



Prayaas Revision Papers

Test 1- The Indian Contract Act, 1872

Marks: 20 marks

Time: 30 mins

Date:

Q1) Mr. Chetan was appointed as Site Manager of ABC Constructions Company on a two years contract at a monthly salary of ₹ 50,000. Mr. Pawan gave a surety in respect of Mr. Chetan's conduct. After six months the company was not in position to pay ₹ 50,000 to Mr. Chetan because of financial constraints. Chetan agreed for a lower salary of ₹ 30,000 from the company. This was not communicated to Mr. Pawan. Three months afterwards it was discovered that Chetan had been doing fraud since the time of his appointment. What is the liability of Mr. Pawan during the whole duration of Chetan's appointment. **(4 Marks)**

Q2) (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 The voidable contract was not rescinded.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.

(4 Marks)

Q3) 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? **(4 Marks)**

Q4) Comment on the statement 'Principal is not always bound by the acts of a sub-agent'.

(4 Marks)

Q5) Multiple Choice Questions

(4 Marks)

(i) Mr. Vishal parks his car at a parking lot, locks it, and keeps the keys with himself. Which of the following statement is correct in this regard?

- (a) This is a case of bailment
- (b) The parking people has possession of the car of Mr. Vishal
- (c) The parking people has custody of car of Mr. Vishal
- (d) This is the case of mortgage

(ii) Mr. Jane has appointed Ms. Vinita as his agent to sell the garments manufactured by Jane. Vinita due to her personal issues could not work effectively. Hence she appointed Mr. Kanth to sell on her behalf. Can Mr. Jane be bound by the acts of Mr. Kanth?

- (a) No, an agent without authority cannot lawfully appoint a subagent.
- (b) Yes, Vinita is liable for the acts of Kanth and in turn Jane is liable for the transaction.
- (c) No, Kanth will be liable on his own account for any sales made.
- (d) Yes, Kanth now becomes direct agent of Jane as Kanth has sold garments manufactured by Jane.



(iii) S and P go into a shop. S says to the shopkeeper, C, “Let P have the goods, and if he does not pay you, I will.” This is a

- (a) Contract of Guarantee
- (b) Contract of Indemnity
- (c) Wagering agreement
- (d) Quasi-contract

(iv) Atul contracts to indemnify Neha against the consequences of any proceedings which Chirag may take against Neha in respect of a sum of ₹ 15000/- advanced by Chirag to Neha. Now, Neha who is called upon to pay the sum of money due to Chirag but she fails to do so. Now, as per the provisions of the Indian Contract Act, 1872, advise the future course of action to be taken by Chirag.

- (a) Chirag can recover the amount only from Neha
- (b) Chirag can recover the full amount from Atul
- (c) Chirag cannot recover the amount from Atul
- (d) Chirag can recover at least 10% of the total amount from Neha

For Answers Discussion and Marking Scheme

https://www.youtube.com/watch?v=GpZ_wykCEyg