

# **BUSINESS LAW**

## UNIT-1

### CONTRACT ACT 1872

#### MCQ

**1. An agreement enforceable at law is a**

- (a) enforceable acceptance
- (b) accepted offer
- (c) approved promise
- (d) contract

**2. Every promise and every set of promises, forming the consideration for each other, is an**

- (a) agreement
- (b) contract
- (c) offer
- (d) acceptance.

**3. Promises which form the consideration or part of the consideration for each other are called**

- (a) reciprocal promises
- (b) cross offers (c) conditional offer
- (d) conditional promises.

**4. An agreement not enforceable by law is stated to be void under**

- (a) section 2(d)
- (b) section 2(e)
- (c) section 2(f)
- (d) section 2(g).

**5. Void agreement signifies**

- (a) agreement illegal in nature

(b) agreement not enforceable by law

(c) agreement violating legal procedure (d) agreement against public policy.

**6. 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.

**7. Under section 2(b) if the person to whom the proposal is made signifies his assent the proposal is said to have been**

(a) accepted

(b) agreed

(c) provisionally agreed

(d) tentatively accepted.

**8. A proposal when accepted becomes**

(a) promise under section 2(b)

(b) agreement under section 2(e)

(c) contract under section 2(h) (d) none of the above.

**9. When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or, does or abstain from doing or promises to do or to abstain from doing something, such act or abstinence or promise under section 2(d) is called**

(a) reciprocal promise

(b) consideration for the promise

(c) counter offer (d) acceptance.

**10. Promises which form the consideration or part thereof, for each other under section 2(F) are called**

(a) acceptances for different proposals

(b) agreements (c) reciprocal promises (d) consideration.

**11. Every promise or set of promises forming the consideration for each other under section 2(e) is called**

(a) reciprocal promise

(b) contract

(c) agreement

(d) none of the above.

**12. An agreement enforceable by law at the instance of one party & not of other party under section 2(i) is called**

(a) a valid contract

(b) an illegal contract

(c) void contract

(d) a voidable contract.

**13. Which is correct**

(a) proposal + acceptance = promise

(b) promise + consideration = agreement

- (c) agreement + enforceability = contract
- (d) all the above.

**14. 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.

**15. Under section 2(c) promisee is the** (a) person who makes the proposal

- (b) person who accepts the proposal

- (c) person who makes the promise
- (d) person to whom proposal is made.

**16. Tender is**

- (a) an offer
- (b) an invitation to offer
- (c) a counter offer
- (d) a promise.

**17. Communication of acceptance is complete as against the acceptor**

- (a) when it comes to the knowledge of the proposer
- (b) when it is put in the course of transmission
- (c) when it is communicated to the acceptor that the acceptance has reached the proposer
- (d) when the proposer conveys the acceptance to the acceptor.

**18. Revocation of offer by letter or telegram can be complete**

- (a) when it is despatched
- (b) when it is received by the offeree
- (c) when it reaches the offeree
- (d) both (a) and (c).

**19. Acceptance to be valid must**

- (a) be absolute
- (b) be unqualified
- (c) both be absolute & unqualified
- (d) be conditional.

**20. 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.

**21. An acceptance can be revoked**

(a) at any time before the communication of acceptance is complete as against the promisee

(b) after its acceptance comes to the knowledge of the promisee

(c) both (a) & (b)

(d) neither (a) nor (b).

**22. Enforceable agreements are the one**

- (a) made by free consent
- (b) parties to the contract are competent to enter into an agreement
- (c) having lawful consideration & lawful object
- (d) all the above.

**23. Competency to contract relates to**

- (a) age of the parties
- (b) soundness of mind of the parties
- (c) both age & soundness of mind
- (d) intelligence of the parties.

**24. Which one of the following is correct**

- (a) past consideration is no consideration
- (b) consideration can be past, present or future
- (c) consideration can only be present
- (d) consideration can only be present & future.

**25. A letter of acceptance sent by post is lost in transit**

- (a) there is a concluded contract as the letter of acceptance is put in the course of transmission
- (b) there is no concluded contract as the acceptance has not come to the knowledge of the proposer
- (c) there is no concluded contract as the acceptance has not been communicated to the proposer
- (d) all the above.

**26. When the consent to the contract is caused by coercion, the contract under section 19 is**

- (a) valid
- (b) voidable
- (c) void
- (d) illegal.

**27. When the consent is caused by undue influence, the contract under section 19A is**

- (a) valid
- (b) void (c) voidable
- (d) illegal.



**28. Where both the parties are under mistake as to matter of fact, the contract under section 20 is**

(a) voidable

(b) void

(c) valid

(d) illegal.

**29. Considerations & objects are unlawful where it is**

(a) forbidden by law or defeat the provision of any law

- (b) which is fraudulent
- (c) which is immoral & against the public policy
- (d) all the above.

**30. If only a part of the consideration or object is unlawful, the contract under section 24 shall be**

- (a) valid
- (b) voidable
- (c) void
- (d) illegal.

## Short Qsts

- #What is a Contract
- # Explain Quasi Contract
- # What is Wager Agreement
- # When the Object of the Contract becomes Illegal
- # What is a Lawful consideration
- # What is an Offer
- # Explain Valid Acceptance
- # What are the types of Offer
- # Express Vs Implied Offer
- # Which point makes a contract enforceable by Law
- # What are the Contracts that need not be performed
- # Who all can demand the performance of the contract
- # Who are all not capable to enter into a contract
- # What is a breach of Contract
- What is a contract of Indemnity
- # What is Contract of Guarantee
- # Who are all the parties in Contract of Guarantee
- # What are the rights of Indemnity Holder
- # What are the Rights of Surety

## Long Questions

- Explain the essentials of Valid Contracts (or) All contracts are agreements but all agreements are not contract- Justify
- What is Lawful Consideration also explain its exemptions (or) No consideration No contract- Comment also give exemptions
- Explain Free and Genuine consent with examples
- Explain the classification of Contract
- Explain the ways in which a contract can be discharged
- Explain the Contract of Indemnity in detail
- Explain the Contract of Guarantee
- Differentiate Indemnity and Guarantee
- How the Contract of Agency is created

## UNIT-2

### SALE OF GOODS ACT

1. Condition is a stipulation which is
  - A. Essential to the main purpose of contract
  - B. Collateral to the main purpose of contract
  - C. Not essential to the main purpose of contract
  - D. Collateral to the main purpose of contract
  
2. The sale of goods Act deals only with goods which are \_\_\_\_\_ in nature
  - A. Immovable
  - B. Movable
  - C. Specific
  - D. All of the above
  
3. Goods that are identified at the time of contract of sale is called \_\_\_\_\_ goods
  - A. Specific Goods
  - B. ascertained goods
  - C. clear Goods
  - D. both a & b
  
4. \_\_\_\_\_ is a Stipulation which is Collateral to purpose of contract
  - A. Condition
  - B. Warranty
  - C. Guaranty
  - D. Collateral Contract
  
5. \_\_\_\_\_ is the concept of "LET THE BUYER BEWARE".
  - A. Information Center
  - B. Unfair Trade Practices
  - C. Caveat Emptor
  - D. Buyer Kingdom
  
6. \_\_\_\_\_ and \_\_\_\_\_ are the two parties involved in Contract of sale
  - A. Seller & Buyer
  - B. Agent & Principle
  - C. Customer & Sales man
  - D. Customer and supplier
  
7. It is a standard rule that risk follows \_\_\_\_\_
  - A. Seller
  - B. buyer
  - C. property
  - D. Possession
  
8. The sale of Goods Act enforces in the year
  - A. 1935
  - B. 1930

- C. 1945
- D. 1955

9. The subject matter of the contract under Sale of goods Act must be

- A. Money
- B. Goods
- C. Immovable Goods
- D. All of the above

10. Sale under Sale of goods Act is a/an \_\_\_\_\_ contract

- A. Executory
- B. Executable
- C. Executed
- D. None of the above

11. In sale the transfer of property in goods from the seller to the buyer takes place

- A. At the end of contract
- B. Immediately
- C. In a future Date
- D. Both a&b

12. In Agreement to sell the transfer of property in goods from the seller to the buyer takes place

- A. At the end of contract
- B. Immediately
- C. In a future Date
- D. Both b&c

### Short Qsts

- # Explain the concept of Agreement to sale.
- # What are the types of Goods as per Sale of Goods Act
- # How will you Describe "Condition" as per SoG Act
- # Describe the concept of Warranty as per Sale of Goods Act
- # what is Implied Condition
- # Explain the concept of Sale by 'description
- # What do you mean by Sale by Sample
- # State the exemptions for Caveat Emptor
- # Justify the statement Risk follows Ownership
- # What are the various types of Delivery

### Long Questions on SOG

- What are the essentials of Contract of Sale
- Difference between Sale and Agreement to Sell
- Explain in detail the classification of Goods
- Differentiate Condition and Warranty
- Explain Implied & Express Condition and Warranty
- What is the Concept of Doctrine of Caveat Emptor
- What are the primary rules to transfer the property
- Explain the stages of performance in Sale of Goods Act in detail
- It is important to pass the ownership from seller to buyer in sale of goods Act- Why
- What are the types of Delivery explain in detail
- Explain the rights of an Unpaid seller as per Sale of Goods Act

## **CONSUMER PROTECTION ACT 1986**

**1. The Consumer protection act 1986 enacted in**

- |                |                |
|----------------|----------------|
| a) 15 Jun 2005 | b) 24 Oct 1986 |
| c) 24 Dec 1986 | d) 1 Jan 1986  |

**2. The Consumer protection act 1986 extends to**

- a) The whole India
- b) The whole India except Nagaland tribal area,
- c) The whole India except Nagaland tribal area and Jammu and Kashmir
- d) The whole India except Jammu and Kashmir

**3. Appropriate laboratory means a laboratory or organization**

- a) Recognized by Central Government
- b) Recognized by state government
- c) Both the above
- d) None of the above

**4. Consumer Protection Act is applicable to**

- A. immovable goods
- B. movable goods
- C. specific goods and services
- D. all goods and services

**5. The total number of rights given to consumers as per consumer protection Act is**

- A. 5
- B. 4
- C. 6
- D. 8

6. "Consumer has the right to present before the appropriate forum or authorities all those matters which effect his interests "this right of consumer is termed as right to be

A. informed

B. heard

C. safety

D. educated

7. The rights of consumers as per consumer protection Act does not include right to be

A. informed

- B. heard
- C. safety
- D. presented

**8. When the seller manipulates the price then it is**

- A. Restrictive trade practices
- B. unfair trade practices
- C. caveat emptor
- D. none of the above

**9. Complainant means**

- a) Consumer
- b) Any voluntary consumer association registered under the companies act 1956.
- c) The central govt or any state govt
- d) One or more consumer where there are numerous consumers having the same interest
- e) All the above

**10. Complaint means allegation in writing made by a complainant that**

- a) An unfair trade practice or restrictive trade practice has been adapted by any traders or service provider
- b) The goods bought by him or agreed to be bought by him suffer from one or more defect
- c) A traders or the service provider as the case may be has charged for the goods or for the services mentioned in the complaint a price in excess of the price
- d) All the above

**11. The following is not a consumer**

- a) The insurance company
- b) A licensee to run a phone
- c) A lottery ticket holder
- d) All the above

**12. Which one of the following know as Consumer disputes redressal agency**

- a) District forum
- b) State commission
- c) National commission
- d) All the above

○

## **UNIT-3**

### **PARTNERSHIP ACT**

#### **MCQs**

**1. The Limited Liability Partnership Act, 2008 (6 of 2009) is an Act to make provisions for the**

(a) formulation and regulation of General Partnership Firms and Limited Liability formed under Indian Partnership Act, 1932

(b) formulation and regulation of Joint Ventures with unlimited liability formed under Indian Contract Act, 1872

(c) formulation and regulation of Chit Funds Organisations with unlimited liability formed under the Chit Funds Act, 1982

(d) formation and regulation of Limited Liability Partnership with limited liability formed under the Limited Liability Partnership Act, 2008.

**2. Foreign Limited Liability Partnership (FLLP) under the Limited Liability Partnership Act, 2008 means**

(a) a Limited Liability Partnership formed, incorporated or registered in that country to which the partners belong

(b) a Limited Liability Partnership formed, incorporated or registered under Economic Council of UNO

(c) a Limited Liability Partnership formed, incorporated or registered in Indian territory

(d) a Limited Liability Partnership formed, incorporated or registered outside India which establishes a place of business within India.

**3. Every Limited Liability Partnership as per the Limited Liability Partnership Act, 2008 shall have at least two Designated Partners (DPs) who are individuals and**

(a) at least one among them shall be resident in India

(b) both of them shall belong to one family residing in India

(c) both of them should be non-resident Indians (NRIs)

(d) both of them should belong to a single country outside India.

**4. Prior to the Indian Partnership Act, 1932 which came into force from 1 October, 1932 except section 69 which came into force from 1 October, 1933, the law of partnership was provided in**

(a) Sale of Goods Act, 1930



- (b) Indian Contract Act, 1872
- (c) Transfer of Property Act, 1908
- (d) English Partnership Act, 1890.

**5. Unilateral dissolution of partnership by partner who is minority shareholder is**

- (a) not permissible
- (b) permissible
- (c) permissible if all minority share-holders agree
- (d) permissible if Memorandum of Association prescribes.

**6. An act, to be called on 'act of a firm', within the meaning of section 2(a) of the Indian Partnership Act, 1932 is**

- (a) every act of the partners
- (b) only such acts which give rise to a right enforceable by or against the firm
- (c) such acts which do not give rise to a right enforceable by or against the firm
- (d) either (a) or (b) or (c).

**7. Any act or omission, to be an act of a firm, within the meaning of section 2(a) of the Indian Partnership Act, 1932 must be act or omission of**

- (a) all the partners
- (b) any of the partner
- (c) agent of the firm
- (d) either (a) or (b) or (c).

**8. Whether an act of a partner or agent can be regarded as an 'act of the firm' is a**

- (a) question of fact
- (b) question of law
- (c) mixed question of fact & law
- (d) either (a) or (c).

**9. The term 'business' has been defined under**

- (a) section 2(a)

(b) section 2(b)

(c) section 2(d)

(d) section 2(e).

**10. Under section 2(b) of the Indian Partnership Act, business includes**

(a) every trade and occupation

(b) every occupation and profession

(c) every trade, occupation and profession

(d) every trade and profession.

**11. The term 'partnership' has been defined under**

(a) section 3

(b) section 4

(c) section 5

(d) section 6.

**12. Under section 4 of the Indian Partnership Act, partnership is a**

(a) compulsory legal relation

(b) creation of the choice and voluntarily agreement between the concerned parties

(c) a relation arising from status

(d) either (a) or (b) or (c).

**13. Which of the following enactments insist for a written agreement of partnership**

(a) the Indian Partnership Act, 1932

(b) the Indian Contract Act, 1872

(c) the Indian Registration Act, 1908

(d) neither (a) nor (b) nor (c).

**14. A partnership can be**

(a) a general partnership

(b) a particular partnership

(c) either (a) or (b)

(d) only (a) and not (b).

**15. Section 8 of the Indian Partnership Act, 1932 provides for**

(a) a particular partnership

(b) a general partnership

(c) a partnership at will

(d) all the above.

**16. The relation of partnership arises from contract and not from status, has been prescribed under**

(a) section 4

(b) section 5

(c) section 6

(d) section 7.

**17. Section 7 of the provides for**

(a) partnership in undertaking

(b) general partnership

(c) partnership at will

(d) all the above.

**18. A partnership firm is**

(a) a distinct legal entity from its partners

(b) not a distinct legal entity from its partners

(c) a juristic person

(d) either (a) or (c).

**19. For the purposes of income-tax, a partnership firm**

(a) can be assessed as an entity distinct and separate from its partners

(b) cannot be assessed as an entity separate and distinct from its partners

(c) can be assessed as an entity distinct and separate from its partners only with the permission of the court

(d) can be assessed as an entity distinct and separate from its partners only if all the partners agree for the same.

**20. A partnership cannot be constituted by**

(a) two individuals

(b) two Hindu joint families

(c) both (a) and (b)

(d) neither (a) or (b).

**Short Qst**

1. Define Partnership and state its essential elements.
2. Discuss the modes of determining the existence of partnership.
3. "Partnership exists from contract, not from status" Comment.
4. Discuss the modes of determining the existence of partnership.
5. State the difference between partnerships and firm and partnership and company.
6. Describe the comparison between partnership and HUF.
7. What do you mean by 'partnership at will'?
8. What do you mean by 'legal partnership' and 'illegal partnership'?
9. "Is mutual agency essential to constitute a partnership or not?" Comment in the light of a relevant case law.
10. Can a single transaction be treated as a partnership between two persons?
11. What are the general duties of partners- inter se? Explain.
12. What are the rights of partner in the management and conduct of the business of a firm?
13. Can a partner be restrained from carrying any business other than that of partnership?
14. What are the rights and duties of partners a change in the firm?
15. 'A partner is an agent of the Firm'. Discuss
16. 'Implied Authority of a partner is not absolute'. Discuss.
17. Explain the doctrine of 'Holding out' and enumerate the exceptions if there any.
18. Under what circumstances a minor can be admitted in the partnership business? Discuss his rights and liabilities.
19. What do you understand by minor's right of election? What is the position of a minor in a partnership?
20. When and how can a new partner be introduced and old partner separated from a partnership firm? What are the rights and liabilities of these partners?

**Long qst**

21. Discuss the provisions of the partnership act relating to the dissolution of partnership.
22. What is the dissolution of a firm? Describe the modes and consequences of dissolution.
23. Explain and illustrate the grounds on which the court may order dissolution of a Firm.
24. Discuss the rights and liabilities of partners for the acts done after dissolution. 184
25. What are the rules laid down in the Partnership Act for settling accounts of a firm after its dissolution?

26. What do you mean by Goodwill of a Firm? Describe the modes of buying and selling of it.
27. What is the procedure of registration of a firm?
28. Describe the benefits of registration of a firm?
29. Mention the consequences of non registration of a Firm?
30. Enumerate the conditions on which are not affected by non registration of a Firm.

## **UNIT-4**

### **NEGOTIABLE INSTRUMENT ACT**

#### **Short questions**

1. List the instruments covered under negotiable instruments Act in India?
2. How would you interpret the word "Banker" negotiable instruments Act in India
3. Define promissory Note
4. Give example of two statements which can be considered as Promissory Note
5. Explain Bill of Exchange in your own words
6. What is a cheque as per negotiable instruments Act in India
7. What do you mean by " A cheque in electronic form"
8. How will you explain the term "a truncated cheque"
9. Who is called as a bearer of an Instrument
10. List down the types of crossing
11. What do you mean by crossing of cheque? Why it is preferable?
12. When a cheque gets compulsory Dishonor
13. Discuss the parties of Instruments
14. Who is a holder in due course.
15. What do you mean by Noting
16. What is called as protesting

#### **Long Questions**

1. Write in detail about the Features of a Negotiable Instruments
2. What are the essentials of Promissory Note
3. Discuss in detail the essentials of Bill of exchange
4. What are the circumstances in which a gets dishonored by bank
5. How will you Differentiate between Bill of exchange and Promissory Note
6. Explain in detail about Maturity and Days of Grace days of various Instruments
7. What are the differences between bill of exchange and cheque
8. Explain all the types of crossing of cheque with specimen for each type

9. Discuss the privileges available to a holder in due course.

10. what is the major reason behind Noting and Protesting and when to do it