S.Y.B.Com Semester III

MULTIPLE CHOICE QUESTIONS

1. Which of the following is an offer?

(a) A declaration of intention.

(b) An invitation to offer.

(c) An advertisement offering reward to anyone who finds the lost dog of the advertiser.

(d) An offer made jokingly.

1. An agreement enforceable at law is

(a) agreement.

(b) offer.

(c) promise.

(d) contract.

1. Every promise and every set of promises, forming the consideration for each other, is an

(a) agreement

(b) contract

(c) offer

(d) acceptance

1. Promises which form the consideration or part of the consideration for each other are called

(a) reciprocal promises

(b) cross offers

(c) conditional offer

(d) conditional promises.

1. Contract means an agreement.

(a) Between two competent persons.

(b) Enforceable by law.

(c) In writing and registered.

(d) None of these.

1. When the person to whom proposal is made signifies his assent, it is known as
   1. Offer
   2. Acceptance
   3. Consideration
   4. Free consent
2. Acceptance must be
   1. Unqualified
   2. Qualified
   3. Conditional
   4. Vague
3. The famous case law on Communication of offer is
   1. Hyde V/s Wrench
   2. Kalai Haldar V/s Sheikh
   3. Lalman Shikla V/s Gauri Datt
   4. Carbolic smoke ball company V/s Ms. Carlill
4. Acceptance must be
   1. Communicated to offeror
   2. Communicated to acceptor
   3. Communicated to third party
   4. Communicated to Government
5. Mr. X agrees to write a book with a publisher. After a few weeks, X dies before completion of the book.

(a) contract continues

(b) contract voidable at the option of the publisher

(c) contract voidable at the option of the legal heirs of X.

(d) contract void due to impossibility of performance.

1. Hyde V/s Wrench is a famous case on
   1. Acceptance
   2. Counter offer
   3. Cross offer
   4. Invitation to offer
2. When the proposer specifies the mode in which acceptance is to be made:

(a) acceptance is valid only if in that mode

(b) offeree can accept in any mode

(c) the proposer may accept even in a different mode

(d) proposer cannot insist on the mode of acceptance

1. Acceptance can be:

(a) express

(b) conditional

(c) mental

(d) qualified

1. In an auction, bidders are:

(a) are inviting offers

(b) offeror

(c) acceptor

(d) only making a query

1. When two people make identical offer to each other in the ignorance of each other's offer, it’s called

(b) counter offer

(c) implied offer

(d) implied acceptance

(d) cross offer

1. For the consideration to be valid:

(a) the act must be done at the instance of the promisee.

(b) the act must be done at the instance of the promisor.

(c) the act can be done at the instance of a third party who is not a contracting party.

(d) all the above is valid

1. In India, consideration may move
   1. from the promisor only
   2. from promisee only
   3. not from any other person
   4. not from third person
2. Consideration to be valid should have
3. market value
4. reasonable value

c some value

d sufficient value

1. For payment for a time barred debt which statement is correct

(a) Agreement to pay must be oral

(B) signed by the debtor or his agent

(c) debt is recoverable legally due to Limitation Act.

(d) it must be promise to pay full debt

1. A father promising his daughter a car if she passes the second year degree exam with  
   distinction is  
   (a).Not enforceable  
   (b).unenforceable  
   (c) enforceable provided it is in the interest of the daughter  
   (d) enforceable provided it is in writing and registered.
2. The number of exceptions to the rule 'no consideration, no contract’ given under section 25 are :  
   (a) 2  
   (b) 3  
   (c) 4  
   (d) 5
3. A minor borrows money by representing himself as a major from a money lender:

      The money lender:

(a) can sue for recovery of money

(b) cannot recover the money

(c) can recover the money on the minor attaining the age of majority

(d) guardian is liable

1. The contract entered by a lunatic during the lucid interval is:

(a) valid

(b) void

(c) voidable

(d) illegal

1. A’, a wealthy minor orphan was taken care of by the neighbour. For the education

      provided to the minor, the neighbour

(a) cannot claim the expenses as it is charity.

(b) the minor can be asked to pay after he becomes major

(c) the government can be asked to pay

(d) can be claimed from the property of the minor.

1. Which of the statement is true

(a) a minor contract is void-ab-initio.

(b) a minor cannot acquire property.

(c) a minor can be an agent

(d) a minor cannot acquire shares even if fully paid

1. Who is competent to enter into a contract?  
   (a) unsound minded person

(b) minor

 (c) disqualified person

(d) major

1. An intoxicated person is treated as :
2. of sound mind
3. of unsound mind
4. otherwise disqualified
5. qualified
6. Famous case on Minor’s contract is
   1. Kalai Haldar V/s Sheikh
   2. Lalman Shikla V/s Gauri Datt
   3. Carbolic smoke ball company V/s Ms. Carlill
   4. Morhi Bibee V/s Dharmodas Ghose
7. A minor is a person below:

a. 14 years

b 16 years

c 18 years

d 22 years

1. A person is legally of sound mind provided:

a he is able to understand the terms of the contract

b. cannot form a rational judgement

c declared to be of sound mind by a doctor

d he is not able to understand the terms of the contract

1. A minor who enters into a contract during minority

(a) can ratify the same on attaining the age of majority

(b) cannot ratify the same on attaining the age of majority

(c) the agreement is illegal hence cannot be ratified

(d) the choice is of the minor whether he wants to ratify or not

**Module II**

1. When the consent of a party is obtained by coercion, misrepresentation, the contract is:

(a) valid

(b) void

(c) voidable

(d) illegal

1. Exercising Undue influence means
   1. Exercising physical force
   2. Exercising mental pressure
   3. Cheating with intention
   4. Cheating without intention
2. In following relation undue influence is presumed
   * + 1. Between two friends
       2. Between two strangers
       3. Between two colleagues
       4. Between husband and wife
3. In following relation undue influence is presumed
4. Between advocate and client
5. Between two partners
6. Between two directors
7. Between two employees
8. If ‘A’  exercises coercion against an Indian citizen B', at a place where IPC is not in

      force the contract is

     (a) valid

     (b) illegal

     (c) voidable

     (d) void

1. Which of the following acts does not amount to fraud?

(a) Knowingly making a false statement.

(b) Promise made without intending to perform

(c) Active concealment of facts.

(d) Innocent false statement.

1. In case of an act of coercion, the act

(a) is forbidden by Indian Contract Act, 1872.

(b) is forbidden by Indian Penal Code, 1860

(c) is forbidden by Criminal Procedure Code. 1973

(d) is forbidden by the Constitution of India

1. Moral pressure is exercised in case of:

(a) coercion

(b) undue influence

(c) fraud

(d) misrepresentation

1. Presumption as to foreign law:

(a) Foreign law is different

(b) Foreign law is the same as Indian law.

(c) Indian Law is somewhat equal to foreign law

(d) We must know the foreign law

1. Bilateral mistake means
2. Mistake by one offeror
3. Mistake by offeree
4. Mistake by both the parties
5. Mistake by any one party
6. Does silence amount to fraud?

(a) Yes, always

(b) No

(c) yes, only when equivalent to speech

(d) Yes, only when not equivalent to speech

1. When the consent to the contract is not free

(a) the contract is void

(b) the contract is voidable

(c) the contract is illegal

(d) the contract is valid

1. Misrepresentation means making
   1. False statement with intention to deceive
   2. False statement without intention to deceive
   3. True statement with intention to deceive
   4. True statement without intention to deceive
2. A contract of insurance is a

(a) contract of guarantee.

(b) contingent contract.

(c) wagering agreement.

(d) unilateral agreement.

1. Generally, a contingent contract is

(a) valid.

(b) void

(c) unenforceable,

(d) illegal

1. A agrees to find treasure for B, by magic. The agreement is

(a) valid.

(b) void

(c) voidable.

(d) enforceable

1. A agrees to pay B, INR 2,00,000 if B marries C. B marries D instead of C. contract has become

(a) enforceable.

(b) valid

(c)voidable

(d)void

1. The webpage is

(a) offer

(b) advertisement

(c) invitation to an offer

(d) acceptance

1. Which is not included in discharge by an agreement
   1. novation

      (b) remission

      (c) waiver

      (d) anticipatory breach

1. Anticipatory breach of a contract takes place:

a) During the performance of the contract

b) At the time when the performance is due

c) Before the performance is due

d) At the time when the contract is entered into.

1. ‘A’ supplies ‘B’, who is minor, necessaries of life.
   1. ‘’A cannot get money of the supplies.
   2. ‘B’ has to reimburse ‘A’ out of his property.
   3. ‘B’ has to give money to Government.
   4. ‘B’ will have to give money to ‘A’ after becoming major.
2. ‘A’ finds goods laying on road. He picks it up.
   1. ‘A’ has become bailee of goods
   2. ‘A’ has become bailor of goods
   3. ‘A’ has become owner of goods.
   4. ‘A’ can sell the goods.
3. The basis of quasi contractual obligation is the:

a. Existence of a valid contract between the parties.

b. Existence of a voidable contract between the parties.

c. Existence of a void contract between the parties.

d. presuming contract between parties which does not exist in reality.

1. A paid some money to B by mistake which was in fact due to C. in this case:

a.A is not entitled to recover money as there is no contract between A & B

b.A is not entitled to recover money as mistake makes the agreement, if any void.

c.A is entitled to recover money under section72 0f Indian contract act.

d.B is not liable to pay as he did not ask for such payment.

1. In case of anticipatory breach of contract, the innocent party:

(a) can bring an action immediately

(b) has to wait till the due date of performance

(c) no action can be brought

(d) has to bring an action immediately.

1. An uncertain event on the happening or non happening of which the performance of a contingent contract depends:

a. Must be an act of the party.

b. Must not be an act of the parties.

c. Must be some other independent event.

d. May be an act of the parties or some other independent event.

1. Discharge of a contract means:

(a)termination of a contract

      (b) postponing the contract

      (c) discharge of parties

      (d) breach of contract

1. Quantum meruit means:

a)A non-graduations promise

b) As much as is earned

c) An implied promise

d) As much as is paid

1. The famous case of Krell V/s Henry is based upon
   1. Discharge by impossibility of performance
   2. Discharge by operation of law
   3. Discharge by breach of contract
   4. Discharge by act of parties

Module III

1. **A contract to perform the promise, or discharge the liability, of a third person in case of default is known as :**

A) Contract of indemnity

B) Contract of guarantee

C) Contingent contract

D) Quasi contract

1. In contract of indemnity \_\_\_\_\_ parties are necessary.
   1. 2
   2. 3
   3. 4
   4. 1
2. Contract of indemnity is a contract to compensate other person if he suffers \_\_\_\_\_\_\_\_\_\_\_.
   1. Profit
   2. Loss
   3. Injury
   4. Insolvency
3. The liability of surety in contract of guarantee is \_\_\_\_\_\_\_\_\_\_\_\_.
   1. Primary
   2. Secondary
   3. Joint
   4. Several
4. The person who gives the indemnity is known as

a) Indemnity-holder

b) Surety

c) Indemnifier

d) Principal debtor

1. A contract of Indemnity is a

a) Contingent contract

b) Wagering contract

c) Quasi-contract

d)Void agreement

1. A contract to perform the promise or discharge the liability of a third person is case of his default is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a) Guarantee

b) Indemnity

c) Agency

d) consideration

1. A guarantee which extends to a series of transaction is known as :

A) Specific guarantee

B) Continuing guarantee

C) Double guarantee

D) Indemnity.

1. In a contract of guarantee, a person who promises to discharge another’s liability, is known as

a) Principal debtor

b) Creditor

c) Surety

d) Indemnifier

1. The right of subrogation in a contract of guarantee is available to the:

a) Creditor

b) Principal debtor

c) Surety

d) Indemnifier

1. In contract of guarantee there are \_\_\_\_\_ parties.
   1. 1
   2. 2
   3. 3
   4. 4
2. The delivery of goods by one person to another for some specific purpose is known as:

a) Bailment

b) Hypothecation

c) Pledge

d) Mortgage

1. There is transfer of \_\_\_\_\_\_\_\_\_\_\_\_\_ in bailment.
   1. Ownership
   2. Possession
   3. Immovable
   4. Title
2. Bailment without remuneration is also known as \_\_\_\_\_\_\_\_\_\_\_\_ bailment.
   1. Remuneration
   2. Beneficial
   3. Honorary
   4. Gratuitous
3. In gratuitous bailment, no \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is there.
   1. Loss
   2. Transfer
   3. Offer
   4. Consideration
4. Bailee has a right of \_\_\_\_\_\_\_\_\_\_.
   1. Mortgage
   2. Hypothecation
   3. Pledge
   4. Lien
5. 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

1. A gratuitous bailment is one which is

a) supported by consideration

b) not supported by consideration

c) not enforceable by law

d) void

1. The delivery of goods by one person to another as security for the repayment of a debt, is known as:

a) Bailment

b) Hypothecation

c) Pledge

d) Mortgage

1. Transferring \_\_\_\_\_\_\_\_\_\_\_ of goods is necessary in bailment.
   1. ownership
   2. Consideration
   3. possession
   4. Mortgage
2. Pledge is also known as \_\_\_\_\_\_\_\_\_\_\_.
   1. Bailment
   2. Hypothecation

c) Pawn

d) Mortgage

1. The position of the finder of lost goods is that of a :

a) Bailor

b) Bailee

c) Surety

d) Principal

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

:a) Principal

b) Agent

c) Servant

d) Contractor

1. 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

1. 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) Del credere agent

c) Substituted agent

d) Sub-agent

1. A person appointed by principal on recommendation of original agent is known as
   1. Substitute agent
   2. Sub agent
   3. Co agent
   4. Specific agent
2. When principal appoints more than one agents at the same time, he is known as
   1. Substitute agent
   2. Sub agent
   3. Co agent
   4. Specific agent
3. Where the agent contracts for a 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

1. When person acts like agent in emergency, the agency created is known as
   1. Agency by necessity
   2. Agency by estoppel
   3. Express agency
   4. Agency by ratification
2. Confirming act of an agent subsequently forms following agency.
   1. Agency by necessity
   2. Agency by estoppel
   3. Express agency
   4. Agency by ratification

**Module IV**

1. The Sale of Goods Act is of the year:

(a) 1903

(b) 1923

(c) 1930

(d) 1932

1. Agreement to sell becomes sale when
   1. Property in goods passes to buyer.
   2. Property in goods passes to buyer.
   3. Possession in goods passes to seller.
   4. Possession in goods passes to buyer
2. Property in goods means

(a)asset

      (b) liability

      (c) ownership

      (d) possession

1. Which of the following is goods

(a) Dog

(b)House

(c) Valid Indian currency

(d) An actionable claim

1. Following in included in definition of goods.
   1. House
   2. Growing crops
   3. Money
   4. An actionable claim
2. In an agreement to sell, in the event of destruction of goods loss is to be borne by

(a) seller

(b) buyer

(c) 50% by each of the above parties

(d) minister of consumer affairs

1. Hire purchase is governed by
   1. Sale of Goods act, 1972
   2. Transfer of property Act, 1963
   3. Hire Purchase Agreement, 1972.

  (d) Indian Contract Act, 1972.

1. Specific goods means
   1. Goods mixed with bulk of goods
   2. Goods not in existence
   3. Goods separated from bulk of goods
   4. Goods that will manufactured subject to condition.
2. Contingent goods means
   1. Goods mixed with bulk of goods
   2. Goods not in existence
   3. Goods separated from bulk of goods
   4. Goods that will manufactured subject to condition.
3. Price means
4. exchange
5. barter
6. money consideration
7. possession
8. Condition is a stipulation that

(a) primary

(b) secondary

(c) collateral

(d) irrelevant

1. Express condition may be in:

(a) writing

(b) oral

(c) conduct

(d) action

1. Implied condition are stipulations:

(a) assumed to be present

(b) assumed to be absent

(c) parties want it

(d) parties don’t want it

1. Implied condition as to title means that
   1. Seller must have ownership of goods
   2. Seller must have possession of goods
   3. Buyer must have ownership of goods
   4. Buyer must have possession of goods
2. Breach of a implied condition leads to:

(a) no action under law

(b) cancellation of the contract

(c) compensation

(d) both  (b) and (c)

1. Implied condition of sale by description includes:

(a) where the buyer does not see the goods but relies on description

(b) where the buyer sees the goods but relies on the description give

(c) when buyer sees the sample

(d) when buyer sees sample and reads description

1. Implied condition of sale by sample and description

(a) goods must match the sample and description

(b) goods must match the description

(c) goods must match the sample

(d) goods need not match

1. Warranty is a stipulation that is

(a) primary

(b) secondary

(c) incidental

(d) irrelevant

1. Warranty may be:

(a) express or implied

(b) condition

(c) ambiguous

(d) irrelevant

1. Breach of a warranty leads to

(a) repudiation of a contract

(b) repudiating the contract partially

(c) claiming damage

(d) not claiming damages

1. \_\_\_\_\_\_\_\_ is a famous case on condition as to title.
   1. In Shepherd v. Kane
   2. Wallis v. Pratt
   3. Priest v Last
   4. Rowland v. Divall
2. Doctrine of caveat emptor places the burden on the

(a) buyer

(b) seller

(c) third party

(d) government

1. Risk prima facie passes with property means

(a) Risk is with the seller

(b) Risk is with the buyer

(c) Ownership and risk generally go together

(d) Risk does not pass at all

1. The word ‘damages’ means
   1. Loss
   2. Compensation for loss
   3. Profit
   4. Reward for Profit
2. An unpaid seller has rights against:

(a) goods and buyer

(b) land

(c) government

(d) carrier only

1. Caveat Emptor means
   1. Let the seller beware
   2. Let the buyer beware
   3. Let the seller negligent
   4. Let the buyer negligent
2. Which right is available to an unpaid seller?

(a) Right of pledge.

(b) Right of mortgage

(c) Right of lien

(d) No right

1. Transit implies

(a) seller has lost possession

(b) seller still has possession

(e) buyer has not received possession

(d) (a)& (c)

1. When the seller resells the goods after following the due process of law:

(a) the second buyer gets a valid title.

(b) the second buyer will not get a valid title

(c)First buyer retains possession

(d) seller retains possession

1. Unpaid seller can bring an action against the buyer personally for:

(a) Price

(b) Damages Interest

(c) Interest

(d) All the above

**Module V**

1. Under the Negotiable Instrument Act which of the following refers to "a written

    Document”?

(a) Promise

(b) Instrument

(c) Agreement

(d) Contract

1. The word negotiable means
   1. Bargainable
   2. Refundable
   3. Non-refundable
   4. Transferable
2. The term 'Negotiable instrument' is defined in the Negotiable Instruments Section

(a) 12

(b) 13

(c) 13A

(d) 31

1. Which of the presumptions in case of a negotiable instrument is not presumed

(a) date is the correct date

(b) amount written is correct

to) signature is genuine

(d) the instrument is invalid

1. If in an instrument the amount undertaken or ordered to be paid is stated differently in figures and in words

(a) the instrument is void due to uncertainty

(b) the amount stated in figure shall be the amount undertaken or ordered to be paid

(c) the amount stated in words shall be the amount undertaken or ordered to be paid

(d) Any of the amount can be considered

1. Unless otherwise proved, which presumption is not correct:

(a) Instrument is made without consideration

(b) The date mentioned is the date on which the instrument was created.

(c) Acceptance was done within the prescribed holder is a holder in due course

(d) holder is a holder in due course

1. Maturity of an instrument is
2. date on which the instrument is created.
3. date on which the instrument is payable.
4. date on which the instrument is signed.
5. the date on which instrument expires.
6. Promissory note is

(a) conditional promise

(b) unconditional promise

(c) not a promise.

(d) partial promise

1. According to Negotiable Instrument Act1881, which the following is not valid promissory note?
2. promissory note payable to bearer.
3. promissory note payable to order or certain person
4. payable to two or more promisees
5. is payable to a solid person on demand.
6. A promissory note merely acknowledging a debt is

(a) valid promissory note

(b) not a valid promissory note

(c) may be a valid promissory note

(d)  may not be a valid promissory note

1. Promissory note which is payable after certain days is known as
   1. Payable on demand
   2. Payable in future
   3. Non-payable
   4. Fully-payable
2. Person writing promissory note is known as
   1. Maker
   2. Drawee
   3. Payee
   4. Holder
3. Which of the following refers to an instrument in writing containing an unconditional order signed by maker, directing a certain person, to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument

(a) Bill of exchange

(b) Promissory note

(e) Cheque

(d) Draft

1. Following is a valid promissory note.
   1. Promise to transfer house.
   2. Promise to give gold
   3. Promise to pay money
   4. Promise to give car
2. Bill of exchange is an-
   1. Unconditional order
   2. Unconditional undertaking
   3. Conditional order
   4. Conditional undertaking
3. In case of bills in sets:

(a) First copy needs to be signed and stamped

(b) all copies need to be signed and stamped.

(c) no copy needs to be signed and stamped.

(d) only one copy requires a stamp or signature.

1. Which is valid acceptance of a bill of exchange

(a) oral

(b) written without signature

(c) signed by drawee

(d) implied

1. Cheque is a bill of exchange payable on
   1. Order
   2. Demand
   3. Request
   4. Command
2. According to Negotiable Instruments Act, 1881, which of the following statement is correct as regards a cheque?

(a) It does not bear a stamp.

(b) It should contain conditional order

(c) It must not be signed by a drawer.

(d) Cheque is not payable on demand.

1. Who is not a party to a cheque?

(a) Drawer

(b) Drawee

(c) Payee

id) Acceptor

1. Section \_\_\_\_\_\_\_\_\_\_ of Negotiable Instruments Act, 1881 defines dishonour of cheque.
   1. 118
   2. 128
   3. 138
   4. 148
2. Action under section 138 of Negotiable Instruments Act, 1881 can be brought on the ground of
   1. Insufficient balance in buyer’s account of drawer
   2. Wrong signature of drawer
   3. Post dated cheque
   4. Overwriting on cheque
3. Which of the following is not a justified ground of dishonouring of cheque by the banker?

(a) the cheque is post-dated and presented before the ostensible date

(b) the banker had sufficient funds, but the funds are not properly applicable towards the payment of the cheque

(c) if the cheque is altered in parts

id) if the cheque is duly presented

1. f the words "not negotiable" is used with special crossing in a cheque

(a) Transferability of the cheque is stopped.

(b) The cheque should be credited to the payee account.

(c) On transferring the cheque, the transferee cannot get a better title than that of the transferor.

(d) None of the above.

1. For what term of imprisonment an offender under section 138 of the Negotiable Instruments Act can be punished?

ta) two years

(b) one year

(c) three years

(d) five years

1. Crossing the cheque means drawing two \_\_\_\_\_\_\_ parallel lines across face of cheque.
   1. horizontal
   2. transverse
   3. vertical
   4. red
2. In case of special crossing, name of \_\_\_\_\_\_\_\_\_ is written in between crossed lines.
   1. drawer
   2. drawee
   3. payee
   4. bank
3. Crossing of cheque protects it from -
   1. Being torn.
   2. Being paid.
   3. Being dishonoured.
   4. Being encashed by wrong person.
4. A complaint against an offence under section 138 of the Negotiable Instrument Act, 1881:

(a) must be in writing

(b) may be oral or in writing

(c) must be in writing containing a declaration by the drawee that he consent to such filing of

the complaint.

(d) none of the above.

1. Noting is to be done by

(a)Parties themselves

(b) Judge the High Court.

(c) Registrar of Government

(d) Notary public