

SUBJECT: BUSINESS LAW - SEM III
MULTIPLE CHOICE QUESTIONS

1. An agreement consists of reciprocal promises between at least
 - a. four parties.
 - b. three parties.
 - c. six parties.
 - d. two parties.

2. Valid contracts
 - a. are made by free consent.
 - b. have lawful consideration and lawful object.
 - c. are made by competent parties.
 - d. all of the above.

3. An agreement is valid
 - a. which creates legal and social obligations of the parties.
 - b. which creates rights of a party.
 - c. which is written on a piece of paper and signed by the parties.
 - d. which creates legally binding right and obligations of the parties to it.

4. is without any legal effect and cannot be enforced in a Court of Law.
 - a. Valid contract
 - b. Voidable contract
 - c. Void contract
 - d. Unenforceable contract

5. Which of the following is an invitation to offer?
 - a. A tender to supply goods at a certain time.
 - b. A bid in an auction sale.
 - c. A request for a loan.
 - d. A catalogue of goods for sale.

6. the general offer can be accepted by

- a. sending a communication of acceptance.
- b. complying with the conditions of offer.
- c. mental acceptance of offer.
- d. making a counter offer.

7. In order to convert a proposal into a promise, the acceptance must be

- a. absolute.
- b. express.
- c. unqualified.
- d. all of the above.

8. The person making the offer is known as the 'offeror' or the 'promisor' and to whom it is made is known as

- a. acceptor.
- b. offeree or promisee.
- c. acceptor for honour.
- d. contracting party.

9. On attaining the age of majority, a minor's agreement

- a. is void.
- b. becomes void.
- c. cannot be ratified.
- d. can be ratified.

10. A consideration in a contract

- a. may be anything.
- b. something in return.
- c. nothing in return.
- d. may be illusory.

11. Which of the following is a valid offer.

- a. proposal made jokingly
- b. declaration of Intention
- c. intention to create legal relation
- d. None of the above

12. An agreement enforceable by law is

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

13. An offer is made to Mr. Akhilesh in a crowd, then

- a. only he can accept that offer
- b. anyone from crowd can accept that offer
- c. he cannot accept
- d. none of above

14. Communication of an offer is complete when

- a. the proposer makes the offer
- b. offeree accepts the offer
- c. offeree comes to know of offer
- d. none of the above

15. Acceptance can be

- a. Expressed
- b. Implied
- c. Both a and b
- d. rejected

16. An advertisement regarding sale is

- a. an offer
- b. an invitation to the offer
- c. intention to offer
- d. an information

17. The contract entered by a lunatic person during the lucid period is

- a. valid
- b. void
- c. voidable
- d. unlawful

18. A minor is a person

- a. below 16 years
- b. below 18 years
- c. below 21 years
- d. below 28 years

19. Mental pressure is exercised in case of

- a. Fraud
- b. misrepresentation
- c. undue influence
- d. unlawful

20. Advertisements inviting Tenders are

- a. Offer
- b. Invitation to Offer
- c. Acceptance
- d. rejection

21. When two people make identical offers to each other in ignorance of each other's offer is called

- a. Counter Offer
- b. Implied Offer
- c. Cross Offer
- d. Simple offer

22. Consideration can be in

- a. Cash
- b. Kind
- c. Both
- d. None of the above

23. A minor who enters into a contract during Minority can

- a. not ratify the same on attaining the age of Majority
- b. ratify the same on attaining the age of Majority
- c. choose to ratify or not on attaining the age of Majority

24. Which of the following is not disqualified by Law to enter into a contract

- a. Convict
- b. Insolvent
- c. Foreign national
- d. Alien enemies

25. A person is legally of sound mind provided he is

- a. able to understand the terms of contract
- b. can form a rational judgement
- c. both a & b
- d. none of the above

26. In case of act of coercion, the act is forbidden by

- a. Indian Contract Act.
- a. Indian Penal Code.
- b. Indian Constitution.
- c. None of the above

27. Mistake of fact can be of

- a. Only unilateral facts
- b. only Bilateral fact
- c. Both
- d. None of the above

28. When consent to a contract is not free

- a. contract is voidable
- b. contract is void
- c. contract is illegal
- d. unenforceable

29. Misrepresentation is a false statement made

- a. intentionally
- b. innocently
- c. rationally
- d. deliberately

30. A stranger to contract means

- a. first party to contract.
- b. third party to contract.
- c. second party to contract.
- d. either (i) or (ii).

31. The term privity of contract means

- a. stranger to contract.
- b. first party to contract.
- c. contract is private.
- d. second party to contract.

32. Consideration may be

- a. Past
- b. Present
- c. Future
- d. All of the above

33. 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 Agency.
- d. Gift.

34. Ordinarily, a minor's agreement is

- a. Void ab initio.
- b. Voidable.
- c. Valid.
- d. Unlawful.

35. As a general rule, an agreement made without consideration is

- a. void
- b. voidable
- c. valid
- d. unlawful

36. Two persons are said to consent

- a. when they agree on anything.
- b. when they agree upon the same thing in their own way.
- c. when they agree upon the same thing in the same sense.
- d. when they agree up to the same thing in different sense.

37. Means unfair use of one's superior power in order to obtain the consent of a person, who is in a weaker position.

- a. Coercion
- b. Undue influence
- c. fraud
- d. Misrepresentation

38. Fraud means

- a. suggestion as a fact, of something which is not true, by a person who does not believe it to be true.
- b. active concealment of a fact.
- c. promise made without any intention of performing it.
- d. all of the above

39. When one of the parties is under a mistake as to a matter of fact essential to the agreement, it is called

- a. unilateral mistake.
- b. partial mistake.
- c. bilateral mistake.
- d. incomplete mistake.

40. Consideration and object of an agreement is unlawful if it

- a. would defeat the provisions of any law.
- b. is fraudulent.
- c. creates injury to the person
- d. all of the above.

41. A, B and C enter into an agreement for sharing the money obtained by fraud. this agreement is

- a. valid.
- b. void.
- c. wagering.
- d. voidable.

42. In which of the following agreements, restraint of trade is valid?

- a. Agreement with buyer of goodwill.
- b. trade combinations not opposed to public policy.
- c. Partnership agreements.
- d. All of the above.

43. An agreement not to enforce any legal remedy or enforce the right is

- a. valid.
- b. voidable.
- c. void.
- d. unenforceable.

44. A contingent contract is

- a. illegal.
- b. wagering in nature.
- c. not contract at all.
- d. none of the above.

45. A contract based on the happening or non-happening of a future event is called

- a. a wagering contracts.
- b. uncertain agreement.
- c. a contingent contract.
- d. voidable contract.

46. Which of the following is a contingent contract?

- a. Contract of insurance.
- b. Marriage contract.
- c. Contract for doing impossible acts.
- d. Wagering agreements.

47. An agreement is said to be opposed to public policy when it

- a. against the welfare of the society.
- b. prejudicial to the public interest or public policy.
- c. either (1) and (2).
- d. is against provision of any law.

48. A contract is discharged by the breach when a party to a contract

- a. refuses to perform his promise.
- b. fails to perform his promise.
- c. disables himself from performing his part of the promise.
- d. all of the above.

49. When the contract is made for several purposes, a failure of one of them

- a. terminates the entire contract.
- b. makes the contract unlawful.
- c. does not terminate the entire contract.
- d. renders the object illegal.

50. Where performance has become more difficult than estimated at the time of entering into a contract, the contract

- a. is not discharged.
- b. becomes void.
- c. is discharged.
- d. becomes voidable.

51. If a new contract is substituted in the place of an existing contract, it is called

- a. alteration.
- b. novation.
- c. rescission.
- d. waiver.

52. The number of contracts in the contract of guarantee are

- a. two.
- b. four.
- c. three.
- d. one.

53. the party who gives the indemnity is known as

- a. the indemnity-holder.
- b. the surety.
- c. the indemnifier.
- d. the principal debtor.

54. A contract in which a person promises to discharge the liability of another person, in case of default by such person, is known as a

- a. quasi-contract.
- b. contract of guarantee.
- c. contract of indemnity.
- d. none of the above.

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

- a. the principal debtor.
- b. the indemnified.
- c. the creditor.
- d. the surety.

56. ADITYA lent his car to his friend BALU for two days without any charges. It is a

- a. non-gratuitous bailment.
- b. hypothecation.
- c. gratuitous bailment.
- d. beneficial bailment.

57. Which of the following persons does not have a right of general lien?

- a. Bankers.
- b. finder of goods.
- c. Wharfingers.
- d. factors and policy brokers.

58. 'X' delivers his car to 'Y' for repair. It is the case of a

- a. sale.
- b. pledge.
- c. bailment.
- d. mortgage.

59. A bailee has

- a. a right of particular lien over the goods bailed
- b. a right of generation
- c. a right of both particular and general lien
- d. no lien at all over the goods bailed.

60. The delivery of goods by one person to another as security for the payment of a debt is called

- a. Bailment
- b. Pledge
- c. Mortgage
- d. Hypothecation

61. The position of a finder of lost goods is that of a

- a. bailor
- b. bailee
- c. surety
- d. principal debtor

62. The delivery of goods by one person to another for some specific purpose and time is known as

- a. Mortgage
- b. Pledge
- c. Bailment
- d. Charge

63. In a bailment the bailee-----for the non-payment of dues.

- a. cannot sell the goods
- b. sue for non-payment
- c. retains the goods
- d. all of the above

64. A person appointed to contract on behalf of another person is known as a/an

- a. principal.
- b. independent contractor.
- c. agent.
- d. servant.

65. A mercantile agent to whom the possession of the goods is given for the purpose of selling the same is known as a/an

- a. broker.
- b. commission agent.
- c. factor.
- d. insurance agent.

66. Which of the following is not a right of the agent?

- a. Right of lien.
- b. Right to be indemnified.
- c. Right to remuneration.
- d. Right to make secret profits.

67. A person appointed by the original agent to act in the business of the agency but under the control of the original agent is known as a/an

- a) agent.
- b) substituted agent.
- c) sub-agent.
- d) del credere agent.

68. the Sale of Goods Acts applies to contracts of

- a. sale of goods.
- b. pledge of goods.
- c. sale of services.
- d. hire-purchase.

69. Which of the following are not included in the term 'Goods' under the Sale of Goods Act.

- a. Stock and shares.
- b. Growing crops, grass etc.
- c. Actionable claims.
- d. Personal use property.

70. There is an-----that the goods shall be free of any charge in favour of any third party.

- a. implied warranty
- b. express condition
- c. implied condition
- d. express warranty

71. 'Caveat Emptor' means

- a. buyer must take care.
- b. seller must take care.
- c. buyer must take a chance.
- d. seller must take a chance.

72. For the passing of property in goods, the goods should be in a

- a. deliverable state.
- b. consumable state.
- c. non-deliverable state.
- d. packed.

73. In case of sale on approval basis, property passes to the buyer when

- a. buyer accepts the goods.
- b. buyer does any act adopting the transaction.
- c. buyer retains the goods beyond the stipulated time or reasonable time, without giving notice of rejection.
- d. all of the above.

74. Which of the following statements is incorrect in relation to 'sale on approval'?

- a. the seller cannot ask for the return of the goods sold.
- b. the seller cannot recover the price, if the goods are not returned within a reasonable time.
- c. the seller can recover the price, if the goods are not returned without a reasonable time.
- d. the ownership of goods is transferred to the buyer, if he fails to return the goods within fixed time.

75. Risk passes with

- a. ownership.
- b. verification of goods.
- c. completed agreement.
- d. payment of price.

76. Where delivery has been delayed through the fault of either the buyer or the seller is liable for any loss to goods.

- a. buyer.
- b. party at fault.
- c. seller.
- d. party not in fault.

77. Where the contract is for the sale of divisible lot of specific goods and only a part of the goods is destroyed, the contract

- a. becomes void.
- b. becomes illegal.
- c. is valid for remaining part.
- d. becomes voidable.

78. A finder of goods has the power to sell the goods when

- a. the owner cannot be found out.
- b. the owner can be found out.
- c. the finder do not want to find the owner.
- d. either (ii) or (iii).

79. A general rule says that the delivery and the payment of price are conditions.

- a. subsequent.
- b. concurrent.
- c. consequent.
- d. relevant.

80. When the goods are physically handed over to the the buyer, it is a case of

- a. actual delivery.
- b. symbolical delivery.
- c. constructive delivery.
- d. general delivery.

81. Buyer is not bound to return rejected goods. It is sufficient if the buyer

- a. returns the goods to the carrier.
- b. returns the goods to the seller's agent.
- c. intimates the Seller that he refuses to accept the goods.
- d. dishonours the Bill of Exchange drawn.

82. The unpaid seller's right of lien is to

- a. re-organize possession of goods.
- b. regain possession of goods.
- c. re-sell the goods.
- d. retain possession of goods.

83. The unpaid seller's right of stoppage in transit is to

- a. re-organize the possession of goods.
- b. re-sell the goods lying with the carrier.
- c. regain the possession of goods.
- d. retain the possession of goods.

84. Which of the following is not an essential of a valid promissory note?

- a. It must be signed by maker.
- b. It must be stamped.
- c. It must be in writing.
- d. It must be registered.

85. A bill of exchange payable to bearer on demand is

- a. valid.
- b. invalid.
- c. voidable.
- d. conditional.

86. A person who is directed to pay the amount of bill of exchange is known as

- a. drawer.
- b. payee.
- c. drawee.
- d. creditor.

87. Generally bill of exchange has-----parties.

- a. two
- b. four
- c. three
- d. any number

88. Generally promissory note has parties.

- a. two
- b. four
- c. three
- d. any number

89. A bill of exchange dishonored due to non-acceptance by the drawee becomes

- a. void.
- b. invalid.
- c. voidable.
- d. none of these.

90. On acceptance of a bill of exchange by the drawee, he is legally known as

- a. acceptor.
- b. acceptor for honour.
- c. drawee in case of need.
- d. none of these.

91. A negotiable instrument drawn in favour of a minor is

- a. void.
- b. valid.
- c. voidable.
- d. invalid.

92. A person becomes a 'holder in due course' of a negotiable instrument, if he receives it

- a. in good faith.
- b. before maturity.
- c. for value.
- d. all of these.

93. A negotiable instrument payable to order can be transferred by

- a. simple deliver.
- b. endorsement and delivery.
- c. endorsement.
- d. registered post.

94. An endorsement made by an endorser by signing his name and also by writing the name of the endorsee is known as

- a. general endorsement.
- b. restrictive endorsement.
- c. special endorsement.
- d. none of these.

95. A negotiable instrument should be presented for payment to the party who is

- a. primarily liable.
- b. willing to make payment.
- c. secondarily liable.
- d. any person who can make payment.

96. With reference to negotiable instrument the 'noting' may be done in case of

- a. promissory note.
- b. cheque.
- c. bill of exchange.
- d. both (i) and (iii).

97. A cheque is said to contain a general crossing when two parallel lines are drawn across the face of the cheque

- a. without any words.
- b. with words 'not negotiable'.
- c. with words '& Co.'
- d. in all the above cases.

98. The payment of a negotiable instrument becomes due

- a. at maturity.
- b. after maturity.
- c. before maturity.
- d. on third day of maturity.

99. The negotiable instruments payable on a specified date are due for payment

- a. from the specified date.
- b. from third day after specified date.
- c. from the date of issue.
- d. after presentment for sight

100. 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.

101. An agreement enforceable at law is

- a. agreement.
- b. offer.
- c. promise.
- d. contract.

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

- a. agreement
- b. contract
- c. offer
- d. acceptance

103. 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.

104. Contract means an agreement.

- a. Between two competent persons.
- b. Enforceable by law.
- c. In writing and registered.
- d. None of these.

105. When the person to whom proposal is made signifies his assent, it is known as

- a. Offer
- b. Acceptance
- c. Consideration
- d. Free consent

106. Acceptance must be

- a. Unqualified
- b. Qualified
- c. Conditional
- d. Vague

107 Acceptance must be

- a. Communicated to offeror
- b. Communicated to acceptor
- c. Communicated to third party
- d. Communicated to Government

108. 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.

109. 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

110. Acceptance can be:

- a. express
- b. conditional
- c. mental
- d. qualified

111. In an auction, bidders are:

- a. are inviting offers
- b. offeror
- c. acceptor
- d. only making a query

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

- a. counter offer
- b. implied offer
- c. implied acceptance
- d. cross offer

113. 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

114. In India, consideration may move

- a. from the promisor only
- b. from promisee only
- c. not from any other person
- d. not from third person

115. Consideration to be valid should have

- a. market value
- b. reasonable value
- c. some value
- d. sufficient value

116. 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

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

- a. valid
- b. void
- c. voidable
- d. illegal

118. 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

119. Who is competent to enter into a contract?

- a. unsound minded person
- b. minor
- c. disqualified person
- d. major

120. An intoxicated person is treated as:

- a. of sound mind
- b. of unsound mind
- c. otherwise disqualified
- d. qualified

121. A minor is a person below:

- a. 14 years
- a. 16 years
- b. 18 years
- c. 22 years

122. 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

123. 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

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

- a. valid
- b. void
- c. voidable
- d. illegal

125. Exercising Undue influence means

- a. Exercising physical force
- b. Exercising mental pressure
- c. Cheating with intention
- d. Cheating without intention

126. In following relation undue influence is presumed

- a. Between two friends
- b. Between two strangers
- c. Between two colleagues
- d. Between husband and wife

127. In following relation undue influence is presumed

- a. Between advocate and client
- b. Between two partners
- c. Between two directors
- d. Between two employees

128. 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

129. 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.

130. 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

131. Moral pressure is exercised in case of:

- a. coercion
- b. undue influence
- c. fraud
- d. misrepresentation

132. Bilateral mistake means

- a. Mistake by one offeror
- b. Mistake by offeree
- c. Mistake by both the parties
- d. Mistake by any one party

133. 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

134. 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

135. Misrepresentation means making

- a. False statement with intention to deceive
- b. False statement without intention to deceive
- c. True statement with intention to deceive
- d. True statement without intention to deceive

136. A contract of insurance is a

- a. contract of guarantee.
- b. contingent contract.
- c. wagering agreement.
- d. unilateral agreement.

137. Generally, a contingent contract is

- a. valid.
- b. void
- c. unenforceable,
- d. illegal

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

- a. valid.
- b. Void
- c. voidable.
- d. enforceable

138. The webpage is

- a. offer
- b. advertisement
- c. invitation to an offer
- d. acceptance

139. Which is not included in discharge by an agreement

- a. Novation
- b. remission
- c. waiver
- d. anticipatory breach

140. 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.

141. 'A' supplies 'B', who is minor, necessities of life.

- a. 'A' cannot get money of the supplies.
- b. 'B' has to reimburse 'A' out of his property.
- c. 'B' has to give money to Government.
- d. 'B' will have to give money to 'A' after becoming major.

142. 'A' finds goods laying on road. He picks it up.

- a. 'A' has become bailee of goods
- b. 'A' has become bailor of goods
- c. 'A' has become owner of goods.
- d. 'A' can sell the goods.

143. 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 section 72 Of Indian contract act.
- d. B is not liable to pay as he did not ask for such payment.

144. 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.

145. 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.

146. Discharge of a contract means:

- a. termination of a contract
- b. postponing the contract
- c. discharge of parties
- d. breach of contract

147. 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

148. In contract of indemnity _____ parties are necessary.

- a. 2
- b. 3
- c. 4
- d. 1

149. Contract of indemnity is a contract to compensate other person if he suffers _____.

- a. Profit
- b. Loss
- c. Injury
- d. Insolvency

150. The liability of surety in contract of guarantee is _____.

- a. Primary
- b. Secondary
- c. Joint
- d. Several

151. The person who gives the indemnity is known as

- a. Indemnity-holder
- b. Surety
- c. Indemnifier
- d. Principal debtor

152. A contract of Indemnity is

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

153. A contract to perform the promise or discharge the liability of a third person in case of his default is called _____

- a. Guarantee
- b. Indemnity
- c. Agency
- d. consideration

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

- a. Specific guarantee
- b. Continuing guarantee
- c. Double guarantee
- d. Indemnity.

155. 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

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

- a. Creditor
- b. Principal debtor
- c. Surety
- d. Indemnifier

157. In contract of guarantee there are _____ parties.

- a. 1
- b. 2
- c. 3
- d. 4

158. The delivery of goods by one person to another for some specific purpose is known as:

- a. Bailment
- b. Hypothecation
- c. Pledge
- d. Mortgage

159. There is transfer of _____ in bailment.

- a. Ownership
- b. Possession
- c. Immovable
- d. Title

160. Bailment without remuneration is also known as _____ bailment.

- a. Remuneration
- b. Beneficial
- c. Honorary
- d. Gratuitous

161. In gratuitous bailment, no _____ is there.

- a. Loss
- b. Transfer
- c. Offer
- d. Consideration

162. Bailee has a right of _____.

- a. Mortgage
- b. Hypothecation
- c. Pledge
- d. Lien

163. 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

164. A gratuitous bailment is one which is

- a. supported by consideration
- b. not supported by consideration
- c. not enforceable by law
- d. void

165. 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

166. Transferring _____ of goods is necessary in bailment.

- a. ownership
- b. Consideration
- c. possession
- d. Mortgage

167. Pledge is also known as _____.

- a. Bailment
- b. Hypothecation
- c. Pawn
- d. Mortgage

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

- a. Bailor
- b. Bailee
- c. Surety
- d. Principal

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

- a. Principal
- b. Agent
- c. Servant
- d. Contractor

170. 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

171. 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

172. A person appointed by principal on recommendation of original agent is known as

- a. Substitute agent
- b. Sub agent
- c. Co agent
- d. Specific agent

173. When principal appoints more than one agents at the same time, he is known as

- a. Substitute agent
- b. Sub agent
- c. Co agent
- d. Specific agent

174. 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

175. When person acts like agent in emergency, the agency created is known as

- a. Agency by necessity
- b. Agency by estoppel
- c. Express agency
- d. Agency by ratification

176. Confirming act of an agent subsequently forms following agency.

- a. Agency by necessity
- b. Agency by estoppel
- c. Express agency
- d. Agency by ratification

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

- a. 1903
- b. 1923
- c. 1930
- d. 1932

178. Agreement to sell becomes sale when

- a. Property in goods passes to buyer.
- b. Property in goods passes to buyer.
- c. Possession in goods passes to seller.
- d. Possession in goods passes to buyer

179. Property in goods means

- a. asset
- b. liability
- c. ownership
- d. possession

180. Following in included in definition of goods.

- a. House
- b. Growing crops
- c. Money
- d. An actionable claim

181. 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

182. Hire purchase is governed by

- a. Sale of Goods act, 1972
- b. Transfer of property Act, 1963
- c. Hire Purchase Agreement, 1972.
- d. (d) Indian Contract Act, 1972.

183. Specific goods means

- a. Goods mixed with bulk of goods
- b. Goods not in existence
- c. Goods separated from bulk of goods
- d. Goods that will manufactured subject to condition.

184. Contingent goods means

- a. Goods mixed with bulk of goods
- b. Goods not in existence
- c. Goods separated from bulk of goods
- d. Goods that will manufactured subject to condition.

185. Price means

- a. exchange
- b. barter
- c. money consideration
- d. possession

186. Condition is a stipulation that

- a. primary
- b. secondary
- c. collateral
- d. irrelevant

187. Express condition may be in:

- a. writing
- b. oral
- c. conduct
- d. action

188. Implied conditions are stipulations:

- a. assumed to be present
- b. assumed to be absent
- c. parties want it
- d. parties don't want it

189. Implied condition as to title means that

- a. Seller must have ownership of goods
- b. Seller must have possession of goods
- c. Buyer must have ownership of goods
- d. Buyer must have possession of goods

190. Breach of an implied condition leads to:

- a. no action under law
- b. cancellation of the contract
- c. compensation
- d. both (b) and (c)

191. 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 given
- c. when buyer sees the sample
- d. when buyer sees sample and reads description

192. 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

193. Warranty is a stipulation that is

- a. primary
- b. secondary
- c. incidental
- d. irrelevant

194. Warranty may be:

- a. express or implied
- b. condition
- c. ambiguous
- d. irrelevant

195. Breach of a warranty leads to

- a. repudiation of a contract
- b. repudiating the contract partially
- c. claiming damage
- d. not claiming damages

196. Doctrine of caveat emptor places the burden on the

- a. buyer
- b. seller
- c. third party
- d. government

197. 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

198. The word 'damages' means

- a. Loss
- b. Compensation for loss
- c. Profit
- d. Reward for Profit

199. An unpaid seller has rights against:

- a. goods and buyer
- b. land
- c. government
- d. carrier only

200. Which right is available to an unpaid seller?

- a. Right of pledge.
- b. Right of mortgage
- c. Right of lien
- d. No right

201. Transit implies

- a. seller has lost possession
- b. seller still has possession
- c. buyer has not received possession
- d. (a) & (c)

202. 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

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

- a. Price
- b. Damages Interest
- c. Interest
- d. All the above

204. Under the Negotiable Instrument Act which of the following refers to "a written Document"?

- a. Promise
- b. Instrument
- c. Agreement
- d. Contract

205. The word negotiable means

- a. Bargainable
- b. Refundable
- c. Non-refundable
- d. Transferable

206. The term 'Negotiable instrument' is defined in the Negotiable Instruments Section

- a. 12
- b. 13
- c. 13A
- d. 31

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

- a. date is the correct date
- b. amount written is correct
- c. signature is genuine
- d. the instrument is invalid

208. 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

209. 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

210. Maturity of an instrument is

- a. date on which the instrument is created.
- b. date on which the instrument is payable.
- c. date on which the instrument is signed.
- d. the date on which instrument expires.

211. Promissory note is

- a. conditional promise
- b. unconditional promise
- c. not a promise.
- d. partial promise

212. According to Negotiable Instrument Act 1881, which of the following is not a valid promissory note?

- a. promissory note payable to bearer.
- b. promissory note payable to order or certain person
- c. payable to two or more promises
- d. is payable to a solid person on demand.

213. 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

214. Promissory note which is payable after certain days is known as

- a. Payable on demand
- b. Payable in future
- c. Non-payable
- d. Fully-payable

215. Person writing promissory note is known as

- a. Maker
- b. Drawee
- c. Payee
- d. Holder

216. 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
- c. Cheque
- d. Draft

217. Following is a valid promissory note.

- a. Promise to transfer house.
- b. Promise to give gold
- c. Promise to pay money
- d. Promise to give car

218. Bill of exchange is an-

- a. Unconditional order
- b. Unconditional undertaking
- c. Conditional order
- d. Conditional undertaking

219. 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.

220. Which is valid acceptance of a bill of exchange

- a. oral
- b. written without signature
- c. signed by drawee
- d. implied

221. Cheque is a bill of exchange payable on

- a. Order
- b. Demand
- c. Request
- d. Command

222. 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.

223. Who is not a party to a cheque?

- a. Drawer
- b. Drawee
- c. Payee
- d. Acceptor

224. Section _____ of Negotiable Instruments Act, 1881 defines dishonour of cheque.

- a. 118
- b. 128
- c. 138
- d. 148

225. Action under section 138 of Negotiable Instruments Act, 1881 can be brought on the ground of

- a. Insufficient balance in buyer's account of drawer
- b. Wrong signature of drawer
- c. Postdated cheque
- d. Overwriting on cheque

226. Which of the following is not a justified ground of dishonoring 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
- d. if the cheque is duly presented

227. For 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.

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

- a. two years
- b. one year
- c. three years
- d. five years

229. Crossing the cheque means drawing two _____ parallel lines across face of cheque.

- a. horizontal
- b. transverse
- c. vertical
- d. red

230. In case of special crossing, name of _____ is written in between crossed lines.

- a. drawer
- b. drawee
- c. payee
- d. bank

231. Crossing of cheque protects it from –

- a. Being torn.
- b. Being paid.
- c. Being dishonored.
- d. Being encashed by wrong person.

231. 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.

232. Noting is to be done by

- a. Parties themselves
- b. Judge the High Court.
- c. Registrar of Government
- d. Notary public