

TopYug Educations**CA FOUNDATION – BUSINESS LAWS****TEST -3 (ICA – Topic 6, 7, 8 & 9)****Answer any 5 questions. Each question carries 4 marks each. Duration – 50 Mins**

1. Mr.Seth an industrialist has been fighting a long drawn litigation with Mr.Raman another industrialist. To support his legal campaign Mr.Seth enlists the services of Mr.X a legal expert stating that an amount of Rs.5 lakhs would be paid, if Mr. X does not take up the brief of Mr. Raman. Mr.X agrees, but at the end of the litigation Mr.Seth refuses to pay. Decide whether Mr.X can recover the amount promised by Mr.Seth under the provisions of the Indian Contract Act, 1872.
2. Y holds agricultural land in Gujarat on a lease granted by X, the owner. The land revenue payable by X to the Government being in arrears, his land is advertised for sale by the Government. Under the Revenue law, the consequence of such sale will be termination of Y's lease. Y, in order to prevent the sale and the consequent termination of his own lease, pays the Government, the sum due from X. Referring to the provisions of the Indian Contract Act, 1872 decide whether X is liable to make good to Y, the amount so paid?
3. 'X' agreed to become an assistant for 5 years to 'Y' who was a Doctor practising at Ludhiana. It was also agreed that during the term of agreement 'X' will not practise on his own account in Ludhiana. At the end of one year, 'X' left the assistantship of 'Y' and began to practise on his own account. Referring to the provisions of the Indian Contract Act, 1872, decide whether 'X' could be restrained from doing so?
4. X's estate is sold for arrears of revenue under the provisions of an act of the Legislature, by which a defaulter is prohibited from purchasing the estate. Y, upon the understanding with X, becomes the purchaser and agrees to convey the estate to X for the price which Y has paid. Referring to the provisions of the Indian Contract Act, 1872, decide whether this agreement is valid?
5. State whether true or false with reason:
 - a. A promise to take either rice or smuggled opium for a consideration of Rs.One thousand is wholly void.
 - b. An illegal contract is fatal to the main contract, but not to collateral transactions.
 - c. A contract of insurance is a Contingent contract and hence it is void.
 - d. Dowry provided voluntarily by the father of daughter is not unlawful.
6. Point out with reasons whether the following agreements are valid or void:
 - (i) Kamala promises Ramesh to lend Rs.50,000 in lieu of consideration that Ramesh gets Kamala's marriage dissolved and he himself marries her.
 - (ii) Ram sells the goodwill of his shop to Shyam for Rs.4,00,000 and promises not to carry on such business forever and anywhere in India.
 - (iii) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceeding against each other without consent.
 - (iv) Ramamurthy, who is a citizen of India, enters into an agreement with an alien friend.

GOOD LUCK !