

**Chapter 6**

**Part B: Business Law**

**NATURE, SIGNIFICANCE & SOURCES OF LAW**

1. Under natural school most of the ancient definitions are given by..... and other ancient Jurists.
  - a. Greek
  - b. Roman
  - c. Indian
  - d. European
2. .... defined Law as “the art or science of what is equitable and good.”
  - a. Cicero
  - b. Salmond
  - c. Ulpine
  - d. Jack Welch
3. Ulpine defined Law as “the.....of what is equitable and good.”
  - a. Art
  - b. Science
  - c. (a) or (b)
  - d. None of above
4. Ancient Hindu view was that ‘law’ is the command of.....
  - a. God
  - b. The sovereign
  - c. Government
  - d. Saints
5. ....,the prominent modern natural law thinker, defines law as “the body of principles recognized and applied by the State in the administration of justice.”
  - a. Cicero
  - b. Salmond
  - c. Ulpine
  - d. Jack Welch
6. ....Described Law as “aset of rules imposedand enforced by society with regard to the attribution and exercise of power over persons and things.
  - a. Vinogradoff
  - b. Austin
  - c. Kelsen
  - d. Salmond
7. According to ....., “Law is the aggregate of rules set by man as politically superior, or sovereign, to men as political subject.”
  - a. Vinogradoff
  - b. Austin
  - c. Kelsen
  - d. Salmond
8. According to Austin law is the “command of the.....”
  - a. God
  - b. Sovereign

- c. King
- d. Saints
9. According toKelsen, law is a ‘.....’
  - a. Positive science
  - b. Normative science
  - c. Positive art
  - d. Normative art
10. Custom not only precedes legislation but it is ..... To it.
  - a. Inferior
  - b. Superior
  - c. Junior
  - d. None of above
11. According toSavigny’stheory of law the .....ismore important than the legislator.
  - a. Lawyer
  - b. The jurist
  - c. (a) or (b)
  - d. None of above
12. Duguit defines law as “essentially and exclusively as. ....fact.”
  - a. Social
  - b. Material
  - c. Immaterial
  - d. Normal
13. Which of the following is essential of this definition given by Duguit?
  - a. Law is treated as only one means of social control
  - b. Law is to serve social purpose
  - c. It is coercive in character
  - d. All of above
14. Which of the following is/ are the main characteristics of law?
  - a. Law pre-supposes a State.
  - b. Authorization from State to make, or recognizes or sanctions rules.
  - c. Laws are made to serve some purpose.
  - d. All of above
15. Mandatory law calls for ..... act.
  - a. Negative
  - b. Affirmative
  - c. Business
  - d. All of above
16. Law requiring the payment of taxes is example of .....
  - a. Mandatory Act
  - b. Prohibitive Act
  - c. Enabling Act
  - d. Permissive Act

17. A prohibitive law requires ..... conduct.
- Positive
  - Enabling
  - Business
  - Negative
18. Which of the following is example of prohibitive law?
- Running a lottery
  - Carrying of concealed weapon
  - Both (a) & (b)
  - Neither (a) nor (b)
19. A ..... is one which neither requires nor forbids action, but allows certain conduct on the part of an individual if he desires to act.
- Mandatory law
  - Permissive law
  - Prohibitive law
  - None of above

### SOURCES OF LAW

20. The principal sources of Indian law.....
- Personal law
  - Statutes or legislation
  - Judicial decisions or precedents
  - All of above
21. The principal source of Indian law is / are.....
- Customs or customary law
  - Personal law
  - Statutes or legislation
  - All of above
22. Customs or customary laws are..... of Indian law.
- Principal source
  - Secondary sources
  - Both (a) & (b)
  - None of above
23. Custom is the most ..... of all the sources of law
- Recent
  - Ancient
  - Unimportant
  - None of above
24. Customs have played an important role in the ancient.....
- Mohammedan Law
  - Hindu Law
  - Both (a) & (b)
  - None of above
25. .... Are those customs which are non- obligatory and are observed due to the pressure of public opinion?
- Legal customs
  - Customs having sanction
  - Customs without sanction

- d. Local customs
26. .... Are those customs which are enforced by the State?
- Customs having sanction
  - Customs without sanction
  - Both (a) & (b)
  - None of above
27. .... is the custom which prevails in some definite locality and constitutes a source of law for that place only.
- Legal customs
  - Local custom
  - General Customs
  - None of above
28. A ..... is that which prevails throughout the country and constitutes one of the sources of law of the land.
- Legal customs
  - Local custom
  - General Customs
  - None of above
29. .... Are also known as "usages".
- Legal customs
  - Local custom
  - General customs
  - Conventional customs
30. .... are binding due to an agreement between the parties, and not due to any legal authority independently possessed by them.
- Legal customs
  - Local custom
  - General customs
  - Conventional customs
31. Requisites of a valid custom is / are .....
- Immemorial (antiquity)
  - Certainty
  - Reasonableness
  - All of above
32. Requisites of a valid custom are/ are.....
- Compulsory observance
  - Conformity with law and public morality
  - Unanimity of opinion
  - All of above
33. Requisites of a valid custom is/ are.....
- Peaceable enjoyment
  - Consistency
  - Certainty
  - All of above
34. .... means the guidance or authority of past decisions of the courts for future cases.
- Judicial decision
  - Precedent

- c. (a) or (b)  
d. None of above
35. The rule that a court decision becomes a precedent to be followed in similar cases is known as doctrine of.....  
a. Stare decisis  
b. Obiter dictum  
c. Lispendenes  
d. All of above
36. The first rule of doctrine of staredecisis that each court ..... in the hierarchy is absolutely bound by the decisions of the courts.....it.  
a. Above, lower  
b. Lower, above  
c. Above, equal  
d. None of above
37. The second rule of doctrine of staredecisis that in general higher courts are bound by.....  
a. Decisions of lower court  
b. Their own decisions  
c. Both (a) & (b)  
d. None of above
38. The Supreme Court is the highest Court and its decisions are binding on.....  
a. High court  
b. District Court  
c. Tribunals  
d. All of above
39. The decisions of High Court are binding on all the .....  
a. Higher court  
b. Subordinate courts  
c. Tribunals  
d. (b) & (c)
40. The decisions of one High Court have only a .....in a court which is within the jurisdiction of another High Court.  
a. High value  
b. Persuasive value  
c. Low value  
d. None of above
41. The decisions of one High court have only a persuasive value in a court which is within the jurisdiction of..... High Court.  
a. Lower  
b. Another  
c. Both (a) & (b)  
d. None of above
42. In case of any conflict between the two decisions of co-equal Benches, generally the .....is to be followed.  
a. Later decision  
b. Earlier decision  
c. Lower court's decision  
d. None of above
43. In a High Court, a single judge constitutes the .....  
a. Highest Bench  
b. Smallest Bench  
c. Division Bench  
d. Full Bench
44. A bench of two judges is known as .....  
a. Highest Bench  
b. Smallest Bench  
c. Division bench  
d. Full bench
45. Three or more judges constitute a .....  
a. Highest bench  
b. Smallest bench  
c. Division Bench  
d. Full Bench
46. Pre-constitution Privy Council decisions are .....  
a. Binding on the High Court's  
b. Not binding on the High Court's  
c. Binding on the High Court's unless overruled by the Supreme Court.  
d. None of above
47. ....ofthe Constitution makes it clear that the law declared by the Supreme Court shall be binding on all courts within the territory of India.  
a. Article 150  
b. Article 151  
c. Article 140  
d. Article 141
48. The expression 'all courts' used in Article 141 refers only to courts other than the .....  
a. High Court  
b. Supreme Court  
c. District Court  
d. All of above
49. Supreme Court is ..... by its own decisions.  
a. Bound  
b. Not bound  
c. Both (A) & (b)  
d. None of above
50. The earlier decisions of the Supreme Court cannot be departed by it unless there are ..... to do so.  
a. Extraordinary reasons  
b. Special reasons  
c. (a) or (b)  
d. None of above

51. The Supreme Court can depart from its earlier decision, if the earlier decision is found.....
- Erroneous
  - Detrimental to the general welfare of the public
  - Both (a) & (b)
  - None of above
52. The .....lays down the principle that decisions of higher courts must be followed by the courts subordinate to them.
- Doctrine of merger
  - Doctrine of election
  - Doctrine of frustration
  - Doctrine of precedent
53. According toSalmond, a..... is one which is merely the application of an already existing rule of law.
- Absolutely authoritative precedents
  - Persuasive precedents
  - Declaratory precedent
  - Conditionally authoritative precedents
54. An..... Is one which creates and applies a new rule oflaw.
- Absolutely authoritative precedent
  - Originalprecedent
  - Declaratory precedent
  - Conditionally authoritative precedents
55. Precedent that is not mandatory but which is useful or which the judges are not obliged to follow is known as.....
- Absolutely authoritative precedents
  - Persuasive precedent
  - Declaratory precedent
  - Conditionally authoritative precedents
56. The rulings of the English and American Courts are ..... only.
- An absolutely authoritative precedents
  - Persuasive precedent
  - Declaratory precedent
  - Conditionally authoritative precedents
57. ....isone which judges must follow whether they approve of it or not.
- Declaratory precedent
  - An authoritative precedent
  - Persuasive precedent
  - Conditionally authoritative precedents
58. A .....isone which, though ordinarily binding on the court before which it is cited, is liable to be disregarded in certain circumstances.
- Declaratory precedent
  - An authoritative precedent
  - Persuasive precedent
  - Conditionally authoritative precedents
59. The ..... Means“ adhere to the earlier decision and do not unsettle things which are established”.
- Doctrine of RationDecidendi
  - Doctrine of StareDecisis
  - Doctrine of Obiter Dicta
  - Doctrine of frustration
60. .... Is an observation made by a judge which, though included in the judgment, does not form part of the decision of the court. It can be an opinion of the judge which is not in line with the reasoning leading to the judgment.
- Obiter dictum
  - StareDecisis
  - RationDecidendi
  - Doctrine of frustration
61. Legislation is called as.....
- Jus non-scriptum
  - Jus scriptum
  - Jus inrem
  - Jus inpersonem
62. .... Is that which proceeds from the sovereign power in the State or which derives its power directly from the Constitution.
- Decentralized legislation
  - Supreme legislation
  - Delegated legislation
  - Subordinate legislation
63. ....isthat which proceeds from any authority other than the sovereign power, and is therefore dependent for its continued existence and validity on some superior or supreme authority.
- Decentralized legislation
  - Supremelegislation
  - Subordinate legislation
  - All of above
64. The ..... possesses the power of supreme legislation.
- Parliament of India
  - RBI
  - State Government
  - None of above
65. Laws made by the President and Governors authorized to do so under the constitution are.....
- Decentralized legislation
  - Supreme legislation
  - Subordinate legislation
  - All of above
66. Legislation made by various authorities likeCorporations, Municipalities, etc. under the authority of the supremelegislation are.....
- Decentralized legislation
  - Supreme legislation

- c. Subordinate legislation  
d. All of above
67. Hindus are governed by their.....as modified by statute & custom.  
a. Private law  
b. Personal law  
c. Supreme low  
d. Subordinate low
68. Mohammedans are governed by their.....  
a. Private low  
b. Personal low  
c. Supreme low  
d. Subordinate low
69. The concept of "justice, equity and good conscience" was introduced by Mpey's Regulations of .....  
a. 1681  
b. 1281  
c. 1781  
d. 1781
70. In the absence of any rule of a ....., the Indian courts apply to the decision afa case what is known as "justice, equity and good conscience".  
a. Statutory law  
b. Custom  
c. Personal low  
d. or (b) or (c)
71. "Justice, equity and good conscience", means the rules of .....in so far as they are applicable to Indian Society and circumstances.  
a. Indian Law  
b. English Law  
c. Canadian Law  
d. Pakistani law
72. The chief sources of English law are .....  
a. Common law  
b. Law merchant  
c. Principle of equity  
d. Common law, law merchant, principle of equity & statute law
73. ....denotes that body of legal rules, the primary sources of which were the general immemorial customs, judicial decisions and text books on jurisprudence.  
a. Similar law  
b. Law merchant  
c. Common law  
d. Statute law
74. The .....is the most important source of the Mercantile Law.  
a. Similar law  
b. Law merchant  
c. Common law  
d. Principle of equity

75. ....means those customs and usages which are binding on traders in their dealings with each other.  
a. Similar law  
b. Common law  
c. Principle of equity  
d. Law merchant
76. Which of the following maxim is application of principle of equity?  
a. He who seeks equity must do equity.  
b. He who comes to equity must come with clean hands  
c. Both (a) & (b)  
d. None of the above
77. .... is that portion of law which is derived from the legislation or enactment of parliament or the subordinate and delegated legislative bodies.  
a. Similar law  
b. Law merchant  
c. Common law  
d. Statute law
78. Mercantile law is related to the ..... Of the people of the society.  
a. Private activities  
b. Social activities  
c. Commercial activities  
d. none of above
79. The Indian Mercantile Law is mainly an adaption of.....  
a. Greek Mercantile Law  
b. English Mercantile Law  
c. Roman Mercantile Law  
d. German Mercantile Law

#### LEGAL TERMINOLOGY & MAXIMS

80. Ab initio means.....  
a. From the middle  
b. From the beginning  
c. From the based  
d. none of above
81. Ad hoc means.....  
a. From the beginning  
b. Not intended to be able to be adapted to other purposes  
c. To the same thing  
d. To infinity
82. Ad idem means.....  
a. From the beginning  
b. To the same thing  
c. To infinity  
d. from the base
83. Ad infinitum means.....  
a. From the beginning  
b. To the same thing  
c. To infinity

d. from the base

84. Ad valorem means.....

- a. According to value
- b. To the same thing
- c. To infinity
- d. hear the other side

85. Audi alteram partem means.....

- a. According to value
- b. To the same thing
- c. To infinity
- d. Hear the other side

86. Bona fide means.....

- a. Hear the other side
- b. In good faith
- c. In fact
- d. In law

87. De facto means.....

- a. Hear the other side
- b. In good faith
- c. In fact
- d. In law

88. De jure means.....

- a. Hear the other side
- b. In good faith
- c. In fact
- d. In law

89. De novo means.....

- a. In fact
- b. In law
- c. A new
- d. Outside of

90. Ex gratia means.....

- a. By virtue of an office
- b. Against the person
- c. Guilty act
- d. As a matter of grace of favor

91. Ex officio means.....

- a. By virtue of an office
- b. Against the person
- c. Guilty act
- d. As a matter of grace of favour

92. Ex parte means.....

- a. Expression used to signify something done or said by one person not in the presence of his opponent.
- b. Expression used to signify something done or said by one person not in the presence of his friend.
- c. Expression used to signify something done or said by one person not in the presence of his enemy.
- d. All of above

93. Ictus reus means.....

- a. By virtue of an office

b. Against the person

c. Guilty act

d. As a matter of grace or favour

94. In personam means.....

- a. By virtue of an office
- b. Against the person
- c. Guilty act
- d. As a matter of grace or favour

95. In rem means.....

- a. Within the powers
- b. Between living persons
- c. Amongst other things
- d. against whole world

96. Inter alia means.....

- a. Within the powers
- b. Between living persons
- c. Amongst other things
- d. An act

97. Intervivos means.....

- a. Within the powers
- b. Between living persons
- c. Amongst other things
- d. An act

98. Intra vires means.....

- a. Within the powers
- b. Between living persons
- c. Amongst other things
- d. An act

99. Ipso facto means.....

- a. Between living persons
- b. By the mere fact
- c. By the law itself
- d. a pending suit

100. Ipso jure means.....

- a. Between living persons
- b. By the mere fact
- c. By the law itself
- d. A pending suit

101. Lis pendens means.....

- a. Between living persons
- b. By the mere fact
- c. By the law itself
- d. A pending

102. Locus standi means.....

- a. A guilty mind
- b. Signifies a right to be heard
- c. By the mere fact
- d. A pending suit

103. Mens rea means.....

- a. A guilty mind
- b. Signifies a right to be heard
- c. By the mere fact
- d. pending suit

104. Mesneprofits means.....
- a. The profits which a person in wrongful possession of the property actually received.
  - b. The profits which a person in legal possession of the property actually received.
  - c. The profits which a person in lawful possession of the property actually received.
  - d. None of above
105. Modus operandi means.....
- a. During litigation
  - b. An opinion of law not necessary to the decision.
  - c. Mode of operating
  - d. For a consideration
106. Mutatis mutandis means.....
- a. During litigation
  - b. An opinion of law not necessary to the decision
  - c. With the necessary changes
  - d. For a consideration
107. Obiter dictum means.....
- a. During litigation
  - b. An opinion of law not necessary to the decision
  - c. With the necessary changes
  - d. For a consideration
108. Pendente lite means.....
- a. During litigation
  - b. An opinion of law not necessary to the decision.
  - c. With the necessary changes
  - d. For a consideration.
109. Quid pro quo means.....
- a. During litigation
  - b. An opinion of law not necessary to the decision
  - c. With the necessary changes
  - d. For a consideration
110. Ratione decidendi means.....
- a. Reasons for deciding, the grounds of decision
  - b. An opinion of law not necessary to the decision
  - c. With the necessary changes
  - d. For a consideration