

# School of Law

Bachelor of Law  
CAT1 - Mar 2023

Time : 90 Minutes

Marks : 30

## Sem II - J1UA207T - Law of Contract II Including Sales of Goods Act and Partnership Act

*Your answer should be specific to the question asked*

*Draw neat labeled diagrams wherever necessary*

1. Define Principal Debtor and Surety. Describe the rights of surety against principal debtor. K2 CO1 (4)
2. Explain the parties composing the contract of Indemnity and Guarantee. K3 CO2 (5)  
A promises B to indemnify him against the consequences of any proceedings which C may take against B to recover a sum of Rs.1,000 due from B to C. Is this a contract of indemnity?
- 3) Explain the rights of Indemnity Holder against the Surety and Creditor in support of legal provisions. K3 CO2 (7)

### OR

Explain the exceptional circumstances where surety is liable while principal debtor is free from his liability and decide the problem. K3 CO2 (7)

'A' signed a surety for his friend who obtained a loan from a nationalized bank. As his friend did not repay the loan the bank filed a suit for recovery against 'A'. 'A' objected on the basis that the bank had not exhausted its remedies against his friend – Decide

4. Elucidate the circumstances in which Surety's liability stand co-extensive with that of the Principal Debtor. K2 CO1 (7)

A' Guarantees payment to 'B' of the price of five sacks of flour to be delivered by 'B' to 'C' and to be paid for in a month. 'B' delivers five sacks of flour to 'C'. 'C' pays for them. Afterward 'B' delivers four sacks of flour to 'C' which 'C' does not pay for it. Explain the liability of 'A' under the Indian Contract Act 1872? State reasons for the same.

- 5) Discuss the rights of sureties against the co-sureties and Principal Debtor. K4 CO3 (7)

### OR

Discuss the provisions regarding Continuing Guarantee as per the Indian Contract Act 1872 and decide the problem in support of legal provisions to be applicable.

'A' contracts to indemnify 'B' against the consequences of any proceedings which 'C' may take against B in respect of a certain sum of money. C obtains a judgment against B for the amount. Without paying any portion of the decree amount, B sues A for it's recovery. Identify the legal rights of A and B. K4 CO3 (7)