

**Practice Case Studies of ICA Unit -1**

1. X invites Y to dinner. Y accepts the invitation but fails to turn up. Can X sue Y for the damage?
2. X makes a promise to his wife Y to give her pocket money of Rs 1,000 per month. After 6 months, he stops making the payment. Can Y claim damages from X.
3. X promises Y to give a diamond ring at the time of his marriage. X fails to give the ring. Can Y claim the ring?
4. X polished Y's shoes without being asked by Y to do so. Y does not make any attempt to stop X from, polishing the shoes. Is Y bound to make payment to X?
5. X agrees to marry Y. Y dies before the marriage takes place. Is it a void agreement?
6. X agreed to sell a particular horse to Y. Later on, it was discovered that the horse was dead at the time of making the contract. Advise the parties.
7. X agrees to let his flat to Y for use as a gambling den on a monthly rent of Rs.10,000. After 3 months, Y stops making the payment of rent. Advise X
8. X agrees to pay Rs 1,00,000 to Y if Y does not marry throughout his life. Y promises not to marry at all but later on X refuses to pay Rs 1,00,000. Advise Y.
9. X threatens to kill Y if he (Y) does not sell his house to X for Rs 1,00,000 Y agrees. X borrows Rs 1,00,000 from Z who is also aware of the purpose of the loan. What is the nature of the agreement between X and Y, and X and Z?
10. X agrees to pay Y Rs 1,00,000 if Y kills Z. To pay Y, X borrows Rs 1,00,000 from W who is also aware of the purpose of the loan. Y kills Z but X refuses to pay. X also refuses to repay the loan to W. Advise Y and W.

**MCQs**

1. The law of contract in India is contained in:
  - (a) Indian Contract Act, 1872
  - (b) Indian Contract Act, 1972
  - (c) Indian Contract Act, 1930
  - (d) Indian Contract Act, 1932
  
2. The Indian Contract Act came into force on:
  - (a) 1.9.1872
  - (b) 1.9.1972
  - (c) 1.7.1930
  - (d) 1.7.1932
  
3. The Indian Contract Act applies to:
  - (a) whole of India except the State of Jammu & Kashmir
  - (b) whole of India including the State of Jammu & Kashmir
  - (c) whole of India except Goa, Daman, Diu
  - (d) whole of India including Goa, Daman, Diu
  
4. Law of contract is:
  - (a) the whole law of agreements
  - (b) the whole of obligations
  - (c) the whole law of agreements and obligations.
  - (d) not the whole law of agreements nor is it the whole law of obligations
  
5. An agreement is:
  - (a) offer
  - (b) acceptance
  - (c) offer + acceptance
  - (d) offer + acceptance + enforceability
  
6. A contract is:
  - (a) offer
  - (b) acceptance
  - (c) offer + acceptance
  - (d) offer + acceptance + enforceability

7. A contract is:  
 (a) a legal obligation (b) an agreement *plus* a legal obligation  
 (c) *consensus ad idem* (d) an agreement *plus* a legal objects
8. Which of the following statement is true?  
 (a) An agreement not enforceable by law is a contract  
 (b) An agreement is an accepted proposal  
 (c) An agreement can only consist of an offer  
 (d) An agreement can only consist of an acceptance
9. Which one is not correct?  
 (a) All contracts are agreements (b) All agreements are not contracts  
 (c) All agreements are contracts (d) none of these
10. The usual presumption is that the parties intend to create legal relations:  
 (a) In social agreements (b) In family agreements  
 (c) In commercial and business agreements (d) None of these
11. Express contract is made by:  
 (a) Words in writing only (b) Words spoken only  
 (c) Words spoken or written (d) None of these
12. Implied contract is made:  
 (a) by spoken words only (b) by written words only  
 (c) otherwise than by words spoken or written (d) None of these
13. Mr. X boards a bus running on a route to carry passengers. It is an example of:  
 (a) Express Contract (b) Implied Contract  
 (c) Void Contract (d) None of these
14. A contract where both the parties have fulfilled their respective obligations is called  
 (a) Executed Contract (b) Executory Contract  
 (c) Partly executed and partly Executory Contract (d) Unilateral Contract
15. A contract where both the parties have still to perform their respective promises is called:  
 (a) Executed Contract (b) Executory Contract  
 (c) Partly executed and partly Executory Contract (d) Unilateral Contract
16. A contract where only one party has to perform his promise is called:  
 (a) Executed Contract (b) Executory Contract  
 (c) Partly executed and partly Executory Contract (d) Unilateral Contract
17. A contract in which both the parties have to perform the promises is called:  
 (a) Executed Contract (b) Bilateral Contract  
 (c) Tacit Contract (d) Voidable Contract
18. A contract which is inferred from the conduct of parties or circumstances of the case is called  
 (a) Executed Contract (b) Bilateral Contract  
 (c) Tacit Contract (d) Voidable Contract
19. A voidable contract:  
 (a) always remains enforceable by law  
 (b) remains enforceable by law if the aggrieved party repudiates the contract

- (c) remain enforceable by law if the aggrieved party does not repudiate the contract  
 (d) can be avoided by any of the parties to a contract.

20. An agreement is a voidable contract when it is:

- (a) enforceable if certain conditions are fulfilled  
 (b) enforceable by law at the option of the aggrieved party  
 (c) enforceable by both the parties  
 (d) not enforceable at all

21. An agreement not enforceable by law is said to be:

- (a) void (b) voidable (c) valid (d) unenforceable (e) illegal

22. An agreement the object or consideration of which is unlawful is called:

- (a) Valid Agreement (b) Voidable Contract  
 (c) Illegal Agreement (d) Void Contract

23. The transactions collateral to an illegal agreement is:

- (a) not affected in any manner (b) also tainted with illegality  
 (c) voidable at the option of the plaintiff (d) void

24. Collateral agreements also become void in case of:

- (a) Void agreements (b) illegal agreements  
 (c) void contracts (d) voidable contracts

25. A contract:

- (a) may be void as originally entered into  
 (b) may become void subsequent to its formation  
 (c) cannot become void under any circumstances  
 (d) may become void at the will of a party

26. Which one is not correct:

- (a) A Contract can be void ab-initio  
 (b) An Agreement can be void ab-initio  
 (c) A contract can be voidable at the option of one or more parties.  
 (d) A contract can be valid ab-initio.

27. If X, who is dealer in coconut oil only, decides to sell 100 ton oil @ Rs.20000 per ton.

- (a) Valid contract (b) Void contract  
 (c) Voidable contract (d) Uncertain contract

28. X who is a dealer in coconut oil decides to sell to Y 100 ton oil but the price, is not fixed

- (a) Valid contract (b) Void contract  
 (c) Voidable contract (d) Uncertain contract

29. X who is a dealer in coconut oil decides to sell to Y 100 ton oil but the price is to be fixed by Z

- (a) Valid contract (b) Void contract  
 (c) Voidable contract. (d) Uncertain contract

30. A contract creates

- (a) rights in *personam*. (b) rights in *rem*  
 (c) only rights and no obligations (d) only obligations and no rights

31. A contract was entered before 1st September, 1872 is governed by The Indian Contract Act, 1872 .

- (a) Yes if the contract was entered in Indian soil.  
 (b) Yes if there was performance of the contract on or after 1st September 1872.  
 (c) No as the act does not apply retrospectively:  
 (d) No as there was no performance on or after 1st September 1872.
32. 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 promise 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.
33. *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.
34. One person can contract with himself or with himself and others jointly  
 (a) No at least two persons or parties must be involved,  
 (b) Yes as the contract is between the individual and others jointly.  
 (c) Yes if there is a formal agreement.  
 (d) None of the above
35. The Law of Contract in India is contained in-  
 (A) Indian Contract Act, 1862 (B) Indian Contract Act, 1982  
 (C) Indian Contract Act, 1872 (D) Indian Contract Act, 1972
36. An agreement enforceable by Law is known as-  
 (A) Agreement (B) Contract (C) Promise (D) Offer
37. Every promise and every set of promises forming consideration for each other is called-  
 (A) Agreement (B) Contract (C) Promise (d) Offer
38. The leading case "Balfour v Balfour" is related to-  
 (A) Intention to create legal relation  
 (B) Possibility of performance  
 (C) Lawful Object  
 (D) Legal formality
39. A contract, which ceases to be enforceable by law, becomes \_\_\_\_\_, when it ceases to be enforceable by Law-  
 (A) Contract (B) Void Contract (C) Void-ab-initio Contract (D) Valid Contract
40. Which of the following is not an essential on a valid contract?  
 (A) Valid offer and Valid acceptance (B) Intention to create legal relation  
 (C) Free consent (D) Mistake
41. Indian Mercantile law is based on-

- (A) Australian Law      (B) American Law      (C) Russian Law      (D) English Law
42. An agreement created by words spoken or written is called-
- (A) Void Agreement      (B) Voidable Agreement  
(C) Express Agreement      (D) Implied Agreement
43. Voidable agreement is an agreement which is-
- (A) Enforceable by law      (B) Not enforceable by law  
(C) Enforceable at the option of one of the parties      (D) Forbidden by law
44. A contract created by law is called-
- (A) Express Contract      (B) Implied Contract      (C) Quasi Contract      (D) E-commerce Contract
45. A agrees to sell his car to B at a price, which B may be able to pay. This agreement is-
- (A) Void      (B) Valid      (C) Voidable      (D) Contingent
46. A contract was entered before 1<sup>st</sup> September, 1872 is governed by the Indian Contract Act, 1872.
- (A) Yes, if the contract was entered in Indian soil.  
(B) Yes, if there was performance of the contract on or after 1<sup>st</sup> September 1872  
(C) No, as the act does not apply Retrospectively  
(D) No, as there was no performance on or after 1<sup>st</sup> September 1872.
47. 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-
- (A) True      (B) False
48. Which of the following statements is true?
- (A) An agreement is an unaccepted proposal  
(B) An agreement enforceable by law is a contract  
(C) An agreement can only consist of an offer  
(D) An agreement can only consist of an acceptance
49. A voidable contract is one which-
- (A) can be enforced at the option of an aggrieved party  
(B) can be enforced at the option of both the parties  
(C) cannot be enforced in a court of law  
(D) courts prohibit
50. Valid Contract-

- (A) In case of this collateral agreements are void
- (B) Not enforceable in a court of law
- (C) 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.
- (D) Enforceable at the option of both the parties
51. 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-
- (A) Express Contract (B) Implied Contract (C) Quasi Contract (D) None of the above
52. Which of the statements is incorrect?
- (A) All illegal agreements are void, but all void agreements are not necessary illegal
- (B) A voidable contract is not voidable at the option of the aggrieved party
- (C) Contracts that is immoral or opposed to public are illegal in nature
- (D) All of the above
53. The following are the essential elements which need to co-exist in order to make a valid contract-
- (A) Lawful consideration (B) Lawful agreement (C) Free consent (D) All of the above
54. The Indian Contract Act, 1872 came into operation on and from-
- (A) 1<sup>st</sup> October, 1872 (B) 1<sup>st</sup> July, 1872 (C) 1<sup>5th</sup> August, 1872 (D) 1<sup>st</sup> September, 1872
55. An agreement is a-
- (A) Set of reciprocal promises (B) Acceptance of a proposal
- (C) Contract (D) Promise
56. Which of the following is true-
- (A) All agreements are contracts (B) All contracts are agreements
- (C) All promises are agreements (D) A set of promises is contract
57. Agreement the meaning of which is uncertain is-
- (A) Valid (B) Void (C) Voidable (D) Illegal
58. 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)

59. 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

60. A \_\_\_\_\_ agreement is one, which is enforceable at the option of one party.

(A) Voidable (B) Void (C) Valid (D) Illegal

61. 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

62. Implied contract, even if not writing or express words, is perfectly \_\_\_\_\_, if other conditions are satisfied.

(A) Void (B) Valid (C) Voidable (D) Illegal

63. 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

64. 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

65. 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

66. Illegal agreements are –

(A) not enforceable by law (B) forbidden under law

(C) either (A) or (B) (D) both (A) and (B)

67. \_\_\_\_\_ is good in substance but suffers from some technical defect.

- (A) Valid Contract                      (B) Illegal Contract  
(C) Voidable Contract      (D) Unenforceable Contract

68. 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

69. 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

70. 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

70. *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

71. 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

72. 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