of the Indian Contract Act, 1872, decide whether 'X' could be restrained from doing so?

EXAM JAN 2021

Q. Mr. S aged 58 years was employed in a Govt. Department. He was going to retire after two years. Mr. D Made a proposal to Mr. S to apply for voluntary retirement from his post so that Mr. D can be appointed in his place. Mr. D offered a sum of ₹10 Lakhs as consideration to Mr. S in order to induce him to retire. Mr. S refused at first instance but when he evaluated the amount offered as consideration is just double of his cumulative remuneration to be received during the tenure of two years of employment he agreed to receive the consideration and accepted the above agreement to receive money to retire from his office. Whether the above agreement is valid?
Explain with reference to provision of Indian Contract Act, 1872

MTP JUNE 2022, RTP JUNE 23

Q. 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

PERFORMANCE OF CONTRACT

SURE SHOT QUESTIONS -CA FOUNDATION

RTP MAY 2021 RTP NOV 22/SEP 2024

Q. What will be rights with the promisor in following cases? Explain with reasons:

- Mr X promised to bring back Mr. Y to life again.
- A agreed to sell 50 kgs of apple to B. The loaded truck left for delivery on 15 th March but due to riots in between reached B on 19th March.
- An artist promised to paint on the fixed date for a fixed amount of remuneration but met with an accident and lost his both hands.
- Abhishek entered into contract of import of toys from China. But due to disturbance in the relation of both the countries, the imports from China were banned.

EXAM DEC 2021, MTP NOV 22

Q. A, B, C and D are the four partners in a firm. They jointly promised to pay ₹ 6,00,000 to F. Band C have become insolvent. B was unable to pay any amount and C could pay only ₹ 50,000. A is compelled to pay the whole amount to F. Decide the extent to which A can recover the amount from D with reference to the provisions of the Indian Contract Act, 1872.

RTP JUNE 23

Q. Mr. Harish owes payment of 3 bills to Mr. Ashish as on 31st march 2022. (i) Rs. 12,120 which was due in May 2018. (ii) Rs.5650 which was due in August 2020 (iii) Rs. 9680 which was due in May2021. Mr. Harish made payment on 1st April 2022 as below without any notice of how to appropriate them:
(i) A cheque of Rs. 9680
(ii) A cheque of Rs. 15,000
Advice under the provisions of the Indian contract Act, 1872.

RTP JAN 2025

Q. State with reason(s) whether the following agreements are valid or void as per the Indian Contract Act, 1872:

- Where two courts have jurisdiction to try a suit, an agreement between the parties that the suit should be filed in one of those courts alone and not in the other.
- X offers to sell his Maruti car to Y. Y believes that X has only Wagon R Car but agrees to buy it.
- X, a physician and surgeon, employs Y as an assistant on a salary of ₹ 75,000 per month for a term of two years and Y agrees not to practice as a surgeon and physician during these two years

MTP APRIL 2024

Q. Kashish was running a business of artificial jewellery since long. He sold his business to Naman and promises, not to carry on the business of artificial jewellery and real diamond jewellery in that area for a period of next one year. After two months, Kashish opened a show room for real diamond jewellery. Naman filed a suit against Kashish for closing the business of real diamond jewellery business as it was against the agreement. Whether Kashish is liable to close his business of real diamond jewellery following the provisions of Indian Contract Act, 1872?

SURE SHOT QUESTIONS -CA FOUNDATION

MTP APRIL 2024

Q. Nitesh Gupta is constructing his house. For this purpose, he entered in a contract with M/s Baba Brick House to supply of 10,000 bricks on 12th August 2023. M/s Baba Brick House has two Lorries of 5,000 brick capacity. On 12th August 2023, one of the Lorries was not in working condition so M/s Baba Brick House supplied only 5,000 bricks and promised Nitesh Gupta to supply rest 5,000 bricks on next day. Nitesh Gupta wants to cancel the contract, as M/s Baba Brick House did not supply the bricks as per the contract. M/s Baba Brick House gave the plea that no fault has been made from its part, hence contract should not be cancelled. In this situation, whether Nitesh Gupta can avoid the contract under Indian Contract Act, 1872?

DISCHARGE OF CONTRACT

MTP JULY 2024

Q. How is a contract is discharged under the Indian Contract Act, 1872 and what are the different ways in which the obligations created by a contract can come to an end?

BREACH OF CONTRACT

EXAM MAY 05, RTP May, 18, MTP Nov, 19

Q. PM Ltd., contracts with Gupta Traders to make and deliver certain machinery to them by 30th June 2017 for 21.50 Lakhs. Due to labour strike, PM Ltd. could not manufacture and deliver the machinery to Gupta Traders. Later Gupta Traders procured the machinery from another manufacturer for 22.75 lakhs. Gupta Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with PM Ltd. and were compelled to pay compensation for breach of contract. Calculate the amount of compensation which Gupta Traders can claim from PM Ltd., referring to the legal provisions of the Indian Contract Act, 1872.

OR

M Ltd., contract with Shanti Traders to make and deliver certain machinery to them by 30.6.2017 for ₹ 11.50 lakhs. Due to labour strike, M Ltd. could not manufacture and deliver the machinery to Shanti Traders. Later, Shanti Traders procured the machinery from another manufacturer for 12.75 lakhs. Due to this Shanti Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with M Ltd. and were compelled to pay compensation for breach of contract. Advise Shanti Traders the amount of compensation which it can claim from M Ltd., referring to the legal provisions of the Indian Contract Act, 1872.

EXAM November 2019

Q. 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 6 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?

SURE SHOT QUESTIONS -CA FOUNDATION

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?

RTP NOV 20

Q. 'X' entered into a contract with 'Y' to supply him 1,000 water bottles @ 5.00 per water bottle, to be delivered at a specified time. Thereafter, 'X' contracts with 'Z' for the purchase of 1,000 water bottles @ ₹ 4.50 per water bottle, and at the same time told 'Z' that he did so for the purpose of performing his contract entered into with 'Y'. 'Z' failed to perform his contract in due course and market price of each water bottle on that day was ₹ 5.25 per water bottle.

Consequently, 'X' could not procure any water bottle and 'Y' rescinded the contract. Calculate the amount of damages which 'X' could claim from 'Z' in the circumstances? What would be your answer if 'Z' had not informed about the 'Y's' contract? Explain with reference to the provisions of the Indian Contract Act, 1872.

RTP NOV 21

Q. Mr. X was a Disk Jockey at a five star hotel bar. As per the contract, he is supposed to perform every weekend (i.e. twice a week). Mr. X will be paid ₹ 1500 per day. However, after a month, Mr. X wilfully absents himself from the performance.

- (i) Does the hotel have the right to end the contract?
- (ii) If the hotel sends out a mail to X that they are interested to continue the contract and X accepts, can the hotel rescind the contract after a month on this ground subsequently?
- (iii) In which of the cases - (termination of contract or continuance of contract) can the hotel claim damages that it has suffered as a result of this breach?

RTP MAY 2022, MTP NOV 22

Q. Seema was running a boutique in New Delhi. She has to deliver some cloth to her friend Kiran who was putting up an exhibition at Mumbai. Seema delivered the sewing machine and some cloth to a railway company to be delivered at a place where the exhibition was to be held. Seema expected to earn an exceptional profit from the sales made at this exhibition however she did not bring this fact to the notice of the railway's authorities. The goods were delivered at the place after the conclusion of the exhibition. On account of such breach of contract by railways authorities, can Seema recover the loss of profits under the Indian Contract Act, 1872?

EXAM JUNE 2022/MTP DEC 23

Q. " Liquidated damage is a genuine pre - estimate of compensation of damages for certain anticipated breach of contract whereas Penalty on the other hand is an extravagant amount stipulated and is clearly unconscionable and has no comparison to the loss suffered by the parties Explain the statement by differentiating between liquidated damages and penalty with reference to provisions of the Indian Contract Act, 1872.

MTP MAY 2024

Q. What do you mean by Quantum Meruit and state the cases where the claim for Quantum Meruit arises?.

QUASI CONTRACT

RTP SEP 2024

Q. Explain the type of contracts in the following agreements under the Indian Contract Act, 1872:
(i) Rahul contracts with Bhanu (owner of the factory) for the supply of 10 tons of sugar, but before the supply is effected, the factory catches fire and everything is destroyed.
(ii) A coolie in uniform picks up the luggage of Rohan to be carried out of the railway station without being asked by Rohan and Rohan allows him to do so.
(iii) Obligation of finder of lost goods to return them to the true owner.

GUARANTEE

Exam May 2018, MTP-October 2020

Q. Mr. D was in urgent need of money amounting ' 5,00,000. He asked Mr. K for the money. Mr.K lent the money on the sureties of A, B and N without any contract between them in case of default in repayment of money by D to K. D makes default in payment. B refused to contribute, examine whether B can escape liability?

MTP-March 2019 MTP-May 2020

Q. Explaining the provisions of the Indian Contract Act, 1872, answer the following: A contracts with B for a fixed price to construct a house for B within a stipulated time. B would supply the necessary material to be used in the construction. C guarantees A's performance of the contract. B does not supply the material as per the agreement. Is C discharged from his liability.

Exam May 2019 - RTP Nov 2020

Q. 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 ?

Exam-July 21

Q. Paul (minor) purchased a smart phone on credit from a mobile dealer on the surety given by Mr. Jack (a major). Paul did not pay for the mobile. The mobile dealer demanded the payment from Mr. Jack because the contract entered with Paul (minor) is void. Mr. Jack argued that he is not liable to pay the amount since Paul (Principal Debtor) is not liable. Whether the argument is correct under the Indian Contracts Act, 1872? What will be your answer if Jack and Paul both are minor?

Exam -Dec 2021

Q. Alpha Motor Ltd. agreed to sell a bike to Ashok under hire-purchase agreement on guarantee of Abhishek. The Terms were: hire-purchase price ' 96,000 payable in 24 monthly instalments of ' 8,000 each. Ownership to be transferred on the payment of last instalment. State whether Abhishek is discharged in each of the following alternative case under the provisions of the Indian Contract Act,1872:

- i. Ashok paid 12 instalments but failed to pay next two instalments. Alpha Motor Ltd. sued Abhishek for the payment of arrears and Abhishek paid these two instalments i.e. 13th and 14th. Abhishek then gave a notice to Alpha Motor Ltd. to revoke his guarantee for the remaining months.
- ii. If after 15th months, Abhishek died due to COVID-19.

EXAM NOV 2022

Q. Manish, a minor, lost his parents in COVID - 19 pandemic. Due to poor financial background Manish was facing difficulties in maintaining his livelihood. He approached Mr. Sohel (a grocery shopkeeper) to supply him grocery items and to wait for some period for receiving his dues. Mr. Sohel did not agree with the proposal; but when Mr. Ganesh, a local person, who is a major, agreed to provide guarantee that he would pay the dues in case Manish fails to pay the amount, Mr. Sohel supplied the required groceries to Manish. After few months when Manish failed to clear his dues, Mr. Sohel approached Mr. Ganesh and asked him to clear the dues of Manish. Mr. Ganesh refused to pay the amount on two grounds, firstly, that there was no consideration in the contract of guarantee and secondly that Manish is a minor and therefore on both the grounds the contract of guarantee is not valid. Referring to the relevant provisions of the Indian Contract Act ,1872, decide, whether the contention of Mr. Ganesh, (the surety) is tenable? Will your answer differ in case both Manish (the principal debtor) and Mr. Ganesh (the surety) are minors?

MTP JUNE 2024

Q. Define contract of indemnity and contract of guarantee and state the conditions when guarantee is considered invalid?

BAILMENT

MTP-April 2018, RTP Nov 2020

Q. Rajnish gives his umbrella to Megha during rainy season to be used for two days during Examinations. Megha keeps the umbrella for a week. While going to Rajnish's house to return the umbrella, Megha accidentally slips and the umbrella is badly damaged. Discuss as per the provisions of the Contract Act, 1872, who bear the loss of the damaged umbrella and why?

Exam Nov 2018, MTP-October 2020

SURE SHOT QUESTIONS -CA FOUNDATION

Q. 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 50kg 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?

Q. Ashley bails his jewelry with Barn on the condition to safeguard in bank's safe locker. However, Barn kept it in safe locker at his residence, where he usually keeps his own jewelry. After a month all jewelry was lost in a religious riot. Ashley filed a suit against Barn for recovery. Referring to provisions of the Indian Contract Act, 1872, state whether Ashley will succeed.

MTP MAY-2020, MTP-MARCH 21

Q. Mrs. Shivani delivered her old silver jewellery to Mr. Y a Goldsmith, for the purpose of making anklet out of it. Every evening she used to receive the unfinished good (anklet) to put it into box kept at Mr. Y's Shop. She kept the key of that box with herself. One night, the anklet 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? Give your answer as per the provisions of the Indian Contract Act, 1872.

EXAM NOV 2022

Q. Kartik took his AC to Pratik, an electrician, for repair. Even after numerous follow ups by Kartik, Pratik didn't return the AC in R reasonable time even after repair. In the meantime, Pratik's electric shop caught fire because of short circuit and AC was destroyed. Decide, whether Pratik will be held liable under the provisions of the Indian Contract Act, 1872.

PLEDGE

Exam Nov 2018

Q. (i) 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?
(ii) Whether a Pawnee has a right to retain the goods pledged.

Exam-Jan 21, MTP APRIL 2023

Q. Radheshyam borrowed a sum of ' 50,000 from a Bank on the security of gold on 1.07.2019 under an agreement which contains a clause that the bank shall have a right of particular lien on the gold pledged with it. Radheshyam thereafter took an unsecured loan of ' 20,000 from the same bank on 1.08.2019 for three months. On 30.09.2019 he repaid entire secured loan of ' 50,000 and requested the bank to release the gold pledged with it. The Bank decided to continue the lien on the gold until

SURE SHOT QUESTIONS -CA FOUNDATION

the unsecured loan is fully repaid by Radheshyam. Decide whether the decision of the Bank is valid within the provisions of the Indian Contract Act, 1872?

OR

Rakshit borrowed a sum of ₹ 50,000 from a Bank on the security of gold on 1.07.2022 under an agreement which contains a clause that the bank shall have a right of particular lien on the gold pledged with it. Rakshit thereafter took an unsecured loan of ₹ 20,000 from the same bank on 1.08.2022 for three months. On 30.09.2022 he repaid entire secured loan of ₹ 50,000 and requested the bank to release the gold pledged with it. The Bank decided to continue the lien on the gold until the unsecured loan is fully repaid by Rakshit. Decide whether the decision of the Bank is valid within the provisions of the Indian Contract Act, 1872

MTP-April 21

Q. Megha lends a sum of Rs. 20,000 to Bhim, on the security of two shares of a Prema Limited on 1st April 2019. On 15th June, 2019, the company issued two bonus shares. Bhim returns the loan amount of Rs. 20,000 with interest but Megha returns only two shares which were pledged and refuses to give the two bonus shares. Advise Bhim in the light of the provisions of the Indian Contract Act, 1872.

EXAM July 2021

Q. Mr. Stefen owns a chicken firm near Gurgaon where he breeds them and sells eggs and live chicken to retail shops in Gurgaon. Mr. Flemming also owns a similar firm near Gurgaon doing the same business. Mr. Flemming had to go back to his native place in Australia for one year. He needed money for travel so he had pledged his firm to Mr. Stefen for one year and received a deposit '25 lakhs and went away. At that point of time stock of live birds were 100,00 and eggs 10,000. The condition was that when Flemming returns, he will repay the deposit and take possession of his firm with live birds and eggs. After one year Flemming came back and returned the deposit. At that time there were 109,000 live birds (increase is due to hatching of eggs out of 10,000 eggs he had left), and 15,000 eggs. Mr. Stefen agreed to return 100,000 live birds and 10,000 eggs only. State the duties Mr. Stefen as Pawnee and advise Mr. Flemming about his rights in the given case.

AGENCY

MTP-March 2018

Q. Mr. Bhalla instructs Aman, a merchant, to buy a ship for him. Aman employs a ship surveyor of good reputation to choose a ship for Mr. Bhalla. The surveyor makes the choice negligently and the ship turns out to be unseaworthy and is lost. Now, Mr. Bhalla holds Aman responsible for the same. Examine as per the provisions of the Contract Act, 1872, whether Aman is responsible to Mr. Bhalla.

EXAM MAY 2018, MTP APRIL 22

Q. 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

SURE SHOT QUESTIONS -CA FOUNDATION

towards the loss caused due to sale of products to M/s. Parul Pvt. Ltd. Will ABC Ltd. succeed in its claim?

&

A 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 A Ltd. to Parul Pvt. Ltd. (on credit) which was insolvent at the time of such sale. A Ltd. sued Mr. Pintu for compensation towards the loss caused due to sale of products to Parul Pvt. Ltd. Will A Ltd. succeed in its claim? (MTP APRIL22)

RTP May 2018

Q. Mr. A of Delhi engaged Mr. S as his agent to buy a house in Noida Extension area. Mr. S bought a house for ' 50 lakhs in the name of a nominee and then purchased it himself for ' 60 lakhs. He then sold the same house to Mr. A for ' 80 lakhs. Mr. A later comes to know the mischief of Mr. S and tries to recover the excess amount paid to Mr. S. Discuss whether he is entitled to recover any amount from Mr. S? If so, how much?

Exam May 2018, MTP-April 21

Q. 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?

Exam Nov 2018

Q. Azar consigned electronic goods for sale to Aziz. Aziz employed Rahim a reputed auctioneer to sell the goods consigned to him through auction. Aziz authorized Rahim to receive the proceeds and transfer those proceeds once in 45 days. Rahim sold goods on auction for ' 2,00,000 but before transferring the proceeds of the auction, became insolvent. Assess the liability of Aziz according to the provisions of the Indian Contract Act, 1872.

RTP May 2020

Q. Pankaj appoints Shruti as his agent to sell his estate. Shruti, on looking over the estate before selling it, finds the existence of a good quality Granite-Mine on the estate, which is unknown to Pankaj. Shruti buys the estate herself after informing Pankaj that she (Shruti) wishes to buy the estate for herself but conceals the existence of Granite-Mine. Pankaj allows Shruti to buy the estate, in ignorance of the existence of Mine. State giving reasons in brief the rights of Pankaj, the principal, against Shruti, the agent. Give your answer as per the provisions of the Contract Act, 1872.

What would be your answer if Shruti had informed Pankaj about the existence of Mine before she purchased the estate, but after two months, she sold the estate at a profit of ' 10 lacs?

RTP-May 2021

SURE SHOT QUESTIONS -CA FOUNDATION

Q. Akash is a famous manufacturer of leather goods. He appoints Prashant as his agent. Prashant is entrusted with the work of recovering money from various traders to whom Akash sells leather goods. Prashant is paid a monthly remuneration of ' 15,000. Prashant during a particular month recovers ' 40,000 from traders on account of Akash. Prashant gives back ' 25,000 to Akash, after deducting his salary. Examine with reference to relevant provisions of the Indian Contract Act, 1872, whether act of Prashant is valid.

MTP MAY 2024

Q. Explain whether the agency shall be terminated in the following cases under the provisions of the Indian Contract Act, 1872:

- i. A gives authority to B to sell A's land, and to pay himself, out of the proceeds, the debts due to him from A. Afterwards, A becomes insane.
- ii. A appoints B as A's agent to sell A's land. B, under the authority of A, appoints C as agent of B. Afterwards, A revokes the authority of B but not of C. What is the status of agency of C?

Exam-July 2021

Q. A rented his house to B on lease for 3 years. The lease agreement is terminable on 3 month notice by either part C, the son of A, being in need of a separate house to live, served a notice on B, without any authority, to vacate the house within a month and requested his father A to ratify his action. Examine whether it shall be valid for A to ratify the action of C taking into account the provisions of the Indian Contract Act, 1872?

Chapter-2

THE SALE OF GOODS ACT, 1930 INTRODUCTION & CONTRACT OF SALE

EXAM JUNE 2022/ RTP NOV 2021/ RTP DEC 23

Q. Sonal went to a Jewellery shop and asked the sales girl to show her diamond bangles with Ruby stones. The Jeweller told her that we have a lot of designs of diamond bangles but with redstones if she chooses for herself any special design of diamond bangle with red stones, they will replace red stones with Ruby stones. But for the Ruby stones they will charge some extra cost.

Sonal selected a beautiful set of designer bangles and paid for them. She a paid the extra cost of Ruby stones. The Jeweller requested her to come back a week later for delivery of those bangles. When she came after a week to take delivery of bangles, she noticed that due to Ruby stones, the design of bangles has been completely disturbed. Now, she wants to terminate the contract and thus, asked the manager to give her money back, but he denied for the same.

Answer the following questions as per the sale of Goods Act, 1930.

- (i) State with reasons whether Sonal can recover the amount from the Jeweller.
- (ii) What would be your answer if Jeweller says that he can change the design, but he will charge extra cost for the same?

MTP DEC 23

Q. Ram Bilas Yadav is a farmer. Anna Chips Company approached him and entered in a contract to supply 100 quintals of potatoes which to be grown in the fields belonging to Ram Bilas Yadav @` 1000/- per quintal. Anna Chips Company made the payment of price but delivery to be made after six months. Before the time of delivery, the whole crop of potatoes was destroyed due to flood.

Anna Chips Company demanded the payment of price which is already made by it. Ram Bilas Yadav denied returning the price by saying that contract of sale was already entered and hence crop belongs to Anna Chips Company. Hence loss of crop must be borne by it. Referring to the provisions of the Sale of Goods Act, 1930, whether Anna Chips Company recover amount from Ram Bilas Yadav?

CONDITIONS AND WARRANTIES

RTP' May 19

Q. 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?

RTP May' 20 PYQ JULY 21, RTP DEC 23

Q. Mrs. Geeta went to the local rice and wheat wholesale shop and asked for 100 kgs of Basmati rice.

SURE SHOT QUESTIONS -CA FOUNDATION

The Shopkeeper quoted the price of the same as 125 per kg to which she agreed. Mrs. Geeta insisted that she would like to see the sample of what will be provided to her by the shopkeeper before she agreed upon such purchase. The shopkeeper showed her a bowl of rice as sample. The sample exactly corresponded to the entire lot. The buyer examined the sample casually without noticing the fact that even though the sample was that of Basmati Rice but it contained a mix of long and short grains. The cook on opening the bags complained that the dish if prepared with the rice would not taste the same as the quality of rice was not as per requirement of the dish. Now Mrs. Geeta wants to file a suit of fraud against the seller alleging him of selling mix of good and cheap quality rice. Will she be successful?

Explain the basic law on sale by sample under Sale of Goods Act 1930?

Decide the fate of the case and options open to the buyer for grievance redressal as per the provisions of Sale of Goods Act 1930? What would be your answer in case Mrs. Geeta specified her exact requirement as to length of rice?

RTP MAY 21

Q. Mrs. G bought a tweed coat from P. When she used the coat, she got rashes on her skin as her skin was abnormally sensitive. But she did not make this fact known to the seller

i.e. P. Mrs. G filled a case against the seller to recover damages. Can she recover damages under the Sale of Goods Act, 1930?

RTP NOV 2021/RTP June 2024

Q. 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?

RTP MAY 2022

Q. 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.

SURE SHOT QUESTIONS -CA FOUNDATION

Reema and hence could not be resold. 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?

RTP NOV 22

Q. C bought a bun from a baker's shop. The piece of bun contained a stone in it which broke C's tooth while eating. What are the rights available to the buyer against the seller under the Sale of Goods Act, 1930?

MTP JULY 2024

Q. Mr. Manoj was running a shop selling good quality washing machines. Mr. Vivek came to his shop and asked for a washing machine which is suitable for washing woollen clothes. Mr. Manoj showed him a particular machine which Mr. Vivek liked and paid for it. Later on, when the machine was delivered to Mr. Vivek's house, it was found that it was the wrong machine and also unfit for washing woollen clothes. He immediately informed Mr. Manoj about the delivery of the wrong machine. Mr. Manoj refused to exchange the same, saying that the contract was complete after the delivery of the washing machine and payment of price. With reference to the provisions of the Sale of Goods Act, 1930, discuss whether Mr. Manoj is right in refusing to exchange the washing machine.

TRANSFER OF OWNERSHIP

MTP Oct' 18, MTP Mar' 19, RTP May' 20, MTP APR 21

Q. 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?

EXAM Nov' 19, RTP May' 20, MTP NOV 22

Q. "A non-owner can convey better title to the bonafide purchaser of goods for value." Discuss the cases when a person other than the owner can transfer title in goods as per the provisions of the Sale of Goods Act, 1930?

Or

"Nemo Dat Quod Non-Habet" - "None can give or transfer goods what he does not himself own." Explain the rule and state the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930.

EXAM Nov' 19, RTP DEC 23/MTP JUNE 2024

Q. State the various essential elements involved in the sale of unascertained goods and its appropriation as per the Sale of Goods Act, 1930.

RTP NOV 2021/ RTP NOV 22/ RTP JUNE 2024

SURE SHOT QUESTIONS -CA FOUNDATION

Q. Akansh purchased a Television set from Jethalal, the owner of Gada Electronics on the condition that first three days he will check its 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 demands the price of Television set from Akansh. Whether Akansh is liable to pay the price under the Sale of Goods Act, 1930? If not, who will ultimately bear the loss?

RTP JUNE 23

Q. 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?

UNPAID SELLER

RTP May' 20/MTP july 2024

Q. What are the rights of buyer against the seller, if the seller commits a breach of contract under the Sale of Goods Act, 1930?

MTP APRIL 2024

Q. A agrees to sell certain goods to B on a certain date on 10 days credit. The period of 10 days expired and goods were still in the possession of A. B has also not paid the price of the goods. B becomes insolvent. A refuses to deliver the goods to exercise his right of lien on the goods. Can he do so under the Sale of Goods Act, 1930?

DELIVERY OF GOODS

MTP JUNE 2022, RTP JUNE 23/RTP SEP 2024

Q. Avyukt purchased 100 Kgs of wheat from Bhaskar at Rs. 30 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed Avyukt that he can take the delivery of wheat from him and till then he is holding wheat on Avyukt's behalf. Before Avyukt picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Avyukt wants his price on the contention that no delivery has been done by seller. Whether Avyukt is right with his views under the Sale of Goods Act, 1930.

MTP NOV 19/MTP MAY 2024

Q. Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.

SURE SHOT QUESTIONS -CA FOUNDATION

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending?

RTP JUNE 2024

Q. Mr. Shankar sold 1000 Kgs wheat to Mr. Ganesh on credit of 3 months. Wheat was to be delivered after 10 days of contract. After 5 days of contract, a friend of Mr. Shankar secretly informed him that Mr. Ganesh may default in payment. On the information of friend, Mr. Shankar applied the right to lien and withheld the delivery. With referring to the provisions of the Sale of Goods Act, 1930:

- (i) State, whether Mr. Shankar was right in his decision?
- (ii) What would be your answer if Mr. Ganesh became insolvent within five days of contract?

RTP SEP 2024

Q. Suraj sold his car to Sohan for ` 1,75,000. After inspection and satisfaction, Sohan paid ` 75,000 and took possession of the car and promised to pay the remaining amount within a month. Later on, Sohan refuses to give the remaining amount on the grounds that the car was not in good condition. Advise Suraj as to what remedy is available to him against Sohan under the Sale of Goods Act, 1930

MTP MAY 2024

Q. Classify the following transactions according to the types of goods they are:

- A. A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside.
- B. A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop.
- C. T agrees to sell to S all the apples which will be produced in his garden this year

MTP JUNE 2024

Q. X contracted to sell his car to Y. They did not discuss the price of the car at all. X later refused to sell his car to Y on the ground that the agreement was void being uncertain about price. Can Y demand the car under the Sale of Goods Act, 1930?

Chapter-3

INDIAN PARTNERSHIP ACT

NATURE OF PARTNERSHIP CONTRACT

RTP NOV' 19

Q. x and y are partner in a partnership firm, X introduced A, a manager as his partner to Z. are remained silent Z, a trader believing A as partner supplied 100 TV sets to the firm on credit. After expiry of credit period, Z did not get amount of TV sets sold to the partnership firm. Z filed a suit against X and A for the recovery of price. A advice Z whether he can recover the amount from X and A under the Indian partnership act 1932

Exam NOV19, RTP NOV 20, RTP NOV 23

Q. Master X was a introduced to the benefits of the partnership of M/s ABC & CO. with the consent of all partners. after attaining majority, more than 6 months elapsed and he failed to give a public notice as to whether he elected to become or not to become a partner in firm later on, Mr.L, a supplier of material to m/s ABC. filed case It & against MS/ABC &co for recovery to the debt due in the co light of the Indian partnership act 1932 explain:

- i. To what attaining extent X will be liable if he failed to give public notice
- ii. Can Mr. L recover his debt from X?

RTP NOV 21, MTP JUNE 22

Q. Mr. A (transferor) transfers his share in a partnership firm to Mr. B (transferee). Mr. B felt that the book of accounts was displaying only a small amount as profit inspite of a huge turnover. He wanted to inspect the book of accounts of the firm arguing that it is his entitlement as a transferee. However, the other partners were of the opinion that Mr. B cannot challenge the books of accounts. As an advisor, help them solve the issue applying the necessary provisions from the Indian Partnership Act, 1932.

RTP NOV 22

Q. Mohan, Sohan and Rohan are partners in the firm M/s Mosoro & Company. They admitted Bohan as nominal partner and on agreement between all the partners, Bohan is not entitled to share profit in the firm. After some time, a creditor Karan filed a suit to Bohan for recovery of his debt. Bohan denied for same as he is just a nominal partner and he is not liable for the debts of the firm and Karan should claim his dues from the other partners. Taking into account the provisions of the Indian Partnership Act, 1932

- (a) Whether Bohan is liable for the dues of Karan against the firm.
- (b) In case, Karan has filed the suit against firm, whether Bohan would be liable?

MTP APRIL 2024

SURE SHOT QUESTIONS -CA FOUNDATION

Q. Define partnership and name the essential elements for the existence of a partnership as per the Indian Partnership Act, 1932.

RTP MAY 2023/ RTP JUNE 2024/MTP JUNE 2024

Q. 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?

MTP JUNE 2024

Q. "Partner indeed virtually embraces the character of both a principal and an agent". Describe the said statement keeping in view of the provisions of the Indian Partnership Act, 1932.

RTP JAN 2025

Q. (i) What do you mean by 'Partnership for a fixed period' as per the Indian Partnership Act, 1932?
(ii) When the continuing guarantee can be revoked under the Indian Partnership Act, 1932?
(iii) What do you mean by Goodwill as per the provisions of Indian Partnership Act, 1932?

FORMATION & REGISTRATION OF PARTNERSHIP FIRM

MTP NOV 22

Q. P & Co. is registered as a partnership firm in 2018 with A, B and P as partners dealing in sale and purchase of motor vehicles. In April 2019, A dies. Now only B and P continue the firm and same business with same firm name P & Co.

In the month of December 2019, firm felt the need of expansion of business and sharing the burden of expenditure and investment. They thought of hiring a new partner with a mutual consent with each other. Hence in December 2019, the firm took a new partner S in the firm P & Co.

The firm has supplied large amount of material to one of the clients Mr. X for business purposes. In spite of regular reminders, X failed to pay the debts due to the firm.

In January 2020, firm filed a case against X in the name and behalf of P & Co. without fresh registration. With reference to Indian Partnership Act, 1932, discuss if the suit filed by the firm is maintainable?

RELATION OF PARTNERS

MTP Aug 2018, MTP March 2019, MTP APR 21

Q. A, B and C are partners of a partnership firm AC& co the firm is a dealer in office furniture A was

SURE SHOT QUESTIONS -CA FOUNDATION

in charge of purchase and sale. B was in charge of maintenance matter accounts of the firm and C was in charge of handling all legal. Through agreement among them it was decided that A will maintain account and B will be in charge of purchase and sale. M a supplier supplied some of the furniture. A, who ultimately sold them to a third party referring to the provision of the partnership act 1932, advice whether M can recover Money? What will be your advice in case M was having knowledge about the agreement?

RTP MAY 2021/MTP June 202

Q. Explain in detail the circumstances which lead to liability of firm for misapplication by partners as per provisions of the Indian Partnership Act, 1932.

RTP NOV 2021/ RTP JUNE 2024

Q. A, B and C are partners of a partnership firm carrying on the business of construction of apartments. B who himself was a wholesale dealer of iron bars was entrusted with the work of selection of iron bars after examining its quality. As a wholesaler, B is well aware of the market conditions. Current market price of iron bar for construction is ₹ 350 per Kilogram. B already had 1000 Kg of iron bars in stock which he had purchased before price hike in the market for ₹ 200 per Kg. He supplied iron bars to the firm without the firm realising the purchase cost. Is B liable to pay the firm the extra money he made, or he doesn't have to inform the firm as it is his own business and he has not taken any amount more than the current prevailing market price of ₹ 350? Assume there is no contract between the partners regarding the above.

RECONSTITUTION AND DISSOLUTION OF A FIRM

MTP APRIL 2024

Q. A and B are partners in M/s Aee Bee & Company. Firm is doing business of trading of plastic bottles. A is authorised to sell the stock of plastic bottles. It was decided between them that A should sell the plastic bottles at the minimum price which they have decided and if A sells at a price less than minimum price, he should first take the permission of B. Due to sudden change in government policy, the price of plastic bottles were continuously declining. To save the loss of firm, A sold the stock at lower price. Meanwhile, A tried to contact B but could not do so as B was on foreign trip. Afterwards when B came, he filed the suit to recover the difference of sale price and minimum price to the firm. Whether B can do so under the provisions of Indian Partnership Act, 1932?

Exam May'18

Q. Distinguish Between dissolution of firm and dissolution of partnership.

Exam NOV 2018

Q. Mr. A, Mr. B and Mr. C were partners in a partnership firm M/s ABC & Co., which is engaged in the business of trading of branded furniture. The name of the partners was clearly written along with the firm name in front of the head office of the firm as well as on letter-head of the firm. On 1st October, 2018, Mr. C passed away. His name was neither removed from the list of partners as stated in front of the head office nor from the letter-heads of the firm. As per the terms of partnership, the firm

SURE SHOT QUESTIONS -CA FOUNDATION

continued its operations with Mr. A and Mr. B as partners. The accounts of the firm were settled and the amount due the legal heirs of Mr. C was also determined on 10th October, 2018. But the same was not paid to the legal heirs of r. C. On 16th October, 2018, Mr. X, a supplier supplied furniture worth 20,00,000 to M/s ABC & Co. M/s ABC & Co. could not repay the amount due to heavy losses. Mr. X wants to recover the amount not only from M/s ABC & Co., but also from the legal heirs of Mr. C. analyses the above situation in term of the provisions of the Indian partnership act 1932 and decide whether the legal heirs of Mr. C can also be the dues to held liable of MR. X.

Exam NOV 2018

Q. MR. M, Mr. N and Mr. P were partners in a firm, which was dealing in Refrigerators on 1 st October, 2018, Mr. P retired from partnership, but failed to give public notice of his retirement. After his retirement, MR. M and Mr. N and Mr. P are visited a trade and enquired about some refrigerators with latest techniques. Exhibiting of Mr. P requested for the visiting card also included the name of Mr. P as a partner even through retired. MR. X who was impressed with firm. Mr. X supplied some refrigerators to the firm and could dues from the firm. Now, Mr. X want to Recover Dues not only from the firm but also from MR P. over case in terms of provisions of the Indian partnership act 1932 analyse the above and decide whether Mr. P is liable in this situation.

Exam NOV 2020

Q. P, Q, R and S are the partners in M/S PQRS & Co., a partnership firm which deals in trading of Washing Machines of various brands. Due to the conflict of views between partners, P & Q decided to leave the partnership firm and started competitive business on 31st July, 2019, in the name of M/S PQ & Co. Meanwhile, R & S have continued using the property in the name of M/S PQRS & Co. in which P & Q also has a share.

Based on the above facts, explain in detail the rights of outgoing partners as per the Indian Partnership Act, 1932 and comment on the following:

- (i) Rights of P & Q to start a competitive business.
- (ii) Rights of P & Q regarding their share in property of M/S PQRS & Co

RTP NOV 21

Q. MN partnership firm has two different lines of manufacturing business. One line of business is the manufacturing of Ajinomoto, a popular seasoning & taste enhancer for food. Another line of business is the manufacture of paper plates & cups. One fine day, a law is passed by the Government banning Ajinomoto' use in food and to stop its manufacturing making it an unlawful business because it is injurious to health. Should the firm compulsorily dissolve under the Indian Partnership Act, 1932? How will its other line of business (paper plates & cups) be affected?

RTP MAY 2022/ RTP JUNE 2024

SURE SHOT QUESTIONS -CA FOUNDATION

Q. Moni and Tony were partners in the firm M/s MOTO & Company. They admitted Sony as partner in the firm and he is actively engaged in day-to-day activities of the firm. There is a tradition in the firm that all active partners will get a monthly remuneration of ₹ 20,000 but no express agreement was there. After admission of Sony in the firm, Moni and Tony were continuing getting salary from the firm but no salary was given to Sony from the firm. Sony claimed his remuneration but denied by existing partners by saying that there was no express agreement for that. Whether under the Indian Partnership Act, 1932, Sony can claim remuneration from the firm?

RTP NOV 23/ MTP JUNE 2024

Q. With reference to the provisions of Indian Partnership Act, 1932 explain the various effects of insolvency of a partner.

PYQ JUNE 22, RTP NOV 23

Q. M/s ABC Associates has been a partnership firm since 1990. Mr. A, Mr. B and Mr. C were partners in the firm since beginning. Mr. A, being a very senior partner of aged 78 years transfers his share in the firm to his son Mr. Vikas, a Chartered Accountant. Mr. B and Mr. C were not interested that Mr. Vikas joining them as partner in M/s ABC Associates. After some time, Mr. Vikas felt that the books of accounts were displaying only a small amount as profit despite a huge turnover. He wanted to inspect the book of accounts of the firm arguing that it is his entitlement as a transferee. However, the other partners believed that he cannot challenge the books of accounts. Can Mr. Vikas be introduced as a partner if his father wants to retire? As an advisor, help them resolve the issues applying the necessary provisions from the Indian Partnership Act, 1932.

Exam Nov, 19, RTP NOV 23/MTP June 2024

Q. When the continuing guarantee can be revoked under the Indian Partnership Act 1932

RTP JUNE 2024

Q. 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?

Chapter-4

LLP

ACT, 2008

Exam NOV 2018, PYQ JUNE 22

Q-1 Explain the essential elements to incorporate a Limited Liability Partnership and the steps involved therein under the LLP Act, 2008.

RTP NOV 2020, RTP MAY 2021

Q. What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP?

Exam DEC 2021/RTP SEP 2024

Q. State the rules regarding registered office of a Limited Liability Partnership (LLP) and change therein as per provisions of the Limited Liability Partnership Act, 2008.

MTP DEC 22, RTP MAY 23

Q. What is Small Limited Liability Partnership as per Limited Liability Partnership (Amendment) Act, 2021?

MTP NOV 23

Q."A LLP (Limited Liability Partnership) is a type of partnership in which participants' liability is fixed to the amount of money they invest whereas a LLC (Limited Liability Private/Public Company) is a tightly held business entity that incorporates the qualities of a corporation and a partnership". In line of above statement clearly elaborate the difference between LLP and LLC.

Chapter-5

COMPANIES ACT, 2013

FUNDAMENTALS OF COMPANY LAW (INTRODUCTION)

Exam Nov 2019

Q. A, an assessee, had large income in the form of dividend and interest. In order to reduce his tax liability, he formed four private limited companies and transferred his investments to them in exchange of their shares. The income earned by the companies was taken back by him as pretended loan. Can A be regarded as separate from the private limited company he formed?

RTP Nov 2021/ RTP JUNE 2024/MTP JUNE 2024

Q. Mr. Dhruv was appointed as an employee in Sunmoon Timber Private Limited on the condition that if he was to leave his employment, he will not solicit customers of the company. After some time, he was fired from company. He set up his own business under proprietorship and undercut Sunmoon Timber Private Limited's prices. On the legal advice from his legal consultant and to refrain from the provisions of breach of contract, he formed a new company under the name SevenStars Timbers Private Limited. In this company, his wife and a friend of Mr. Dhruv were the sole shareholders and directors. They took over Dhruv's business and continued it. Sunmoon Timber Private Limited files a suit against Seven Stars Timbers Private Limited for violation of contract. Seven Stars Timbers Private Limited argued that the contract was entered between Mr. Dhruv and Sunmoon Timber Private Limited and as company has separate legal entity, Seven Stars Timbers Private Limited has not violated the terms of agreement. Explain with reasons, whether separate legal entity between Mr. Dhruv and Seven Stars Timbers Private Limited will be disregarded?

MTP JUNE 2022, RTP MAY 23

Q. Five persons are the only members of a private company Flower Fans Limited. All of them go in a boat on a pleasure trip into an open sea. The boat capsizes and all the 5 die being drowned.

(a) Is the private company Flower Fans Limited no longer in existence?

(b) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued? Explain with reference to the provisions of Companies Act, 2013

RTP NOV 22

Q. A transport company wanted to obtain licences for its vehicles but could not obtain licences if applied in its own name. It, therefore, formed a subsidiary company and the application for licence was made in the name of the subsidiary company. The vehicles were to be transferred to the subsidiary company. Will the parent and the subsidiary company be treated as separate commercial units? Explain in the light of the provisions of the Companies Act, 2013.

RTP NOV 22/MTP MAY 2024

SURE SHOT QUESTIONS -CA FOUNDATION

Q. No limit Private Company is incorporated as unlimited company having share capital of ₹ 10,00,000. One of its creditors, Mr. Samuel filed a suit against a shareholder Mr. Innocent for recovery of his debt against No limit Private Company. Mr. Innocent has given his plea in the court that he is not liable as he is just a shareholder. Explain, whether Mr. Samuel will be successful in recovering his dues from Mr. Innocent?

MTP APRIL 2024

Q. In the Flower Fans Private Limited, there are only 5 members. All of them go in a boat on a pleasure trip into an open sea. The boat capsizes and all of them died being drowned. Explain with reference to the provisions of Companies Act, 2013:

(A) Is Flower Fans Private Limited no longer in existence?

(B) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued?

MTP JULY 2024

Q. Mr. Sooraj sold his business of cotton production to a cotton production company, CPL Private Limited, in which he held all the shares except one which was held by his wife. He is also the creditor in the company for a certain amount. He also got the insurance of the stock of cotton of CPL Private Limited in his own name and not in the name of the company. After one month, all the stocks of the cotton of CPL Private Limited were destroyed by fire. Mr. Sooraj filed the claim for such loss with the Insurance company. State with reasons that whether the insurance company is liable to pay the claim?

KINDS OF COMPANIES

Exam NOV 2018/MTP MAY 2024

Q. A company registered under section 8 of the Companies Act, 2013, earned huge profit during Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. Examine the relevant provisions of the Companies Act, 2013 and advise the members accordingly.

Exam Nov 2020

Q. What are the significant points of Section 8 Company which are not applicable for other companies? Briefly explain with reference to provisions of the Companies Act, 2013.

Exam NOV 2020, RTP MAY 2021

Q. 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?

SURE SHOT QUESTIONS -CA FOUNDATION

Exam Nov 2020, MTP DEC 23/ RTP JUNE 2024

Q. Mike Limited company incorporated in India having Liaison office at Singapore. Explain in detail meaning of Foreign Company and analysis., on whether Mike Limited would be called as Foreign Company as it established a Liaison office at Singapore as per the provisions of the Companies Act, 2013?

Q. ABC Limited was registered as public company. There were 245 members in the company. Their details are as follows :

| | |
|-------------------------------------------------|-----|
| Directors and their relatives | 190 |
| Employees | 15 |
| Ex - Employees | |
| (shares were allotted when they were employees) | 20 |
| Other | 20 |

(Including 10 joint holders holding shares jointly in the name of father and son)

The Board of directors of the company propose to convert it into a private company. Advice whether reduction in the number of members is necessary for conversion.

EXAM JULY 2021

Q. What is the main difference between a Guarantee Company and a Company having Share Capital?

MTP MAY 2024

Q. MNP Private Ltd. is a company registered under the Companies Act, 2013 with Paid Up Share Capital of ` 5 crores and turnover of Rs. 35 crores. Explain the meaning of the "Small Company" and examine the following in accordance with the provisions of the Companies Act, 2013:

- (i) Whether the MNP Private Ltd. can avail the status of small company?
- (ii) What will be your answer if the turnover of the company is Rs. 45 crores?

RTP Nov 2021, RTP DEC 23/ MTP JUNE 2024

Q. Narendra Motors Limited is a government company. Shah Auto Private Limited is a private company having share capital of ten crores in the form of ten lacs shares of ₹ 100 each. Narendra Motors Limited is holding five lacs five thousand shares in Shah Auto Private Limited. Shah Auto Private Limited claimed the status of Government Company. Advise as legal advisor, whether Shah Auto Private Limited is government company under the provisions of Companies Act, 2013?

MTP JUNE 2024

Q. Explain listed company and unlisted company as per the provisions of the Companies Act, 2013.

MTP JUNE 2024

SURE SHOT QUESTIONS -CA FOUNDATION

Q. Who are the individuals which shall not be capable of becoming a partner of a Limited Liability Partnership?

MTP APRIL 2024

Q. Tycoon Private Limited is the holding company of Glassware Private Limited. As per the last profit and loss account for the year ending 31st March, 2023 of Glassware Private Limited, its turnover was ` 1.80 crore and paid up share capital was ` 80 lakh. The Board of Directors wants to avail the status of a small company. The Company Secretary of the company advised the directors that Glassware Private Limited cannot be categorized as a small company. In the light of the above facts and in accordance with the provisions of the Companies Act, 2013, you are required to examine whether the contention of Company Secretary is correct, explaining the relevant provisions of the Act.

MEMORANDUM & ARTICLES

EXAM Nov 2018/ MTP APRIL 2021

Q. Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr.Z as duty distribution is a job of the internal management of the company.

Analyse the situation and decide whether Mr. X is free from his liability.

EXAM DEC 21 MTP DEC 22

Q. What do you mean by the term Capital? Describe its classification in the domain of Company Law

RTP JAN 2025

Q. Reliable Limited, an Indian company, is a global leader in Petrochemical products. For payment of the sale price of machinery imported from Alex Manufacturing Limited, a USA based company (the exporter), the Indian company drew a bill of exchange on Manish, a resident of Mumbai (India) who accepted the bill at Mumbai payable to the exporter in Los Angeles, USA. Decide whether the bill of exchange is an inland instrument or a foreign instrument. Assume that the bill of exchange was signed by the authorised person for the drawer company.

Chapter-6

THE NEGOTIABLE INSTRUMENTS ACT, 1881

CHEQUE (INCLUDES DISHONOUR OF CHEQUE)

Exam May 2018 - RTP Nov 2020

Q. 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?

Exam-July 21

Q. Mr. Harsha donated '50,000 to an NGO by cheque for sponsoring the education of one child for one year. Later on he found that the NGO was a fraud and did not engage in philanthropic activities. He gave a "stop payment" instruction to his bankers and the cheque was not honoured by the bank as per his instruction. The NGO has sent a demand notice and threatened to file a case against Harsha. Advise Mr. Harsha about the course of action available under the Negotiable Instruments Act, 1881.

TYPES OF INSTRUMENTS

Exam-Nov 2020

Q. State with reasons whether each of the following instruments is an inland instrument or a foreign instrument as per the negotiable instruments act, 1881 :

- i) Ram draws a bill of exchange in Delhi upon Shyam a resident of Jaipur and accepted to be payable in Thailand after 90 days of acceptance.
- ii) Ramesh draws a Bill of exchange in Mumbai upon Suresh a resident of Australia and accepted to be payable in Chennai after 30 days of sight.
- iii) Ajay draws a Bill of exchange in California upon Vijay a resident of Jodhpur and accepted to be payable in Kanpur after 6 months of acceptance
- iv) Mukesh draws a bill of exchange in Lucknow upon Dinesh a resident of China and accepted to be payable in China after 45 days of acceptance

NEGOTIATION AND ENDORSEMENT

EXAM NOV 2022

Q. Manoj owes money to Umesh. Therefore, he makes a promissory note for the amount in favour of Umesh, for safety of transmission he cuts the note in half and posts one half to Umesh. He then changes his mind and calls upon Umesh to return the half of the note which he had sent. Umesh requires Manoj to send the other half of the promissory note. Decide how rights of the parties are to be adjusted. Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881.

RTP- MAY 2022/MTP JUNE 2024

Q. Anjum drew a cheque for ' 20,000 payable to Babloo and delivered it to him. Babloo indorsed the

SURE SHOT QUESTIONS -CA FOUNDATION

cheque in favour of Rehansh but kept it in his table drawer. Subsequently, 'Babloo' died, and cheque was found by Rehansh in Babloo's table drawer. Rehansh filed the suit for the recovery of cheque. Whether Rehansh can recover cheque under the provisions of the Negotiable Instrument Act 1881?

MTP MAY 2024

Q. What are Inchoate and Ambiguous Instruments under the Negotiable Instruments Act, 1881?

MTP MAY 2024

Q. Advik purchased a mobile from Bhanu. He issued a promissory note to Bhanu which was payable on demand but no specific place for payment was mentioned on it. On maturity, Bhanu did not present the promissory note for payment. As the promissory note was not duly presented for payment, whether Advik would be discharged from liability under the provisions of the Negotiable Instruments Act, 1881?

MTP MAY 2024

Q. Shiva gave a gift of ₹ 21,000 to his sister through a cheque issued in her favour on the occasion of Raksha Bandhan. Afterwards, Shiva informed his sister not to present the cheque for payment and also informed the bank to stop the payment. Examining the provisions of the Negotiable Instruments Act, 1881, decide whether Shiva's acts constitute an offence under section 138 of the Act?

RTP JUNE 2024

Q. Sachin bought 1000 Kg rice from Saurabh for ₹ 1,50,000 on three months credit. For this purpose, Sachin issued a promissory note to Saurabh on the same date payable after 3 months. On the date of maturity, the promissory note was dishonoured. Saurabh filed suit for the recovery of the amount plus fees of advocate paid by him for defending the suit. Referring to the provisions of the Negotiable Instruments Act, 1881, what amount could be recovered by Saurabh from Sachin?

RTP JUNE 2024

Q. A purchased a watch from B. He issued a promissory note to B which was payable on demand but no specific place for payment was mentioned on it. On maturity, B did not present the promissory note for payment. As the promissory note was not duly presented for payment, whether A would be discharged from liability under the provisions of the Negotiable Instruments Act, 1881?

MTP JUNE 2024

Q. Explain the Rules as to compensation payable in case of dishonour of promissory note, bill of exchange or cheque, by any party liable to the holder or any endorsee covered under the Negotiable Instruments Act, 1881.

MTP APRIL 2024

Q. What are Negotiable Instruments? Explain its essential characteristics under the Negotiable Instruments Act, 1881.

SURE SHOT QUESTIONS -CA FOUNDATION

MTP JULY 2024

Q. State the Difference between promissory note and bill of exchange."

MTP JULY 2024

Q. Rama executes a promissory note in the following form, 'I promise to pay a sum of ` 10,000 after three months'. Decide whether the promissory note is a valid promissory note

Chapter-7

INDIAN REGULATORY FRAMEWORK

MTP MAY 2024

Q. What is the significance of the Supreme Court and High Court in the Indian judiciary?

RTP JUNE 2024

Q. What do you understand by Indian Judicial System and what are its various functions?

MTP JUNE 2024

Q. Write a short note on the following:
(i) Ministry of Corporate Affairs (MCA)
(ii) Ministry of Home Affairs

RTP SEP 2024

Q. What is Law and what is the process of making a law?