

Paper - 2

Mercantile Laws

Chapter 1 : The Indian Contract Act, 1872

■ Unit 1 : Nature of Contracts

2009 – December

- [1] Voidable Contracts are:
- (a) Not enforceable by Law
 - (b) Enforceable at the option of both the parties
 - (c) Enforceable at the option of one party only
 - (d) Enforceable at the option of one or more parties but not at the option of other or others.
- [2] B sends acceptance through telegram to A and it was lost in transit due to mishandling of postman. The contract is:
- (a) Voidable
 - (b) Valid
 - (c) Void
 - (d) Illegal
- [3] The essential element of a valid contract is
- (a) Consideration
 - (b) Free consent
 - (c) Consensus- ad- idem
 - (d) All of these

■ Unit 2 : Consideration

2009 – December

- [4] In case of completed gifts, consideration is
- (a) Not required.
 - (b) Equal to the amount of gift.
 - (c) Less than the amount of gift.
 - (d) More than the amount of gift.

■ Unit 3 : Other essential elements of a Valid Contract

2009 – December

- [5] When one party is in a position to dominate the will of another and uses his superior position to obtain the consent of weaker party, the contract is said to be obtained by
- (a) Fraud
 - (b) Undue Influence
 - (c) Coercion
 - (d) Misrepresentation
- [6] In Coercion _____ pressure is applied.
- (a) Physical
 - (b) Mental
 - (c) Both (a) & (b)
 - (d) None of these
- [7] Marriage brokerage contracts are:
- (a) Void
 - (b) Valid
 - (c) Legal
 - (d) Illegal
- [8] When parties do not intend to perform the contract they made, then it amounts to:
- (a) Fraud

- (b) Misrepresentation
- (c) Mistake
- (d) None of these

- [9] A contract caused by coercion is
- (a) Void
 - (b) Voidable
 - (c) Valid
 - (d) Illegal

- [10] A, B and C are partners in a firm. When C retires, A and B restrict C not to do the same business for 3 years. The contract is:
- (a) Valid
 - (b) Voidable
 - (c) Void
 - (d) None

■ Unit 4 : Performance of Contract

2009 – December

- [11] Novation requires:
- (a) Mutual consent
 - (b) Mutual agreement
 - (c) Free consent
 - (d) None
- [12] Commercial Impossibility does not make the contract _____ .
- (a) Valid
 - (b) Void
 - (c) Illegal
 - (d) Voidable

■ Unit 5 : Breach of Contract

2009 – December

- [13] _____ damages are awarded to establish a right of decree for the breach of contract.
- (a) Ordinary damages
 - (b) Nominal damages
 - (c) Special damages
 - (d) Liquidated damages

■ Unit 6 : Contingent and Quasi - Contracts

2009 – December

- [14] Events in case of contingent contracts are:
- (a) Collateral and Uncertain
 - (b) Certain and Collateral
 - (c) Collateral
 - (d) None of the above.

Chapter 2 : The Sale of Goods Act, 1930

■ Unit 1 : Formation of contract of Sale

2009 – December

- [15] Which of the following is not recognised as Goods?
- (a) Grass
 - (b) Growing crops

- (c) Actionable claims
(d) All of the above
- [16] Can a hirer pass a good title to a bonafide purchaser?
(a) Yes, hirer can pass a good title to a bonafide purchaser
(b) Yes, provided the vendor agrees to it.
(c) Yes, if he receives full consideration.
(d) No, hirer cannot pass a good title even to a bonafide purchaser.
- [17] In an agreement to sell:
(a) Property passes to the buyer
(b) Property does not pass to the buyer
(c) Possession passes to the buyer
(d) None of the above
- [18] The object of Sale is:
(a) To pass the possession of the goods.
(b) To pass the property of the goods.
(c) Both (a) & (b)
(d) None of the above
- [19] In case of hire-purchase, the hirer
(a) Must return back the goods.
(b) Has an option to buy the goods.
(c) Must buy the goods.
(d) Does not have the possession of goods.
- [20] The essential element of Sales of Goods is:
(a) Promise to produce
(b) Price
(c) Transfer of possession
(d) None of these.

■ Unit 2 : Conditions and Warranties

2009 – December

- [21] A condition is:
(a) Not essential to the main purpose of the contract
(b) Essential to the main purpose of the contract
(c) A stipulation collateral to the main purpose of the contract
(d) None of these.

■ Unit 3 : Transfer of Onership and delivery of Goods

2009 – December

- [22] When does the property of the specific goods in a deliverable state, passes?
(a) When payment is made
(b) When possession is transferred.
(c) When contract is made
(d) When the notice is given to the buyer
- [23] If the buyer has received lesser quantity of goods than agreed, then he may:
(a) Accept the goods & pay at contract rate.
(b) Reject the goods.
(c) Accept the goods but pay the whole price.
(d) Either (a) or (b).
- [24] A sells certain goods to B. After the contract of sale but before the goods were delivered to B, the

goods were taken by the Government for its own use. Here the seller is:

- (a) A
(b) B
(c) Both
(d) None
- [25] When the buyer and seller both reject the goods and the goods are in transit, then
(a) It is deemed that the goods are still in transit.
(b) Transit is deemed to be ended.
(c) Carrier becomes the owner of the goods.
(d) None of these.
- [26] Finder of Goods can sue the true owner of the goods for the:
(a) Expenses incurred in finding the true owner.
(b) Expenses incurred in preserving the goods.
(c) Reward announced by the owner if he had the knowledge of the reward.
(d) All of the above.

■ Unit 4 : Unpaid Seller

2009 – December

- [27] Unpaid Seller has a right of _____ when the goods have not been delivered to the buyer or his agent.
(a) Lien
(b) Stoppage in transit
(c) Resale
(d) None of the above
- [28] Which of the following is a right of an unpaid seller?
(a) Right of Lien
(b) Right of Stoppage in transit
(c) Both (a) & (b)
(d) None of these
- [29] 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

Chapter 3 : The Indian Partnership Act, 1932

■ Unit 1 : General Nature of a Partnership

2009 – December

- [30] Partnership cannot be formed between
(a) Two artificial persons
(b) Naturally born and artificial persons
(c) Between two naturally born persons
(d) None of the above.
- [31] A partner who contributes capital in the firm but does not actively participates in the working of the business is called:
(a) Active Partner
(b) Dormant Partner

- (c) Sub-Partner
- (d) Nominal Partner

[32] Interest on capital will be allowed only when:

- (a) There are heavy losses in the firm
- (b) There are no profits and no losses
- (c) There are profits
- (d) Always

[33] What is a Partnership?

- (a) An agreement between persons
- (b) An association of persons
- (c) A body of Individuals
- (d) All of the above

[34] If profit sharing ratio is not specified in the partnership deed, then the profit is shared:

- (a) Equally
- (b) According to the seniority of partners
- (c) According to the capital contribution
- (d) According to qualification.

■ Unit 2 : The Indian Partnership Act, 1932

2009 – December

[35] Share in Partnership can be transferred by consent of _____ the partners.

- (a) All
- (b) Majority
- (c) No consent required
- (d) None of these

[36] Partnership property vests in the:

- (a) Partners of the firm
- (b) Firm itself
- (c) Senior partner of the firm
- (d) Solicitor General of India.

■ Unit 3 : Registration & Dissolution of a Firm

2009 – December

[37] A non-registered firm can claim a set off of an amount not exceeding:

- (a) Rs. 100
- (b) Rs. 1,000
- (c) Rs. 10,000
- (d) Any amount

[38] 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 case (a) & (b) only

[39] 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.

[40] If any mistake has been done in the Register of firms then application for rectification can be given:

- (a) By active partner
- (b) By majority of the partners
- (c) By consent of one partner
- (d) By consent of all the partners

Answer

- | | | | |
|---------|---------|---------|---------|
| 1. (d) | 2. (b) | 3. (d) | 4. (a) |
| 5. (b) | 6. (a) | 7. (a) | 8. (a) |
| 9. (b) | 10. (a) | 11. (b) | 12. (b) |
| 13. (b) | 14. (a) | 15. (c) | 16. (d) |
| 17. (b) | 18. (b) | 19. (b) | 20. (b) |
| 21. (b) | 22. (c) | 23. (d) | 24. (b) |
| 25. (a) | 26. (d) | 27. (a) | 28. (c) |
| 29. (b) | 30. (d) | 31. (b) | 32. (c) |
| 33. (a) | 34. (a) | 35. (a) | 36. (b) |
| 37. (a) | 38. (d) | 39. (b) | 40. (d) |