SHRI GURU NANAK DEGREE COLLEGE,
Preet Vihar, RUDRAPUR

BBA302 – Business Law

Section A: Long Answer Questions

Unit I: The Indian Contract Act, 1872

1. Explain the essentials of a valid contract under the Indian Contract Act, 1872.
2. Define consideration. Explain its importance in a contract.
3. Discuss the concept of free consent with examples.
4. What are the different types of contracts? Explain with illustrations.
5. Explain the remedies available for breach of contract.
6. Distinguish between void, voidable and illegal contracts.
7. Write a detailed note on quasi-contracts.
8. Discuss the legality of object and consideration.
9. Explain performance of contract and who can perform it.
10. Explain the concept of 'offer' and 'acceptance'.
11. Case Study: A contracts with B to deliver 10 bags of rice. Later A denies saying no consideration was paid. Decide.
12. Analytical Question: Evaluate the implications of misrepresentation in a business agreement.

Unit II: The Sale of Goods Act, 1930

1. Define contract of sale and distinguish between sale and agreement to sell.
2. Discuss the various conditions and warranties in a contract of sale.
3. What are the rights of an unpaid seller under the Sale of Goods Act?
4. Explain the concept of transfer of ownership in goods.
5. Discuss the implied conditions in every contract of sale.
6. What are the duties of a buyer and seller under this Act?
7. Case Study: A sells a defective product to B without disclosing defects. What are B's rights?
8. Explain the doctrine of caveat emptor and its exceptions.
9. Analytical Question: How does this Act protect consumers?
10. Define goods. Distinguish between specific, unascertained and future goods.
11. Explain the rules for passing of property in goods.
12. What are the consequences of breach of contract of sale?

13. Discuss auction sales under the Sale of Goods Act.

Unit III: The Negotiable Instruments Act, 1881

1. Explain the nature and characteristics of negotiable instruments.
2. Discuss the different types of negotiable instruments with examples.
3. Explain the term 'Holder in Due Course'. What are their rights?
4. Describe the process of dishonour and discharge of negotiable instruments.
5. Discuss the legal provisions regarding endorsement of negotiable instruments.
6. Explain the types of crossings on a cheque and their significance.
7. Discuss the circumstances under which a negotiable instrument is discharged.
8. Explain the legal provisions regarding dishonour of cheque for insufficiency of funds.
9. Case Study: A issues a promissory note to B, who transfers it to C. C claims payment. Discuss the legal position.
10. Analytical Question: Evaluate the effectiveness of negotiable instruments in modern commerce.
11. Explain the concept and procedure of arbitration under the Act.
12. Discuss the penalties and liabilities related to dishonour of a cheque.

Unit IV: The Companies Act, 1956

1. Define a company and explain the characteristics of a company.
2. Discuss the different types of companies under the Companies Act, 1956.
3. Explain the process of formation of a company.
4. Discuss the contents and significance of the Memorandum of Association.
5. What is the Articles of Association? How does it differ from the Memorandum of Association?
6. Explain the role and responsibilities of company promoters.
7. Discuss the legal provisions related to prospectus and its importance.
8. Explain the concept of share capital and types of shares.
9. What are the rights and duties of company members?
10. Case Study: XYZ Pvt. Ltd. failed to file its prospectus. Discuss the legal implications.
11. Analytical Question: Evaluate the role of meetings in ensuring corporate governance.
12. Explain the process of winding up of a company.
13. Discuss the different types of company meetings and their legal provisions.

Section B: Short Answer Questions

Unit I: The Indian Contract Act, 1872

1. Explain the essentials of a valid contract under the Indian Contract Act, 1872.
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3. Discuss the concept of free consent with examples.

4. What are the different types of contracts? Explain with illustrations.
5. Explain the remedies available for breach of contract.
6. Distinguish between void, voidable and illegal contracts.
7. Write a detailed note on quasi-contracts.
8. Discuss the legality of object and consideration.
9. Explain performance of contract and who can perform it.
10. Differentiate between contingent and wagering contracts.
11. Explain the concept of 'offer' and 'acceptance'.
12. Case Study: A contracts with B to deliver 10 bags of rice. Later A denies saying no consideration was paid. Decide.
13. Analytical Question: Evaluate the implications of misrepresentation in a business agreement.

Unit II: The Sale of Goods Act, 1930

1. Define contract of sale and distinguish between sale and agreement to sell.
2. Discuss the various conditions and warranties in a contract of sale.
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9. Analytical Question: How does this Act protect consumers?
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11. What are the consequences of breach of contract of sale?
12. Discuss auction sales under the Sale of Goods Act.

Unit III: The Negotiable Instruments Act, 1881

1. Define negotiable instrument.
2. What is meant by endorsement?
3. Who is a holder in due course?
4. Differentiate between bearer and order instruments.
5. Explain the concept of dishonour by non-acceptance.
6. What is the liability of an endorser?
7. Explain the significance of crossing a cheque.
8. What do you understand by 'presentment for payment'?
9. Define arbitration.
10. Explain the term 'Negotiation'.

11. What is the meaning of assignment of a negotiable instrument?
12. Analytical Question: Discuss the modern relevance of the Negotiable Instruments Act.

Unit IV: The Companies Act, 1956

1. Define company.
2. What is a Memorandum of Association?
3. Name two types of companies.
4. Who is a promoter?
5. What is the difference between equity and preference shares?
6. Explain share capital.
7. What is a prospectus?
8. Define winding up.
9. Explain the concept of corporate governance.
10. What are the types of company meetings?
11. Case Study: A company issues shares without filing the prospectus. Discuss the consequences.
12. What are the contents of Articles of Association?
13. Analytical Question: How does the Companies Act protect shareholders' interests?

Section C: Multiple Choice Questions (MCQs)

Unit I – Indian Contract Act, 1872

1. Which of the following is not an essential element of a valid contract?

- A. Free consent
- B. Lawful consideration
- C. Written agreement
- D. Competent parties

2. A contract which is not enforceable by law is called:

- A. Valid contract
- B. Void contract
- C. Illegal contract
- D. Unlawful contract

3. Which section of the Indian Contract Act defines a contract?

- A. Section 2(h)
- B. Section 3(a)
- C. Section 5(d)
- D. Section 10

4. A quasi-contract is imposed by:

- A. Mutual agreement
- B. Operation of law
- C. Offer and acceptance
- D. Performance

5. The performance of a contract can be:

- A. Actual
- B. Attempted
- C. Both A and B
- D. None

6. The agreement which is enforceable by law is called:

- A. Offer
- B. Promise
- C. Contract
- D. Acceptance

7. Consideration must move at the desire of:

- A. Promisor
- B. Promisee
- C. Any third party
- D. Court

8. An agreement to do an impossible act is:

- A. Void
- B. Voidable
- C. Valid
- D. Illegal

9. Breach of contract means:

- A. Non-performance
- B. Dispute
- C. Fraud
- D. Negligence

10. Which of the following is not a type of contract?

- A. Express
- B. Implied
- C. Executed
- D. Imaginary

11. A valid contract must have:

- A. Lawful object
- B. Consideration
- C. Capacity to contract
- D. All of the above

12. A minor’s agreement is:

- A. Valid
- B. Void
- C. Voidable
- D. Enforceable

13. The term 'agreement' is defined under which section of the Act?

- A. Section 2(e)
- B. Section 2(h)
- C. Section 3
- D. Section 4

Unit II – Sale of Goods Act, 1930

1. The Sale of Goods Act was passed in the year:

- A. 1872
- B. 1930
- C. 1881
- D. 1956

2. Property in the goods means:

- A. Ownership
- B. Possession
- C. Custody
- D. Control

3. In a sale, the ownership of goods is:

- A. Retained
- B. Transferred
- C. Shared
- D. Ignored

4. An unpaid seller has:

- A. No rights
- B. Right to resell
- C. Right to compensation only
- D. Right to gifts

5. Condition and warranty are stipulated under which section?

- A. Section 12
- B. Section 15
- C. Section 9
- D. Section 20

6. Which of these is not a condition under the Sale of Goods Act?

- A. Fitness

- B. Title
- C. Quiet possession
- D. Intention

7. Transfer of ownership is covered under:

- A. Chapter II
- B. Chapter III
- C. Chapter IV
- D. Chapter I

8. Caveat Emptor means:

- A. Buyer beware
- B. Seller beware
- C. No one is responsible
- D. Government duty

9. Right of stoppage in transit is available to:

- A. Buyer
- B. Seller
- C. Transporter
- D. Warehouse

10. The risk passes with:

- A. Agreement
- B. Contract
- C. Property
- D. Intention

11. Which is not a type of goods?

- A. Future goods
- B. Specific goods
- C. Visible goods
- D. Contingent goods

12. An implied condition as to quality or fitness applies when:

- A. Buyer makes known the purpose
- B. Buyer inspects

- C. Seller insists
- D. Contract is oral

13. The right of lien means:

- A. Holding goods
- B. Selling goods
- C. Shipping goods
- D. Ignoring goods

Unit III – The Negotiable Instruments Act, 1881

1. Which of the following is NOT a negotiable instrument?
A. Promissory Note
B. Cheque
C. Share Certificate
D. Bill of Exchange

2. Holder in Due Course enjoys:
A. Fewer rights
B. Equal rights
C. Superior rights
D. No rights

3. Which Act governs the dishonour of cheques?
A. Indian Contract Act
B. Sale of Goods Act
C. Negotiable Instruments Act
D. Companies Act

4. Dishonour of cheque for insufficiency of funds is punishable under Section:
A. 130
B. 138
C. 145
D. 112

5. Which of these is a type of endorsement?
A. Blank
B. Special
C. Restrictive
D. All of the above

6. A cheque becomes stale after:
A. 3 months
B. 6 months
C. 12 months
D. 1 month

7. Negotiation involves:
A. Ownership transfer
B. Temporary possession
C. No legal effect
D. Informal contract

8. A cheque marked "Account Payee" is a:
A. Bearer cheque
B. Open cheque
C. Crossed cheque
D. Cancelled cheque

9. Dishonour of negotiable instrument occurs due to:
A. Non-payment
B. Non-acceptance
C. Both A and B
D. None

10. Promissory note is:
A. An order to pay
B. A promise to pay
C. A receipt
D. A notice

11. The party who makes a promissory note is called:
A. Drawer
B. Payee
C. Maker
D. Endorser

12. Arbitration relates to:
A. Court disputes
B. Negotiable Instruments

C. Alternative dispute resolution
D. Contracts only

13. Which instrument is always payable on demand?
A. Promissory note
B. Cheque
C. Bill of exchange
D. None

Unit IV – The Companies Act, 1956

1. Which document defines a company's scope?
A. Articles of Association
B. Memorandum of Association
C. Prospectus
D. Share Certificate

2. Private company must have minimum:
A. 2 members
B. 5 members
C. 7 members
D. 10 members

3. A company is formed under:
A. Sale of Goods Act
B. Contract Act
C. Companies Act
D. Negotiable Instruments Act

4. Share capital refers to:
A. Company's loans
B. Company's issued shares
C. Company’s retained earnings
D. Company's fixed assets

5. A public company must issue:
A. Memorandum only
B. Articles only
C. Prospectus
D. Balance sheet

6. The process of winding up means:
A. Starting business
B. Expanding business
C. Closing down operations
D. Issuing shares

7. Ordinary Resolution requires:
A. 50% majority
B. 75% majority
C. 100% majority
D. No voting

8. Which is NOT a type of company?
A. Private company
B. Public company
C. Unlimited company
D. Professional company

9. Shareholders' rights include:
A. Voting
B. Dividends
C. Attend meetings
D. All of the above

10. A company limited by shares limits:
A. Number of shareholders
B. Number of directors
C. Members' liability
D. Business hours

11. Which meeting is held annually?
A. Extraordinary General Meeting
B. Board Meeting
C. Annual General Meeting
D. Creditors Meeting

12. The first step to form a company is:
A. Issue shares
B. Draft Articles
C. File Memorandum

D. Appoint CEO

13. The document that contains rules of internal management is:
A. Memorandum
B. Articles of Association
C. Share certificate
D. Notice