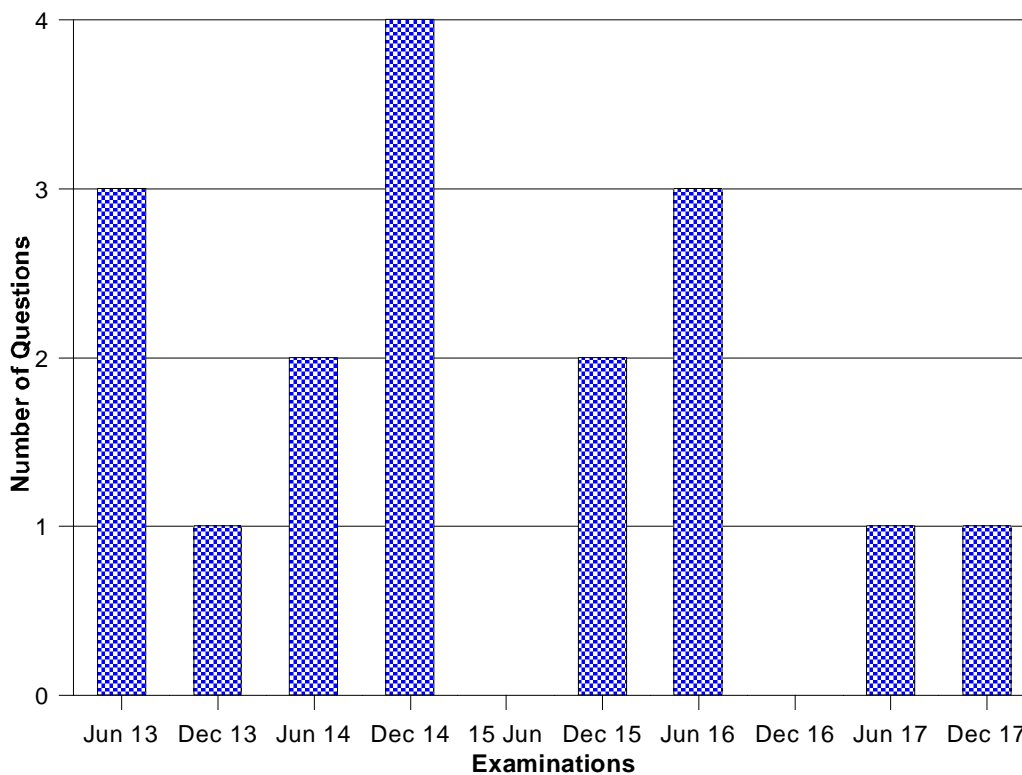


CHAPTER	The Indian Contract Act, 1872
1	
Unit : 2	Consideration



2006 – November

- [1] Agreement without consideration is valid when made?
- (a) Out of love and affection due to near relationship
 - (b) To pay a time barred debt

- (c) To compensate a person who has already done something voluntarily
- (d) All of these

- [2] Consideration must move at the desire of :
- The promisor
 - The promisee
 - The promisor or any third party
 - Both the promisor and the promisee

2007 – February

- [3] Which of the following is not an exception to the rule, “No consideration, No contract”:
- Natural love and affection
 - Compensation for involuntary services
 - Completed gift
 - Agency
- [4] Past consideration is valid in.
- England only
 - India only
 - Both
 - None

2007 – May

- [5] A is indebted to B. He sells a trolley to C. C promises to pay all debts of A to B. If C fails to pay, B has no right to sue C because :
- C is stranger to consideration
 - C is stranger to contract
 - Both
 - None

2007 – August

- [6] Consideration is defined in the Indian Contract Act, 1872 in :
- Section 2(f)
 - Section 2(e)
 - Section 2(g)
 - Section 2(d)
- [7] The inadequacy of consideration will be taken into account by a court of law:
- Always at the discretion of the court
 - When the promisor performs his promise
 - When absence of free consent is pleaded in the formation of the contract
 - When the promisor expresses his desire to get maximum return for his promise

2007 – November

- [8] Rohan promises to make a gift of ₹10,000 towards the repairs of a temple. The trustees of the temple on the faith of his promise incurs liabilities. Rohan does not pay. Can the trustees recover the promised amount from Rohan?
- The trustee cannot recover anything from Rohan
 - The trustee can recover to the extent of liabilities from Rohan
 - The trustee can recover ₹10,000 from Rohan
 - None

[9] A who was badly in need of money offered to sell his piano worth ₹ 8,500 to B for ₹ 5,000. B refused to buy. A gradually lowered his price until ₹ 2,500 was reached, which B accepted. Before the piano was delivered A received an offer of a larger sum from X and he refused to carry out the contract with B claiming that the consideration was inadequate. Is A liable to pay damages to B for failure to carry out his part of contract?

- (a) No, as the consideration was inadequate A cancelled the contract
- (b) Yes, A is liable to pay damages to B for failure to carry out his part of the contract
- (c) No, as the contract was made due to Undue Influence
- (d) Any of the above

[10] 'Privity of Contract' is subject to the exception :

- (a) Where a trust or charge is created
- (b) Where payment is made to a third party
- (c) Where payment is made by a third party
- (d) None of these

2008 – February

[11] Which of the following statement is true :

- (a) Consideration must be adequate
- (b) Consideration must result in a benefit to both the parties
- (c) Consideration must be something, which a promisor is not already bound to do
- (d) Past consideration is no consideration in India

[12] A consideration is :

- (a) A reason behind making a proposal
- (b) A condition of the fulfillment of the other's promise
- (c) Doing or abstaining from doing something at the desire of the promisor
- (d) Reward for something which one has done for another

2008 – June

[13] Which of the following is Void Contract?

- (a) Agreement the meaning of which is certain
- (b) Agreement with unlawful consideration
- (c) Agreements with minor
- (d) Agreement with inadequate consideration, if inadequacy is not supported by free consent

2008 – December

[14] Consideration in India may be :

- (a) Past, present or future
- (b) Present only
- (c) Past only
- (d) Future only

[15] Payment of time-barred debt is :

- (a) Valid
- (b) Void
- (c) illegal
- (d) Voidable

[16] There can be a stranger to a

- (a) Contract
- (b) Promise
- (c) Agreement
- (d) Consideration

2009 – June

[17] Same as Q 14 [Dec. 08]

[18] Contracts of love and affection are valid under which head.

- (a) Contract without consideration
- (b) Contract with consideration
- (c) Stranger to a consideration
- (d) None of these

2009 – December

[19] In case of completed gifts, consideration is

- (a) Not required.
- (b) Equal to the amount of gift.
- (c) Less than the amount of gift.
- (d) More than the amount of gift.

2010 – June

[20] In a contract, consideration must be _____ and of some value.

- (a) real
- (b) adequate
- (c) specific
- (d) general

2010 – December

[21] Same as Q 4 [Feb. 07]

[22] Stranger to a _____ can sue.

- (a) contract.
- (b) consideration.
- (c) promise.
- (d) agreement.

2011 – June

[23] An agreement without consideration in case of natural love and affection is :

- (a) Valid if it is written and registered.
- (b) Invalid even if it is written & registered
- (c) Valid even if it is written/oral
- (d) Any of the above.

[24] Promise to pay a time barred debt given in writing is _____.

- (a) valid
- (b) enforceable
- (c) void
- (d) voidable

[25] Contract created to restrict the rights related to legal proceedings is

- (a) Void
- (b) Valid
- (c) Illegal
- (d) None.

2011 – December

- [26] X and Y enter into an agreement to share the profits of the business Carried on by both of them: This agreement is _____.
- (a) valid
 - (b) void
 - (c) voidable
 - (d) party valid
- [27] Which one of the following statements is true.
- (a) Consideration must move at the desire of the promisor.
 - (b) Consideration has to be Complete and lawful.
 - (c) An Agreement without Consideration is Valid.
 - (d) Past Consideration is no Consideration.
- [28] Newton owes ₹ 18,000 to Johnson. Johnson promises to accept ₹ 10,000 in full settlement of the account. The agreement is:
- (a) Unenforceable
 - (b) Voidable
 - (c) Valid
 - (d) Illegal

2012 – December

- [29] Which of the following statements is true?
- (a) There can be a stranger to a consideration
 - (b) There can be a stranger to a contract
 - (c) There can be a stranger to a consideration and contract
 - (d) All of the above.

2013 – June

- [30] Which of the following statements is correct?
- (a) The general rule is that a stranger to the contract cannot sue, but a stranger to the consideration can sue
 - (b) A stranger to the contract as well as stranger to the consideration can sue
 - (c) An agreement made without consideration on account of natural love & affection need not be registered
 - (d) A past consideration is not a good consideration
- [31] Which of the following is not the essentials of a valid consideration?
- (a) Consideration must be at the desire of the promisor
 - (b) Consideration may move from promisee or any other person
 - (c) Consideration may be past, present or future
 - (d) Consideration must be adequate
- [32] An executed consideration is _____.
- (a) consideration prohibited by the executive of a company
 - (b) an act of mutual exchange of promises
 - (c) an act done in response to a positive promise
 - (d) an act done in the expectation of a proposal

2013 – December

- [33]** Which of the following is not an exception to the rule “No Consideration, No Contract”?
- Agreement made on account of natural love and affection
 - Agreement to compensate for past voluntary services.
 - Contract of agency.
 - None of the above.

2014 – June

- [34]** A promise to pay time barred debt must be :
- An oral promise
 - Implied promise
 - In writing and signed by the debtor or his authorised agent
 - None of the above
- [35]** Which of the following statements is true ?
- There can be a stranger to a contract
 - There can be a stranger to a consideration
 - There can be a stranger to a contract and consideration
 - None of the above

2014 – December

- [36]** Under the Indian Contract Act, 1872, which one of the following is not an essential element of a contract?

- Intention to create a legal relationship.
- Adequacy of consideration.
- Certainty of meaning.
- Free Consent.

- [37]** Which one of the following is correct?

- A promise to compensate for voluntary service for the promisor does not create any legal relations.
- A written and signed promise to pay time barred debt creates legal liability.
- Consideration is necessary to create an agency.
- The rule that “no consideration no contract” applies to completed gifts.

- [38]** Which one of the following statements is not correct?

- Consideration cannot come from a third person.
- Consideration may be executed or executory.
- Consideration must be real.
- Consideration may be past also.

- [39]** A condition cannot be treated as warranty where _____.

- the buyer waives the performance of condition.
- the buyer elects to treat condition as warranty.
- the contract is not severable and the buyer has accepted the goods.
- fulfillment of condition is not excused by law.

2015 – December

[40] In a contract, consideration under the provisions of the Indian Contract Act, 1872

- (a) Must move from the promisee or any other person
- (b) Must move only from the promisee
- (c) Must move from the legal heir of the promisor
- (d) Must move only from the legal heir of the promisee.

[41] Mr. Pramod, by a deed of gift transferred certain property to his daughter (X) with the direction that she should pay an annuity to her sister 'Y', 'X' executed a writing in favour of 'Y' agreeing to pay the annuity, Later on, 'X' refused to pay the amount to her sister taking a plea that no consideration is given to her in return from 'Y', Can 'X' refuse to pay to 'Y'?

- (a) She is not bound to pay the promised amount as the promise made by her father on behalf of her, which is not valid
- (b) She is not bound to pay the promised amount as the condition automatically vanishes after the death of her father
- (c) She is bound to pay only reasonable amount as she was not direct party of this contract

- (d) She is bound to pay the promised amount because consideration need not necessarily move from the promisor only.

2016 – June

[42] In Doctrine of Privity of Contract:

- (a) The stranger to contract can sue
- (b) The consideration for an agreement may proceed from a third party
- (c) Consideration must move at the desire of the promisor
- (d) Past consideration is valid' provided it moved at the previous request of the promisor.

[43] Which of the following is incorrect:

- (a) Consideration must be at the desire of the promisor
- (b) Consideration may be past, present or future
- (c) Consideration needs to be adequate
- (d) Consideration should be real.

[44] If a creditor does not file a suit against the buyer for recovery of the price within 3 years the debt becomes:

- (a) Time barred and hence irrecoverable
- (b) Time barred but recoverable
- (c) Not time barred
- (d) None of these.

2017 – June

[45] Agreement without consideration is valid _____.

- (a) when made out of love and affection due to near relationship
- (b) when made to compensate a person who has already done something voluntarily
- (c) when made to pay a time barred debt
- (d) all of the above.

2017 – December

[46] Contract made on account of love and affection should be _____.

- (a) expressed in writing only
- (b) a positive promise
- (c) an oral promise
- (d) written and registered under law

Answer

- | | | | |
|---------|---------|---------|---------|
| 1. (d) | 2. (a) | 3. (b) | 4. (b) |
| 5. (b) | 6. (d) | 7. (c) | 8. (b) |
| 9. (b) | 10. (a) | 11. (c) | 12. (c) |
| 13. (b) | 14. (a) | 15. (a) | 16. (d) |
| 17. (a) | 18. (a) | 19. (a) | 20. (a) |
| 21. (b) | 22. (b) | 23. (a) | 24. (a) |
| 25. (a) | 26. (a) | 27. (a) | 28. (c) |
| 29. (a) | 30. (a) | 31. (d) | 32. (c) |
| 33. (d) | 34. (c) | 35. (b) | 36. (b) |
| 37. (b) | 38. (a) | 39. (d) | 40. (a) |
| 41. (d) | 42. (a) | 43. (c) | 44. (b) |
| 45. (d) | 46. (d) | | |

