

Business Regulatory Frame Work - I B.Com

1. In India, Law of Contract is contained in
 - a. Indian Contract Act 1862
 - b. Indian Contract Act 1962
 - c. Indian Contract Act 1872
 - d. Indian Contract Act 1972

2. The word contract is derived from the Latin word
 - a. Conduct
 - b. Contractum
 - c. Contract
 - d. None of these

3. The Latin word "contractum" means
 - a. Drawn together
 - b. Contents
 - c. Bare promise
 - d. None of these

4. An agreement enforceable by law is a
 - a. Promise
 - b. Contract
 - c. Obligation
 - d. Lawful promise

5. A void agreement is one which is
 - a. Valid but not enforceable
 - b. Enforceable at the option of both parties
 - c. Enforceable at the option of one party
 - d. Not enforceable in a court of law

6. An agreement which is enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others is a :
 - a. Valid contract
 - b. Void contract
 - c. Voidable contract
 - d. Illegal contract

7. Which of the following is false? An offer to be valid must:
 - a. Intend to create legal relations

- b. Have certain and unambiguous terms
- c. Contain a term the non-compliance of which would amount to acceptance
- d. Be communicated to the person to whom it is made

8. When the consent of a party is not free, the contract is:

- a. Void
- b. Voidable
- c. Valid
- d. Illegal

9. Which of the following is false? An acceptance:

- a. Must be communicated
- b. Must be absolute and unconditional
- c. Must be accepted by a person having authority to accept
- d. May be presumed from silence of offeree

10. In case of illegal agreements, the collateral agreements are:

- a. Valid contract
- b. Void contract
- c. Voidable contract
- d. None of these

11. An offer may lapse by :

- a. Revocation
- b. Counter offer
- c. Rejection of offer by offeree
- d. All of these

12. A proposal when accepted becomes a :

- a. Promise
- b. Contract
- c. Offer
- d. Acceptance

13. Which of the following statements is true?

- a. Consideration must result in benefit to both parties

- b. Past consideration is no consideration in India
 - c. Consideration must be adequate
 - d. Consideration must be something, which a promisor is not already bound to do
14. Which of the following is false? Consideration:
- a. Must move at the desire of the promisor
 - b. May move from any person
 - c. Must be illusory
 - d. Must be some value
15. Which of the following statement is false?
- a. Generally a stranger to a contract cannot sue.
 - b. A verbal promise to pay a time barred debt is valid
 - c. Completed gifts need no consideration
 - d. No consideration is necessary to create an agency
16. Consideration must move at the desire of:
- a. Promisor
 - b. Promisee
 - c. Any other person
 - d. Any of these
17. Consideration in simple term means,
- a. Anything in return
 - b. Something in return
 - c. Everything in return
 - d. Nothing in return
18. Which of the following is not an exception to the rule- No consideration, No contract.
- a. Compensation for involuntary services
 - b. Love & Affection
 - c. Contract of Agencies
 - d. Gift
19. Ordinarily, a minor's agreement is
- a. Void ab initio
 - b. Voidable
 - c. Valid
 - d. Unlawful
20. A minor's liability for 'necessaries' supplied to him:

- a. Arises after he attains majority age
 - b. Is against only minor's property
 - c. Does not arise at all
 - d. Arises if minor gives a promise for it
21. Which of the following statement is not true about minor's position in a firm?
- a. He cannot become a partner in an existing firm.
 - b. He can become a partner in an existing firm.
 - c. He can be admitted only to the benefits of any existing firm
 - d. He can become partner on becoming a major
22. Which of the following statement is true?
- a. A contract with a minor is voidable at the option of the minor.
 - b. An agreement with the minor can be ratified after he attains majority.
 - c. A person who is usually of an unsound mind cannot enter into contract even when he is of a sound mind.
 - d. A person who is usually of an sound mind cannot enter into contract even when he isof a unsound mind.
23. Consent is not said to be free when it is caused by:
- a. Coercion
 - b. Undue influence
 - c. Fraud
 - d. All of these
24. When the consent of a party is obtained by fraud, the contract is;
- a. Void
 - b. Voidable
 - c. Valid
 - d. Illegal
25. The threat to commit suicide amounts to:
- a. Coercion
 - b. Undue influence
 - c. Misrepresentation
 - d. Fraud
26. Moral pressure is involved in the case of:
- a. Coercion
 - b. Undue influence
 - c. Misrepresentation
 - d. Fraud
27. A wrong representation when made without any intention to deceive the other party amounts to:
- a. Coercion

- b. Undue influence
 - c. Misrepresentation
 - d. Fraud
28. Which of the following statement is true?
- a. A threat to commit suicide does not amount to coercion.
 - b. Undue influence involves use of physical pressure
 - c. Ignorance of law is no excuse
 - d. Silence always amounts to fraud
29. In case of illegal agreements, the collateral agreements are:
- a. Void
 - b. Valid
 - c. Voidable
 - d. Any of these
30. An agreement the object or consideration of which is unlawful, is:
- a. Void
 - b. Valid
 - c. Voidable
 - d. Contingent
31. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy.
- a. Trading with an alien enemy
 - b. Trafficking in public offices
 - c. Marriage brokerage contracts
 - d. Contracts to do impossible acts
32. On the valid performance of the contractual obligations by the parties, the contract:
- a. Is discharged
 - b. Becomes enforceable
 - c. Becomes void
 - d. None of these
33. Which of the following persons can perform the contract?
- a. Promisor alone
 - b. Legal representatives of the promisor
 - c. Agent of the promisor
 - d. All of these
34. A, B and C jointly promised to pay Rs.6000 to D. Before the performance of the contract C dies. Here the contract,:

- a. Becomes void on C's death
 - b. Should be performed by A and B along with C's legal representatives
 - c. Should be performed by A and B alone
 - d. Should be renewed between A, B and D.
35. A contract is discharged by novation which means the :
- a. Cancellation of the existing contract
 - b. Change in one or more terms of the contract
 - c. Substitution of existing contract for a new one
 - d. None of these
36. A contract is discharged by recession which means the :
- a. Change in one or more terms of the contract
 - b. Acceptance of lesser performance
 - c. Abandonment of rights by a party
 - d. Cancellation of the existing contract
37. When prior to the due date of performance, the promisor absolutely refuses to perform the contract, it is known as :
- a. Abandonment of a contract
 - b. Remission of contract
 - c. Actual breach of contract
 - d. Anticipatory breach of contract
38. In case of anticipatory breach, the aggrieved party may treat the contract :
- a. As discharged and bring an immediate action for damages
 - b. As operative and wait till the time for performance arrives
 - c. Exercise option either (a) or (b)
 - d. None of these
39. In case of breach of contract, which of the following remedy is available to the aggrieved party?
- a. Suit for recession
 - b. Suit for damages
 - c. Suit for specific performance
 - d. All of these
40. Sometimes, a party is entitled to claim compensation in proportion to the work done by him. It is possible by a suit for :
- a. Damages
 - b. Injunction
 - c. Quantum merit
 - d. None of these

41. Generally, which of the following damages are not recoverable?
- Ordinary damages
 - Special damages
 - Remote damages
 - Nominal damages
42. A contract depend on the happening or non happening of the future uncertain event, is a
- Uncertain contract
 - Contingent contract
 - Void contract
 - Voidable contract
43. A contingent contract is :
- Void
 - Voidable
 - Valid
 - Illegal
44. A contingent contract depend on the happening of the future uncertain event can be enforced when the event :
- Happens
 - Becomes impossible
 - Doesn't happen
 - Either of these
45. A agrees to pay Rs.1,00,000 to B if he brings a star from the sky. This is a contingent contract and
- Illegal
 - Valid
 - Voidable
 - Void
46. Which of the following statement is true?
- An agreement enforceable by law is a contract
 - An agreement is an accepted proposal
 - Both (a) and (b)
 - None of these
47. A voidable contract is one which :
- Can be enforced at the option of the aggrieved party

- b. Can be enforced at the option of the both parties
 - c. Cannot be enforced in a court of laws
 - d. Court prohibits
48. On the acceptance of an offer by a offeree
- a. Only the acceptor becomes bound by accepting the offer
 - b. Only the offeror becomes bound as his terms are accepted
 - c. Both the acceptor and offeree becomes bound by the contract
 - d. None of these
49. A, by a letter dated 25th Dec.1998, offers to sell his house to B for Rs.10 Lakhs. The letter reaches on 27th Dec.98, who posts his acceptance on 28th Dec.98 which reaches A on 30th Dec.98. Here the communication of offer is completed on
- a. 25th Dec. 1998
 - b. 27th Dec. 1998
 - c. 28th Dec. 1998
 - d. 30th Dec. 1998
50. In the above question, the communication of acceptance is complete against A on 28th Dec.98 and against B on :
- a. 25th Dec. 1998
 - b. 27th Dec. 1998
 - c. 28th Dec. 1998
 - d. 30th Dec. 1998
51. As a general rule, an agreement made without consideration is :
- a. Void
 - b. Voidable
 - c. Valid
 - d. Unlawful
52. 'A' agrees to sell his car worth Rs.1,000,00 to 'B' for Rs.20,000 and 'A's consent was obtained by coercion. Here, the agreement is:
- a. Void
 - b. Valid
 - c. Voidable
 - d. Unlawful
53. An agreement made with free consent to which the consideration is lawful but inadequate, is :
- a. Void

- b. Valid
 - c. Voidable
 - d. Unlawful
54. Which of the following persons are not competent to contract?
- a. Minors
 - b. Persons of unsound mind
 - c. Persons disqualified by law
 - d. All of these
55. For entering into a contract, a minor is a person who has not completed the age of :
- a. 16 years
 - b. 18 years
 - c. 20 years
 - d. 21 years
56. A contract with the minor, which is beneficial for him, is
- a. Void ab initio
 - b. Voidable
 - c. Valid
 - d. Illegal
57. Which of the following persons do not fall under the category of persons of unsound mind?
- a. Idiot
 - b. Lunatics
 - c. Drunken persons
 - d. Alien
58. Which of the following elements does not affect the free consent of the parties:
- a. Coercion
 - b. Fraud
 - c. Incompetency
 - d. Undue influence
59. When the consent of a party is obtained by coercion undue influence, fraud or misrepresentation, the contract is :
- a. Void
 - b. Voidable
 - c. Valid
 - d. illegal

60. A threatens to kill B if he does not agree to sell his scooter from him for Rs.1000. Here B's consent is obtained by
- Undue influence
 - Fraud
 - Coercion
 - None of these
61. When the consent to an agreement is obtained by coercion, the agreement is voidable at the option of
- Either party to the agreement
 - A party whose consent was so obtained
 - A party who obtained the consent
 - None of these
62. When one party is in a position to dominate the will of another and uses his superior position to obtain the consent of a weaker party, the consent is said to be obtained by :
- Coercion
 - Undue influence
 - Fraud
 - Misrepresentation
63. Which of the following acts does not fall under the categories of fraud?
- Intentional false statement of facts
 - Active concealment of facts
 - Innocent false statements
 - Promise made without intention to perform
64. Where the consent of a party is obtained by misrepresentation, the contract is
- Valid
 - Void
 - Voidable
 - Illegal
65. Which of the following statement is false?
- A contract is not voidable if fraud or misrepresentation does not induce the other party to enter a contract
 - A party cannot complain of fraudulent silence or misrepresentation if he had the means of discovering the truth with ordinary means
 - In case of fraud or misrepresentation, aggrieved party can either rescind or affirm the contract
 - A party who affirms the contract, can also change his option afterwards if

he so decides.

66. Where the consent of both the parties is given by mistake, the contract is :
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
67. As per section 20, the contract is void, on account of bilateral mistake of fact. But as per section 22, if there is mistake of only one party, then the contract is
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
68. A contract made by mistake about the Indian Law, is :
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
69. A contract made by mistake about some Foreign Law, is :
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
70. A mistake as to law not in force in India has the same effect as :
- a. Mistake of fact
 - b. Mistake of Indian Law
 - c. Fraud
 - d. Misrepresentation
71. The consideration or object of an agreement is considered unlawful, if it is :
- a. Forbidden by law
 - b. Fraudulent
 - c. Immoral
 - d. All of these
72. A agrees to pay Rs.5 Lakhs to B if B procures an employment for A in Income tax dept. This agreement is :
- a. Void
 - b. Valid
 - c. Voidable
 - d. Contingent

73. A agrees to pay Rs.50,000 to B if he kills C. The agreement is :
- Void
 - Valid
 - Voidable
 - Contingent
74. An agreement in restraint of marriage, i.e, which prevents a person from marrying is :
- Valid
 - Voidable
 - Void
 - Contingent
75. An agreement in restraint of marriage is valid incase of the following persons :
- Minors
 - Educated
 - Married
 - None of these
76. An agreement, which prevents a person from carrying lawful business, is
- Valid
 - Void
 - Voidable
 - Contingent
77. An agreement in restraint of legal proceedings is void. It does not cover an agreement which :
- Restrict absolutely the parties from enforcing their legal rights.
 - Cuts short the period of limitation.
 - Discharges a party from liability or extinguishes the rights of a party.
 - Provides for a reference to arbitration instead of court of law.
78. A agrees to sell his car to B at a price which B may be able to pay. This agreement is :
- Void
 - Valid
 - Voidable
 - Contingent
79. An agreement to pay money money's worth on the happening or non-happening of a specified uncertain event is a :
- Wagering agreement
 - Contingent contract
 - Quasi contract

- d. Uncertain agreement
80. An agreement to do an illegal act (Eg. sharing the earnings of Smuggling Business) is :
- a. Valid
 - b. Void
 - c. Voidable
 - d. Contingent
81. Where an agreement consists of two parts one legal and the other illegal and the legal part is separable from the illegal one, such legal part is :
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
82. A contingent contract dependent on the non happening of a future uncertain event becomes void when such event :
- a. Happens
 - b. Does not become impossible
 - c. Does not happen
 - d. Both (a) and (b)
83. A agrees to pay Rs.1000 to B if a certain ship returns within a year. However the ship sinks within the year. In this case, the contract becomes
- a. Valid
 - b. Void
 - c. Voidable
 - d. illegal
84. A contingent contract dependent on the non-happening of specified uncertain event within fixed time can be enforced if the event :
- a. Does not happen within fixed time
 - b. Becomes impossible before the expiry of fixed time
 - c. Happens within the fixed time
 - d. Both (a) and (b)
85. The basis of 'quasi contractual relations' is the :
- a. Existence of a valid contract between the parties
 - b. Prevention of unjust enrichment at the expense of others
 - c. Provision contained in section 10 of the contract act
 - d. Existence of a voidable contract between the parties
86. Sometimes a person finds certain goods belonging to some other persons. In

such case, the finder :

- a. Becomes the owner of the goods and can use them
- b. Is under a duty to trace the true owner and return the goods
- c. Can sell the perishable goods if true owner cannot be found
- d. Both (b) and (c)

87. A, B and C jointly promised to pay Rs.60,000 to D. A was compelled by D to pay the entire amount of Rs.60,000. Here

- a. A can file a suit against D for recovery of the amount exceeding his share.
- b. A is entitled to recover Rs.20,000 each from B and C.
- c. On payment by A, the contract is discharged and B and C are also not liable to
- d. D is not justified here and is liable to refund the entire amount to A.

88. In commercial transactions, time is considered to be of the essence of contract, and if the party fails to perform the contract within specified time, the contract becomes :

- a. Voidable at the option of the other party
- b. Void and can not be enforced
- c. Illegal for non-compliance of legal terms
- d. Enforceable in higher court only

89. Where the performance of a promise by one party depends on the prior performance of promise by the other party, such reciprocal promises fall under category of :

- a. Mutual and concurrent
- b. Conditional and dependent
- c. Mutual and independent
- d. Both (a) and (b)

90. When after the formation of a valid contract, an event happens which makes the performance of contract impossible, then the contract becomes :

- a. Void
- b. Voidable
- c. Valid
- d. Illegal

91. A party entitled to rescind contract, loses the remedy where :

- a. He has ratified the contract
- b. Third party has acquired right in good faith
- c. Contract is not separable and recession is sought of a party only
- d. All of these

92. The special damages, i.e., The damages which arise due to so a special or unusual Circumstances
- Are not recoverable altogether
 - Are illegal being punitive in nature
 - Cannot be claimed as a matter of right
 - Can be claimed as a matter of right
93. Which of the following statements is correct?
- Ordinary damages are recoverable
 - Special damage is recoverable only if the parties knew about them
 - Remote or indirect damages are not recoverable
 - All of these
94. When offer is made to a definite person, it is known as :
- General offer
 - Cross offer
 - Counter offer
 - Special offer
95. Standing offer means :
- Offer allowed to remain open for acceptance over a period of time
 - Offer made to the public in general
 - When the offeree offers to qualified acceptance of the offer
 - Offer made to a definite person
96. When the offeree offers to qualified acceptance of the offer subject to modifications and variations he is said to have made a :
- Standing, open or continuing offer
 - Counter offer
 - Cross offer
 - Special offer
97. What is legal terminology for the doing or not doing of something which the promissory desires to be done or not done?
- Desires
 - Wishes
 - Considerations
 - promise
98. Can a person who is usually of unsound, but occasionally of sound mind, make a contract?

- a. Yes, he can always make a contract
- b. Yes, but only when he is sound mind
- c. No, he can not make contract
- d. Can't be determined

99. A and B both believe that a particular kind of rice is being sold in the market @ Rs.3000 per quintel and A sells rice of that kind to B @ Rs.3000/quintel. But in fact, the market price was Rs.4000. the contract is :

- a. Valid
- b. Void
- c. Voidable
- d. Illegal

100. A sells the goodwill of his business to B and agrees with him to refrain from carrying on a similar business within specified local limits. This contract is :

- a. Valid
- b. Void
- c. Voidable
- d. Illegal

101. R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is :

- a. Valid
- b. Void
- c. Voidable
- d. Illegal

102. Agreement- the meaning of which is uncertain is :

- a. Valid
- b. Void
- c. Voidable
- d. Illegal

103. A agrees to pay Rs.500 to B if it rains, and B promises to pay a like amount to A if it does not rain, this agreement is called

- a. Quasi contract
- b. Contingent contract
- c. Wagering agreement
- d. Voidable contract

104. Suppose the time fixed for performance of the contract has expired but the time is not essential. What is the remedy of the promise in the circumstances?

- a. Can rescind the contract
 - b. To claim compensation
 - c. No remedy available
 - d. Can't determined
105. A _____ agreement is one, which is enforceable at the option of one party.
- a. Voidable
 - b. Void
 - c. Valid
 - d. Illegal
106. Agreement the meaning of which is uncertain is _____.
- a. Valid
 - b. Void
 - c. Voidable
 - d. Illegal
107. In case of illegal agreements, the collateral agreements are _____.
- a. Voidable
 - b. Void
 - c. Valid
 - d. Can't be said
108. _____ consideration is no consideration in England.
- a. Past
 - b. Present
 - c. Future
 - d. Past and present
109. Consideration must move at the desire of the _____.
- a. Promisor
 - b. Promisee
 - c. Any person
 - d. Promisee or promissory or any other person
110. There can be a stranger to a _____.
- a. Contract
 - b. Consideration
 - c. Agreement
 - d. Promise
111. A minor is liable for the _____ supplied to him.

- a. Necessaries
 - b. Luxuries
 - c. Necessities
 - d. All the things
112. When the consent of a party is obtained by fraud, the contract is _____.
- a. Valid
 - b. Void
 - c. Illegal
 - d. Voidable
113. An agreement the object or consideration of which is unlawful, is _____.
- a. Valid
 - b. Void
 - c. Voidable
 - d. Can't be said
114. Implied contract, even if not in writing or express words, is perfectly _____
if other conditions are satisfied.
- a. Void
 - b. Valid
 - c. Voidable
 - d. Illegal
115. Consideration may be:
- a. Past
 - b. Present
 - c. Future
 - d. All of the above
116. Which of the following statement is true?
- a. There can be a stranger to a contract
 - b. There can be a stranger to a consideration
 - c. There can be a stranger to a contract & consideration
 - d. None of the above
117. The object of indemnity is essentially to protect the ___ against
anticipated loss.

- a. Promisor
- b. Promise
- c. Agent
- d. None of these

118. _____ of Contract Act define contract of indemnity

- a. Sec. 122
- b. Sec.124
- c. Sec.124(i)
- d. Sec 124(ii)

119. The person who promises to save the other from the loss is called

- a. Indemnity
- b. Promise
- c. Indemnifier
- d. Indemnified

120. In Contract of indemnity, there are _____ parties.

- a. 4
- b. 2
- c. 3
- d. 5

121. A guarantee may be given for the good conduct or honesty of a person employed in a particular office. This is called

- a. Guarantee
- b. Surety ship
- c. Fidelity Guarantee
- d. None of these

122. The main function of Contract of Guarantee is -----

- e. To enable a person to get loan
- f. To give loan to some organizations
- g. To reduce the liability of some persons
- h. All the above

123. Contract of Guarantee is explained under Section
- Section 124
 - Section 122
 - Section 126
 - Section 120
124. The person who gives the guarantee is called -----
- Surety
 - Principle Debtor
 - Indemnities
 - None of the above
125. The person in respect of whose default the guarantee is given is called -----

- Surety
 - Indemnities
 - Principle Debtor
 - None of these
126. The person to whom the guarantee is given is called -----
- Principle Debtor
 - Creditor
 - Surety
 - None of these
127. In the case of Contract of Guarantee, the primary liability lies with -----
- Creditor
 - Surety
 - Principle Debtor
 - All of these
128. Any guarantee which the creditor has obtained by means of keeping silence as to the material circumstances is
- Valid
 - Invalid
 - Illegal
 - None of these

129. There is no direct consideration between
- Principle Debtor & Creditor
 - Surety & Creditor
 - Principle Debtor & Surety
 - None of these
130. A Contract of Guarantee is not a contract of -----
- Ubesimae Fidai
 - Constructive notice
 - Valid document
 - None of these
131. The number of contracts in the Contract of Indemnity between the Indemnifies & Indemnified
- One
 - Two
 - Three
 - None of these
132. The liability of the indemnifies is -----
- Subsisting
 - Contingent
 -
 - None of these
133. -----Contract provide security
- Contract of Indemnity
 - Indian Contract Act
 - Contract of Guarantee
 - None of these
134. As per English Law, -----Contract must be written
- Contract of Guarantee
 - Contract of Indemnity
 - Contract of Surety
 - None of these
135. The contract of Guarantee for a series of transactions is called-----
- Group Guarantee
 - Common Guarantee

- c. Continuing Guarantee
- d. None of these

136. The liability of the surety is -----

- a. Primary
- b. Secondary

137. Where the principle debtor gets insolvent the creditor may sue -----for the full amount?

- a. Indemnifies
- b. Indemnified
- c. Surety
- d. None of these

138. The death of -----revokes the continuing guarantee as regards future transaction unless there is a contract to

- a. Surety
- b. Principle Debtor
- c. Creditor
- d. None of these

139. If the surety's consent to guarantee is obtained by the creditor by his representation, the contract become -----and the -----gets discharged.

- a. Valid, Surety
- b. Invalid, Surety
- c. Invalid, Principle Debtor
- d. None of these

140. If the consideration failed the -----will discharged from the contract.

- a. Principle Debtor
- b. Creditor
- c. Surety
- d. None of these

Agency (MCQ)

141. Which section defines Agent and Principal under Indian Contract Act?
- Section 126
 - Section 182
 - Section 132
 - Section 124
142. Function of an Agent is
- To bring contractual relationship between principal and third parties
 - To represent his principal in matters of agency
 - To obey the directions given by the principal
 - All of these
143. 'Qui facit per alium facit per se' is the principle of
- Contract of Indemnity
 - Contract of Guarantee
 - Contract of Bailment
 - Contract of Agency
144. The meaning of the principle of Agency 'Qui facit alium facit per se' section means,
- He who does through another does by himself
 - What is the authority
 - Principal should give direction to the Agent
 - None of these
145. Which of the statement is true in Contract of Agency?
- An agent can do only authorized act
 - The agent must act in representative capacity
 - An Agent need not be competent to contract
 - All of these
146. Subsequent acceptance by the principal in respect of an act done by the agent without authority is known as
- Ratification
 - Acceptance
 - Rectification

d. None of these

147. State whether true or false. 'Company can ratify the acts done in its name before its incorporation'

- a. True
- b. False

148. An agent who occupies the position of a guarantor as well as agent is

- a. Del credere agent
- b. Brokers
- c. Non mercantile agent
- d. Factor

149. 'When an agent expressly contracts disclosing his representative character but without disclosing the identity of his principal, the principal is called – unnamed principal'. State whether true or false?

- a. True
- b. False

150. Personal liability of agent arises

- a. When principal is a foreigner
- b. When agents acts for undisclosed principal
- c. Where the agents make himself expressly liable
- d. All of these

151. "An agent cannot lawfully employ another to perform acts which has expressly or impliedly undertaken to perform personally", it is based on the maxim

- a. Caveat Emptor
- b. Delegates non protest delegare
- c. Quifacit alium facit per se
- d. None of these

152. A person appointed to contract on behalf of another person is known as

- a. Principal
- b. Agent

- c. Servant
 - d. Contractor
153. A mercantile agent to whom the possession of the goods is given for the purpose of selling the same is known as
- a. Broker
 - b. Factor
 - c. Commission Agent
 - d. Insurance Agent
154. A person appointed by the original agent to act in the business of agency but under the control of original agent is known as
- a. Agent
 - b. Substituted Agent
 - c. Del credere Agent
 - d. Sub Agent
155. Where the agent contracts for principal who is not competent to contract, in such a case the agent is
- a. Personally liable
 - b. Not personally liable
 - c. Exceeding authority
 - d. None of these
156. For a valid ratification the principal must have contractual capacity.
- a. Both at the time of contract and at the time of ratification
 - b. At the time of ratification
 - c. At the time contract
 - d. At any time
157. An agent is not personally liable.
- a. When he acts for an undisclosed principal
 - b. When he acts for a named principal
 - c. When he acts for a principal not in existence
 - d. None of these
158. For his commission, a factor has
- a. A general lien
 - b. No lien at all
 - c. A particular lien

d. None of these

159. When an agent makes some secret profits out of the business of agency, he loses.

a. His remuneration

b. His profits

c. Not only his profits but also his remuneration

d. None of these

160. If there is no agreement specifying about agent's remuneration, an agent is

a. not entitled to any remuneration

b. entitled to reasonable remuneration

c. entitled to remuneration which he thinks reasonable

d. entitled to remuneration which the principal thinks reasonable.

161. When an agency is coupled with interest, such an agency is

a. Irrevocable

b. Revocable

162. Termination of agency is caused by

a. Completion of agency business

b. Expiry of contracted period

c. Death of the principal or agent

d. All of these

163. A substituted agent works under the control of

a. Principal

b. Agent

c. Sub agent

d. None of these

164. Who is responsible for the act of subagent?

a. Principal

b. Agent

c. Third party

d. None of these

165. State whether true or false. Notice given to agent means notice given to principal.

a. True

b. False

BAILMENT AND PLEDGE

166. "Baillior" means

- a. To deliver
- b. Taking back
- c. Base promise
- d. None of these

167. In bailment, the person who delivered the goods is called-

- a. Promisor
- b. Any other person
- c. Bailor
- d. Both of these

168. In bailment, person to whom, the goods are delivered is called

- a. Promisor
- b. Bailor
- c. Promisee
- d. Bailee

169. Lien is

- a. A right by which a person is entitled to retain the possession of goods of another until the sum due to him is paid.
- b. The bailment of goods as security for payment of a debt or performance of a promise
- c. The delivery of goods by one person to another for some purpose
- d. None of these

170. In pledge, the bailor is called

- a. Promisor
- b. Pawner
- c. Pawnee
- d. Bailor

171. In pledge, the bailee is called

- a. Pawnee
- b. Pawner
- c. Promise
- d. None of these

172. The duty of Bailor

- a. Duty of disclose known defects
- b. Actual or constructive delivery
- c. Both of these
- d. None of these

173. An absolute transfers of ownership from the seller to the buyer is called

- a. Bailment
- b. Pledge
- c. Possessory lien
- d. Sale

174. Which section defines Bailment?

- a. Section 170
- b. Section 148
- c. Section 152
- d. Section 172

175. 'X' gives his radio to 'Y' for repairs and pays a certain amount to the latter.

Which type of Bailment is this?

- a. Gratuitous Bailment
- b. Non gratuitous Bailment
- c. Both of these
- d. None of these

176. A borrows Rs.500/- from B and he delivers his gold chain to B as security for repayment of the debt. This kind of bailment of gold chain is known as

- a. Pledge
- b. Lien
- c. Gratuitous Bailment
- d. None of these

177. The word 'Bailment' is derived from the French word

- a. Bailee
- b. Bailor

- c. Baillior
 - d. None of these
178. A bailee has
- a. A right of particular lien over the goods bailed
 - b. A right of general lien
 - c. A right of both particular and general lien
 - d. No lien at all over the goods bailed
179. The position of the finder of lost goods is that of a
- a. Bailor
 - b. Bailee
 - c. Surety
 - d. Principal debtor
180. A gratuitous bailee is hirable for defects in the goods bailed
- a. Even if he is not aware of them
 - b. Only if he is aware of them
 - c. In all cases
181. 'A' who purchased certain goods from B by a misrepresentation pledges them with C, then the pledge is
- a. Valid
 - b. Void
 - c. Voidable
 - d. Invalid
182. A gratuitous bailment is one which is
- a. Supported by consideration
 - b. Not supported by consideration
 - c. Not enforceable by law
 - d. Void
183. The delivery of goods by one person to another as security for the payment of a debt is known as
- a. Bailment
 - b. Hypothecation
 - c. Pledge
 - d. Mortgage

184. Creation of security on the immovable property for securing the repayment of the loan is known as
- Bailment
 - Pledge
 - Hypothecation
 - Mortgage
185. The delivery of goods by one person to another for some specific purpose is known as
- Bailment
 - Hypothecation
 - Pledge
 - Mortgage
186. The bailment of goods can be made by its owner of
- Immovable goods
 - Movable goods
 - Both of these
 - None of these
187. 'A' lent his bike to his friend, for two days without any charges. It is a
- Hypothecation
 - Non gratuitous bailment
 - Gratuitous bailment
 - Beneficial bailment
188. A contract for the sale of goods where property would pass to the buyer on payment of total price would be :
- Sale
 - Agreement to sell
 - Hire-purchase contract
 - Sale on approval
189. The term "goods" under sale of goods act 1930 does not include :
- Goodwill
 - Actionable claims
 - Stock and shares
 - Harvested crops
190. A contract for the sale of "future goods" is:

- a. Sale
 - b. Agreement to sell
 - c. Void
 - d. Hire-purchase contract
191. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called :
- a. Guarantee
 - b. Warranty
 - c. Condition
 - d. Term
192. The unpaid seller has right of stoppage of goods in transit only where the buyer :
- a. Becomes insolvent
 - b. Refuses to pay price
 - c. Acts fraudulently
 - d. All of these
193. The sale of goods act 1930 deals with the :
- a. Movable goods only
 - b. Immovable goods only
 - c. Both movable and immovable goods
 - d. All goods except ornaments
194. Under sale of goods act 1930 the terms “goods” means every kind of movable property and it includes :
- a. Stock and share
 - b. Growing crops, grass
 - c. Both (a) and (b)
 - d. None of the above
195. A stipulation which is collateral to the main purpose of the contract, and if proves false, gives the buyer only a right to claim damages is known as _____
- a. Conditions
 - b. Guarantee
 - c. Warranty
 - d. None of these
196. Which of the following is not an implied condition in a contract of sale?
- a. Condition as to title
 - b. Condition as to description
 - c. Condition as to free from encumbrance
 - d. Condition as to sample
197. The sale of goods act 1930 deals with :

- a. Sale
 - b. Mortgage
 - c. Pledge
 - d. All of these
198. Which one of the following is true?
- a. The provisions of Sale of Goods were originally with the Indian Contract Act , 1872
 - b. The sale of goods act 1930 deals with mortgage
 - c. The sale of goods act restricts the parties to modify the provisions of law
 - d. None of the above
199. The conditions and warranties may be in the form of :
- a. Express
 - b. Implied
 - c. Either (a) or (b)
 - d. None of the above
200. Goods which are in existence at the time of the contract of sale is known as :
- a. Present goods
 - b. Existing goods
 - c. Specific goods
 - d. None of the above
201. Which of the following is not a form of delivery?
- a. Constructive delivery
 - b. Structured delivery
 - c. Actual delivery
 - d. Symbolic delivery
202. Which of the following is document of title to goods :
- a. Railway receipt
 - b. Wharfingers' certificate
 - c. Warehouse keeper's certificates
 - d. All of the above
203. Which of the following is not true?
- a. Document showing title is different from document of title
 - b. Bill of lading is a document of title of goods
 - c. Specific goods can be identified and agreed upon at the time of contract of sales
 - d. None of the above
204. Mercantile agent is having an authority to :
- a. Sell or consign goods
 - b. Raise money on the security of goods

- c. Sell or buy goods
 - d. Any of the above
205. Contract of sale is :
- a. Executory contract
 - b. Executed contract
 - c. Both of the above
 - d. None of the above
206. In which form of the contract, the property in the goods passes to the buyer immediately?
- a. Agreement to sell
 - b. Hire purchase
 - c. Sale
 - d. Installment to sell
207. Which of the following is not an implied warranty?
- a. Warranty as to undisturbed possession
 - b. Warranty as to existence of encumbrance
 - c. Disclosure of dangerous nature of goods
 - d. Warranty as to quality or fitness by usage of trade
208. 'Doctrine of caveat emptor' means :
- a. Let the seller beware
 - b. Let the buyer beware
 - c. Let the creditor beware
 - d. None of the above
209. Under the Doctrine of caveat emptor , the seller is :
- a. Responsible for the bad selection of goods by the buyer
 - b. Not Responsible for the bad selection of goods by the buyer
 - c. Both (a) and (b)
 - d. None of the above
210. The doctrine of caveat emptor does not apply, when :
- a. The goods are bought by sample
 - b. The goods are bought by sample as well as description
 - c. The goods are purchased under its brand name
 - d. All of the above
211. Where there is an unconditional contract for the sale of specific goods in deliverable state
- a. Property in the goods passes to the buyer when the contract is made
 - b. Property in the goods does not pass to the buyer when the contract is made

- c. Property in the goods remains with the seller when the contract is made
 - d. None of the above
212. Selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and buyer is known as :
- a. Distribution
 - b. Appropriation
 - c. Amortization
 - d. Storage
213. Acceptance of delivery of goods is deemed to take place when the buyer :
- a. Intimates to the seller that he had accepted the goods
 - b. Does any act to the goods, which is inconsistent with the ownership of the seller.
 - c. Retains the goods after the lapse of a reasonable time, without intimating to the seller that he was rejected them.
 - d. Any of the above
214. An unpaid seller is having rights against :
- a. Goods only
 - b. The buyer only
 - c. Both goods and buyer
 - d. None of the above
215. Under which of the circumstances unpaid seller loses his right of lien
- a. By estoppel
 - b. Where the seller waived the right of lien
 - c. Where the buyer lawfully obtains possession of the goods
 - d. Any of the above
216. When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent he can exercise :
- a. Right of lien
 - b. Right of stoppage in transit
 - c. Right of resale
 - d. None of the above
217. The essence of a right of lien is to :
- a. Deliver the goods
 - b. Retain the possession
 - c. Regain the possession
 - d. None of the above

218. Which of the following right can be exercised by an unpaid seller against the buyer, who is not insolvent
- Right of lien
 - Right of stoppage in transit
 - Both (a) and (b)
 - None of the above
219. Which of the following is a buyer right against the seller in case of breach of contract?
- Suit for non delivery
 - Suit for specific performance
 - Suit for damages for breach of warranty
 - All of the above
220. An auction sale is complete on the :
- Delivery of the goods
 - Payment of price
 - Fall of hammer
 - None of the above
221. If a seller handed over the keys of a warehouse containing the goods to the buyer results in :
- Constructive delivery
 - Actual delivery
 - Symbolic delivery
 - None of the above
222. If A agrees to deliver 100kg of sugar to B in exchange of 15mts of cloth, then it is:
- Contract of sale
 - Agreement to sell
 - Sale on approval
 - Barter
223. In a hire purchase agreement, the hirer:
- Has an option to buy the goods
 - Must buy the goods
 - Must return the goods
 - Is not given the possession of goods

224. A agrees to deliver his old car valued @ Rs.80000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash. It is

_____.

- a. Contract of sale
- b. Agreement to sell
- c. exchange
- d. Barter

225. If the buyer rejects the whole quantity of goods due to short delivery or excess delivery, the contract is treated as :

- a. Subsisting
- b. Cancelled
- c. Void
- d. Invalid

226. Seller has the right of resale where

- a. Goods are perishable
- b. Seller has reserved such right
- c. Seller gives notice
- d. All of these

227. Legally, a contract of sale includes

- a. Sale
- b. Agreement to sell
- c. Barter
- d. Both (a) and (b)

228. In case of goods sold by sample, the goods should correspond with sample otherwise :

- a. Buyer can reject the goods
- b. Buyer cannot reject the goods
- c. Contract is automatically terminated
- d. Seller is liable to punishment

229. A contract for the sale of goods which provide that the property would pass to the buyer on full payment of price and execution of sale deed, is known as

_____.

- a. Sale
- b. Agreement to sell
- c. Hire purchase agreement
- d. Sale of approval

230. 'M' sold a television to 'N' who purchased it in good faith. The set had some manufacturing defect and it did not work after a few days in spite of repairs. In this case, the television was not merchantable as it was not fit for ordinary purpose.

- a. The buyer has no right to reject the television.
- b. The buyer has the right to reject the television and to have refund the price.
- c. Both of the above
- d. None of the above [(a) and (b)]

231. The sale of goods act 1930 came into force on :

- a. 15. March. 1930
- b. 1. July. 1930
- c. 30. July. 1930
- d. 30. June. 1930

232. The person who buys or agrees to buy goods is known as :

- a. Consumer
- b. Buyer
- c. Both (a) and (b)
- d. None of the above

233. Voluntary transfer of possession by one person to another is popularly known as:

- a. Transfer
- b. Possession
- c. Delivery
- d. None of the above

234. Under which circumstances, the right of stoppage can be exercised by the unpaid seller :

- a. The buyer has become insolvent
- b. The goods are in transit
- c. The seller must be unpaid
- d. All of the above

235. Under which which circumstances, the unpaid seller can exercise right of resale?

- a. When the goods are of perishable nature
- b. When he gives notice to the buyer
- c. When he gives notice to the buyer of his intention to re-sale and the buyer does not within a reasonable time pay the price
- d. Both (a) and (b)

236. Where the seller wrongfully neglects to deliver goods to the buyer, then buyer:

- a. Cannot sue the seller for the damages for non delivery
- b. May sue the seller for the damages for non delivery
- c. Either (a) or (b)
- d. None of the above

237. Where the buyer is deprived to goods by their true owner , then the buyer :

- a. May recover the price for breach of the condition as to title.
- b. Can not recover the price for breach of the condition as to title.
- c. Either (a) or (b)
- d. None of the above

238. Where the buyer wrongfully refuses to accept and pay for the goods, then :

- a. The seller may sue buyer for damages for non acceptance
- b. The seller can not sue buyer for damages for non acceptance
- c. The seller can sue buyers' banker for damages
- d. None of the above

239. In an auction sale, the property shall be sold to the _____

- a. Lowest bidder
- b. Highest bidder
- c. All bidders
- d. None of the above

240. In an auction sale, if the seller makes use of pretended bidding to raise the price, then the sale is _____

- a. Valid
- b. Void
- c. Voidable
- d. Illegal

241. If X commissioned Y, an artist, to paint a portrait of A for 200 Dollars and Y uses his own canvas and paint then it is :

- a. Contract of sale
- b. Contract of work and materials
- c. Sale on approval
- d. Hire purchase agreement

242. The implied condition that goods shall be fit to buyer's specific purpose, is applicable only where the buyer tells his purpose to the seller and relies upon seller's skill and judgment as :

- a. It is the requirement of law
 - b. It is the buyer's duty to select goods, which serve his purpose.
 - c. Seller can be silent
 - d. All of the above
243. In case, a condition is changed to the status of a warranty, then the buyer :
- a. Loses the right to reject the goods
 - b. Retains right to claims the damages only
 - c. Both (a) and (b) are true
 - d. Both (a) and (b) are false
244. The property in the goods means the :
- a. Possession of goods
 - b. Custody of goods
 - c. Ownership of goods
 - d. Both (a) and (b)
245. The goods are at the risk of a party who has the :
- a. Possession of goods
 - b. Custody of goods
 - c. Ownership of goods
 - d. Both (a) and (b)
246. In case of unconditional contract of sale, the property passes to the buyer at the time of making the contract. For this rule to apply, the goods must be
- a. Specific
 - b. In a deliverable state
 - c. Physically transferred to the buyer
 - d. Both (a) and (b)
247. In case of sale of standing trees, the property passes to the buyer when trees are
- a. Felled and ascertained
 - b. Not felled but earmarked
 - c. Counted and ascertained
 - d. Both (b) and (c)
248. In case of sale of unascertained goods, the ownership is transferred to the buyer when the goods are
- a. Ascertained
 - b. Appropriated to the contract

- c. Weighed and measured
 - d. Both (a) and (b)
249. In case of sale on approval, the ownership is transferred to the buyer when he :
- a. Accept the goods
 - b. Adopts the transaction
 - c. Fails to return the goods
 - d. In all above cases
250. Which of the following modes of delivery of goods is considered effective for a valid contract of sale?
- a. Actual delivery
 - b. Symbolic delivery
 - c. Constructive delivery
 - d. All of these
251. Where the goods are delivered to a carrier for the purpose of transaction to the buyer, the delivery is _____
- a. Invalid and ineffective
 - b. Valid and effective
 - c. Conditional
 - d. None of these
252. In which of the following cases, the unpaid seller loses his right of lien?
- a. Delivery of goods to the buyer
 - b. Delivery of goods to the carrier
 - c. Tender of price by buyer
 - d. All of these
253. The bidder at an auction sale can withdraw his bid
- a. Any time during auction
 - b. Before fall of hammer
 - c. Before payment of price
 - d. None of these
254. Where in an auction sale, the seller appoints more than one bidder, the sale is :
- a. Void
 - b. Illegal
 - c. Conditional
 - d. Voidable

255. Where in an auction sale notified with reserve price, the auctioneer mistakenly knocks down the goods for less than the reserve price, the auctioneer is _____.
- Bound by auction
 - Not bound by auction
 - Liable for damages
 - Both (a) and (c)
256. A contract for the sale of "future goods" is _____.
- Sale
 - Agreement to sell
 - Void
 - Hire purchase contract
257. A stipulation in a contract of sale of goods whose violation by seller gives a right of rescission to buyer, is called _____.
- Guarantee
 - Warranty
 - Condition
 - Term
258. Goods which are in existence at the time of the contract of sale is known as _____.
- Present goods
 - Existing goods
 - Specific goods
 - None of the above
259. Contract of sale is _____.
- Executory contract
 - Executed contract
 - Both of the above
 - None of the above
260. Doctrine of caveat emptor means _____.
- Let the seller beware
 - Let the buyer beware
 - Let the creditor beware
 - None of the above

261. The essence of a right of lien is to _____.

- a. Deliver the goods
- b. Retain the possession
- c. Regain the possession
- d. None of the above

Answer Keys:

1.c	2.b	3.a	4.b	5.d	6.c	7.c
8.b	9.d	10.b	11.d	12.a	13.d	14.c
15.b	16.a	17.b	18.a	19.a	20.b	21.b
22.d	23.d	24.b	25.a	26.b	27.c	28.c
29.a	30.a	31.d	32.a	33.d	34.b	35.c
36.d	37.d	38.c	39.d	40.c	41.c	42.b
43.c	44.a	45.d	46.c	47.a	48.c	49.b
50.d	51.a	52.c	53.b	54.d	55.b	56.c
57.d	58.c	59.b	60.c	61.b	62.b	63.c
64.b	65.d	66.a	67.c	68.a	69.a	70.b
71.a	72.a	73.a	74.c	75.a	76.b	77.a
78.a	79.b	80.b	81.b	82.d	83.b	84.
85.b	86.c	87.b	88.b	89.b	90.a	91.d
92.c	93.d	94.d	95.a	96.b	97.c	98.b
99.a	100.a	101.a	102.b	103.c	104.b	105.a
106.b	107.b	108.a	109.a	110.b	111.a	112.d

113.b	114.b	115.d	116.b	117.b	118.b	119.c
120.b	121.c	122.a	123.c	124.a	125.c	126.b
127.c	128.b	129.b	130.a	131.a	132.b	133.a
134.b	135.c	136.b	137.c	138.a	139.b	140.c
141.c	142.d	143.d	144.a	145.d	146.a	147.b
148.a	149.a	150.d	151.b	152.b	153.b	154.d
155.a	156.a	157.b	158.a	159.c	160.b	161.a
162.d	163.a	164.b	165.a	166.a	167.c	168.d
169.a	170.b	171.a	172.c	173.d	174.b	175.b
176.a	177.c	178.a	179.b	180.a	181.a	182.b
183.c	184.d	185.a	186.b	187.c	188.b	189.b
190.b	191.c	192.a	193.a	194.c	195.c	196.c
197.a	198.a	199.c	200.d	201.b	202.d	203.d
204.d	205.c	206.c	207.b	208.b	209.b	210.d
211.a	212.b	213.d	214.c	215.d	216.b	217.b
218.a	219.d	220.c	221.c	222.d	223.a	224.a
225.a	226.d	227.d	228.a	229.b	230.b	231.b
232.b	233.c	234.d	235.d	236.b	237.a	238.a
239.b	240.c	241.b	242.a	243.c	244.c	245.c
246.d	247.a	248.d	249.d	250.d	251.b	252.d
253.b	254.d	255.b	256.b	257.c	258.b	259.c
260.b	261.b					

