

## Chapter 3:- Consideration

### MULTIPLE CHOICE QUESTIONS

#### 3.1. DEFINITION AND ESSENTIAL ELEMENTS OF CONSIDERATION

1. The term 'consideration' in legal terms is defined in

- (a) Section 2 (a)
- (b) Section 2 (b)
- (c) Section 2 (c)
- (d) Section 2 (d).

2. As a general rule, an agreement made without consideration is

- (a) Void.
- (b) Voidable
- (c) Valid
- (d) Unlawful.

3. "Consideration is the price for which the promise of other is bought, and promise thus given of value is enforceable". This definition is given by

- (a) Salmond
- (b) Pollock
- (c) Anson
- (d) None of these.

4. The term consideration is used in the sense of quid pro quo which means -

- (a) something for value
- (b) Some price
- (c) Something in return
- (d) None of these.

5. Which of the following statement is incorrect?

- (a) Consideration is one of the essential elements of a valid contract,
- (b) An act forming consideration must be done at the desire of the promisor.
- (c) 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.
- (d) Consideration must always be present as past or future consideration is not valid consideration.

6. All agreements made without consideration are void.

- (a) True, as there is no exception to this rule.
- (b) False, as there are certain exceptions to this rule.

7. Consideration must move at the desire of \_\_\_\_\_

- (a) Promisor
- (b) Promisee
- (c) Promisor or any third party
- (d) Both promisor and promisee.

8. Consideration

- (a) May move from promisor
- (b) Must move from promisee
- (c) Must move from third party
- (d) May move from promisee or any other person.

9. Which of the following are the legal requirements (i.e., essential elements) of a valid consideration?

- (i) Consideration must be real and not illusory.
- (ii) Consideration must be of some value in the eyes of law.
- (iii) Consideration must be adequate.
- (iv) Consideration must be lawful.

- (a) (i), (ii), (iii)
- (b) (ii), (iii), (iv)
- (c) (i), (ii), (iv)
- (d) (i), (iii), (iv)

10. Which of the following statements are correct?

- (i) Consideration may be past, present or future.
  - (ii) Consideration may be either positive or negative.
  - (iii) Consideration must move at the desire of the promisor,
  - (iv) Consideration must be furnished by the promisee himself.
- (a) (ii), (iii), (iv) (b) (i), (ii), (iv)  
(c) (i), (iii), (iv) (d) (i), (ii), (iii).

11. If the consideration to an agreement is furnished by a stranger and not by the promisee himself.

Then the agreement will be void.

- (a) True, as the consideration must be furnished by the promisee.
- (b) False, as the law requires that there must be some consideration, who furnished it, is immaterial.

12. A promised to obtain for B an employment in the public service, and B promised to pay Rs. /5 lakhs to A, In this case, the agreement is

- (a) Void
- (b) Voidable
- (c) Valid
- (d) None of these.

13. A promises to pay Rs. 10,000 to B if he brings a star from sky to earth and B agrees to bring the star to earth. In this case, contract is

- (a) Valid as three elements namely offer, acceptance and consideration are present.

(b) Void, as consideration 'to bring star from sky' is illusory.

(c) Illegal, as it is made with knowledge of impossibility

(d) Contingent as it can be performed on the happening of the contingency.

14. A promises to give his car to B provided he fetches it from garage. In this case, B's act of fetching the car from garage

(a) is valid consideration as it satisfies the requirement of the act being done at the desire of the promisor.

(b) is not a valid consideration as such an act cannot be regarded as valuable consideration.

(c) Entitles him to seek intervention of the court for enforcement of the contract.

(d) binds the promisor (A) to perform the promise by delivering the car to B.

15. In the above Question No. 14, the agreement between A and B is

- (a) Valid
- (b) Voidable
- (c) Void
- (d) Illegal.

16. Where an act forming consideration is the performance of existing obligations between the parties, it is regarded that there is

- (a) No consideration.
- (b) Inadequate consideration,
- (c) Past consideration.
- (d) None of these.

17. Consideration must be something which the promisor

- (a) May voluntarily do.
- (b) Is already bound to do.
- (c) Is not already bound to.
- (d) Is bound to do under law.

18. Consideration

- (a) Must be adequate to the promise made.
- (b) Need not be adequate to the promise made.
- (c) Must be of greater value than the value of promise
- (d) Must be of equal value to the value of promise.

19. An agreement made with free consent to which the lawful consideration is inadequate, is

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Unlawful.

20. A agrees to sell his car worth Rs. 1.00,000 to B for Rs. 20.000 only because A's consent is obtained by coercion. In this case, the agreement is

- (a) Void
- (b) Valid
- (c) Voidable
- (d) Unlawful.

21. If the consideration to an agreement is furnished by a stranger and not by the promisee himself, the agreement will be void.

- (a) True, as the consideration must be furnished by the promisee himself.
- (b) False, as the law requires that there must be some consideration, who furnished it is immaterial.

22. Under the English Law, the consideration must move from the promisee and promisee alone. The consideration furnished by a stranger is no consideration.

- (a) True
- (b) False.

23. The forbearance to sue is regarded as

- (a) Invalid consideration
- (b) No consideration
- (c) Valid consideration
- (d) None of these

24. Compromise of disputed claims is

- (a) Valid consideration
- (b) Invalid consideration
- (c) Forbidden by law
- (d) Unlawful consideration.

25. A sold and delivered certain goods to B on credit. C, afterwards, requested A not to file a suit against B for recovery of the price of goods for a year and promised that if he (A) agreed for the same then C will pay the price on B's failure to pay. Accordingly, A agreed not to file the suit for a year.

In this case, the contract between A and C is

- (a) Voidable as A's consent is obtained by misrepresenting the facts.
- (b) Void as such a consideration is no consideration.
- (c) Unlawful as the law prohibits the curtailment of one's right to sue.
- (d) Valid as the 'forbearance to sue\*' is regarded as valid consideration.

26. The consideration for an agreement may be

- (a) Past
- (b) Present
- (c) Future
- (d) all of these.

27. Consideration in an agreement

- (a) May be present, past or future
- (b) May be present or future only

- (c) May be past or present only
- (d) Must be present only.

28. A promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is

- (a) Void being without consideration.
- (b) Voidable, being enforceable at the option of promisor alone.
- (c) Valid, the past consideration is the valid consideration.
- (d) Unlawful being forbidden by law.

29. A found B's purse and gave it to him. B promised to give Rs. 500 to A as reward. In this case, for B's promise, there is

- (a) Past consideration
- (b) Present consideration
- (c) Future consideration
- (d) No consideration.

30. Under the English law, past consideration is not regarded as good consideration, but this rule is subject to following exception:

- (a) past act at request.
- (b) Promise to pay time-barred debt.
- (c) Negotiable instrument issued for past consideration.
- (d) all of the above.

31. When the consideration for a promise is rendered in future, it is termed as future or executory consideration which is regarded valid under:

- (a) Section 25
- (b) Section 2 (d)
- (c) Section 25, Explanation I
- (d) Section 2 (b).

32. Consideration may be present or future but not past.

(a) True, as the past consideration is no consideration.

(b) False, as the law recognizes present, past and future consideration as good consideration.

### 3.2. LEGALITY OF AGREEMENT WITHOUT CONSIDERATION

1. An agreement without consideration is void. This general rule is recognized under;

- (a) Section 2 (d)
- (b) Section 10
- (c) Section 25
- (d) None of these.

2. "All agreements made without consideration are void".

- (a) True, as there are no exceptions to this general rule.
- (b) False, as there are certain exceptions to this general rule.

3. Exceptions, to the general rule that an agreement without consideration is void, are provided in

- (a) Section 10
- (b) Section 25
- (c) Judicial precedents
- (d) Usages and customs.

4. An agreement without consideration between the parties who are in near relation to each other, is valid and enforceable if the agreement is

- (a) In writing
- (b) Registered
- (c) Base on natural love and affection
- (d) all of these.

5. for the enforcement of an agreement without consideration based on natural love and affection, which of the following condition is not required?

- (a) It must be between near relatives.
- (b) It must be ratified by the court of law.
- (c) It must be in writing.
- (d) It must be registered.

6. A promise to pay for past services is valid and binding even though it is without consideration. However, for the validity of such promise, the past services should have been rendered

- (a) Voluntarily
- (b) At promisor's request
- (c) Under compulsion
- (d) Under some contract.

7. for the enforcement of a promise to pay a time-barred debt without consideration, which of the following conditions is not required?

- (a) It must be in writing.
- (b) It must be definite and express.
- (c) It must be signed by the promisor.
- (d) It must be registered in a Court of Law.

8. The absence of consideration shall not affect the validity of gift actually made.

- (a) True, as it is recognized under Section 25 of the Indian Contract Act.
- (b) False, as the gift is always made for some consideration.

9. Which of the following statement are correct?

- (i) Consideration is not required for the creation of an agency.
- (ii) Consideration is not required for making an actual gift.

(iii) Consideration is not required for promise to render services to a relative.

(iv) Consideration is not required for promise to pay time-barred debt.

- (a) (i), (ii), (iii)
- (b) (ii), (iii), (iv)
- (c) (i), (ii), (iv)
- (d) (i), (iii), (iv).

10. A contract of agency made without consideration is valid. It is recognized under

- (a) Section 25
- (b) Section 185
- (c) Section 25, Explanation I
- (d) Judicial precedents

### 3.3 PRIVACY OF CONTRACT OR STRANGER TO CONTRACT

1. The rule of Privity of contract is provided in

- (a) Section 2 (d)
- (b) Section 25
- (c) Section 25, Explanation I
- (d) Judicial precedents.

2 As per the rule of Privity of contract,<sup>f</sup>

- (a) a stranger to a contract cannot sue.
- (b) a stranger to consideration cannot sue.
- (c) a stranger to contract can sue.
- (d) a stranger to consideration can sue.

3. A stranger to contract (i.e., a person who is not a party to the contract) cannot enforce the contract because of the applicability of the doctrine of

- (a) Privity of consideration
- (b) Privity of contract
- (c) No consideration no contract
- (d) Section 25, explanation II.

4. If the consideration to an agreement is furnished by a stranger and not by the promisee himself, the agreement will be

- (a) Void, as the consideration must be furnished by the promisee.
- (b) Voidable, as in such a case the promisor has the option to avoid the contract.
- (c) Valid, as the law requires that there must be some consideration, who furnished it, is immaterial.
- (d) Unlawful, as the consideration by a stranger is regarded as unlawful.

5. Which of the following statement is correct?

- (a) A stranger to consideration can sue.
- (b) A stranger to contract cannot sue.
- (c) Both (a) and (b) are correct.
- (d) None of these is correct.

6. A person who is not a party to the contract can enforce the contract on the same principle that consideration furnished by stranger is valid.

- (a) True, as the rule is that a stranger to a contract can sue.
- (b) False, as the rule is that a stranger to a contract cannot sue.

7. In certain cases, a person who is not a party to the contract can enforce the contract.

- (a) True, as certain exceptions have been recognized to the rule of Privity of contract-
- (b) False, as the rule of Privity of contract is an absolute rule, no exceptions are there.

8. A person who is not a party to a contract

- (a) Can sue
- (b) Cannot sue
- (c) Can sue with the permission of court

(d) Can sue only in recognized exceptional cases.

9. Which of the following is the recognized exception to the rule of Privity of contract?

- (a) Trust or charge
- (b) Marriage settlement and family arrangements
- (c) Acknowledgement of payment
- (d) All of the above.

10. A transferred certain property to B to be held by him in trust for the benefit of C. In this case,

- (a) Contract is voidable as C is not a party to the trust.
- (b) Contract is void as C is not a party to the trust. '
- (c) C, although not a party to the trust, can sue for the benefits available to him under the trust.
- (d) C cannot enforce the trust as he is not a party to it.

11. In which of, the following important cases, the exception of 'trust or charge' to the rule of Privity of contract was recognized?

- (a) Lalman Shukla v. Gauri Datt
- (b) Khwaja Mohd Khan v. Hussani Begum
- (c) Carlili v. Carbolic Smoke Ball Co-
- (d) Balfour v. Balfour

12. A person who is not a party to the trust can enforce the same if the following conditions are satisfied.

- (a) He must be clearly named as a beneficiary under the trust or charge.
- (b) The trust or charge in his favour must be of specific property.
- (c) The benefit to the beneficiary must be of Rs. 50,000 or more.
- (d) Both (a) and (b).

13. On a partition of joint properties, two brothers agreed to invest in equal shares, a certain sui of money for the maintenance of their mother. In this case, for requiring her sons to the investment for her maintenance, the mother

- (a) Can sue
- (b) Cannot sue
- (c) Can sue with court permission
- (d) Can sue with permission of her sons.

14. A person who is not a party to the contract but in whose favour some trust or charge under some specific property is created

- (a) Can sue
- (b) Cannot sue
- (c) Can sue with court permission
- (d) Can sue with permission of other parties.

15. A person for whose benefit a provision is made in partition deed of joint family property but he is not a party to such settlement,

- (a) Cannot sue as partition of property is not a recognized exception.
- (b) Can sue as it is a recognized exception to the rule of Privity of contract.
- (c) Can sue after becoming party to the settlement.
- (d) can sue only if court allow him to do so.

### FILL IN THE BLANKS AND PAIR MATCHING QUESTIONS

Choose appropriate option to fill in the blanks in questions 1 to 5:

1. \_\_\_\_\_ must move at the desire of the promisor.
- (a) Offer

- (b) Acceptance
- (c) Consideration
- (d) Obligation.

2. In England \_\_\_\_\_ consideration is not regarded as good consideration.

- (a) Present
- (b) Past
- (c) Future
- (d) Present and future.

3. Consideration \_\_\_\_\_ the performance of existing duties.

- (a) Must be
- (b) May be
- (c) Must not be
- (d) Always be.

4. There \_\_\_\_\_ a stranger to consideration.

- (a) can be
- (b) Cannot be
- (c) Must be
- (d) must always be.

5. An agreement is \_\_\_\_\_ if consideration is furnished by a stranger.

- (a) Void
- (b) Voidable
- (c) Illegal
- (d) Void

### OBJECTIVE TYPE QUESTION (with correct/incorrect options and hints)

1. The term 'consideration' is used in the sense of quid pro quo (i.e., something in return),

- (a) Correct
- (b) incorrect.

2. The consideration must move at the desire of the promisor.

(a) Correct (b) Incorrect.

3. The consideration must move from the promisee alone.

(a) Correct (b) incorrect.

4. The consideration may move even from a person, who is not a party to the contract,

(a) Correct (b) incorrect.

5. The consideration must be of some value in the eyes of law and it must be equivalent in value to the promise

(a) Correct (b) incorrect.

6. Inadequacy of the consideration cannot be taken into account by the court in determining whether the consent was freely given.

(a) Correct (b) incorrect.

7. The consideration must be something more than what the promisee is already bound to do by law.

(a) Correct (b) incorrect.

8. Forbearance to sue is recognized as a valid consideration.

(a) Correct (b) incorrect.

9. Consideration may be present or future but not past.

(a) Correct (b) incorrect.

10. An agreement made without consideration is void.

(a) Correct (b) incorrect.

11. An agreement based on natural love and affection between near relatives is valid and enforceable even if there is no consideration.

(a) Correct (b) incorrect.

12. A promise to pay for past voluntary services is not binding as being without consideration.

(a) Correct (b) incorrect.



## Chapter 4:- Capacity to Contract

### MULTIPLE CHOICE QUESTIONS

#### 4.1. INTRODUCTION AND PERSONS NOT COMPETENT TO CONTRACT

1. The requirement that the parties to an agreement must be competent to contract, is laid down in
  - (a) Section 10
  - (b) Section II
  - (c) Section 24
  - (d) Section 25.
2. The capacity to contract (i.e., competence of the parties) is defined in
  - (a) Section 10
  - (b) Section 11
  - (c) Section 24
  - (d) Section 25.
3. The capacity to contract means
  - (a) Willingness of the parties to enter into a contract.
  - (b) Intention of the parties to enter into a contract.
  - (c) Competence of the parties to enter into a valid contract.
  - (d) Certificate to enter into a valid contract.
4. The capacity to contract is
  - (a) A legal rule of validity
  - (b) An essential element of a valid contract
  - (c) An essential element of competency
  - (d) None of these.
5. An agreement by or with a party not competent to contract is \_\_\_\_\_
  - (a) Valid
  - (b) Voidable
  - (c) Forbidden
  - (d) Void.
6. Which of the following persons are not competent to contract?
  - (a) Minors
  - (b) Persons of unsound mind
  - (c) Persons disqualified by law
  - (d) All of these.
7. Every person is competent to contract who is of the
  - (a) Age of majority
  - (b) Age of minority
  - (c) Sound reputation
  - (d) Sound financial position
8. Every person is competent to contract who is
  - (a) Of sound mind
  - (b) Not disqualified from contracting
  - (c) Both (a) and (b)
  - (d) None of these.
9. For the purposes of entering into contract, a minor is a person who has not completed the age of
  - (a) 15 years
  - (b) 18 years
  - (c) 21 years
  - (d) 25 years.

10. Under English Law, for all purposes, a minor is a person who is under the age of

- (a) 15 years
- (b) 18 years
- (c) 21 years
- (d) 25 years.

11. A minor is defined as a person who has not completed eighteen years of age in section 3 of the

- (a) Guardians and Wards Act, 1890
- (b) Indian Contract Act, 1872
- (c) Indian Majority Act, 1875
- (d) Court of Wards Act.

12. For the purposes of validity of contract, a person entering into contract should be of sound mind

- (a) Only at the time when he makes the contract
- (b) Only at the time when he enforces the contract
- (c) Both at the time of making as well as enforcement of contract
- (d) Throughout his life.

13. The soundness of mind for the purposes of entering into a valid contract is defined in

- (a) Section 10
- (b) Section II
- (c) Section 12
- (d) Judicial decisions.

14. A drunken or intoxicated person is not competent to contract as he falls in the category

- (a) Persons disqualified by law
- (b) Persons of unsound mind
- (c) Persons discarded by society
- (d) Enemies of society.

15. Which of the following are the persons of unsound mind?

- (a) Idiot
- (b) Lunatic
- (c) Drunken or intoxicated person
- (d) all of these

16. An idiot can enter into a valid contract at a time when he is of sound mind.

- (a) True, as the incapacity is to be taken into account at the time of entering into contract
- (b) False, incapacity of an idiot is permanent, at no time he is of sound mind.

17. 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 these.

18. Which of the following persons do not fall in the category of persons of unsound mind?

- (a) Idiots
- (b) Lunatics
- (c) Alien
- (d) Drunken persons.

19. Flaw in capacity to contract may arise from

- (a) Uncertainty of object
- (b) Unsoundness of mind
- (c) Want of consideration
- (d) Illegality of object.

20. Incompetency to enter into a contract, includes
- (a) minority
  - (b) Disqualification by law from contracting
  - (c) Unsoundness of mind
  - (d) all of these.

#### 4.2 NATURE AND EFFECTS OF MINORS AGREEMENTS

1. As a general rule an agreement with or by a minor is
- (a) Void ab initio
  - (b) Voidable
  - (c) Valid
  - (d) Unlawful.
2. The leading case on the point that minor's agreement is void ab initio, is
- (a) Lalman Shukla v. Gauri Datl
  - (b) Carlill v. Carbolic Smoke Ball Co.
  - (c) Mohoribibi v. Dharmodas Ghose
  - (d) Nash v. Imman.
3. In certain circumstances minor's agreements are considered valid and enforceable.
- (a) True, as certain exception are recognized under law.
  - (b) False, as minor's agreements are void ab initio.
4. The expression void ab initio means the contract
- (a) Becoming void at a later stage
  - (b) Void from the very beginning
  - (c) Enforceable after rectifying the defect
  - (d) Voidable at the option of minor.

5. A minor who fraudulently enters into a contract representing that he is a major, then afterwards he
- (a) Can take the defense of his minority.
  - (b) Cannot take the defense of his minority.
  - (c) is liable to be held guilty of fraud.
  - (d) Is debarred from entering into any contract.
6. On attaining the age of majority, an agreement entered into during his minority
- (a) Becomes voidable
  - (b) Becomes valid
  - (c) Can be ratified by him
  - (d) Cannot be ratified by him.
7. A minor, who by fraudulently representing his age borrows some money
- (a) Can be sued for tort of deceit (i.e., fraud).
  - (b) Cannot be sued for tort of deceit.
  - (c) Becomes a fraud person in the eyes of law.
  - (d) Suffers permanent capacity to contract.
8. 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 these.
9. A minor who by false representation of his age, has obtained some property or goods, is
- (a) Guilty of tort of deceit (fraud).
  - (b) Liable to restore the same if traceable in his possession,
  - (c) Not liable to restore even if traceable in his possession.
  - (d) At liberty to use the goods as his own.

10. A contract which is beneficial to minor (i.e., in which minor is beneficiary),

- (a) is void ab initio
- (b) is voidable
- (c) Cannot be enforced by minor
- (d) Can be enforced by minor.

11. The rule that 'a contract for minor's benefit is enforceable' is provided in

- (a) Section 10 of the Indian Contract Act, 1872.
- (b) Section 25 of the Indian Contract Act, 1872.
- (c) Section 33 of the Specific Reliefs Act, 1963.
- (d) Judicial precedents i.e., judicial decisions given by courts.

12. A minor is incompetent to contract, but the law does not regard him as incapable of accepting benefit.

- (a) True, as he can enforce the contract in which minor is beneficiary?
- (b) False, as minor's agreements are void ab initio.

13. A minor,

- (a) Can become a partner in a partnership firm.
- (b) Cannot become a partner in a partnership firm even on attain in majority.
- (c) Can be admitted to the benefits of the firm.
- (d) cannot be admitted to the benefits of the firm.

14. 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.

15. A minor,

- (a) Can be declared as insolvent.
- (b) Cannot be declared as insolvent.

- (c) Can be declared insolvent for limited purpose.
- (d) Is regarded as insolvent under law.

16. Minor's parents or guardian incur the whole liability for minor's agreements.

- (a) True, as they are legally bound by minor's agreements.
- (b) False, as they do not have any liability for minor's agreements.

17. Liability of minor's estate (i.e., property) for the necessities supplied to him is provided in

- (a) Section 11 of the Indian Contract Act.
- (b) Section 25 of the Indian Contract Act.
- (c) Section 68 of the Indian Contract Act.
- (d) None of these, as minor's estate is not liable.

18. Can a minor be held personally liable for the 'necessaries' supplied to him?

- (a) Yes, under Section 68 minor is personally liable.
- (b) No, under Section 68 only minor's property is liable.

19. In a case where a minor enters into an agreement for the purchase of 'necessaries', then

- (a) Minor is personally liable to pay.
- (b) Minor's estate is liable to pay.
- (c) Minor's guardian are liable to pay.
- (d) None of these, as minor's agreement is void.

20. Which of the following conditions should be satisfied for liability of minor's estate for necessities supplied to him?

- (a) Goods supplied should be reasonably necessary for minor's support in life.
- (b) Minor should not have already sufficient supply of such necessities.

- (c) Both (a) and (b) should be satisfied.
- (d) None of these as estate's liability is absolute.

21. Minor's estate is liable for the 'necessaries' supplied to him. The term 'necessaries' is

- (a) defined in Section 11 of Indian Contract Act.
- (b) defined in Section 12 of Indian Contract Act.
- (c) defined in Section 68 of Indian Contract Act.
- (d) not defined in the Indian Contract Act.

22. The 'necessaries' are the goods suitable to the life of infant or other persons, and to his actual requirement at the time of sale and delivery. This definition is as per

- (a) Section 2 of the English Sales of Goods Act, 1893
- (b) Section 2 of the Sale of Goods Act, 1932
- (c) Section 2 of the Indian Contract Act, 1872
- (d) None of these, as it is based on judicial decision.

23. Which of the following is considered to fall in the category of 'necessaries'?

- (a) Expenses incurred for performing funeral ceremonies of minor's father.
- (b) Money borrowed to save minor's property from sale in execution.
- (c) Expenses for education, training for trade, medical care and legal advice etc.
- (d) All of these have been held by courts to fall in this category.

24. A minor having ample supply of clothes according to his position, bought number of new dress including eleven fancy waist-coats. In which of the following case, these were held not to be necessaries?

- (a) Chappel v. Cooper

- (b) Balfour v. Balfour
- (c) Nash v. Inman
- (d) None of these.

25. Which of the following is correct about minor's agreements?

- (i) Minor's agreements are void ab initio.
- (ii) Minor can ratify contract on attaining majority.
- (iii) Minor can be beneficiary to a contract,
- (iv) Minor is personally liable to pay for necessaries.

- (a) (i), (ii)
- (b) (i), (iii)
- (c) (ii), (iii)
- (d) (ii), (iv)

26. In case of minor's agreements, the estoppel against minor

- (a) Does apply.
- (b) Does not apply,
- (c) Opposed to public policy
- (d) None of these.

#### **4.1. AGREEMENTS BY PERSONS OF UNSOUND MIND**

1. An agreement with persons of unsound mind is

- (a) Void
- (b) Voidable
- (c) Valid
- (d) Unlawful.

2. The 'sound mind' for the purposes of entering into a valid contract is defined in

- (a) Section 11
- (b) Section 12
- (c) Section 25
- (d) Section 68.

3. A person is said to be of sound mind for the purposes of making a contract if he is capable of understanding it and of forming a rational judgement as to its effects upon his interest, at the time when

- (a) Contract is intended to be enforced
- (b) He attends the court
- (c) He makes the contract
- (d) Other party attends the court.

4. Persons of unsound mind are

- (a) Competent to contract
- (b) Not competent to contract
- (c) Discouraged by law not to enter into contract
- (d) Required to enter into contract with the permission of court.

5. Which of the following sections provide that persons of unsound mind are not competent to contract?

- (a) Section II
- (b) Section 12
- (c) Section 13
- (d) Section 14.

6. A contract made by an idiot is \_\_\_\_\_

- (a) Valid
- (b) Void
- (c) Voidable
- (d) illegal.

7. A contract made by a drunken or intoxicated person is \_\_\_\_\_

- (a) Valid
- (b) Voidable
- (c) Void
- (d) Unlawful.

8. A lunatic can enter into a valid contract

- (a) At any time
- (b) Only with court permission
- (c) If the other party has no objection
- (d) Only during lucid intervals.

9. In reference to lunatics, the term 'lucid intervals' means the period when he is

- (a) Under medical treatment
- (b) of sound mind
- (c) Of unsound mind
- (J) none of these.

10. In a case where a lunatic enters into a contract for the purpose of 'necessaries', then

- (a) lunatic is personally liable to pay
- (b) lunatic's guardian is liable to pay
- (c) lunatic's estate is liable to pay
- (d) guardian's estate is liable to pay.

11. As per Section 12, a person is said to be of sound mind for the purpose of making a contract if, at the time of making contract, he is capable of

- (a) Understanding the contract
- (b) Forming a rational judgement about the effects of contract on his interest
- (c) Both (a) and (b)
- (d) None of these.

12. Under the English Law. an agreement made by a person of unsound mind is

- (a) Void abolition.
- (b) Voidable at the option of person of unsound mind.
- (c) Voidable at the option of other person.
- (d) Forbidden under the provisions of English Common Law.

13. A person who is usually of unsound mind, but occasionally of sound mind

- (a) Cannot make a contract at all.
- (b) Can make a contract only with court permission.
- (c) Can make a contract when he is of sound mind.
- (d) Can make a voidable contract only.

14. A person who is usually of sound mind, but occasionally of unsound mind

- (a) Cannot make a contract at all.
- (b) Can make a contract when he is of sound mind.
- (c) May make a contract when he is of unsound mind.
- (d) Both (a) and (c).

15. The competence of the person of unsound mind to enter into contract when he is of sound mind is provided in

- (a) Section II
- (b) Section 12
- (c) Section 13
- (d) Section 25.

16. A person of unsound mind can enter into a valid and enforceable contract if he is of sound mind

- (a) At the time of making contract.
- (b) At the time of enforcing contract.
- (c) Both at the time of making as well as enforcing the contract.
- (d) None of these, as such a contract is void ab initio.

17. Which of the following statements are correct?

- (i) At idiot cannot enter into a valid contract as his incapacity is permanent
- (ii) a lunatic can enter into a valid contract during lucid intervals

(iii) a person who is usually of unsound mind but occasionally of sound mind cannot enter into a contract

(iv) a person who is usually of sound mind but occasional of unsound mind may not enter into a contract when he is of unsound mind.

- (a) (i),(ii),(iii)
- (b) (ii),(iii),(iv)
- (c) (i),(ii),(iv)
- (d) (i),(iii),(iv)

18. An agreement made by a person of unsound mind is void. However, he can enter into a valid contract if he is of sound mind at the time of agreement. This is provided in

- (a) Section 12
- (b) Section 13
- (c) Section 14
- (d) None of these.

#### **4.4. AGREEMENTS BY PERSONS DISQUALIFIED BY LAW**

1. As per Section 11, the persons disqualified by law are

- (a) Not competent to contract.
- (b) Competent to contract.
- (c) Persons of unsound mind.
- (d) None of these.

2. Which of the following persons are disqualified by law from entering into a valid contract?

- (a) Alien enemies
- (b) Insolvents
- (c) Convicts
- (d) all of these.

3. 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 these.

4. On declaration of a person as insolvent, his property vests in the receiver and the insolvent

- (a) Cannot enter into any contract.
- (b) Cannot enter into contract relating to his property.
- (c) Can enter into contract relating to his property only.
- (d) Being disqualified by law, is sent to jail.

5. A convict who is sentenced for imprisonment,

- (a) Cannot enter into contract throughout his life.
- (b) Cannot enter into contract during the period of imprisonment.
- (c) Can enter into a valid contract even during imprisonment.
- (d) Can enter into only a contract of marriage.

6. 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) and (ft)
- (d) The Government of India.

7. Which of the following statements are incorrect on convict's capacity to enter into contract on the expiry of his sentence? A convict

- (a) Can enter into a valid contract.
- (b) Cannot enter into a valid contract.

(c) Treated at par with idiots for the purposes of contracting.

(d) becomes permanently incapable of entering into contract.

- (a) (i),(ii),(iii)
- (b) (ii),(iii),(iv)
- (c) (i),(ii),(iv)
- (d) (i),(iii),(iv)

8. Which of the following persons are not disqualified by law to enter into a valid contract?

- (i) Idiot
- (ii) Insolvent
- (iii) Person of 19 years
- (iv) Diplomatic staff of foreign state

- (a) (i),(ii)
- (b) (iii),(iv)
- (c) (i),(iv)
- (d) (ii),(iv)



**FILL IN THE BLANKS AND PAIR MATCHING  
QUESTIONS**

**Choose appropriate option to fill in the blanks in questions 1 to 5:**

1. An agreement is \_\_\_\_\_ if it is made by the parties not competent to contract,

- (a) Valid
- (b) Void
- (c) Voidable
- (d) illegal.

2. A person below

- (a) 15 years      (b) 17 years
- (c) 18 years      (d) 21 years.

3. A contract is \_\_\_\_

- (a) Valid
- (b) Void ab initio
- (c) Void
- (d) Voidable.

4. A minor \_\_\_\_\_ appointed as agent

- (a) Cannot be
- (b) Can be
- (c) Must always be
- (d) Must not be

5. A contract with a lunatic is \_\_\_\_\_ where it is made during lucid intervals

- (a) Void
- (c) illegal
- (b) Voidable
- (d) Valid.

6. Match the following:

(i) capacity	(a) minor's estate is liable
(ii) necessaries	(b) competence to enter into contract
(iii) alien enemy	(c) Indian Majority Act, 1875
(iv) minor	(d) Disqualified by law from contracting.

7. Match the following:

(i) Section 11	(a) soundness of mind
(ii) Section 12	(b) minor's liability for necessities
(iii) Section 25	(c) capacity to contract
(iv) Section 68	(d) contract without consideration void.

8. Match the following:

(i) void ab initio	(a) contract beneficial to minors
(ii) idiot	(b) memorandum of association
(iii) valid	(c) minor's agreements
(iv) company	(a) incompetent to contract

9. Match the following:

(i) capacity to contract	(a) disqualified by law from contracting
(ii) drunken person	(b) essential element of a valid contract
(iii) ratification	(c) incompetent to contract
(iv) insolvent	(d) not applicable for minor's agreements

## OBJECTIVE TYPE QUESTIONS

(with correct/incorrect options and hint)

1. For the purpose of entering into contract, a minor is a person who has not completed twenty one years of age-

(a) Correct (b) incorrect.

2. The general rule is that minor's agreements are voidable.

(a) Correct (b) incorrect.

3. An agreement made by a minor during the minority can be ratified (i.e., confirmed) by him on attaining the age of majority.

(a) Correct (b) incorrect.

4. A contract to take a loan by a boy of sixteen years of age from a money-lender of 50 years old, is a valid contract.

(a) Correct (b) incorrect.

5. If a minor obtains some property or goods by misrepresenting his age. he can be asked to restore it to the person from whom he has received it.

(a) Correct (b) incorrect.

6. A promissory note duly executed in favour of minor is void.

(a) Correct (b) incorrect

7. A minor can be a beneficiary or a promisee.

(a) Correct (b) incorrect.

8. A minor is personally liable for the necessaries supplied to him.

(a) Correct (b) incorrect.

9. A minor cannot become a full fledged partner in a partnership firm.

(a) Correct (b) incorrect.

10. A minor cannot be appointed as an agent, as he is not competent to contract.

(a) Correct (b) incorrect.

11. A minor cannot be declared as an insolvent.

(a) Correct (b) incorrect.

12. The parents or guardians of a minor are liable for the liabilities incurred by the minor.

(a) Correct (b) incorrect.

