
Short answers:

1) What is meant by consideration?

'Quid Pro Quo' is a Latin phrase the meaning of which is 'something in return. A party to an agreement who promises to do something must gain something in return. This is called CONSIDERATION.

2) Who is the minor?

In law, a minor is a person under a certain age, usually the age of majority, which legally demarcates childhood from adulthood. The age of majority depends upon jurisdiction and application, but it is generally 18.

3) Write the meaning of rescission.

It refers to the cancellation of a contract by a party due to the failure of the other party to fulfil his obligations arising under the contract.

4) What is meant by surety?

He is the person who guarantee the payment of debt by a debtor to the creditor.

5) What is agency?

Agency is an area of commercial law dealing with a set of contractual, quasi-contractual and non contractual fiduciary relationships that involve a person, called the agent, that is authorised to act on behalf of another (Principal) to create legal relations with a third party.

6) Define sales

A contract of sale is a legal contract an exchange of goods, services and property to be exchanged from seller to buyer for an agreed upon value in money paid the promise to pay the same.

7) What is the meaning of auction sale?

An auction sale is a public sale where different intending buyers try to outbid each other. The transaction is finally settled in favour of the highest bidder.

8) Define cheque.

A cheque is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued.

9) Who is drawer?

A drawer is a person or entity to pay the amount stated in an instrument, such as, a person who writes a check and the maker of a note or draft. Drawer is the one who makes the bill of exchange.

10) Define offer.

An 'offer' is also known as a 'proposal'. According to Section 2(a), "when one person signifies to another his willingness to do or abstain from doing anything with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal".

11) What is contingent contract?

It is a contract to do or not to do something if some event, collateral to such contract, does or does not happen.

12) What is meant by novation?

It takes place when a contract is substituted by another contract either between the same parties or between one of the parties and a third party.

13) What is meant by performance of contract?

The parties to a contract must either perform or offer to perform their respective promises unless such performance is dispensed with or excused under the provisions of this Act or of any other law.

14) /What is meant by contract of indemnity?

A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself or by the conduct of any other person is called a contract of indemnity.

15) What is meant by pledge?

It is the bailment of goods as security for the payment of a debt or performance of a promise.

16) What is agreement of sale?

An agreement of sale is a legal document that outlines the terms of a real estate transactions. It lists the price and other details of the transaction, and is signed by the seller to the buyer.

17) Define condition.

It is a stipulation that is essential to the main purpose of the contract the breach of which gives the other party the right to repudiate the contract.

18) What is promissory notes?

Promissory note is a document that records a promise to pay back money that has been loaned by one person to another. The party making the promise to repay is known as the debtor or the maker of the notes and the party loaning the money is called the creditor or the holder of the note.

19) What is meant by negotiable instruments?

A negotiable instrument is a document guaranteeing the payment of a specific amount of money, either on demand, or at a set time, with the payer named on the document.

20) What is express offer?

An offer made by express words- spoken or written is known as express offer.

Eg: P tells Q "will you buy my cycle for Rs.1000?"

21) What do you mean by coercion?

Coercion is the committing or threatening to commit any act forbidden by the Indian penal code or the unlawful detaining or threatening to detain any property to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

22) What is Quasi contract?

It is created by law and it rests on the ground that a person shall not be allowed to enrich himself unjustly at the cost of another.

23) What do you mean by delivery of goods?

Delivery of goods in the Sale of goods Act is defined as a voluntary transfer of possession from one person to another.

24) What is general crossing?

In general crossing, the cheque bears across its face an addition of two parallel transverse lines and/or the addition of words 'and co' or 'not negotiable' between them.

25) What is endorsement?

Endorsement has different meanings, but in the law of negotiable instruments such as check and securities, it is the act of the owner or payee signing his/her name to the

back of a cheque , bill of exchange or other negotiable instrument so as to make it payable to another .

26) What is the meaning of void agreement?

According to Section 2(g),” an agreement not enforceable by law is said to be void”.

27) Who is waiver?

The intentional and voluntary giving up of something, such as a right, either by an express statement or by conduct. The problem which may arise is that a waiver may be interpreted as giving up the right to enforce the same right in the future.

28) What is attempted performance of contract?

Sometimes, the promisor may offer to perform his obligation under the contract on the due date but the promisor may refuse to accept performance. This is what is known as ‘Attempted Performance’.

29) What is contract of guarantee?

A contract to perform the promise or discharge the liability of a third person in case of his default.

30) What is the meaning of warranty?

It is a stipulation that is collateral to the main purpose of the contract the breach of which gives the other party the right to claim damages only.

31) Define bill of exchange

A bill of exchange is a writing by a party ordering another (payor) to pay a certain amount to a third party (payee).

32) Difference between void contract and void agreement.

	VOID AGREEMENT	VOID CONTRACT
MEANING	Void agreement refers to an agreement which as per law, is unenforceable and has to legal consequences.	Void contract implies a valid contract, that ceases to be enforceable by law, becomes a void contract, when it lacks enforceability.
VOID ABINITO	It is void from the very beginning.	It is valid at the beginning but later on becomes void.
PERIOD	It is never valid.	It is valid, till it does not cease to be

OF VALIDITY		enforceable.
CAUSES	Due to absence of one of more essentials.	Due to impossibility of performance.

33) What is meant by free consent?

Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake.

34) What is Quantum Meruit?

'Quantum Meruit' means 'as much as merited' or 'as much as earned'. In simple terms, it means payment in proportion to the amount of work done.

Brief answers:

1) Explain the kinds of consideration.

Consideration:

'Quid Pro Quo' is a Latin phrase the meaning of which is 'something in return. A party to an agreement who promises to do something must gain something in return. This is called CONSIDERATION.

Kinds of consideration:

i) Past consideration ...

It refers to consideration provided already in the past by a party for a present promise .

Eg: Two weeks ago, there was a fire accident when X saved certain goods belonging to. Y promises now to pay X Rs.500 for his services. This is valid under the Indian law. The English law does not recognise past consideration.

ii) Present consideration...

It refers to consideration provided simultaneously with the promise. In any's cash and carry business', the consideration moves simultaneously with the promise.

Eg: A departmental store sells provisions worth Rs.1,000 to R for which R pays cash immediately.

iii) Future consideration...

It refers to consideration to be provided in future by the parties, i.e., after the formation of the contract.

Eg: There is a contract between P and Q by which P agrees to sell and deliver his bicycle after two days and Q agrees to pay the price of Rs.500 within a week after taking delivery.

2) Write a short note on a) Minor b) A person of unsound mind c) other persons disqualified from contracting

A) Minor...

A minor is a person who has not completed eighteen years of age. He is under the care of his parents who are called 'natural guardians'. If the parents of a minor are not alive, the Court will appoint a guardian for him. In such a case, the minor will attain majority only at the age of 21.

B) A person of Unsound Mind...

"A person is said to be of sound mind for the purpose of making a contract, if, at the time when he makes it, he is capable of understanding it and of forming a rational judgement as to its effect upon his interests". A person, who is usually of unsound mind, but occasionally of sound mind, may make a contract when he is of sound mind.

C) Other persons Disqualified from contracting...

Apart from minors and person of unsound mind, the following persons too are disqualified from contracting under law:

- 1) Alien enemies
- 2) Foreign ambassadors
- 3) Convicts
- 4) Insolvents

3) Discuss the legal rules regarding acceptance.

1] Acceptance must be absolute and unqualified: It means that the terms of offer must be fully acceptable to the offeree.

2] Mere mental acceptance is not enough: Acceptance, to be valid, must be properly communicated to the offeror.

3] Acceptance must be given according to the prescribed mode.

- 4] Acceptance must be given within the time specified in the offer.
- 5] Acceptance must be given only by the person to whom the offer is made or by an authorised person and that too officially.
- 6] Acceptance must be conveyed only to the offeror or a person authorised by him
- 7] Under the normal circumstances, acceptance cannot be implied from the silence of the offeree or his failure to reply.
- 8] An acceptance based on the presumption of an offer is not valid.
- 9] Acceptance must be given before the offer lapses or is withdrawn.

4) What are the conditions of a valid offer to perform.

Offer of performance or tender, to be valid, must fulfil the following conditions:

- 1] Unconditional: An offer to perform is unconditional if it is made as per the terms of the contract.
- 2] Proper time: An offer to perform must be made within the stipulated time and during business hours on a working day.
- 3] Proper place: It must be made at the stipulated place. If there is no stipulation as to place, it must be made at the promisee's place of business.
- 4] Opportunity to examine: If the offer is to deliver certain goods, the promise must be given a reasonable opportunity to examine the goods to ensure that it is the same as what the promisor is bound to deliver.
- 5] For the Whole Obligation: The offer to perform must be in respect of the whole obligation of the promisor and not for a part of the whole obligation.
- 6] To the proper person: To be valid, the offer to perform must be made to the promisee or his duly authorised agent.
- 7] Payment in legal tender money: Where a debtor makes an offer to pay the creditor, it must be for the exact amount due and in the legal tender money.

5) Explain the types of damages.

The damages awarded to an affected party in case of breach of contract may be of the following types:

- 1] Ordinary damages...

The damages that arise 'naturally in the usual course of things from the breach' (Section 73) of a contract are what are called 'ordinary damages'.

2] Special damages...

The damages that the parties to the contract know, when they make the contract, to be likely to result from the breach (Section 73) are called 'special damages'.

3] Vindictive damages...

Damages of a vindictive nature, i.e., tending to take revenge, can be claimed only under the following two circumstances:

- 1) Breach of promise to marry and
- 2) Wrongful dishonour of a cheque by a banker

4] Nominal damages...

These damages are awarded to the affected party who has not actually suffered any loss due to the breach of contract by the other party.

5] Damages for inconvenience and discomfort...

Such damages are awarded to the aggrieved person for the physical inconvenience and discomfort caused to him.

6] Damages for loss of reputation...

The creditworthiness of a businessman is something that is very important for him to stay in business and to sustain its reputation.

6) Write a short note time as an essential factor in a contract.

Section 46 to 50 lay down the rules in respect of time and place of performance of a contract. These are stated below.

1] Where by the contract, a promisor is to perform his promise without application by the promisee and no time for performance is specified, the promise must be performed within a reasonable time (Section 46).

2] Where a promise is to be performed on a certain day and the promisor has undertaken to perform it without application by the promisee, the promisor may perform it at any time during the usual hours of business on such day and at the place at which the promise ought to be performed (Section 47).

3] When a promise is to be performed on a certain day and the promisor has not

undertaken to perform it without application by the promise, it is the duty of the promise to apply for performance at a proper place and within the usual hours of business (Section 48).

4] When a promise is to be performed without application by the promise and no place is fixed for the performance of it, it is the duty of the promisor to apply to the promise to fix a reasonable place for the performance of the promise and to perform it at such a place (Section 49).

5] The performance of any promise may be made in any manner or at any time which the promisee prescribes or sanctions (Section 50).

7) Difference between bailment and sale.

BAILMENT	SALE
A bailment is the delivery of goods by one person to another for some purpose, upon a contract.	A sale is the transfer of goods from one person to another permanently.
There is two person, they are bailor and bailee.	Two persons are involved in sale, they were buyer and seller.
In bailment, there is only transfer of possession of goods.	There is transfer of both possession and title in respect of the goods sold.
The bailee has to take care of the goods bailed to him as a man of ordinary prudence would take care of his goods of the same type.	The buyer has no such responsibility.
The goods are to be returned to the bailor once the purpose of bailment has been fulfilled.	The buyer does not return the goods in a sale.
It may be gratuitous.	Sale is never gratuitous.

8) Implied conditions in contract of sale, explain.

1] Condition as to title-Section 14(a): In a contract of sale there is an implied condition that in the case of a sale, the seller has a right to sell the goods and in the case of an agreement to sell, he will have a right to sell the goods at the time when the property is to pass.

2] Sale by description (Section 15): When goods are sold by description there is an implied condition that the goods shall correspond with the description. Otherwise, the buyer is not bound to accept the same.

3] Condition as to quality or fitness-Section 16(1): Generally, in a contract of sale there is no implied condition as to quality or fitness of the goods for a particular purpose.

4] Condition as to Merchantable quality- Section 16(2): Where goods are bought by description from a seller who deals in goods of that description, there is an implied condition that the goods of quality.

5] Condition implied by custom- Section 16(3): In some cases, the purpose for which the goods are required may be ascertained from the acts and conduct of the parties to the sale or from the nature of description of the article purchased.

6] Sale by Sample-Section 17: In the case of a contract for sale by sample, there is an implied condition that the bulk shall correspond with the sample in quality and the buyer shall have a reasonable opportunity of comparing the bulk with the sample.

7] Condition as to wholesomeness: In the case of eatables and provisions, in addition to the condition as to merchantability, there is another implied condition that the goods shall be wholesome- good for health.

9) State the exceptions to rule of cave emptor.

1] Consent obtained by fraud: Where the seller obtains the consent of the buyer by fraud or where the seller knowingly conceals a defect that cannot be discovered on a reasonable examination of the goods, the doctrine of caveat emptor is not applicable,

2] Sale by description (Section 15): When goods are sold by description there is an implied condition that the goods shall correspond with the description. Otherwise, the buyer is not bound to accept the same.

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6] Sale by Sample-Section 17: In the case of a contract for sale by sample, there is an

implied condition that the bulk shall correspond with the sample in quality and the buyer shall have a reasonable opportunity of comparing the bulk with the sample.

10) Explain the rights and duties of agent.

Rights of an Agent:

- 1] Agent's right of retainer out of sums received on principal's account.
- 2] When agent's remuneration becomes due.
- 3] Agent's right of lien on principal's property.
- 4] Agent to be indemnified against the consequences of lawful acts.
- 5] Agent to be indemnified against the consequences of acts done in good faith.
- 6] Compensation to agent for injury caused by principal's neglect.

Duties of an Agent:

- 1] Not to delegate.
- 2] Agent's duty on termination of agency by principal's death or insanity.
- 3] Agent's duty in conducting principal's business.
- 4] Skill and intelligence required from agent.
- 5] Agent's duty to pay sums received for principal.
- 6] Agent's account.
- 7] Agent's duty to communicate with principal
- 8] Not to make secret profit
- 9] Duty not to use information obtained in the business of agency against the principal.
- 10] Duty not to put himself in a position where there is a conflict of interest and duty.

11) What are requisites of bailment?

- i)Contract: Bailment is usually the result of an express contract between the bailor and the bailee.
- ii)Delivery of goods: Delivery of goods by one person to another is important in bailment. Delivery may be 'actual' or 'constructive'.

iii) Transfer of possession only and not title: In bailment, there is only a transfer of possession of goods by the bailor to the bailee and there is no transfer of title.

iv) Some definite purpose: Goods are delivered by the bailor to the bailee for some purpose.

v) Return of specific goods: The goods, entrusted to the bailee, are to be returned to the bailor once the purpose for which they have been entrusted has been fulfilled.

vi) Concerned only with Movable property: Bailment is concerned only with goods, i.e., movable property. It has nothing to do with immovable property like land and building.

vii) Money payment or Detriment suffered as consideration: Consideration, in a contract of bailment, is usually in the form of money payment by the bailor or the bailee. The detriment suffered by the bailor, in parting with possession of the goods, is also a sufficient consideration to support the contract of bailment.

12) Explain the duties of bailor.

1] To disclose faults in goods bailed (Section 150): The bailor is bound to disclose, at the time of bailment, the known faults in the goods to the bailee. If he does not make such disclosure, he is responsible for damage arising to the bailee directly from such faults.

2] To bear the risk of loss (Section 152): If, in spite of the precautions taken by the bailee, there is loss, destruction or deterioration of the thing bailed, the bailor cannot hold the bailee liable. In such a case, the bailor has to bear the loss himself.

3] To repay the bailee the necessary expenses incurred by him (Section 158): In case the bailment is for the benefit of the bailor, he shall repay the bailee all the necessary expenses incurred by the latter for the protection and preservation of what has been delivered to him.

4] To indemnify the bailee in case of premature termination of gratuitous bailment

(Section 159): The bailor may terminate a gratuitous bailment at any time even if the bailment is for a specified time or purpose.

5] To receive back the goods (Section 164): If, after the expiry of the term of bailment or the accomplishment of its purpose, the bailor does not receive back the goods, the bailee can claim compensation for the expenses of custody.

6] To indemnify the bailee (Section 164): Where, owing to the bailor's defective title, in respect of the goods bailed, the bailee suffers, the former shall indemnify the latter.

13) Write short note on a) Cheque b) Promissory note c) Bill of exchange

A)Cheque...

A cheque is a bill of exchange drawn on a specified banker. It is expressed to be payable otherwise than on demand. It was in written form. It express order to pay the mentioned amount to the bearer. There were three persons involved in cheque, drawer, drawee and payee. The drawer is a person who draws the cheque. The drawee is the holder of the cheque. Payee is the bank, to whom or to whose order the money are directed to be paid by the instruments. The person named in the instrument only.

B)Promissory Note...

It contains an unconditional undertaking which is signed by the maker to pay of certain sum of money to, to the order of certain person, or to the bearer of the instruments. The person, who makes the promissory note, promises to pay and is called maker. The person to whom the payment is to be mode is called the payee.

C)Bill of exchange...

It is an instrument in writing. Further, it contains an unconditional order signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order or certain person to the bearer of the instrument. The bill payable may be either on demand or after a specidied period.

14) What are the types of crossing?

Crossing: The amount payable for the crossed cheque is transferred to the bank account of the payee. Types of cheque crossing are General crossing, special crossing and restrictive crossing.

i)General crossing: In general crossing, the cheque bears across its face an addition of two parallel transverse lines and/or the addition of words 'and Co' or 'not negotiable' between them.

ii)Special crossing: In special crossing, the cheque bears across its face an addition of the banker's name, with or without the words 'not negotiable'. In this case, the paying banker will pay the amount of cheque only to the banker whose name appears in the crossing or to his collecting agent.

iii)Restrictive crossing: This type of crossing restricts the negotiability of the cheque. It directs the collecting banker that he needs to credit the amount of cheque only to the account of the payee, or the party named or his agent.

iv)Not negotiable crossing: It is when the words 'Not negotiable' are written between the two parallel transverse lines across the face of the cheques in the case of general crossing or in the case of special crossing along with the name of the banker.

15) Explain the characteristics of negotiable instrument.

Negotiable instrument...

As per Section 13(a) of the Act, "Negotiable instrument means a promissory note, bill of exchange or cheque payable either to order or to bearer, whether the word "order" or "bearer" appear on the instrument or not".

Characteristics of Negotiable instrument...

- 1] Property: The possessor of negotiable instrument is acknowledges to be the owner of the property contained therein. Negotiable instrument does not simply give ownership of the instrument but right to property as well.
- 2] Title: The transferee of negotiable instrument is called 'holder in due course'. A genuine transferee for value is not affected by any flaw of title on the part of transferor or of any of the previous holders of instrument.
- 3] Rights: The transferee of negotiable instrument can take legal action in his own name, in case of dishonour. It can be reassigned any number of times till it is attains maturity.
- 4] Presumptions: Certain presumptions are applicable to all negotiable instruments i.e., a presumption that deliberation has been paid under it.
- 5] Prompt Payment: A negotiable instrument facilitates the holder to anticipate prompt payment because dishonour refers to the ruins of credit of all persons who are parties to the instrument.

16) Explain the term holder and holder in due course.

Holder: Section 8 of the Act contemplates that any person who is entitled to get the possession and subsequently receive payment or recover payment from the parties for a promissory note, bill of exchange, cheque which he is entitled to posses.

Rights of Holder:

- 1) To endorse the instrument
- 2) To cross the instrument after it is issued
- 3) To get a duplicate of the instrument which is lost
- 4) To convert blank endorsement to full endorsement

Holder in due course: Section 9 of the Act contemplates that any person who becomes the possessor of a promissory note, bill of exchange or a cheque for a consideration

and the instrument is payable to bearer or payee or endorse before the amount became payable and he believes that no defect exists in the title of the person from whom he derived his title is called a holder in due course.

Rights of Holder in due course:

- 1) Sec118 of the Act contemplates that every holder is presumed to be a holder in due course.
- 2) Sec121 of the act contemplates that the maker of a promissory note, bill of exchange or a cheque cannot deny the validity of payee's capacity at the date of the promissory note, bill of exchange or a cheque to endorse the same.
- 3) Sec58 of the act contemplates that the holder in due course has a better title to the transferor of the instrument.