

TopYug Educations**CA INTER – CORPORATE & OTHER LAWS****TEST 6 – Indian Contract Act (Special Contracts)**

Answer All the questions. Each question carries 5 marks each. Duration – 50 Mins

1. W is the wife of H, who is Lunatic, purchases a diamond set of Rs.10 lakhs from a Jeweler on credit. Referring to the provisions of the Indian Contract Act, 1872, decide whether the Jeweler is entitled to claim the above amount from the property of H.
2. M lends a sum of Rs.5,000 to B, on the security of two shares of a Limited Company on 1st April 2007. On 15th June 2007, the company issued two bonus shares. B returns the loan amount of Rs.5,000 with interest but M returns only two shares which were pledged and refuses to give the two bonus shares. Advise B in the light of the provision of the Indian Contract Act, 1872.
3. Manish advances to Narayan Rs.5 Lakhs on the guarantee of Piyush. The loan carries interest at 10% p.a. Subsequently, Narayan becomes financially embarrassed. On Narayan's request Manish reduces the interest to 6% p.a and does not sue Narayan for one year after the loan becomes due. Narayan becomes insolvent. Can Manish sue Piyush?
4. A, the bailor, pledges a cinema projector and other accessories with cine association co-operative bank limited, the bailee, for a loan. A requests the bank to allow the pledged goods to remain in his possession and promises to hold the same in trust for the bailee and also further promises to handover the possession of the same to the bank whenever demanded. Examining the provisions of the Act, decide whether a valid contract of pledge has been made between A, the bailor and Bank, the bailee?
5. X appoints the following persons. State whether they can be called as agent of X:
 - a. A to cook food for X and X's family on a monthly salary of Rs.1,000.
 - b. B to furnish kitchen in his house for Rs.10,000.
 - c. C to buy utensils for his kitchen for an agreed commission of 5% on purchases.
 - d. Mrs. X to buy provisions for his kitchen without any commission on purchase.
 - e. D to advice on financial matters.

GOOD LUCK !