Indian Contract Act

1. An agreement becomes a contract when
    A. These is some consideration for it
    B. Parties are competent to contract
    C. Their consent is free and their object is lawful
    D. All of the above
2. An agreement enforceable at law is a
    A. enforceable acceptance
    B. accepted offer
    C. approved promise
    D. contract under section 2(h)
3. Offer as defined under section 2(a) is
    A. communication from one person to another
    B. suggestion by one person to another
    C. willingness to do or abstain from doing an act in order to obtain the assent of other thereto
    D. none of the above.
4. Every promise and every set of promises, forming the consideration for each other, is an
    A. agreement as per section 2(e)
    B. contract
    C. offer
    D. acceptance
5. Which among the following is an offer
    A. Fixation of reserve price in an invitation for submission of tenders
    B. A Development Authority's announcement for making an allotment of plots on first come first served basis on payment of full consideration
    C. A banker's catalogue of charges

D. A railway time table

6. Which is correct
   A. proposal + acceptance = promise
   B. promise + consideration = agreement
   C. agreement + enforceability = contract
   D. all the above
7. Proposal may be
   A. Implied or express
   B. Specific
   C. Generic
   D. Any of the above
8. An offer made without any words spoken or written is
   A. Counter offer
   B. Implied offer
   C. Cross offer
   D. Special offer
9. Goods displayed in a shop with a price tag is an
   A. offer
   B. invitation to offer
   C. counter offer
   D. none of the above.
10. Find out the incorrect statement
   A. Every contract is an agreement, but every agreement is not a contract
   B. The test of contractual intention is objective, not subjective
   C. Acceptance is complete only when communicated to the offeror
   D. The party inviting tenders is bound to accept the lowest tender
11. The communication of acceptance is complete as against the offeror
   A. None of the above

B. When acceptance is reached to offeror
C. When it is put into transmission and leaves his power to reject / when it comes to the knowledge of proposer.
D. When acceptance comes to the knowledge of the offeror

12. Under what provision of the constitution of India the state acts in its executive power in entering in contracts with individual parties
A. Article 299
B. Article 298
C. Article 297
D. none of the above

13. All Government contracts made in exercise of the executive power of the union shall be expressed to be made by the president under
A. Article 297 of the constitution of India
B. Article 280 of the constitution of India
C. Article 299 of the constitution of India
D. none of the above

14. Which among the following is enforceable
A. If A saves B from drowning and B later promises A a reward
B. A finds B's purse and gives it to him. B promises to give A Rs.50
C. A supports B's infant son. B promises to pay A's expenses in so doing
D. All of the above

15. Find out the void agreement among the following
A. A for natural love and affection, promises to give his son, B. Rs.10,00,000. A puts his promise to pay B in writing and register it.
B. A owes B Rs.1,00,000, but the debt is barred by the Limitation Act. A signs a written promise to pay B Rs.50,000 on account of debt.
C. A promises, for no consideration, to give to B Rs.1,000
D. none of the above

16. A lunatic person means

A. Alien enemy
B. Person disqualified by law
C. Person of unsound mind
D. Insolvent person

17. A contract with or by a minor is a
A. valid contract
B. void contract
C. voidable contract
D. voidable at the option of either party

18. Find out the unenforceable contract among the following
A. A housing society agreed to sell land before it became a legal person by registration
B. A supplies B, a lunatic, with necessaries suitable to his life and wants to be reimbursed from B's property
C. money advanced to save a minor's estate from execution
D. none of the above

19. Consent is set to be free when it is not caused by
A. Coercion
B. undue influence
C. fraud or misrepresentation
D. All of the above

20. _____ does not affect the free consent of the parties.
A. Undue-influence
B. Incompetency of parties
C. Coercion
D. Fraud

21. Misrepresentation under section 18 means
A. a positive assertion, in a manner not warranted by the information of the person making it, not true but he believes it to be true

B. any breach of duty, which gains an advantage to the person committing it, by misleading another to his prejudice
C. causing a party to make an agreement to make a mistake as to the subject matter of contract
D. all the above

22. Under section 2(c) promisor is the
A. person who makes the proposal
B. person who accepts the proposal
C. person who makes the promise
D. person to whom the proposal is made

23. An agreement enforceable by law at the instance of one party & not of other party under section 2(i) is called
A. Void contract
B. Voidable contract
C. Neither (a) or (b)
D. None of the above

24. Which of the following is valid?
A. Compensation for past voluntary services
B. A promise to pay time barred debt
C. Agreement made out of natural love and affection
D. All of the above

25. If the agreement consists of legal and illegal parts, and legal part is separable from illegal part, then legal part is
A. None
B. Voidable
C. Void
D. Valid

26. Amount withdrawn from ATM is
A. None of the above

B. Tacit contract
C. Express contract
D. Quasi contract

27. Which contract depends upon happening or non-happening of future uncertain event?
A. Voidable contract
B. Void agreement
C. Wagering agreement
D. Contingent contract

28. _____ Contract is made without any intention of parties.
A. Executory contract
B. Quasi contract
C. Implied contract
D. Express contract

29. A promises to pay B, a sum of Rs. 10000/- if it rains and in return B promises to pay Rs. 10000/- to A, if it does not rain. It is a/an _____
A. Valid agreement
B. Contingent contract
C. Wagering agreement
D. Uncertain agreement

30. PWD refused to release the payment to a contractor unless he gave up his claim for extra rate, amounted to
A. fraud
B. undue influence
C. coercion
D. None of the above

31. The term quid pro quo is applied in relation to
A. Legality of object
B. Capacity of parties

C. Free consent
D. Consideration

32. In a mediclaim insurance policy, the insured was forced and pressurized for consent to exclusion of cover for cardiac ailments. The consent being
    A. not lawful, it had binding effect
    B. not unlawful, it had no binding effect
    C. not lawful, it had no binding effect
    D. none of the above
33. A and B, being traders, enter upon a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract
    A. A is bound to inform B
    B. A is not bound to inform B
    C. Neither (a) nor (b)
    D. none of the above
34. When a person at whose option a contract is voidable rescinds it, the consequence would be:
    A. The party seeking recession need not perform and promise
    B. the party seeking recession must restore the benefits that he has obtained under the contract
    C. Neither (a) nor (b)
    D. Both (a) and (b)
35. 'Consensus ad idem', means
    A. contract caused by mistake of one party as to matter of fact
    B. Both the parties to an agreement are under a mistake
    C. An agreement upon the same thing in the same sense
    D. none of the above
36. Rescission of contract means
    A. All of the above

B. Minor changes
C. Alteration of terms
D. Cancellation of contract with the consent of both parties

37. Which is the correct statement among the following
    A. Both the parties to an agreement are under mistake as to a matter of fact is void
    B. An agreement to lease equipment instead of selling it to avoid sales tax is voidable
    C. Surrender of right to maintenance is a good contract
    D. An agreement to induce a public servant is void
38. Where one of the parties is under a mistake as to matter of fact the contract is
    A. valid
    B. void
    C. voidable
    D. illegal
39. A contract may be discharged
    A. by performance
    B. By impossibility of performance
    C. By Breach
    D. All of the above
40. A, B and C jointly promise to pay D a sum of Rs.3000/-. C is compelled to pay the whole. A is insolvent, but his assets are sufficient to pay one-half of his debts. D is entitled to receive
    A. Rs.3000 from C alone
    B. A,B,C to pay equally Rs.1000 each
    C. Rs.500 from A's estate, Rs.1250 from B and Rs.1250 from C
    D. none of the above

41. In a delayed PWD work where the time is the essence of the contract, the PWD authority does not have the option of
    A. rendering the contract voidable at the option of PWD
    B. allowing extension of time when the contractor asks for
    C. unilaterally extend the time without contractor's consent
    D. none of the above
42. If it was not the intention of the parties that time should be of the essence of the contract, the effect of delay would be
    A. the contract does not become voidable
    B. The affected party does not have the right to reject
    C. The affected party may sue the other party for any loss caused by the delay
    D. All of the above
43. A contract is made for the import of goods and the import is thereafter forbidden by a Government order. It is
    A. an agreement to do an act impossible in itself
    B. an agreement which is impossible by subsequent event
    C. contract of novation
    D. none of the above
44. X owes Rs. 15,000/- to Y and Y accepts Rs. 12,000/- in full and final settlement of the outstanding due. This is called
    A. Cancellation
    B. Remission
    C. Alteration
    D. Novation
45. The doctrine of frustration come in the play
    A. where the performance is physically cut off
    B. where the object of the contract is failed
    C. either (a) or (b)

D. none of the above

46. Mr. 'X' contracted to sell a specified quantity of potatoes to be grown, but failed to supply them as the crop was destroyed by a disease, identify the specific ground of frustration

A. Destruction of subject matter
B. change of circumstances
C. non-occurrence of contemplated event
D. none of the above

47. The effect of frustration of a contract is

A. none of the above
B. Performance or dissolution depends on the intention of the parties
C. the dissolution of the contract occurs automatically
D. the parties may perform the contract

48. The parties to the contract agree to substitute the existing contract with new contract. This is

A. alteration
B. recession
C. novation
D. None of the above

49. After novation

A. the parties can fall back upon the old contract
B. Damages were to be awarded on the terms of the old contract
C. The original is discharged and need not be performed
D. none of the above

50. A breach of contract occurs when a party to a contract

A. renounces his liability under it
B. makes it impossible that he should perform his obligation under it
C. totally or partially fails to perform the obligations
D. (a) or (b) or (c)

51. A, a builder, contracts to erect and finish a house by the first of January, in order that B may give possession of it at that time to C, to whom B has contracted to let it. A builds the house so badly necessitating B to rebuild it. A must make compensation to B
    A. the cost of rebuilding the house
    B. for the rent lost
    C. and for the compensation made to C
    D. all of the above
52. A sum fixed representing a genuine pre-estimate of the probable damage that is likely to result from the breach is
    A. Unliquidated damages
    B. Penalty
    C. liquidated damages
    D. none of the above
53. B holds land in Tanjore, on a lease granted by A, the landlord. The revenue payable by 'A' to Government being in arrear, his land is advertised for sale by Government B pays to the Government the sum due from A
    A. A is bound to make good to B the amount so paid
    B. A is not bound to make good to B the amount so paid
    C. Neither (a) or (b)
    D. none of the above
54. Find out the incorrect statement special contracts with respect to a contract of indemnity
    A. The party to be indemnified shall never be called upon to pay
    B. All insurance contracts are contracts of indemnity
    C. The promise of indemnity may be express or implied
    D. none of the above
55. Which among the following is incorrect with respect to a contract of guarantee

A. A liability which is incurred independently of a 'default' is not within the scope of guarantee
B. The existence of a recoverable debt is necessary
C. A guarantee without consideration is not void
D. none of the above

56. An agreement to remain unmarried is
A. Unenforceable
B. Void
C. Voidable
D. Valid

57. Which among the following is a correct statement
A. past consideration is no consideration for a contract of guarantee
B. forbearance to sue on the part of the creditor is a good consideration for a guarantee
C. A contract of guarantee is a contract of absolute good faith
D. none of the above

58. Which among the following is incorrect
A. The liability of the surety is co-extensive with that of the principal debtor
B. A suit against the surety without even impending the principal debtor is maintainable
C. It is not open to the surety to place a limit upon his liability
D. none of the above

59. Finder of lost goods should _____.
A. Not mix with his own goods
B. Take care of the goods
C. Trace the true owner
D. All of the above

60. Which among the following is not a bailment

A. Hiring of a bank's locker and storing things in it
B. Delivery of a railway receipt for the delivery of goods
C. A car involved in an accident delivered under the policy of the insurer to the nearest garage for repair
D. none of the above

61. It is the duty of finder to return the goods to true owner. Otherwise the finder is guilty of _____.
A. None of the above
B. Extortion
C. Theft
D. Criminal misappropriation of goods

62. Which among the following is incorrect
A. Any kind of personal property which is movable and saleable can be the subject matter of pledge
B. Delivery of possession actual or constructive is necessary for a pledge
C. Any kind of personal property either movable or immovable can be the subject matter of pledge
D. none of the above

63. The relationship of principal and agent may be created by
A. Express appointment
B. the conduct or situation of the parties
C. necessity of the case
D. (a) or (b) or(c)

64. A quantity of butter consigned with the railway company was delayed in transit owing to a strike. The goods being perishable
A. Railway Company can sell the goods on getting instructions from the owner
B. Railway Company can sell the goods without getting instruction from the owner

C. Railway Company has no authority to sell the goods
D. none of the above

65. Find out the right the principal has against an agent who fails in his duty
A. to ask for account and also demand payment of secret profits earned by agent
B. to seek damages for disregard of the terms of agency as also for want of skill and case
C. to resist the claim of the agent for commission and indemnity by the plea that the agent had acted for himself
D. all of the above

66. Which among the following is incorrect
A. Black-listing a contractor involves giving him an opportunity of hearing
B. the power of the Government to call for limited tenders confined to existing contractors is not ex-facie arbitrary
C. Government contractor has both pre-contract as well as post contractual rights
D. none of the above

67. A sold goods to B at a price of Rs. 12,000/-. Towards payment, B gave a post-dated cheque for Rs. 12,000/-.
A. None
B. A is bound to accept the cheque at the request of B
C. A is not bound to accept the cheque
D. Here A is bound by the payment

68. Which among the following is incorrect
A. The legal implication of the bank guarantee and letter of credit are the same
B. Bank guarantee can also take the shape of performance bond
C. certification of breach is not enough in terms of bank guarantee

D. none of the above

69. Quantum meruit literally means

A. As much as no work done

B. As much as is credited

C. As much as is merited

D. None of the above

70. When the aggrieved party does not face any loss _____ damages can be claimed.

A. Vindictive

B. Nominal

C. Special

D. General