

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.