

**PAPER 2 : BUSINESS LAW**
**Question No. 1 is Compulsory.**
**Answer any four question from the remaining five questions.**
**Wherever necessary, suitable assumptions should be made and disclosed by way of note forming part of the answer. Working Notes should form part of the answer.**
**Question 1:**

- (a) Give differences between coercion and undue influence?

**(6 Marks)**

- (b) The Memorandum of Association of a company was presented to the Registrar of Companies for registration and the Registrar issued the certificate of incorporation. After complying with all the legal formalities a company started a business according to the object clause, which was clearly an illegal business. The company contends that the nature of the business cannot be gone into as the certificate of incorporation is conclusive. Answer the question whether company's contention is correct or not.

**(7 Marks)**

- (c) Mr. Ajay and Mr. Vijay 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. Haris. It was decided between landlords and tenant that the rent would be Rs. 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. Haris has to pay the electricity bill of Rs. 2800 and Rs. 200 as penalty to resume the electricity connection. Mr. Haris claimed Rs. 3000 from Mr. Ajay but Mr. Ajay replied that he is liable only for Rs. 1500. Mr. Haris said that Mr. Ajay and Mr. Vijay 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. Ajay is liable to pay whole amount of Rs. 3000 to Mr. Haris?

**(7 Marks)**
**Question 2:**

- (a) (i) Z bought a bun from a baker's shop. The piece of bun contained a stone in it which broke Z's tooth while eating. What are the rights available to the buyer against the seller under the Sale of Goods Act, 1930?
- (ii) X contract with Y to buy 50 chairs of a certain quality. Y delivers 25 chairs of the type agreed upon and 25 chairs of some other type. Under the circumstances, what are the rights of X against Y under the Sale of Goods Act, 1930?

**(6 Marks)**

- (b) Mr. Sohan had purchased some goods from Sunflower Limited on credit. A credit period of one month was allowed to Mr. Sohan. Before the due date, Mr. Sohan went to the company and wanted to repay the amount due from him. He found only Mr. Kamesh there, who was the factory supervisor of the company. Mr. Kamesh told Mr. Sohan that the Accountant and the cashier are on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Kamesh issued a money receipt under his signature. After two months, Sunflower limited issued a notice to Mr. Sohan for non-payment of the dues within the stipulated period. Mr. Sohan informed

the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Kamesh is an employee of the company whom he had made the payment and being an outsider, he trusted the words of Mr. Kamesh as duty distribution is a job of the internal management of the company. Analyse the situation and decide whether Mr. Sohan is free from his liability.

**(7 Marks)**

- (c) Give provisions related to Name, Name Reservation & Change of Name of LLP?

**(7 Marks)**

### Question 3:

- (a) M/s ABC & Company is a partnership firm. The firm is an unregistered firm. The firm has purchased some iron rods from another partnership firm M/s KMP & Company which is also an unregistered firm. M/s ABC & Company could not pay the price within the time as decided. M/s KMP & Company has filed the suit against M/s ABC & Company for recovery of price. State under the provisions of the Indian Partnership Act, 1932;

- (a) Whether M/s KMP & Company can file the suit against M/s ABC & Company?  
(b) What would be your answer, in case M/s ABC & Company is a registered firm while M/s KMP & Company is an unregistered firm?  
(c) What would be your answer, in case M/s ABC & Company is an unregistered firm while M/s KMP & Company is a registered firm?

**(6 Marks)**

- (b) M, N and P were partners in a firm. The firm ordered JR Limited to supply the furniture. P dies, and M and N continues the business in the firm's name. The firm did not give any notice about P's death to the public or the persons dealing with the firm. The furniture was delivered to the firm after P's death, fact about his death was known to them at the time of delivery. Afterwards the firm became insolvent and failed to pay the price of furniture to JR Limited.

Explain with reasons :

- (i) Whether P's private estate is liable for the price of furniture purchased by the firm?  
(ii) Whether does it make any difference if JR Limited supplied the furniture to the firm believing that all the three partners are alive?

**(7 Marks)**

- (c) Company can be formed not for profit also. Give relevant provisions?

**(7 Marks)**

### Question 4:

- (a) A, B and C are partners in M/s ABC & Company. The firm has decided to purchase a machine from M/s LMN & Company. Before A & B purchase the machine, C died. The machine was purchased but thereafter A and B became insolvent and the firm was unable to pay for machine. Explain, would the estate of C liable for the dues of M/s LMN & Company?

**(3 Marks)**

- (b) Akhil entered into an agreement with Yatin to deliver him (Yatin) 5,000 bags to be manufactured in his factory. The bags could not be manufactured because of strike by the workers and Akhil failed to supply the said bags to Yatin. Decide whether Akhil can be exempted from liability under the provisions of the Indian Contract Act, 1872.

**(4 Marks)**

(c) Explain Rules of Compensation in case of dishonour of negotiable instrument?  
**(7 Marks)**

(d) Write short note on-  
(i) The Securities and Exchange Board of India (SEBI)?  
(ii) Insolvency and Bankruptcy Board of India (IBBI)?  
**(6 Marks)**

### Question 5:

(a) "Contract of guarantee is a tripartite agreement". Explain?  
**(3 Marks)**

(b) Mr. Preetam 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. Preetam 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. Preetam filed a suit against the school for cancellation of his appointment and claimed damages for loss of salary. State with reasons, will Mr. Preetam be successful in suit filed against school under the Indian Contract Act, 1872?  
**(4 Marks)**

(c) Harmesh appoints Meena as his agent to sell his estate. Meena, on looking over the estate before selling it, finds the existence of a good quality Granite-Mine on the estate, which is unknown to Harmesh. Meena buys the estate herself after informing Harmesh that she (Meena) wishes to buy the estate for herself but conceals the existence of Granite-Mine. Harmesh allows Meena to buy the estate, in ignorance of the existence of Mine. State giving reasons in brief the rights of Harmesh, the principal, against Meena, the agent. Give your answer as per the provisions of the Contract Act, 1872.  
What would be your answer if Meena had informed Harmesh about the existence of Mine before she purchased the estate, but after two months, she sold the estate at a profit of Rs. 10 lac?  
**(7 Marks)**

(d) Mr. Vasudevan sells 100 bags of cement to Mr. Manoharam for cash and consigns goods to him through railways. He also sends the railway receipt to Mr. Manoharam. When the goods were in transit, Mr. Manoharam becomes insolvent and Mr. Manoharam sells the said goods to Mr. Ravi by assigning the railway receipt to Mr. Ravi who has no idea about the insolvency of Mr. Manoharam. Mr. Vasudevan who is being unpaid seller wants to exercise his right to stoppage in transit.  
(a) State with reason, can Mr. Vasudevan do so under the Sale of Goods Act, 1930?  
(b) Whether your answer would be same if Mr. Ravi have knowledge of Mr. Manoharam's insolvency at the time of buying the goods?  
**(6 Marks)**

### Question 6:

(a) Vishwendra drew a cheque in favour of Harender. After having issued the cheque; Vishwendra requested Harender not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Harender. Decide, under the provisions of the negotiable Instruments Act, 1881 whether the said acts of Vishwendra constitute an offence?  
**(6 Marks)**

- (b)** "A non-owner can convey better title to bonafide purchaser for value". Explain such cases? Explain the rule of "Nemo dat quod non habet". Give its exceptions.  
**(7 Marks)**
- (c)** (i) Dropati 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. Dropati pledged the diamond with Mr. KB. Is this a valid pledge under the Indian Contract Act, 1872?  
(ii) Whether a Pawnee has a right to retain the goods pledged.  
**(4 Marks)**
- (d)** Comment on 'To form a valid contract, consideration must be adequate'.  
**(3 Marks)**

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