

Panchakshari's Professional Academy

Foundation level law

Definitions & Types of Contract

- The Law of Contract in India is contained in-
 - Indian Contract Act, 1862
 - Indian Contract Act, 1982
 - Indian Contract Act, 1872
 - Indian Contract Act, 1972
- An agreement enforceable by Law is known as-
 - Agreement
 - Contract
 - Promise
 - Offer
- Every promise and every set of promises forming consideration for each other is called-
 - Agreement
 - Contract
 - Promise
 - Offer
- The leading case "Balfour v Balfour" is related to-
 - Intention to create legal relation
 - Possibility of performance
 - Lawful Object
 - Legal formality
- A contract, which ceases to be enforceable by law, becomes _____, when it ceases to be enforceable by Law-
 - Contract
 - Void Contract
 - Void-ab-initio Contract
 - Valid Contract
- Which of the following is not an essential on a valid contract?
 - Valid offer and Valid acceptance
 - Intention to create legal relation
 - Free consent
 - Mistake
- Indian Mercantile law is based on-
 - Australian Law
 - American Law
 - Russian Law
 - English Law
- An agreement created by words spoken or written is called-
 - Void Agreement
 - Voidable Agreement
 - Express Agreement
 - Implied Agreement
- Voidable agreement is an agreement which is-
 - Enforceable by law
 - Not enforceable by law
 - Enforceable at the option of one of the parties
 - Forbidden by law
- A contract created by law is called-
 - Express Contract
 - Implied Contract
 - Quasi Contract
 - E-commerce Contract
- A agrees to sell his car to B at a price, which B may be able to pay. This agreement is-
 - Void
 - Valid
 - Voidable
 - Contingent
- A contract was entered before 1st September, 1872 is governed by the Indian Contract Act, 1872.
 - Yes, if the contract was entered in Indian soil.
 - Yes, if there was performance of the contract on or after 1st September 1872
 - No, as the act does not apply Retrospectively
 - No, as there was no performance on or After 1st September 1872.
- An agreement which is enforceable by law at the option of one or more of the parties thereon, but not at the option of the other or others is a valid contract-
 - True
 - False
- Which of the following statements is true?
 - An agreement is an unaccepted proposal
 - An agreement enforceable by law is a contract
 - An agreement can only consist of an offer
 - An agreement can only consist of an acceptance
- A voidable contract is one which-
 - can be enforced at the option of an aggrieved party
 - can be enforced at the option of both the parties
 - cannot be enforced in a court of law
 - courts prohibit
- Valid Contract-
 - In case of this collateral agreements are void
 - Not enforceable in a court of law
 - An agreement enforceable by law at the option of one or more of the parties thereon but not at the option of the other or others.
 - Enforceable at the option of both the parties
- If the terms of a contract are expressly agreed upon (whether by words spoken or written) at the time of formation of the contract, the contract said to be an-
 - Express Contract
 - Implied Contract
 - Quasi Contract
 - None of the above
- Which of the statements is incorrect?
 - All illegal agreements are void, but all void agreements are not necessary illegal
 - A voidable contract is not voidable at the option of the aggrieved party
 - Contracts that is immoral or opposed to public are illegal in nature
 - All of the above
- The following are the essential elements which need to co-exist in order to make a valid contract-
 - Lawful consideration
 - Lawful agreement
 - Free consent
 - All of the above
- The Indian Contract Act, 1872 came into operation on and from-
 - 1st October, 1872
 - 1st July, 1872
 - 1^{5th} August, 1872
 - 1st September, 1872
- An agreement is a-
 - Set of reciprocal promises
 - Acceptance of a proposal
 - Contract
 - Promise
- Which of the following is true-

Panchakshari's Professional Academy

Foundation level law

- (A) All agreements are contracts (B) All contracts are agreements
(C) All promises are agreements (D) A set of promises is contract
23. Agreement the meaning of which is uncertain is-
(A) Valid (B) Void (C) Voidable (D) Illegal
24. Implied contract, even if not in writing or expressed in words, is perfectly valid, if other conditions are satisfied-
(A) True, as an implied contract has the same effect as an express contract
(B) False, as the Contract Act recognizes only express contracts.
(C) Such contracts are voidable at the option of the party, whose consent is implied
(D) Both (A) and (C)
25. Which of the following statement is true?
(A) An agreement enforceable by law is a contract
(B) An agreement is an accepted proposal
(C) Both (A) and (B)
(D) None of these
26. A _____ agreement is one, which is enforceable at the option of one party.
(A) Voidable (B) Void (C) Valid
(D) Illegal
27. R, an optical surgeon, employs S as the assistant for a term of three years and S agrees not to practice as a surgeon during this period. This contract is-
(A) Valid (B) Void (C) Illegal (D) Voidable
28. Implied contract, even if not writing or express words, is perfectly _____, if other conditions are satisfied.
(A) Void (B) Valid (C) Voidable (D) Illegal
29. Contracts classified on the basis of formation are of the following types-
(A) Express Contract (B) Implied Contract
(C) Quasi Contract (D) All of the above
30. Implied contract, even if not in writing or express words, is perfectly valid, if other conditions are satisfied.
(A) True, as an implied contract has the same effect as an express contract
(B) False, as the Contract Act recognizes only express contracts.
(C) Partly True
(D) None of the above
31. Valid Contracts-
(A) are made by free consent
(B) are those where the parties to the contract are competent to enter into an agreement
(C) have lawful consideration and lawful object
(D) all of the above
32. Illegal agreements are –
(A) not enforceable by law (B) forbidden under law
(C) either (A) or (B) (D) both (A) and (B)
33. _____ is good in substance but suffers from some technical defect.
(A) Valid Contract (B) Illegal Contract
(C) Voidable Contract (D) Unenforceable Contract
34. A contract which is valid initially however, ceases to be enforceable subsequently –
(A) becomes void when it ceases to be enforceable
(B) remains valid
(C) becomes voidable when it ceases to be enforceable
(D) becomes void since inception
35. Agreements which do not create legal obligations can also be considered as contracts
(A) True (B) Partly True (C) False (D) None of the above
36. A invites B for his son's wedding. B accepts the invitation. In this case, there is an agreement but no contract, since –
(A) there is no consideration
(B) there is no intention to create legal relationship
(C) there is no written document
(D) there is no formal acceptance of the offer
37. *Jus-in-personam* means –
(A) A right against or in respect of a thing
(B) A right against or in respect of a person
(C) Both (A) and (B)
(D) None of the above
38. An agent authorized by a power of attorney to operate a business, but not to borrow money asked for a loan on a representation that he is authorized to borrow and produced the power of attorney for the perusal of the lender. But the lender did not read it and advanced a loan. Is the principal bound by the loan?
(A) Yes (B) No
39. Arun's estate is sold for arrears of revenue. As per the act, the defaulter is prohibited from purchasing it. Bhat agrees with Arun to purchase the estate and convey it back to Arun for the price which Bhat has paid. The agreement is-
(A) legal (B) Valid (C) Voidable (D) Void
- Offer and Acceptance
40. Quotation of price is a –
(A) Offer (B) Invitation to offer (C) Cross offer (D) None of these
41. When offer is accepted, it is called –
(A) Agreement (B) Contract (C) Promise (D) Offer
42. When offer is accepted and there is consideration, then it is called –
(A) Agreement (B) Contract (C) Promise (D) Offer

Panchakshari's Professional Academy

Foundation level law

43. Offer comes to an end by –
(A) Acceptance (B) Communication (C) Revocation (D) Infinity
44. Offer can be accepted by –
(A) Offeror (B) Promisor (C) Offeree (D) Acceptor
45. A Tender will be irrevocable, where –
(A) Tender has, for some consideration, promised not to withdraw
(B) There is a statutory prohibition against withdrawal
(C) Either (A) or (B)
(D) Neither (A) nor (B)
46. Death or insanity of the proposer –
(A) Operates as revocation of the proposal, irrespective of whether the acceptor has the knowledge of the same prior to his acceptance
(B) Operates as revocation, only if the acceptor knows about it before acceptance
(C) Operates on court order only
(D) Does not operate on court order
47. X's brother runs away from the house. Y, who is an employee of X, offers to search for the brother and goes out for the purpose. In the absence of Y, X offers a reward of Rs.100 to any one, who can either find out the brother or give clues enabling X to find his brother. Later on, Mr. Y, without having any knowledge about reward, found the X's brother and brought him back. Whether Y can claim the reward?
(A) Yes (B) No
48. A, by a letter dated 22 December, 2008 offers to sell his house to B for Rs.50 Lakh. The letter reaches B on 27th December, 2008, who posts his acceptance on 28th December, 2008 which reaches A on 30th December, 2008. Here, the communication of offer is completed on –
(A) 25th December, 2008 (B) 27th December, 2008
(C) 28th December, 2008 (D) 30th December, 2008
49. In Q. 48 above, the communication of acceptance is complete against A on 28th December, 2008 and against B on –
(A) 25th December, 2008 (B) 27th December, 2008
(C) 28th December, 2008 (D) 30th December, 2008
50. A, by a letter, offers to sell his car to B for Rs.1,00,000. Without knowing A's offer, B, by a letter offers to buy the same car from A for Rs.1,00,000. Here –
(A) A binding contract comes into existence as B's letter is equivalent to implied acceptance of A's offer
(B) No binding contract comes into existence as B's letter is merely a cross offer
(C) A voidable contract is entered into
(D) None of these
51. Which of the following is false?
An acceptance-
(A) Must be communicated
(B) Must be absolute and unconditional
(C) Must be accepted by a person having authority to accept
(D) May be presumed from silence of offeree.
52. Which of the following is false?
An offer to be valid must -
(A) intend to create legal relations
(B) have certain and unambiguous terms
(C) contain a term that non-acceptance would to acceptance
(D) be communicated to the person to whom it is made
53. B has posted his letter of acceptance on a particular day and two days thereafter sends a telegram revoking his acceptance. But the telegram reaches A after the letter. Will the acceptance be deemed to have been revoked?
(A) Yes
(B) No
54. An offer may lapse by –
(A) Revocation
(B) Counter offer
(C) Rejection of offer by offeree
(D) All of these
55. Cross offer means –
(A) Exchanging identical offers by two parties in ignorance
(B) Offer made to the public in general
(C) Offer allowed to remain open for acceptance over a period of time
(D) Offer made to a definite person
56. Which one of the offer is a valid offer?
(A) A garment store gave the following advertisement in a newspaper – "Special sale for tomorrow only. Men's night suits reduced from Rs.200 to Rs.100."
(B) P says to Q, "I will sell you a digital camera." P owns three different types of digital cameras of various prices.
(C) An auctioneer displays a refrigerator before a gathering in an auction sale
(D) A advertises in a leading daily newspaper that he would pay Rs.2,000 to anyone who finds and returns his lost dog.
57. Which one of the following is not a contract?
(A) A engages B for a certain work and promises to pay such remuneration as shall be fixed by C. B does the work
(B) A and B promises to marry each other
(C) A takes a seat in a public vehicle
(D) A invites B to a card party. B accepts the invitation
58. An offer made to the public in general which anyone can accept and do the desired act is –
(A) General Offer (B) Special Offer (C) Cross offer (D) Counter offer
59. Standing offer means –

Panchakshari's Professional Academy

Foundation level law

- (A) After allowed to remain open
(B) After made to public in general
(C) When the offeree offers to qualified acceptance of the offer
(D) Offer made to a definite person
60. A proposal when accepted becomes –
(A) Acceptance (B) Agreement (C) Promise
(D) Lawful Promise
61. An acceptance must be conditional
(A) True (B) False
62. Communication of offer and acceptance can be made only when the parties are face to face.
(A) True (B) False
63. Which of the following is/are the essential elements of a valid offer?
(1) Offeror must have an intention to be bound by his offer
(2) Offer must be made to a specific person and not to public at large
(3) Must be definite
(4) Offer can be vague
(A) 1 & 3 (B) 2 & 3 (C) 3 & 4
(D) 1 & 4
64. An offer, accepted without knowledge, does not confer any legal rights on the acceptor.
(A) True, as the offer cannot be accepted without its knowledge
(B) False, as there is no such legal provision/decision is this regard
(C) Such contracts are Voidable at the option of the party, whose consent is implied
(D) Both (A) and (C)
65. A general offer made to the public at large is valid, and binding contract is made with a person, who having the knowledge of the offer –
(A) comes forwards and acts accordingly
(B) acts accordingly, and his act is ratified by the offeror
(C) Acts accordingly, and his act is not ratified by the offeror
(D) None of these
66. On the acceptance of an offer by an offeree,
(A) Only the acceptor becomes bound by accepting the offer
(B) Only the offeror becomes bound as his terms are accepted
(C) Both the acceptor and offeree becomes bound by the contract
(D) None of these
67. A, by a letter dated 15th March, offers to sell his car to B, who posts his acceptance on 20th March. Here –
(A) A can revoke his offer before he receives the letter of acceptance
(B) A cannot revoke his offer as he becomes bound by the acceptance on 20th March
(C) A can revoke the offer at any time
(D) None of the above
68. In Q. 67 above-
(A) B can revoke his acceptance at any time till his letter reaches A
(B) B cannot revoke his acceptance as he becomes bound by posting his acceptance letter
(C) B can revoke the acceptance at any time
(D) None of the above
69. Standing Offer means –
(A) Offer allowed to remain open for acceptance over a period of time
(B) Offer made to the public in general
(C) When the offeree offers to qualified acceptance of the offer
(D) Offer made to a definite person
70. When the offeree offers to qualified acceptance of the offer subject to modifications and variations, he is said to have made a –
(A) Standing, Open (B) Counter Offer
(C) Cross offer (D) Special Offer
71. X of Agra sends a letter to Y of Delhi offering to sell his car for Rs.4,00,000. This letter is posted on 1st January and reaches Y on 6th January. Y sends his acceptance by post on 10th January, but X receives this letter of acceptance on 14th January. When is the communication of the offer complete?
(A) 1st January (B) 6th January (C) 7th January (D) 10th January
72. In Q. 71 above, when is the communication of the acceptance complete as against acceptor?
(A) 1st January (B) 10th January (C) 11th January (D) 14th January
73. In Q. 71 above, If X sends a telegram on 7th January revoking his offer, and his telegram reaches Y before the letter of acceptance is posted, Is revocation of offer valid?
(A) It is Valid (B) It is invalid (C) It is uncertain (D) None of the above
74. In Q. 71 above, If Y sends a telegram on 13th January revoking his acceptance, and his telegram reaches X before the letter of the acceptance is received by Y. Is revocation of acceptance valid?
(A) It is Valid (B) It is invalid (C) It is uncertain (D) None of the above
75. The person making the proposal is called –
(A) Offeror (B) Offeree (C) Participator
(D) Principal
76. When the offers made by two persons to each other containing similar terms of bargain cross each other in post, they are known as –
(A) Cross offers (B) Implied offers (C) Direct offers (D) Express offers
77. When an offer is made to a definite person, it is known as –
(A) General Offer (B) Cross offer (C) Counter offer (D) Special offer
78. A writes to B, "Will you buy my car for Rs.4.5 Lakhs? Reply by next Sunday." B communicates his acceptance on Monday next. In such case –

Panchakshari's Professional Academy

Foundation level law

- (A) A is not bound to B's delayed acceptance
(B) A is bound to B's acceptance
(C) B has to make a counter offer
(D) There is no offer at all
79. In cases of acceptance on phone, the contract is made at the place –
(A) where the acceptance is communicated
(B) where the offer was made
(C) from where the acceptance is made
(D) all of the above
80. If the offeror prescribes the mode and manner of acceptance, the acceptance –
(A) Should be in the manner and mode prescribed
(B) need not be in the manner and mode prescribed
(C) can be in any reasonable manner and mode prescribed
(D) all of the above
81. S knew that on account of his criticism of plays in the past, he would not be allowed entry at a theatre. The Managing Director of the theatre gave instructions that a ticket should not be sold to S. S, however obtained a ticket through one of his friends. On being refused admission to the theatre, he sued for damages for breach of contract.
(A) S is entitled to damages
(B) S is entitled to enter the theatre
(C) There is a valid contract between the theatre Company and S.
(D) There is no contract between the theatres Company and S.
82. Communication of a proposal is complete when it comes to the knowledge of the person to whom it is made.
(A) True (B) Partly true (C) False (D) None of the above
83. No contract can arise, if –
(A) the offer is not made to an ascertained person
(B) the acceptance is made by an unascertained person
(C) the offer is made to an ascertained person
(D) the acceptance is made by an ascertained person
84. M agreed on Monday to sell his property N by a written agreement which stated "that his offer to be left open until Saturday 10 a.m." In the meantime on Wednesday, M enters into a contract to sell the property to O. N, who was sitting in the next room, hears about the deal between M and O. On Friday, N accepts the offer and delivers to M the letter of acceptance. Is N's acceptance valid?
(A) No, since offer is revoked by M
(B) Yes, since overhearing by N does not amount to a valid revocation by M
(C) No, since O has a clean title to the property
(D) Cannot decide based on the above facts
85. U sends a letter to Y proposing to sell his land. Y sends his acceptance by post. U can revoke the offer at any time before or at the moment when Y posts his letter of acceptance, but not afterwards.
(A) True (B) Partly true (C) False (D) None of the above
86. Communication of offer and acceptance can be made only when the parties are face to face
(A) True (B) Partly true (C) False (D) None of the above
87. Which of the following is an Offer?
(A) Mere quotation of terms by a trader
(B) Quotation of the lowest price in answer to an enquiry
(C) Advertisement for sale or auction of goods
(D) Bids in an auction sale
88. Where a letter of acceptance sent by post is lost in transit there is
(A) no contract as the acceptance has not come to the knowledge of the offeror
(B) is no contract as the acceptance has not been communicated to the offeror
(C) a contract as the letter of acceptance is put in the course of transmission
(D) all of the above
89. A general offer made to the public at large is valid, and binding contract is made with a person, who having the knowledge of the offer –
(A) comes forward acts accordingly
(B) acts accordingly, and his act is ratified by the offeror
(C) Neither (A) nor (B)
(D) Both (A) and (B)
90. On the acceptance of an offer by an offeree –
(A) Only the acceptor becomes bound by accepting the offer
(B) Only the offeror becomes bound as his terms are accepted
(C) Both the acceptor and offeror becomes bound by the contract
(D) None of the above
91. Which of the following is an invitation to offer?
(A) A tender to supply goods at a certain time
(B) A request for a loan
(C) Bids in an auction sale (D) A catalogue of goods for sale
92. Silence constitutes a valid acceptance, only if –
(A) Offeree has, by his previous conduct, indicated that silence amounts to his acceptance
(B) Offer contains a term that offeree's silence will constitute acceptance
(C) Both (A) and (B)
(D) Either (A) and (B)
93. Which of the following conditions is not necessary for a valid offer?
(A) Intention to obtain consent of the offeree

Panchakshari's Professional Academy

Foundation level law

- (B) Communication to the person to whom it is made
- (C) Intention to create legal obligation
- (D) Expressed in written form
94. In a self-service departmental store, a valid contract is conducted by an offer and its acceptance, when –
- (A) Customers enters departmental store
- (B) Customers pick up the articles
- (C) Customers take the articles to the cashier's desk
- (D) Cashier accepts the payment from the customers
95. M offers to sell his house to N for Rs.36 lakhs and states in his letter that the offer would be considered as accepted if acceptance is not communicated within a certain time. Here, the letter of M would –
- (A) Amount to a proposal (B) Not amount to a proposal
- (C) Amount to a promise (D) Amount to acceptance
96. Which of the following results in an offer?
- (A) a declaration of intention
- (B) an invitation to offer
- (C) an advertisement offering reward to anyone who finds the lost dog of the advertiser
- (D) an offer made in a joke
97. Performance of conditions of an offer for the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is a/an, -
- (A) acceptance of the offer (B) rejection of the offer
- (C) counter offer (D) revocation of the offer
98. In case, where a proposal and its acceptance are not made by words and are inferred from the conduct of the parties. They are known as–
- (A) Implied offers (B) Expressed offers
- (C) Specific offers (D) General offers
99. L offered to take a house on lease for a period of three years at Rs.1 Lakh p.a. if the house was "put through repairs and rooms were handsomely decorated". Here, there is no offer since –
- (A) there is no legal obligation
- (B) there is no communication of offer
- (C) the terms of offer is too vague
- (D) the offer is conditional
100. A, by a letter dated 15th March, offers to sell his car to B, who posts his acceptance on 20th March. Here –
- (A) B can revoke his acceptance at any time till his letter reaches A
- (B) B cannot revoke his acceptance as he becomes bound by posting his acceptance letter
- (C) Neither (A) nor (B)
- (D) We cannot decide without further information
101. A by a letter, offers to sell his ipod to B for Rs.20,000. Without knowing A's offer, B, by a letter, offers to buy the same ipod from A for Rs.20,000. Here –
- (A) a binding contract comes into existence B's letter is equivalent to acceptance of A's offer
- (B) no binding contract comes into existence as B's letter is merely a cross offer
- (C) no binding contract comes into existence as consideration is insufficient
- (D) the Indian Contract Act is silent on such issues
102. When a person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to–
- (A) enter into a contract (B) make a proposal
- (C) accept an offer (D) create legal obligation
103. S sent his servant L, to trace his missing nephew. Later, S offered a reward for anyone who traced his nephew. L, ignorant of the announcement, traced the boy. *Subsequently*, he claimed the reward, when he came to know of it.
- (A) L is entitled to the reward (B) L was not entitled to the reward
- (C) S has to find his nephew himself (D) No reward can be given for tracing missing persons
104. M offers to sell his car for Rs.3.8 lakhs to N. N says he would buy it for Rs.3.5 lakhs. This is a case of –
- (A) Counter offer (B) Implied offer (C) Direct offer (D) Express offer
105. A company announced a reward of £100 to anyone who contacted influenza after using its smoke balls for a certain period. Mrs.C used the smoke balls but contacted influenza. She claimed the reward but the company rejected her claim stating that she did not communicate her acceptance to the company. Here –
- (A) Acceptance is not communicated and reward cannot be claimed
- (B) Offer is not communicated and reward cannot be claimed
- (C) Acceptance need not be communicated and reward can be claimed
- (D) There is no claim since reward cannot be given for containing diseases

Panchakshari's Professional Academy

Foundation level law

106. Yatra Travels operates buses for Delhi to Agra. The bus standing at its Bay in the bus terminus is with a view to taking the passengers. There is _____ to take passengers.
(A) Implied Offer (B) Express offer (C) Internal Offer (D) External offer
107. An acceptance in ignorance of an offer is also a valid acceptance
(A) True (B) Partly true (C) False (D) None of the above
108. A change in law or circumstance rendering the original offer unlawful or impossible, will lead to termination of the offer.
(A) True (B) Partly true (C) False (D) None of the above
109. Counter offer/cross offer made by the other party, does not terminate the original offer,
(A) True (B) Partly true (C) False (D) None of the above
110. A launderer had given to his customer a receipt for clothes received for washing. Special conditions for this were printed on the reverse of the receipt. The Customer claimed that he could not understand the conditions. Is the customer's claim valid?
(A) Yes, the customer had not understood the special conditions
(B) Yes, there is no consensus ad idem
(C) No, the customer is deemed to have understood the special conditions
(D) No, the receipt is invalid in law
111. Death of offeree before acceptance terminates the offer.
(A) True (B) Partly true (C) False (D) None of the above
112. Which of the following constitute invalid acceptance?
(A) Mental acceptance without communicating to the proposer
(B) Failure to answer/respond to the proposer
(C) Silence on the part of the offeree
(D) All of the above
113. Revocation of offer need not be communicated to the offeree.
(A) True (B) Partly true (C) False (D) None of the above
114. B sent a draft agreement relating to supply of coal and coke to the manager of a railway company for his acceptance. The manager wrote "approved" on the same and put the draft in his table drawer, intending to send it to the company's solicitors for a formal contract to be drawn up. Overrigh the draft agreement remained in the drawer. The transaction is –
(A) a valid contract
(B) not an agreement as the acceptance was never communicated to the proposer
(C) a voidable contract
(D) a void contract
115. Where special terms are communicated by way of conditions on the reverse of a train ticket, receipt, etc., acceptance of the document (e.g. ticket or receipt) without protest tantamount to a tacit acceptance of conditions.
(A) True (B) Partly true (C) False (D) None of the above
116. A sends a letter to B, offering to sell his old carriage. He asks B to reply by telegram. In such case, B shall reply,
(A) in any mode (B) only by telegram
(C) in any mode other than telegram (D) in any reasonable mode
117. Under section 2(c) of the Indian Contract Act, promisee is the person –
(A) who makes the proposal (B) who accepts the proposal
(C) who makes the promise (D) to whom proposal is made
118. Who said "Acceptance is to proposal is what a lighted match-stick is to a train of gun-powder"?
(A) Anson (B) Baumol (C) Salmond (D) Drucker
119. A passenger deposited a bag in the cloakroom at a railway station. The Acknowledgment Receipt given to him carried, on the face of it, the words "see back". One condition limited the liability of the Railways for any package to Rs.100. The bag was lost, and the passenger claimed Rs.2,400 being its value, leading that he had not read the conditions. Can the passenger win the case?
(A) Yes, the Railway Company cannot take under advantage
(B) Yes, damages are payable for loss of property
(C) No, a suit for value below Rs.5,000 is not permissible in law
(D) No, the passenger had constructive notice of conditions whether he read them or not
120. A passenger was traveling with luggage from Dublin to Whitehaven on a ticket, on the back of which there was a term that exempted the shipping company from liability for loss of luggage. He never looked at the back of the ticket and there was nothing of the face of it to draw his attention to the terms on its back. He lost his luggage and sued for damages. Can the passenger win the case?
(A) Yes, the Shipping Company cannot take undue advantage
(B) Yes, the passenger is not bound by something which was not communicated to him
(C) No, a suit for loss of luggage is not permissible in law
(D) No, the passenger had constructive notice of conditions whether he read them or not
121. An acceptance of telephone should be –

Panchakshari's Professional Academy

Foundation level law

- (A) heard by the offeror (B) Any person within the country
audible to the offeror (C) Any person who complies with the condition
(C) understood by the offeror (D) all of of the offer
the above (D) Any person who reads the advertisement
122. In which of the following situation, the acceptor is not bound by the special conditions?
(A) Conditions limiting or defining his rights are not brought to the acceptor's notice
(B) The Document does not give reasonable notice on its face that it contains certain special conditions.
(C) Conditions are contained in a document that is delivered after the contract is complete
(D) All of the above
123. F offers to sell his house to G for Rs.20 lakhs. G replies that he would buy the house provided his solicitor approves of F's title to the house. The offer did not contain any mention as to title. The acceptance is –
(A) Qualified, hence invalid (B) Conditional, hence invalid
(C) Valid (D) Both (A) and (B)
124. When the offeree gives acceptance on different terms, it is treated as a counter offer and it is up to the original offeror to accept the same or not.
(A) True (B) Partly true (C) False (D) None of the above
125. According to the Indian Contract Act, 1872, a promise is –
(A) A communication of intention to do something
(B) A proposal which has been accepted
(C) A gentlemen's word to do something
(D) A statement on oath
126. A proposal can be revoked by –
(A) Communication of notice of revocation by the offeror
(B) Failure of acceptor to fulfill a condition precedent
(C) Insanity or death of an offeror to the knowledge of the acceptor
(D) All of the above
127. F offered by a letter to buy his nephew N's horse for Rs.25,000, saying: "If I hear no more about it, I shall consider the horse is mine at Rs.25,000." The nephew did not reply, but he told an auctioneer who was selling his horse not to sell that particular horse as he has sold it to his uncle. By mistake, the auctioneer sold it. F sued the auctioneer for conversion. In this case–
(A) F can recover the amount from the Auctioneer
(B) There is no agreement between F and N, as the acceptance was not communicated to F
(C) F can claim the horse back from the successful bidder at the auction
(D) F can claim damages from N
128. General offers open to the world at large can be accepted by –
(A) Any person in the world
- (B) Any person within the country
(C) Any person who complies with the condition of the offer
(D) Any person who reads the advertisement
129. In order to convert a proposal into a promise, the acceptance must be –
(A) absolute (B) unqualified (C) express/Implied (D) all of the above
130. In case of general offer, for a valid contract, the acceptor –
(A) Must have knowledge of the offer before acceptance by performance
(B) need not have the knowledge of the offer
(C) may acquire the knowledge of the offer after the performance of the condition amounting to acceptance
(D) should not accept at all
131. In cases of general offer to the public at large, notifying the acceptance to the proposer is necessary
(A) True (B) Partly true (C) False (D) None of the above
132. A specific offer can be accepted by –
(A) any person (B) any friend of offeror
(C) only the person to whom it is made (D) any friend of offeree
133. An acceptance containing additions, limitation or other modifications shall amount to –
(A) rejection of the offer (B) a counter offer
(C) a valid acceptance (D) both (A) and (B)
134. Express offers and acceptance may be proved by the agreement between the parties but implied offers can be proved only by –
(A) Words (B) Conduct (C) Circumstantial evidence (D) *Prima facie* evidence
135. Acceptance cannot be implied merely from the silence of the offeree, even if it is expressly stated in the offer itself. In such cases, mere silence cannot constitute acceptance.
(A) True (B) Partly true (C) False (D) None of the above
136. S offered a reward to anyone who returns his lost dog. F brought the dog to S without having heard of the offer. F is not entitled to the reward, since –
(A) Acceptance cannot precede the offer
(B) Offer was not made to an ascertained person
(C) S has to find the dog himself
(D) No reward can be given for return of a lost dog
137. Performance of conditions of an offer for the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, is a/an –
(A) acceptance of the offer (B) rejection of the offer
(C) counter offer (D) revocation of the offer

Panchakshari's Professional Academy

Foundation level law

138. An offer may be revoked at any time before the communication of its acceptance is complete, as against the _____, but not afterwards.
(A) Offeree (B) Proposer (C) Acceptor (D) Third Party
139. A general offer can be accepted by –
(A) sending a communication of acceptance
(B) tendering himself to comply the conditions of offer
(C) complying with the conditions of an offer
(D) making a counter offer
140. M offers to sell his car for Rs.3.8 Lakhs to N. N says, he would buy it for Rs.3.5 Lakhs. The counter offer by N for Rs.3.5 lakh –
(A) cannot be accepted by M (B) may be accepted by M
(C) is irrational (D) is illegal
141. T sends to S by post an offer to sell his cycle. S sends his acceptance via post. S could revoke his acceptance up to any time before or at the moment, when –
(A) S posts his letter of acceptance (B) T receives the letter of acceptance
(C) T reads the letter of acceptance (D) Earliest of the above
142. It has been said that "Acceptance is to a proposal what a lighted match-stic is to"
(A) A matchbox (B) A train of gun-powder
(C) A cigarette (D) a cotton storage yard
143. A sends a letter to B, offering to sell his house property. He asks B to reply by telegram. If B Accepts by registered letter, and A does not insist acceptance by telegram within a reasonable time, the contract is –
(A) invalid (B) valid (C) voidable (D) unenforceable
144. An acceptance is not according to the mode prescribed but the offeror decides to keep quiet. In such a case there is –
(A) a contract (B) no contract (C) a voidable contract (D) an unenforceable contract
145. Acceptance should be given within the time specified by the offeror
(A) True (B) Partly true (C) False (D) None of the above
146. Acceptance should be given within –
(A) the time specified by the offeror (B) a reasonable time
(C) such time as the offer lapses (D) all of the above
147. When there is a counter-offer, the original offeror may accept the terms of the counter-offer made by the offeree and form a valid contract
(A) True (B) Partly true (C) False (D) None of the above
148. A Tradesman receives an order from a customer and executes the order by sending goods. Sending of goods by the Tradesmen consequent to the customer's order constitutes –
(A) acceptance by conduct (B) invalid acceptance
(C) counter-offer (D) rejection of the original offer
149. Acceptance may be signified either –
(A) in writing (B) by word of mouth
(C) by performance of some act (D) all of the above
150. If a person performs some act intended by the proposer as consideration for the promise offered by him, the performance of such act constitutes –
(A) an invalid acceptance (B) a valid acceptance
(C) rejection of the offer (D) a counter-offer
151. Acceptance should be communicated to the offeror, before –
(A) the offer lapses (B) the offer terminates
(C) the offer is revoked by the offeror (D) All of the above
152. Where a letter of acceptance sent by post is lost in transit there is –
(A) no contract as the acceptance has not come to the knowledge of the offeror
(B) is no contact as the acceptance has not been communicated to the offeror
(C) a contract as the letter of acceptance is put in the course of transmission
(D) all of the above
153. Even if the letter is lost in transit, acceptance is still valid provided that the acceptor has –
(A) Properly addressed it to the offeror
(B) affixed correct value of the postage stamps
(C) infacted post it at the post office
(D) all of the above
154. Communication of acceptance is complete as against the proposer –
(A) only when it comes to the knowledge of the proposer
(B) only when the acceptance is communicated to the proposer
(C) only when it is put in the course of transmission to him so as to be out of power of the acceptor
(D) None of the above
155. An acceptance can be revoked after its acceptance comes to the knowledge of the promise
(A) True (B) Partly true (C) False (D) None of the above
156. H, in response to G's offer, sends a letter of acceptance by post. As regards G, communication is complete, when –
(A) G makes the offer (B) H decides to accept the offer

Panchakshari's Professional Academy
Foundation level law

- (C) The letter is posted by H (D) G receives the letter
157. An acceptance can be revoked at any time before such acceptance comes to the knowledge of the –
(A) Proposer (B) Acceptor (C) Third Party (D) Court
158. A letter of acceptance sufficiently stamped and duly addressed is put into course of transmission. Here, there is –
(A) a contract voidable at the option of acceptor
(B) a contract voidable at the option of the offeror
(C) no contract at all
(D) a valid contract
159. An acceptance can be revoked at any time before such acceptance –
(A) is understood by the proposer
(B) comes to the knowledge of the acceptor
(C) comes to the knowledge of the proposer
(D) is understood by the acceptor
160. When no mode is prescribed by the offeror for the acceptance of his offer, such acceptance shall be made-
(A) as decided by the court
(B) as desired by the offeree
(C) in some usual and reasonable manner
(D) any of the above
161. B owes A Rs.20,000. A desires B to pay the amount to A's account with SBI banker. B, who also banks with SBI, orders the amount to be transferred from the account to A's credit and this is done by SBI. Afterwards, and before A knows of the transfer, SBI fails. Who shall bear the loss?
(A) A (B) B (C) A and B equally
(D) None of the above
162. A agrees to pay Rs.15 lakh to B, if he (B) procures an employment for A in the Income Tax Department. This agreement is –
(A) Void (B) valid (C) voidable (D) contingent
163. A agrees to pay Rs.15,00,000 to B, if he kills C. This agreement is –
(A) Void (B) valid (C) voidable (D) contingent
164. A agrees to sell to B, 200 tons of oil. A deals only in coconut oil. This agreement is –
(A) valid (B) void due to uncertainty of meaning
(C) illegal (D) opposed to public policy
165. Z agrees with Y to sell all his grain in his granary at Ropar for Rs.50,000. The agreement is –
(A) valid (B) void due to uncertainty of meaning
(C) illegal (D) opposed to public policy
166. F agrees to sell his produce to G, provided H shall come, inspect and fix the price. The agreement is –
(A) valid (B) void due to uncertainty of meaning
(C) illegal (D) unenforceable
167. A clause in a Tender authorizing the party inviting tenders to terminate the contract at any time for future supplies –
(A) destroys the very basis of the contracts and the clause is void
(B) Makes the entire contract void
(C) Makes the contract voidable
(D) does not destroy the basis of the contract and the clause is valid
168. Persons entering into contracts on special terms are deemed to have impliedly accepted those terms only if such special terms are –
(A) reasonably communicated to them (B) non-restrictive in nature
(C) legal (D) enforceable
169. A transport carrier accepted goods for transport without any conditions. Subsequently, he issued a circular to the owners of goods limiting his liability for goods. Is this circular binding on the owners of goods?
(A) No, these were not communicated prior to the date of contract for transport
(B) No, a carrier cannot restrict/limit his own liability
(C) Yes, a reasonable notice to the acceptor is sufficient
(D) Yes, a carrier can restrict/limit his own liability
170. A writes to B, 'I am willing to sell my car as it is today for Rs.40,000'. B replies, 'I can buy it for Rs.35,000'. A keeps quiet. Subsequently, B writes, 'I will buy the car at Rs.40,000'. Is it binding promise?
(A) Yes (B) No
171. 'X agrees to sell to Y 100 tons of oil'. If X, who is a dealer in coconut oil only, decides to sell @Rs.10,000 per ton'. Decide, whether it is –
(A) Valid contract (B) Void contract (C) Voidable contract (D) Uncertain Contract
172. In Q.171 above, If X is a dealer in coconut oil and price is not fixed –
(A) Valid contract (B) Void contract (C) Voidable contract (D) Uncertain Contract
173. In Q. 171 above, If X is a dealer in coconut oil and price is to be fixed by Z –
(A) Valid contract (B) Void contract (C) Voidable contract (D) Uncertain Contract
174. In Q. 171 above, If X who, is a dealer in coconut oil agrees to sell at Rs.10,000 per ton or at Rs.1,000 per ton –
(A) Valid contract (B) Void contract (C) Voidable contract (D) Uncertain Contract
175. In Q.171 above, If X is a dealer in coconut oil and mustered oil –
(A) Valid contract (B) Void contract (C) Voidable contract (D) Uncertain Contract