

**GUJARAT NATIONAL LAW UNIVERSITY  
SILVASSA CAMPUS**

**Course: Law of Contracts - II  
Semester- III (Batch: 2023-28)**

**End Semester Examination: Oct-Nov 2024**

**Date: 19<sup>th</sup> Oct, 2024**

**Duration: 3 hours**

**Max. Marks: 50**

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- Do not write anything on the question paper.
- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Word Limit: 10 Marks: 800 words and 5 Marks: 400 words

Part - A

**Marks**

Answer any **THREE** from following questions:

- Q.1 "A" lends his horse, which he knows to be vicious, to "B". "A" does not disclose the horse's vicious nature to "B", who is subsequently injured while riding. Is "A" liable under the Indian Contract Act, 1872? Substantiate your answer with relevant legal provisions and case laws. Discuss the difference between gratuitous bailment and non-gratuitous bailment. (10)
- Q.2 As per the agreement between the Principal Debtor and the Surety, it was mentioned that the liability of the Surety is limited to Rs. 15,000/-. When the Principal Debtor defaulted, the Creditor filed a suit, including both the Principal Debtor and the Surety as parties. The Court adjudged the liability to be Rs. 25,000/-. Is the Surety liable for Rs. 25,000/- according to the law? Explain in detail the rights and liabilities of a surety according to the Indian Contract Act, 1872. (10)
- Q.3 Ravi appoints Priya as his agent to sell some of his handicrafts. However, Priya becomes ill and refers Arjun to Ravi for the sale of those crafts. Ravi then appoints Arjun to complete this specific task only. Would Arjun be considered as a sub-agent of Ravi? Explain the type of agency created between Ravi and Arjun. Support your answer with relevant provisions of the law of contract and provide appropriate justification. (10)
- Q.4 Rajesh, an architect, operates a business with a team of 4 other associates. He forms a partnership firm under the name of R.A. & Co. According to the partnership deed, Rajesh holds exclusive authority to make business decisions as the managing partner. Upon review, the assessing officer rejected the application and determined that it is not a partnership but rather a sole proprietorship. Based on the provided facts, explain whether R.A. & Co. is a partnership firm and analyse the principle of mutual agency, with references from relevant decided cases and statutory provisions. (10)

Part - B

**Marks**

- Q.5 Distinguish between the following (**any TWO**): (5x2)
- a.) Contract of Indemnity and Contract of Guarantee
  - b.) Agent and Servant
  - c.) Partnership and Limited Liability Partnership (L.L.P.)
- Q.6 Write Short Notes on the following (**any TWO**): (5x2)
- a.) Ratification
  - b.) Rights of an Indemnity Holder
  - c.) Continuing Guarantee

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