



March 10, 2004

MERCANTILE LAW

(MARKS 100)

Module B

(3 hours)

- Q.1 (a) Briefly describe the various kinds of reciprocal promises and rules for their performance. (08)
- (b) Arif agreed to sell Baqar his house for Rs. 105 million provided that on breach of contract the defaulting party will pay Rs. 10 million as damages to the other. Baqar broke the contract and Arif sold the house for Rs. 104 million and filed a suit against Baqar claiming damages of Rs. 10 million. Comment whether Arif will succeed in his claim. (03)
- (c) Briefly describe the rights of the finder of goods. (05)
- Q.2 (a) In case of joint promise, explain the following:
- (i) Who should perform the promise when there are more than one promisor?
- (ii) Who can demand performance of promise when there are more than one promisee?
- (iii) What is the effect on the liability of other joint promisor if the promisee releases one of the joint promisor? (06)
- (b) Briefly explain whether there is valid agreement in following cases:
- (i) A and B entered into an agreement whereby they agreed that neither of them would appeal against the trial court's decision in respect of dispute between them.
- (ii) A promised to buy a horse from B for Rs. 2,000 if the horse proved lucky.
- (iii) Two co-widows made an agreement that if any of them remarried, she should forfeit her right to her share in the deceased husband's property. (06)
- Q.3 (a) What consideration is present in a contract of guarantee? Discuss with the help of an example. (05)
- (b) Adil, a minor borrowed from Yasir, a sum of Rs. 50,000. The payment of the loan was guaranteed by Zeeshan who is major. On the due date, Adil refused to pay. Can Yasir hold Zeeshan liable for the money? (03)
- Q.4 What is the difference between an agent and a trustee? (06)

- Q.5 A lent 3 sums to B of Rs. 1,000, Rs. 2,000 and Rs. 5,000. B sent a cheque of Rs. 1,000 asking A to appropriate this money towards the third debt of Rs. 5,000. A wants to appropriate the money to the first loan. Can he do so? (05)
- Q.6 (a) With reference to Sale of Goods Act, describe the exception to the rule that 'no one can transfer better title than he himself has'. (10)
- (b) Yasin delivered some jewellery to Zakir on sale or return basis. Zakir pledged the jewellery with Waqar. However, Zakir failed to make the payment to Yasin for the value of jewellery. You are required to explain the rights of Yasin against Zakir and Waqar. (04)
- Q.7 With reference to the Sales of Goods Act 1930, you are required to answer the following:
- (a) When can a "Condition" be treated as "Warranty" in the contract of sale of goods? (05)
- (b) Briefly discuss what do you understand by "Implied warranty of freedom from encumbrances" and what remedy is available to the buyer in case of its breach. (04)
- (c) Discuss the circumstances under which an unpaid seller can exercise the right to resell the goods. (07)
- Q.8 (a) Briefly describe the right of a partner when he rescinds a partnership contract for fraud or misrepresentation. (03)
- (b) Asif, Babar, Dawood and Faisal were carrying on a partnership business. It was proposed to appoint Dawood's son as a co-manager of the firm. Faisal opposed the proposal and therefore it had to be dropped. Dawood, with the help of Asif and Babar expelled Faisal from the partnership firm on the basis of decision of majority of partners. You are required to answer whether expulsion of Faisal is valid if:
- (i) power of expulsion by majority is provided in the partnership deed.
- (ii) power of expulsion is not provided in the partnership deed. (04)
- Q.9 (a) Briefly describe the rights of an insurance company under fire insurance policy. (06)
- (b) Describe the particulars which must be specified in marine policy and its effect on policy if it does not specify these particulars. (03)
- Q.10 (a) When can a trustee who has accepted a trust renounce it? (03)
- (b) What are the exceptions to the clause that a trustee cannot delegate his office or his duties? (04)

(THE END)