BLOGS

Important MCQs on Indian Contract Act

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Practice these important MCQs on Indian Contract Act and test your preparation for the upcoming exams today!

MULTIPLE CHOICE QUESTIONS

1. Who is a principal in the context of agency law?

a) The person who acts on behalf of another

b) The person for whom the agent acts

c) A third party involved in the agency relationship

d) The government authority overseeing agency agreements

2. In a bailment, the person who delivers the goods is known as the:

a) Bailor

b) Bailee

c) Trustee

d) Holder

3. What is the meaning of “specific lien” in lien law?

a) A lien that applies to all the assets of the debtor

b) A lien that arises due to a judgment by the court

c) A lien that applies only to a particular property or asset

d) A lien that is applicable only in certain Indian states

4. Which type of agency arises when the agent has authority to represent the principal in specific, predefined matters?

a) Express agency

b) Implied agency

c) Apparent agency

d) Gratuitous agency

5. In agency law, ostensible authority refers to:

a) The actual authority explicitly given by the principal to the agent.

b) The authority that arises from the conduct of the principal and the agent.

c) The authority given to the agent by a third party.

d) The authority that exists only in emergencies or unforeseen situations.

6. Which type of bailment involves a reward or payment for the bailee’s services?

a) Gratuitous bailment

b) Bailment for hire

c) Bailment by necessity

d) Pledge

7. What distinguishes a possessory lien from a non-possessory lien?

a) Possessory lien does not require a court order to be effective.

b) Non-possessory lien grants the right to possess the debtor’s property.

c) Possessory lien arises only in cases of mortgages.

d) Non-possessory lien is applicable only to tangible assets.

8. When an agent exceeds their authority and the principal ratifies the unauthorized act, it becomes:

a) An implied agency

b) An undisclosed agency

c) An agency by estoppel

d) A gratuitous agency

9. A bank holding a lien on a property until the mortgage is fully paid is an example of:

a) Particular lien

b) General lien

c) Equitable lien

d) Statutory lien

10. Which of the following is a way in which agency relationships can be created?

a) Novation

b) Waiver

c) Ratification

d) Covenant

11. Which section of the Indian Contract Act defines “consideration”?

a) Section 2(a)

b) Section 2(b)

c) Section 2(d)

d) Section 2(f)

12. What is “privity of contract” as per the Indian Contract Act?

a) Only parties to the contract can sue each other

b) Third parties can sue if they are affected by the contract

c) Only courts can resolve contract disputes

d) Contracts are private documents and cannot be disclosed

13. What does “free consent” mean in the context of the Indian Contract Act?

a) Consent given voluntarily without coercion, undue influence, fraud, misrepresentation, or mistake

b) Consent given only in the presence of witnesses

c) Consent given after signing a legal document

d) Consent given in exchange for something valuable

14. What is the legal status of a contract where one party has entered into it under coercion?

a) Void

b) Voidable

c) Enforceable

d) Void ab initio

15. What is the legal status of an agreement without consideration according to the Indian Contract Act?

a) Valid

b) Void

c) Voidable

d) None of the Above

16. Which section of the Indian Contract Act deals with the "anticipatory breach of contract"?

a) Section 39

b) Section 73

c) Section 41

d) Section 75

17. What is the difference between a "void" contract and a "voidable" contract?

a) A void contract is unenforceable, while a voidable contract can be made unenforceable by one party

b) A voidable contract is unenforceable, while a void contract can be made enforceable by agreement

c) A void contract is illegal, while a voidable contract is enforceable

d) A voidable contract is enforceable, while a void contract is uncertain

18. What is an "executory contract" under the Indian Contract Act?

a) A contract that has been fully performed by both parties

b) A contract where one party has fulfilled their obligations, but the other has not

c) A contract where both parties have yet to perform their obligations

d) A contract that has been terminated

19. What is the meaning of "specific performance" in the context of the Indian Contract Act?

a) An order from a court to perform a contract as agreed

b) A demand for compensation for breach of contract

c) The completion of a contract according to its terms

d) The transfer of contract rights to a third party

20. Which section of the Indian Contract Act governs the "communication of acceptance"?

a) Section 4

b) Section 7

c) Section 10

d) Section 9

ANSWERS

1. b
2. a
3. c
4. a
5. a
6. b
7. b
8. c
9. a
10. c
11. c
12. a
13. a
14. b
15. b
16. a
17. a
18. c
19. a
20. a

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