

AMIT BACHHAWAT TRAINING FORUM

LAW MOCK TEST PAPER 1

15 MARKS

- An agreement which is enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others is a _____.**
(a) Valid Contract (b) Void Contract (c) Voidable Contract (d) Illegal Contract
- A travel agency operates buses from Jaipur to Agra. The bus standing at its bus terminals is with a view to taking the passengers. There is _____ to take passengers.
(a) Internal offer (b) External offer
(c) Implied offer (d) Express offer
- S agrees to sell his DVD player to R promising to deliver it on the date of payment. R promises to pay the amount, one month hence. This is an example of:**
(a) Void contract (b) Illegal contract
(c) Unilateral contract (d) bilateral contract
- Cash withdrawn through ATM of a Bank is:**
(a) Unilateral Contract (b) Tacit Contract
(c) Executed Contract (d) Executory Contract
- M/s Law Book Company made an offer to sell a new law book released recently only to the members of Bar Council. This offer is called:**
(a) General offer (b) Specific offer (c) Implied offer (d) Invitation to offer
- Special terms in an offer are said to be communicated and thus binding**
a) When the offeree has actually read then
b) Where the attention of the offeree has been drawn to such terms and conditions.
c) Either (a) or (b)
d) Neither (a) nor (b).
- A company announced a reward of £ 100 to anyone who contracted influenza after using its smoke balls but contracted influenza. She claimed the reward but the company rejected her claim stating that she did not communicate her acceptance to the Company. Here-**
a) Acceptance is not communicated and reward cannot be claimed
b) Offer is not communicated and reward cannot be claimed
c) Acceptance need not be communicated and reward can be claimed
d) There is no claim since reward cannot be given for contracting diseases.
- When two parties exchange identical offers in ignorance at the time of each other's offer, the offers are called:**
(a) Counter offer (b) Cross offer (c) General offer (d) Special offer
- A counter offer amounts to:**
(a) Rejection of original offer (b) Acceptance of original offer
(c) Both a and b (d) None of these
- Tender for supply of goods is an offer, which is allowed to remain open for acceptance over a period of time.**
(a) Cross offer (b) General Offer (c) Standing Offer (d) Unlimited Offer

- 11. A offers B to supply books @ Rs.100 each but accepted the same with condition of 10% discount. This is a case of**
- (a) Counter offer (b) Cross offer
(c) Specific offer (d) General offer
- 12. An acceptance is not according to the mode prescribed but the offerer decides to keep quite. In such a case there is:**
- (a) A contract (b) No contract (c) A voidable contract (d) an unenforceable contract
- 13. On the 5th of a month X makes an offer to Y, by a letter, which reaches Y on 6th? On the 7th, Y posts his letter of acceptance. Meanwhile, on the 6th X posts a letter to Y revoking the offer. On seeing it Y sends a telegram to X on 8th confirming the acceptance given through his letter of the 7th. Discuss the legal effects of three letters and the telegram:**
- (a) There is no contract between X and Y
(b) The contract is concluded between X and Y on 7th when B posts the letter of acceptance
(c) Either (a) or (b)
(d) None of the above
- 14. Communication of acceptance is complete as against the proposer when:**
- (a) Acceptance is put in a course of transmission to him so as to be out of the power of the acceptor
(b) It comes to the knowledge of the proposer
(c) Both (a) and (b)
(d) None of these
- 15. Communication of acceptance is complete as against the acceptor when:**
- (a) Acceptance is put in a course of transmission to him so as to be out of the power of the acceptor
(b) It comes to the knowledge of the proposer
(c) Both (a) and (b)
(d) None of these

ANSWERS OF LAW

01. c 02. c 03. d 04. b 05. b 06. b 07. c 08. b 09. a 10. c 11. a 12. a 13. b 14. a 15. b

LAW MOCK TEST PAPER 2

15 MARKS

1. A who was badly in need of money offered to sell his piano worth Rs.8,500 to B for Rs.5,000. B refused to buy. A gradually lowered his price until Rs.2,500 was reached, which B accepted. Before the piano was delivered A received an offer of a larger sum from X and he refused to carry out the contract with B claiming that the consideration was inadequate. Is A liable to pay damages to B for failure to carry out his part of contract?
- No, as the consideration was inadequate A cancelled the contract
 - Yes, A is liable to pay damages to B for failure to carry out his part of the contract
 - No, as the contract was made due to Undue Influence
 - Any of the above
2. What does the maxim "Ex Nudo pacto non oriture action", mean?
- An agreement without consideration is void,
 - An agreement without consideration is valid.
 - An agreement with consideration is void.
 - An agreement with consideration cannot be enforced
3. X constructed a market at the instance of District Magistrate. Occupants of shops promised to pay X a commission on articles sold through their shops. Money was not spent by X at the request of the shop occupants, but at instance of a third person viz, the DM office. Which of the following statements is correct?
- X can claim commission or damages from shop occupants
 - Shop occupants have to pay the commission to X
 - There is no contract since Consideration has not moved at the desire of the Promisor
 - X can claim reimbursement from the DM office.
4. A mother owes Rs. 10,000 to her daughter. But this debt has become barred by the Limitation Act. The mother signs a written promise to pay Rs. 3,000 on account of the debt. In such a case which one is correct:
- There is no contract as the debt is already bared by Limitation and so it cannot be revived by as subsequent promise.
 - There is no contract because the mother has promised to give only a part of time debt.
 - This is enforceable against the mother because such a promise is valid and binding under the Indian Contract Act, 1872.
 - None
5. CNP Tyres Ltd. sold tyres to a dealer S, who sold those to D, a sub-dealer on the condition that those tyres would not be sold at a price lower than the list price fixed by CNP Tyres Ltd. and if the tyres were sold at a price lower than the list price, a penalty of \$2 for every tyre sold below that list price would be recovered as damages. D sold five tyres below the list price. CNP Tyres Ltd. filed a suit against S. Is CNP Tyres Ltd. entitled to maintain the suit?
- No, since CNP Tyres Ltd. was not a party to the contract.
 - No, since only 5 tyres are involved and the amount is insignificant.
 - Yes, as CNP Tyres Ltd. is the producer of the tyres.
 - Yes, as CNP Tyres Ltd. sold the tyres to S who in turn sold to D.
6. An assignee being a stranger to a contract:
- | | |
|------------------------------|-------------------|
| (a) Can sue | (b) cannot sue |
| (c) Can use both the options | (d) none of these |
7. A is indebted to B. He sells a trolley to C. C promises to pay all debts of A to B. If C fails to pay, B has no right to sue C because:
- | | |
|------------------------------------|-------------------------------|
| (a) C is stranger to consideration | (b) C is stranger to contract |
| (c) Both | (d) None |
8. A gives to B Rs.5 Lakhs to be given to C. B informs C that he is holding the money for him. But afterwards B refuses to pay the money. C sues B for the money. B contends that C cannot sue as he was not a party to the contract. Will the contention of B be upheld?
- Yes
 - No
 - Partly Yes
 - None, of the above

- 9. A mortgage was executed in favour of a minor. Can the minor get a Decree for the enforcement of the mortgages?**
- (a) Yes (b) No.
(c) Can't (d) Mortgage is invalid
- 10. The person providing necessaries to minor is entitled to be reimbursed from minor's property. This is because of which type of contract.**
- (a) Contingent contract (b) Quasi Contract
(c) Voidable Contract (d) None of these
- 11. Om, aged 16 years, falsely representing himself to be of 19 years, enters into an agreement to sell his property to Ravi and receives from Ravi a sum of ` 20,00,000 in advance. Out of this sum Om buys an imported car worth Rs.10,00,000 and spends the rest on a pleasure trip to France. After Ravi attained majority, Ravi sues him for the conveyance of the property or, in the alternative, for the refund of ` 20,00,000 and damages. The agreement between Om and Ravi is:**
- a. Voidable at the option of Ravi
b. Void ab initio as it is a contract with a minor
c. Would be valid if Om ratifies the agreement on attaining the age of majority
d. Valid as Om has sold his own property for personal use
- 12. Ram, a minor got injured his left leg in a football match. He engaged a doctor for the treatment of the leg. The doctor wants to claim for his services from the minor's property. The claim of the doctor is _____ under the Indian Contract Act 1872.**
- (a) Valid (b) Invalid
(c) Void (d) Illegal
- 13. A corporation cannot enter into Contracts that are-**
- a. Ultra vires (beyond powers of) its Memorandum of Association.
b. Strictly of a personal nature as it is only an artificial person.
c. either (A) or (B)
d. neither (A) or (B)
- 14. "Consensus – ad – adem" means:**
- (a) General consensus (b) Reaching of contract
(c) Reaching an agreement (d) Meeting of minds upon the same thing in same sense
- 15. When one party is in a position to dominate the will of other and uses that position to obtain an unfair advantage of the other. The consent is said to be obtained by:**
- (a) Coercion (b) Undue influence
(c) Fraud (d) Misrepresentation

ANSWERS OF LAW

01. (b) 02.(a) 03. (c) 04. (c) 05. (a) 06. (a) 07. (b) 08. (b) 09. (a) 10. (b) 11. (b) 12. (a) 13. (a) 14. (d) 15. (b)

LAW MOCK TEST PAPER 3

15 MARKS

Q1. A fraudulently informs B that A's estate is free from encumbrance. B thereupon buys the estate. The estate is subject to mortgage. Now

- (a) B may avoid the contract
- (b) B may insist upon its performance
- (c) B may get the mortgage debt redeemed
- (d) All of the above

Q2. Sohan induced Suraj to buy his motorcycle saying that it was in very good condition. After taking the motorcycle, Suraj complained that there were many defects in the motorcycle. Sohan proposed to get it repaired and promised to pay 40% of the repairs after a few days, the motorcycle did not worked at all. In this case Suraj-

- a) Can rescind the contract.
- b) Has affirmed to the contract and cannot rescind the contract.
- c) Can return the motorcycle.
- d) All the above.

Q3. A Company's prospectus stated that it had the right to use steam power to run its tramways provided the Government authority's consent was obtained. This statement was made on the belief that the Government would grant the consent. But permission was not granted and the Company had to be wound up. In this case, the Directors are guilty of-

- a) Misrepresentation.
- b) Fraud.
- c) Undue Influence.
- d) Mistake

Q4. A mistake as to a law not in force in India has the same effect as:

- (a) Mistake of fact
- (b) Mistake of Indian Law
- (c) Fraud
- (d) Misrepresentation

Q5. Where the consent of both the parties is given by mistake, the contract is _____

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Illegal

Q6. Mistake as to a law not in force in India makes the contract _____

- (a) Void
- (b) Voidable
- (c) Valid
- (d) Illegal

Q7. Mr. A purchased a used computer from Mr. B thinking it as a computer imported from England, Mr. B failed to disclose the fact to Mr. A. On knowing the fact Mr. A wants to repudiate the contract. Which of the following statement (s) is correct?

- (a) Mr. A can repudiate the contract on the ground of fraud
- (b) Mr. A can repudiate the contract on the ground misrepresentation
- (c) Mr. A cannot repudiate the contract
- (d) Mr. A can repudiate the contract on the ground of mistake

Q8. An old illiterate man with a feeble eye-sight was made to sign a bill of exchange, by means of a false representation that it was a guarantee bond. The bill of exchange constitutes a / an:

- a) Valid contract
- b) void-ab-initio agreement
- c) Contract voidable at the option of the old man
- d) Illegal agreement

Q9. P offers, to sell a painting to K which P knows is the copy of a well known masterpiece K thinking that the painting is original decides to buy it at a very high price. Is this a valid contract?

- a) No, P is guilty of misrepresentation
- b) No, P is guilty of fraud
- c) Yes, K has an erroneous belief as to the value of the painting.
- d) Yes, price is not a criteria for setting aside the contract

Q10. A contracts with B to buy a necklace, believing it is made of pearls whereas in fact it is made of imitation pearls of no value. B knows that A is mistaken and takes no steps to correct the error. Now A wants to cancel the contract on the basis of fraud. Which of the following statement is correct?

- (a) A can cancel the contract alleging fraud
- (b) A cannot cancel the contract
- (c) A can cancel the contract alleging undue influence
- (d) A can claim damages

Q11. S, a seller of imitation jewellery, sells his business to B and promises, not to carry on business in imitation jewellery and real jewellery and real jewellery. The agreement is:

- (a) Fully valid
- (b) Valid with regard to imitation jewellery, and void as regards real jewellery
- (c) Valid with regard to imitation jewellery, and valid as regards real jewellery

Q12. The contract of "Uberrimac Fidel" means a contract:

- (a) Of good Faith
- (b) of Goodwill
- (c) Guaranteed by a surety
- (d) of Utmost Good Faith

Q13. Amit promise to drop prosecution which he has institute against Babu for robbery. Babu promises to restore value of things taken. The agreement is:

- (a) Contingent
- (b) Valid
- (c) Voidable
- (d) Void

Q14. If illegal part cannot be severed from legal part of a covenant, the contract is –

- (a) Void in respect of illegal part only
- (b) Void in respect of legal part only
- (c) Fully valid
- (d) Altogether void

Q15. In case of Illegal Agreements, Collateral Transactions are

- (a) Valid
- (b) Not affected
- (c) Also void
- (d) Enforceable

ANSWERS OF LAW

01. d 02. b 03. a 04. a 05. a 06. a 07. c 08. c 09. c 10. b 11. b 12. d 13. d 14. d 15. c

LAW MOCK TEST PAPER 4

15 MARKS

1. **When two or more persons have made a joint promise, then unless a contrary intention appears from the contract, all such persons must fulfill promise:**
 - (a) Jointly
 - (b) Severally
 - (c) Jointly and severally
 - (d) jointly or severally
2. **In which case time is considered to be essence of contract:**
 - (a) Where the parties have expressly agreed to treat the time as the essence of the contract
 - (b) Where the non-performance at the specified time operates as an injury to the party
 - (c) Where the nature and necessity of the contract requires the performance of the contract within the specified time
 - (d) All of above
3. **Supervening impossibility is related to:**
 - (a) Frustration
 - (b) Quid Pro Quo
 - (c) Privacy of contract
 - (d) none of the above
4. **Discharge by mutual agreement may involve _____.**
 - (a) Novation
 - (b) Rescission
 - (c) Alteration
 - (d) Novation, Rescission and alteration
5. **Which tender does not discharge the promisor from his liability:**
 - (a) Tender of Goods
 - (b) Tender of money
 - (c) Tender of services
 - (d) None of these small
6. **Owing to a strike in the factory of X, he is not able to supply the goods to Y as per the terms of the agreement. The agreement is such a case**
 - (a) Is discharged
 - (b) Is not discharged
 - (c) Become void
 - (d) Is voidable at the option of X
7. **By executing an instrument in writing, all contractual obligations:**
 - (a) Cannot be assigned
 - (b) Always be assigned orally
 - (c) Can be assigned
 - (d) none of these
8. **If a new contract is substituted in place of an existing contract is called:**
 - (a) Waiver
 - (b) Rescission
 - (c) Novation
 - (d) Alteration
9. **Acceptance of consideration lesser than that agreed is known as _____**
 - (a) Recession
 - (b) Novation
 - (c) Remission
 - (d) Alteration
10. **A promises to paint a picture for B by a certain date for a certain amount. A dies before painting the picture. Which one of the following is correct in such a situation?**
 - (a) The agreement does not lapse for A
 - (b) The agreement becomes voidable at the option A's legal representatives.
 - (c) The agreement becomes unlawful
 - (d) The agreement lapses for both parties
11. **When after the formation of a valid contract, an event happens which makes the performance of contract impossible, then the contract becomes:**
 - (a) Void
 - (b) Voidable
 - (c) Valid
 - (d) Illegal

12. **Owing to a strike in the factory of X he is not able to supply the goods to Y as per the terms of the agreement. The agreement in such a case**

- (a) Is discharged
- (b) Is not discharged
- (c) Becomes void
- (d) Is voidable at the option of X

13. **X owes Y two sums, one for Rs.2,000 which is barred by Limitation and another for Rs. 2,500 which is not barred. X pays Y Rs. 1,000 on account generally. Later Y sues for Rs.2,500. X pleads: (i) As to Rs.2,000 that it was time barred, and (ii) As to Rs. 2,500 a part payment of Rs. 1,000.**

- (a) Y can appropriate the payment of Rs. 1,000 towards the first debt & X is bound to pay Rs. 2,500 which is not yet barred by limitation
- (b) Both the contentions of X are wrong
- (c) Either (a) or (b)
- (d) Both (a) and (b)

14. **G, a film star agreed to act exclusively for Y, a film producer, for one year. During the year, she contracted to act for some other producer. In this case, Y:**

- (a) Can restrain G by an injunction
- (b) Cannot sue G at all
- (c) Has to produce the film with other actors only
- (d) cannot restrain G by an injunction

15. **The phrase "Quantum Meruit" Literally means:**

- (a) As soon as possible
- (b) As much as is earned
- (c) According to merit
- (d) Quantity of goods

ANSWERS OF LAW

01. c 02. d 03. a 04. d 05. b 06. b 07. a 08. c 09. c 10. d 11. a 12. b 13. d 14. a 15. b

LAW MOCK TEST PAPER 5

15 MARKS

1. **A agrees to pay Rs. 5,000 to B if it rains and B promises to pay a like amount to A if it does not rain, the agreement is called.**

- (a) Quasi contract
- (b) Contingent contract
- (c) Wagering agreement
- (d) Voidable contract

2. **The difference between contingent contract and wagering agreements are as follows:**

- (a) A wagering agreement consists of reciprocal promises whereas a contingent contract may not contain reciprocal promises.
- (b) In a wagering agreement the uncertain event is the sole determining factor while in a contingent contract the event is only collateral.
- (c) A wagering agreement is void whereas a contingent contract is valid.
- (d) All of the above

3. **The basis of 'Quasi contractual relations' is the:**

- (a) Existence of valid contract between the parties in compliance of Section 10 of The Indian Contract Act,.
- (b) Prevention of unjust enrichment at the expense of others.
- (c) Existence of a voidable contract between the parties
- (d) None of the above

4. **In case of an agreement to sale, if th seller becomes insolvent while the goods are in his possession, the buyer's remedy**

- (a) Is to claim the goods from the official receiver or assignee
- (b) Is to claim dividend from the estate of the seller for the price paid
- (c) Is not available
- (d) Is to file a suit for damages

5. **Essentials involved in appropriation of the goods are**

- (a) The goods should conform to the description and the quality stated in the contract
- (b) The goods must be in a deliverable state
- (c) The goods must be unconditionally appropriated to the contract either by delivery to the buyer or to its agent or the carrier
- (d) All of the above

6. **Which of the following statements is correct in relation to ascertainment of price of goods?**

- (a) Price of goods must be fixed in the contract of sales
- (b) Parties to contract of sale of goods cannot fix the manner of ascertainment of price
- (c) Where parties agree that price of goods has to be fixed by a third person and he does not fix, the agreement is void
- (d) Where the price is not fixed in any manner, the seller is not entitled to any price

7. **Where there is an agreement to sell specific goods and goods subsequently perish before risk passes to the buyer, the agreement becomes**

- (a) Void
- (b) Voidable
- (c) Illegal
- (d) None of these

8. **In a contract of sale if no price has been fixed by the parties, then the buyer is required to pay:**

- (a) Maximum market price
- (b) Lowest market price
- (c) Reasonable price
- (d) Average price of the year

9. **In an agreement to sell, buyer _____ goods on insolvency of seller.**

- (a) Cannot claim
- (b) Can claim

- (c) Can conditionally claim (d) None of the above

10. A sale implies an agreement

- (a) Plus conveyance of property and creates jus in personam
(b) Plus conveyance of property and creates jus in rem
(c) No conveyance of property and creates jus in rem
(d) No conveyance of property and creates jus in personam

11. A share certificate is a:

- (a) Document of title to goods (b) Bill of exchange
(c) Document showing title to goods (d) Instrument of transfer

12. When a person gives keys of his car to another person, what type of delivery is this?

- (a) Actual delivery (b) Symbolic delivery
(c) Constructive delivery (d) All of these

13. In case of a sale the risk of loss resulting from the insolvency of the buyer is borne by _____

- (a) The seller (b) The buyer
(c) Both of the above (d) General Insurance Company of India

14. Following conditions are implied in a contract of sale of goods unless the circumstances of the contract show a different intention:

- (a) Condition as to non – existence of encumbrances (b) Condition as to undisturbed possession
(c) All of the above (d) None of the above

15. Implied conditions include:

- (a) Condition as to title (b) Condition in case of sale by description
(c) Condition in case of sale by sample (d) All of these

ANSWERS OF LAW

01.c 02.d 03.b 04.a 05.d 06.c 07.a 08.c 09.d 10.b 11.c 12.b 13.a 14.d 15.d

LAW MOCK TEST PAPER 6

15 MARKS

1. **A agrees to sell his car to B at a price which B may be able to pay. This agreement is _____.**
- (a) Void (b) Valid
(c) Voidable (d) Contingent
2. **Which of the following statements is correct in relation to ascertainment of price of goods?**
- (a) Price of goods must be fixed in the contract of sales
(b) Parties to contract of sale of goods cannot fix the manner of ascertainment of price
(c) Where parties agree that price of goods has to be fixed by a third person and he does not fix, the agreement is void
(d) Where the price is not fixed in any manner, the seller is not entitled to any price
3. **Goods are said to be in a deliverable state when _____**
- (a) The buyer may take delivery of them
(b) The buyer would, under contract be bound to take delivery of them
(c) The seller is in a position to deliver them
(d) All of the above
4. **In case of sale of standing trees, the property passes to the buyer when trees are:**
- (a) Felled and ascertained (b) Not felled but earmarked
(c) Counted and ascertained (d) Both (b) and (c)
5. **Stipulation as to time of payment is:**
- (a) Always deemed to be an essence of a contract of sale
(b) Deemed to be an essence of a contract of sale unless otherwise agreed
(c) Not deemed to be an essence of a contract of sale unless otherwise agreed
(d) None of these
6. **A breach of a condition is treated as a breach of a warranty where the contract is:**
- (a) Severable and the buyer has accepted the goods or part thereof
(b) Not severable and the buyer has accepted the goods or part thereof
(c) None of these
7. **Following conditions are implied in a contract of sale of goods unless the circumstances of the contract show a different intention:**
- (a) Condition as to non – existence of encumbrances (b) Condition as to undisturbed possession
(c) All of the above (d) None of the above
8. **In a contract of sale of goods, there is no implied condition as to:**
- (a) The quality of goods or their fitness for any particular purpose
(b) Merchantable Quality
(c) Wholesomeness
(d) None of these
9. **In case where goods are purchased under its patent or brand name, there is no implied _____ - that goods shall be fit for particular purpose.**
- (a) Condition (b) Warranty
(c) Any of the above (d) None of the above
10. **In a contract of sale, ordinarily there is _____ as to the quality or fitness of goods for any particular purpose:**
- (a) An implied warranty (b) An express warranty
(c) No implied Condition (d) No express warranty

11. Which one of the following is not an implied warranty?

- (a) Warranty as to undisturbed possession.
- (b) Warranty as to existence of encumbrance
- (c) Disclosure of dangerous nature of goods
- (d) Warranty as to quality or fitness by usage of trade

12. In a contract of sale by sample, the bulk of goods must correspond to:

- (a) Sample only
- (b) Merchantability only
- (c) Either Sample or Merchantability
- (d) Both Sample and Merchantability

13. A lady buys synthetic pearls for a high price thinking that they are natural pearls. The seller does not correct "her mistake. Has she any remedies against the seller?

- (a) The lady has no remedy against the seller as the doctrine of 'Caveat Emptor' applies
- (b) She can avoid the contract as there is breach of condition as to quality
- (c) The contract is voidable on the ground of fraud
- (d) None

14. The rule of caveat emptor does not apply in the case of:

- (a) Fitness for buyers' purpose
- (b) Sale under a patent or trade name
- (c) Usage of trade or consent by fraud
- (d) All of these

15. A seller cannot give a better title to the buyer than he himself has in case of:

- (a) Sale by a mercantile agent to a bonafied buyer
- (b) Sale by one of the joint owners who is in the sole possession of goods with the consent of majority of other joint owners to a bonafied buyer
- (c) Sale by a seller who is in possession of goods under a voidable contract to a bonafied buyer
- (d) None of these

ANSWERS OF LAW

01. A 02. C 03. B 04. A 05. C 06. B 07. D 08. A 09. A 10. C 11. B 12. D 13. A 14. D 15. D

LAW MOCK TEST PAPER 7

15 MARKS

1. **F offered by a letter to buy his nephew N's horse for Rs. 25,000 saying:" If I hear no more about it, I shall consider the horse is mine at RS.25,000". The Nephew did not reply, but he told an auctioneer who was selling his horses not to sell that particular horse as he had sold it to his uncle. By mistake, the auctioneer sold it. F sued the auctioneer for conversion. In this case**
 - a)F can recover the amount from the Auctioneer
 - b) There is no agreement between F and N, as the acceptance was not communicated to F.
 - c) F can claim the horse back from the successful bidder at the auction
 - d) F can claim damages from N.
2. **A woman, falsely misrepresenting herself to be wife of a well known Baron obtained two pearl necklaces from a Firm of jewelers on the pretext of showing them to her husband before buying. She pledged them with a broker who took them in good faith. In this case,-**
 - a) There was no contract between jeweler and impersonating woman.
 - b) Sale made by Jeweler and the woman is valid.
 - c) Pledge made by the woman to the Broker is valid.
 - d) Jeweler has to bear the risk of bad debts.
3. **Kalu applies to a Banker for a loan when the money market is very stringent. Banker says that loan could be provided only at a very high rate of interest. Kalu accepts to such high interest. Kalu's consent is -**
 - a) Not obtained by undue influence.
 - b) Obtained by undue influence,
 - c) Not obtained by coercion
 - d) Obtained by coercion
4. **Where a contract contains reciprocal promises and one of them cannot be performed or its performance cannot be claimed till the other promise is performed; and there is a failure to perform the promise which is to be performed first**
 - a) Defaulting promisor cannot claim performance of the reciprocal promise.
 - b) Defaulting Promisor shall compensate the other party to the contract for any loss suffered by him as a result of his non performance.
 - c) Both (A) and (B)
 - d) The Contract becomes voidable at the option of the aggrieved party.
5. **In India, Courts will refuse to enforce Champerty and Maintenance agreements only when they are found to be extortionate and unconscionable and not made with the bona fide object of assisting claims of person unable to carry on litigation himself.**
 - a) True
 - b) Partly true
 - c) False
 - d) None of the above
6. **"Maintenance" tends to encourage**
 - a)purposive litigation.
 - b) Public interest litigation.
 - c) Speculative litigation.
 - d) Circuit of action
7. **K, an employee of a Chennai based company, agreed not to employ himself in a similar business within a distance of 800 miles from Chennai after leaving the company's service. The agreement is void on ground of being:**
 - a) an agreement without consideration
 - b) an uncertain agreement
 - c) an agreement in restraint of trade
 - d) all of the above
8. **Where a person enters into a wagering transaction through an agent, and the agent fails transaction through an agent, and the agent fails to carry out the Principal's instructions**
 - a)Principal can sue Agent for breach of contract of agency.
 - b) Principal cannot sue Agent for breach of contract of agency.
 - c) Principal can sue Agent for damagers,

- d) Principal cannot sue agent to recover the betting moneys paid.
9. **A, a singer agreed with B to perform at his theatre for two months, on a condition that during that period, he would not perform anywhere else. When A performs somewhere else, D could move the Court for -**
a) Grant of Injunction restraining A, from performing in other places
b) Allowing A to perform in other places
c) Allowing B to perform in other places
d) all of the above
10. **A contracts with B to execute certain builders work for a fixed price, with B supplying the scaffolding or timber, necessary for the work. B refuses to furnish any scaffolding or timber and the work cannot be executed. In this case -**
a) A must execute the work.
b) A is excused from executing the work
c) B must execute the work himself
d) B can claim damages from A
11. **Ram, Rohit and Kiran jointly borrowed Rs 2,00,000 from Rahim by executing a promissory note. Rohit and Kiran are not traceable. Rahim wants to recover the entire amount from Ram. Ram objects this move by saying he is liable to pay 1/3 of the debt only. Which one of the following statement(s) is correct?**
a) Rahim can recover entire amount from Ram.
b) Rahim can recover only 1/3 of Rs. 2,00,000 from Ram.
c) Rahim cannot recover any amount from Ram.
d) The promissory note is not executable against Ram as Rohit and Kiran are not traceable.
12. **A promises to deliver goods to B's warehouse on 1st January. On that day, A brings the goods to B's warehouse, but after the usual hour for closing the warehouse and they are not received. Has A performed his promise?**
a) Yes b) No c) Partly Yes d) None of the above
13. **A bill of Exchange which was accepted by X reaches X's hands after being negotiated and endorsed through 3 other parties. The contract is -**
a) Valid b) Void c) Discharged d) Voidable
14. **Owner of a cinema-hall contracts to exhibit a film in the month of October. In month of September, the hall collapsed during an earthquake, the contract**
a) Is valid and binds the owner of the cinema hall to exhibit the film
b) Is not frustrated
c) Has become impossible to perform
d) Has to be honored and so the owner should reconstruct the hall exhibit the film.

Answers

1.B 2.A 3.Q IS WRONG 4.A 5.C 6.A 7.C 8.C 9.B 10.A 11.B 12.A 13.B 14.C 15.C

LAW MOCK TEST PAPER 8

15 MARKS

1. The expression Property of the firm denotes all property, rights and interest to which _____ may be entitled:
 - (a) All partners severally
 - (b) All partners & third parties
 - (c) All partners collectively
 - (d) All of the above

2. Prior to enactment of The Indian Partnership Act, 1932, the law relating to partnership in India were embodied in:
 - (a) Companies Act
 - (b) Chapter XI of the Indian Contract Act
 - (c) Hindu Law
 - (d) Chapter X of the Indian Contract Act

3. Robert, who is a sleeping partner in the firm wanted to inspect the books of accounts of the partnership firm due to certain allegations of financial impropriety by some of the partners. The other partners in the firm objected to the same and denied access to book of accounts. The action of the other partners is _____
 - (a) Not correct since Robert has right of access to books of accounts
 - (b) Valid since Robert is a sleeping partner who has no such rights
 - (c) Valid since a partner has no right access to books of accounts
 - (d) Valid since the reason cited by Robert is unacceptable

4. An act of a partner for acquiring an immovable property on behalf of the firm is within the provision of _____ authority under the Indian Partnership Act, 1932.
 - (a) Implied
 - (b) Semi Implied
 - (c) Restricted
 - (d) Express

5. Mini was a partner in a firm. The firm ordered goods in Mini's life time, but delivery was not made until after Mini's death. The supplier of the goods claims to be paid out of Mini's estate. Advise Mini's representatives:
 - (a) Mini's estate is not liable for the price in an action for goods sold and delivered, as there was no debt in respect of the goods in Mini's life time
 - (b) Mini's estate is not liable for the price in an action for goods sold and delivered
 - (c) Mini's estate is liable as the firm ordered goods in Mini's lifetime
 - (d) None of the above

6. A third party deals with the firm without knowledge that 'A' (a sleeping partner) has retired from the firm. In such a case, "A"
 - (a) Is not liable to the third parties
 - (b) Is liable to the third parties
 - (c) Is liable to firm
 - (d) Is liable to continuing partners

7. XYZ a partnership firm was constituted on 1.4.2008. On 25th April the partners resolved to get the firm registered with the Registrar of Firm. The firm prepared the necessary documents for registration on 26th April, which were signed on 28th April. They send the documents to the Registrar office on 30th April by Registered post which was received in the Registrar office on 4th May, 2008. The Registrar filed the statement and entered the firms name in the Register of Firms on 20th May, 2008. The firm will be deemed to have been registered on:
 - (a) 30th April
 - (b) 28th April
 - (c) 20th May
 - (d) 4th May

8. Which one of the following is not a case of just and equitable ground for dissolution of firm by the Court?
 - (a) Deadlock in Management
 - (b) Mutual agreement by partners
 - (c) Loss of substratum of firm
 - (d) Partners are not in taking terms

9. The non-registration of a firm does not affect the right of the firm
 - (a) To file a suit for the recovery of more than Rs.100
 - (b) To file a suit for the recovery of less than Rs.100

- (c) To file a suit against a partner for recovery of money due by him
- (d) To claim a set-off exceeding Rs.100

10. Nature of the partnership is:

- (a) Involuntary and Contractual
- (b) Statutory and Contractual
- (c) Voluntary and Contractual
- (d) Economical & Ethical

11. The registration of firm may be effected _____.

- (a) At any time during life of partnership firm
- (b) At anytime after filing a suit
- (c) After dissolution of a firm
- (d) Either (b) or (c)

12. Which of the following needs to be given to the partners even after dissolution of the firm:

- (a) Interest on advances
- (b) Interest on capital
- (c) Remuneration
- (d) None of the above.

13. A partnership form will not be Compulsory dissolved if _____

- (a) One of the partners of the firm becomes insolvent
- (b) The business of the firm becomes illegal
- (c) Only one of the several business which can be separated from the other business of the firm becomes illegal
- (d) The different business run by the firm cannot be separated

14. A retiring partner does not have the following except:

- (a) To carry on any business
- (b) To use firm's name
- (c) To represent himself as carrying on business of the firm
- (d) To solicit customers from the persons who were dealing with the firm before his retirement

15. Ram, Rohit and Kiran Jointly borrowed Rs.2,00,000 from Rahim by executing a promissory note. Rohit and Kiran are not traceable. Rahim wants to recover the entire amount from Ram. Ram objected this move by saying he is liable to pay 1/3 of the debt only. Which of the following statement(s) is correct?

- (a) Rahim can recover the entire amount from Ram
- (b) Rahim can only recover 1/3 of Rs.2,00,000 from Ram
- (c) Rahim cannot recover any amount from Ram
- (d) The promissory note is not executable against Ram as Rohit and Kiran are not traceable

Answers

1.D 2.D 3.A 4.D 5.A 6.A 7.C 8.B 9.B 10.C 11.A 12.A 13.C 14.A 15.A

AMIT BACHHAWAT TRAINING FORUM

CPT MORE MCQ'S FOR PRACTICE

- Q1. Just in Rem means**
(a) Right against or in request of a person
(b) A right against or in respect of a thing
(c) Both a and b
(d) None of the above
Ans.(b)
- Q2. Every contract always creates**
(a) Jus in personam
(b) Just in rem
(c) Jus in resm & jus in rem
(d) None of the above
Ans.(a.)
- Q3. Mr. X own a flat in Kolkata. He is entitled to quiet possession & enjoyment of this property this is called**
(a) Fundamental right
(b) Right in rem
(c) Right in personam
(d) None of the above
Ans.(a.)
- Q4. One of the clauses in agreement is "This agreement is not a legal agreement & will not be heard by Court This agreement is**
(a) Illegal
(b) Invalid
(c) Void
(d) Valid
Ans.(d)
- Q5. Performance of conditions of offer, for the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is an**
(a) Rejection of the offer
(b) Counter offer
(c) Acceptance of the offer
(d) Revolution of the offer
Ans.(c)
- Q6. A tender will be irrevocable where**
(a) Tenderer has, for some consideration promised not to withdraw
(b) There is a statutory prohibition against withdrawal
(c) Either a or b
(d) Neither a nor b
Ans.(b)
- Q7. M offered to sell his land to N for Rs.70 lakhs. N replied that he will accept & enclosed Rs.20 lakhs promising to pay the balance of Rs.50 lakhs by monthly installments of Rs. 10 Lakh each. In this case**
(a) There is no valid acceptance
(b) There is a valid acceptance
(c) Contract can be cancelled at M's option
(d) The contract can be canceled at N's option
Ans.(a)
- Q8. Inadequacy of consideration will be taken into account by Court of law**

- (a) Always at the discretion of the court
- (b) When the promisor performs his promise
- (c) When absence of free consent is pleaded in the formation of the contract
- (d) When the promisor complains

Ans.(a)

Q9. Promise is that consideration

- (a) Gratuitous
- (b) Devoid of legal obligations
- (c) Not binding on the promisor
- (d) All of the above

Ans.(d)

Q10. X receives money from Y for paying it to Z. X admits the receipt of that amount to Z. Z can recover the amount from X, even though the money is due from Y

- (a) False
- (b) True
- (c) Partly true
- (d) None of the above

Ans. (b)

Q11. A stranger to contract has some interest in the consideration

- (a) Cannot enforce the contract
- (b) Can enforce the contract
- (c) Can enforce with certain exceptions
- (d) None of the above

Ans.(c)

Q12. Covenants affecting Land will bind the parties who are originally not parties

- (a) True
- (b) False
- (c) Partly true
- (d) None of the above

Ans.(a)

Q13. Rescission means

- (a) Remission
- (b) Novation
- (c) Parties will not demand performance of each other
- (d) All of the above

Ans.(c)

Q14. A agreed with B to supply 100 kgs of potatoes if supplied by C. C did not supply A. now A is

- (a) Not discharged
- (b) Buyer claim compensation
- (c) Both a & b
- (d) None of the above

Ans.(c)

Q15. If the performance of a contract becomes impossible due to out of omission of a party then it is called

- (a) Impossible
- (b) Self induced impossibility
- (c) Both a & b
- (d) None of the above

Ans.(b)

Q16. A person declared insolvent is released of all has

- (a) upto the date of insolvency
- (b) Upto the date of app of receiver

- (c) Upto the date of restarting of new insolvency
- (d) Upto the date of release

Ans.(a)

Q17. When the contract ceases to bind the parties the contract is

- (a) Discharged
- (b) Renewed
- (c) Said to breach of contract
- (d) None of the above

Ans.(a)

Q18. In anticipatory breach a party can

- (a) Rescind the contract
- (b) Can still treat the contract as operative till the due date
- (c) Either a or b
- (d) None of the above

Ans.(c)

Q19. Person change the amount in negotiable instrument this is discharge by

- (a) Material alteration
- (b) Narration
- (c) Breach
- (d) All of the above

Ans.(a)

Q20. Bill of exchange a→b→c→d→a bill is negotiated back. Rights & liabilities merges on the same person Contract is

- (a) Discharged
- (b) Novation
- (c) Alteration
- (d) None of the above

Ans. (d)

Q21. The aggrieved party may _____ when the consent is obtained by misrepresentation

- a. Rescind the contract
- b. Affirm the contract
- c. Either A OR B
- d. Claim damages

Ans. (c)

Q22. Burden of proof under unconscionable (unreasonable) transaction lies on the

- a. Weaker party
- b. Dominating Party
- c. Aggrieved party
- d. None of these

Ans. (b)

AMIT BACHHAWAT TRAINING FORUM

SALE OF GOODS ACT IMPORTANT QUESTIONS

1. **In case of an agreement to sale, if the seller becomes insolvent while the goods are in his possession, the buyer's remedy**
 - (a) Is to claim the goods from the official receiver or assignee
 - (b) Is to claim dividend from the estate of the seller for the price paid
 - (c) Is not available
 - (d) Is to file a suit for damages

2. **Rights of seller against the buyer personally are called _____.**
 - (a) Rights against goods
 - (b) Rights in personam
 - (c) Rights against appropriation
 - (d) none of the above

3. **A pledge, made by the seller, of the goods whose title was transferred to the buyer but not the possession, is _____.**
 - (a) Void
 - (b) Valid
 - (c) Illegal
 - (d) Voidable

4. **Things attached to land, which are agreed to be severed before sale constitutes _____.**
 - (a) Movable property
 - (b) Immovable property
 - (c) Goods
 - (d) Crops, Gross and other things

5. **In case of sale of standing trees, the property passes to the buyer when trees are:**
 - (a) Felled and ascertained
 - (b) Not felled but earmarked
 - (c) Counted and ascertained
 - (d) Both (b) and (c)

6. **A agrees to deliver his old car valued at Rs.80,000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash it is _____**
 - (a) Contract of sale
 - (b) Agreement to sell
 - (c) Exchange
 - (d) Barter

7. **The essential element of Sales of Goods is:**
 - (a) Promise to produce
 - (b) Price
 - (c) Transfer of possession
 - (d) None of these

8. **Actionable claims are claims which are enforced only by:**
 - (a) Action
 - (b) Suit
 - (c) (a) or (b).
 - (d) None of the above

9. **X agrees to buy goods from Y at a price to be fixed by C. The contract is:**
 - (a) Valid when price is determined
 - (b) Void
 - (c) Valid when price is fixed by X and Y
 - (d) None of these

10. **Stipulation as to time of payment is:**
 - (a) Always deemed to be an essence of a contract of sale
 - (b) Deemed to be an essence of a contract of sale unless otherwise agreed
 - (c) Not deemed to be an essence of a contract of sale unless otherwise agreed
 - (d) None of these

11. **A breach of a condition is treated as a breach of a warranty where the contract is:**
 - (a) Severable and the buyer has accepted the goods or part thereof
 - (b) Not severable and the buyer has accepted the goods or part there of
 - (c) None of these

12. **Following conditions are implied in a contract of sale of goods unless the circumstances of the contract show a different intention:**
 - (a) Condition as to non – existence of encumbrances
 - (b) Condition as to undisturbed possession
 - (c) All of the above
 - (d) None of the above

13. **In a contract of sale of goods, there is no implied condition as to:**
 (a) The quality of goods or their fitness for any particular purpose
 (b) Merchantable Quality
 (c) Wholesomeness
 (d) None of these
14. **X, contracts to buy from Y 1000 bags of cement. Y sends 1000 bags through truck. When cement arrives it becomes stone by the contact of rainwater. Can X reject the goods?**
 (a) Yes – breach of condition as to wholesomeness
 (b) Yes – conditions as to merchantability
 (c) No – Y never knew himself
 (d) No – X should have seen it
15. **A sells his cat to B saying it is very lucky. B buys the cat but it does not prove lucky. Has B any cause of action against A?**
 (a) Yes for cheating
 (b) Yes, trial period should be given
 (c) No, mere expression of opinion
 (d) None of these
16. **In case where goods are purchased under its patent or brand name, there is no implied _____ - that goods shall be fit for particular purpose.**
 (a) Condition
 (b) Warranty
 (c) Any of the above
 (d) None of the above
17. **In a contract of sale, ordinarily there is _____ as to the quality or fitness of goods for any particular purpose:**
 (a) An implied warranty
 (b) An express warranty
 (c) No implied Condition
 (d) No express warranty
18. **Which one of the following is not an implied warranty?**
 (a) Warranty as to undisturbed possession.
 (b) Warranty as to existence of encumbrance
 (c) Disclosure of dangerous nature of goods
 (d) Warranty as to quality or fitness by usage of trade
19. **A stipulation in a contract of sale with reference to the goods which are the subject matter thereof may be**
 (a) Condition
 (b) Warranty
 (c) Condition precedent
 (d) Either (a) or (b)
20. **In a contract of sale by sample, the bulk of goods must correspond to:**
 (a) Sample only
 (b) Merchantability only
 (c) Either Sample or Merchantability
 (d) Both Sample and Merchantability
21. **Which is not considered an exception to the doctrine of caveat emptor?**
 (a) Where the seller knowingly conceals a defect which could be discovered on a reasonable examination
 (b) Where sale by description and sample
 (c) Where buyer disclosed the purpose
 (d) Where goods are bought by description from a seller dealing in goods of that description
22. **The „caveat emptor“ rule applies to sale where**
 (a) The buyer has expressly told the seller the purpose for which he requires the goods
 (b) The sale is specified article under its patent
 (c) Where the goods is of merchantable quality and the buyer has examined the goods
 (d) In none of the above cases
23. **The doctrine of “CAVEAT EMPTOR” is applicable where _____**
 (a) There is no implied warranty or condition as to quality or fitness of the goods
 (b) The buyer disclose to the seller the particular purpose for which goods are required
 (c) Goods are bought by sample as well as description
 (d) The seller sells the goods by making fraud and the buyer believes it
24. **In a contract of sale, ordinarily there is _____ as to the quality or fitness of goods for any particular purpose.**
 (a) An implied warranty
 (b) An express warranty
 (c) No implied warranty
 (d) No express warranty

25. **Where the seller has reserved the right of disposal of goods, the ownership of goods will be transferred to the buyer if:**
 (a) The goods have already been delivered to the buyer
 (b) The goods have already been transferred to a carrier or other bailee for the purpose of transmitting the same to the buyer
 (c) The conditions imposed by the seller are fulfilled
 (d) None of these
26. **A of Mumbai writes to B of Delhi to send him a book by post parce l. The parcel is lost on the way. Can B recover the price?**
 (a) No, delivery to post office is not a delivery to buyer
 (b) Yes, delivery to post office is delivery to buyer
 (c) No, B has not got the book
 (d) None
27. **A finder of goods has the power to sell the goods and to give good title to the buyer, if the owner of goods cannot be found with:**
 (a) Ordinary diligence
 (b) Reasonable diligence
 (c) Due diligence
 (d) Lack of diligence
28. **Ram of Mumbai orders Bill of Delhi for the supply of certain goods. The station Master of Mumbai informs Ram about the arrival of goods but before Ram could take delivery, goods are destroyed. Can Bill get the money of goods?**
 (a) No, Ram has not taken the delivery
 (b) No, Property is not transferred to Ram
 (c) Yes, Property transferred to Ram
 (d) None of these
29. **S was shopping in a self-service super market. He picked up a bottle of mango squash from a shop and while examining it the bottle exploded in his hand and injured him. Can S claim damages for the injury?**
 (a) S cannot claim damages
 (b) S can claim damages
 (c) S has to pay price for the bottle
 (d) None
30. **Means an act involving the selection and earmarking or separation of goods with the intention of using the goods in performance of contract of sale:**
 (a) Appropriation of goods
 (b) Ascertainment of goods
 (c) Transfer of goods
 (d) None
31. **The appropriation must be made by _____**
 (a) The seller with the assent of the buyer
 (b) The buyer with the assent of the seller
 (c) The buyer or the seller with or without the assent of the other
 (d) Both (a) & (b)
32. **A gives a gold chain to B on sale or return basis and B gives it to C on sale or return basis. C loses the gold chain. Who shall bear the loss?**
 (a) A, the real owner
 (b) B
 (c) C
 (d) None of the above
33. **The time of delivery of goods should be made, unless otherwise specified with in the**
 (a) Business hours of the buyer
 (b) Reasonable time
 (c) Business hours of the seller
 (d) None of the above
34. **When the seller fails to give notice to the buyer under section 39(3), the risk during sea transit lies with the**
 (a) Seller
 (b) Buyer
 (c) Carrier
 (d) Insurer
35. **When the seller causes a change in the possession of goods without any actual change in their actual and visible custody and without any movement from current location, it"s a case of:**
 (a) Actual delivery
 (b) Constructive delivery
 (c) Symbolic delivery
 (d) Forward Delivery
36. **Delivery by adornment is _____**
 (a) Actual Delivery (b) Constructive Delivery
 (c) Symbolic Delivery (d) Physical Delivery

- 37. Delivery of part of goods with an intention of separating it from the whole lot:**
 (a) Does not amount to the delivery of the whole of the goods
 (b) Amounts to the delivery of the whole of the goods
 (c) None of these
- 38. Which one of the following is/are document of title of goods?**
 (a) Mate's receipt (b) Wharfinger's certificate
 (c) Warehouse keeper's certificate (d) (b) & (c)
- 39. In a contract for the sale of unascertained goods, the property in goods passes:**
 (a) When the contract is made
 (b) When the goods are actually delivered
 (c) When the goods have been unconditionally appropriated by the seller or buyer without the consent of the other
 (d) None of these
- 40. There was a contract to supply „waste coal and ash for the next six months, a s and when the waste is generated by the seller's factory". The buyer paid the lump sum price for the next six months in advance. When does the property in the goods pass to the buyer?**
 (a) After the lapse of six months period (b) At the time of entering into the contract
 (c) At the time of paying advance money (d) As and when factory discharges waste
- 41. Anil sold stolen goods to Arvind and Arvind bought the said good in good faith. Now the real owner of goods claims the goods from Arvind. In this case _____.**
 (a) The sale of goods by Anil is valid because goods were in his possession
 (b) Arvind become owner of goods because he bought in good faith
 (c) The maxim, "Nemo dat quad non habet" is applicable
 (d) The maxim, "Nemo dat quad non habet" is not applicable
- 42. X purchased a DVD at a public auction. Neither Auctioneer nor X knew at that time that the DVD was a stolen property. In such case, true owner can:**
 (a) Recover the goods from X (b) Sue the Auctioneer for fraud
 (c) Both (a) and (b) (d) Either (a) or (b)
- 43. X agrees to sell to Y 1000 bags of salt which are in godown. Before the date of delivery, the godown gets flooded with water. As a result 1000 bags of salt were destroyed. Does Y has any rights against X?**
 (a) No (b) Y can claim the amount (c) Y has the right to claim the goods (d) None
- 44. The seller of goods is deemed to be an unpaid seller when _____**
 (a) The whole of price has not been paid (b) The same part of price has not been paid
 (c) Half part of price has not been paid (d) 25% of price has not been paid
- 45. Where in an auction sale, the seller appoints more than one bidder, the sale is _____.**
 (a) Void (b) Illegal (c) Conditional (d) Voidable
- 46. Knock-out agreements are generally _____ in auction sale.**
 (a) Unlawful (b) Not unlawful (c) Void (d) Required
- 47. When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent he can exercise**
 (a) Right of lien (b) Right of stoppage in transit
 (c) Right of resale (d) None of the above
- 48. Where the transfer of document of title was by way of pledge the unpaid seller's right of lien or stoppage in transit:**
 (a) Can be exercised subject to rights of transferor (b) Can be exercised subject to rights of transferee
 (c) Cannot be exercised at all (d) None of these
- 49. An unpaid seller has not given notice of resale to the buyer. On resale there is a profit. The unpaid seller**
 (a) Is bound to hand it over to the buyer
 (b) Is not bound to hand it over to the buyer
 (c) May dispose it of in any manner he likes

- (d) May set it off against a previous loss in similar circumstances
50. **At an auction sale, X makes the highest bid for a flower vase. The auctioneer strikes the table with hammer on which flower vase was kept and it fell down and broke into several pieces. In this case, the loss will fall of _____**
 (a) The auctioneer (b) The bidder, X
 (c) Equally on X and the auctioneer (d) None of the above
51. **When the buyers join hands to eliminate the competition it is called**
 (a) Damping (b) Knockout agreement
 (c) Mutual agreement (d) Illegal agreement
52. **Where in an auction sale, the seller appoints more than one bidder, the sale is _____.**
 (a) Void (b) Illegal (c) Conditional (d) Voidable
53. **When an unpaid seller, who has exercised his right of lien or stoppage in transit, re -sells the goods:**
 (a) The buyer does not acquires a good title to the goods as against the original buyer
 (b) The buyer acquires a good title to the goods as against the original buyer
 (c) The seller does not have a right to sell
 (d) None of the above
54. **If in an Auction Sale, Auctioneer mistakenly falls the hammer for price less than the Reserve price, Auctioneer is:**
 (a) Bound by auction
 (b) Not bound by auction.
 (c) Both (a) & (b).
 (d) Liable for damages
55. **An auction is:**
 (a) A seller (b) An unpaid seller
 (c) An agent governed by law of agency (d) The principle of the seller
56. **A sold 1000 tins to oil to B without appropriating any particular oil to the contract. B sold 600 tins out it to C and gave delivery order addressed to A. C lodged the delivery order with a requesting him to "await" his orders. Meanwhile, B became insolvent and thus A became the unpaid seller.**
 (a) A can exercise his right of lien and refuse to make delivery to .C.
 (b) A cannot exercise his right of lien and refuse to make delivery to C
 (c) C has claim over the goods in possession of A.
 (d) None of the above
57. **Which of the following is not a document of title to goods?**
 (a) Bill of lading (b) Photo copy of Railway Receipt
 (c) Dock warrant (d) Warehouse Keeper's, Certificate
58. **Reservation of Right to disposal is available for which kind f goods.**
 (a) Reject (b) Accept (c) Demand for the balance amount of goods (d) Either (a) or (b)
59. **Anil sold stolen goods to Arvind and Arvind bought the said good in good faith. Now the real owner of goods claims the goods from Arvind. In this case_____**
 (a) The sale of goods by Anil is valid because goods were in his possession
 (b) Arvind become owner of goods because he bought in good faith
 (c) The maxim "Nemo dat quad non habet" is applicable
 (d) The maxim "Nemo dat quad non habet" is not applicable

ANSWERS OF LAW

01. a 02. b 03. b 04. c 05. a 06. a 07. b 08. c 09. a 10. c 11. b 12. d 13. a 14. b 15. c
 16. a 17. c 18. b 19. d 20. d 21. a 22. d 23. a 24. c 25. c 26. b 27. b 28. c 29. a 30. a
 31. d 32. b 33. a 34. a 35. b 36. b 37. a 38. d 39. c 40. d 41. c 42. a 43. a 44. a 45. d
 46. b 47. b 48. b 49. a 50. a 51. b 52. d 53. b 54. b 55. c 56. a 57. b 58. a 59. C

AMIT BACHHAWAT TRAINING FORUM

INDIAN PARTNERSHIP ACT EXTRA QUESTIONS

1. X agrees with Y to carry passengers by taxi from Delhi to Gurgaon on the following terms, namely, Y is to pay X Rs.100 per mile per annum, and X and Y are to share the costs of repairing and replacement of the cars, and to divide equally between them the proceeds of fares received from passengers. Choose the correct alternative
(a) X and Y are partners
(b) X and Y are cab owners
(c) X and Y are co-owners
(d) Can't be decided
2. The most important element in partnership is:
(a) Business
(b) Sharing of Profits
(c) Agreement
(d) Business to be carried on by all or any of them acting for all
3. Partnership
(a) Arises by operation of law
(b) Comes into existence only after registration
(c) Can arise by agreement or otherwise
(d) Arise by way of an agreement only
4. X and Y agree to work together as carpenters but X shall receive all profit and shall pay wages to Y. The relation between X and Y is that
(a) Partners
(b) Carpenters
(c) Labourers
(d) Master-Servant
5. Which of the following is an essential feature of partnership?
(a) Registration
(b) Test of Mutual Agency
(c) Separate Legal Entity
(d) All of the above
6. Each partner is a principal as well as an agent of other partners
(a) The above statement is correct
(b) The above statement is not correct in case of unregistered partnerships
(c) The above statement is incorrect
(d) The above statement is correct only in case of registered partnerships
7. Profits of a partnership firm must be distributed among the partners as per the partnership deed while the profits of a company _____.
(a) Must be distributed to its shareholders
(b) May or may not be distributed to its shareholders
(c) May or may not be distributed to its board of directors, shareholders and other stakeholders
8. The cardinal principle of partnership law implies that
(a) The business must be carried on by all the partners or by anyone or more of the partners acting for all.
(b) The business may be carried on by all the partners acting for all.
(c) The business may be carried on by anyone or more of the partners acting for all.
(d) The business must be carried on in accordance with the decided profit (loss) sharing ratio
9. A Joint Hindu family arises
(a) From status decided by court
(b) As a result of an agreement
(c) By operation of law
(d) All of these
10. The partnership agreement may be: _____
(a) Express or implied
(b) Only written
(c) Oral only
(d) Implied only
11. A partnership firm cannot use _____ the words as part of its name
(a) Limited
(b) Co-operative
(c) Enterprises
(d) Both (a) and (b)
12. For a valid partnership, there must be:
(a) Sharing of profits
(b) Sharing of losses
(c) Sharing of profits and losses.
(d) None of these

13. Agreement to share profits
 (a) Implies an agreement to share losses (b) Does not necessarily mean an agreement to share losses
 (c) Must be coupled with an agreement to share losses (d) Is same as agreement to share losses
14. In case of insolvency of a partner:
 (a) He ceases to be a partner on the date on which an application for insolvency is made
 (b) His estate is liable for firm's acts done after the date of the order if no public notice is given
 (c) The firm is dissolved unless otherwise agreed
 (d) None of these
15. A public notice is required to be given:
 (a) On the death of a partner (b) On the insolvency of a partner
 (c) On the admission of a new partner (d) If a minor elects not to become a partner
16. In any partnership business, the number of partners should not exceed
 (a) 10 (b) 50 (c) 15 (d) 25
17. A public company can have a maximum of _____ member
 (a) Unlimited (b) 50 (c) 20 (d) 10
18. Failure by a minor to give public notice within six Months will have following effect.
 (a) The partnership becomes an illegal association (b) The partnership firm stands dissolved
 (c) Minor automatically becomes partner (d) Minor automatically ceases to be a partner
19. A finder of lost goods can realize the goods if true owner cannot be found with
 (a) Reasonable diligence (b) Ordinary diligence
 (c) Lack of diligence (d) Due diligence
20. Partnership property vest in the _____.
 (a) Firm (b) Partner of the firm
 (c) Continuing partner of the firm (d) Retiring partners of the firm
21. The liabilities of a minor when admitted to the benefits of the partner-ship _____.
 (a) Is confined to his share of the profits and property in the firm
 (b) Is same as that of any other partner in the firm
 (c) Is similar as that of any other partner in the firm
 (d) Is unlimited
22. On attaining majority the minor partner has to decide within _____ whether he shall continue in the firm or learn it.
 (a) 6 months (b) 12 months (c) 3 months (d) 1 month
23. It is not included in the implied authority of a partner _____.
 (a) To buy or sell goods on account (b) To borrow money for the purposes of firm
 (c) To enter into partnership on behalf of firm (d) To engage a lawyer to defend actions against firm
24. Under section 28 of the Indian partnership Act, 1932 the rule of "partner by holding out" is based on the principle of _____.
 (a) Morality and justice (b) Protection of public interest
 (c) Justice and equity (d) Estoppel
25. In case of transfer of partner's interest u/s 29, the transferee is entitled to interfere with the conduct of the business:
 (a) To inspect books of the firm (b) To receive the share of the transferring partner
 (c) To interfere with the conduct of the business (d) To require accounts
26. A third party is not affected by the limitation of implied authority unless he has actual notice of it:
 (a) True (b) False (c) Partly True (d) None

27. Partner shall indemnify the Firm for any loss caused to it by his _____ in the conduct of the Firm's business.
 (a) Negligence (b) Willful neglect (c) Interference (d) Over – indulgence
28. Ravi, a partner of a firm, borrows money on his own credit for giving his own promissory note for the same, but he subsequently uses the proceeds of the note in the partnership concern of his own free will without any reference to the lender to do so. Which of the following is/are true?
 (a) The firm would be liable, provided the lender did not know the limitation on the authority of Ravi
 (b) The firm is not liable for the loan
 (c) Both (a) and (b) are true
 (d) None of the above
29. As per Section 29 of the Indian Partnership Act, 1932 a partner may transfer his interest in the firm
 (a) By sale (b) By charge (c) By mortgage (d) All of these
30. An admission or representation made by a partner concerning the affairs of the firm is the evidence against the firm in:
 (a) All cases & circumstances (b) If it is made in the ordinary course of business
 (c) when it is in the best interest of the firm (d) When there are reasons to believe such admission
31. A third party deals with the firm without knowledge that „A“ (a sleeping partner) has retired from the firm. In such a case, „A“;
 (a) Is not liable to the third parties (b) Is liable to the third parties
 (c) is liable to firm (d) Is liable to continuing partners
32. The implied authority of a partner in a firm does not empower him to:
 (a) Open a bank account on behalf of the firm (b) Engaging and discharging employees
 (c) Accepting any amount of debts due to the partnership firm (d) Enter into partnership on behalf of the firm
33. A, B, C are members of a banking firm, D who owes the firm Rs.1,000 pays it to A. A without informing B and C about the payment by D, misappropriates the amount. Is D discharged of his debt to the firm by the payment made to A?
 (a) Yes, D is discharged of his debt. (b) No, D is not discharged of his debt
 (c) D will be discharged when will admit (d) None
34. Share in Partnership can be transferred by consent of the partners.
 (a) All (b) Majority (c) No consent required (d) None of these
35. Premium paid by a partnership firm on the Joint Life Policy of partners is
 (a) Debited to capital accounts of each partner (b) Credited to capital accounts of each partner
 (c) Credited to Profit and Loss account of firm (d) Debited to Profit and Loss account of firm
36. Right of a partner to open a bank account in his own name on behalf of the firm is covered by:
 (a) Partnership deed (b) Implied Authority
 (c) Indian Contract Act, 1872 (d) None of the above
37. Which of the following acts are within the implied authority of a partner of a firm?
 (a) Submit a dispute relating to the business of the firm in his own name.
 (b) Open a banking account on behalf of the firm in his own name.
 (c) Acquire immovable property on behalf of the firm.
 (d) Pledging as security, goods of the firm for loans obtained.
38. After retirement from firm, which of the following partners is not liable by holding out, even if the public notice of retirement is not given?
 (a) Active partner (b) Sleeping partner
 (c) Representative of deceased partner (d) Both (b) and (c)
39. The mutual rights and duties of partners are governed
 (a) Only by Partnership Agreement
 (b) Only by the Partnership Act, 1932
 (c) Both Partnership Agreement and the Partnership Act, 1932
 (d) Either Partnership Agreement or the Partnership Act, 1932

40. The balance of Joint Life Policy Account of Partners in a firm show:
 (a) Total Amount of Premium paid by the firm up to the date balance
 (b) Annual premium paid each year
 (c) Amount to be received on the maturity of the Joint Life Policy
 (d) Surrender value of the Policy
41. The heirs of the deceased partner:
 (a) Can become a partner in the firm of the deceased partner only if the surviving partners give their consent in regard
 (b) Does not have a right to become a partner in the firm of the deceased partner
 (c) Has a right to become a partner in the firm of the deceased partner
 (d) Both (a) and (b)
42. Mini was a partner in a firm. The firm ordered goods in Mini's life time, but delivery was not made until after Mini's death. The supplier of the goods claims to be paid out of Mini's estate. Advise Mini's representatives:
 (a) Mini's estate is not liable for the price in an action for goods sold and delivered, as there was no debt in respect of the goods in Mini's life time
 (b) Mini's estate is not liable for the price in an action for goods sold and delivered
 (c) Mini's estate is liable as the firm ordered goods in Mini's lifetime
 (d) None of the above
43. A firm on the expulsion of a partner is _____ under Indian Partnership Act, 1932.
 (a) Reconstituted (b) Reorganized (c) Dissolved (d) Deregistered
44. An act of a partner for acquiring an immovable property on behalf of the firm is within the provision of _____ authority under the Indian Partnership Act, 1932.
 (a) Implied (b) Semi Implied (c) Restricted (d) Express
45. According to the Indian Partnership Act, 1932, the term act of the firm means an act or omission by _____ which gives an enforceable right to or against the firm:
 (a) Any partner (b) All the partner (c) Agent of the firm (d) Any of the above
46. The accounting rule in respect of loss arising due to insolvency of a partner is dealt within
 (a) Garner vs Murray (b) Hyde vs Wrench (c) Derry vs Peek (d) All of these
47. Loss arising out of partner's insolvency can be recouped from:
 (a) Solvent partners (b) The firm itself
 (c) The partner's estate (d) The partner's legal heirs of the firm
48. A partnership firm is compulsorily dissolved where _____
 (a) All partners have become insolvent (b) Firm's business has become unlawful
 (c) The fixed term has expired (d) In cases (a) and (b) only
49. When all the partners accept one become insolvent, the firm is _____
 (a) Compulsorily dissolved (b) Not compulsorily dissolved
 (c) Reconstituted (d) Renewed
50. ABC is a registered firm. C died on 30th June. A and B sue X in the name of ABC. What is the consequence?
 (a) The suit cannot be maintained (b) The suit can be maintained
 (c) The suit can be maintained when the firm is freshly registered (d) None of the above
51. The amount received by a partnership firm from the insurance company on the maturity of a Joint Life Policy taken by the firm will be distributed amongst the partner.
 (a) Equally
 (b) In the profit sharing ratio
 (c) In the ratio of capital balances at the beginning of the year
 (d) In the ratio of capital balances at the end of the accounting year

52. A, B and are partners in a firm. B was murdered by D, objections to it. The Partnership Deed contains a provision that the firm would not be dissolved after the death of any partner. Which of the following is correct?
 (a) Estate of B is liable for the act of the firm done after the death of B.
 (b) Estate of B is not liable for the act of the firm done after the death of B.
 (c) Estate of D is liable for the act of the firm done after the death of B.
 (d) D is liable for the act of the firm done after the death of B.
53. Application for registration of a Partnership firm should be signed by _____
 (a) 2/3rd of the total number of partners (b) At least 3/4th of the partners
 (c) Any one of the partners (d) All the partners
54. The surplus remaining after settlements of debts and liabilities of the firm in case of dissolution shall be _____
 (a) Credited to Central Revenue Account of the Government of India
 (b) Credited to Reserve Bank of India
 (c) Distributed among the partner equally
 (d) Distributed among the partner according to their profit sharing ratio
55. The loss arising out of partner's insolvency shall be borne by _____ according to Gamer Vs. Murray case:
 (a) All the Partner's equally (b) Solvent partners in capital ratio
 (c) All the partners in profit & loss sharing ratio (d) None of the above
56. Which one of the following is not a case of just and equitable ground for dissolution of firm by the Court?
 (a) Deadlock in Management (b) Mutual agreement by partners
 (c) Loss of substratum of firm (d) Partners are not in taking terms
57. Prior to enactment of the Indian Partnership Act, 1932, the law relating to partnership in India were embodied in:
 (a) Companies Act (b) Chapter XI of the Indian Contract Act
 (c) Hindu Law (d) Chapter X of the Indian Contract Act
58. Which of the following is not a kind of partner?
 (a) Dormant Partner (b) Partners in losses only
 (c) Partner by estoppels (d) Nominal partner
59. Which of these is a valid partnership?
 (a) Partnership between two Joint Hindu Families (b) Partnership between two firms
 (c) Partnership between two Joint Stock Companies (d) One major and one minor person
60. When a minor attains majority, from which date is he deemed to be a partner with unlimited liability?
 (a) When he attains majority (b) When it comes to his knowledge
 (c) (a) or (b) whichever is earlier (d) Or (b) whichever is later
61. In case of emergency a partner of the firm can act as:
 (a) An agent of the firm (b) A master of the firm
 (c) An employee of the firm (d) All of the above
62. In case of admission of a partner, how much amount should a partner bring as his capital?
 (a) 1,00,000 (b) 5,00,000 (c) 10,000 (d) None
63. Every partner is bound to attend _____ to his duties in the conduct of the business:
 (a) Systematically (b) Diligently
 (c) Sincerely (d) Effectively
64. A third party deals with the firm without knowledge that Mr. X has been expelled from the firm. In such a case Mr. X:
 (a) Is liable to the firm (b) Is liable to third parties
 (c) Is liable to the continuing partners (d) Is not liable to the third partners
65. X and Y are partners in a firm dealing in garments, X placed an order in the firm's name and on the firm's letter head for 10 bottles of wine to be supplied at his residence:
 (a) The firm is not liable for A's Act (b) The firm is liable for tort

- (c) A has acted within his implied authority (d) the firm is liable for A's Act
66. An admission or representation made by a partner concerning the affairs of the firm is the evidence against the firm in:
 (a) All case and circumstances (b) If it is made in the ordinary course of business
 (c) When it is in the best interest of the firm (d) when there are reasons to believe such admission
67. In case the continuing guarantee given to the partnership in respect to the transactions of the firm is revoked for the future transactions.
 (a) Dissolution of firm (b) Insolvency of a partner
 (c) Change in constitution of the firm (d) none of the above
68. Robert, who is a sleeping partner in the firm wanted to inspect the books of accounts of the partnership firm due to certain allegations of financial impropriety by some of the partners. The other partners in the firm objected to the same and denied access to book of accounts. The action of the other partner is _____
 (a) Not correct since Robert has right of access to books of accounts
 (b) Valid since Robert is a sleeping partner who has no such rights
 (c) Valid since a partner has no right access to books of accounts
 (d) Valid since the reason cited by Robert is unacceptable
69. Application for dissolution of a firm on the ground of permanent incapacity of a partner can be made by:
 (a) Any partner (b) Any partner other than who is permanently incapacitated
 (c) Police officer (d) CBI
70. In case of unregistered firms, public notice is given in the following manner:
 (a) Publishing the notice in one vernacular newspaper circulating in the district where the firm's principal place of business is situated
 (b) Publishing the notice in the Official Gazette
 (c) Both (a) and (b)
 (d) Either (a) or (b)

ANSWERS OF LAW

01. c 02. d 03. d 04. d 05. b 06. a 07. b 08. a 09. c 10. a 11. a 12. a 13. b 14. c 15. d
 16. b 17. a 18. c 19. a 20. c 21. a 22. c 23. c 24. d 25. b 26. a 27. b 28. c 29. d 30. b
 31. d 32. d 33. a 34. a 35. d 36. a 37. d 38. d 39. d 40. a 41. d 42. a 43. a 44. d 45. d
 46. a 47. a 48. d 49. a 50. b 51. b 52. b 53. d 54. d 55. b 56. b 57. b 58. b 59. c 60. d
 61. d 62. d 63. b 64. b 65. a 66. b 67. c 68. a 69. b 70. c