

INTRODUCTION AND PROCEDURE OF AUCTION SALE

1. Auction sale means
 - a) forced sale
 - b) public sale
 - c) Private sale
 - d) involuntary

2. In an auction sale, a person appointed to sell the goods by auction is known as
 - a) Auctioneer
 - b) Bidder
 - c) Pawnee
 - d) none of these

3. In an auction sale, intending buyers are known as
 - a) Auctioneers
 - b) bidders
 - c) Auction- buyers
 - d) actionists

4. In an auction sale, the goods are generally sold to the
 - a) Joint bidders
 - b) public servants
 - c) Highest bidder
 - d) lowest bidder

5. Auction sale is illegal
 - a) True, as it is against public policy to sell the goods by auction.
 - b) False, as it is the recognized and accepted mode of sale of goods

6. In an auction sale, the highest bid by the intending buyer means an
 - a) Offer to buy
 - b) offer to pay price
 - c) Acceptance of goods
 - d) none of these

7. In an auction sale, the fall of hammer by the auctioneer means
 - a) Offer to sell
 - b) offer to receive price
 - c) Acceptance
 - d) none of these

LEGAL RULES REGARDING AUCTION SALE

8. An auction sale is complete on the
 - a) Fall of hammer
 - b) delivery of goods
 - c) Payment of price
 - d) both (b) and (c)

9. The bidder at an auction can withdraw his bid
 - a) Any time during auction
 - b) before fall of hammer
 - c) Before payment of price
 - d) none of these

10. Which of the following statements is incorrect?
 - a) A bid is an offer and it can be revoked before it is accepted by the fall of hammer.
 - b) On the fall of hammer of any other customary mode of acceptance of bid, the contract of sale comes into existence.
 - c) A bid is an acceptance of good and it cannot be withdrawn by the bidder.
 - d) The auctioneer may reserve his right to refuse or accept any bid

11. If the bidder, at an auction sale, withdraw his bid after the fall of a hammer, then his security deposit is liable to be forfeited.
 - a) True, as such a case the withdrawal of bid amounts to breach of contract.
 - b) False, as the bidder is within his legal right to withdraw the bid at any time

12. In an auction sale for the of specific goods in a deliverable state, the ownership passes to the buyer immediately on
 - a) Delivery of goods
 - b) payment of price
 - c) Fall of hammer
 - d) both (a) and (b)

13. In an auction sale, the seller also has the right to appoint a person to bid on his behalf.
 - a) True, as the seller had the option to expressly reserve his right to bid at the auction in order to protect his interest against knock-out agreements.
 - b) False, as such a right is illegal and it would defeat the purpose of public auction

14. Where the seller has expressly reserved his right to bid in auction, to bid on his behalf, the seller can appoint
 - a) One bidder only
 - b) two bidders
 - c) Any number of bidders
 - d) none, seller has no such right

15. Where in an auction sale, the seller appoints more than one bidder to bid at an auction sale, the sale is
 - a) Void

- b) Voidable
- c) Illegal
- d) valid

16. Which of the following statements is incorrect?

- a) In an auction sale, the seller can appoint one bidder to bid on his behalf if he had expressly reserved his right to do so and the sale has been notified subject to such a right of the seller.
- b) In an auction sale, if the seller has not reserved his right to bid, he cannot appoint even a single bidder to bid on his behalf.
- c) In an auction sale, the seller can appoint only one bidder to bid on his behalf even if he has not reserved his right to bid at auction.
- d) An auction sale is regarded as fraudulent if the seller appoints a bid to bid on his behalf without reserving his right to bid

17. Where the seller's right to bid at auction is not notified and the seller appoints a person to bid on his behalf the auction sale is considered as

- a) Fraudulent
- b) conditional
- c) Provisional
- d) beneficial

18. Where in an auction sale notified with reserve price, the auctioneer mistakenly knocks down the goods for less than the reserve price, then the auctioneer is

- a) Bound by auction
- b) not bound by auction
- c) Liable for damage
- d) both (a) and (c)

19. The minimum price below which the auctioneer will not sell the goods put up for auction sale is known as

- a) Reserve price
- b) upset price
- c) Auction price
- d) (a) or (b)

20. The rules relating to auction sale are contained in section 64 of

- a) The sale of Goods Act
- b) The Indian Contract Act
- c) The Transfer of property Act
- d) none of these

IMPORTANT TERMS AND IMPLIED WARRANTIES IN AUCTION SALE

21. An agreement between bidders not to bid against each other at an auction sale is known as

- a) Knock-out agreement
- b) damping agreement
- c) Puffer's agreement
- d) fraudulent agreement

22. Knock-our agreement in an auction sale is considered as

- a) Void
- b) valid
- c) Illegal
- d) voidable

23. An auction sale is if knock-out agreement is made with the intention of defrauding the seller

- a) Void
- b) valid
- c) Voidable
- d) illegal

24. An unlawful act by which an intending purchaser is prevented from bidding or raising the price and an auction sale is known as

- a) Damping
- b) buffering
- c) Decoy ducking
- d) none of these

25. In an auction sale, damping is

- a) Legal
- b) illegal
- c) Contingent
- d) none of these

26. In auction sale where the bidders indulge in damping, the auctioneer

- a) Can withdraw the goods from auction
- b) Cannot withdraw the goods from auction
- c) Is bound to sell at the reserve price only
- d) Can sell the goods only with the court permission

27. A person appointed by the seller to raise the price by fictitious bids, is known as

- a) Puffer
- b) decoy duck
- c) Damper
- d) (a) or (b)

28. By-bidders or white bonnets are the persons appointed by the seller to raise the price by fictitious bids

a) True, as in addition to 'puffers' or 'decoy ducks' such persons are also known by these names

b) False, as such a person appointed by the seller is known as 'Puffer' or 'decoy duck' only

29. In an auction sale, the auctioneer gives an implied warranty that

- a) He has authority to sell goods on behalf of his principal
- b) He knows of no defects in his principal title
- c) The buyer will enjoy the quiet possession of the goods.
- d) All of the above

30. In an auction sale, the auctioneer warrants the possession of the goods would be given to the purchaser on payment of price

- a) True, as it is the implied warranty in an auction sale.
- b) False, as there is no such implied warranty in an auction sale.

ANSWERS

1. INTRODUCTION AND PROCEDURE OF AUCTION SALE

- 1. (b)
- 2.(a)
- 3.(b)
- 4.(c)
- 5.(b)
- 6(a)
- 7.(c)

2. LEGAL RULES REGARDING AUCTION SALE

- 1. (a)
- 2.(b)
- 3.(c)
- 4.(a)
- 5.(c)
- 6.(a)
- 7. (a)
- 8.(b)
- 9.(c)
- 10.(a)
- 11.(b)
- 12.(d)

3. IMPORTANT TERMS AND IMPLIED WARRANTIES IN AUCTION SALE

- 1. (a)
- 2.(b)
- 3.(c)
- 4.(a)
- 5.(b)
- 6.(a)
- 7. (d)
- 8.(a)
- 9.(d)
- 10.(a)