

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2008-2009 & thereafter)**

**SUBJECT CODE: CM/MC/BL34**

**B.Com. DEGREE EXAMINATION NOVEMBER 2011**  
**COMMERCE**  
**THIRD SEMESTER**

**COURSE : MAJOR CORE**  
**PAPER : BUSINESS LAW**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

**SECTION-A**

**(30x1=30 Marks)**

**I. Fill in the blanks:**

1. Every agreement and promise enforceable at law is a -----
2. ----- means as much as is earned.
3. A contract to perform the promise or discharge the liability of a third person in case of his default is a -----.
4. Right to retain possession of goods in satisfaction of the claim is called -----.
5. An agreement to sell is an ----- contract.
6. An offer made to the world at large is known as ----- offer.
7. An agreement with or by a minor is -----.
8. ----- damages are allowed in case of a dishonour of a cheque by a banker having sufficient funds.

**II. Choose the correct answer:**

9. Flaw in capacity to contract may arise from
  - a. Lack of free consent .
  - b. Lack of consideration
  - c. Lack of legal formalities
  - d. Minority.
10. Carlill vs Carbolic Smoke Ball Co., case is related to
  - a. General offer
  - b. specific offer
  - c. Cross offer
  - d. None of these.
11. Each party is a promisor and a promisee in case of
  - a. Reciprocal promises
  - b. Independent promises
  - c. Dependent promises.
  - d. None of these.
12. In a contract of indemnity, the promisor is known as
  - a. Indemnified
  - b. Indemnifier
  - c. Surety
  - d. Co-surety.
13. A gratuitous bailment is one which is
  - a. Supported by consideration
  - b. Not supported by consideration
  - c. Void
  - d. None of these.
14. Pawnor and Pawnee are the parties related to
  - a. Contract of indemnity
  - b. Contract of guarantee
  - c. Bailment
  - d. Pledge
15. When the seller hands over to the buyer the key of the warehouse where the goods are lying is called
  - a. Symbolic delivery
  - b. Actual delivery
  - c. Constructive delivery
  - d. None of these.
16. An unpaid seller can exercise the right of stoppage in transit when the carrier holds the goods
  - a. As sellers agent
  - b. As buyers agent
  - c. In his own name
  - d. None of these.

**III. State whether the following statements are “True” or “False”:**

- 17. An agreement made without consideration is void.
- 18. Misrepresentation is a false statement which the person making it honestly believes it to be true.
- 19. Impossibility arising subsequent to the formation of contract is called supervening impossibility.
- 20. If a new contract is substituted in place of an existing contract it is called novation.
- 21. There are only two parties in a contract of guarantee.
- 22. In a contract of bailment ownership passes from the bailor to the bailee.
- 23. A condition is a stipulation which is collateral to the main purpose of the contract of sale.
- 24. Every illegal agreement is unlawful and every unlawful agreement is illegal.

**IV. Match the following:**

- |                           |   |                            |
|---------------------------|---|----------------------------|
| 25. Social agreement      | - | Right of lien.             |
| 26. Undue influence       | - | Contract of sale of goods. |
| 27. Tender                | - | Contingent contract        |
| 28. Contract of indemnity | - | Attempted performance.     |
| 29. Caveat emptor         | - | Father and son.            |
| 30. Finder of lost goods  | - | Not enforceable.           |

**SECTION-B**

**(5x6= 30 Marks)**

**Answer any FIVE of the following questions:**

- 31. What are the legal rules as to consideration?
- 32. State the differences between coercion and undue influence.
- 33. Explain briefly the principles on which damages are awarded on the breach of contract.
- 34. What are the differences between contract of indemnity and contract of guarantee?
- 35. List out the rights of bailor and bailee.
- 36. What are the essentials of a contract of sale?
- 37. Explain the duties of a buyer.

**SECTION-C**

**(2x20= 40 Marks)**

**Answer any TWO of the following questions:**

- 38. Explain in detail the essential elements of a valid contract.
- 39. State the circumstances in which a surety is discharged from his liability.
- 40. Define Pledge. What are the rights and duties of a pawnor and pawnee?
- 41. Define sale and agreement to sell. State the differences between sale and agreement to sell.

