BLOGS

Sectional Test on Law of Contracts for CLAT PG

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This sectional test on the Law of Contracts is crafted for CLAT PG aspirants seeking to strengthen their conceptual clarity and application skills. The 10 moderately challenging questions are based on cthe Indian Contract Act, landmark judgments, and standard textbooks.

Each question is accompanied by a detailed explanation to help you understand not just the ‘what’ but also the ‘why’ of the law. Use this test to assess your preparation and sharpen your legal reasoning for the upcoming exam.

Q1. Which of the following is essential to constitute a valid contract under Indian Contract Act, 1872?

A. Lawful consideration
B. Intention to create legal relationship
C. Free consent
D. All of the above

Q2. An agreement in restraint of trade is:

A. Valid and enforceable
B. Void
C. Voidable
D. Illegal and punishable

Q3. Communication of an acceptance is complete as against the acceptor:

A. When it comes to the knowledge of the proposer
B. When the letter of acceptance is posted
C. When the proposer acknowledges it

D. When the proposer reads the acceptance

Q4. In which of the following cases was it held that silence does not amount to fraud unless there is a duty to speak?

A. Lalman Shukla v. Gauri Dutt

B. Balfour v. Balfour

C. Derry v. Peek

D. Keates v. Cadogan

Q5. Which of the following agreements is expressly declared void under the Indian Contract Act?

A. Agreement without consideration

B. Agreement in restraint of legal proceedings

C. Agreement to commit a crime

D. Agreement without free consent

Q6. A minor enters into a contract and later attains majority. The contract is:

A. Valid after ratification

B. Void ab initio

C. Valid from the beginning

D. Voidable at the option of the minor

Q7. A agrees to sell his horse to B for ₹50,000. Unknown to both, the horse had died before the agreement. The contract is:

A. Valid

B. Voidable

C. Void

D. Illegal

Q8. Which of the following is a case of contingent contract?

A. A agrees to sell goods to B on a future date

B. A agrees to sell goods to B if a ship returns safely

C. A agrees to sell goods to B for ₹5,000

D. A agrees to sell his house after five years

Q9. The principle “nude pact is not enforceable by law” relates to:

A. Unlawful agreements

B. Agreement without free consent

C. Agreement without consideration

D. Agreement by minor

Q10. In which case was it held that acceptance by conduct is valid?

A. Harvey v. Facey

B. Carlill v. Carbolic Smoke Ball Co.

C. Mohori Bibee v. Dharmodas Ghose

D. Hadley v. Baxendale

Answer Key with Detailed Explanations

Q.	Ans	Explanation
1	D	All are essential under Sections 10, 11, and 25 of the Indian Contract Act, 1872.
2	B	Sec. 27: Every agreement in restraint of trade is void (e.g., Madhub Chander v. Raj Coomar Doss, (1874) 14 BLR 76).
3	A	Sec. 4, Indian Contract Act: Acceptance is complete against acceptor when it comes to the proposer’s knowledge.
4	D	Keates v. Cadogan (1851): Silence ≠ fraud unless there is duty to disclose (e.g., fiduciary or insurance contracts).
5	B	Sec. 28: Agreement in restraint of legal proceedings is void.
6	B	Mohori Bibee v. Dharmodas Ghose, (1903) ILR 30 Cal 539: Minor’s contract is void ab initio. Cannot be ratified later.

7	C	Sec. 20: Mutual mistake as to the existence of subject matter renders a contract void.
8	B	Sec. 31: Contingent contract depends on an uncertain future event (e.g., ship returns safely).
9	C	A “nudum pactum” = a bare promise without consideration; not enforceable. Covered under Sec. 25.
10	B	Carlill v. Carbolic Smoke Ball Co. (1893): Acceptance by conduct (using the smoke ball) is valid.