

II BBA

III Sem

BUSINESS LAWS

1. The Law of Contract in India is contained in
 - a. Indian Contract Act 1862
 - b. Indian Contract Act 1962
 - c. Indian Contract Act 1872
 - d. Indian Contract Act 1972
2. An agreement enforceable by Law is a
 - a. Promise
 - b. Contract
 - c. Obligation
 - d. Lawful promise
3. A void agreement is one which is
 - a. Valid but not enforceable
 - b. Enforceable at the portion of both parties
 - c. Enforceable at the portion of one party
 - d. Not enforceable in a Court of Law
4. An agreement which is enforceable by law at the portion 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
5. 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
6. When the consent of a party is not free, the contract is:
 - a. Void
 - b. Voidable
 - c. Valid
 - d. Illegal
7. 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
8. In case of illegal agreements the collateral agreements are
- a. Valid Contract
 - b. Void Contract
 - c. Voidable Contract
 - d. None of these
9. An offer may lapse by
- a. Revocation
 - b. Counter Offer
 - c. Rejection of offer by offeree
 - d. All of these
10. A proposal when accepted becomes a:
- a. Promise
 - b. Contract
 - c. Offer
 - d. Acceptance
11. Which of the following statement is true?
- a. Consideration must result in a 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
12. 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
13. Which of the following statement is false?
- a. Generally a stranger to a contract can not 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
14. Consideration must move at the desire of:
- a. Promisor
 - b. Promisee
 - c. Any other person

- d. Any of these
15. 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
16. Consideration may be
- a. Past
 - b. Present
 - c. Future
 - d. All of the above
17. Consideration in sample 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 is of 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 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 rescission 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 rescission
 - 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?
- a. Ordinary damages
 - b. Special damages
 - c. Remote damages
 - d. Nominal damages
42. A contract depend on the happening or non happening of the future uncertain event, is a
- a. Uncertain contract
 - b. Contingent contract
 - c. Void contract
 - d. 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
 - Can be enforced at the option of the both parties
 - Cannot be enforced in a court of laws
 - Court prohibits
48. On the acceptance of an offer by a offeree
- Only the acceptor becomes bound by accepting the offer
 - Only the offeror becomes bound as his terms are accepted
 - Both the acceptor and offeree becomes bound by the contract
 - None of these

49. A, by a letter dated 25th December 1998, offers to sell his house to B for Rs.10 lakhs. The letter reaches on 27th Dec.1998, who posts his acceptance on 28th Dec. 1998 which reaches A on 30th Dec.1998. Here the communication of offer is completed on;
- 25th Dec.1998
 - 27th Dec.1998
 - 28th Dec.1998
 - 30th Dec.1998
50. In the above question, the communication of acceptance is complete against A on 28th Dec.1998 and against B on;
- 25th Dec.1998
 - 27th Dec.1998
 - 28th Dec.1998
 - 30th Dec.1998
51. As a general rule, an agreement made without consideration is;
- Void
 - Voidable
 - Valid
 - Unlawful
52. A agrees to sell his car worth Rs. 100000 lakh to B for rs.20000 and A's consent was obtained by coercion. Here, the agreement is;
- Void
 - Valid
 - Voidable
 - Unlawful
53. An agreement made with free consent to which the consideration is lawful but inadequate is;
- Void
 - Valid
 - Voidable
 - Unlawful
54. Which of the following persons are not competent to contract?
- Minors
 - Persons of unsound mind
 - Persons disqualified by law
 - All of these

55. For entering into a contract, a minor is a person who has not completed the age of;
- 16 years
 - 18 years
 - 20 years
 - 21 years
56. A contract with the minor, which is beneficial for him, is;
- Void ab initio
 - Voidable
 - Valid
 - Illegal
57. Which of the following persons do not fall under the category of persons of unsound mind?
- Idiot
 - Lunatics
 - Drunken
 - Alien
58. Which of the following elements does not affect the free consent of the parties.
- Coercion
 - Fraud
 - Incompetency
 - Undue influence
59. When the consent of a party is obtained by coercion undue influence, fraud or misrepresentation, the contract is;
- Void
 - Voidable
 - Valid
 - Illegal
60. A threatens to kill B if he does not agrees to sell his scooter from him for Rs.1000. Here B's consent is obtained by
- A 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 mistakes, the contract is;
- Void
 - Valid
 - Voidable
 - 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 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 agreement is considered unlawful, if is
- a. Forbidden by law
 - b. Fraudulent
 - c. Immoral
 - d. All of these
72. A agrees to pay Rs.5 lakhs to B procures an employment for A in Income Tax Department. This agreement is
- a. Void
 - b. Valid
 - c. Voidable
 - d. Contingent
73. A agrees to pay Rs.50000 to B if he kills C. the agreement is
- a. Void
 - b. Valid
 - c. Voidable
 - d. Contingent

74. An agreement in restraint of marriage, ie, 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
 - Uncertain agreement
80. An agreement to do an illegal act(eg: sharing the earnings of smuggling business) is
- Valid
 - Void
 - Voidable
 - 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
- Void
 - Valid
 - Voidable
 - Illegal
82. A contingent contract dependent on the non happening of a future uncertain event becomes void when such event
- Happens
 - Does not become impossible
 - Does not happen
 - 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
- Valid
 - Void
 - Voidable
 - Illegal
84. A contingent contract dependent on the non happening of specified uncertain event within fixed time can be enforced if the event
- Does not happen within fixed time
 - Becomes impossible before the expiry of fixed time
 - Happens within the fixed time
 - Both (a) and (b)
85. The basis of 'quasi contractual relations' is the
- Existence of a valid contract between the parties
 - Prevention of unjust enrichment at the expense of others
 - Provision contained in section 10 of the Contract Act
 - Existence of a voidable contract between the parties
86. Sometimes, a person finds certain goods belonging to some persons. In such case, the finder
- Becomes the owner of the goods and can use them
 - Is under a duty to trace the true owner and return the goods
 - Can sell the perishable goods if true owner cannot be found
 - Both (b) and (c)

87. A, B and C jointly promised to pay Rs.60000 to D. A was compelled by D to pay the entire amount of Rs.60000. Here
- A can file a suit against D for recovery of the amount exceeding his share
 - A is entitled to recover Rs.20000 each from B and C
 - On payment by A, the contract is discharged and B and C are also not liable to A.
 - 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
- Voidable at the option of the other party
 - Void and cannot be enforced
 - Illegal for non compliance of legal terms
 - 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
- Mutual and Concurrent
 - Conditional and dependent
 - Mutual and independent
 - 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
- Void
 - Voidable
 - Valid
 - Illegal
91. A party entitled to rescind contract, loses the remedy where
- He has ratified the contract
 - Third party has acquired right in good faith
 - Contract is not separable and recession is sought of a party only
 - All of these
92. The special damages ie, 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 times
 - 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 promisor 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?
- Yes, he can always make a contract
 - Yes, but only when he is sound mind
 - No, he cannot make contract
 - 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 @3000/quintel. But in fact, the market price was Rs.4000, the contract is
- Valid
 - Void
 - Voidable
 - 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
- Valid
 - Void
 - Voidable
 - Illegal

ANSWER KEYS

1.C	2.B	3.D	4.C	5.C	6.B	7.D	8.B	9.D	10.A	11.D	
12.C	13.B	14.A	15.B	16.D	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.B	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.C	65.D	66.A	67.B	
68.B	69.A	70.A	71.D	72.A	73.A	74.C	75.A	76.B	77.D	78.A	
79.A	80.B	81.B	82.D	83.B	84.D	85.B	86.D	87.B	88.A	89.B	
90.A	91.D	92.C	93.D	94.D	95.A	96.B	97.C	98.B	99.A	100.A	

