

CA CPT Law

Multiple Choice Questions

The Basics of the Indian Contract Act, 1872

1. The Indian Contract Act, 1872 is dividend into..... Chapters.

- a) 3
- b) 8
- c) 10
- d) 12

2. The Law of Contract is noting but

- a) A child of commercial dealing
- b) A child of religion
- c) A child of day to day politics
- d) A child of economics

3. The Contract Act came into force

a) From 1 September, 1872 but with retrospective effect

- b) Before 1 September, 1872
- c) From 1 September, 1872
- d) After 1 September, 1872

4. The Contract Act applies to

- a) Contracts made before 1 September, 1872
- b) Contracts made on 1 September, 1868
- c) Contracts made before 1 September, 1872 and to be enforced after 1 September, 1872
- d) Contracts made on and after 1 September, 1872

5. An Indian mercantile law is based upon

- a) Indian culture
- b) British culture
- c) England law
- d) American law

6. An agreement consists of reciprocal promises between at least

- a) Four parties
- b) Six parties
- c) Three parties
- d) Two parties

7. Contractual rights and duties are created by

- a) State
- b) Statute
- c) Parties
- d) Custom or Usage

8. In India, the express provisions of the Contract Act applies to

- a) Hindus
- b) Mohammedan
- c) Business man
- d) All of the above

9. Who said "Contract is an agreement creating and defining obligations between parties?"

- a) Peter Drucker

b) Salmond

c) Austin

d) Drucker

10. Agreement is defined in Section..... of the Indian Contract Act, 1872.

- a) 2(c)
- b) 2(e)
- c) 2(g)
- d) 2(i)

11. Every promise and every set of promise forming the consideration for each other is a/an

- a) Contract
- b) Agreement
- c) Offer
- d) Acceptance

12. Where there is no express provision in Contract Act, the following prevails and applied for deciding the cases

- a) The provisions of any law of the land
- b) The usage of the trade
- c) The provisions of personal law
- d) Any of the above if not inconsistent with the provisions of the Contract Act

13. Who said, "Every Agreement and Promise enforceable at law is a contract?"

- a) Austin
- b) Benjamin
- c) Pollock
- d) Balfour

14. The provisions of Indian Contract Act override

- a) The provisions of Hindu law
- b) The provisions of Mohammedan law
- c) Usage or customs of trade
- d) All of the above

15. A promises to deliver his watch to B and, in return, B promises to pay a sum of Rs 2,000. This is a/an

- a) Agreement
- b) Proposal
- c) Acceptance
- d) Offer

16. Contract is defined as agreement enforceable by law, vide Section..... of the Indian Contract Act.

- a) 2(e)
- b) 2(f)
- c) 2(h)
- d) 2(i)

17. A contract or an obligation to perform a promise could arise by

- a) Agreement and Contract

- b) Promissory Estoppel
 c) Standard form of contracts by promise
 d) All of the above
18. A sells his car to B. A has a right to recover the price of the car from B. This right is a
 a) Right in rem
 b) Right in personam
 c) Right in rem as well as right in personam
 d) Moral right
19. A owns a residential flat. He is entitled to quiet possession and enjoyment of his property. This is called
 a) Rights in Personam
 b) Rights in Rem
 c) Moral Right
 d) There is no right at all
20. A owes Rs 1 lakh to B. B is entitled to recover this amount from A. This is called
 a) Rights in Personam
 b) Rights in Rem
 c) Constitutional Right
 d) There is no right at all
21. A contract creates
 a) Rights in Personam
 b) Rights in Rem
 c) No obligations
 d) Only obligations and no rights
22. Valid Contracts
 a) Are made by free consent
 b) Are made by competent party
 c) Have lawful consideration and lawful object
 d) All of the above
23. A lends Rs 10 lakh to B for a year, After one year A's right to recover the money from B is a
 a) Right in rem
 b) Right in personam
 c) Moral right
 d) Civil right
24. What comes first in a valid contract is
 a) Enforceability
 b) Money
 c) Force
 d) None of the above
25. A has bought a house for Rs 50,000. Which of the following right is available to A after the purchase?
 a) He has a right against the seller to have quiet possession of the house and enjoy in it
 b) He has a right against the whole world to have quiet possession of the house and enjoy in it
 c) He has moral right over the house
 d) He has a right to live in the house but cannot sell
26. An agreement not enforceable by law is said to be void under section.... Of the Indian Contract Act.
 a) 2 (a)
 b) 2 (b)
 c) 2 (f)
 d) 2 (g)
27. An agreement to commit a tort is
 a) Void
 b) Voidable
 c) Valid
 d) Unenforceable
28. Agreement to murder a person
 a) Cannot be enforceable by law
 b) Is valid in law
 c) In invalid for want of consideration
 d) Has no consensus ad idem
29. Agreements that do not give rise to contractual obligations are not contracts.
 a) True
 b) Partly True
 c) False
 d) None of the above
30. A invites B for his son's wedding. B 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
31. A invites B for coffee in coffee-day restaurant and B accepts the invitation. On the appointed date, B goes there but A is not found. In this case
 a) B has no remedy against A
 b) B has to wait for another invitation from A
 c) B has the right to sue A for not honoring his words
 d) A has to invite B again, to perform the promise.
32. A promises to give Rs. 5,000 per month pocket money to his son B. If A does not give the pocket money
 a) B can sue his father
 b) B has no remedy against A
 c) B can accept a lower pocket money also
 d) B has to give Rs. 5,000 to his father

33. A and B of Srinagar entered into a contract on 1st September, 2006 as per the provisions of the Indian Contract Act. Can they enforce the contract?
- Yes, because they made the contract as per the provisions of Indian Contract Act
 - No, because Srinagar is not a part of Indian
 - No, because the Act does not extend to the State of Jammu and Kashmir
 - None of the above
34. A promised to pay his son B a sum of Rs 1 lakh if B passed CA exams in the first attempt. B passed the exam in the first attempt, but A failed to pay the amount as promised. B files a sit for recovery of the amount. State whether B can recover the amount under the Indian Contract Act, 1972.
- B can sue A
 - B has to pay Rs 1 Lakh to A
 - B has no remedy against A
 - B has to write the exam again, to claim the reward
35. A contract creates
- Rights and obligations of the parties to it
 - Obligations of the parties to it
 - Mutual understanding between the parties to it
 - Mutual lawful rights and obligations of the parties to it.
36. In agreements of purely domestic nature, the intention of the parties to create legal relationship is
- To be proved to the satisfaction of the Court
 - Presumed to exist
 - Required to the extent of consideration
 - Not relevant at all
37. An agreement is valid
- Which creates legal and social obligations of the parties
 - Which creates rights of a party
 - Which is written on a piece of paper and signed by the parties
 - Which creates legally binding right and obligations of the parties to it.
38. Voidable contract is one
- Which is lawful
 - Which is invalid
 - Which is valid as long as it is not avoided by the party entitled to do so
 - Which is unlawful
39. When the contract is perfectly valid but cannot be enforced because of certain technical defects. This is called
- Unilateral Contract
 - Bilateral Contract
 - Unenforceable Contract
 - Void Contract
40. is without any legal effect and cannot be enforced in a Court of Law.
- Valid Contract
 - Void Contract
 - Voidable Contract
 - Unenforceable Contract
41. According to provisions of Indian Contract Act, 1872 void agreement and void contract is the same.
- True
 - False
 - Parlty True
 - Parlty False
42. The legal effect of void agreement and void contract is the same.
- True
 - False
 - Parlty True
 - Parlty False
43. A void agreement is void ab intio but a void contract is not void ab intio.
- True
 - False
 - Parlty True
 - Parlty False
44. A contract needs to be written, registered and signed by parties and witnessed
- If any party wishes so
 - If the Contract Act directs so
 - If the law governing the contract requires so
 - If the consideration is of large amount
45. A and B contract to marry each other. Before the time for the marriage, A goes and mad. The contract becomes
- Void
 - Illegal
 - Valid
 - Voidable
46. Is forbidden by law. The Court will not enforce such a contract.
- Valid Contract
 - Illegal agreement
 - Voidable Contract
 - Unenforceable Contract

47. A contracts with B to beat his business competitor. This is an example of
- Valid Contract
 - Illegal agreement
 - Voidable Contract
 - Unenforceable Contract
48. Is made by words spoken.
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
49. is made by words written.
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
50. A appoints B as his agent, by way of a power of attorney. This is an example of
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
51. Implies a contract though the parties never expressed their intention to enter into a contract.
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
52. Where a contract has to be inferred from the conduct of parties, it is called
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
53. Drawing cash form ATM, sale by fall of hammer at an auction sale, etc., are example of
- Express Contract
 - Implied Contract
 - Tacit Contract
 - Unlawful Contract
54. Is a one-sided contract in which only one party has to perform his promise or obligation.
- Void Contract
 - Illegal agreement
 - Unilateral Contract
 - Bilateral Contract
55. An agreement is
- Enforceable by law if it meets the requirements of the law of the land
 - Enforceable by law if any one party want it
 - Enforceable against the law
 - Enforceable by law if it is made by competent parties
56. Where the obligation in a contract is outstanding on the part of both parties, it is called
- Void Contract
 - Illegal agreement
 - Unilateral Contract
 - Bilateral Contract
57. A agrees to sell his DVD player to B promising to deliver it on the date of payment. B promises to pay the amounts within one month. This is an example of
- Void Contract
 - Illegal agreement
 - Unilateral Contract
 - Bilateral Contract
58. Where a particular type of contract is required by law to be in writing and registered, it must comply with necessary formalities as to writing, registration and attestation. Otherwise, such a contract is
- Void Contract
 - Illegal agreement
 - Unilateral Contract
 - Bilateral Contract
59. All illegal agreement are void; but all void agreements are not illegal.
- True
 - Partly True
 - False
 - None of the above
60. An offer and its acceptance is the basic requirement of an agreement and as per this requirement, an offer by one party
- Should be made to the other who is related to him
 - May also be made to himself
 - Should be made to another who may or may not be related to him
 - Should be made to another before the Registrar
61. According to enforceability, the contracts may be classified as
- Valid Contracts
 - Void Contracts
 - Voidable contracts
 - All of the above
62. According to English Law, the contracts may be classified as
- Formal Contract
 - Simple Contract

- c) Contract under seal
 d) All of the above
63. In social agreements, the usual presumption is
 a) That parties do not intend to create social relations
 b) That parties intend to perform them
 c) That parties do not intend to make legal and social relations
 d) That the parties do not intend to create legal relations between them
64. A promised to marry B. Later on B died. This contract of marriage
 a) Becomes void
 b) Is void from very beginning
 c) Is valid
 d) Is illegal now
65. An implied contract is the one which comes into existence on account of
 a) Conduct of the parties
 b) Non-availability of a paper for writing
 c) Inability of the parties to write or speak
 d) Directions given by a court
66. A, a tradesman, left certain goods at B's house by mistake. B treated and used the goods as his own. In this case, B is
 a) Not liable to pay for the goods
 b) Liable to be prosecuted under law
 c) Liable to pay for the goods
 d) Bound to inform police
67. A contract in which, under the terms of a contract, nothing remains to be done by either party is known as
 a) Executed contract
 b) Executory contract
 c) Unilateral contract
 d) None of the above
68. A contract in which, under the terms of a contract, one or both the parties have still to perform their obligations in future, is known as
 a) Executed contract
 b) Executory contract
 c) Unilateral contract
 d) None of the above
69. A contract entered on 31st October, 1872 is governed by the Indian Contract Act, 1872
 a) If it was entered into India
 b) If its performance was after 31st October 1872
 c) If it was not performed at all
 d) Any of the above
70. Contracts classified on the basis of performance are
 a) Executed Contracts
 b) Executory Contracts
 c) Partly Executed or Partly Executory Contracts
 d) All of the above
71. Express contract means a contract made by
 a) Words either spoken or written
 b) Documents
 c) Both words and documents
 d) All of the above
- Offer and Acceptance of the Offer
72. The term "offer" has been defined in
 a) Section 2(a)
 b) Section 2 (b)
 c) Section 2 (C)
 d) Section (d)
73. When a person signifies to another his willingness to do or to abstain from do-ing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to
 a) Enter into a contract
 b) Make a proposal
 c) Entered into agreement
 d) Entere into contract
74. An implied offer means an offer made
 a. By spoken words
 b. By SMS
 c. By body language
 d. By both (a) and (c)
75. A proposal may consist of a promise for
 a) Doing an act
 b) Abstaining from doing an act
 c) Either (a) or (b)
 d) Returning the consideration
76. An offer may be made
 a. By words
 b. By conduct
 c. Either (a) or (b)
 d. Neither (a) nor (b)
77. Offer can be accepted by
 a) Offeror
 b) Offeree
 c) Promisor
 d) Either (a) or (b)
78. An acceptance of offer may be made
 a) By words
 b) By conduct
 c) Either (a) or (b)
 d) Neither (a) nor (b)

79. A specific offer is the one which is made
- By A to B
 - By a father to his only son for sale of his factory to him
 - By a father of a girl, to the father of the only son for her marriage
 - By all of the above
80. If A says to B "I offer to sell my car to you for Rs. 2 Lakhs and B accepts the offer by saying clearly "I accept your offer". It is an
- Implied offer
 - Express offer
 - General offer
 - Counter offer
81. A offers to sell his car on internet, it is
- Express offer
 - Implied offer
 - Particular offer
 - No offer
82. B makes to memorize a proposal to his parrot and sends him to A to recite the proposal. The parrot does so. The proposal is
- Valid
 - Void
 - Unlawful
 - Illegal
83. A bid at an auction sale is
- An implied offer
 - An express offer
 - An invitation to offer
 - An invitation to come
84. Forbearance of party from doing something also constitutes a valid offer.
- True
 - Party True
 - False
 - None of the above
85. An offer which is allowed to remain open, for acceptance over a period of time is known as a/an
- Standing Offer
 - Specific Offer
 - Express offer
 - Implied offer
86. An offer made to a specific person is known as
- Standing Offer
 - Specific offer
 - Special offer
 - Separate Offer
87. An offer made to group of persons is known as
- Standing Offer
 - Specific offer
 - Special offer
 - Separate Offer
88. Can be accepted only by the person or group to whom the offer is made
- Standing Offer
 - Specific offer
 - Special offer
 - Separate Offer
89. A advertises in paper that any person who found his lost dog can get a reward of Rs. 5000. Any person who finds the dog can claim the reward. This is a case of
- General offer
 - Specific offer
 - Implied offer
 - Invalid offer
90. To make a valid General offer, it is necessary for the offeree to be known to the Offerer at the time of Making the offer.
- True
 - Party true
 - False
 - None of the above
91. In a Specific offer, it is necessary for the offeree to be known to the Offerer at the time of Making the offer.
- True
 - Party true
 - False
 - None of the above
92. Communication of a proposal is complete when it comes to the knowledge of
- The person to whom it is made
 - The proposer
 - Either (a) or (b)
 - The central government
93. A proposes by letter, to sell his horse to B at Rs. 10,000. Communication of the proposal is complete when
- A posts the letter
 - B receives the letter
 - B acknowledges to A that he has received the letter
 - Either (b) or (c), whichever is earlier
94. The terms of an offer must be intended to create legal relations.
- True
 - Partly True
 - False
 - None of the above

95. Terms of an offer must be
- Ambiguous
 - Uncertain
 - Definite
 - Vague
96. An offer may be
- conditional
 - Unconditional
 - Both (a) and (b)
 - Either (a) or (b)
97. An offer may be
- Expressed
 - Implied
 - Both (a) and (b)
 - Either (a) or (b)
98. A offers B to sell his house for Rs. 15 lakh and directs him to send his acceptance only by e-mail B sends a letter of acceptance by post. This is
- valid acceptance
 - invalid acceptance
 - valid acceptance if a does not reject
 - no acceptance at all
99. a offered to take a house on lease for a period of 3 years if the house was hand- somely decorated. Here, there is no offer since
- there is no legal obligation
 - there is no communication of offer
 - The terms of offer are too vague
 - The offer is conditional
100. Offer should not contain a term, the non compliance of which would amount to acceptance.
- True
 - Party True
 - False
 - None of the above
101. Which of the following conditions is not necessary for a Valid offer ?
- Intention to create legal relation
 - Unconditional tems
 - Certainty of terms
 - Communication to the person to whom it is made
102. Which of the following conditions is not necessary for a valid offer ?
- intention to obtain consent of the offeree
 - Communication to the person to whom it is made
 - Intention to create legal obligation
 - Expressed in written form
103. When a person invites the other paty to make an offer he is said to make a/an
- Proposal
 - Offer
 - Invitation to offer
 - Acceptance
104. Is expression of initial intention.
- Invitation to offer
 - Offer
 - Proposal
 - Acceptance
105. is expression of final will ingness to perform a promise.
- Invitation to offer
 - Offer
 - Bid
 - Acceptance
106. Application filled in by a prospective applicant to the Company is an example of
- Invitation to offer
 - Offer
 - Bid
 - Acceptance
107. Statement of lowest price at which the seller would sell his goods constitutes
- A valid contract
 - A implied contract
 - An express contract
 - No contract
108. Which of the following results in an offer ?
- A declaration of intention
 - An invitation to offer
 - An advertisement offering reward to anyone who finds the lost dog of the advertiser
 - An offer made in a joke
109. Which of the following is an invitation to offer?
- A tender to supply goods at a certain time
 - A request for a loan
 - Bids in an auction sale
 - A catalogue of goods for sale
110. Price Lists and Catalogues, Advertisements in news papers, and enquiries from customers are
- Offers
 - Invitations to offer
 - Acceptances
 - Cross-offers
111. Goods displayed in a shop with a price label is
- An offer
 - An Invitation to offer
 - A Counter offer
 - A contra-offer
112. A notice inviting tender is an offer.
- True

- b) An Invitation to Offer
 c) A Counter – Offer
 d) A Contra – Offer
113. 'A' invites tenders for the supply of 10 quintals of cotton. 'B', 'C' and 'D' submit their tenders. A contract is concluded when
 a) 'A' invites tenders
 b) 'A' receives tenders of B,C and D
 c) 'A' accepts the tender of any of the parties
 d) There is no contract at all
114. There is a Counter- offer when
 a. The offeree gives conditional acceptance
 b. The Offeree makes a freser
 c. The fferee makes some query
 d. The offeree accepts it
115. When the offers made by two persons to each other containing similar terms of bargain cross each other in post, they are known as
 a) Cross Offers
 b) implied Offers
 c) Direct Offers
 d) Express offers
116. A offers to sell his car for Rs. 50,000 to B.B says he would buy it for Rs. 40,000. This is a case of
 a) Counter offers
 b) Implied offers
 c) Direct offers
 d) Express offers
117. A sends a letter to B Proposing to sell his Land. B Sends his acceptance by post. A can revoke the offer at any time before B posts his letter of acceptance, but not afterwards.
 a) True
 b) Partly True
 c) False
 d) None of the above
118. In which of the following circumstances, does the offer come to an end ?
 a) Lapse of time
 b) Counteroffer
 c) Death of offerer or offeree before acceptance
 d) All of the above
119. In which of the following Circumstances. Does the offer come to an end ?
 a) Non Acceptance of Condition
 b) Acceptance not in the prescribed mode
 c) Change in law or circumstances
 d) All of the above
120. An offer comes to an end after the expiry of
 a) Time stipulated for acceptance
 b) A reasonable time
 c) Either (a) or (b)
 d) Nether (a) nor (b)
121. An offer lapses to an end when the Offeree
 a) Fails to fulfill a condition precedent to acceptance
 b) Does not accept the condition
 c) Either (a) or (b)
 d) Neither (a) nor (b)
122. A proposal is revoked by the death of the Proposer, if the fact of his death comes to the Knowledge of the Acceptor
 a. Before acceptance
 b. After acceptance
 c. During acceptance
 d. Any of the above
123. Death of offeree before acceptance terminates the offer.
 a) True
 b) Partly True
 c) False
 d) None of the above
124. A applied for 1000 shares in a Company on 1st May. The Company allotted shares on 1st November of that year A refused the Shares. Is A's action valid ?
 a) Yes , Shares Cannot be allotted oon the faith of letter Written by A
 b) Yes , Shares Cannot be allotted in the second half of a calendar year
 c) Yes , Offer lapsed as it was not accepted within a reasonable time
 d) No , A has to accept and pay for the shares of revocation of offer have been
125. An offer can be accepted by
 a) Notice of acceptance
 b) Performance of condition specified in the offer
 c) Acceptance of consideration for a reciprocal promise
 d) All of the above
126. Acceptance may be
 a) Express
 b) Impiled
 c) Neither (a) nor (b)
 d) Either (a) or (b)
127. Implied offers can be proved only by
 a. Words
 b. Conduct
 c. Circumstantial evidence
 d. Prima facie evidence

128. An acceptance containing additions, limitations or other modifications shall amount to
- Rejection of the offer
 - A counter offer
 - A valid acceptance
 - Both (a) & (b)
129. specific offer can be accepted by
- any person
 - any friend of offerer
 - only the person to whom it is made
 - any friend of offeree
130. a general offer can be accepted by
- sending a communication of acceptance
 - mental acceptance of offer
 - complying with the conditions of offer
 - making a counter offer
131. in cases of general offer, for a valid contract, the Acceptor
- must have the knowledge of the offer
 - need not have the knowledge of the offer
 - may acquire the knowledge of the offer after the performance of the condition amounting to acceptance
 - should not accept at all
132. acceptance can precede an offer
- true
 - partly True
 - false
 - none of the above
133. A offered a reward to anyone who has returned his lost dog. B brought the dog to A without having heard of the offer which of the following statements is correct ?
- B is entitled to the reward
 - B was not entitled to the reward
 - A has to find the dog himself
 - No reward can be given for return of lost dog
134. An acceptance is valid
- When offeree adds his conditions with acceptance
 - When offeree accepts all the conditions of the offer
 - When it is not against the interest of any person
 - When acceptance is caused by coercion
135. Acceptance to an offer may be given by
- Any person
 - Competent person
 - Authorized person
 - Both by (b) and (c)
136. In order to convert a proposal into a promise the acceptance must be
- Absolute
 - Unqualified
 - Express
 - All of the above
137. Acceptance to an offer may be given by
- Adding conditions
 - Accepting conditions of the offer
 - Accepting consideration sent by the offer
 - Both (b) and (c)
138. Which of the following constitute invalid acceptance?
- Mental acceptance without communicating to Proposer
 - Failure to respond to the Proposer
 - Silence on the part of the Offeree
 - All of the above
139. An offer was sent by post. The Acceptor wrote "Accepted" on the letter, put it in his drawer and forgot about it. The transaction is
- A valid contract
 - Not an agreement as the acceptance was never communicated to the Proposer
 - A voidable Contract
 - A void contract
140. A send a letter of acceptance to an offer made by B. letter is still in the transit of post. The part bound by the acceptance is
- A
 - B
 - Both A and B
 - None
141. When no mode is prescribed by the offer for the acceptance of his offer, such acceptance shall be made.
- By telephone
 - As desired by the offeree
 - In some usual and reasonable manner
 - None of the above
142. An acceptance is not according to the mode prescribed, but the offeror decides to keep quiet. In such a case there is
- A contract
 - No contract
 - A voidable Contract
 - An unenforceable contract
143. Communication of acceptance is complete as against the Proposer
- Only when it comes to the Knowledge of the Proposer

- b) Only when the acceptance is communicated to the Proposer
 c) Only when it is put in the course of transmission to him so as to be out of power of the Acceptor
 d) None of the above
144. Communication of acceptance is complete as against the Acceptor, only
 a) When it is put in the course transmission
 b) When it comes to the knowledge of the Proposer
 c) When it is communicated to the Acceptor that the acceptance has reached the Proposer
 d) All of the above
145. Where a letter of acceptance sent by post is lost in transit there is
 a) No contract as the acceptance has not come to the knowledge of the offeror
 b) No contract as the acceptance has not been communicated to the offeror
 c) A contract as the letter of acceptance is put in the course of transmission
 d) All of the above
146. Which of the following is incorrect?
 a) A valid contract results from identical cross offers
 b) Communication of an offer is complete when the letter of offer is posted though it has not reached the person to whom the offer is made
 c) An offer and invitation to the offer are the same
 d) All of the above
147. Even if the letter is lost in transit acceptance is still valid provided that the Acceptor has
 a) Properly addressed is
 b) Affixed correct value of postage stamps
 c) Either (a) and (b)
 d) Both (a) and (b)
148. In case of special conditions in a contract, it should be communicated to the offeree
 a) At any time
 b) Before entering into contract or at the time of Making offer
 c) After contract is made
 d) Both (a) and (b)
149. Conditions on the reverse of a train ticket, bill issued by service providers, etc, are examples of
 a) Normal business policy
 b) Space saving measure
 c) Special conditions
 d) General rules of contract Law
150. Where the acceptance is given on telephone or fax, the place of contract is
 a) The place from where the telephone call is booked
 b) The place where the acceptance is heard or received
 c) The place from where the offer was made
 d) The place where the offeror resides.
151. An acceptance on telephone should be
 a) Heard by the offeror
 b) Audible to the offeror
 c) Understood by the offeror
 d) All of the above
152. Where a contract is made by post, the place of contract is
 a) The place from where the offer is made
 b) The place where the offer is received
 c) The place where letter of acceptance is posted
 d) The place where offeror resides
153. If an acceptance on phone is owned by noise and is not heard by the proposer
 a) A valid contract is concluded
 b) There is a voidable contract
 c) The contract is void
 d) No contract is concluded
154. When two persons agree to enter into an agreement in the future, there is between them.
 a) A valid contract
 b) No contract
 c) An agreement
 d) A consensus
155. The person making the offer is known as 'offeror' or promisor' and to whom it is made is known as
 a) Acceptor
 b) Acceptor for honour
 c) Offeree or promise
 d) Contracting party
156. The mode of the revocation of proposal other than by communication is / are
 a) Verbal notice
 b) Lapse of time
 c) Death or insanity of the offeror
 d) Both (b) and (c) above
157. Which of the following statement is incorrect ?
 a) An offer may be made to the world at large
 b) An offer may be positive or negative
 c) An offer may be expressed or implied
 d) An offer must be made to a specific person

158. A general offer made to the public at large is valid and binding contract is made with person who is having the knowledge of the offer
- Comes forward and acts accordingly
 - Acts accordingly and his act is ratified by the offeror
 - Seeks offeror's permission to accept the offer
 - Informs the public that he is willing to accept the offer
159. In which of the following cases, the principle of an offer to public at large was recognized?
- Balfur vs Balfour
 - Harvey vs Facie
 - Carlill vs carbolic smoke ball co
 - Both (a) and (b)
160. On the acceptance of an offer by the offeree, which of the following persons becomes legally bound by the contract ?
- Only the acceptor as he has accepted the offer
 - Only the offeror, as his terms are accepted
 - Both the acceptor and the offeror
 - None of the above
161. Which of the following is the legal rule of a valid acceptance ?
- An acceptance must be given within prescribed or reasonable time
 - An acceptance must be given before the lapse of offer
 - An acceptance may be expressed or implied
 - All of the above
162. Which of the following statement is incorrect?
- Death of the proposer automatically revokes the proposal
 - Cross offers constitute valid agreement
 - The acceptor cannot revoke his acceptance even if the letter of acceptance sent by him to the offeror is lost in the transit
 - All of the above
163. Which of the following is not the mode of the lapse of offer ?
- Lapse of time
 - Case against the offeror
 - Insanity of offeror
 - Failure to accept condition precedent
164. An acceptance of offer, in ignorance of the fact of death or insanity of the offeror, is
- Valid acceptance
 - Not valid
- Illegal acceptance
 - Fraudulent acceptance
165. Which of the following is correct ?
- Acceptance can be made even without the knowledge of the offer
 - An agreement with intention to create legal liability is not enforceable in law
 - If the offeree does not accept the offer according to the mode prescribed by the offeror, the offer does not lapse automatically
 - Communication of offer is complete when the letter of offer is posted
166. A proposes, by letter, to sell a house to B for Rs 10,000. The communication of the proposal is complete
- When B receives the letter
 - When A dispatches the letter
 - When A sign the letter
 - When B knows about the letter
167. B accepts A's proposal by a letter sent by post. The communication of the acceptance is complete as against A
- When A receives the letter of acceptance
 - When B acknowledges it
 - When it comes to the knowledge of A
 - When the letter is posted
168. Which of the following is correct ?
- Acceptance is to an offer what a lighted match to a train of gun powder
 - Two identical cross offers two are not independent and separate offers
 - A counter offer is conditional acceptance
 - All of the above statements
169. A revokes his proposal to B by telegram. The revocation is complete as against A
- When the telegram is dispatched
 - When B receives the telegram
 - When B confirms
 - When A receives confirmation from B
170. A revokes his proposal by telegram to B. it is complete as against B
- When the telegram is dispatched by A
 - When B confirms it
 - When B receives it
 - When A dispatches the telegram
171. B revokes his acceptance by telegram. B's revocation is complete as against B
- When the telegram is dispatched
 - When the proposer receives the telegram
 - When the proposer confirms
 - When B receives the confirmation

172. B revokes his acceptance to A by telegram. B's revocation is complete as against A
 a) When B dispatches the telegram
 b) When it reaches him when B confirms it
 c) When B confirms it
 d) When A notifies it to B

173. Which of the following statements is correct?

- a) A valid contract cannot result from identical cross offers
- b) A proposal when accepted becomes a promise
- c) A rejected offer cannot be accepted
- d) All of the above statements

174. Which of the following is correct ?

- a) An offer may be made to a particular individual
- b) An offer may be made to the public of the whole world at large
- c) An offer may be made to a section of a public at large
- d) All of the above

175. Which of the following is correct ?

- a) Acceptance must precede an offer
- b) Acceptance may be given in any manner unless the offeror insists acceptance in the prescribed manner
- c) Silence always amounts to acceptance
- d) Acceptance may be valid even if the offeree adds certain conditions

176. Which of the following is incorrect ?

- a) A rejected offer cannot be accepted
- b) Cross offers cannot be constructed as an agreement
- c) Counter offer constitute valid acceptance
- d) All of the above

Capacity of the Party

177. Capacity to contract means

- a. The parties are financially sound to make contract
- b. The parties are physically able to enter into contract
- c. The parties are legally competent to enter into contracts
- d. All of the above

178. Capacity to contract has been defined in

- a) Section 10
- b) Section 11
- c) Section 12
- d) Section 25

179. Competence to contract mans

- a) Age of the parties
- b) Soundness of mind of the parties
- c) Both (a) and (b)
- d) Intelligence of the parties

180. These two person can enter into a valid contract

- a) Convict
- b) Person of sound mind
- c) Divorcee lady
- d) Both (b) and (c)

181. These two persons can enter into a valid contract

- a) One minor and a major person
- b) One minor and a person of sound mind
- c) Husband and Wife
- d) One major person and an insolvent person

182. A convict when undergoing imprisonment

- a) Is capable of entering into a contract
- b) Is incapable of entering into a contract
- c) Is capable of entering into a contract, if it is permitted by the court
- d) Is capable of passing the consideration

183. A convict can enter into contract when

- a) He is on bail
- b) He is released from imprisonment
- c) All of the above
- d) None of the above

184. Peron who is not an indian citizen is known as

- a) alien enemy
- b) Alien friend
- c) Either (a) or (b)
- d) Both (a) and (b)

185. Contracts with an alien friend, subject to certain restrictions are

- a) Void
- b) Unenforceable
- c) Valid
- d) Invalid

186. Only the official Receiver can enter into contracts on behalf of the insolvent.

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

187. A corporation cannot enter into contracts that are

- a) Ultra vires its Memorandum of association
- b) Strictly of a personal nature as t is only an artificial person
- c) Either (a) or (b)
- d) Neither (a) nor (b)

188. Minor's agreement is void but the minor can enforce the agreement against the other major party if minor is
- A third party in the agreement
 - Promisor in the agreement
 - A promise in the agreement and he has performed his part of promise under the agreement
 - Relative of M.P
189. A minor's agreement is void. This was held in the case of
- Mohiri Bibee Vs Dharmadas Ghosh
 - Salma begam Vs Jan Mohamed Khan
 - Balfour vs balfour
 - Chinnaiya vs Ramaya
190. On attaining the age of majority, a Minor's agreement
- Is void
 - Cannot be ratified
 - Becomes void
 - Can be ratified
191. Which of the following statements are correct? A minor cannot
- Become a Partner
 - Be liable even in case of fraudulent representation of age
 - Ask for specific performance of a contract
 - All of the above
192. A minor cannot be declared insolvent.
- True
 - Partly True
 - False
 - None of the above
193. Guardian shall For breach of contract by Minor.
- be held liable
 - Not be held liable
 - Be imprisoned
 - Not be questioned
194. Parents shall ----- for breach of con. Tact by minor.
- Be held liable
 - Not be held liable
 - Be imprisoned
 - Not be questioned
195. A , a Minor, entered into a contract for borrowing a sum of Rs 40,000 out of which lender paid him a sum of Rs 18,000A executed mortgage of property in favour of the lender. The mortgage is
- Valid for any amount
 - Valid to the extent of Rs. 40,000
 - Invalid
 - Validated on attaining majority
196. A ia a minor, b approaches A for a loan on the basis of a mortgage of the house owned by B Hence, A advances the money and b executed a mortgage in favour of A, a minor. In these circumstances
- The mortgage is not enforceable by A, because he is a minor
 - The mortgage is enforceable but only when a attains majority
 - The mortgage is enforceable by A even though he is a Minor
 - There is no mortgage at all
197. Minor can be
- A partner in a firm
 - An agent
 - A principal of his agent
 - All of the above
198. A minor can
- Ratify his agreement after attaining majority
 - Be directed by the Court for specific performance of the contract
 - Always plead his minority
 - Be held liable for cheques issued by him
199. A contract to take a loan by boy of 17 years of age from a money lender of 34 years is
- Valid contract
 - Void contract
 - Quasi Contract
 - Void agreement
200. A minor can be held personally liable
- For chques issued by him
 - For promises made by him with other joint promisors
 - For guarantee given by him
 - None of the above
201. A, a Minor draws cheque in favour of B. on attaining majority, A makes out a fresh cheque in lieu of the old one. In this case
- The original cheque is invalid but the fresh cheque is valid
 - The original cheque is valid but the fresh cheque is invalid
 - Both the original and fresh cheque are valid
 - Both the original and Fresh cheque are invalid.
202. Which of the following is incorrect ?
- A minor can entr into contract
 - A minor cannot validly appoint an agent
 - A minor is liable for a chque issued by him
 - All of the above
203. Which of the following is correct ?

- a) An agreement with a minor is always void
 b) A drunken person can never enter into a contract
 c) A married woman can never make a contract
 d) All of the above
204. Which of the following is correct position for minor under valid contract ?
 a) A minor can be a beneficiary
 b) A minor can be a promisee
 c) Either (a) and (b)
 d) A minor can be a full fledged partner in partnership firm
205. A minor, by misrepresenting his age, borrows some money. He
 a) Can be sued for fraud
 b) Cannot be sued for fraud
 c) Is liable to return the money
 d) Is liable to return the money on attaining majority
206. Which of the following is correct ?
 a) A minor can make a valid contract for necessities of life
 b) A married woman cannot enter into contract with her husband
 c) A minor can never become partner of any firm
 d) A minor can appoint an agent and is liable as principal
207. A minor's guardian are not liable to Creditor for breach of contract by the minor, if the contract is for -----
 a) Supply of necessities
 b) Supply of non-necessaries
 c) Supply of services
 d) All of the above
208. A minor, though incompetent to contract
 a) can act as an Agent
 b) Can bind his principal
 c) Either (a) or (b)
 d) Both (a) and (b)
209. A minor enters into a contract for the purchase of certain necessities. In such a case
 a) He is liable to return the necessities
 b) He is liable to pay
 c) His estate is liable to pay
 d) His guardian is liable to pay
210. Which of these has not been held as a "Necessary"?
 a) Food
 b) Clothing
 c) Shelter
 d) Mobile Phone
211. Which of these has been held as a "Necessary"?
 a) Mobile Phone
 b) Clothing to suit the person's social status
 c) Intoxicating drinks
 d) Internet Connection
212. Education and Marriage of a Female have also been held to be necessities in India.
 a) True
 b) Partly True
 c) False
 d) None of the above
213. Necessaries consist of
 a) Tangible Goods
 b) Services
 c) Either (a) or (b)
 d) Neither (a) nor (b)
214. Which of these is not a "necessary" for a Minor?
 a) Provision of education
 b) Provision of medical and legal advice
 c) Provision of a house on rent for the purpose of living and Continuing his studies
 d) Provision of alcoholic drinks
215. A person is permanently incompetent to contract, if he is
 a) Lunatic
 b) Idiot insolvent
 c) All of the above
216. A, a minor bought 11 expensive coats from B. he was, at that time, adequately provided with clothes, but B did not know this fact. In such a case
 a) Minor is personally liable to pay for the coat
 b) Minor's property can be attached for payment
 c) Minor is liable since he has Misled into supply of coats
 d) Minor is not liable at all
217. A minor having ample supply of clothes according to his position, bought number of new dresses including eleven fancy waist-coats. In which of the following case, these were held not to be necessities?
 a) Chapel Vs Cooper
 b) Balfour Vs Balfour
 c) Nash Vs Inman
 d) None of these
218. A person is said to be of Sound Mind, if at the time of contracting
 a) He is able to understand the terms of Contract

- b) He is capable of forming a rational judgment about contract and about his interests
 c) Either (a) or (b)
 d) Either (a) and (b)
219. A minor can be held liable for
 a) Necessaries of life supplied to him
 b) For a tort committed by him
 c) Cheques endorsed by him
 d) All of the above
220. A drunken person is not competent to contract as he falls in the category of
 a) Persons disqualified by law
 b) Persons of unsound mind
 c) Persons of discarded by society
 d) Enemies of society
221. An intoxicated person is not competent to contract as he falls in the category of
 a) Persons disqualified by law
 b) Persons of unsound mind
 c) Persons of discarded by society
 d) Enemies of society
222. Which of the following are the persons of unsound mind ?
 a) Idiot
 b) Lunatic
 c) Drunken
 d) All of the above
223. Which of the following persons are not competent to Contract being the persons disqualified by law ?
 a) Alien enemies
 b) Insolvents
 c) Convicts
 d) All of the above
224. Which of the following person do not fall in the category of person of unsound mind.
 a) Idiots
 b) Lunatics
 c) Alien
 d) Drunken persons
225. Minority is a personal
 a) Matter
 b) Incompetence.
 c) Talent
 d) Competence
226. The doctrine of restitution refers to the restoration of property or goods obtained by false representation. This doctrine is
 a) Beneficial to minors
 b) Not applicable to minors
 c) Applicable to minors
 d) None of the above
227. A minor
 a) Can be appointed as an agent.
 b) Cannot be appointed as an agent
 c) Can appoint others as his agent
 d) None of these
228. Which of the following is considered to fall in the category of 'necessaries'?
 a) Expenses for funeral ceremonies of minor's father
 b) Money borrowed to save minors property
 c) Expenses for education
 d) All of the above
229. A, a minor borrowed Rs. 30,000 from B as an education loan to compete his education. B can
 a) Recover amount from A
 b) Recover amount from A's guardian
 c) Recover amount from A's property
 d) Not recover at all
230. In a case where a lunatic enters into a contract for the purpose of 'necessaries, then
 a) Lunatic's is personally liable to pay
 b) Lunatic's guardian's is liable to pay
 c) Lunatic's estate is liable to pay
 d) Guardian's estate is liable to pay.
231. A minor can be lawfully Of a cheque.
 a) Drawer
 b) Drawee
 c) Payee
 d) All of the above
232. Contracts with an alien enemy before the declaration of war, which are against the national interest, are
 a) Terminated
 b) Not affected at all
 c) Suspended and revived after war
 d) None of the above
233. The contractual capacity of a company registered under the companies Act, 1956, is regulated by the
 a) Memorandum of association
 b) Provisions of the Companies Act
 c) Both (a) & (b)
 d) May not contract whilst such delirium lasts
234. A sane man, who is delirious from fever
 a) Can contract at any time
 b) Cannot contract whilst such delirium lasts
 c) Cannot contract at all
 d) May not contract whilst such delirium lasts
235. A sane man, who is so drunk that the cannot understand the terms of a contract

- a) Cannot contract while such drunkenness lasts
- b) Cannot contract at all
- c) May not contract while such drunkenness lasts
- d) Can contract at any time

Consideration

236. Consideration means
- a) Quid pro lo
 - b) Quid pro quo
 - c) Qui pro quo
 - d) Quid pro quod
237. Consideration in a contract
- a) May be anything
 - b) Noting in return
 - c) Some thing in return
 - d) May be illusory
238. Section ---- of the Indian Contract Act defines "Consideration"
- a) Section 2(a)
 - b) Section 2 (b)
 - c) Section 2 (c)
 - d) Section 2 (d)
239. "Consideration" means a reasonable equivalent or other valuable benefit passed on
- a) By the Promisor to the beneficiary
 - b) By the Promisee to the Promisor
 - c) By the promisor to the promisee
 - d) By the promise to the beneficiary
240. Consideration means something which is of some value in the eyes of law. it may be some benefit to the plaintiff or some detriment to the defendant. It was held in case of
- a) Fazaladdin vs Panchanan Das
 - b) Thomas Vs Thomas
 - c) Currie vs Misa
 - d) None of the above
241. Out of the following which is/are valid consideration ?
- a) Not to sue any person
 - b) Compromise of dispute
 - c) Composition of creditors
 - d) All of the above
242. An essential feature of consideration is that
- a) It must be cash
 - b) It must be given by the promisee alone
 - c) It must be at the request of the Promisor
 - d) It must be in kind
243. Past consideration means
- a) Voluntary services rendered in the past

- b) Something given by a party to another at the request of the promisor and contract is made thereafter
- c) Something done at the time of making a contract
- d) Something to be given after formation of the contract

244. Consideration may be
- a) past
 - b) present
 - c) future
 - d) either (a) or (b) or (c)
245. past consideration is ____ in England
- a) valid consideration
 - b) no consideration
 - c) illegal consideration
 - d) unlawful consideration
246. past consideration is ----- in India.
- a) Valid consideration
 - b) No consideration
 - c) Illegal consideration
 - d) Unlawful consideration
247. Which of the following is correct ?
- a) Consideration is essential for a contract
 - b) Consideration is required for a contract when parties intend to
 - c) Both (a) or (b)
 - d) Neither (a) nor (b)
248. Consideration must be something which the Promisor
- a) Is already bound to do
 - b) Is not already bound to do
 - c) May voluntarily do
 - d) Must not do
249. If A renders some service to B at B's desire and after a Month B promises to compensate A for the service rendered to him, it is a
- a) Present consideration
 - b) Past consideration
 - c) Future consideration
 - d) Not a consideration at all
250. An Executory consideration
- a) Is an outstanding liability on both the parties
 - b) Consists of a promise in future
 - c) Is a promise for a promise
 - d) All of the above
251. Executory consideration can be
- a) Positive
 - b) Negative
 - c) Neither (a) nor (b)
 - d) Either (a) or (b)

252. An executed consideration
- Can be positive or negative
 - Liability is outstanding in one side only
 - Is an act against future promise
 - All of the above
253. Past consideration means
- The price received in the past without making even a proposal
 - More price is received than expected
 - The service rendered at the request of the promisor in the past followed by a subsequent promise
 - All of the above
254. Executed consideration means
- Past consideration
 - Present consideration
 - Future consideration
 - Both (a) and (b)
255. Executed consideration means
- Present consideration
 - Past consideration
 - Future consideration
 - Voluntary services rendered in the past
256. A promises to pay an existing debt punctually if, B, the creditor, gives him a discount. Is this consideration valid ?
- Yes , it is genuine consideration
 - No , Promisor is already bound to pay punctually
 - No, inadequate consideration
 - Yes , enforceable consideration
257. Present consideration is valid in ----
- India
 - England
 - Both (a) and (b)
 - Either (a) or (b)
258. Consideration may be
- Executory
 - Executed
 - Either (a) or (b)
 - Both (a) and (b)
259. Where a witness who has received summons to appear at a trial, a promise to pay him anything beyond his expenses is
- Void
 - Valid
 - Unlawful
 - illegal
260. a finds B's mobile Phone, and gives it back to him. B promises to give A rs. 500. This is a/an
- agreement
 - contract
 - acceptance
 - offer
261. an agreement not supported by consideration is called
- Nudum Pactum
 - Invalid consideration
 - Ab intio
 - Nam dat quod non habet
262. Promise without consideration is
- Gratuitous
 - Devoid any legal obligation
 - Not binding on the Promisor
 - All of the above
263. The consideration is to be moved some-time after the formation of a contract, it is known as
- present consideration
 - Executor consideration
 - Past consideration
 - Executed consideration
264. A for natural love and affection, promises to give his son B Rs 1,000. A puts his promise to b into writing and registers it. This is a
- Contract
 - Agreement
 - Promise
 - Offer
265. Mere nearness of relation does not necessarily imply natural love and affection for making contracts without consideration is valid.
- True
 - Partly True
 - False
 - None of the above
266. A husband, by a registered agreement promised to pay wife Rs 5,000 p.m. there was no consideration moving from the wife to the husband. This contract is
- Void
 - Illegal
 - Valid
 - Unenforceable
267. The consideration ----- benefit the promisee himself
- Must
 - Need not
 - Must always
 - Must never
268. A supports B's infant Son. B Promises to Pay A's expense. The contract is
- Void
 - Illegal

- c) Valid
d) Unenforceable
269. A owes B Rs 1,000 but the debt is barred by Limitation Act. A signs a written promise to pay B Rs 500 on account of this debt. The contract is
- a) Void
b) Illegal
c) Valid
d) Unenforceable
270. 'No Consideration No Contract' does not apply to completed gifts.
- a) True
b) Partly True
c) False
d) None of the above
271. Consideration must move at the desire of
- a) Promisor
b) Promisee
c) Stranger
d) Either (b) or (c)
272. Consideration may move from
- a) Promisor
b) Promisee
c) Either (a) or (b)
d) Both (a) and (b)
273. Consideration is not necessary to effect a valid Gratuitous Bailment of goods.
- a) True
b) Partly True
c) False
d) None of the above
274. Inadequacy of consideration does not make the contract
- a) Void
b) Voidable
c) Valid
d) Neither (a) nor (b)
275. Which of the following is correct ?
- a) Consideration may be past, present but not future
b) A contract is void if the consideration is inadequate
c) Acceptance to lesser sum in satisfaction of payment of a larger sum is valid in spite of inadequate consideration
d) A stranger to contract can enforce the contract
276. When the consideration is unlawful, the courts
- a) Allow an action on contract
b) Do not allow an action on contract
c) Take it for consideration
d) Either (a) or (c)
277. A person who is not a party to a contract
- a) Cannot sue
b) Can sue
c) Can sue only in well recognized cases
d) Can sue the Government
278. Under the Indian contract Act, a third person
- a) Beneficiary under the contract can sue
b) From whom the consideration has proceeded can sue
c) Cannot sue even if the consideration has proceeded from him
d) Cannot sue at all for want of privity of contract
279. Stranger to contract means
- a) First party to contract
b) Second party to contract
c) Third party to contract
d) Either (a) or (b)
280. The term privity of contract means
- a) Stranger of contract
b) Contract is private
c) First party to contract
d) Second party to contract