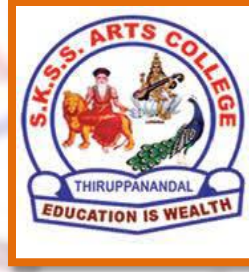




ஸ்ரீ-ல-ஸ்ரீ காசிவாசி சுவாமிநாத சுவாமிகள் கலைக் கல்லூரி
தருப்பனந்தாள் - 612504

S.K.S.S ARTS COLLEGE, THIRUPPANANDAL - 612504



QUESTION BANK

Title of the Paper

BUSINESS LAW

Course: II B.COM., & II B.COM., (CA)

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CORE COURSE -VI
ALLIED COURSE – IV
BUSINESS LAW

UNIT – I

Introduction - Definition and scope of mercantile law - growth and sources of mercantile law - Nature and kinds of contracts – offer and acceptance - consideration - capacity of parties - free consent- legality of object - void agreements - contingent contracts.

UNIT – II

Performance of contract - Discharge of contract - remedies for breach including specific Performance- Quasi-contracts.

UNIT – III

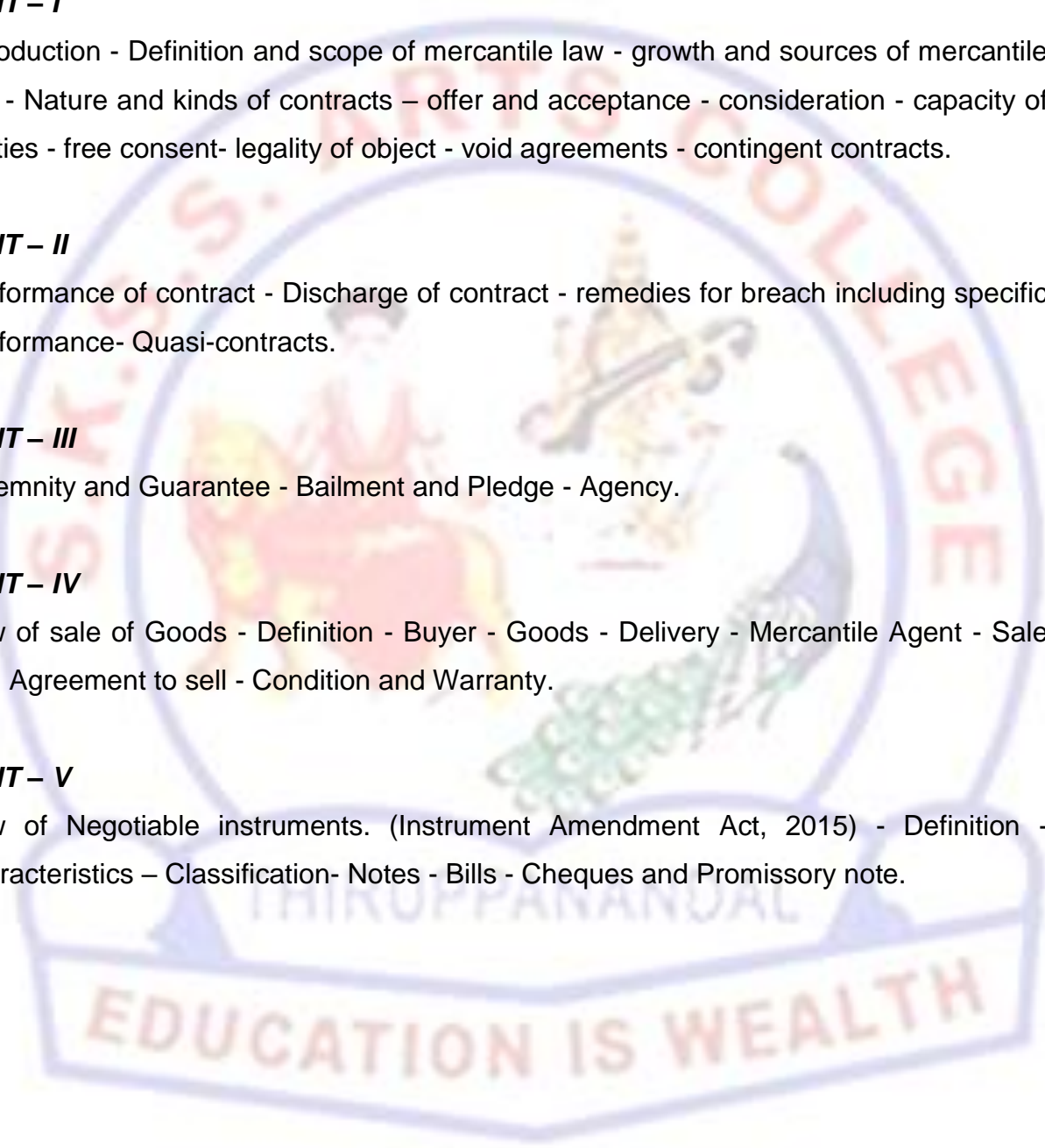
Indemnity and Guarantee - Bailment and Pledge - Agency.

UNIT – IV

Law of sale of Goods - Definition - Buyer - Goods - Delivery - Mercantile Agent - Sale and Agreement to sell - Condition and Warranty.

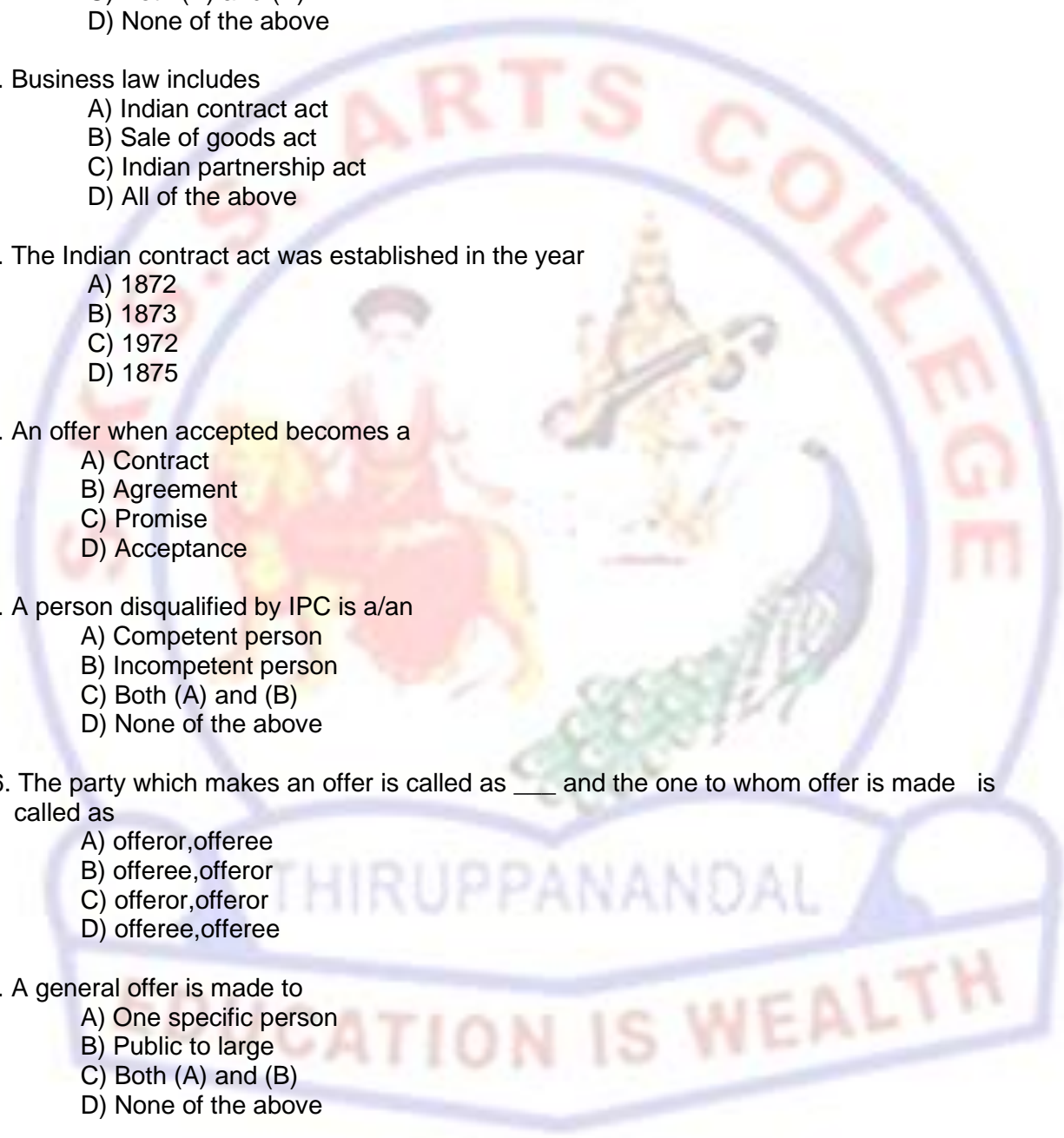
UNIT – V

Law of Negotiable instruments. (Instrument Amendment Act, 2015) - Definition - characteristics – Classification- Notes - Bills - Cheques and Promissory note.



UNIT – I

CHOOSE THE CORRECT ANSWER

1. Business law is also called as
 - A) Mercantile law
 - B) Commercial law
 - C) Both (A) and (B)
 - D) None of the above
 2. Business law includes
 - A) Indian contract act
 - B) Sale of goods act
 - C) Indian partnership act
 - D) All of the above
 3. The Indian contract act was established in the year
 - A) 1872
 - B) 1873
 - C) 1972
 - D) 1875
 4. An offer when accepted becomes a
 - A) Contract
 - B) Agreement
 - C) Promise
 - D) Acceptance
 5. A person disqualified by IPC is a/an
 - A) Competent person
 - B) Incompetent person
 - C) Both (A) and (B)
 - D) None of the above
 6. The party which makes an offer is called as ____ and the one to whom offer is made is called as
 - A) offeror, offeree
 - B) offeree, offeror
 - C) offeror, offeror
 - D) offeree, offeree
 7. A general offer is made to
 - A) One specific person
 - B) Public to large
 - C) Both (A) and (B)
 - D) None of the above
 8. The one who promises is called as
 - A) Promisor
 - B) Promisee
 - C) Offeror
 - D) Offeree
- 

9. Consideration must move at ____ of the promisor

- A) Desire
- B) Notice
- C) Benefit
- D) None of the above

10. An agreement with a minor is

- A) Void agreement
- B) Void contract
- C) Void-ab- initio
- D) None of the above

Answers: 1.C 2.D 3.A 4.C 5.B 6.A 7.B 8.A 9.A 10.C

SHORT QUESTIONS (2 MARKS)

11. Define Law.
12. Define Business Law
13. What do you meant by agreement?
14. Define contract.
15. What is an offer?
16. What do you meant by illegal contract?
17. Define consideration.
18. What is legal agreement?
19. What is acceptance?
20. Define obligation.

PARAGRAPH QUESTIONS (5 MARKS)

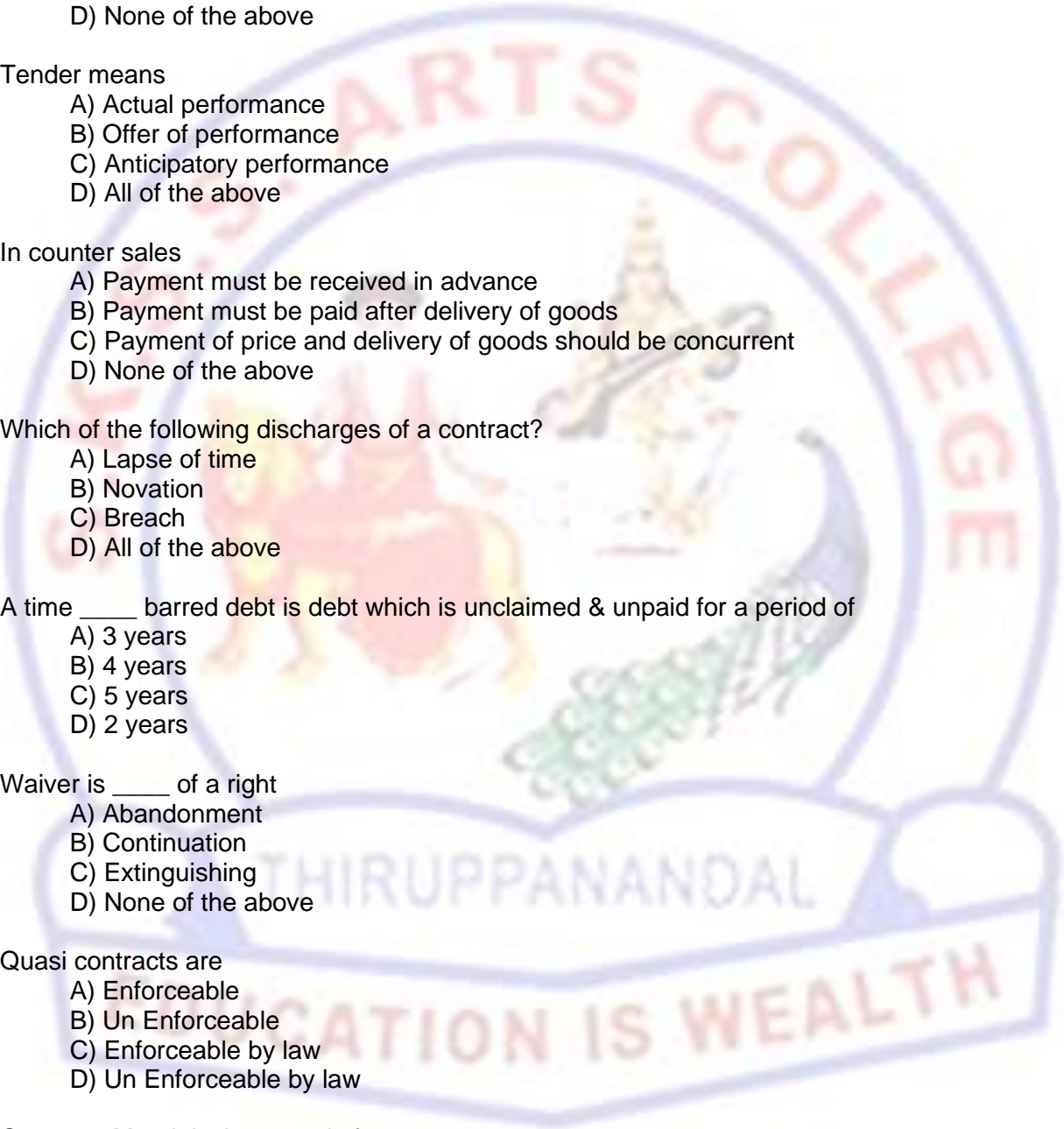
21. Explain the essential elements of a valid contract.
22. " A contract without consideration is void " - Discuss
23. Distinguish between agreement and contract.
24. Distinguish between fraud and misrepresentation.
25. Distinguish between void agreement and void contract.
26. Explain the essentials of a valid consideration.
27. Consideration is must but it need not be adequate - Discuss
28. Explain the effects of illegal agreements.
29. Briefly explain about free consent.
30. Explain the features of contingent contracts.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain the object and nature of law of contracts.
32. Briefly explain, the classification of contracts.
33. Explain the essentials of a valid offer.
34. Explain the legal rules regarding to consideration.
35. Explain the legal rules regarding to offer.
36. Explain the rules regarding to performance of contingent contracts.
37. State briefly, the law relating to the competence of parties.
38. Under what circumstances is the object or consideration of a contract deemed unlawful? - Discuss
39. Differences between contingent contracts and wagering contracts.
40. Discuss the doctrine of public policy.

UNIT- II

CHOOSE THE CORRECT ANSWER

1. Performance of contracts results into
 - A) Discharge of contract
 - B) Remission of contract
 - C) Restitution of contract
 - D) None of the above
 2. Tender means
 - A) Actual performance
 - B) Offer of performance
 - C) Anticipatory performance
 - D) All of the above
 3. In counter sales
 - A) Payment must be received in advance
 - B) Payment must be paid after delivery of goods
 - C) Payment of price and delivery of goods should be concurrent
 - D) None of the above
 4. Which of the following discharges of a contract?
 - A) Lapse of time
 - B) Novation
 - C) Breach
 - D) All of the above
 5. A time ____ barred debt is debt which is unclaimed & unpaid for a period of
 - A) 3 years
 - B) 4 years
 - C) 5 years
 - D) 2 years
 6. Waiver is ____ of a right
 - A) Abandonment
 - B) Continuation
 - C) Extinguishing
 - D) None of the above
 7. Quasi contracts are
 - A) Enforceable
 - B) Un Enforceable
 - C) Enforceable by law
 - D) Un Enforceable by law
 8. Quantum Meruit is the remedy for
 - A) All contracts
 - B) Express contract
 - C) Quasi contract
 - D) Implied contract
- 

9. Injunction is order issued by
- A) Court of law
 - B) Indian contract act
 - C) Departments
 - D) None of the above

10. Vindictive damages are also called as;
- A) Exemplary damages
 - B) Punitive damages
 - C) Both (A) and (B)
 - D) All of the above

Answers: 1.A 2.B 3.C 4.D 5.A 6.A 7.C 8.C 9.A 10.C

SHORT QUESTIONS (2 MARKS)

- 11. What is quasi-contract?
- 12. Define coercion.
- 13. Define performance of contract.
- 14. What is meant by novation?
- 15. Define breach of contract.
- 16. What is appropriation of payment?
- 17. What is supervening impossibility of performance?
- 18. Who is a finder of lost goods?
- 19. Define joint promisor?
- 20. Define waiver.

PARAGRAPH QUESTIONS (5 MARKS)

- 21. Explain the remedies for breach of contract.
- 22. Briefly explain the various types of quasi contract.
- 23. Explain the term: performing of contract.
- 24. Explain the discharge of contract by the consent.
- 25. Explain the effects of coercion.
- 26. Write short notes on:
 - A) Breach of contract
 - B) Quasi contracts
- 27. Write short notes on:
 - A) Rescission of contract
 - B) Discharge of contract
- 28. Explain the rules of law relating to time and place of performance of contract.
- 29. Under what circumstances of a contract need not be formed. – Discuss.
- 30. Explain the devolution of Joint liabilities.

ESSAY TYPE QUESTIONS (10 MARKS)

- 31. Explain the various modes of discharge of contract.
- 32. Discuss the law relating to the rights and liabilities of a joint promisers in a contract.
- 33. State the rules relating to appropriation of payments made by a debtor to his creditor.
- 34. What are the essential requisites of a valid tender of performance? - Briefly explain
- 35. Discuss the effects of supervening impossibility on the performance of contract.

36. How can a contract discharged by?
A) Lapse of time
B) Performance
C) Operation of law
37. Explain the characteristics of quasi contracts.
38. Explain the kinds of damages.
39. Explain in detail the principles for determining the measures of damages.
40. Under what circumstances is a party entitled to a specific performance. - Briefly explain.

UNIT- III

CHOOSE THE CORRECT ANSWER

1. Indemnity holder is called as the
A) Indemnifier
B) Indemnified
C) Neither (A) and (B)
D) None of the Above
2. The prime motive of a contract of indemnity is
A) To indemnify the loss
B) To compensate the loss
C) To make goods the Loss
D) All of the Above
3. A contract of guarantee is a
A) Tripartite agreement
B) Bipartite agreement
C) Solo agreement
D) Unilateral agreement
4. Surety is called as _____ debtor
A) First
B) Prime
C) Favoured
D) Dis favoured
5. Subrogation is a right of
A) Debtor
B) Creditor
C) Surety
D) All of the above
6. In a contract of bailment, owner of the goods is known as
A) Bailor
B) Bailee
C) Possessor
D) None of the Above

7. Gratuitous bailment is
A) With reward
B) Without reward
C) With surety
D) Without surety
8. Sub agent is
A) Appointed by the principal
B) Appointed by the agent
C) Both (A) and (B)
D) None of the above
9. Substituted agent is
A) Named by principal, appointed by agent
B) Named by agent, appointed by agent
C) Named and appointed by agent for the principal
D) None of the above
10. Which of the following is a mode of creation of agency?
A) By an agreement
B) By estoppels
C) By holding out
D) All of the above

Answers: 1.B 2.D 3.A 4.C 5.C 6.A 7.B 8.B 9.C 10.D

SHORT QUESTIONS (2 MARKS)

11. Define contract of indemnity.
12. Define contract of guarantee.
13. Who is eligible to become an agent?
14. Define Bailment.
15. Define Pledge.
16. Who is sub- agent?
17. What is lien?
18. What is continuing guarantee?
19. What is a gratuitous bailment?
20. What is accretion of goods?

PARAGRAPH QUESTIONS (5 MARKS)

21. Differences between contract of indemnity and contract of guarantee.
22. Differences between bailment and pledge.
23. List out the kinds of bailment.
24. Explain the classification of the agent.
25. Explain the essential features of contract of guarantee
26. Write short notes on:
 - A) Agency by estoppels
 - B) Agency by necessity

27. Explain the kinds of lien.
28. State the duties of bailor.
29. Explain the kinds of guarantee.
30. Explain the essentials of a contract of agency.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Describe the rights and duties of bailor and bailee.
32. Under what circumstances is an agency terminated.- Discuss
33. Explain the duties of an agent- towards principal.
34. What are the rights of surety? How the surety is discharged?
35. State and explain, the circumstances under which a surety is discharged from liability.
36. Discuss the rights and responsibilities of a gratuitous bailee.
37. Describe the rights and duties of pawnor and pawnee.
38. Explain the rights and liabilities of an indemnifier.
39. State briefly, the duties and rights of an agent and principal.
40. Discuss the different modes in which the authority of an agent may terminate.

UNIT- IV

CHOOSE THE CORRECT ANSWER

1. Which the following is called as an absolute contract of sale?
 - A) Where seller transfers possession of goods to buyer
 - B) Where seller transfers ownership of goods to buyer
 - C) Where seller transfers custody of goods to buyer
 - D) None of the above
2. An agreement to sell is also called as
 - A) Absolute sale
 - B) Valid contract of sale
 - C) Conditional sale
 - D) None of the above
3. Which of the following is not a goods as per Sale of goods Act, 1930?
 - A) Power, water, gas
 - B) Lottery tickets
 - C) Electronic TV signals
 - D) None of the above
4. The subject matter of contract of sales is
 - A) Contract
 - B) Documents
 - C) Ownership rights
 - D) Goods
5. Goods which are yet to be acquired or produced in future by the seller are called as
 - A) Existing goods
 - B) Contingent goods
 - C) Future goods
 - D) Ascertained goods

6. What is the consequence, if the subject matter of contract of sale is destroyed before making the contract?
- A) Void agreement
 - B) Void - ab- initio
 - C) Void contract
 - D) None of the above
7. Condition is
- A) Stipulation as to main purpose of the contract
 - B) Stipulation collateral to main purpose of contract
 - C) Stipulation additional to main purpose of contract
 - D) All of the above
8. Breach of condition leads to
- A) Claim for damages only
 - B) Claim for losses only
 - C) Claim for repudiate contract
 - D) All of the above
9. As per the condition as to title
- A) Seller should be the custodian of goods sold
 - B) Seller should be the guarantor of goods sold
 - C) Seller should be the owner of goods sold
 - D) None of the above
10. Condition as to fitness applies when
- A) Buyer needs goods for a special purpose
 - B) Buyer tells that purpose to the seller
 - C) Buyer relies on skill of seller
 - D) All of the above

Answers: 1.B 2.C 3.D 4.D 5.C 6.B 7.A 8.D 9.C 10.D

SHORT QUESTIONS (2 MARKS)

11. Define contract of sale.
12. What do you mean by unpaid seller?
13. Who is caveat emptor?
14. What is Auction sales?
15. What do you meant by Existing goods?
16. Define condition.
17. Define warranty.
18. Define contingent goods.
19. Who is buyer?
20. What is meant by Hire purchase agreement?

PARAGRAPH QUESTIONS (5 MARKS)

21. What are the essential elements of contract of sale?
22. Distinguish between sale and agreement to sell.
23. Explain the classification of existing goods.
24. Differences between sale and bailment.
25. Explain the rights of a buyer in a contract of sale.
26. Distinguish between condition and warranty.
27. Write short notes on:
 - A) Existing goods
 - B) Contingent goods
28. Explain the rights of unpaid of seller.
29. Explain the rules regarding to auction sales.
30. State the rules as to the ascertainment of price in a contract of sale.


ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain the doctrine of caveat emptor and exceptions to it.
32. Discuss the differences between sale agreements and hire purchase agreements.
33. Enumerate the rights and duties of buyer.
34. Explain the rules as to delivery of goods under the Sale of goods Act.
35. Explain the classification of goods.
36. What are the effects of destruction of specific goods on a contract of sale?-Discuss.
37. Write short notes on:
 - A) Seller
 - B) Mercantile agent
 - C) Buyer
38. Write short notes on:
 - A) Goods
 - B) Quality of goods
 - C) Specific goods
39. Explain the rule of caveat emptor and state how far it is modified by implied conditions.
40. Briefly explain, the conditions and Warranties implied by law in a contract for the sale of goods.

UNIT- V

CHOOSE THE CORRECT ANSWER

1. Which of the following one is a negotiable instrument, negotiable by usage or custom?
 - A) Bill of exchange
 - B) Accommodation bill
 - C) Promissory note
 - D) Share warrant
2. The document drawn by a debtor on the creditor agreeing to pay a certain sum is called
 - A) Cheque
 - B) Promissory note
 - C) Bill of exchange
 - D) Draft

- 
3. The most important feature of a negotiable instrument is
- A) Free transfer
 - B) Transfer free from defects
 - C) Right to sue
 - D) All of the above
4. In the case of negotiable instrument, the following person generally gets a good title
- A) Finder of the lost instrument
 - B) Holder of a stolen instrument
 - C) Holder in due course
 - D) Holder of a forged instrument
5. Post dated cheque means
- A) Without date
 - B) Ante date
 - C) Advance date
 - D) Dual date
6. Parties of cheque is a
- A) Drawer
 - B) Drawee
 - C) Payee
 - D) All of the above
7. Drawn on the two parallel transverse lines across the face of cheque is
- A) Marking
 - B) Crossing
 - C) Checking
 - D) Cancelling
8. Special crossing includes
- A) Payee name
 - B) Payee bank name
 - C) Payee account number
 - D) Payee signature
9. Action of endorsement, thus mean signing the name of the endorser of the instrument on
- A) Front side
 - B) Back side
 - C) Double side
 - D) All of the above
10. Material alteration must be confirmed by signing of
- A) Drawer
 - B) Drawee
 - C) Payee
 - D) Holder

Answers: 1.D 2.B 3.D 4.C 5.C 6.D 7.B 8.B 9.B 10.A

SHORT QUESTIONS (2 MARKS)

11. Define Negotiable instrument.
12. What is cheque?
13. What is meant by crossing?
14. What is meant by endorsements?
15. What is meant by general crossing?
16. What is meant by special crossing?
17. Mention the negotiable instrument very much used.
18. What is banker's general lien?
19. What is promissory note?
20. What is bill of exchange?

PARAGRAPH QUESTIONS (5 MARKS)

21. Explain the types of the crossing of cheques.
22. Distinguish between bill of exchange and cheques.
23. Distinguish between bill of exchange and promissory note.
24. Briefly explain, the special features of negotiable instruments.
25. Explain the legal relationship between banker and customer.
26. Enumerate the mode of negotiation.
27. What constitute a payment in due course?
28. Distinguish between cheque and promissory note.
29. Explain the features of the bill of exchange.
30. Explain the features of the cheque.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Briefly explain, the various types of negotiable instruments.
32. Explain the circumstances in which a banker should refuse payment.
33. What are the effects of material alteration? - Discuss.
34. Enumerate the rights and privileges of a holder in due course.
35. Describe the various kinds of endorsements.
36. Under what conditions a banker can close the account of the customer - Briefly explain.
37. Briefly explain the characteristics of negotiable instruments.
38. "Presumptions under the Negotiable instruments Act, 2015 are valid under all circumstances"- comment.
39. What are the points to be considered by the banker before honoring a cheque? - Briefly explain.
40. Under what circumstances a banker is justified in refusing a customer's cheque.- Briefly explain.
