

M.K.G CA EDUCATION

9811429230 / 9212011367

WEBSITE 🌐 : WWW.MKGEDUCATION.COM

EMAIL ✉ : MKGCAEDUCATION@GMAIL.COM

Youtube channel 📺 : MKG CA EDUCATION

Facebook Page 📘 : <https://www.facebook.com/mkgcaeducation/>

Instagram 📷 : <https://www.instagram.com/mkguptacaeducation/?hl=en>

TEST-1

IPCE NEW SYLLABUS (THE INDIAN CONTRACT ACT &GCA)

PAPER-2

CORPORATE & OTHER LAWS

GENERAL INSTRUCTIONS TO CANDIDATES

1. The Question Paper comprises two parts, Part I & Part II
2. Part I comprises Multiple choice Questions carrying 2 mark each.
3. Part II comprises questions which require descriptive type answers 5 marks each
4. TIME ALLOWED 180 MINUTES
5. MAXIMUM MARKS 100

ALL QUESTIONS ARE COMPULSORY

PART –I

Multiple Choice Questions

1. When there is a conflict between two or more statute or two or more parts of a statute and both of them need to be honoured, then which rule of interpretation is to be applied

- (a) Rule of Harmonious construction
- (b) Rule of Literal construction
- (c) Rule of Beneficial construction
- (d) Rule of exceptional construction

2. An aid that expresses the scope, object and purpose of the Act—

- (a) Title of the Act
- (b) Heading of the Chapter
- (c) Preamble
- (d) Definitional sections

3. Anand is a goldsmith, who makes gold jewellery as per customer's requirement. Brijesh along with his friend Ramesh, who was also a friend of Anand, approached Anand for making bangles for his wife. Anand agreed to give delivery within 7 days from the day Brijesh gives him gold for making bangles. Brijesh gave him bangles on 2nd February 2018. The bangle making charges were Rs. 5000/-, which Brijesh agreed to

pay at the time of delivery of the bangles. Anand delivered the bangles on 6th February 2018, but Brijesh said that he will pay the making charges after some time. Anand agreed to that. In spite of repeated reminders Brijesh did not pay his making charges. In this situation from the following what remedy is available to Anand—

- (a) He can sue Ramesh for his making charges because Brijesh was accompanied by him
- (b) He can sue Brijesh for his overdue making charges.
- (c) He can visit Brijesh's place and can take away anything, which is similar in value to the bangle making charges.
- (d) He can retain the goods, as he has the right of particular lien, he however does not have the right to sue Brijesh or Ramesh

4. A good friend of Mr. A, Mr. D is a property dealer in Delhi and works for many renowned registered real estate developers. As Mr. D is doing very well in his work, Mr. A also wanted to work as a property dealer or property agent. Mr. X, a real estate developer of Delhi, appointed Mr. D as his agent for selling flats in his upcoming project, and asked him to name some other person to work for him, for his another project. At this time he introduced Mr. A to Mr. X, saying that he is also in the same field for last 10 years, although Mr. A did not have any experience in this field. Going by his words, Mr. X instructed to appoint Mr. A also for his other ventures. From the following, Mr. A will be treated as –

- (a) Agent of Mr. X
- (b) Sub-agent of Mr. D
- (c) Substituted agent of Mr. X
- (d) Sub-agent of Mr. X

5. An internal aid that may be added to include something within the section or to exclude something from it, is—
- (a) Proviso
 - (b) Explanation
 - (c) Schedule
 - (d) Illustrations

PART –II

Question 1

Explaining the provisions of the Indian Contract Act, 1872, answer the following:

- (i) 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?
- (ii) C, the holder of an over due bill of exchange drawn by A as surety for B, and accepted by B, contracts with X to give time to B. Is A discharged from his liability?

Question 2

How far is 'preamble' in an enactment helpful in interpreting any of the parts of an enactment?

Question 3

What is agent's authority in case of an emergency. What are the essential conditions to be satisfied to constitute a valid emergency. Give your answer as per the provisions of the Indian Contract Act, 1872.

Question 4

Explain the rule of 'beneficial construction' while interpreting the statutes quoting an example.

Question 5

Mr. Avinash wanted a loan for expanding his business, from ABC Bank. Mr. Avinash has pledged the stock of his business to obtain the loan from bank. However, the expansion of business did not reap the desired results and Mr. Avinash was not able to repay the loan. Now, ABC bank wants to retain the stock for adjustment of their loan. Advise, ABC Bank whether they can retain the stock for the adjustment of their loan and also for payment of interest. Give your answer as per the provisions of the Contract Act, 1872.

Question 6

Explain the meaning of term 'Proviso'. Give the distinction between proviso, exception and Saving Clause.

Question 7

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?

Question 8

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

Question 9

Differentiate Mandatory Provision from a Directory Provision. What factors decide whether a provision is directory or mandatory?

Question 10

Explain whether Foreign Decisions be used for construing Indian Acts.

Question 11

What are the rights available to the finder of lost goods under Section 168 and Section 169 of the Indian Contract Act, 1872.

Question 12

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

Question 13

If it is defined as:

- (i) "Company means a company incorporated under the Companies Act, 2013 or under any previous company Law".
 (ii) "Person" includes, _____ under the Consumer Protection Act, 1986.

How would you interpret/construct the nature and scope of the above definitions?

Question 14

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?

Question 15

"An agent is neither personally liable nor can he personally enforce the contract on behalf of the principal." Comment.

Question 16

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?

Question 17

What is the liability of a bailee making unauthorized use of goods bailed?

Question 18

Give four differences between Bailment and Pledge.