

**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 2010**

**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. An agreement not enforceable by law is said to be \_\_\_\_\_.
2. Promises forming Consideration for each other are known as \_\_\_\_\_ promises.
3. In a contract of Guarantee, the right of subrogation is available to the \_\_\_\_\_.
4. A threat to commit suicide amounts to \_\_\_\_\_.
5. The position of a finder of lost goods is that of a \_\_\_\_\_.
6. A Bailee has a right of \_\_\_\_\_ lien over the goods bailed.
7. If the parties, in a contract of sale, do not determine the price, the buyer is bound to pay \_\_\_\_\_ price.
8. A condition is a stipulation that is \_\_\_\_\_ to the main purpose of contract of sale.

**II. Choose the correct answer:**

9. An advertisement to sell a thing by auction is  
a. an offer    b. contract    c. an invitation to offer    d. a specific offer
10. Substitution of a new contract for an existing contract is known as  
a. alteration    b. rescission    c. waiver    d. novation
11. A contract of indemnity is a  
a. contingent contract    b. wagering contract  
c. quasi-contract    d. void agreement
12. The unlawful detention of any property of a person to obtain his consent to a contract amounts to  
a. misrepresentation    b. fraud    c. coercion    d. undue influence
13. In spite of the bailee's reasonable care, if the goods are lost or damaged, the loss will fall on  
a. the Bailee    b. the Bailor    c. both of them    d. neither of them
14. In a sale, if the goods are destroyed, the loss falls on  
a. the buyer  
b. the seller  
c. partly on both the seller and the buyer  
d. the seller, if the price has not been paid by the buyer

15. In case of breach of warranty, the buyer can
- |                           |                            |
|---------------------------|----------------------------|
| a. repudiate the contract | b. return the goods        |
| c. claim damages only     | d. refuse to pay the price |
16. The main object of a contract of sale is
- |                                    |                                  |
|------------------------------------|----------------------------------|
| a. transfer of possession of goods | b. transfer of property in goods |
| c. delivery of goods               | d. payment of price              |

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

17. All contracts are agreements but not all agreements are contracts.  
 18. When an offer is made to the world at large, it is called a specific offer.  
 19. Contractual obligations involving personal skill cannot be assigned.  
 20. The death of the principal debtor releases the surety from his liability.  
 21. An agreement by an idiot is void ab initio.  
 22. A Bailor need not disclose the defects in the goods bailed.  
 23. Actionable claims and money are not goods.  
 24. In a contract of sale by sample, the bulk of goods supplied may not correspond with the sample.

**IV. Match the following:**

25. Voidable contract - Right of stoppage of goods in transit  
 26. Undue influence - Three parties  
 27. Specific performance – Transfer of possession of goods  
 28. Contract of Guarantee – Doctor and Patient  
 29. Bailment – Damages are not the adequate remedy  
 30. Unpaid seller - Optional enforceability

**SECTION-B**

**(5x6= 30 Marks)**

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

31. Briefly explain the essential characteristics of a valid offer.  
 32. What do you mean by coercion? Differentiate it from undue influence.  
 33. What do you mean by breach of contract? Discuss the remedies.  
 34. What do you mean by Indemnity? Distinguish between Contract of Indemnity and Contract of Guarantee.  
 35. What is Bailment? Explain the essentials of bailment.  
 36. Briefly discuss the rights and duties of the finder of lost goods.  
 37. What is “Doctrine of Caveat Emptor”? Discuss the exceptions.

**SECTION-C**

**(2x20= 40 Marks)**

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

38. Define Contract. Discuss the classification of contracts in detail.  
 39. What do you mean by discharge of contract? Explain the various modes of discharge of a contract.  
 40. Discuss the Rights and Duties of a Bailee.  
 41. Explain the conditions and warranties implied by law in a contract of sale of goods.

