BLOGS

Practice Questions on Contract Law for CLAT PG 2026 (Part II)

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1. In a lease, the person who grants the lease is called:

A. Lessee

B. Tenant

C. Lessor

D. Bailor

Correct Answer: C. Lessor

Explanation: The lessor grants the lease; the lessee receives it.

2. In an agency, when is the principal bound by acts of the agent?

A. Only when in writing

B. If acts are within agent's authority

C. If done after contract ends

D. If approved by a third party

Correct Answer: B. If acts are within agent's authority

Explanation: The principal is bound by authorized acts of the agent.

3. An agreement in restraint of trade is:

A. Valid in all cases

B. Void

C. Enforceable with consent

D. Valid if mutual

Correct Answer: B. Void

Explanation: Section 27 makes agreements in restraint of trade void, with limited exceptions.

4. Specific performance is:

A. Criminal remedy

B. Equitable remedy

C. Statutory penalty

D. Administrative relief

Correct Answer: B. Equitable remedy

Explanation: It compels a party to perform their contractual obligations.

5. The duty of care in bailment primarily rests with the:

A. Bailor

B. Bailee

C. Third party

D. Both parties equally

Correct Answer: B. Bailee

Explanation: The bailee must take reasonable care of goods.

6. A valid contract must have parties who are:

A. Under influence

B. Legally competent

C. Close relatives

D. Literate

Correct Answer: B. Legally competent

Explanation: Parties must be competent under Section 11 (i.e., not minors, of sound mind).

7. In agency by ratification, the principal must:

A. Be a minor

B. Know all material facts

C. Refuse liability

D. Be a third party

Correct Answer: B. Know all material facts

Explanation: Ratification requires knowledge of all facts by the principal.

8. Lease and license differ in that:

A. License gives possession

B. Lease gives ownership

C. Lease gives interest in property

D. Both are the same

Correct Answer: C. Lease gives interest in property

Explanation: Lease transfers interest; license is mere permission.

9. Which is not a lawful object under contract law?

A. Agreement to sell

B. Agreement to commit theft

C. Agreement for rent

D. Service agreement

Correct Answer: B. Agreement to commit theft

Explanation: Unlawful objects make contracts void.

10. The maxim “nemo dat quod non habet” applies to which type of contract?

A. Bailment

B. Sale of goods

C. Lease

D. Agency

Correct Answer: B. Sale of goods

Explanation: The maxim means “no one can give what they do not have.” It applies to the sale of goods, where a person cannot transfer better title than they possess.