

Delhi University

2016

Name of Paper: Business Law

Name of Course: BCom (Hons)

Semester 1

Q.1. (a) State with reason in brief whether the following statements are true or false: (9)

- (i) Collateral transactions to an illegal contract are valid.
- (ii) Mere silence as to facts is not fraud.
- (iii) Quasi-contracts are not contracts in the real sense of the term.
- (b) 'The law of contracts is not the whole law of agreement, nor is it the whole law of obligations'. Explain.

(Or)

(a) State with reason in brief whether the following statements are true or false:

- (i) A voidable contract may remain valid.
- (ii) Insurance is an example of wagering agreements.
- (iii) Special damages can be claimed as a right by the aggrieved party.
- (b) A, a minor, borrowed some money from B and executed a promissory note in favour of B. The promissory note was renewed by A when he attained majority. B brings a suit against A on the basis of second promissory note. Will he succeed in recovering money from A? Give reason.

I Ram's son absconded from home. He sent his manager in search of the boy. After the manager had left, he announced a reward of Rs. 10,000 for anybody giving information about his son. The manager came to know of this offer only when he had already traced the missing boy. Explain his rights giving reason.

Q.2. (a) (i) 'Custody of goods implies property in goods'. Comment. (9)

(ii) X agreed to sell to Y the entire quantity of oil lying in a tanker in X's godown. The oil was to be filled into drums and then the drums were to be delivered to Y. Some drums were filled in the presence of Y, but before the remaining drums could be filled, fire broke out and the entire quantity of oil was destroyed. Who will bear the loss? Discuss.

(iii) A delivers some jewellery to B on sale or return basis. B pledges the jewellery with C. A sues B for recovery of price. Will he succeed?

(b) 'The doctrine of caveat emptor does not apply in all contracts of sale of goods'. Explain the doctrine and give the situation where this doctrine is not applicable. (6)

(Or)

(a) (i) 'A seller becomes an unpaid seller only when the buyer has not paid the price'. Comment.

(ii) A lady, who knew that her skin was abnormally sensitive, bought a coat and developed skin trouble by using it. She did not disclose to the seller that her skin was abnormally sensitive. Can the seller be held liable?

(iii) Distinguish between right of lien and right to stoppage of goods in transit. (9)

(b) 'A seller cannot convey a better title to the buyer than what he himself has'. Explain the statement, giving exceptions to this rule, if any. (6)

Q.3. (a) State the process of formation of an LLP.

(b) State the circumstances under which a Limited Liability Partnership (LLP) can be wound up by the court. (9)

(Or)

(a) Explain the following statements:

(i) An LLP has a legal entity separate from its partners.

(ii) The responsibility of carrying out the legal obligations as laid down by the LLP Act shall be solely of the designated partners.

(iii) Every partner of an LLP is an agent of the LLP only and not of other partners. (9)

(b) State the provisions of the LLP Act, 2008, relating to change in registered office of an LLP. (6)

Q.4. (a) Comment on the following statements:

- (i) Electronic records are not as authentic as hard copies.
 - (ii) Cyber terrorism has been regarded as a cybercrime under the IT (Amendment) Act, 2008.
 - (iii) One of the main objects of the IT Act is to facilitate e-governance. (9)
- (b) Define certifying authority. What are the duties of certifying authorities?

(Or)

(a) Define the following terms:

- (i) Hash function
 - (ii) Key pair
 - (iii) Computer network and computer virus (9)
- (b) 'Any person may make an application to a certifying authority for issue of digital signature certificate'. Explain the provisions for the IT Act for grant and revocation of digital signature certificate. (6)

Q.5. (a) Write a short note on the following:

- (i) Agency by ratification
 - (ii) Surety as a favoured debtor
 - (iii) Doctrine of supervening impossibility (9)
- (b) Who can become a partner in an LLP? What are the disqualifications for becoming a partner? How can a person become a partner of an LLP? (6)

(Or)

- (a) 'A stranger to consideration can sue, but a stranger to contract cannot sue'. Explain the statement, giving exceptions, if any. (9)
- (b) Describe the procedure of conversion of a private company into an LLP. (6)