

ADDITIONAL QUESTION BANK





INDIAN CONTRACT ACT, 1872

1. Which of the following statement is true?
 - a. An agreement enforceable by law is a contract
 - b. An agreement is an accepted proposal
 - c. An agreement can only consist of an offer
 - d. An agreement can only consist of an acceptance
2. The Indian Contracts Act, 1872 applies to the _____
 - a. Whole of India including Jammu
 - b. Whole of India excluding Jammu
 - c. Whole of India including Kashmir
 - d. Whole of India excluding Kashmir
3. Which of the following are legal requirement of a valid offer?
 - a. It must be communicated to the other party
 - b. It must have clear and definite terms
 - c. It must be made specific to a person and not public at large
 - d. It must express offeror's final willingness
4. Which of the following are legal requirement of a valid acceptance?
 - a. It must be communicated
 - b. It must be presumed from silence if not communicated within specified time
 - c. It must be absolute and unconditional
 - d. It must be accepted by a person who has the authority to accept
5. Which of the following are legal requirement of a valid consideration?
 - a. It must move at the desire of the promisor
 - b. It must be lawful
 - c. It must be real and not illusory
 - d. It needs to be adequate
6. Which of the following persons are not competent to contract?
 - a. Person of Indian origin
 - b. Minor
 - c. Person Disqualified by law
 - d. Person of unsound mind
7. Which are the following elements that affect the consent of the party?
 - a. Undue Influence
 - b. Representation
 - c. Fraud
 - d. Coercion
8. Which of the following are void contracts?
 - a. Agreement with unlawful consideration
 - b. Agreement with inadequate consideration, if inadequacy is not supported by free consent.
 - c. Agreement the meaning of which is certain
 - d. Agreement in respect of legal proceedings
9. Which of the following are legal requirement of a valid contingent contract?
 - a. It must be a valid contract
 - b. It must be certain
 - c. The performance of the contract must be conditional
 - d. The event must be collateral to the contract
10. Which of the following statements are not correct?
 - a. Right of one party is the obligation of another party
 - b. Every contract is an agreement, but every agreement is not contract
 - c. "Quantum meruit" means void from the beginning
 - d. Social agreements are legally enforceable.

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11. Match the following:
- | | |
|--|------------------------|
| (i) Agreement | (a) Contract |
| (ii) Agreement enforceable by law | (b) Void ab initio |
| (iii) Agreement not enforceable by law | (c) Offer + Acceptance |
| (iv) Illegal contract | (d) Void contract |
12. Match the following:
- | | |
|-------------------------|--|
| (i) Voidable Contract | (a) Obligation created by law |
| (ii) Express Contract | (b) Both parties due to perform their obligation |
| (iii) Quasi Contact | (c) Terms are stated in writing |
| (iv) Bilateral Contract | (d) Enforceable by law at the will of one party |
13. Match the following:
- | | |
|--|-------------------|
| (i) Benefit to the promiser | (a) Consent |
| (ii) Competence of a party to enter the contract | (b) Void |
| (iii) An agreement with a minor | (c) Capacity |
| (iv) Act of assenting to an offer | (d) Consideration |
14. Match the following:
- | | |
|---|----------------------------|
| (i) Both the parties of a contract make mistake | (a) Invitation to an offer |
| (ii) Withdrawal of contract | (b) Contract |
| (iii) An ad for season end sale is | (c) Bilateral Mistakes |
| (iv) Compensation for voluntary services | (d) Revocation |
15. Match the following:
- | | |
|-----------------------------------|------------------------------|
| (i) Only one party due to perform | (a) Partly Executed Contract |
| (ii) Only one party has performed | (b) Executory Contract |
| (iii) Both party has performed | (c) Unilateral Contract |
| (iv) Both party has not performed | (d) Executed Contract |
16. Match the following:
- | | |
|--------------------------|--|
| (i) Wagering agreement | (a) Agreement the meaning of which is uncertain |
| (ii) Uncertain agreement | (b) Returning the benefit received under void contract |
| (iii) Restitution | (c) Contract dependent on something else |
| (iv) Contingent contract | (d) Agreement to pay money or moneys worth on the happening or non-happening of an uncertain event |
17. Match the following:
- | | |
|------------------|---|
| (i) Novation | (a) When all or some of the terms of the contract are cancelled. |
| (ii) Rescission | (b) When all or some of the terms of the contract are modified by mutual consent of parties |
| (iii) Alteration | (c) Acceptance of a lesser fulfillment of the promise made |
| (iv) Remission | (d) New contract substituted for an existing one between same parties |
- X of Agra sends a letter to Y of Delhi offering to sell his car for Rs. 2,00,000. This letter is posted on 1st January and reaches Y on 6th January. Y sends his acceptance by post on 10th January but X receives this letter of acceptance on 14th January. Answer each of the following questions.
18. When is the communication of the offer complete?
- a. 1st January b. 6th January



- c. 7th January d. 10th January
19. When is the communication of the acceptance complete as against acceptor?
- a. 6th January b. 10th January
c. 11th January d. 14th January
20. If X sends a telegram on 7th January revoking his offer, and his telegram reaches Y before the letter of the acceptance is posted. Is revocation of offer valid?
- a. It is valid b. It is invalid
c. It is uncertain d. None of the above
21. If Y sends a telegram on 13th January revoking his acceptance, and his telegram reaches X before the letter of the acceptance is received by Y. Is revocation of acceptance valid?
- a. It is valid b. It is invalid
c. It is uncertain d. None of the above
- X agrees to sell to Y "one hundred tons of oil". State the position of this agreement in the following cases.
22. If X, who is a dealer in coconut oil only, decides to sell @ Rs. 10,000/ton.
- a. Valid contract b. Void contract
c. Voidable contract d. Uncertain contract
23. If X is a dealer in coconut oil and price is not fixed
- a. Valid contract b. Void contract
c. Voidable contract d. Uncertain contract
24. If X is a dealer in coconut oil and price is to be fixed by Z
- a. Valid contract b. Void contract
c. Voidable contract d. Uncertain contract
25. If X, who is a dealer in coconut oil agrees to sell at Rs. 10,000/ton or Rs. 11,000/ton
- a. Valid contract b. Void contract
c. Voidable contract d. Uncertain contract
26. If X is a dealer in coconut oil and mustard oil
- a. Valid contract b. Void contract
c. Voidable contract d. Uncertain contract
- X of Mumbai agreed to sell 1000 bales of cotton @ Rs. 999/bale and to deliver within a fortnight at buyers godown at Karachi. X failed to supply these goods. State the legal position in each case with explanation.
27. If unknown to both the parties, the goods were destroyed by party at the time of agreement.
- a. Void on the ground of X's mistake
b. Void on the ground of mutual mistake
c. Void on the ground of supervening impossibility
d. Void on the ground of commercial impossibility
28. If X knew the goods were destroyed by fire at the time of agreement
- a. Void on the ground of X's mistake
b. Voidable
c. Void but X should compensate the buyer for any loss that it sustains through non-performance
d. Void on the ground of supervening impossibility

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29. If war is declared between India & Pakistan
- Void on the ground of supervening impossibility
 - Void on the ground of non-performance
 - Voidable
 - Void on the ground of commercial impossibility
30. If these goods were to be manufactured by Z who is ready to supply @ Rs. 1,111/bale because of unexpected increase in the cost of material and labour
- Void on the ground of supervening impossibility
 - Void on the ground of non-performance
 - Void on the ground of third-party default
 - Void on the ground of commercial impossibility
31. If these goods could not be delivered because of strike of transport operators
- Void on the ground of supervening impossibility
 - Void on the ground of non-performance
 - Void on the ground of third-party default
 - Void on the ground of commercial impossibility

Answers:

- | | | |
|-----------------------------------|-----------------------------------|-----------------------------------|
| 1. a, b | 2. b, d | 3. a, b, d |
| 4. a, c, d | 5. a, b, c | 6. b, c, d |
| 7. a, c, d | 8. a | 9. a, c, d |
| 10. c, d. | 11. i- c, ii - a, iii - d, iv - b | 12. i- d, ii - c, iii - a, iv - b |
| 13. i- d, ii - c, iii - b, iv - a | | 14. i- c, ii - d, iii - a, iv - b |
| 15. i- c, ii - a, iii - d, iv - b | | 16. i- d, ii - a, iii - b, iv - c |
| 17. i- d, ii - a, iii - b, iv - c | | |
| 18. b | 19. d | 20. a |
| 21. a | 22. a | 23. a |
| 24. a | 25. b | 26. b |
| 27. b | 28. c | 29. a |
| 30. d | 31. b | |

INDIAN PARTNERSHIP ACT, 1932

32. The essential elements of Partnership does not include:
- There must be an association of two or more persons.
 - There must be an agreement to share profits and losses equally.
 - There must be mutual agency among partners.
 - The relationship must be registered.
33. The partnership relation does not exist when
- Joint owner of some property share profit or loss arising from the property.
 - A person receives a share of profit as a part of his remuneration.
 - Two friends A(age 19 years), B(17 years) decide to form a partnership.
 - A and B agreed to sell clothes for their joint account and share the profits.
34. _____ does not takes active part in conduct of the business.
- Minor partner.
 - Sub partner.
 - Ostensible partner.
 - Partner by estoppel.



35. The general rights of continuing partners include
- Right to get remuneration.
 - Right to be indemnified.
 - Right to prevent the introduction of a new partner.
 - Right to carry on competing business.
36. Doctrine of implied authority of a partner applies to the
- Act of settling accounts with the person dealing with the firm.
 - Act of acquiring immovable property on behalf of the firm.
 - Act of admitting a liability in suit against the firm.
 - Act of engaging servants for the business of the firm.
37. The partnership firms becomes an illegal association, when
- The number of partners in a banking business exceeds 10.
 - The number of partners in a non-banking business exceeds 10.
 - The number of partners in a banking business exceeds 5.
 - The number of partners in a non-banking business exceeds 20.
38. A partnership firm may not be registered with
- Registrar of Partners.
 - Registrar of firms.
 - Registrar of companies.
 - District Court.
39. In case of a non-registered partnership firm....
- A partner cannot file a suit against the firm.
 - A partner cannot file a suit against any partner of the firm.
 - The firm cannot file a suit against third parties.
 - None of above.
40. The decision in *Garner v/s Murray* requires that
- All partners should bring in cash equal to their respective shares of the loss on realization.
 - The solvent partners should bring in cash equal to their respective shares of the loss on realization.
 - The solvent partners should bear the loss arising due to insolvency of a partner in their profit sharing ratio.
 - The solvent partners should bear the loss arising due to insolvency of a partner in the ratio of their last agreed capitals.
41. The dissolution of a partnership firm takes place
- Only by an order of court.
 - On the death of a partner.
 - On the insolvency of a partner.
 - By mutual agreement of all the partners.
42. Match the Following:
- | | |
|-----------------------|--|
| (i) Actual Partner | (a) Lends his name to the firm, without any real interest. |
| (ii) Sleeping Partner | (b) Need not give public notice of his retirement. |
| (iii) Nominal Partner | (c) Third -person with whom a partner agrees to share his profits. |
| (iv) Sub Partner | (d) Takes active part in the conduct of business. |
43. Match the following:
- | | |
|----------------------|---|
| (i) Right of partner | (a) To open a bank account on behalf of firm in own name. |
| (ii) Duty of partner | (b) To carry on the business of the firm to the utmost advantage. |

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- (iii) Implied authority of partner (c) Remuneration for taking part.
- (iv) Statutory restriction (d) Sell the goods of the firm.
44. Match the following:
- | | |
|--|-----------------------------|
| (i) Number of partners exceed 20 | (a) Dissolution of firm. |
| (ii) Retirement of a partner | (b) Registration of firm. |
| (iii) Insolvency of all partners | (c) Illegal association. |
| (iv) Suit by the partners against the firm | (d) Reconstitution of firm. |
45. Match the following:
- | | |
|--|---------------------------------------|
| (i) Mutual agency | (a) Test of Partnership. |
| (ii) Partnership with no fixed duration | (b) Essential element of partnership. |
| (iii) Partnership for a specific venture | (c) Partnership at will. |
| (iv) Two or more members | (d) Particular partnership. |
46. Match the following:
- | | |
|-----------------------------|---|
| (i) Expulsion of partner | (a) Right to carry on competing business. |
| (ii) Death of a partner | (b) By majority of partners. |
| (iii) Insolvency of partner | (c) Application of Garner v/s Murray. |
| (iv) Retirement of partner | (d) No public notice required. |
47. Match the following:
- | | |
|--|---------------------------------|
| (i) Partnership for a fixed duration of time | (a) Contract |
| (ii) Partnership is a special | (b) Duration of Partnership |
| (iii) Partnership is a legal relationship | (c) Law of agency |
| (iv) Law of partnership is an extension | (d) Between two or more persons |
- P and Q jointly acquired a cyber café on 01.01.2007. Each of them contributed a half of the expenses incurred for the purchase of computers and furniture. They agreed to share profits equally.
48. The relationship of P and Q is that of:
- Co-owners.
 - Co-venturers.
 - Partners, because they agree to share profits.
 - Not partners, because the firm is unregistered.
49. Can R (age 17 years) be admitted to their business?
- Yes
 - Yes, if Z is admitted with the consent of P & Q, only to share the benefits.
 - Yes, if the firm is registered.
 - No
50. They further decided to register as a partnership firm on 01.03.2007. Will they be registered? If yes, with effect from which date?
- Yes, w.e.f. 01.01.2007
 - Yes, w.e.f. 01.03.2007
 - Yes, w.e.f. the date on which the Registrar makes entries in the register of firms.
 - No.
51. Mr. S is indebted to the firm for a sum of Rs. 500 and the firm files a suit against him on 01.03.2007. Will the firm succeed?
- No, because the sum does not exceeds Rs. 1,000.
 - No, because the registration is still pending.



- c. No, as Mr.S has not acknowledged the debt.
d. Yes.
52. On 31.12.2007, it was decided to discontinue the business, due to heavy losses.
a. The firm will be dissolved on receipt of permission from Court.
b. The firm will be dissolved by mutual consent of all.
c. The firm cannot be dissolved before 01.01.2008.
d. The firm will not be dissolved
- Amar, Akbar and Anthony jointly started business of supplying cottons and agreed to share profits equally through oral agreement on 01.03.2007. Amar and Akbar are active partners, while Anthony is a sleeping partner.
53. Is the Partnership firm valid?
a. No, as the agreement was not a written one. b. No, as Akbar is not participating.
c. No, as the firm has not been registered. d. Yes, because they agree to share profits.
54. If Akbar becomes insane, and Anthony files a suit. Can the court pass an order for dissolution?
a. No, because the suit has not been filed by an active partner.
b. No, because other partners can still continue.
c. Yes, if Akbar agrees to it. d. Yes.
55. If Amar becomes insane, and his friend files a suit. Can the court pass an order for dissolution?
a. No, because suit has not been filed by a partner.
b. No, because other partners are still working.
c. Yes, if Amar agrees to it. d. Yes.
56. If Anthony becomes insane, and Akbar files a suit. Can the court pass an order for dissolution?
a. Yes. b. Yes, if Amar agrees to it.
c. No, because other partners are still working.
d. The court may not pass, because such a partner is not an active partner.
57. If Amar applies for insolvency on 01.06.2007 and is declared insolvent on 01.08.2007.
a. The firm would not be dissolved.
b. The firm would be dissolved on 01.06.2007.
c. The firm would be dissolved on 01.08.2007, with effect from 01.08.2007.
d. The firm would be dissolved with retrospective effect from 01.01.2007.

Answers :

32. b, d	41. b, c, d	50. c
33. a, b, c	42. i - d, ii - b, iii - a, iv - c	51. b
34. a, b, d	43. i - c, ii - b, iii - d, iv - a	52. b
35. b, c	44. i - c, ii - d, iii - a, iv - b	53. d
36. a, d	45. i - a, ii - c, iii - d, iv - b	54. d
37. a, d	46. i - b, ii - d, iii - c, iv - a	55. d
38. a, c, d	47. i - b, ii - a, iii - d, iv - c	56. d
39. a, b, c	48. c	57.
40. b, d	49. b	

SALE OF GOODS ACT, 1930

58. Which of the following is the requirement of a valid contract for Sale?
- There must be two parties
 - The subject matter should be goods
 - There must be atleast two parties
 - Property in the goods may not be transferred
59. Which of the following is a mode of contract of sale?
- Immediate delivery of goods, but price to be paid at some future date
 - No delivery of goods and price to be paid at some future date
 - Immediate delivery of goods and immediate payment of price
 - No price paid at all for the delivery of goods
60. Which of the following goods is not in existence at the time of contract of sale?
- Specific goods
 - Future goods
 - Ascertained goods
 - Contingent goods
61. Under the provision 'goods perishing before the making of the contract', contract of sale of goods is void if
- The sale is of specific goods
 - Contract is of 'agreement to sell' and not actual sale
 - Goods perished before the contract is made
 - Goods perished without the fault of the seller
62. The option available to the Hirer in case of Hire Purchase Agreement?
- He may purchase the goods after paying all the agreed instalments
 - He may purchase the goods without paying all the agreed instalments
 - Return the goods at any time and stop further payment of instalments
 - Return the goods at any time and remain paying the instalments
63. Which of the following is not a typical sale?
- Barter
 - Hire purchase
 - Hypothecation of goods
 - Bailment of goods
64. Which of the following statement is true?
- A contract of sale can be validly made for the sale of future goods
 - Actionable claims is a subject matter of contract of sale
 - A contract for the sale of future goods is always an agreement to sell
 - In an agreement to sell, the ownership of the goods passes to the buyer immediately
65. Match the column
- | | |
|--------------------------|--|
| (i) Specific goods | (a) Acquisition of goods depend on uncertain event |
| (ii) Future goods | (b) Goods not identified and agreed by the party |
| (iii) Contingent goods | (c) Not existent at the time of contract |
| (iv) Unascertained goods | (d) Goods identified and agreed by the party |
66. Match the column
- | | |
|-------------------|--|
| (i) Hire purchase | (a) Goods delivered for certain purpose, after which to be returned. |
| (ii) Barter | (b) Goods delivered on hire basis |
| (iii) Bailment | (c) Goods delivered as security for repayment |
| (iv) Pledge | (d) Goods exchanged for goods |



67. Match the column:
- | | |
|--------------------------------------|---|
| (i) Condition as to title | (a) Supply of good fit for the buyer. |
| (ii) Condition as to description | (b) Seller having right to sell the good. |
| (iii) Condition as to quality | (c) Goods having future viability. |
| (iv) Condition as to merchantability | (d) Goods corresponding to its description. |
68. Match the column:
- | | |
|---|--|
| (i) Condition as to sample | (a) Goods sold must be fit for consumption. |
| (ii) Condition as to sample & description | (b) Goods corresponding to the sample seen. |
| (iii) Condition as to description | (c) Goods correspond to sample & description |
| (iv) Condition as to wholesomeness | (d) Goods corresponding to its description. |
69. Match the column:
- | | |
|--------------------------------------|--|
| (i) Express warranty | (a) Warranties attached by usage of trade. |
| (ii) Implied warranty | (b) Goods free from any change in favour of others |
| (iii) Warranty free from encumbrance | (c) Stipulation not included in the contract |
| (iv) Warranty by custom | (d) Stipulation included in the contract |
70. Match the column:
- | | |
|-------------------------|--|
| (i) Condition | (a) Seller excluding his liability. |
| (ii) Warranty | (b) Stipulation essential to main purpose of contract |
| (iii) Express agreement | (c) Parties not held liable for breach of contract |
| (iv) Trade usage | (d) Stipulation subsidiary to main purpose of contract |
71. Match the column:
- | | |
|-------------------------------|--|
| (i) Title by estoppel | (a) Goods sold if they are under the danger of perishing |
| (ii) Sale by mercantile agent | (b) Buyer buys the goods 'in good faith' (sec 28) |
| (iii) Sale by joint owner | (c) Title by prevention of claim or assertion of law |
| (iv) Sale by finder of goods | (d) Buyer gets valid title even if seller is not the owner |
72. Match the column:
- | | |
|--------------------------|---|
| (i) Right against goods | (a) Right to retain possession of good until charges are paid |
| (ii) Right against buyer | (b) Seller having the possession of the sold goods |
| (iii) Right of lien | (c) Goods of perishable nature sold by an unpaid seller |
| (iv) Right of resale | (d) Suit for damages for non-accepting the goods |
- Problem: A agrees to sell 50 Refrigerators to B, at a price to be determined by C. 30 of 50 Refrigerators are delivered to B.
73. B agreed to the above agreement, without asking the dealer whether the refrigerators are fit to make ice and paid the determined consideration. The refrigerators failed to make ice.
- A must refund the price, because refrigerators are meant to make ice.
 - A will refund the price, only if buyer would have disclosed this particular purpose.
 - A will refund the price at his option.
 - A need not refund the price.
74. What would be the legal position if C denies to determine the price?
- C can be compelled to determine the price.
 - The contract becomes voidable at the option of B.

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- c. The contract becomes void and B must return those 30 refrigerators.
d. The contract becomes void and B must pay reasonable price for 30 refrigerators.
75. What would be the legal position if B prevents C from determining the price?
a. C can be compelled to determine the price.
b. The contract becomes voidable at the option of A.
c. The contract becomes void and B must pay reasonable price for 30 refrigerators.
d. B has to return the refrigerators.
76. If 20 refrigerators are stolen at time of making contract, the abovesaid contract becomes
a. Void, because the goods have perished.
b. Void, because the contract was indivisible.
c. Voidable at the option of B
d. Partly Void and partly voidable at the option of B
- Problem: A delivers bags of cements to B on 'Sale on approval basis' for 10 days. The cement became stone due to heavy rainfall (without any fault of B) on the fifth day itself.
77. The loss is to be borne by
a. A, because the ownership has not passed to B.
b. A, if B refuses to bear the loss.
c. B, if A refuses to bear the loss.
d. B, because the ownership has passed to B.
78. If the cement became stone, after being accepted by B, the loss is to be borne by:
a. A, if B refuses to bear the loss.
b. B, if A refuses to bear the loss.
c. A, because the ownership has not passed to B.
d. B, because the ownership has passed to B.
79. If B retains the good and gives notice of rejection on the fourth day, the loss is to be borne by:
a. A, because the ownership has not passed to B.
b. B, because the bags were in custody of B, at the time of damage.
c. B, because B has retained the bags for more than three days.
d. B, because the ownership has passed to B.
80. If B neither returns nor rejects the bags till the tenth day and eventually the damage occurs on the eleventh day. The loss shall be borne by:
a. A, because the ownership has not passed to B.
b. A, because ten days has elapsed.
c. A, because the agreement has become void.
d. B, because the ownership has passed to B.

Answers :

58. a, b	65. i - d, ii - c, iii - a, iv - b	72. i - b, ii - d, iii - a, iv - c
59. a, c	66. i - b, ii - d, iii - a, iv - c	73. a
60. b, d	67. i - b, ii - d, iii - a, iv - c	74. d
61. a, c	68. i - b, ii - c, iii - d, iv - a	75. c
62. a, c	69. i - d, ii - c, iii - b, iv - a	76. d
63. a, c, d	70. i - b, ii - d, iii - a, iv - c	77. a
64. a, c	71. i - c, ii - d, iii - b, iv - a	78. b 79. a 80. d