

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 (b)
- (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
- (b) Voidable
- (c) illegal
- (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.

Chapter 5:- Free Consent

Multiple choice questions:-

5.1 FREE CONSENT AND ELEMENTS WHICH AFFECT THE CONSENT

1. The term 'consent' is defined in

- (a) Section 12
- (b) Section 13
- (c) Section 14
- (d) Section 15

2. The term 'free consent' is defined in

- (a) Section 12
- (b) Section 13
- (c) Section 14
- (d) Section 15

3. Two or more persons are said to consent when they agree upon the

- (a) Same thing in the same sense
- (b) Same thing in the different sense
- (c) Different thing in the different sense
- (d) Different thing in the same sense

4. The 'consent' means that the parties should have identity of mind i.e. they should agree the same thing in the same sense. Under English Law it is called

- (a) Error in consensus
- (b) Error in causa
- (c) Consensus ad idem
- (d) None of these.

5. A had two scooters, one green and the other white and offered to sell his green scooter to B for Rs. 10000. B accepted the offer believing it to for

white. In this case no contract arise between A and B as there is no

- (a) Consensus ad idem
- (b) Error in consensus
- (c) Error on cause
- (d) Both (a) and (b)

6. The cases of 'no consent' i.e. when there is no consent at all, are described by Salmond as

- (a) Error in cause
- (b) Error in consensus
- (c) Consensus ad idem
- (d) None of these

7. Error in consensus is the complete absence of consent and prevents the existence of following essential element of a contract

- (a) Competence if parties
- (b) Consideration
- (c) Consensus ad idem
- (d) Offer and acceptance.

8. In case there is error in consensus the agreement is _____

- (a) void
- (b) valid
- (c) Voidable
- (d) unlawful

9. In case of 'no free consent' i.e. when the consent is there but the same is not free are described by Salmond as

- (a) Error in causa
- (b) error in consensus
- (c) Consensus ad idem
- (d) none of these

10. In case there is error in causa i.e. when the consent of parity is not free the contract is _____.

- (a) void
- (b) valid
- (c) Voidable
- (d) unlawful

11. The consent of a party is not free when it is caused by _____.

- (a) Coercion (b) undue influence
(c) Misrepresentation (d) all of these

12. The consent of a party is not free when it is caused by _____.

- (a) Fraud (b) mistake
(c) Both of these (d) none of these

13. Which of the following elements do not affect the free consent of the parties?

- (a) Coercion (b) fraud
(c) Incompetency (d) mistake

14. In cases where consent is obtained by any of the four elements namely, coercion, undue influence, fraud or misrepresentation the contract is

- (a) void (b) voidable
(c) Valid (d) illegal

15. In cases where both the parties to an agreement are under a mistake as to the fact essential to the agreement the agreement is

- (A) void (b) voidable
(c) Valid (d) illegal

16. In which of the following cases of mistake of both the parties the contract is void ab initio because of complete absence of consent?

- (a) Where there is error as to the nature of the contract
(b) Where there is error as to the identity of the contract
(c) Where there is error as to the subject –matter of the contract
(d) all of the above

17. The effect of 'no free consent' and 'no consent at all' is the same on the validity of a contract as in both the case the contract is voidable.

- (a) True, as all the elements affecting consent renders the contract voidable
(b) False as 'no consent at all' covers the case of mistake of both the parties as to the fact essential to the contract which makes the contract void ab initio

5.2 COERCION: ESENTIAL ELELMENTS AND EFFECT

1. The term 'coercion' is defined in

- (A) section 15 (b) section 16
(c) Section 17 (d) sections 18

2. Committing any act forbidden by the Indian Penal Code (i.e. committing an offence) with the intention of obtaining the consent to a contract amounts to

- (a) Fraud
(b) Misrepresentation
(c) Coercion
(d) Undue influence

3. Threat to commit any act forbidden by the Indian Penal Code in order to obtain consent to a contract amounts to

- (a) Mistake
(b) Misrepresentation
(c) Coercion
(d) Undue influence

4. The unlawful detention of any property of a person in order to obtain his consent to a contract amounts to

- (a) Undue influence (b) coercion
(c) Misrepresentation (d) fraud

5. Threatening to detain any property of a person in order to obtain his consent to a contract amounts to

- (a) Undue influence
- (b) mistake
- (c) Misrepresentation
- (d) coercion

6. A threatens to kill B if he does not sell his scooter to him for Rs. 1000 only. Here B's consent is obtained by

- (a) Undue influence
- (b) coercion
- (c) Fraud
- (d) none of these

7. Consent is not caused by coercion if it is obtained by

- (a) Committing any act forbidden by Indian Penal Code (IPC)
- (b) Committing an act forbidden by IPC at a place where the IPC is not in force.
- (c) Threat to file a civil suit
- (d) Unlawful detaining of any property.

8. Committing or threatening to commit any act forbidden by IPC or unlawful detaining or threatening to detain any property amounts to coercion under section 15 if such act is done with the intention of

- (a) Causing the other party to enter into contract
- (b) Injuring the other party
- (c) Causing loss to the other party
- (d) all of the above

9. The threatening act amounting to coercion

- (a) Must be initiated by a party to the contract only.
- (b) Must be initiated by a stranger only.
- (c) May be initiated by a party or any person even by a stranger
- (d) Must be initiated by both the party as well as the stranger

10. The threatening act amounting to coercion

- (a) Must be directed against the party to contract
- (b) Must be directed against stranger only
- (c) Must be directed against both the party and the stranger
- (d) May be directed against the party or against any person who is not a party.

11. A threatens to kill B's son unless he signs a promissory note for Rs. 500000 in A's favour.

Under threat to B's son B signs the promissory note. In this case B's consent is obtained by

- (a) Undue influence
- (b) Coercion
- (c) Fraudulent act
- (d) None of these

12. Consent obtained by a threat to commit suicide amounts to coercion

- (a) True as threat to commit suicide is forbidden by Indian Penal Code.
- (b) False as threat to commit suicide is not punishable by the Indian Penal Code

13. When the consent of a party is obtained by coercion by coercion the contract is _____

- (a) Valid
- (b) void
- (c) Voidable
- (d) illegal

14. When the consent of a party is obtained by coercion the contract is voidable at the option of

- (a) Either party to the contract
- (b) A party whose consent was so obtained
- (c) A party who obtained the consent
- (d) Court deciding the case

15. The consent is said to be obtained by coercion if it is obtained by threatening to commit any act forbidden by India Penal Code (IPC). If IPC is not in

force at a place where the coercion is committed then the contract is

- (a) Void (b) voidable
(c) Valid (d) invalid

16. A contract induced by coercion is voidable at the option of the party whose consent is obtained by coercion. It means that such party

- (a) May put an end to the contract if he so chooses.
(b) Must put end to the contract
(c) Must decide to be bound by the contract and claim damages
(d) Must put an end to the contract and remake it new terms.

17. Which of the following statements is incorrect?

- (a) under the English Law the term 'duress' is used for 'coercion', and it covers only the threats of bodily harm to a party or his wife parents or child.
(b) The duress must be initiated by a party to the contract against the other party or his children parents or wife.
(c) The burden of proof lies upon the party committing coercion i.e. he has to prove that the consent was not obtained by coercion.
(d) The burden of proof lies upon the other party who wants to set aside the contract on plea of coercion i.e. he has to prove that his consent was obtained by coercion..

18. Consent obtained by a threat to commit suicide amounts to _____

- (a) Coercion
(b) Undue influence
(c) Fraud
(d) None of these

19. Which of the following involves a criminal act i.e. an act forbidden by the Indian Penal Code?

- (a) Misrepresentation
(b) Fraud
(c) Coercion
(d) None of these

20. Threat to commit suicide amounts to

- (i) Fraud (ii) coercion
(iii) Undue influence (iv) offence under IPC
(a) (i) and (ii)
(b) (ii) and (iii)
(c) (iii) and (iv)
(d) (ii) and (iv)

5.3. UNDUE INFLUENCE ESSENTIAL ELEMENTS AND EFFECTS

1. The term 'undue influence' is defined in

- (a) section 15 (b) section 16(1)
(c) Section 16(2) (d) section 17

2. The circumstances in which one party is presumed to dominate the will of another are provided in

- (a) section 15 (b) section 16(1)
(c) Section 16(2) (d) section 18

3. Where one party is in a position to dominate the will of another and uses his superior position to obtain the consent of weaker party the consent is said to be obtained by

- (a) Coercion (b) duress
(c) Fraud (d) undue influence

4. Undue influence is kind of

- (a) Mental coercion
(b) Physical coercion
(c) Both of these

(d) none of these

5. Which of the following is not an essential element of undue influence?

- (a) One party must be in a position to dominate the will of the other party.
- (b) The dominant party must use his superior position to obtain an unfair advantage over the weaker party.
- (c) the dominant party must obtain an unfair advantage over the weaker party.
- (d) one party must be in a dominant position but he may or may not use his position to obtain unfair advantage over the weaker party.

6. the domination of will is an essential requirement of _____

- (a) Coercion
- (b) Undue influence
- (c) Fraud
- (d) Misrepresentation

7. A party is presumed to dominate the will of another where he

- (a) Holds a real or apparent authority over the other
- (b) Makes a contract with another in mental distress
- (c) Stands in fiduciary relation to the other
- (d) all of these

8. The fiduciary relationship

- (a) Trust and confidence
- (b) Senior and junior
- (c) None of these
- (D) Both of these

9. The fiduciary relationship

- (a) Is considered coercive
- (b) Raises the presumption of undue influence

(c) Does not raise the presumption of undue influence

(d) Raises the presumption of fraud being employed.

10. Which of the following relations fall in the category of 'fiduciary relations' and usually the presumption of undue influence?

- (a) Solicitor and client
- (b) doctor and patient
- (c) Spiritual adviser and devotee
- (d) all of these

11. Which of the following relations do not fall in the category of fiduciary relationship and thus do not raise the presumption of undue influence?

- (a) Parent and child
- (b) Trustee and beneficiary
- (c) Landlord and tenant
- (d) Woman and her confidential managing agents

12. A contract with a person who is in mental distress raises the presumption of

- (a) Domination of will
- (b) Undue influence
- (c) Both of these
- (d) None of these

13. Contracts with a pardansahin woman raise the presumption of

- (a) Domination of will
- (b) undue influence
- (c) Both of these
- (d) none of these

14. When the consent of a party is obtained by undue influence the contract is _____.

- (a) Valid
- (b) void
- (c) voidable
- (d) illegal

15. When the consent of a party is obtained by undue influence the contract is voidable at the option of

- (a) Either party to the contract
- (b) A party whose consent was so obtained
- (c) A party who obtained the consent
- (d) Court which has to decide the case

16. A contract induced by undue influence is voidable at the option at the party whose consent is obtained by undue influence. It means that such party

- (a) May put an end to the contract if he so chooses
- (b) Must put an end to the contract
- (c) Must put an end to the contract and remake it on new terms
- (d) Must enforce the contract and claim of damages for undue influence

17. When a contract is challenged in a court of law on the ground of undue influence the burden of proof lies upon the

- (a) Stronger party prove that other party's consent was not obtained by undue influence
- (b) Weaker party to prove that his consent was obtained by undue influence
- (c) Court to prove the undue influence
- (d) None of these

18. Where the weaker party challenged the contract on the ground of undue influence he has to prove that the superior party

- (a) was in a position to dominate his will
- (b) actually used his influence to obtain his consent
- (c) Both (a) and (b)
- (D) only (a) as the second is presumed to be proved

19. In those cases where is presumption of undue influence the burden of proof is shifted from the weaker party to the stronger party.

- (a) True as in such a case stronger party has to prove that the consent of weaker party was not induced by undue influence.
- (b) False as the burden of proof is always upon the weaker party.

5.4 FRAUD: ESSENTIAL ELEMENTS AND EFFECTS

1. The term 'fraud' is defined in _____.

- (a) Section 15
- (b) section 16
- (c) Section 17
- (d) section 18

2. Acts which constitute fraud have been specified in _____.

- (a) Section 15
- (b) section 16
- (c) Section 17
- (d) section 18

3. The important case Derry v. Peek (1889) 14 App. Cas.337, deals with

- (a) Coercion
- (b) Undue influence
- (c) Misrepresentation
- (d) Fraud

4. In Derry v. Peek it was observed that fraud exists when it is shown that the false representation has been made

- (a) Knowingly
- (b) Unintentionally
- (c) Recklessly careless whether it be true or fals
- (d) both (a) and (c)

5. Which of the following is not an essential element of fraud?

- (a) It must be committed with belief in its truth.
- (b) It must be committed with an intention to deceive
- (c) It must be committed with the knowledge of its falsity.
- (d) It must be committed by a party to the contract.

6. Which of the following is the essential element of fraud?

- (a) It must be committed upon the party to contract or his agent
- (b) It must have actually deceived the other party.
- (c) Both (a) and (b)
- (d) None of these

7. Which of the following acts constitute fraud?

- (a) A promise made without any intention of performing it.
 - (b) Positive assertion of a fact to be true when a person's information does not warrant to be so though he believes it to be true.
 - (c) The active concealment of a fact by one having knowledge of belief of the fact
 - (d) The suggestion a fact which is not true by one who does not believe it to be true.
- (a) (i),(ii),(iii) (b) (i),(ii),(iv)
(c)(ii),(iii),(iv) (d) (i),(ii),(iv)

8. A promise made without any intention of performing it amounts to _____

- (a) Unintentional representation
- (b) Misrepresentation
- (c) Fraud
- (d) None of these

9. A false statement of facts made with the knowledge of its falsity amounts to _____

- (a) Fraud
- (b) Misrepresentation
- (c) Wrongful misrepresentation
- (d) None of these

10. Which of the following acts does not fall in the categories of fraud?

- (a) Active concealment of fact.
- (b) Innocent false statement of facts
- (c) Intentional false statement of facts
- (d) Promise made without any intention to perform

11. A mere attempt to deceive the other party amounts to

- (a) Fraud if the other party is actually deceived
- (b) Fraud whether or not the other party is actually deceived
- (c) Positive assertion not warranted by information
- (d) Misrepresentation.

12. Which of the following statements is incorrect?

- (a) Person making a false statement is not guilty of fraud if he believes in its truthfulness
- (b) A fraudulent act committed by stranger amounts to fraud
- (c) A fraudulent act which does not actually deceive the other party does not amount to fraud
- A fraudulent act committed upon a stranger does not amount to fraud

13.A, by auction sold to B horse which A knew to be unsound. A told nothing to, B about the horse's unsoundness. In this case A has obtained B's consent by

- (a) Fraud
- (b) Misrepresentation

- (c) Undue influence
- (d) None of these

14. Mere silence as to the facts likely to affect the willingness of a person to enter into a contract is

- (a) Fraud
- (b) no fraud
- (c) Unlawful
- (d) punishable

15. 'Mere silence is not fraud'. This general rule is provided in

- (a) Section 17, Explanation
- (b) section 18, Explanation
- (c) Section 19, Explanation
- (d) judicial decisions

16. The active concealment of facts by a party having knowledge or belief of the fact amounts to _____.

- (a) Fraud
- (b) Misrepresentation
- (c) Unintentional misrepresentation
- (d) none of decisions

17. A, a horse dealer, sold a horse to B. A knew that the horse had a cracker hoof which he filled up in such a way as to prevent its detection. In this case B's consent was obtained by

- (a) Misrepresentation
- (b) false statement of facts
- (c) Unintentional representation
- (d) active concealment of facts

18. There is no exception to the general rule that a mere silence is not fraud

- (a) True, as it is the absolute rule provided in section 17, explanation
- (b) False as two exceptions have been provided in section 17 explanation itself

19. Silence amounts to fraud where

- (a) There is duty to speak
- (b) Silence is equivalent to speech
- (c) A person discloses half truth only
- (d) all of the above cases

20. When the consent of a party is obtained by fraud the contract is _____

- (a) void
- (b) voidable
- (c) Valid
- (d) unlawful

21. When the consent of a party is obtained by fraud the contract is voidable at the option of

- (a) A party whose consent was so obtained
- (b) a party who obtained the consent
- (c) Either party to the contract
- (d) court which has to decide the case

22. A contract induced by fraud is voidable at the option of the party whose consent is obtained by fraud. It means that such a party.

- (a) Must put an end to the contract
- (b) Must cancel the old contract and make a fresh one on new terms
- (c) Must enforce the contract and claim damages for fraud
- (d) May put an end to the contract if he so chooses.

23. In cases of silence amounting to fraud where the other party had the means of discovering truth with ordinary diligence the contract is

- (a) void
- (b) voidable
- (c) Not voidable
- (d) conditional

24. Where a party commits a fraud but fraud does not induce the other party to enter into the contract the contract is

- (a) Voidable (b) not voidable
- (c) Void (d) void ab intino

25. The aggrieved party i.e. the party whose consent was obtained by fraud may

- (a) Rescind (i.e. revoke) the contract only
- (b) affirm (i.e. accept) the contract only
- (c) Rescind or affirm the contract
- (d) none of these

26. Which of the following remedies is available to a party whose consent was obtained by fraud?

- (a) Right to rescind the contract
- (b) right to affirm the contract
- (c) Both of these
- (d) none of these

27. Where the consent of a party is obtained by fraud which of the following statements is incorrect?

- (a) The aggrieved party can exercise his option either to rescind the contract or affirm it only once
- (b) Once the option is exercised by the aggrieved party he cannot change his stand
- (c) After exercising the option only one more opportunity is available to the aggrieved party to change the option
- (d) once the option is exercised both the parties are bound by the contract

28. The aggrieved party's right to rescind the contract is lost if

- (a) He does not rescind the contact within a reasonable time
- (b) He expressly or impliedly affirms the contract

(c) The third party in good faith acquires right in the subject-matter.

(d) In all the above cases right of rescission is lost

29. A, fraudulently sold his car to B. Afterwards , B came to know about the fraud but instead of complaining he further sold the car to C. in this case,B's right to rescind the contract is

- (a) Lost (b) not lost
- (c) strengthened (d) none of these

5.5 MISREPRESENTAION: ESSENTIAL ELEMENTS AND EFFECTS

1. The term 'misrepresentation' is defined in

- (a) Section 15 (b) section 16
- (c) section 17 (d) section 18

2. Misrepresentation refers to the false statement of facts made by a party

- (a) Without any intention to deceive
- (b) with the intention to deceive
- (c) Knowingly and without belief in its truth
- (d) recklessly careless whether it be true or false

3. The important element which distinguishes misrepresentation from fraud is that the it to be so though he believes it to be true there is

- (a) Intentional statement
- (b) innocent statement
- (c) Important statement
- (d) irrelevant statement

4. When a person positively asserts that a fact is true when his information does not warrant it to be so though he believes it to be true there is

- (a) Undue influence
- (b) misrepresentation

- (c) Unwarranted statement
- (d) fraud

5. Misrepresentation is an innocent (i.e. unintentional) misstatement of facts and its includes

- (a) a positive false statement made without any basis for information
- (b) A breach of duty which brings advantage to the person committing it
- (c) Inducement of mistake about subject-matter
- (d) All the above acts

6. A told B that one C would be the director of a company. A believed this information to be true, but he had obtained it not directly from C but from another person D. the information proved to be false. In this case A's statement falls in the category of

- (a) Positive unwarranted statement
- (b) misrepresentation
- (c) Fraudulent statement
- (d) both (a) and (b)

7. Any breach of duty which without any intent to deceive gains an advantage to the person committing it by misleading another to his prejudice falls in the category of

- (a) Fraud
- (b) misrepresentation
- (c) Undue influence
- (d) none of these

8. In the negotiations for a marriage contract the relative speaking for the girl failed to disclose that she was suffering from epileptic fits. In this case engagement is voidable on account of

- (a) Fraud
- (b) undue influence

- (c) Undue influence
- (d) none of these

9. A false statement of facts made without any intention to deceived the other party falls under the category of

- (a) Fraud
- (b) undue
- (c) coercion
- (d) misrepresentation

10. When the consent of party is obtained by misrepresentation the contract is

- (a) Void
- (b) voidable
- (c) valid
- (d) unlawful

11. When the consent of a party is obtained by misrepresentation the contract is voidable at the option of

- (a) A party whose consent was so obtained
- (b) A party who obtained the consent
- (c) Either party to the contract
- (d) Court which has to decide the case

12. A contract induced by misrepresentation is voidable at the option of aggrieved party. It means that such a party

- (a) Must rescind (i.e. cancel) the contact
- (b) Must cancel the contract and make a fresh one on new terms
- (c) Must enforce the contract and claim damages
- (d) May put an end to the contract if he so chooses

13. In case of misrepresentation where the other party had the means of discovering the truth with ordinary diligence the contract is

- (a) Void
- (b) voidable
- (c) not voidable
- (d) conditional

4. Where the consent of both the parties is given under mistake the agreement

- (a) Void (b) valid
(c) voidable (d) illegal

5. As per section 20 where the parties to an agreement are under a mistake as to a matter of fact essential to the agreement the agreement is

- (a) Void (b) valid
(c) voidable (d) illegal

6. An agreement for the sale and purchase of a horse which unknown to both the parties was dead at the time of bargain is

- (a) Void (b) valid
(c) voidable (d) illegal

7. On account of bilateral mistake a contract to be declared as void under section 20 the mistake must be about the

- (a) Existing fact
(b) future fact
(c) Both of these
(d) none of these

8. A contract for hiring a car for attending a coronation ceremony which unknown to both the parties has already been cancelled is

- (a) Voidable (b) valid
(c) Conditional (d) void

9. An agreement for the sale of a truck existing at the time of bargain which was destroyed in an accident subsequent to the bargain is void under

- (a) Section 20 (b) section 22
(c) Section 50 (d) section 56

10. Generally a unilateral mistake of essential facts

- (a) Renders the agreement void
(b) Does not render the agreement void
(c) Renders the agreement illegal
(d) is considered a mistake of law

11. As per section 22 merely because the contract was caused by one of the parties to it being under a mistake as to the matter of fact the contract is not

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

12. A contract is void on account of bilateral mistake of essential fact but if there is mistake of only one party then the contract is

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

13. "In certain cases unilateral mistake also renders the agreement void".

- (a) True where the unilateral mistake has the effect of defeating the true consent of parties.
(b) False as in all cases a unilateral mistake does not affect the validity of an agreement

14. A agreed to buy horse from B. At the time of bargain the horse was dead though neither party was aware of this fact. In this case the agreement is

- (a) void (b) valid
(c) Voidable (d) illegal

15. When both the parties to an agreement are under mistake about the existence of subject-matter the agreement is

- (a) Not void (b) void
(c) Voidable (d) illegal

16. When both the parties to an agreement have different subject-matter in mind the agreement is

- (a) Not void
- (b) void
- (c) Voidable
- (d) illegal

17. in case of bilateral mistake about essential facts there is complete absence of consent which is described by Salmond as

- (a) Consensus ad idem
- (b) Error in cause
- (c) Error in consensus
- (d) None of these

18. The complete absence of consent renders the agreement void because in such cases there is no

- (a) Consensus ad idem
- (b) Error in cause
- (c) Error in consensus
- (d) None of these

19. Which of the following bilateral mistakes of fact does not render the agreement as void?

- (a) Mistake about title of subject-matter
- (b) Mistake about quality of subject-matter
- (c) Mistake about quantity of subject-matter
- (d) Mistake about a fact not essential to agreement

20. Which of the following bilateral mistakes are about the fact essential to the agreement and thus render the agreement as void?

- (a) Mistake about substance of subject-matter
- (b) Mistake about price of the subject-matter
- (c) Both (a) and (b)
- (d) None of these two

21. Where an agreement is impossible to perform but the fact of impossibility is unknown to both the parties the agreement is

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

22. Where an agreement is impossible to perform but the fact of impossibility is known to both the parties the agreement is

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

23." An agreement to do an impossible act in itself, is void."

- (a) True as section 56 makes specific provision in this regard
- (b) False as section 56 also provides certain exceptions to this rule

24. The effect of bilateral mistake of fact is that it renders the agreement void. It is provided

- (a) Section 19
- (b) section 20
- (c) Section 21
- (d) sections 22

25. Generally a unilateral mistake as to the matter of fact does not affect the validity of the contract under a mistake as to the matter of fact the contract is

- (a) True as section 22 makes specific provision in this regard
- (b) False as such contracts are void under section 22

26. As per section 22 merely because a contract was caused by one of the parties to it being under a mistake as to the matter of fact the contract is

- (a) Not valid
- (b) not void
- (c) Not voidable
- (d) unlawful

27. A unilateral mistake of fact affects the validity of the contract if the unilateral mistake even in cases of unilateral mistake?

- (a) is about some fact essential to the contract
- (b) Has the effect of defeating the true consent of the parties
- (c) Both (a) and (b)
- (d) None of these

28. Which of the following is considered as an essential fact that affects the validity of a contract even in cases of unilateral mistake?

- (a) Identity of the parties to an agreement (b) nature if the agreement
- (c) None of these is essential
- (d) Both of these are essential

29. A intends to enter into an agreement with B only and with no other person. C fraudulently representing himself as B entered into an agreement with A who believed him to be real B. in this case the contract is void on account of

- (a) Unilateral mistake about identity
- (b) Bilateral mistake about identity
- (c) Common mistake about identity
- (d) Mutual mistake about identity

30. The important case *Cundy v. Lindsay* (1878) 3 AC 459 deals with

- (a) Bilateral mistake as to nature of agreement
- (b) Unilateral mistake as to nature of agreement
- (c) Bilateral mistake about identity of parties
- (d) Unilateral mistake about identity of parties

31. Where by a fraudulent representation of a party there is unilateral mistake about the identity of the party the contract is

- (a) Void (b) voidable
- (c) Valid (d) illegal

32. Generally the mistake about the identity of a party or about the nature of agreement is caused by fraud or misrepresentation of one party.

- (a) True (b) false

33. Where there is fraudulent representation about the nature (i.e. character) of the document the contract is

- (a) Valid (b) voidable
- (c) Void (d) unlawful

34. A by fraudulent representation got signed a gift deed from B in his favour representing it to be power of attorney. The gift deed is

- (a) Valid as gift deed is always valid
- (b) Voidable as there is fraud by one party
- (c) Void as there is mistake about nature of document
- (d) Illegal as fraud is an illegal act

35. Where there is fraudulent representation about the contents (not the nature) of a document the contract is

- (a) Valid as the contents are not material to contract
- (b) Voidable as there is fraud by one party
- (c) Void as there is mistake about document
- (d) Illegal as fraud is an illegal act

36. A contract made by mistake about some foreign law is

- (a) void (b) valid
- (c) Voidable (d) illegal

37. A contract made by mistake about some foreign law is

- (a) Void voidable (b) valid (c) voidable (d) illegal

38. A mistake as to law not force in India has the same effect as

- (a) Fraud
(b) Misrepresentation
(c) Mistake of fact
(d) Mistake of Indian Law

39. Which of the following agreements are void?

- (i) Agreement made under the mistake of Indian law
(ii) Agreement made under the mistake of foreign law
(iii) Agreement made under unilateral mistake of fact
(iv) Agreement made under bilateral mistake of fact
- (a) (i), (ii), (iii) (b) (ii), (iii), (iv)
(c) (i), (ii), (iv) (d) (i), (iii), (iv)