

Model Question

Course Title: Law of Contract II	Course Code: BLAW305
Full Marks: 60	Pass Marks:
Duration:	Level: BBALLB
Semester: 3rd	Nature: Compulsory

Part A: Multiple Choice Questions (10 x 1 mark = 10 marks)

- 1. which of the following is a primary distinguishing factor between a "Sale" and an "Agreement to Sell"?**
 - A. The payment of price must be immediate in a sale.
 - B. The transfer of ownership/property in goods passes immediately to the buyer in a sale.
 - C. An agreement to sell can only involve future goods, while a sale can only involve existing goods.
 - D. Risk is never transferred in an agreement to sell.
- 2. When an unpaid seller exercises the right of lien over goods, it implies that:**
 - A. The seller has retaken possession of the goods after passing them to a carrier.
 - B. The seller retains actual physical possession of the goods until the price is paid.
 - C. The title of ownership automatically reverts back to the seller.
 - D. The seller can sue the buyer for damages for non-acceptance without keeping the goods.
- 3. An agent's authority can be terminated by operation of law when:**
 - A. The agent demands a higher commission.
 - B. Either the principal or the agent dies or becomes of unsound mind.
 - C. The third-party refuses to deal with the agent.
 - D. The principal files a corporate lawsuit against another company.
- 4. In the Law of Carriage of Goods, a 'Common Carrier' is fundamentally distinguished from a 'Private Carrier' because a common carrier:**
 - A. Carries goods occasionally for select friends only.
 - B. Holds themselves out to transport goods for the general public for hire indifferently.
 - C. Is completely exempt from liability for loss or damage.
 - D. Operates strictly within the agricultural sector without legal registration.
- 5. which of the following constitutes a valid legal ground for the termination of a lease contract?**
 - A. The lessor finds a buyer who wants to purchase the property two years later.
 - B. Efflux of the time period fixed in the lease agreement.
 - C. A minor argument between the domestic staff of both parties.
 - D. The lessee temporarily travels abroad for a week.

6. According to the doctrine of *Caveat Emptor*, who bears the primary responsibility for ensuring the fitness or quality of the purchased goods?
- A. The manufacturer
 - B. The seller
 - C. The buyer
 - D. Both seller and buyer equally
7. At what point does a carrier's strict liability for the safe transit of goods generally terminate?
- A. As soon as the transport vehicle enters the destination city limit.
 - B. Upon the safe delivery of the goods to the consignee or their authorized agent at the agreed place.
 - C. As soon as the consignor signs the initial bill of lading.
 - D. When the carrier hands the goods over to an unauthorized sub-contractor.
8. A Contract of Guarantee is a tripartite agreement that involves which of the following sets of parties?
- A. Bailor, Bailee, and Pledgee
 - B. Principal, Agent, and Third Party
 - C. Indemnifier, Indemnified, and Creditor
 - D. Creditor, Principal Debtor, and Surety
9. In a Contract of Indemnity, the primary liability rests upon:
- A. The Indemnifier
 - B. The Principal Debtor
 - C. The Indemnified party
 - D. The Surety
10. An agency relationship created when a principal subsequently approves or confirms an unauthorized act previously done on their behalf by an agent is called:
- A. Agency by Necessity
 - B. Agency by Estoppel
 - C. Agency by Ratification
 - D. Agency by Express Appointment

Part B: Short Questions (8 x 4 marks = 32 marks)

- 11. Define 'Contract of Sale of Goods' under the current legal framework of Nepal.
- 12. Differentiate between a *Condition* and a *Warranty* regarding a sale transaction.
- 13. Define 'Contract of Indemnity' and outline its core commercial purpose.
- 14. What are the elements of a valid contract of guarantee? Point them out in light of *Shakuntala Humagain v. RBB* (NKP 2065, Volume 10, DN 8025).

15. What is the difference between bailment and pledge? Point them out in light of the National Civil Code, 2074.

Or

Explain the meaning of 'Pledge by Non-owner' and state when it becomes legally enforceable.

16. Define 'Agency' and explain how the legal maxim "*Qui facit per alium facit per se*" applies to it.

17. Define 'Common Carrier' and explain their absolute liability regarding the safety of goods.

or

Define 'Contract of Lease' under the provisions of the Muluki Civil Code, 2074.

18. How has the fact that sellers know much more about their products than buyers changed the old rule of *caveat emptor* (buyer beware) into the modern rule of *caveat venditor* (seller beware)?

Part C: Long Questions (2 x 9 marks = 18 marks)

19. If goods are stolen from the seller's warehouse 2 days after the contract is signed, but before delivery and payment, who suffers the loss in a sale vs an agreement to sell? Explain how your answer changes based on when ownership transfers.

20. Ram Bahadur agreed to sell his insured house to Buyer A for Rs. 50,00,000 on 2072/01/10. Advance Rs. 5,00,000 paid. Ownership transfer and balance payment was fixed for 2072/02/15. Earthquake damaged the house on 2072/01/12. The house was insured for Rs. 56,30,000.

The court said "insurance is not for profit or charity, only to compensate actual loss". If the contract was only an agreement to sell on 2072/01/12, who suffered the "actual loss", Ram Bahadur or Buyer A? Can Buyer A claim indemnity from Sagarmatha Insurance? Why or why not?

Or

Since a customs agent license is a permit that can be obtained only by a natural person based on specific personal qualifications and capabilities, under the Customs Act and Customs Regulations, 2064, a customs agent license cannot be transferred to the heir of a deceased person after the death of the licensed customs agent. In light of this statement, define the contract of agency and analyze the conditions for the termination of a contract of agency.