



March 13, 2001

MERCANTILE LAW
FE-1 (PAPER-4) / SPECIAL MODULE

(MARKS 100)
(3 hours)

- Q.1 With reference to the Contract Act, 1872, you are required to answer the following:
- (a) What is meant by consideration? **(04)**
 - (b) What are the legal rules governing consideration? **(04)**
 - (c) What are the rights of surety against the principal debtor? **(05)**
 - (d) Briefly explain the remedies available to an aggrieved party in the case of breach of a contract? **(06)**
- Q.2 Shamsila, a specialist doctor is running a hospital in Lahore. She employed another lady doctor Rizwana, as a physician for a period of three years on a salary of Rs.20,000 per month. The agreement between Dr. Shamsila and Dr Rizwana provided that after the termination of her employment Dr. Rizwana should not practice as a doctor in Lahore within a radius of 20 kilometers of her hospital for a period of one year, and if Dr. Rizwana did so, she should pay Rs.240,000 (one year salary) to Dr. Shamsila's hospital as "liquidated damages". Immediately after the completion of her contract, Dr. Rizwana begins to practice as a physician next door to Dr. Shamsila's hospital.
- Dr. Shamsila sued Dr. Rizwana for the recovery of Rs.240,000.
- You are required to answer the relevant provisions of law along with reasons whether Dr. Shamsila will be able to recover the liquidated damages from Dr. Rizwana or not. **(09)**
- Q.3
- (a) What are the rights and duties of an agent? **(04)**
 - (b) How is an agency terminated? **(04)**
 - (c) How the agency can be constituted. **(04)**
- Q.4 With reference to the law of Sale of Goods, you are required to answer the following:
- (a) What is meant by Specific goods, Ascertained goods and Unascertained goods? **(06)**
 - (b) When does the property in unascertained goods passes in a Contract of Sale? **(05)**
- Q.5
- (a) Differentiate between the negotiation by delivery and negotiation by endorsement. **(05)**
 - (b) Define the different ways of discharge of negotiable Instruments under the Negotiable Instrument Act 1881. **(05)**
- Q.6 "A contract of affreightment is made either by a charter party or by a bill of lading"
Explain the following with reference to the above statement:
- (a) Contract of affreightment. **(03)**
 - (b) Charter party. **(03)**
 - (c) Bill of lading. **(03)**

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- Q.7 With reference to the Partnership Act, 1932, you are required to answer the following:
- (a) What is meant by the implied authority of a partner? **(04)**
 - (b) Which acts of a partner are not covered under the implied Authority? **(05)**
 - (c) Briefly explain the term “holding out”. **(05)**
- Q.8
- (a) How is a trust created? **(04)**
 - (b) What are the duties of a trustee? **(04)**
- Q.9 With reference to the law of insurance, briefly explain the following:
- (a) Reinsurance **(04)**
 - (b) Double Insurance **(04)**

(THE END)