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Business Law

1. Which of following result in an offer-

- A. A declaration of intention
- B. an invitation to offer,
- C. an advertisement offering reward to anyone who finds lost dog of the advertise,
- D. an offer made in a joke.

View answer

Correct answer: (C)

an advertisement offering reward to anyone who finds lost dog of the advertise,

2. An agreement made with an alien enemy is

- A. unlawful on the ground of public policy
- B. unlawful because it becomes difficult to be performed
- C. valid, d)voidable.

View answer

Correct answer: (A)

unlawful on the ground of public policy

3. A contract to pay B Rs. 10,000 if B s house is burnt – This is a

- A. wagering agreement
- B. void
- C. voidable agreement
- D. contingent contract
- E. contract of guarantee.

View answer

Correct answer: (D)

contingent contract

4. The case of Mohiri Bibi v. Dharmodas Ghose (1903) deals with-

- A. communication of offer
- B. communication of acceptance
- C. a minors agreements
- D. fraud
- E. a lunatic's agreement.

View answer

Correct answer: (C)
a minors agreements

5. Each party is a promisor and a Promisee in case of –

- A. past consideration
- B. present consideration
- C. every contract
- D. reciprocal promises

View answer

Correct answer: (D)
reciprocal promises

6. The case of Taylor v. Caldwell (1883) deals with-

- A. discharge of contract by destruction of subject matter,
- B. anticipatory breach of contract
- C. discharge of contract by death of a party
- D. breach of contract.

View answer

Correct answer: (A)
discharge of contract by destruction of subject matter,

7. A promise made without the intention of performing it amounts to –

- A. innocent misrepresentation
- B. fraud
- C. negligent Misrepresentation
- D. wrongful misrepresentation

View answer

Correct answer: (B)
fraud

8. A minor , by misrepresenting his age , borrows some money –

- A. he can be sued for the fraud,
- B. he cannot be sued for the fraud
- C. he is liable to return the money
- D. None of the above.

View answer

Correct answer: (B)
he cannot be sued for the fraud

9. If there is a fraudulent misrepresentation as to the contents of a document , the contract is –

- A. void,
- B. voidable,
- C. valid
- D. illegal

View answer

Correct answer: (B)
Voidable,

10. There is a counter-offer when-

- A. the offeree gives conditions for acceptance or introduces a fresh term in acceptance
- B. the offerer makes a fresh offer
- C. the offeree makes some query.
- D. the offeree accepts it.

View answer

Correct answer: (A)
the offeree gives conditions for acceptance or introduces a fresh term in

11. An agreement made without consideration is

- A. valid,
- B. illegal,
- C. voidable
- D. void

View answer

Correct answer: (D)
void

12. On the face of the ticket for a journey the words — for conditions see back are printed in small print. The passenger _____

- A. is bound by the conditions whether he takes care to read them or not.
- B. is not bound by the conditions
- C. may not take note of the conditions
- D. none of the above.

View answer

Correct answer: (A)

is bound by the conditions whether he takes care to read them or not.

13. A contract creates

- A. rights in personam,
- B. rights in rem,
- C. only rights and no obligations,
- D. only obligations and no rights.

View answer

Correct answer: (B)

rights in rem,

14. A mere attempt at deceit by a party to a contract _____

- A. is not fraud unless the other party is actually deceived
- B. is fraud whether the other party has been deceived or not
- C. amounts to misrepresentation
- D. none of the above.

View answer

Correct answer: (A)

is not fraud unless the other party is actually deceived

15. If there is a fraudulent misrepresentation as to the character of a document, the contract is _____

- A. void,
- B. voidable,
- C. valid
- D. illegal

View answer

Correct answer: (A)

void,

16. The case of Nordenfelt v. Maxim Nordenfelt Gun Co. (1904) deals with

- A. agreement in restraint of legal proceedings,
- B. minor's agreements
- C. agreement in restraint of trade
- D. agreement in restraint of marriage.

View answer

Correct answer: (C)

agreement in restraint of trade

17. When promisee refuses to accept performance from the promisor who offers to perform, it is _____

- A. attempted performance,
- B. vicarious performance,
- C. tender
- D. frustration of contract.

View answer

Correct answer: (A)

attempted performance,

18. Assignment by operation of law takes place _____

- A. by the mutual consent of parties
- B. by the will of either party
- C. when the subject matter of a contract ceases to exist.
- D. by the death of a party to a contract.

View answer

Correct answer: (D)

by the death of a party to a contract.

19. Where a contract could not be performed because of the default by a third person on whose work the promisor relied , it _____

- A. is not discharged
- B. is discharged
- C. becomes void
- D. becomes voidable.

View answer

Correct answer: (A)

is not discharged

20. Specific performance may be ordered by the court when _____

- A. the contract is voidable
- B. damages are an adequate remedy
- C. damages are not an adequate remedy
- D. the contract is uncertain.

View answer

Correct answer: (C)

damages are not an adequate remedy

21. A agreed to sell 100 shares to B at Rs. 75 per share delivery to be given on the 1st march, B refused to accept delivery on 1st march as price had gone down to Rs. 60 per share. Subsequently A sold these shares at Rs.92 per share

- A. A cannot recover any damages from B
- B. A will have to restore to BRs. 1700 i.e. the profit he made
- C. A can recover damages to be determined by the President of the stock exchange.

View answer

Correct answer: (C)

A can recover damages to be determined by the President of the stock exchange.

22. A finder of lost goods is a

- A. bailor
- B. Baile
- C. true owner
- D. thief

View answer

Correct answer: (B)

Baile

23. A guarantee obtained by a creditor by keeping silence as to material circumstances is

- A. valid
- B. voidable
- C. unenforceable
- D. invalid

View answer

Correct answer: (D)

invalid

24. If a price is not determined by the parties in a contract of sale , the buyer is bound to pay

- A. the price demanded by the seller,
- B. a reasonable price

- C. the price which the buyer thinks is reasonable
- D. the price to be determined by a third independent person.

View answer

Correct answer: (B)
a reasonable price

25. In case of breach of a warranty , the buyer can

- A. repudiate the contract
- B. claim damages only
- C. return the goods
- D. refuse to pay the price
- E. refuse to take delivery of the goods.

View answer

Correct answer: (B)
claim damages only

26. Law of contract is

- A. not the whole of agreements nor is it the whole law of obligations
- B. the whole law of agreements
- C. the whole law of obligations
- D. none of the above.

View answer

Correct answer: (A)
not the whole of agreements nor is it the whole law of obligations

27. A specific offer can be accepted by

- A. any person
- B. any friend of offerer
- C. the person to whom it is made
- D. any friend of offeree.

View answer

Correct answer: (C)
the person to whom it is made

28. Consideration

- A. must be adequate to the promise made,
- B. need not be adequate to the promise made

- C. must be of reasonable value
- D. must be of more value than the value of promise made.

View answer

Correct answer: (B)

need not be adequate to the promise made

29. A promise to subscribe to a charity. The promise is a

- A. valid contract,
- B. voidable contract,
- C. void agreement
- D. void contract.

View answer

Correct answer: (C)

void agreement

30. A contract by an idiot is

- A. voidable
- B. enforceable
- C. invalid
- D. void ab inito

View answer

Correct answer: (D)

void ab inito

31. If there is error in cause, the contract is

- A. void
- B. voidable
- C. valid
- D. illegal

View answer

Correct answer: (B)

voidable

32. A contingent contract is

- A. void
- B. voidable
- C. valid

D. illegal

View answer

Correct answer: (C)
valid

33. A lends Rs. 500 to B. He later tells B that he need not repay the amount, the contract is discharged by

- A. breach
- B. waiver
- C. novation
- D. performance

View answer

Correct answer: (B)
waiver

34. The measure of damages in case of breach of a contract is the difference between the

- A. contract price and the market price at the date of breach
- B. contract price and the maximum market price during the term of the contract
- C. contract price and the price at which the plaintiff might have sold the goods,
- D. contract price and the price fixed by court.

View answer

Correct answer: (A)
contract price and the market price at the date of breach

35. A minor has been supplied necessaries on credit

- A. he is not liable
- B. he is personally liable
- C. his estate is liable
- D. he is not personally liable

View answer

Correct answer: (C)
his estate is liable

36. Any variance made without surety's consent in the terms of the contract between the principal debtor and the creditor discharges the surety

- A. as to transactions prior to variance

- B. Coffee
- C. as to transactions subsequent to variance
- D. as to all transactions
- E. from his liability under the guarantee.

View answer

Correct answer: (B)

as to transactions subsequent to variance

37. The doctrine of caveat emptor applies

- A. in case of implied conditions and warranties
- B. Coffee
- C. when the buyer does not intimate the purpose to the seller and depends upon his own skill and judgment
- D. when goods are sold by sample
- E. when goods are sold by description

View answer

Correct answer: (A)

in case of implied conditions and warranties

38. A condition is a stipulation which is a

- A. essential to the main purpose of contract of sale
- B. not essential to the main purpose of contract of sale,
- C. collateral to the main purpose of contract of sale
- D. none of the above.

View answer

Correct answer: (A)

essential to the main purpose of contract of sale

39. 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 party.

View answer

Correct answer: (B)

may become void subsequent to its formation

40. A letter of acceptance sufficiently stamped and duly addressed is put into course of transmission. There is

- A. a contract voidable at the option of acceptor
- B. a contract voidable at the option of offerer,
- C. no contract at all,
- D. a valid

View answer

Correct answer: (D)

Milk

41. Compromise of dispute claims

- A. is a good consideration for a contract
- B. is not a good consideration for a contract
- C. results in a void agreement
- D. is not permitted by law.

View answer

Correct answer: (A)

is a good consideration for a contract

42. Contracts made before war with an alien enemy which are against public policy are

- A. suspended and are revived after the war is over.
- B. dissolved
- C. not affected at all
- D. void ab initio

View answer

Correct answer: (B)

dissolved

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

- A. misrepresentation
- B. fraud
- C. undue influence
- D. coercion.

View answer

Correct answer: (A)

misrepresentation

44. The Case of Cundy v. Lindsay (1878) deals with

- A. Coercion
- B. undue influence
- C. mistake as to the nature of transaction
- D. mistake as regards identity

View answer

Correct answer: (D)

mistake as regards identity

45. Promises forming consideration for each other are known as,

- A. independent promises
- B. dependent promises
- C. reciprocal promises.
- D. mutual promises

View answer

Correct answer: (C)

reciprocal promises.

46. A contract has become more difficult of performance due to some un-
contemplated events or delays .The contract

- A. is discharged
- B. is not discharged
- C. becomes void
- D. becomes voidable.

View answer

Correct answer: (B)

is not discharged

47. The court may grant rescission where the contract is

- A. voidable at the option of the plaintiff
- B. void
- C. unenforceable
- D. illegal

View answer

Correct answer: (A)

voidable at the option of the plaintiff

48. Quantum meruit means

- A. a non gratuitous promise
- B. an implied promise
- C. as much as earned
- D. as much as is paid.

View answer

Correct answer: (C)
as much as earned

49. In a sale ,if the goods are destroyed , the loss falls on

- A. the buyer
- B. the seller
- C. partly on buyer and partly on seller
- D. the seller if price has not been paid
- E. by the buyer.

View answer

Correct answer: (A)
the buyer

50. The omission of the creditor to sue within the period of limitation

- A. discharges the surety
- B. does not discharge the surety
- C. makes the contract of guarantee void
- D. makes the contract of guarantee illegal.

View answer

Correct answer: (B)
does not discharge the surety

51. The case of Satyabrata Ghose v. Mugneeram Bangur & co. (1954) deals with

- A. agreement opposed to public policy
- B. Supervening impossibility
- C. contract of guarantee
- D. agency

View answer

Correct answer: (A)
agreement opposed to public policy

52. A person enters into an agreement whereby he is bound to do something which is against his public or professional duty. The agreement is

- A. void on the ground of public policy
- B. valid
- C. voidable
- D. illegal

View answer

Correct answer: (A)

void on the ground of public policy

53. A minor enters into a contract for the purchase of certain necessaries , in such case

- A. he is not personally liable to pay
- B. he is liable to pay
- C. his estate is liable to pay
- D. his guardian is liable to pay.

View answer

Correct answer: (C)

his estate is liable to pay

54. Flaw in a capacity to contract may arise from

- A. want of consideration
- B. unsoundness of mind
- C. illegality of object
- D. uncertainty of object.

View answer

Correct answer: (B)

unsoundness of mind

55. If there is error in consensus , the agreement is

- A. void
- B. voidable
- C. avoid
- D. illegal
- E. not affected at all.

View answer

Correct answer: (A)

void

56. An agreement to do an impossible act is,

- A. void
- B. voidable
- C. illegal
- D. enforceable under certain circumstances.

View answer

Correct answer: (A)

void

57. When a party to a contract transfers his contractual rights to another, it is known as,

- A. rescission of contract
- B. waiver of contract
- C. discharge of contract,
- D. assignment of contract.

View answer

Correct answer: (D)

assignment of contract.

58. A creditor agrees with his debtor and a third party to accept that third party as his debtor . The contract is discharged by,

- A. performance
- B. alteration
- C. waiver
- D. remission
- E. remission

View answer

Correct answer: (C)

waiver

59. Anticipatory breach of a contract takes place

- A. during the performance of the contract
- B. at the time when the performance is due.
- C. before the performance is due
- D. at the time when the contract is entered into.

View answer

Correct answer: (C)
before the performance is due

60. Exemplary damages are

- A. allowed in case of dishonor of a cheque by a banker having sufficient funds
- B. the difference between the contract price and the market price
- C. allowed where in case of breach of a contract , the plaintiff has not suffered any loss.
- D. none of these.

View answer

Correct answer: (A)
allowed in case of dishonor of a cheque by a banker having sufficient funds

61. The3unlawful detention of any property of a person to obtain his consent to a contract amounts to

- A. misrepresentation
- B. fraud
- C. undue influence
- D. coercion.

View answer

Correct answer: (D)
coercion.

62. A person is usually of sound mind , but occasionally of sound mind

- A. he may enter in to a contract when he is of sound mind,
- B. he may not make a contract even when he is of sound mind
- C. he cannot enter into a contract at all.
- D. None of the above.

View answer

Correct answer: (A)
he may enter in to a contract when he is of sound mind,

63. An offer is made to Mani in crowd It

- A. can be accepted by him alone,
- B. may be accepted by any person who hears it.
- C. may be accepted by his brother
- D. may be accepted by his friends.

View answer

Correct answer: (A)

can be accepted by him alone,

64. A person who is not party to a contract

- A. cannot sue,
- B. can sue,
- C. can sue only in well recognized cases
- D. none of these.

View answer

Correct answer: (C)

can sue only in well recognized cases

65. The contractual capacity of a company is regulated by

- A. its memorandum of association and the provisions of the companies act, 1956
- B. the terms of contract entered into with a third party
- C. its articles of association
- D. its prospectus.

View answer

Correct answer: (A)

its memorandum of association and the provisions of the companies act, 1956

66. Merely because a contract was caused by one of the parties to it being under a mistake as to a matter of fact, it is not

- A. voidable
- B. void
- C. affected at all
- D. none of the above.

View answer

Correct answer: (A)

voidable

67. A wagering agreement is.

- A. forbidden by law,
- B. immoral,
- C. opposed to public policy
- D. none of the above.

View answer

Correct answer: (A)
forbidden by law,

68. Where the debtor does not expressly intimate or where the circumstances attending on a payment do not indicate any intention, the creditor

- A. may apply it to any lawful debt due
- B. May apply it even to a time barred debt.

View answer

Correct answer: (A)
may apply it to any lawful debt due

69. A undertakes to paint a picture of B. He dies before he paints the picture. The contract

- A. is discharged by death
- B. becomes voidable
- C. becomes voidable at the option of the legal representatives of A.
- D. will have to be performed by the legal representatives of A.

View answer

Correct answer: (A)
is discharged by death

70. A quasi contract

- A. is a contract
- B. as an agreement
- C. creates only legal obligation
- D. is none of these

View answer

Correct answer: (C)
creates only legal obligation

71. S and P go into a shop, S says to the shopkeeper, C let P have the goods and if he does not pay you, I will — This is a

- A. contract of guarantee
- B. contract of indemnity
- C. wagering agreement
- D. quasi contract

View answer

Correct answer: (A)
contract of guarantee

72. In a sale, the property in goods

- A. is transferred to the buyer
- B. is yet to be transferred to the buyer
- C. may be transferred at a future time
- D. is transferred when goods are delivered to the buyer
- E. is transferred when the buyer pays the price

View answer

Correct answer: (A)
is transferred to the buyer

73. If a sale is by sample as well as by description , the implied condition is that the goods shall correspond with

- A. sample
- B. description
- C. both sample and description
- D. either sample or description.

View answer

Correct answer: (C)
both sample and description

74. In a sale , there is an implied condition on the part of the seller that he

- A. has a right to sell the goods
- B. is in possession of the goods
- C. will have the right to sell
- D. will acquire the goods

View answer

Correct answer: (A)
has a right to sell the goods

75. In case of a wrongful dishonour of a cheque by a banker having funds to the credit of the customer ,the court may award

- A. ordinary damages,
- B. nominal damages
- C. exemplary damages

D. contemptuous damages.

[View answer](#)

Correct answer: (C)
exemplary damages

76. An agreement is a voidable contract when it is

- A. enforceable if certain conditions are fulfilled.
- B. enforceable bylaw at the option of the aggrieved party.
- C. enforceable by both parties d)not enforceable at all.
- D. An agreement not enforceable by law is said to be

[View answer](#)

Correct answer: (B)
enforceable bylaw at the option of the aggrieved party.

77. Acceptance may be revoked by the acceptor

- A. at any time
- B. before the letter of acceptance reaches the offerer
- C. after the letter of acceptance reaches the offeree
- D. before the death of the acceptor.

[View answer](#)

Correct answer: (B)
before the letter of acceptance reaches the offerer

78. Consideration must move at the desire of

- A. the promisor,
- B. the promisee,
- C. promisor or any other third party,
- D. both the promisor and the promisee.
- E. any third party

[View answer](#)

Correct answer: (A)
the promisor,

79. On attaining the age of majority a minor's agreement

- A. can be ratified by him
- B. cannot be ratified by him
- C. becomes void

D. becomes valid.

View answer

Correct answer: (B)

cannot be ratified by him

80. When consent to an agreement is obtained by undue influence, the agreement is a

- A. contract voidable at the option of the party whose consent was so obtained
- B. void contract.
- C. valid contract
- D. void agreement.

View answer

Correct answer: (A)

contract voidable at the option of the party whose consent was so obtained

81. an agreement the meaning of which is not certain, is

- A. void
- B. voidable
- C. valid
- D. illegal

View answer

Correct answer: (D)

illegal

82. Owing to a strike in the factory of A, he is not able to supply the goods to B as per the terms of the agreement > The agreement in such a case

- A. is discharged
- B. is not discharged
- C. becomes void
- D. is voidable at the option of A.

View answer

Correct answer: (B)

is not discharged

83. when an agreement is discovered to be void ,any person who has received any advantage under such agreement

- A. is bound to restore it
- B. is not bound to restore it
- C. is not bound to return it.
- D. may retain it
- E. none of these

View answer

Correct answer: (A)
is bound to restore it

84. A contract of indemnity is a

- A. a contingent contract
- B. wagering contract
- C. quasi contract
- D. void contract

View answer

Correct answer: (A)
a contingent contract

85. The term property as used in the sale of goods act 1930 means

- A. possession
- B. ownership
- C. ownership and possession both
- D. the subject matter of contract of sale.

View answer

Correct answer: (B)
ownership

86. In case of breach of a warranty , the buyer can

- A. claim damages only
- B. repudiate the contract
- C. cannot return the goods
- D. refuse to take delivery of the goods

View answer

Correct answer: (B)
repudiate the contract

87. Sale of goods for cash is an example of

- A. mutual and independent promises
- B. mutual and dependent promises
- C. mutual and concurrent promises
- D. conditional and dependent promises,.

View answer

Correct answer: (C)

mutual and concurrent promises

88. Where there are co-sureties ,a release by the creditor of one of them

- A. discharges the other co-sureties
- B. does not discharge the other co-sureties
- C. makes all the co-suretiesimmediately liable
- D. makes the contract of guarantee void.

View answer

Correct answer: (B)

does not discharge the other co-sureties

89. The foundation of modern law of dameges was laid down in,

- A. Tinn v. Hoffman
- B. Taylor v. caldwell
- C. Hadley v. Baxendale
- D. Addis v. Gramophone

View answer

Correct answer: (C)

Hadley v. Baxendale

90. The case of Hadley v. Baxendale (1854) deals with

- A. anticipatory breach of contract.
- B. quantum of damages
- C. supervening impossibility
- D. quasi contract.

View answer

Correct answer: (B)

quantum of damages

91. A person who finds good belonging to another and takes them into his custody ,is subject to the same responsibility as a

- A. bailee
- B. true owner
- C. bailor
- D. pledge.

View answer

Correct answer: (A)

bailee

92. Ordinary damages are damages which

- A. arise in the usual course of things from the breach
- B. which are in the contemplation of the parties at the time when the contract is made
- C. are agreed in advance
- D. are given by way of punishment for breach of contract.

View answer

Correct answer: (A)

arise in the usual course of things from the breach

93. An agreement to do an act impossible in itself

- A. is void,
- B. is voidable
- C. is void ab initio
- D. becomes void when impossibility is discovered

View answer

Correct answer: (A)

is void,

94. When two or more persons have made a joint promise, then unless a contrary intention appears from the contract, all such persons must fulfill the promise

- A. jointly
- B. severally
- C. jointly and severally
- D. jointly or severally

View answer

Correct answer: (A)

jointly

95. A contract of insurance is a

- A. contract of guarantee
- B. contingent contract
- C. wagering agreement
- D. unilateral agreement.

View answer

Correct answer: (B)
contingent contract

96. If there is a unilateral mistake as regards identity of a party caused by fraud of the other party, the contract is

- A. void,
- B. voidable,
- C. valid
- D. illegal

View answer

Correct answer: (B)
voidable,

97. Consideration

- A. must move from the promisee,
- B. may move from the promisee or any other person
- C. may move from the third party
- D. may move from the promisor.

View answer

Correct answer: (B)
may move from the promisee or any other person

98. A contract is

- A. a legal obligation
- B. an agreement plus a legal obligation
- C. consensus ad idem,
- D. agreement plus a legal object.

View answer

Correct answer: (B)
an agreement plus a legal obligation

99. Consideration must be something which the promisor

- A. is already bound to do,
- B. is not already bound to do.
- C. may voluntarily do
- D. must not do.

View answer

Correct answer: (B)

is not already bound to do.

100. Where consent is caused by fraud or misrepresentation , the contract is

- A. voidable at the option of the aggrieved party
- B. void
- C. unenforceable
- D. not affected in any manner

View answer

Correct answer: (A)

voidable at the option of the aggrieved party

101. The collateral transactions to an illegal agreement are

- A. Void,
- B. illegal,
- C. voidable,
- D. not affected at all

View answer

Correct answer: (B)

illegal,

102. Which of the following are contingent contracts?

- A. contract of insurance
- B. contract of guarantee,
- C. contracts for the sale of goods on credit
- D. Wagering agreements

View answer

Correct answer: (A)

contract of insurance

103. If a new contract is substituted in place of an existing contract, it is called

- A. alteration

- B. rescission
- C. novation
- D. waiver,
- E. remission

View answer

Correct answer: (C)
novation

104. The right of subrogation in a contract of guarantee is available to the

- A. creditor
- B. principal debtor
- C. surety
- D. indemnified

View answer

Correct answer: (C)
surety

105. If a contract contains an undertaking to perform an impossibility, the contract is

- A. void ab initio
- B. void
- C. voidable at the option of the plaintiff
- D. illegal

View answer

Correct answer: (A)
void ab initio

106. A agrees to pay B Rs. 2000 if a certain ship does not return at Mumbai port within a year. A's promise can be enforced when the ship

- A. arrives Mumbai in a damaged condition during the year
- B. is lost during the year
- C. is sunk during the year
- D. arrives Mumbai in a good condition during the year.

View answer

Correct answer: (B)
is lost during the year

107. An employee, by the terms of his service agreement, is prevented from accepting a similar engagement after the termination of his service. The restraint

- A. valid
- B. void
- C. illegal
- D. unenforceable

View answer

Correct answer: (B)

void

108. A who owes Rs. 10000 to B dies leaving an estate of Rs. 6000. The legal representation of A are

- A. Liable for Rs. 10000
- B. liable for Rs. 6000
- C. not liable at all
- D. liable for Rs. 3000.

View answer

Correct answer: (B)

liable for Rs. 6000

109. Regulations to the opening and closing of business in a market are

- A. not unlawful even if they are in restraint of trade.
- B. unlawful because they are in restraint of trade.
- C. void
- D. not valid

View answer

Correct answer: (A)

not unlawful even if they are in restraint of trade.

110. Where both the parties to an agreement are under a mistake as a matter of fact essential to the agreement ,the agreement is

- A. void
- B. voidable
- C. illegal
- D. not affected at all.

View answer

Correct answer: (A)

void

111. Consent given to a contract under some misrepresentation by the other party makes the contract

- A. void
- B. invalid
- C. unenforceable
- D. voidable

View answer

Correct answer: (D)

voidable

112. A promise to compensate ,wholly or in part , a person who has already voluntarily done something for the promisor is

- A. enforceable
- B. not enforceable because it is without consideration,
- C. void
- D. voidable.

View answer

Correct answer: (A)

enforceable

113. Consideration in a contract

- A. may be past ,present or future,
- B. may be present or future only.
- C. must be present only.
- D. must be future only.

View answer

Correct answer: (A)

may be past ,present or future,

114. An agreement with or by minor is

- A. void
- B. voidable at the option of the minor
- C. voidable at the option of the other party
- D. valid.

View answer

Correct answer: (A)

void

115. An agreement not enforceable by law is said to be

- A. void,
- B. voidable,
- C. valid,
- D. unenforceable,
- E. illegal.

View answer

Correct answer: (A)

void,

116. Flaw in capacity to contract may arise from

- A. lack of free consent
- B. lack of consideration
- C. minority
- D. absence of legal formalities.

View answer

Correct answer: (C)

minority

117. An acceptance is not according to the mode prescribed but the offerer decides to keep quiet. In such a case there is

- A. a contract,
- B. no contract,
- C. a voidable contract,
- D. an unenforceable contract.

View answer

Correct answer: (A)

a contract,

118. A makes an offer to B on 10th by a letter which reaches B on 12th B posts letter of acceptance on 14th which reaches A on 16th. The communication of acceptance is complete as against A on

- A. 12th
- B. 14th
- C. 16th

View answer

124. A minor's liability for 'necessaries' supplied to him

- A. Arises after he attains majority age
- B. Is against only minor's property
- C. Does not arise at all
- D. Arises if minor gives a promise for it

View answer

Correct answer: (B)

Is against only minor's property

125. When the consent of a party is obtained by fraud, the contract is

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (B)

Voidable

126. An agreement is void if it is opposed to public policy. Which of the following is not covered by heads of public policy.

- A. Trading with an enemy
- B. Trafficking in public offices
- C. Marriage brokerage contracts
- D. Contracts to do impossible acts

View answer

Correct answer: (D)

Contracts to do impossible acts

127. A, B and C jointly promised to pay Rs.6000 to D. Before the performance of the contract, C dies. Here the contract;

- A. Becomes void on C's death
- B. Should be performed by A and B along with C's legal representatives
- C. Should be performed by A and B alone
- D. Should be renewed between A, B and D

View answer

Correct answer: (B)

Should be performed by A and B along with C's legal representatives

128. In case of breach of contract, which of the following remedy is available to the aggrieved party?

- A. Suit for rescission
- B. Suit for damages
- C. Suit for specific performance
- D. All of these

View answer

Correct answer: (D)

All of these

129. A agrees to pay Rs.1,00,000 to B if he brings a star from the sky. This is a contingent contract and

- A. Illegal
- B. Valid
- C. Voidable
- D. Void

View answer

Correct answer: (D)

Void

130. In the above question, the communication of acceptance is complete against A on 28th Dec.1998 and against B on;

- A. 25th Dec.1998
- B. 27th Dec.1998
- C. 28th Dec.1998
- D. 30th Dec.1998

View answer

Correct answer: (D)

30th Dec.1998

131. Which of the following elements does not affect the free consent of the parties.

- A. Coercion
- B. Fraud
- C. Incompetency
- D. Undue influence

View answer

Correct answer: (C)
Incompetency

132. Which of the following acts does not fall under the categories of fraud?

- A. Intentional false statement of facts
- B. Active concealment of facts
- C. Innocent false statements
- D. Promise made without intention to perform

View answer

Correct answer: (C)
Innocent false statements

133. A contract made by mistake about Indian Law, is;

- A. Void
- B. Valid
- C. Voidable
- D. Illegal

View answer

Correct answer: (B)
Valid

134. An agreement in restraint of marriage is valid incase of the following persons

- A. Minors
- B. Educated
- C. Married
- D. None of these

View answer

Correct answer: (A)
Minors

135. Where an agreement consists of two parts once legal and the other illegal and the legal part is separable from the illegal one, such legal part is

- A. Void
- B. Valid
- C. Voidable
- D. Illegal

View answer

Correct answer: (B)

Valid

136. Sometimes, a person finds certain goods belonging to some persons. In such case, the finder

- A. Becomes the owner of the goods and can use them
- B. Is under a duty to trace the true owner and return the goods
- C. Can sell the perishable goods if true owner cannot be found
- D. Both (b) and (c)

View answer

Correct answer: (D)

Both (b) and (c)

137. When after the formation of a valid contract, an event happens which makes the performance of contract impossible then the contract becomes

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (A)

Void

138. What is legal terminology for the doing or not doing of something which the promisor desires to be done or not done?

- A. Desires
- B. Wishes
- C. Considerations
- D. Promise

View answer

Correct answer: (C)

Considerations

139. An agreement enforceable by Law is a

- A. Promise
- B. Contract
- C. Obligation
- D. Lawful promise

View answer

Correct answer: (B)

Contract

140. Which of the following statement is true?

- A. Consideration must result in a benefit to both parties
- B. Past consideration is no consideration in India
- C. Consideration must be adequate
- D. Consideration must be something which a promisor is not already bound to do

View answer

Correct answer: (D)

Consideration must be something which a promisor is not already bound to do

141. Which of the following statement is true?

- A. A contract with a minor is voidable at the option of the minor
- B. An agreement with the minor can be ratified after he attains majority
- C. A person who is usually of an unsound mind cannot enter into contract even when he is of a sound mind
- D. A person who is usually of an sound mind cannot enter into contract even when he is of a unsound mind

View answer

Correct answer: (D)

A person who is usually of an sound mind cannot enter into contract even when he is of a unsound mind

142. Which of the following statement is true?

- A. A threat to commit suicide does not amount to coercion
- B. Undue influence involves use of physical pressure
- C. Ignorance of law is no excuse
- D. Silence always amounts to fraud

View answer

Correct answer: (C)

Ignorance of law is no excuse

143. A contract is discharged by rescission which means the;

- A. Change in one or more terms of the contract
- B. Acceptance of lesser performance
- C. Abandonment of rights by a party

D. Cancellation of the existing contract

View answer

Correct answer: (D)

Cancellation of the existing contract

144. Generally, which of the following damages are not recoverable?

- A. Ordinary damages
- B. Special damages
- C. Remote damages
- D. Nominal damages

View answer

Correct answer: (C)

Remote damages

145. A, by a letter dated 25th December 1998, offers to sell his house to B for Rs.10 lakhs. The letter reaches on 27th Dec.1998, who posts his acceptance on 28th Dec. 1998 which reaches A on 30th Dec.1998. Here the communication of offer is completed on;

- A. 25th Dec.1998
- B. 27th Dec.1998
- C. 28th Dec.1998
- D. 30th Dec.1998

View answer

Correct answer: (B)

27th Dec.1998

146. For entering into a contract, a minor is a person who has not completed the age of;

- A. 16 years
- B. 18 years
- C. 20 years
- D. 21 years

View answer

Correct answer: (B)

18 years

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

- A. A undue influence
- B. Fraud
- C. Coercion
- D. None of these

[View answer](#)

Correct answer: (C)

Coercion

148. Which of the following statement is false?

- A. A contract is not voidable if fraud or misrepresentation does not induce the other party to enter a contract.
- B. A party cannot complain of fraudulent silence or misrepresentation if he had the means of discovering the truth with ordinary means
- C. In case of fraud or misrepresentation, aggrieved party can either rescind or affirm the contract
- D. A party who affirms the contract , can also change his option afterwards if he so decides

[View answer](#)

Correct answer: (D)

A party who affirms the contract , can also change his option afterwards if he so decides

149. The consideration or object of agreement is considered unlawful, if is

- A. Forbidden by law
- B. Fraudulent
- C. Immoral
- D. All of these

[View answer](#)

Correct answer: (D)

All of these

150. An agreement in restraint of marriage, ie, which prevents a person from marrying is

- A. Valid
- B. Voidable
- C. Void
- D. Contingent

[View answer](#)

Correct answer: (C)

Void

151. An agreement to pay money money's worth on the happening or non happening of a specified uncertain event is a

- A. Wagering agreement
- B. Contingent contract
- C. Quasi contract
- D. Uncertain agreement

View answer

Correct answer: (A)

Wagering agreement

152. A contingent contract dependent on the non happening of specified uncertain event within fixed time can be enforced if the event

- A. Does not happen within fixed time
- B. Becomes impossible before the expiry of fixed time
- C. Happens within the fixed time
- D. Both (a) and (b)

View answer

Correct answer: (D)

Both (a) and (b)

153. In commercial transactions, time is considered to be of the essence of contract, and if the party fails to perform the contract within specified time, the contract becomes

- A. Voidable at the option of the other party
- B. Void and cannot be enforced
- C. Illegal for non compliance of legal terms
- D. Enforceable in higher court only

View answer

Correct answer: (A)

Voidable at the option of the other party

154. Which of the following statements is correct?

- A. Ordinary damages are recoverable
- B. Special damage is recoverable only if the parties knew about them
- C. Remote or indirect damages are not recoverable

D. All of these

View answer

Correct answer: (D)

All of these

155. A and B both believe that a particular kind of rice is being sold in the market @ Rs.3000 per quintel and A sells rice of that kind to B @ 3000/quintel. But in fact, the market price was Rs.4000, the contract is

- A. Valid
- B. Void
- C. Voidable
- D. Illegal

View answer

Correct answer: (A)

Valid

156. A sells the goodwill of his business to B and agrees with him to refrain from carrying on a similar business within specified local limits. This contract is

- A. Valid
- B. Void
- C. Voidable
- D. Illegal

View answer

Correct answer: (A)

Valid

157. A void agreement is one which is

- A. Valid but not enforceable
- B. Enforceable at the portion of both parties
- C. Enforceable at the portion of one party
- D. Not enforceable in a Court of Law

View answer

Correct answer: (D)

Not enforceable in a Court of Law

158. A proposal when accepted becomes a:

- A. Promise

- B. Contract
- C. Offer
- D. Acceptance

View answer

Correct answer: (A)

Promise

159. Consideration in simple term means

- A. Anything in return
- B. Something in return
- C. Everything in return
- D. Nothing in return

View answer

Correct answer: (B)

Something in return

160. Which of the following statement is not true about minor's position in a firm?

- A. He cannot become a partner in an existing firm
- B. He can become a partner in an existing firm
- C. He can be admitted only to the benefits of any existing firm
- D. He can become partner on becoming a major

View answer

Correct answer: (B)

He can become a partner in an existing firm

161. A wrong representation when made without any intention to deceive the other party amounts to

- A. Coercion
- B. Undue influence
- C. Misrepresentation
- D. Fraud

View answer

Correct answer: (C)

Misrepresentation

162. Which of the following persons can perform the contract?

- A. Promisor alone

- B. Legal representatives of the Promisor
- C. Agent of the Promisor
- D. All of these

View answer

Correct answer: (D)

All of these

163. A contingent contract is;

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (C)

Valid

164. A voidable contract is one which;

- A. Can be enforced at the option of the aggrieved party
- B. Can be enforced at the option of the both parties
- C. Cannot be enforced in a court of laws
- D. Court prohibits

View answer

Correct answer: (A)

Can be enforced at the option of the aggrieved party

165. A agrees to sell his car worth Rs. 100000 lakh to B for rs.20000 and A's consent was obtained by coercion. Here, the agreement is;

- A. Void
- B. Valid
- C. Voidable
- D. Unlawful

View answer

Correct answer: (C)

Voidable

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

- A. Coercion
- B. Undue influence
- C. Fraud
- D. Misrepresentation

View answer

Correct answer: (B)

Undue influence

167. As per Section 20, the contract is void, on account of bilateral mistake of fact. But as per Section 22, if there is mistake of only one party, then the contract is;

- A. Void
- B. Valid
- C. Voidable
- D. Illegal

View answer

Correct answer: (B)

Valid

168. A agrees to pay Rs.50000 to B if he kills C. the agreement is

- A. Void
- B. Valid
- C. Voidable
- D. Contingent

View answer

Correct answer: (A)

Void

169. 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

View answer

Correct answer: (A)

Void

170. A agrees to pay Rs.1000 to B if a certain ship returns within a year. However, the ship sinks within the year. In this case, the contract becomes

- A. Valid
- B. Void
- C. Voidable
- D. Illegal

View answer

Correct answer: (B)

Void

171. Where the performance of a promise by one party depends on the prior performance of promise by the other party, such reciprocal promises fall under category of

- A. Mutual and Concurrent
- B. Conditional and dependent
- C. Mutual and independent
- D. Both (a) and (b)

View answer

Correct answer: (B)

Conditional and dependent

172. Standing offer means

- A. Offer allowed to remain open for acceptance over a period of times
- 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

View answer

Correct answer: (A)

Offer allowed to remain open for acceptance over a period of times

173. An agreement which is enforceable by law at the portion of one or more of the parties thereon but not at the option of the other or others is a:

- A. Valid Contract
- B. Void Contract
- C. Voidable Contract
- D. Illegal Contract

View answer

Correct answer: (C)

Voidable Contract

174. When the consent of a party is not free, the contract is:

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (B)

Voidable

175. Which of the following statement is false?

- A. Generally a stranger to a contract can not sue
- B. A verbal promise to pay a time barred debt is valid
- C. Completed gifts need no consideration
- D. No consideration is necessary to create an agency

View answer

Correct answer: (B)

A verbal promise to pay a time barred debt is valid

176. Which of the following is not an exception to the rule - No consideration, No contract.

- A. Compensation for involuntary services
- B. Love & Affection
- C. Contract of agencies
- D. Gift

View answer

Correct answer: (A)

Compensation for involuntary services

177. Moral pressure is involved in the case of

- A. Coercion
- B. Undue influence
- C. Misrepresentation
- D. Fraud

View answer

Correct answer: (B)
Undue influence

178. An agreement the object or consideration of which is unlawful, is:

- A. Void
- B. Valid
- C. Voidable
- D. Contingent

View answer

Correct answer: (A)
Void

179. When prior to the due date of performance, the promisor absolutely refuses to perform the contract, it is known as:

- A. Abandonment of a contract
- B. Remission of contract
- C. Actual breach of contract
- D. Anticipatory breach of contract

View answer

Correct answer: (D)
Anticipatory breach of contract

180. A contract depend on the happening or non happening of the future uncertain event, is a

- A. Uncertain contract
- B. Contingent contract
- C. Void contract
- D. Voidable contract

View answer

Correct answer: (B)
Contingent contract

181. An agreement made with free consent to which the consideration is lawful but inadequate is;

- A. Void
- B. Valid
- C. Voidable
- D. Unlawful

View answer

Correct answer: (B)

Valid

182. A contract with the minor, which is beneficial for him, is;

- A. Void ab initio
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (C)

Valid

183. When the consent to an agreement is obtained by coercion, the agreement is voidable at the option of

- A. Either party to the agreement
- B. A party whose consent was so obtained
- C. A party who obtained the consent
- D. None of these

View answer

Correct answer: (B)

A party whose consent was so obtained

184. Where the consent of both the parties is given by mistakes, the contract is;

- A. Void
- B. Valid
- C. Voidable
- D. Illegal

View answer

Correct answer: (A)

Void

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

- A. Mistake of fact
- B. Mistake of Indian Law
- C. Fraud
- D. Misrepresentation

View answer

Correct answer: (A)

Mistake of fact

186. An agreement in restraint of legal proceedings is void. It does not cover an agreement which

- A. Restrict absolutely the parties from enforcing their legal rights.
- B. Cuts short the period of limitation
- C. Discharges a party from liability or extinguishes the rights of a party
- D. Provides for a reference to arbitration instead of court of law

View answer

Correct answer: (D)

Provides for a reference to arbitration instead of court of law

187. The basis of 'quasi contractual relations' is the

- A. Existence of a valid contract between the parties
- B. Prevention of unjust enrichment at the expense of others
- C. Provision contained in section 10 of the Contract Act
- D. Existence of a voidable contract between the parties

View answer

Correct answer: (B)

Prevention of unjust enrichment at the expense of others

188. The special damages ie, the damages which arise due to so a special or unusual circumstances

- A. Are not recoverable altogether
- B. Are illegal being punitive in nature
- C. Cannot be claimed as a matter of right
- D. Can be claimed as a matter of right

View answer

Correct answer: (C)

Cannot be claimed as a matter of right

189. 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 or continuing offer
- B. Counter offer
- C. Cross offer

D. Special offer

View answer

Correct answer: (B)

Counter offer

190. 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 the non-compliance of which would amount to acceptance
- D. Be communicated to the person to whom it is made

View answer

Correct answer: (C)

Contain a term the non-compliance of which would amount to acceptance

191. An offer may lapse by

- A. Revocation
- B. Counter Offer
- C. Rejection of offer by offeree
- D. All of these

View answer

Correct answer: (D)

All of these

192. Which of the following statement is true?

- A. There can be a stranger to a contract
- B. There can be a stranger to a consideration
- C. There can be a stranger to a contract & consideration
- D. None of the above

View answer

Correct answer: (B)

There can be a stranger to a consideration

193. Ordinarily, a minor's agreement is

- A. Void ab initio
- B. Voidable
- C. Valid
- D. Unlawful

View answer

Correct answer: (A)

Void ab initio

194. The threat to commit suicide amounts to

- A. Coercion
- B. Undue influence
- C. Misrepresentation
- D. Fraud

View answer

Correct answer: (A)

Coercion

195. On the valid performance of the contractual obligations by the parties, the contract;

- A. Is discharged
- B. Becomes enforceable
- C. Becomes void
- D. None of these

View answer

Correct answer: (A)

Is discharged

196. In case of anticipatory breach, the aggrieved party may treat the contract;

- A. As discharged and bring an immediate action for damages
- B. As operative and wait till the time for performance arrives
- C. Exercise option either (a) or (b)
- D. None of these

View answer

Correct answer: (C)

Exercise option either (a) or (b)

197. A contingent contract depend on the happening of the future uncertain event can be enforced when the event;

- A. Happens
- B. Becomes impossible
- C. Doesn't happen
- D. Either of these

View answer

Correct answer: (A)

Happens

198. On the acceptance of an offer by a 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

View answer

Correct answer: (C)

Both the acceptor and offeree becomes bound by the contract

199. Which of the following persons are not competent to contract?

- A. Minors
- B. Persons of unsound mind
- C. Persons disqualified by law
- D. All of these

View answer

Correct answer: (D)

All of these

200. When the consent of a party is obtained by coercion undue influence, fraud or misrepresentation, the contract is;

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

View answer

Correct answer: (B)

Voidable

201. Where the consent of a party is obtained by misrepresentation, the contract is;

- A. Valid
- B. Void
- C. Voidable
- D. Illegal

View answer

Correct answer: (C)

Voidable

202. A agrees to pay Rs.5 lakhs to B procures an employment for A in Income Tax Department. This agreement is

- A. Void
- B. Valid
- C. Voidable
- D. Contingent

View answer

Correct answer: (A)

Valid

203. An agreement to do an illegal act(eg: sharing the earnings of smuggling business) is

- A. Valid
- B. Void
- C. Voidable
- D. Contingent

View answer

Correct answer: (B)

Void

204. LA, B and C jointly promised to pay Rs.60000 to D. A was compelled by D to pay the entire amount of Rs.60000. Here

- A. A can file a suit against D for recovery of the amount exceeding his share
- B. A is entitled to recover Rs.20000 each from B and C
- C. On payment by A, the contract is discharged and B and C are also not liable to A.
- D. D is not justified here and is liable to refund the entire amount to A

View answer

Correct answer: (B)

A is entitled to recover Rs.20000 each from B and C

205. Can a person who is usually of unsound, but occasionally of sound mind, make a contract?

- A. Yes, he can always make a contract

- B. Yes, but only when he is sound mind
- C. No, he cannot make contract
- D. Can't be determined

View answer

Correct answer: (B)

Yes, but only when he is sound mind

206. Which is the following is false? An acceptance:

- A. Must be communicated
- B. Must be absolute and unconditional
- C. Must accepted by a person having authority to accept
- D. May be presumed from silence of offeree

View answer

Correct answer: (D)

May be presumed from silence of offeree

207. Which is the following is false? Consideration:

- A. Must move at the desire of the promisor
- B. May move from any person
- C. Must be illusory
- D. Must be some value

View answer

Correct answer: (C)

Must be illusory

208. Consideration may be

- A. Past
- B. Present
- C. Future
- D. All of the above

View answer

Correct answer: (D)

All of the above

209. Consent is not said to be free when it is caused by

- A. Coercion
- B. Undue influence

- C. Fraud
- D. All of these

View answer

Correct answer: (D)

All of these

210. In case of illegal agreements, the collateral agreements are;

- A. Void
- B. Valid
- C. Voidable
- D. Any of these

View answer

Correct answer: (B)

Valid

211. A contract is discharged by novation which means the;

- A. Cancellation of the existing contract
- B. Change in one or more terms of the contract
- C. Substitution of existing contract for a new one
- D. None of these

View answer

Correct answer: (C)

Substitution of existing contract for a new one

212. Sometimes, a party is entitled to claim compensation in proportion to the work done by him. It is possible by a suit for;

- A. Damages
- B. Injunction
- C. Quantum merit
- D. None of these

View answer

Correct answer: (C)

Quantum merit

213. 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

View answer

Correct answer: (C)

Both (a) and (b)

214. As a general rule, an agreement made without consideration is;

- A. Void
- B. Voidable
- C. Valid
- D. Unlawful

View answer

Correct answer: (A)

Void

215. Which of the following persons do not fall under the category of persons of unsound mind?

- A. Idiot
- B. Lunatics
- C. Drunken
- D. Alien

View answer

Correct answer: (D)

Alien

216. A contract made by mistake about some foreign law, is;

- A. Void
- B. Valid
- C. Voidable
- D. Illegal

View answer

Correct answer: (A)

Void

217. An agreement, which prevents a person from carrying lawful business is

- A. Valid
- B. Void

- C. Voidable
- D. Contingent

View answer

Correct answer: (B)

Void

218. A contingent contract dependent on the non happening of a future uncertain event becomes void when such event

- A. Happens
- B. Does not become impossible
- C. Does not happen
- D. Both (a) and (b)

View answer

Correct answer: (D)

Both (a) and (b)

219. A party entitled to rescind contract, losses the remedy where

- A. He has ratified the contract
- B. Third party has acquired right in good faith
- C. Contract is not separable and recession is sought of a party only
- D. All of these

View answer

Correct answer: (D)

All of these

220. When offer is made to a definite person, it is known as

- A. General offer
- B. Cross offer
- C. Counter offer
- D. Special offer

View answer

Correct answer: (D)

Special offer

221. _____ is a voluntary association of persons formed to carry on some business for profit or to promote art, science, education or some charitable purpose.

- A. Incorporation

- B. Private company
- C. Company
- D. Public company

View answer

Correct answer: (C)

Company

222. Accounts of a company must be audited by an _____

- A. Chartered Accountant
- B. Auditor
- C. Board of Directors
- D. All of these.

View answer

Correct answer: (B)

Auditor

223. A public company has been defined in sec _____

- A. 3(1)(iv)
- B. 3(1)(i)
- C. 3(1)(iii)
- D. 3(1)(ii)

View answer

Correct answer: (A)

3(1)(iv)

224. The shorter versions of a prospectus is also known as _____

- A. Deemed prospectus
- B. Incomplete prospectus
- C. Abridged prospectus
- D. Red Herring Prospectus

View answer

Correct answer: (C)

Abridged prospectus

225. The articles of Association and the memorandum of Association are drafted by _____

- A. Auditor

- B. Director
- C. Secretary
- D. Register

View answer

Correct answer: (C)

Secretary

226. The board of directors delegate the power to _____

- A. Issue debentures
- B. Issue of shares
- C. Invest the fund
- D. Make loans

View answer

Correct answer: (D)

Make loans

227. Holding company is defined in section _____ of the companies Act.

- A. 4(4)
- B. 2(2)
- C. 3(4)
- D. 3(1)

View answer

Correct answer: (A)

4(4)

228. The other name of indoor management is called _____

- A. Golden rule
- B. Constructive notice
- C. Indoor rule
- D. Tarquand rule

View answer

Correct answer: (D)

Tarquand rule

229. The statement in lieu of prospectus is drafted in accordance with the particulars set in part I of the _____ the Act

- A. Schedule I

- B. Schedule IV
- C. Schedule III
- D. Schedule II

View answer

Correct answer: (D)

Schedule II

230. The right given to a particular class of shareholders are called the _____

- A. Special rights
- B. General rights
- C. Class right
- D. None of the above

View answer

Correct answer: (D)

None of the above

231. The auditor of government company is appointed by the _____ of India

- A. High court
- B. Supreme court
- C. State legislative
- D. Controller and Auditor General.

View answer

Correct answer: (D)

Controller and Auditor General.

232. If the company's Act go beyond the provisions of the Memorandum, its act will be _____

- A. Constructive notice
- B. Circular
- C. Ultra virus
- D. None of the above

View answer

Correct answer: (C)

Ultra virus

233. Every share holder of a company is also known as _____

- A. Member
- B. Partner
- C. Director
- D. All of the above

View answer

Correct answer: (A)

Member

234. Articles of association adopt the rules and regulations contained in _____ of schedule I of the companies Act

- A. Table C
- B. Table D
- C. Table A
- D. Table B

View answer

Correct answer: (C)

Table A

235. A _____ may be defined as a person having a control over the affairs, conduct and management of a company.

- A. Share holders
- B. Director
- C. Body Corporate
- D. Member

View answer

Correct answer: (B)

Director

236. The managing directors hold the _____ shares of the company.

- A. Deemed
- B. Equity
- C. Qualification
- D. Preference

View answer

Correct answer: (C)

Qualification

237. A meeting of Board of Directors shall be held at least _____

- A. One month
- B. Once in every 3 months and at least 4 such meetings shall be held every year.
- C. Two month
- D. 4 months and at least 3 such meetings must be held in every year.

View answer

Correct answer: (B)

Once in every 3 months and at least 4 such meetings shall be held every year.

238. When a director voluntarily remains absent from the three consecutive meetings of the Board of Directors, and

- A. He become liable to be punished with @Rs.500 for every default
- B. He is disqualified for becoming a director of any company
- C. His office falls vacant
- D. None of the above

View answer

Correct answer: (C)

His office falls vacant

239. The first annual general meeting of the company must be held within _____

- A. 6 months of incorporation
- B. 6 months from the date at which the company's entitled to start its business
- C. 18 months from the date at which the company is entitled to start its business
- D. 18 months of incorporation.

View answer

Correct answer: (D)

18 months of incorporation.

240. The chairman of the company has _____ vote

- A. 1
- B. 3
- C. 2
- D. None of these.

View answer

Correct answer: (C)

2

[Previous](#)

41. _____ is the resolution which is passed , at valid called general meeting, by special majority of the meeting.

- A. Ordinary resolution
- B. Special resolution
- C. Resolution by postal ballot
- D. Resolution requiring special notice.

View answer

Correct answer: (B)

Special resolution

242. _____ is a person who has ultimate control over the affairs of factory

- A. Young person
- B. Adult
- C. Occupier
- D. Adolescent

View answer

Correct answer: (C)

Occupier

243. _____ are the true owners of the company.

- A. Members
- B. Investors
- C. Directors
- D. Share holders

View answer

Correct answer: (D)

Share holders

244. Which of the following documents is submitted by the board of directors at every AGM _____?

- A. Balance sheet
- B. Profit and Loss Account
- C. Both A and B
- D. None of the above

View answer

Correct answer: (C)

Both A and B

245. _____ guarantees its established quality

- A. Patent
- B. Goods
- C. Trade mark
- D. Safety

View answer

Correct answer: (C)

Trade mark

246. Where a directors acts dishonestly to the interest of the company. He will be held liable for _____

- A. Negligence
- B. Malafide acts
- C. Ultra virus acts
- D. Breach of fiduciary duty

View answer

Correct answer: (D)

Breach of fiduciary duty

247. An act which is to be ultra virus a company is _____

- A. Void
- B. Valid
- C. Both A and B
- D. None of these.

View answer

Correct answer: (A)

Void

248. Shelf prospects relates under Sec. _____

- A. 16 A
- B. 14 A
- C. 60 A
- D. 40 A

View answer

Correct answer: (C)

60 A

249. An official liquidator is appointed by the _____

- A. Central government
- B. By Court
- C. State Government
- D. Company

View answer

Correct answer: (A)

Central government

250. As per Sec. 439 who can file a petition to the Tribunal for winding up?

- A. The Registrar

- B. Company
- C. Contributory
- D. Any one of these.

View answer

Correct answer: (D)

Any one of these.

251. _____ is a legal person which capable of perpetual succession and common seal

- A. Company
- B. Firm
- C. Voluntary Association
- D. Partnership.

View answer

Correct answer: (A)

Company

252. Minimum _____ and maximum _____ constitute a private limited company

- A. 2 of 10
- B. 7 of unlimited
- C. 2 of 15
- D. 2 of 50

View answer

Correct answer: (D)

2 of 50

253. _____ Company may be companies limited by shares companies limited guarantee, unlimited companies.

- A. Number of members
- B. Liability of members
- C. Registered
- D. Incorporation

View answer

Correct answer: (B)

Liability of members

254. The common seal of the company is the _____

- A. Official signature of the company
- B. Rights of the company
- C. General view of the company
- D. None of the above.

View answer

Correct answer: (A)

Official signature of the company

255. _____ refers to a voluntary association of individuals formed for the purpose of obtaining a particular social or economical goal.

- A. Illegal Association
- B. Partnership
- C. Incorporation
- D. Company

View answer

Correct answer: (D)

Company

256. Corporate veil ensures _____ of the company

- A. Protection
- B. Legal Immunity
- C. Both A and B
- D. None of the above.

View answer

Correct answer: (B)

Legal Immunity

257. Sec. _____ of the companies act states that, a public company making an issue of securities shall circulate information memorandum to the public before filling of a prospectus.

- A. 60(B)
- B. 60(a)
- C. 16(B)
- D. 16(a)

View answer

Correct answer: (A)

60(B)

258. A printed copy articles as altered shall be filed by the company with the register within _____ of order of approval from central

- A. 3 months
- B. 6 months
- C. One month
- D. 2 month

View answer

Correct answer: (C)

One month

259. A company is said to be incorporated when it is registered with registrar of the _____ company

- A. Licensing
- B. Government
- C. Existing
- D. Joint stock

View answer

Correct answer: (D)

Joint stock

260. Prospectus must therefore make full and honest declaration of materials facts without concealing or omitting any relevant fact. This is known as _____

- A. Twiquant rule
- B. Golden rule
- C. General rule
- D. Special rule

View answer

Correct answer: (B)

Golden rule

261. _____ Acts as the official signature of the company.

- A. Registration
- B. Special resolution
- C. Legal entity
- D. Common seal

View answer

Correct answer: (D)

Common seal

262. In case of a company limited by guarantee, the liability of the members can be enforced

- A. Only at the time of winding up of the company
- B. At any time when the company so decide
- C. Only by an order of court
- D. Only by an order of Registrar of companies

View answer

Correct answer: (A)

Only at the time of winding up of the company

263. _____ describes the scope of company activities

- A. Memorandum of association
- B. Prospectus
- C. Articles of Association
- D. Documents

View answer

Correct answer: (A)

Memorandum of association

264. _____ signed by the required number of persons which are necessary for the formation of company.

- A. Memorandum of Association
- B. Prospectus
- C. Statement in lieu
- D. None of the above.

View answer

Correct answer: (B)

Prospectus

265. Registered Office clause of memorandum of Association contain _____

- A. The complete postal address
- B. The name of Registrar of companies
- C. The name of City/ Town only and not that of the state
- D. The name of the state in which registered office of the company is to situate

View answer

Correct answer: (D)

The name of the state in which registered office of the company is to situate

266. _____ lays down the objects and powers of the company.

- A. Memorandum of Association
- B. Articles of Association
- C. Prospectus
- D. Statement in lieu

View answer

Correct answer: (A)

Memorandum of Association

267. Offers may be invited from the public by issuing a document known as _____

- A. Prospectus
- B. Notice
- C. Circular
- D. All of the above

View answer

Correct answer: (A)

Prospectus

268. The office of a director becomes vacant if he fails to obtain his qualification shares within _____

- A. 30 days
- B. 1 month
- C. 2 months
- D. 3 month

View answer

Correct answer: (C)

2 months

269. _____ Member of directors need to retire every year

- A. $\frac{2}{3}$
- B. 2
- C. $\frac{1}{4}$
- D. $\frac{1}{3}$

View answer

Correct answer: (D)

1/3

270. Minimum number of directors in public company is _____

- A. 3
- B. 2
- C. 4
- D. 1

View answer

Correct answer: (A)

3

271. The term whole time director is defined in sec _____ of the Companies Act 1956

- A. 2(25)
- B. 2(24)
- C. 3(25)
- D. 3(24)

View answer

Correct answer: (B)

2(24)

272. _____ is the minimum number that should be present at the meeting as per the articles of the company before any business can be validly transacted.

- A. Minutes
- B. Quorum
- C. Register
- D. Proxies

View answer

Correct answer: (B)

Quorum

273. Decisions of a company are made by _____ of its members passed at meeting of members

- A. Notice
- B. Resolution
- C. Quorum

D. Circular

View answer

Correct answer: (B)

Resolution

274. Winding up by special resolution passed by the company

- A. Compulsory winding up
- B. Winding up
- C. Voluntary winding up
- D. All of the above

View answer

Correct answer: (C)

Voluntary winding up

275. _____ is the first state in which assets realized liabilities are paid off and surplus is distributed

- A. Dissolution
- B. Winding up
- C. Acquisitions
- D. All of the above

View answer

Correct answer: (B)

winding up

276. Factories Act came into existence in _____

- A. 1948
- B. 1881
- C. 1781
- D. 1757

View answer

Correct answer: (A)

1948

277. A _____ is a visual symbol attached to goods

- A. Patent
- B. A trade mark
- C. Corporal goods

D. Sealed goods

View answer

Correct answer: (B)

A trade mark

278. Mention one right that the proxy enjoys during a meeting?

- A. Right to attend the meeting
- B. Right to poll
- C. Right to vote
- D. None of these

View answer

Correct answer: (C)

Right to vote

279. The company agrees that the remuneration of non - executive directors shall be decided by _____

- A. Company
- B. Share holders
- C. Board of Directors
- D. Central Government

View answer

Correct answer: (C)

Board of Directors

280. The alteration of the memorandum has to be certified by the Registrar within

- A. 30 days
- B. 15 days
- C. 45 days
- D. 60 days

View answer

Correct answer: (A)

30 days

281. Legal position of a promoter of a company is _____

- A. That of an agent
- B. That of a Trustee
- C. In a judiciary capacity

D. That of a solicitor

View answer

Correct answer: (C)

In a judiciary capacity

282. The procedure to write facts about resolution and its decision is called

- A. Quorum
- B. Notice
- C. Minutes of narration
- D. None of the above

View answer

Correct answer: (C)

Minutes of narration

283. In the event of company being wound up the Tribunal shall prepare list of contributories into _____

- A. List A
- B. List B
- C. List A and B
- D. List A or B

View answer

Correct answer: (C)

List A and B

284. See _____ of the companies Act, 1956 states that a company means "a company formed and registered under this Act, or an existing company"

- A. 3(2)(ii)
- B. 3(1)(ii)
- C. 3(3)(i)
- D. 3(1)(i)

View answer

Correct answer: (D)

3(1)(i)

285. A company is a _____ person

- A. Distinct person
- B. Group

- C. Legal
- D. Association

View answer

Correct answer: (C)

Legal

286. _____ company are those which are incorporated by a Royal Charter.

- A. Chartered
- B. Registered
- C. Statutory
- D. None of these.

View answer

Correct answer: (A)

Chartered

287. Public company means a company which has a minimum paid up capital of Rs. _____

- A. 2,00,000
- B. 3,00,000
- C. 5,00,000
- D. 1,00,000

View answer

Correct answer: (C)

5,00,000

288. The memorandum of Association is a _____ of the company.

- A. Certificate
- B. Schedule
- C. Document
- D. None of the above

View answer

Correct answer: (C)

Document

289. Which doctrine protects the out of the outsiders from the company?

- A. The doctrine of Ultra virus
- B. The doctrine of indoor management

- C. Both A and B
- D. None of the above

View answer

Correct answer: (B)

The doctrine of indoor management

290. A copy special resolution has to be filed with the register within _____ days

- A. 90 days
- B. 30 days
- C. 60 days
- D. 120 days.

View answer

Correct answer: (B)

30 days

291. _____ is the first stage in the formation of a company

- A. Promotion
- B. Raising of Capital
- C. Incorporation
- D. Commencement of business

View answer

Correct answer: (A)

Promotion

292. _____ is issued by any financial institution or bank for one or more of issues of securities or class of securities specified in the prospectus.

- A. A bridged prospectus
- B. Shelf Prospectus
- C. Deemed Prospectus
- D. Red Herring Prospectus

View answer

Correct answer: (B)

Shelf Prospectus

293. _____ is a shorter version of the prospectus and contains all the salient features of a prospectus that forms a part of the memorandum.

- A. Deemed prospectus
- B. A bridged prospectus
- C. Red herring prospectus
- D. Shelf prospectus

View answer

Correct answer: (B)

A bridged prospectus

294. On which of the following dates the companies Act, 1956 come in to force?

- A. 31st March 1956
- B. 1st April 1956
- C. 31st March 1957
- D. 1st April 1957.

View answer

Correct answer: (B)

1st April 1956

295. _____ of schedule I of the companies Act, which gives the specimen of memorandum of a company limited by shares

- A. Table B
- B. Table A
- C. Table D
- D. Table E

View answer

Correct answer: (A)

Table B

296. If at the registration, a company limited by shares does not file articles of association with the registrar, then

- A. The company deemed to have adopted Table A
- B. The company cannot be registered without this document
- C. The company is deemed to have become a company with unlimited liability
- D. None of the above

View answer

Correct answer: (A)

The company deemed to have adopted Table A

297. _____ document contains the rules, regulations and bye-laws for the internal management of the company

- A. Memorandum of Association
- B. Article of Association
- C. Prospectus
- D. Statement in lieu.

View answer

Correct answer: (B)

Article of Association

298. The forms of Memorandum of association are given in tables _____ in schedule I of the companies Act 1956

- A. B,A&E
- B. B,C,D&E
- C. A,C,D&E
- D. D,A,E.

View answer

Correct answer: (B)

B,C,D&E

299. Doctrine of constructive notice means _____

- A. Notice of alternation of object clause to the registrar
- B. Notice to outside dealing with the registrar as to contents of memorandum and articles
- C. Notice of change of name to members
- D. Notice to public as to issue of prospectus.

View answer

Correct answer: (B)

Notice to outside dealing with the registrar as to contents of memorandum and articles

300. _____ vacancy is caused by resignation, death, insolvency or insanity

- A. Casual
- B. General
- C. Special
- D. None of the above

View answer

Correct answer: (A)

Casual

301. The directors may be held _____ liable on their failure to fulfill the formalities imposed upon them by the Act

- A. General law
- B. Criminal
- C. Civil
- D. All of the above

View answer

Correct answer: (B)

Criminal

302. _____ is a group of people who are acting on behalf of the company

- A. Managing Director
- B. Partnership
- C. Board of Directors
- D. All of the above

View answer

Correct answer: (C)

Board of Directors

303. _____ director act during the absence of the original director.

- A. First director
- B. Additional director
- C. Alternative director
- D. Representative director

View answer

Correct answer: (C)

Alternative director

304. For the proper conduct of business in a meeting a _____ is necessary

- A. Director
- B. Managing director
- C. Chairman
- D. Shareholders

View answer

Correct answer: (C)
Chairman

305. _____ is a proposal put before a meeting.

- A. Motion
- B. Resolution
- C. Quorum
- D. Proxy

View answer

Correct answer: (A)
Motion

306. In case of members voluntary winding up , the liquidation for conducting the winding up proceedings is appointed by _____.

- A. Central government
- B. Company in its general meeting
- C. Company law board
- D. Register

View answer

Correct answer: (B)
Company in its general meeting

307. The name of a defunct company can be resorted to register on an application made to the Tribunal by the company, or any member or a creditor within _____.

- A. 3 years from the dissolution
- B. 6 years from the dissolution
- C. 20 years from the dissolution
- D. 12 years from the dissolution.

View answer

Correct answer: (C)
20 years from the dissolution

308. Every worker who worked for _____ days entitled to Annual Wages

- A. 200
- B. 240
- C. 500
- D. 440

View answer

Correct answer: (B)

240

309. In corporal properties are not _____

- A. Flexible
- B. Apparent
- C. Corporal
- D. Reachable

View answer

Correct answer: (B)

Apparent

310. Extra ordinary meeting of the _____

- A. Member
- B. Share holders
- C. Directors
- D. Both A and B

View answer

Correct answer: (B)

Share holders

311. The winding up in which a solvency declaration is not made is known as _____

- A. Creditors voluntary winding up
- B. Members voluntary winding up
- C. Compulsory winding up
- D. None of the above

View answer

Correct answer: (A)

Creditors voluntary winding up

312. On a winding up order being made, the company's property comes under the custody of _____

- A. Central Government
- B. Tribunal
- C. Share holders
- D. Liquidator

View answer

Correct answer: (D)

Liquidator

313. The charter of a company is its _____

- A. Articles of Association
- B. Prospectus
- C. Memorandum of Association
- D. Certificate of incorporation

View answer

Correct answer: (C)

Memorandum of Association

314. The doctrine of indoor management provides protection to _____

- A. The outsider
- B. The Board of Directors
- C. The Share holders
- D. The managing directors

View answer

Correct answer: (A)

The outsider

315. Minutes of company meeting should be prepared within _____ of the meeting

- A. 21 days
- B. 30 days
- C. 40 days
- D. 45 days

View answer

Correct answer: (B)

30 days

316. Official liquidators are appointed from the panel of _____

- A. Professional firm of Chartered Accountant
- B. Advocate
- C. Company Secretaries
- D. All of the above

View answer

Correct answer: (D)

All of the above

317. A company is a _____ of a person who have come together for a common object which generally is to earn profit

- A. Artificial person
- B. Voluntary Association
- C. Incorporate Association
- D. All of these.

View answer

Correct answer: (D)

All of these.

318. Mean any premises including precincts thereof

- A. Industry
- B. Factory
- C. Company
- D. Workmen

View answer

Correct answer: (B)

Factory

319. Companies limited by _____ are not formed for the purpose of profit but for the promotion of art, science, culture, charity, sports, commerce etc.

- A. Members
- B. Shares
- C. Liability
- D. Guarantee

View answer

Correct answer: (D)

Guarantee

320. During which of the following circumstances can the veil be lifted by the court?

- A. Where the Co acts as an agent
- B. Where a fund is noticed
- C. When the company tries to avoid certain legal obligation
- D. All of the above.

View answer

Correct answer: (D)

All of the above.

21. The _____ issues the certificate of incorporation

- A. Register
- B. Director
- C. Court
- D. All of the above

View answer

Correct answer: (A)

Register

322. Sec. _____ of the companies Act deals with the meaning and provisions related to the shelf prospectus.

- A. 50
- B. 4(1)
- C. 2(2)
- D. 60

View answer

Correct answer: (D)

60

323. Sec. _____ of the companied Act defines foreign company

- A. 4(4)
- B. 3(1)(i)
- C. 3(1)(ii)
- D. 591

View answer

Correct answer: (D)

591

324. A company may change its name by passing _____ with the approval of central govt.

- A. Special resolution
- B. Ordinary resolution
- C. Both A & B
- D. None of the above

View answer

Correct answer: (A)

Special resolution

325. Golden rule was laid down by _____

- A. KINDERSELY VC in new Brun Wick Co. V Marreride
- B. Edington V Fitzmaurice
- C. Treeman V Buckhcats
- D. Royal British Bank V Turquand

View answer

Correct answer: (A)

KINDERSELY VC in new Brun Wick Co. V Marreride

326. _____ is a person who has signed company's memorandum of association

- A. Individual
- B. Corporate body
- C. Member
- D. Legal person

View answer

Correct answer: (C)

Member

327. The privilege of limited liability was introduced in the Indian Company Law, in the year of

- A. 1850
- B. 1857
- C. 1927
- D. 1956

View answer

Correct answer: (B)

1857

328. The first important document to be filed with the Registrar is _____

- A. Articles of Association
- B. Prospectus
- C. Memorandum of Association
- D. None of these.

View answer

Correct answer: (C)

Memorandum of Association

329. _____ contain the rules and regulation of the company

- A. Prospectus
- B. Statement in lieu
- C. Articles of Association
- D. Memorandum of Association

View answer

Correct answer: (C)

Articles of Association

330. The capital with which the company is registered is called the _____

- A. Subscribed Capital
- B. Nominal Capital
- C. Working Capital
- D. None of these

View answer

331. The procedure for change of registered office from one city to another within the state is by passing _____

- A. Special resolution only
- B. Ordinary resolution only
- C. Special resolution and approval of central government
- D. Ordinary resolution and approval of company law board

View answer

Correct answer: (A)

Special resolution only

332. The forms of articles of association are given in tables _____ is schedule I of the companies Act 1956

- A. A,C,D&E
- B. B,C,D&E
- C. B,A,C&E
- D. B,D&E

View answer

Correct answer: (A)

A,C,D&E

333. According to sec.225, the directors should be appointed in he _____

- A. Office of the Registrar
- B. General Meeting
- C. Company
- D. Share holders

View answer

Correct answer: (B)

General Meeting

334. Directors are _____ of he powers conferred on then and they must exercise those powers bonafide and for the benefit of the company.

- A. Trustee
- B. Management
- C. Representative
- D. None of the above

View answer

Correct answer: (A)

Trustee

335. The quorum for a meeting of the board of directors shall be _____ of its total strength or 2 directors whichever is higher.

- A. 3
- B. $\frac{1}{2}$
- C. $\frac{1}{4}$
- D. $\frac{1}{3}$

View answer

Correct answer: (D)

$\frac{1}{3}$

336. _____ can be imposed on directors for non compliance of requirements'of companies Act

- A. Penalty
- B. Fine
- C. Statutory penalty
- D. Criminal liability

View answer

Correct answer: (B)

Fine

337. _____ is the first general meeting of the share holders of a public company

- A. Extra ordinary meeting
- B. Class meeting
- C. General meeting
- D. Statutory meeting.

View answer

Correct answer: (D)

Statutory meeting.

338. _____ called for dealing with some urgent special business which cannot be postponed till the next annual general meeting.

- A. Extra ordinary general meeting
- B. Ordinary general meeting
- C. Class meeting
- D. None of the above.

View answer

Correct answer: (A)

Extra ordinary general meeting

339. _____ refers to the instrument by which a person is appointed to act for another at a meeting of the company.

- A. Proxy
- B. Quorum
- C. Motion
- D. None of the above

View answer

Correct answer: (A)

Proxy

340. winding up by the order of Tribunal is _____

- A. Voluntary winding up
- B. Compulsory winding up
- C. Winding up

D. All the above.

View answer

Correct answer: (B)

Compulsory winding up

341. The order of dissolution can be issued only by the company

- A. Tribunal
- B. Company Law Board
- C. Both A and B
- D. None of these.

View answer

Correct answer: (A)

Tribunal

342. _____ mean a person who is either child or Adolescent

- A. Child
- B. Young person
- C. Adolescent
- D. Adult

View answer

Correct answer: (B)

Young person

343. _____ auditors of the company are appointed by the share holders in annual General Meeting.

- A. General
- B. Statutory
- C. Special
- D. None of these

View answer

Correct answer: (B)

Statutory

344. A registered trade mark is called _____

- A. Patent
- B. Sealed good
- C. Common Law Mark

D. ISI mark

View answer

Correct answer: (C)

Common Law Mark

345. The minutes of the company in case of a Board Meeting shall be signed by _____

- A. Director
- B. Chairman
- C. Managing director
- D. Both A and B.

View answer

Correct answer: (B)

Chairman

346. Shelf Prospectus means a prospectus issued by _____

- A. Any trading company
- B. Any industrial company
- C. Any financial institution of bank
- D. None of the above.

View answer

Correct answer: (C)

Any financial institution of bank

347. The common seal of the company should have

- A. The company's name
- B. The word Corporate seal
- C. The Place of the company
- D. All of the above.

View answer

Correct answer: (D)

All of the above.

348. For declaration of dividend no _____ resolution is required

- A. Ordinary
- B. Special
- C. Simple

D. None of the above

View answer

Correct answer: (B)

Special

349. Anything done under an agreement between the company and third party requires recognition of the company in the form of _____

- A. Contract
- B. Agreement
- C. Partnership
- D. Official seal

View answer

Correct answer: (D)

Official seal

350. Private company means a company which has a minimum paid up capital of _____

- A. Rs.2,00,000
- B. Rs.5,00,000
- C. Rs.1,00,000
- D. Rs.1,50,000

View answer

Correct answer: (C)

Rs.1,00,000

351. On a share of Rs.200 of a company a shares holder has already paid Rs.150 . His Liability is now limited to:

- A. 200
- B. 50
- C. 150
- D. 0

View answer

Correct answer: (B)

50

352. Doctrine of Ultra virus has reference to _____ clause

- A. Object

- B. Subscription
- C. Liability
- D. None of these.

View answer

Correct answer: (A)

Object

353. _____ are subordinate to and controlled by the memorandum.

- A. Articles of Association
- B. Prospectus
- C. Statement in law
- D. All of the above.

View answer

Correct answer: (A)

Articles of Association

354. The idea of carrying on a business is conceived by a person by a group of persons called _____

- A. Exploits
- B. Promoters
- C. Directors
- D. None of these

View answer

Correct answer: (B)

Promoters

355. The company shall give notice of alteration to the Register within _____ of passing the resolution

- A. 3 months
- B. 6 months
- C. 30 days
- D. 60 days

View answer

Correct answer: (C)

30 days

356. The association that are not registered under sec. 11 of the companies act is _____

- A. Incorporated Association
- B. Illegal Association
- C.]Non Licensed Association
- D. Unregistered Association

View answer

Correct answer: (B)

Illegal Association

357. Statutory companies are also known as _____

- A. State legislative
- B. Govt. Company
- C. Corporation
- D. None of the above

View answer

Correct answer: (C)

Corporation

358. _____ is the construction of a company

- A. Promotion
- B. Certificate of incorporation
- C. Memorandum
- D. Documents

View answer

Correct answer: (C)

Memorandum

359. A public company having a share capital, becomes entitled to commence business only after obtaining a further certificate known as a _____

- A. Company formation
- B. Certificate of incorporation
- C. Provisional contracts
- D. Certificate of commence business

View answer

Correct answer: (D)

Certificate of commence business

360. _____ is subordinate to and controlled by the memorandum of association

- A. Prospectus
- B. Statement in lieu
- C. Articles of association
- D. None of the above

View answer

Correct answer: (C)

Articles of association

361. The doctrine of indoor Management has its own origin in

- A. Salmon V Salona U&Co.Ltd.
- B. Ryland V Turquand
- C. Royal British Bank V Turquand
- D. None of these

View answer

Correct answer: (C)

Royal British Bank V Turquand

362. _____ is the supreme policy framing and decision making organ of a company.

- A. Board of directors
- B. Share holders
- C. Auditor
- D. Body corporate

View answer

Correct answer: (A)

Board of directors

363. A person cannot hold directorship of more than _____ companies at a time

- A. 15
- B. 50
- C. 25
- D. 10

View answer

Correct answer: (A)

15

364. Minimum number of directors in private company is _____

- A. 3
- B. 2
- C. 4
- D. 1

View answer

Correct answer: (B)

2

365. The appointment of every director is to be made by an _____ at the general meeting

- A. Ordinary resolution
- B. Special resolution
- C. Single resolution
- D. None of the above

View answer

Correct answer: (A)

Ordinary resolution

366. Statutory meeting held within a period of _____

- A. 90 days from the date at which the company is entitled to start its business
- B. 6 months from the date of incorporation
- C. Not less one month & not more than 6 month which the company is entitled to start its business
- D. 18 months from the date of incorporation

View answer

Correct answer: (C)

Not less one month & not more than 6 month which the company is entitled to start its business

367. _____ means the list of business or thing to be done at the meeting

- A. Quorum
- B. Register
- C. Minutes
- D. Agenda

View answer

Correct answer: (D)

Agenda

368. Special resolution is passed by majority _____ of the members voting by show of hands or on poll either in person or by proxy.

- A. 1/3
- B. 1/2
- C. 3
- D. 3/4

View answer

Correct answer: (D)

3/4

369. A past member can also be placed on the list of contributories if he has ceased to be a member within _____

- A. 3 years before the commencement of the winding up
- B. 2 years before the commencement of the winding up
- C. 18 months before the commencement of the winding up
- D. 12 months before the commencement of the winding up

View answer

Correct answer: (D)

12 months before the commencement of the winding up

370. A person who completed 15th year and below 18 year

- A. Audit
- B. Adolescent
- C. Minor
- D. Young person

View answer

Correct answer: (B)

Adolescent

371. Corporal property is _____

- A. Equable
- B. Visible
- C. Tangible
- D. Flexible

View answer

Correct answer: (C)

Tangible

372. The board shall meet at least four time a year, with a maximum times gap of _____ between any two meetings

- A. 6 months
- B. 3 months
- C. 2 months
- D. 4 months

View answer

Correct answer: (B)

3 months

373. East India Company is an example of _____ company

- A. Chartered
- B. Statutory
- C. Registered
- D. Foreign.

View answer

Correct answer: (A)

Chartered

374. A unique feature of trade mark is its _____

- A. Corporality
- B. Perpetual life
- C. Degeneration
- D. Industrialism

View answer

Correct answer: (B)

Perpetual life

375. The most clause in the memorandum of Association of a company is _____

- A. Name clause
- B. Objects clause
- C. Registered Office Clause.
- D. Liability clause

View answer

Correct answer: (B)

Objects clause

376. The statement in lieu of prospectus must be filed with the Registrar at least _____ days before any allotment of shares is made.

- A. 15
- B. 30
- C. 6
- D. 3

View answer

Correct answer: (D)

3

377. The exception to the doctrine of constructive notice is provided in _____

- A. Lifting the corporate veil
- B. Doctrine of indoor management
- C. Doctrine of ultra virus
- D. None of these

View answer

Correct answer: (B)

Doctrine of indoor management

378. A company is the creation of _____

- A. Common seal
- B. Law
- C. Share capital
- D. Members

View answer

Correct answer: (B)

Law

379. Minimum _____ persons to constitute a public limited company.

- A. 7
- B. 10
- C. 2
- D. 5

View answer

Correct answer: (A)

7

380. Statutory companies are those incorporated under a special act passed by _____

- A. Companies Act
- B. Parliament
- C. Special resolution
- D. Law

View answer

Correct answer: (B)

Parliament

381. Shares can be freely transferable in _____

- A. Public company
- B. Private company
- C. Registered company
- D. Government company

View answer

Correct answer: (A)

Public company

382. If the Articles of a company conflict with the memorandum.

- A. The articles shall prevail
- B. The memorandum shall prevail
- C. The directors will resolve the conflict
- D. The court will resolve the conflict.

View answer

Correct answer: (B)

The memorandum shall prevail

383. Which Doctrine seeks to promote the company from the outsiders?

- A. The doctrine of indoor management
- B. The doctrine of Ultra virus
- C. The doctrine of constructive notice
- D. None of these.

View answer

Correct answer: (C)

The doctrine of constructive notice

384. Sec.25 related to _____ companies

- A. Holding
- B. Licensed
- C. Subsidiary
- D. Existing

View answer

Correct answer: (B)

Licensed

385. When one company controls the management of another company, the format is called a _____ company

- A. Existing
- B. Holding
- C. Subsidiary
- D. Licensed

View answer

Correct answer: (C)

Subsidiary

386. A Public company May issue a prospectus called _____

- A. Red herring Prospectus
- B. Shelf prospectus
- C. A bridged prospectus
- D. Deemed prospectus

View answer

Correct answer: (A)

Red herring Prospectus

387. _____ is a person who holds the shares for the benefit persons

- A. Trustee
- B. Member
- C. Shareholder
- D. Company

View answer

Correct answer: (A)

Trustee

388. The history of the Indian Company Law began in the year of

- A. 1850
- B. 1908
- C. 1913
- D. 1956

View answer

Correct answer: (A)

1850

389. _____ is compulsory for unlimited companies, private companies limited by guarantee.

- A. Memorandum of association
- B. Articles of Association
- C. Prospectus
- D. Statement in lieu

View answer

Correct answer: (B)

Articles of Association

390. The annual return should be filed by a company with the Registrar within the date of the annual general meeting of the company.

- A. 40
- B. 60
- C. 30
- D. 50

View answer

Correct answer: (B)

60

391. _____ lays down the modes in which the objects of the company are to be carried out by the members.

- A. Statement in lieu
- B. Prospectus
- C. Memorandum of Association
- D. Articles of association

View answer

Correct answer: (D)
Articles of association

392. Articles of Association are not required to be registered in case of _____

- A. An unlimited Company
- B. A company limited by guarantee
- C. A public company limited by shares.
- D. A private company limited by shares.

View answer

Correct answer: (C)
A public company limited by shares.

393. The maximum remuneration paid to a manager cannot exceed _____ percent of the annual net profit

- A. 10%
- B. 5%
- C. 15%
- D. 25%

View answer

Correct answer: (B)
5%

394. _____ is the executive authority of the company

- A. Partners
- B. Shareholders
- C. Board of Directors
- D. Expert

View answer

Correct answer: (C)
Board of Directors

395. A managing Director can be appointed for a maximum period of _____

- A. 2 years
- B. 10 years
- C. 3 years
- D. 5 years

View answer

Correct answer: (D)

5 years

396. _____ is the official records of the meeting of the company

- A. Quorum
- B. Register
- C. Report
- D. Minute

View answer

Correct answer: (D)

Minute

397. _____ is the resolution which is passed at validly called general meeting, by simple majority of the members.

- A. Special resolution
- B. Resolution by postal ballot
- C. Ordinary resolution
- D. Resolution requiring special notice.

View answer

Correct answer: (C)

Ordinary resolution

398. The company is dissolved when the tribunal passes in order of dissolution and the Tribunal shelf pass such order _____.

- A. When the affairs of the company have been completely wound up
- B. Immediately after the winding up order
- C. At the instance of Central government
- D. At the distance of company law Board.

View answer

Correct answer: (A)

When the affairs of the company have been completely wound up

399. In members voluntary winding up control of winding up in the hands of the _____

- A. Creditors
- B. Members
- C. Company
- D. Directors

View answer

Correct answer: (C)

Company

400. Corporal refer to _____

- A. Possession
- B. Ownership
- C. Building
- D. Computer

View answer

Correct answer: (B)

Ownership

401. The time gap between two Annual Meeting should not exceed _____

- A. 6 months
- B. 12 months
- C. 8 months
- D. 15 months.

View answer

Correct answer: (D)

15 months.

402. For meeting may be adjourned by _____ circumstances

- A. Quorum is not present
- B. Lack of information
- C. Balance sheet is not present
- D. None of the above

View answer

Correct answer: (B)

Lack of information

403. _____ is a kind of industrial property which can be purchased

- A. Trade mark
- B. Collective mark
- C. Patent
- D. ISI mark

View answer

Correct answer: (C)

Patent

404. Notice of the registered office of the company shall be given to the registration of companies within _____

- A. 45 days
- B. 30 days
- C. 15 days
- D. 60 days

View answer

Correct answer: (B)

30 days

405. RBI is an example of _____ company

- A. Chartered
- B. Statutory
- C. Licenced
- D. Registered

View answer

Correct answer: (B)

Statutory

406. Voting in a company meeting can be through

- A. Ballot
- B. Raising hands
- C. Raising votes
- D. All of these.

View answer

Correct answer: (D)

All of these.

407. The winding up of the company can only be done by the process of _____

- A. Dissolution of partnership
- B. General meeting
- C. Law
- D. Management

View answer

Correct answer: (C)

Law

408. A _____ is a document but invites the public to subscribe for share and debentures

- A. Memorandum
- B. Articles
- C. Prospectus
- D. Certificate

View answer

Correct answer: (C)

Prospectus

409. The person of group who being a company into existence are called _____

- A. A firm
- B. Incorporation
- C. Promoters
- D. Promotion

View answer

Correct answer: (C)

Promoters

410. If a public company limited by shares does not register its own articles _____ apply

- A. Table C
- B. Table B
- C. Table A
- D. Table D

View answer

Correct answer: (C)

Table A

11. The power to order rectification of register of members vests in the _____

- A. Court
- B. Tribunal
- C. Central Government
- D. Board of directors

View answer

Correct answer: (B)

Tribunal

412. A Statutory company is one which incorporated by

- A. An Act of Parliament
- B. By an Act of state legislature
- C. Under the companies Act,1956
- D. By either a or b.

View answer

Correct answer: (D)

By either a or b.

413. _____ can be passed by the support of three fourth majority a share holders who are present and entitle to vote at a meeting.

- A. Special resolution
- B. Ordinary resolution
- C. Both A and B
- D. None of these.

View answer

Correct answer: (C)

Both A and B

414. A foreigner can become a member of a company registered in India but permission of

- A. SEBI
- B. High Court
- C. RBI
- D. Supreme court

View answer

Correct answer: (C)

RBI

415. A elected director can be terminated by the

- A. Company
- B. High Court
- C. State Government
- D. Central Government

View answer

Correct answer: (D)

Central Government

416. _____ is a manufacturing process

- A. Railway running shed
- B. Existing films
- C. Making of Bidi
- D. Mere-storage of salable articles in refrigerator.

View answer

Correct answer: (C)

Making of Bidi

417. _____ is a decision on the proposal

- A. Quorum
- B. Proxy
- C. Motion
- D. Resolution

View answer

Correct answer: (D)

Resolution

418. Section 10 provides for the appointment of _____

- A. Inspector
- B. Adult
- C. Certifying surgeon
- D. Adolescent

View answer

Correct answer: (C)

Certifying surgeon

419. A proxy can vote only in case of _____

- A. Vote
- B. Poll
- C. Election
- D. None of these.

View answer

Correct answer: (B)

Poll

420. _____ are the true owners of the company.

- A. Members
- B. Investors
- C. Directors
- D. Share holders

[View answer](#)

Correct answer: (D)

Share holders