

# 111 - Legal Aspects of Business

## 1. What are the essential elements of a valid contract?

- a. Offer, acceptance, and consideration
- b. Offer, acceptance, and legality of purpose
- c. Consideration, legality of purpose, and certainty
- d. Offer, certainty, and performance

**Answer: a. Offer, acceptance, and consideration**

## 2. In a contract of indemnity, who is responsible for making good the loss?

- a. Indemnifier
- b. Indemnity holder
- c. Both parties
- d. Third party

**Answer: a. Indemnifier**

## 3. What is a contingent contract?

- a. A contract with uncertain terms
- b. A contract dependent on the occurrence of an event
- c. A contract without consideration
- d. A contract for an indefinite period

**Answer: b. A contract dependent on the occurrence of an event**

## 4. In the context of agency, what is the relationship between an agent and a principal?

- a. Employer and employee
- b. Buyer and seller
- c. Trustee and beneficiary

d. Principal and agent

**Answer: d. Principal and agent**

**5. What is the legal consequence of a breach of contract?**

- a. Execution of the contract
- b. Termination of the contract
- c. Damages and remedies
- d. Continuation of the contract

**Answer: c. Damages and remedies**

**6. Which document indicates the transfer of property or ownership in a sale of goods?**

- a. Invoice
- b. Receipt
- c. Bill of exchange
- d. Delivery note

**Answer: a. Invoice**

**7. What are conditions and warranties in the Sale of Goods Act, 1930?**

- a. Express terms in a contract
- b. Types of goods sold
- c. Legal consequences of a breach
- d. Rights and liabilities of the parties

**Answer: a. Express terms in a contract**

**8. When is the performance of a contract of sale considered complete?**

- a. When the goods are delivered
- b. When the payment is made
- c. When the contract is signed

d. When the offer is accepted

**Answer: a. When the goods are delivered**

**9. What rights does an unpaid seller have against the goods in possession?**

a. Right of resale

b. Right of lien

c. Right of endorsement

d. Right of compensation

**Answer: b. Right of lien**

**10. In a sale by auction, when is the contract considered complete?**

a. When the auctioneer declares the sale

b. When the highest bidder makes the payment

c. When the reserve price is met

d. When the auctioneer accepts the bid

**Answer: a. When the auctioneer declares the sale**

**11. What is a negotiable instrument?**

a. An instrument with no monetary value

b. An instrument that can be transferred freely

c. An instrument with a fixed value

d. An instrument that cannot be endorsed

**Answer: b. An instrument that can be transferred freely**

**12. Who is considered a holder in due course?**

a. Any person holding a negotiable instrument

b. The first person to endorse the instrument

c. A person who receives the instrument for consideration

d. The issuer of the instrument

**Answer: c. A person who receives the instrument for consideration**

**13. What is the significance of endorsing a negotiable instrument?**

a. Cancelling the instrument

b. Transferring the right to another person

c. Invalidating the instrument

d. Freezing the instrument

**Answer: b. transferring the right to another person**

**14. What is the process of noting and protesting a dishonoured negotiable instrument?**

a. Formal declaration of dishonour

b. Silent acceptance of dishonour

c. Nonchalant attitude towards dishonour

d. Ignoring the dishonour

**Answer: a. Formal declaration of dishonour**

**15. In the Negotiable Instrument Act, what is the consequence of dishonor by non-acceptance?**

a. The instrument is rendered invalid

b. The drawer is not liable

c. The endorser is discharged from liability

d. The drawer is discharged from liability

**Answer: c. The endorser is discharged from liability**

**16. What is a one-person company?**

a. A company with only one employee

b. A company with a single shareholder

c. A company with no liability

d. A company with multiple directors

**Answer: b. A company with a single shareholder**

**17. What are the main documents involved in the incorporation of a company?**

a. Memorandum of Association (MOA) and Articles of Association (AOA)

b. Share certificate and debentures

c. Invoice and delivery note

d. Power of attorney and agency agreement

**Answer: a. Memorandum of Association (MOA) and Articles of Association (AOA)**

**18. What does the term "acceptance of deposits" refer to in the context of the Companies Act?**

a. Issuing bonds to the public

b. Borrowing money from banks

c. Accepting funds from shareholders

d. Accepting funds from the public

**Answer: d. Accepting funds from the public**

**19. What is the significance of appointing a woman director in a company?**

a. Legal compliance with gender equality

b. Financial benefits for the company

c. Administrative convenience

d. No specific significance

**Answer: a. Legal compliance with gender equality**

**20. What are unfair and restrictive trade practices?**

- a. Legal practices promoting fair competition
- b. Business strategies for growth
- c. Unethical practices affecting consumers
- d. Trade practices with minimal regulations

**Answer: c. Unethical practices affecting consumers**

**21. What is the jurisdiction of the District Consumer Dispute Redressal Forum?**

- a. Cases involving a value up to Rs. 1 crore
- b. Cases involving a value up to Rs. 10 lakhs
- c. Cases involving a value up to Rs. 20 lakhs
- d. Cases involving a value up to Rs. 50 lakhs

**Answer: b. Cases involving a value up to Rs. 10 lakhs**

**22. Who can file a complaint with the State Consumer Dispute Redressal Commission?**

- a. Only individuals
- b. Only companies
- c. Individuals and associations
- d. Only government bodies

**Answer: c. Individuals and associations**

**23. What is the composition of the National Consumer Dispute Redressal Commission?**

- a. A president and at least four members
- b. A president and at least three members
- c. A president and at least two members
- d. A president and at least five members

**Answer: b. A president and at least three members**

**24. What is the appellate authority for decisions of the National Consumer Dispute Redressal Commission?**

- a. District Consumer Dispute Redressal Forum
- b. State Consumer Dispute Redressal Commission
- c. Supreme Court of India
- d. High Court of the respective state

**Answer: c. Supreme Court of India**