

Appendix
2009 - June
Paper - 2 : Mercantile Laws

Chapter 1 : The Indian Contract Act, 1872

■ **Unit 1 : Nature of Contracts**

- [1] A invited B for a dinner at his house. B did not come on the appointed day. A cannot sue B as
- (a) There was no intention to create legal relationship.
 - (b) There was no promise.
 - (c) There was no acceptance
 - (d) There was no offer
- [2] A promises is a :
- (a) Consideration
 - (b) Contract
 - (c) An accepted proposal
 - (d) Proposal
- [3] Is the statement true or false :
“All contracts are agreements but all agreements are not contract”
- (a) True
 - (b) False
 - (c) Partly true
 - (d) Can't say
- [4] The Law of Contract extends to_____
- (a) Whole of India
 - (b) Whole of India except the State of Jammu and Kashmir.
 - (c) North India only.
 - (d) South India only.
- [5] If the transaction is illegal, collateral transactions are :
- (a) Void
 - (b) Illegal
 - (c) Unenforceable
 - (d) None of these
- [6] An agreement enforceable by law is :
- (a) Obligation
 - (b) Promise

- (c) Proposal
 - (d) Contract
- [7] X invites Y for his son's wedding. Y accepts the invitation. In this case there is an agreement but no contract, since -
- (a) There is no consideration
 - (b) There is no intention to create legal relationship.
 - (c) There is no written document.
 - (d) There is no formal acceptance of the offer.
- [8] B's son is lost. A goes in search of B's son. Meanwhile, B makes an offer to pay Rs. 1,000 to the finder of his son. A finds B's son. Can A claim Rs. 1,000 from B ?
- (a) Yes, A has found B's son.
 - (b) No, A had no knowledge of the offer.
 - (c) No, A is hired by B.
 - (d) None of these.
- [9] A sent a proposal for sale of goods to B through a letter. However, letter was still in transit, B sent the letter of revocation of offer to B which was received by B before the first letter reached B.
- (a) The contract is valid
 - (b) The revocation is valid as it reached B before the first letters reached B.
 - (c) The contract is void.
 - (d) None of these.
- **Unit 2 : Consideration**
- [10] Consideration in India may be :
- (a) Past, present or future
 - (b) Present only
 - (c) Past only
 - (d) Future only
- [11] Contracts of love and affection are valid under which head.
- (a) Contract without consideration
 - (b) Contract with consideration
 - (c) Stranger to a consideration
 - (d) None of these
- **Unit 3 : Other Essential Elements of a Valid Contract**
- [12] If mistake is unilateral then the contract is :
- (a) Void
 - (b) Voidable

- (c) Valid
(d) Illegal
- [13] Undue influence involves_____pressure.
(a) Physical
(b) Financial
(c) Moral
(d) Both (a) & (b)
- [14] Mistake as to a law not in force in India is_____
(a) Void
(b) Valid
(c) Voidable
(d) Illegal
- [15] Which of the following is not expressly declared void ?
(a) Wagering agreement
(b) Agreement to pay time barred debt.
(c) Agreement the meaning of which is certain
(d) Consideration unlawful in part.
- [16] When parties enters into a contract under a mutual mistake of fact the contract is_____
(a) Valid
(b) Voidable
(c) Void
(d) None of these
- **Unit 4 : Performance of Contract**
- [17] If a new contract is substituted in place of an existing contract is called:
(a) Waiver
(b) Rescission
(c) Novation
(d) Alteration
- **Unit 6 : Contingent and Quasi – Contracts**
- [18] A promised to give Rs. 50,000 to B, if B is selected as the President of Co-operative society. It is_____
(a) Void contract
(b) Contingent contract
(c) Wagering contract
(d) Illegal contract

- [19] A supplies necessaries of life to B who is a son of a mental retarded person. A is entitled to be reimbursed out of B's property . This is :
- (a) An agreement with contract
 - (b) An agreement without contract
 - (c) A gratuitous agreement
 - (d) A Quasi contract

Chapter 2 : The Sale of Goods Act, 1930
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■ **Unit 1 : Formation of Contract of Sale**

- [20] If goods are unascertained then the contract is :
- (a) Sale
 - (b) An agreement to sell.
 - (c) Contingent contract
 - (d) A wagering contract.
- [21] Which one of the following is not a document of title to goods ?
- (a) Railway Receipt
 - (b) Wharfingers certificate
 - (c) Share certificate
 - (d) Multi modal transport document.
- [22] A agrees B to sell 10 tonnes of wheat when the crop is harvested. It is...
- (a) A sale
 - (b) An agreement to sell
 - (c) Either (a) or (b)
 - (d) Both (a) and (b)
- [23] Movable property does not include money but includes -
- (a) Stocks and shares
 - (b) Grass
 - (c) Growing crops
 - (d) All of the above
- [24] The Sale of Goods Act, 1930 came into force on
- (a) September 1, 1930
 - (b) October 1, 1930
 - (c) June 1, 1930
 - (d) July 1, 1930

■ Unit 2 : Conditions and Warranties

- [25] Doctrine of Caveat Emptor requires the buyer :
- (a) To be careful while making a purchase.
 - (b) To depend on representation made by seller.
 - (c) To warn a seller not to sell any fake goods.
 - (d) Not to make any advance payment.
- [26] A _____ is a stipulation collateral to the main purpose of the contract.
- (a) Warranty
 - (b) Condition
 - (c) Both
 - (d) None
- [27] 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.

■ Unit 3 : Transfer of Ownership and Delivery of Goods

- [28] In case of part delivery in lieu of whole, the buyer may _____ the goods.
- (a) Reject
 - (b) Accept
 - (c) Demand for the balance amount of goods.
 - (d) Either (a) or (b)
- [29] Reservation of Right to disposal is available for which kind of goods ?
- (a) Specific goods
 - (b) Existing goods
 - (c) Unascertained goods
 - (d) All of these

■ Unit 4 : Unpaid Seller

- [30] The unpaid seller is not required to inform the buyer in case he resells the goods but the goods must be:
- (a) Perishable goods
 - (b) Non-perishable goods
 - (c) Durable goods
 - (d) Consumer goods

Chapter 3 The Indian Partnership Act, 1932**■ Unit 1 : General Nature of a Partnership**

- [31] A minor should give public notice within _____months of attaining majority, to elect whether to become a partner or not to become a partner.
- (a) Five
 - (b) Six
 - (c) Twelve
 - (d) None of these
- [32] D and J purchased 100 bales of cotton to be sold on Joint Account. They agreed to share profit and losses equally. They are :
- (a) Partners
 - (b) Joint owners
 - (c) Co-venturers
 - (d) None.
- [33] True test of partnership is :
- (a) Share of profits only
 - (b) Share of profits & losses
 - (c) Mutual agency
 - (d) None of these
- [34] Partnership agreement can be :
- (a) Oral
 - (b) Written
 - (c) Oral or written
 - (d) Written on stamp paper

■ Unit 2 : Relations of Partners

- [35] If profit sharing ratio is not specified in the partnership deed, then the profit is shared _____
- (a) Equally
 - (b) According to the seniority of age.
 - (c) According to capital contribution
 - (d) According to qualification.
- [36] Reconstitution of firm takes place in case of :
- (a) Admission of partner
 - (b) Retirement of partner
 - (c) Expulsion of partner
 - (d) All of the above.

- [37] The partner of the firm can be expelled from the firm with the consent of :
- (a) All the partners
 - (b) Majority of the partners
 - (c) Any working partner of the firm
 - (d) None of the above.
- **Unit 3 : Registration & Dissolution of a Firm**
- [38] The conclusive evidence of registration of firm is :
- (a) The certified copy of register of firm
 - (b) The register of Central Government.
 - (c) The certificate of registration of firms.
 - (d) None of these.
- [40] X, Y and Z are partners in a firm. Y and Z died in an accident. X continues the business in the name of the firm ?
- (a) Z cannot continue the business of the firm.
 - (b) Z can continue the business of the firm.
 - (c) Z alone cannot run a firm.
 - (d) Z and legal representative of x and y will have to run the business of the firm.
- [41] A registered firm is a :
- (a) legal person
 - (b) Illegal person
 - (c) Corporate body
 - (d) Co-operative organisations

Answer

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