100 CRUCIAL MCQ STUDY BOOKLET

Bihar Judicial Services Examination (Civil Judge)

High-Yield Revision Course covering Commercial Law

Part I: The Companies Act, 2013 (Q1–Q35)
Part II: The Sale of Goods Act, 1930 (Q36–Q70)
Part III: The Negotiable Instruments Act, 1881 (Q71–Q100)

FEATURES:

Complete Bare Act analysis • Detailed legal explanations • Historical Landmark Case Laws

Prepared for Instant PDF Compilation & Active Recall Revision

Contents

1 Part I: Company Law (The Companies Act, 2013)

Q1. Statutory Assent Date

On which date did the Companies Act, 2013 receive the assent of the President of India?

A. 12th September 2013

B. 29th August 2013

C. 1st April 2014

D. 26th January 2013

Correct Option: B (29th August 2013)
Explanation: The Companies Act, 2013 received the President's assent on 29th August 2013, replacing the older Companies Act, 1956.
Statutory Authority: Section 1 of the Act. Various provisions were notified on separate dates by the MCA.

Q2. Structural Framework

How many Sections, Chapters, and Schedules does the Companies Act, 2013 contain?

A. 470 Sections, 29 Chapters, 7 Schedules

B. 450 Sections, 25 Chapters, 5 Schedules

C. 480 Sections, 30 Chapters, 9 Schedules

D. 465 Sections, 28 Chapters, 6 Schedules

Correct Option: A (470 Sections, 29 Chapters, 7 Schedules)
Explanation: The Act is organized into a highly structured system comprising 470 sections across 29 chapters and 7 supportive schedules.
Statutory Authority: Direct Statutory Framework of Companies Act, 2013.

Q3. Definition of ’Company’

Which Section of the Companies Act, 2013 provides the definition of ’Company’?

A. Section 2(1)

B. Section 2(10)

C. Section 2(20)

D. Section 2(40)

Correct Option: C (Section 2(20))
Explanation: Under the Act, a company means a company incorporated under this Act or under any previous company law.
Statutory Authority: Section 2(20) of the Companies Act, 2013.

Q4. Public Company Threshold

What is the minimum number of members required to constitute a Public Company under Section 3?

A. Two (2)

B. Three (3)

C. Seven (7)

D. Ten (10)

Correct Option: C (Seven (7))
Explanation: Seven or more persons may form a public company for any lawful purpose by subscribing their names to a memorandum.
Statutory Authority: Section 3(1)(a) of the Companies Act, 2013.

Q5. Private Company Membership Limit

What is the maximum limit on the number of members in a Private Company, excluding past and present employees?

A. Fifty (50)

B. One Hundred (100)

C. Two Hundred (200)

D. Unlimited

Correct Option: C (Two Hundred (200))
Explanation: The member count is capped at 200. Joint holders are counted as a single member.
Statutory Authority: Section 2(68) of the Companies Act, 2013.

Q6. Government Company Qualification

What minimum percentage of paid-up share capital must be held by the Government to qualify as a 'Government Company'?

A. Not less than 50%

B. Not less than 51%

C. More than 74%

D. Exactly 100%

Correct Option: B (Not less than 51%)
Explanation: Paid-up share capital must be held by the Central Government, State Government, or jointly by Central and State Governments.
Statutory Authority: Section 2(45) of the Companies Act, 2013.

Q7. One Person Company Classification

An OPC (One Person Company) is classified as a sub-type of which of the following?

A. Public Company

B. Private Company

C. Associate Company

D. Sole Proprietorship

Correct Option: B (Private Company)
Explanation: An OPC is defined as a company with only one member, which structurally functions as a private company.
Statutory Authority: Section 2(62) read with Section 3(1)(c) of the Companies Act, 2013.

Q8. Small Company Definition

Which section of the Companies Act, 2013 defines a 'Small Company'?

A. Section 2(85)

B. Section 2(68)

C. Section 2(71)

D. Section 2(20)

Correct Option: A (Section 2(85))
Explanation: Section 2(85) contains specific statutory thresholds of paid-up share capital and turnover defining small company limits.
Statutory Authority: Section 2(85) of the Companies Act, 2013.

Q9. Corporate Personality Landmark

In which landmark case was the doctrine of independent corporate personality first established?

A. Lee v. Lee's Air Farming Ltd

B. Salomon v. Salomon & Co. Ltd.

C. Daimler Co. Ltd. v. Continental Tyre Co.

D. Foss v. Harbottle

Correct Option: B (Salomon v. Salomon & Co. Ltd.)
Explanation: This case established that a company is an entirely separate legal person from its members and shareholders.
Statutory Authority: House of Lords decision [1897] AC 22.

Q10. Corporate Veil Lifting Scenario

The principle of 'Lifting of Corporate Veil' is most prominently associated with which scenario?

A. Protecting directors from liabilities

B. Investigating corporate fraud or tax evasion

C. Declaring dividend to shareholders

D. Appointing statutory auditor

Correct Option: B (Investigating corporate fraud or tax evasion)
Explanation: The Court will disregard separate legal personality if the corporate form is used as a sham, cloak, or for fraudulent purposes.
Statutory Authority: Judicial Doctrine applied in cases like Daimler Co. and Re Dinshaw Maneckjee Petit.

Q11. Ultra Vires Consequence

An act 'Ultra Vires' the company is considered as which of the following?

A. Voidable at general meeting

B. Completely void and incapable of ratification

C. Valid with Board consent

D. Enforceable by directors

Correct Option: B (Completely void and incapable of ratification)
Explanation: Acts exceeding the objects clause in the Memorandum of Association are ultra vires the company.
Statutory Authority: Landmark Case: Ashbury Railway Carriage & Iron Co. v. Riche (1875).

Q12. Memorandum Clauses

How many mandatory clauses are in the Memorandum of Association (MOA) of a public limited company?

A. Five (5)

B. Six (6)

C. Seven (7)

D. Eight (8)

Correct Option: B (Six (6))
Explanation: The standard clauses are: Name, Situation (Registered Office), Objects, Liability, Capital, and Association (Subscription).
Statutory Authority: Section 4 of the Companies Act, 2013.

Q13. Articles of Association Provision

Which section of the Companies Act, 2013 deals with the Articles of Association (AOA)?

A. Section 4
B. Section 5
C. Section 9
D. Section 12

Correct Option: B (Section 5)
Explanation: Section 5 contains provisions regarding the internal rules, regulations, and bylaws of the company.
Statutory Authority: Section 5 of the Companies Act, 2013.

Q14. Indoor Management Doctrine

The 'Doctrine of Indoor Management' (Turquand's Rule) primarily protects which of the following?

A. The Directors

B. The Shareholders

C. Third parties dealing with the company

D. The Registrar

Correct Option: C (Third parties dealing with the company)
Explanation: Outsiders can assume that internal procedural compliance has been completed if they read public documents.
Statutory Authority: Royal British Bank v. Turquand (1856) 6 E&B 327.

Q15. Constructive Notice Principle

The Doctrine of ’Constructive Notice’ operates as a presumption in favor of whom?

A. The Outlying Public

B. The Company

C. The Directors

D. The Auditor

Correct Option: B (The Company)
Explanation: Outsiders are assumed to have read and understood the Memorandum and Articles of Association.
Statutory Authority: Opposite corollary to the Doctrine of Indoor Management.

Q16. Corporate Social Responsibility (CSR)

Which Section of the Companies Act, 2013 mandates Corporate Social Responsibility (CSR)?

A. Section 134

B. Section 135

C. Section 149

D. Section 177

Correct Option: B (Section 135)
Explanation: Qualifying companies must constitute a CSR Committee and spend 2% of average net profits of the preceding 3 years.
Statutory Authority: Section 135 of the Companies Act, 2013.

Q17. Board Meetings Frequency

What is the maximum statutory interval permitted between two consecutive Board meetings?

A. 90 Days

B. 120 Days

C. 180 Days

D. 60 Days

Correct Option: B (120 Days)
Explanation: At least four board meetings must be held every year with an interval of not more than 120 days.
Statutory Authority: Section 173(1) of the Companies Act, 2013.

Q18. Individual Auditor Term

What is the maximum continuous term permitted for an individual auditor under Section 139?

A. One term of 3 years

B. One term of 5 consecutive years

C. Two terms of 5 consecutive years

D. No limit

Correct Option: B (One term of 5 consecutive years)
Explanation: Individual auditors are limited to 1 term of 5 consecutive years. Audit firms get 2 terms of 5 years.
Statutory Authority: Section 139(2)(a) of the Companies Act, 2013.

Q19. First Auditor Appointment

Who is responsible for appointing the first auditor of a non-government company within 30 days of registration?

A. The Shareholders

B. The Central Government

C. The Board of Directors

D. The Comptroller and Auditor General

Correct Option: C (The Board of Directors)
Explanation: If the Board fails to appoint the auditor within 30 days, shareholders appoint one at an EGM within 90 days.
Statutory Authority: Section 139(6) of the Companies Act, 2013.

Q20. Board Quorum Statutory Limit

What is the statutory quorum required for a Board meeting under Section 174?

A. One-third of total strength or two directors, whichever is higher

B. Half of total strength

C. Three directors

D. Five directors

Correct Option: A (One-third of total strength or two directors, whichever is higher)
Explanation: Quorum must be present physically or via video conferencing/audio-visual modes.
Statutory Authority: Section 174(1) of the Companies Act, 2013.

Q21. Minimum Directors Public Company

What is the minimum number of directors required in a Public Company?

A. One (1)

B. Two (2)

C. Three (3)

D. Five (5)

Correct Option: C (Three (3))
Explanation: A public company must have at least 3 directors. Private companies require 2, and OPCs require 1.
Statutory Authority: Section 149(1)(a) of the Companies Act, 2013.

Q22. Directorship Limits

What is the maximum number of overall directorships a person can hold simultaneously?

A. Ten (10)

B. Fifteen (15)

C. Twenty (20)

D. Twenty-five (25)

Correct Option: C (Twenty (20))
Explanation: A person can hold up to 20 directorships, of which not more than 10 can be in public companies.
Statutory Authority: Section 165(1) of the Companies Act, 2013.

Q23. General Meeting Quorum

In a public company with members not exceeding 1000, what is the quorum required for a General Meeting?

A. Two (2) members

B. Five (5) members

C. Fifteen (15) members

D. Thirty (30) members

Correct Option: B (Five (5) members)
Explanation: Quorum is 5 if members are under 1000; increases to 15 if members exceed 1000 but not 5000; and 30 if members exceed 5000.
Statutory Authority: Section 103(1)(a) of the Companies Act, 2013.

Q24. Maximum Directors Standard Limit

What is the maximum number of directors a company can have without passing a special resolution?

A. Ten (10)

B. Twelve (12)

C. Fifteen (15)

D. Twenty (20)

Correct Option: C (Fifteen (15))
Explanation: A company can have up to 15 directors. To appoint more, a special resolution is mandatory.
Statutory Authority: Section 149(1)(b) of the Companies Act, 2013.

Q25. Independent Directors Listed Company

Which class of companies must have at least one-third of their total directors as Independent Directors?

A. Every private company

B. Every listed public company

C. Government companies only

D. Small companies only

Correct Option: B (Every listed public company)
Explanation: Listed public companies must maintain one-third of their board as independent directors.
Statutory Authority: Section 149(4) of the Companies Act, 2013.

Q26. Partnership Association Restriction

Which section of the Companies Act, 2013 restricts the maximum number of partners in an association/firm?

A. Section 460

B. Section 464

C. Section 447

D. Section 450

Correct Option: B (Section 464)
Explanation: Restricts associations exceeding 100 persons (now 50 via rules) unless registered as a company.
Statutory Authority: Section 464 of the Companies Act, 2013.

Q27. Promoter Definition Section

Which Section of the Companies Act, 2013 defines the term 'Promoter'?

A. Section 2(68)

B. Section 2(69)

C. Section 2(71)

D. Section 2(20)

Correct Option: B (Section 2(69))
Explanation: Defines promoter as a person named as such in a prospectus or identified in annual returns.
Statutory Authority: Section 2(69) of the Companies Act, 2013.

Q28. Promoter Fiduciary Status

What is the legal relationship of a Promoter towards the company they are incorporating?

A. Agent of the company

B. Fiduciary relationship

C. Employee of the company

D. Trustee of the company

Correct Option: B (Fiduciary relationship)
Explanation: A promoter stands in a fiduciary relationship, meaning they cannot make secret profits.
Statutory Authority: Erlanger v. New Sombrero Phosphate Co. (1878).

Q29. Annual General Meetings Interval

What is the maximum interval permitted between two consecutive Annual General Meetings (AGM)?

A. 12 Months

B. 15 Months

C. 18 Months

D. 24 Months

Correct Option: B (15 Months)
Explanation: Not more than 15 months shall elapse between the date of one AGM and that of the next.
Statutory Authority: Section 96(1) of the Companies Act, 2013.

Q30. First Board Meeting Timeline

A company must hold its first Board of Directors meeting within how many days of incorporation?

A. 15 Days

B. 30 Days

C. 45 Days

D. 60 Days

Correct Option: B (30 Days)
Explanation: The first meeting of the Board of Directors must be held within 30 days of the date of incorporation.
Statutory Authority: Section 173(1) of the Companies Act, 2013.

Q31. Special Resolution Majority

A Special Resolution requires what minimum majority of votes in favor?

A. Simple majority

B. Not less than 75% (three-fourths) of votes

C. Unanimous vote

D. Two-thirds of votes

Correct Option: B (Not less than 75% of votes)
Explanation: Votes cast in favor must be at least three times the votes cast against the resolution.
Statutory Authority: Section 114(2) of the Companies Act, 2013.

Q32. Prospectus Definition Section

Which section of the Companies Act, 2013 defines a 'Prospectus'?

A. Section 2(70)

B. Section 2(30)

C. Section 2(40)

D. Section 2(20)

Correct Option: A (Section 2(70))
Explanation: Prospectus means any document described or issued as a prospectus and includes red herring/shelf prospectus.
Statutory Authority: Section 2(70) of the Companies Act, 2013.

Q33. NCLT Establishment Section

Under which Section of the Companies Act, 2013 is the National Company Law Tribunal (NCLT) established?

A. Section 400

B. Section 408

C. Section 410

D. Section 420

Correct Option: B (Section 408)
Explanation: Section 408 empowers the Central Government to establish the National Company Law Tribunal (NCLT).
Statutory Authority: Section 408 of the Companies Act, 2013.

Q34. NCLAT Appeal Forum

An appeal against an order of the National Company Law Tribunal lies to which forum?

A. High Court of the State

B. Supreme Court of India

C. NCLAT

D. Ministry of Corporate Affairs

Correct Option: C (NCLAT)
Explanation: Appeals against NCLT are filed under NCLAT. Further appeals go to the Supreme Court of India.
Statutory Authority: Section 410 of the Companies Act, 2013.

Q35. Corporate Fraud Penalty

Which section of the Companies Act, 2013 prescribes the punishment for Corporate Fraud?

A. Section 445

B. Section 447

C. Section 450

D. Section 464

Correct Option: B (Section 447)
Explanation: Section 447 provides severe criminal penalties including imprisonment and heavy fines for fraud.
Statutory Authority: Section 447 of the Companies Act, 2013.

2 Part II: Sale of Goods Act, 1930

Q36. Statutory Commencement

On which date did the Sale of Goods Act, 1930 come into force?

A. 1st April 1930

B. 1st July 1930

C. 1st January 1931

D. 15th August 1930

Correct Option: B (1st July 1930)
Explanation: The Sale of Goods Act, 1930 came into effect on 1st July 1930 across India.
Statutory Authority: Section 1 of the Sale of Goods Act, 1930.

Q37. Legislative Origin

Before 1930, the law relating to the Sale of Goods was contained in which of the following?

A. Indian Contract Act, 1872

B. Transfer of Property Act, 1882

C. Code of Civil Procedure, 1908

D. English Common Law only

Correct Option: A (Indian Contract Act, 1872)
Explanation: The provisions were contained in Chapter VII (Sections 76 to 123) of the Indian Contract Act, which were repealed in 1930.
Statutory Authority: Preamble and Legislative history of the Sale of Goods Act, 1930.

Q38. Exclusion from Goods

Under Section 2(7) of the Sale of Goods Act, 'Goods' explicitly excludes which of the following?

A. Stocks and Shares

B. Actionable Claims and Money

C. Growing Crops and Grass

D. Things attached to the land to be severed before sale

Correct Option: B (Actionable Claims and Money)
Explanation: Goods includes stock, shares, growing crops, but excludes actionable claims and current legal tender (money).
Statutory Authority: Section 2(7) of the Sale of Goods Act, 1930.

Q39. Completed Contract Rights

A completed 'Contract of Sale' under the Act immediately creates which of the following legal rights?

A. Jus in personam

B. Jus in rem

C. Both A and B

D. Either A or B

Correct Option: **B (Jus in rem)**
Explanation: A sale transfers ownership, giving the buyer an absolute right to the goods against the entire world.
Statutory Authority: Section 4 of the Sale of Goods Act, 1930.

Q40. Transition to Sale

When does an ’Agreement to Sell’ become a ’Sale’ under Section 4?

A. Immediately upon signing

B. When the time elapses or the conditions are fulfilled

C. Only when physical delivery is completed

D. When the buyer makes partial payment

Correct Option: B (When the time elapses or the conditions are fulfilled)
Explanation: An agreement to sell is executory; it becomes a sale (executed) upon the passing of risk or condition fulfilment.
Statutory Authority: Section 4(4) of the Sale of Goods Act, 1930.

Q41. Definition of Delivery

How is 'Delivery' defined under Section 2(3) of the Sale of Goods Act, 1930?

A. Physical transfer of property

B. Voluntary transfer of possession from one person to another

C. Signing of delivery challan

D. Handing over invoice

Correct Option: B (Voluntary transfer of possession)
Explanation: Delivery requires a voluntary act of transferring physical/constructive control from the seller to the buyer.
Statutory Authority: Section 2(3) of the Sale of Goods Act, 1930.

Q42. Stipulation: Condition

A stipulation essential to the main purpose of the contract, the breach of which gives a right to repudiate, is called:

A. Warranty

B. Condition

C. Guarantee

D. Indemnity

Correct Option: B (Condition)
Explanation: A condition is a foundational term; its breach defeats the contract's purpose, allowing termination.
Statutory Authority: Section 12(2) of the Sale of Goods Act, 1930.

Q43. Stipulation: Warranty

A stipulation collateral to the main purpose of the contract, giving rise to a claim for damages only, is called:

A. Condition

B. Warranty

C. Representation

D. Puff

Correct Option: B (Warranty)
Explanation: Breach of warranty does not permit the buyer to reject the goods or terminate the contract.
Statutory Authority: Section 12(3) of the Sale of Goods Act, 1930.

Q44. Caveat Emptor Codification

Which section of the Sale of Goods Act, 1930 contains the rule of ’Caveat Emptor’ (Let the Buyer Beware)?

A. Section 14

B. Section 15

C. Section 16

D. Section 17

Correct Option: C (Section 16)
Explanation: There is no implied warranty or condition as to quality or fitness of goods, subject to statutory exceptions.
Statutory Authority: Section 16 of the Sale of Goods Act, 1930.

Q45. Nemo Dat Rule

Which section of the Act codifies the maxim 'Nemo dat quod non habet'?

A. Section 26

B. Section 27

C. Section 28

D. Section 30

Correct Option: B (Section 27)
Explanation: No one can transfer a better title to goods than they themselves possess, protecting ownership.
Statutory Authority: Section 27 of the Sale of Goods Act, 1930.

Q46. Res Perit Domino

The legal maxim 'Res Perit Domino' (The risk passes with the property) is codified in which Section?

A. Section 20

B. Section 26

C. Section 28

D. Section 32

Correct Option: B (Section 26)
Explanation: Goods remain at the seller's risk until property is transferred to the buyer, regardless of physical delivery.
Statutory Authority: Section 26 of the Sale of Goods Act, 1930.

Q47. Unpaid Seller Definition

Who is an 'Unpaid Seller' under Section 45 of the Sale of Goods Act, 1930?

A. A seller who has received 50% payment

B. A seller to whom the whole of the price has not been paid or tendered

C. A seller whose goods were rejected

D. A seller who sold goods on credit which is not expired

Correct Option: B (A seller to whom the whole of the price has not been paid or tendered)
Explanation: Applies if the entire price is unpaid or if a conditional bill of exchange is dishonoured.
Statutory Authority: Section 45 of the Sale of Goods Act, 1930.

Q48. Unpaid Seller: Right of Lien

An Unpaid Seller can exercise their statutory 'Right of Lien' over goods under which condition?

A. When they are not in possession of the goods

B. When they are in physical possession of the goods

C. When the goods are in transit

D. Whenever the buyer defaults

Correct Option: B (When they are in physical possession of the goods)
Explanation: Lien is a possessory right; it is lost immediately when the seller surrenders possession.
Statutory Authority: Section 47 of the Sale of Goods Act, 1930.

Q49. Stoppage in Transit Condition

To exercise the right of 'Stoppage in Transit', what statutory condition must be satisfied?

A. The seller must be insolvent

B. The buyer must become insolvent

C. The price of goods must increase

D. The carrier must be the seller's agent

Correct Option: B (The buyer must become insolvent)
Explanation: This right can be exercised when the goods are in the course of transit and the buyer becomes insolvent.
Statutory Authority: Section 50 of the Sale of Goods Act, 1930.

Q50. Legislative Foundations

The Indian Sale of Goods Act, 1930 is heavily modeled on which English statute?

A. English Bill of Exchange Act, 1882

B. English Sale of Goods Act, 1893

C. English Law of Property Act, 1925

D. English Companies Act, 1908

Correct Option: B (The English Sale of Goods Act, 1893)
Explanation: Indian SOGA is based directly on the English codification of common law mercantile principles of 1893.
Statutory Authority: Comparative Common Law Jurisprudence.

Q51. Document of Title Section

Which Section of SOGA defines 'Document of Title to Goods'?

A. Section 2(1)
B. Section 2(4)
C. Section 2(7)
D. Section 2(14)

Correct Option: B (Section 2(4))
Explanation: Includes bills of lading, dock warrants, warehouse certificates, and delivery orders.
Statutory Authority: Section 2(4) of the Sale of Goods Act, 1930.

Q52. Definition of Buyer

Under Section 2(1), a ’Buyer’ is defined as:

A. A person who buys goods

B. A person who agrees to buy goods

C. A person who buys or agrees to buy goods

D. A person who signs an invoice

Correct Option: C (A person who buys or agrees to buy goods)
Explanation: The definition covers both completed sales (buys) and executory agreements (agrees to buy).
Statutory Authority: Section 2(1) of the Sale of Goods Act, 1930.

Q53. Definition of Seller

Under Section 2(13), a 'Seller' is defined as:

A. A person who sells goods

B. A person who agrees to sell goods

C. A person who sells or agrees to sell goods

D. A retail merchant

Correct Option: C (A person who sells or agrees to sell goods)
Explanation: Like buyer, the definition of seller covers both executed and executory contracts.
Statutory Authority: Section 2(13) of the Sale of Goods Act, 1930.

Q54. Quiet Possession Warranty

The implied warranty of 'Quiet Possession' means that the buyer shall have:

A. Free sample goods

B. Undisturbed possession of the goods

C. Immediate delivery

D. Right of return

Correct Option: B (Undisturbed possession of the goods)
Explanation: The buyer must be protected from claims of third parties asserting superior rights to the goods.
Statutory Authority: Section 14(b) of the Sale of Goods Act, 1930.

Q55. Sale by Sample Stipulations

In a 'Sale by Sample', there is an implied condition that:

A. The bulk shall correspond with the sample in quality

B. The buyer shall have a reasonable opportunity of comparing bulk with sample

C. The goods shall be free from any latent defect rendering them unmerchantable

D. All of the above

Correct Option: D (All of the above)
Explanation: Section 17 lists three overlapping implied conditions that apply in sample sales.
Statutory Authority: Section 17(2) of the Sale of Goods Act, 1930.

Q56. Larger Quantity Delivery

If a seller delivers a larger quantity of goods than ordered, which option is NOT available to the buyer?

A. Reject the entire goods delivered

B. Accept the ordered quantity and reject the rest

C. Accept the entire quantity and pay for them at the contract rate

D. Retain the entire quantity but pay only for the ordered quantity

Correct Option: D (Retain the entire quantity but pay only for the ordered quantity)
Explanation: The buyer cannot keep excess goods without paying for them at the contract rate.
Statutory Authority: Section 37(2) of the Sale of Goods Act, 1930.

Q57. Delivery of Wrong Quantity

The provisions of Section 37 regarding 'Delivery of Wrong Quantity' apply to which scenarios?

A. Short delivery

B. Excess delivery

C. Mixed goods delivery

D. All of the above

Correct Option: D (All of the above)
Explanation: Section 37 regulates delivery of quantities that are lesser, larger, or mixed with different goods.
Statutory Authority: Section 37 of the Sale of Goods Act, 1930.

Q58. Reasonable Time Determination

Under Section 63 of the Act, what is a 'Reasonable Time'?

A. A question of law

B. A question of fact

C. A mixed question of law and fact

D. Subject to the local magistrate

Correct Option: B (A question of fact)
Explanation: What constitutes reasonable time depends on the facts and circumstances of each individual transaction.
Statutory Authority: Section 63 of the Sale of Goods Act, 1930.

Q59. Auction Sale Completion

In an auction sale, when is the sale complete under Section 64?

A. Upon registration of bids

B. By the fall of the hammer or in other customary manner

C. When the payment is cleared

D. When the auctioneer says 'completed'

Correct Option: B (By the fall of the hammer or other customary manner)
Explanation: The fall of the hammer signifies the acceptance of the bid, concluding the contract.
Statutory Authority: Section 64(2) of the Sale of Goods Act, 1930.

Q60. Wholesomeness Rule Application

In a contract of sale of goods, the implied condition as to 'Wholesomeness' applies to:

A. Industrial machinery

B. Eatables and provisions

C. Wearable clothes

D. Automobiles

Correct Option: B (Eatables and provisions)
Explanation: For food items, there is an implied condition that they must be fit for human consumption (wholesome).
Statutory Authority: Extension of the fitness and merchantability rule under Section 16.

Q61. Right of Resale Conditions

An unpaid seller can resell the goods under Section 54 if:

A. The goods are of a perishable nature

B. The seller gives notice of intention to resell and buyer does not pay in reasonable time

C. The seller explicitly reserves a right of resale in case of default

D. All of the above

Correct Option: D (All of the above)
Explanation: Section 54 provides rights to resell based on perishability, notice, or express contractual reservation.
Statutory Authority: Section 54 of the Sale of Goods Act, 1930.

Q62. Termination of Transit

When is the 'Course of Transit' deemed to be at an end under Section 51?

A. When the goods are dispatched from the factory

B. When the buyer or their agent takes delivery from the carrier

C. When the goods reach the destination station but remain with the carrier

D. When the goods are loaded onto a ship

Correct Option: B (When the buyer or their agent takes delivery)
Explanation: Transit ends when the carrier's possession becomes the buyer's possession.
Statutory Authority: Section 51(1) of the Sale of Goods Act, 1930.

Q63. Suit for Price

Under Section 55, a seller can file a lawsuit against the buyer for 'Price' if:

A. The property has passed and buyer refuses to pay

B. The price is payable on a day certain and buyer refuses to pay

C. Both A and B

D. None of the above

Correct Option: C (Both A and B)
Explanation: The seller can sue for the contract price once ownership has passed or if payment was contractually due on a specific date.
Statutory Authority: Section 55 of the Sale of Goods Act, 1930.

Q64. Damages for Non-Acceptance

Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may sue for:

A. Specific performance

B. Damages for non-acceptance

C. Injunction

D. Cancellation of license

Correct Option: B (Damages for non-acceptance)
Explanation: The seller can sue for damages measured by the difference between market price and contract price.
Statutory Authority: Section 56 of the Sale of Goods Act, 1930.

Q65. Specific Performance Section

Which Section of SOGA empowers the court to decree 'Specific Performance' of a contract for sale?

A. Section 55

B. Section 56

C. Section 58

D. Section 60

Correct Option: C (Section 58)
Explanation: The court may direct specific performance for specific or ascertained goods.
Statutory Authority: Section 58 of the Sale of Goods Act, 1930.

Q66. Waiving Breach of Condition

Under what section can a buyer treat a breach of condition as a breach of warranty?

A. Section 11

B. Section 13

C. Section 15

D. Section 17

Correct Option: B (Section 13)
Explanation: The buyer can waive the breach of condition or elect to treat it as a breach of warranty.
Statutory Authority: Section 13(1) of the Sale of Goods Act, 1930.

Q67. Actionable Claims Legislation

Since SOGA excludes Actionable Claims, which Act governs the transfer of Actionable Claims?

A. Indian Contract Act, 1872

B. Transfer of Property Act, 1882

C. Code of Civil Procedure, 1908

D. Specific Relief Act, 1963

Correct Option: B (Transfer of Property Act, 1882)
Explanation: Chapter VIII of the Transfer of Property Act, 1882 regulates actionable claims.
Statutory Authority: Section 3 and Chapter VIII of the TPA, 1882.

Q68. Goods Perished before Contract

Where specific goods perish before the contract is made, without the seller's knowledge, the contract is:

A. Voidable at the option of the buyer

B. Void

C. Illegal

D. Enforceable with damages

Correct Option: B (Void)
Explanation: The contract is void due to mutual mistake and impossibility of performance.
Statutory Authority: Section 7 of the Sale of Goods Act, 1930.

Q69. Goods Perished after Agreement

If specific goods perish after agreement to sell but before risk passes, without fault of either party, the agreement is:

A. Rescinded

B. Avoided

C. Valid

D. Illegal

Correct Option: B (Avoided)
Explanation: The agreement is avoided under SOGA, protecting both parties from performance obligations.
Statutory Authority: Section 8 of the Sale of Goods Act, 1930.

Q70. Time of Payment Essence

Unless otherwise agreed, is the time of payment deemed to be the 'Essence of Contract' under SOGA?

A. Yes, always

B. No, unless a different intention appears from the terms

C. Only in commercial contracts

D. Only when goods are perishable

Correct Option: B (No, unless specified in the contract)
Explanation: Stipulations as to time of payment are not deemed to be of the essence of a contract of sale.
Statutory Authority: Section 11 of the Sale of Goods Act, 1930.

3 Part III: Negotiable Instruments Act, 1881

Q71. Statutory Commencement

On which date did the Negotiable Instruments Act, 1881 come into force?

A. 9th December 1881

B. 1st January 1882

C. 1st March 1882

D. 15th August 1882

Correct Option: C (1st March 1882)
Explanation: The Act received assent in December 1881 and commenced operation on 1st March 1882.
Statutory Authority: Section 1 of the Negotiable Instruments Act, 1881.

Q72. Statutory Act Number

The Negotiable Instruments Act, 1881 is officially designated as which Act Number?

A. Act No. 1 of 1881

B. Act No. 26 of 1881

C. Act No. 9 of 1872

D. Act No. 4 of 1882

Correct Option: B (Act No. 26 of 1881)
Explanation: It is designated as Act No. 26 of 1881 under the Central Legislative database.
Statutory Authority: Statutory Citation.

Q73. Promissory Note Definition

Which Section of the Negotiable Instruments Act, 1881 defines a 'Promissory Note'?

A. Section 4

B. Section 5

C. Section 6

D. Section 13

Correct Option: A (Section 4)
Explanation: A promissory note is an instrument in writing containing an unconditional undertaking to pay.
Statutory Authority: Section 4 of the Negotiable Instruments Act, 1881.

Q74. Bill of Exchange Definition

Which Section of the Negotiable Instruments Act, 1881 defines a 'Bill of Exchange'?

A. Section 4

B. Section 5

C. Section 6

D. Section 8

Correct Option: B (Section 5)
Explanation: A bill of exchange contains an unconditional order directing a person to pay a certain sum.
Statutory Authority: Section 5 of the Negotiable Instruments Act, 1881.

Q75. Definition of Cheque

Which Section of the Negotiable Instruments Act, 1881 defines a ’Cheque’?

A. Section 5

B. Section 6

C. Section 7

D. Section 9

Correct Option: B (Section 6)
Explanation: A cheque is defined as a bill of exchange drawn on a specified banker and payable on demand.
Statutory Authority: Section 6 of the Negotiable Instruments Act, 1881.

Q76. Holder in Due Course

Which section of the Negotiable Instruments Act, 1881 defines 'Holder in Due Course' (HDC)?

A. Section 8

B. Section 9

C. Section 13

D. Section 15

Correct Option: B (Section 9)
Explanation: HDC is a holder who takes an instrument for consideration, before maturity, in good faith.
Statutory Authority: Section 9 of the Negotiable Instruments Act, 1881.

Q77. Definition of Endorsement

Which Section of the Negotiable Instruments Act, 1881 defines 'Endorsement'?

A. Section 13

B. Section 15

C. Section 16

D. Section 21

Correct Option: B (Section 15)
Explanation: Endorsement is when the maker/holder signs the instrument for the purpose of negotiation.
Statutory Authority: Section 15 of the Negotiable Instruments Act, 1881.

Q78. Nature of Bill Mandate

A Bill of Exchange must contain which type of mandate?

A. A conditional promise to pay

B. An unconditional order to pay

C. A conditional order to pay

D. An unconditional promise to pay

Correct Option: B (An unconditional order to pay)
Explanation: Unlike promissory notes (undertakings), bills of exchange contain unconditional directions (orders) to pay.
Statutory Authority: Section 5 of the Negotiable Instruments Act, 1881.

Q79. Cheque Distinct Properties

A Cheque is structurally distinct from other bills of exchange because it is:

A. Always payable on demand

B. Drawn only on a specified banker

C. Both A and B

D. None of the above

Correct Option: C (Both A and B)
Explanation: Cheques must be drawn on bankers and are payable on demand, without days of grace.
Statutory Authority: Section 6 of the Negotiable Instruments Act, 1881.

Q80. Promissory Note Parties

What is the minimum number of parties required to execute a Promissory Note?

A. Two (2) parties

B. Three (3) parties

C. Four (4) parties

D. One (1) party

Correct Option: A (Two (2) parties)
Explanation: A promissory note involves the Maker (debtor) and the Payee (creditor).
Statutory Authority: Section 4 of the Negotiable Instruments Act, 1881.

Q81. Primary Parties Bill of Exchange

How many primary parties are involved in a Bill of Exchange?

A. Two (2)

B. Three (3)

C. Four (4)

D. Five (5)

Correct Option: B (Three (3) parties)
Explanation: The parties are the Drawer (issuer), the Drawee (ordered to pay), and the Payee (beneficiary).
Statutory Authority: Section 5 of the Negotiable Instruments Act, 1881.

Q82. Drawee of a Cheque

Who is the primary 'Drawee' of a Cheque?

A. The Person issuing the cheque

B. The specified Banker on whom it is drawn

C. The Payee

D. The Clearing House

Correct Option: B (The specified Banker)
Explanation: The drawee of a cheque is always the specified bank branch holding the drawer's account.
Statutory Authority: Section 6 of the Negotiable Instruments Act, 1881.

Q83. Statutory Presumptions Section

Which section of the Act contains general statutory presumptions as to negotiable instruments?

A. Section 114

B. Section 118

C. Section 138

D. Section 139

Correct Option: B (Section 118)
Explanation: Presumptions of consideration, date, time, and order of endorsements are applied until the contrary is proved.
Statutory Authority: Section 118 of the Negotiable Instruments Act, 1881.

Q84. Dishonour of Cheque Section

Which section deals with the criminal offence of dishonour of cheque for insufficiency of funds?

A. Section 118

B. Section 131

C. Section 138

D. Section 142

Correct Option: C (Section 138)
Explanation: Dishonour of cheques due to insufficient funds is a criminal offense carrying imprisonment and fines.
Statutory Authority: Section 138 of the Negotiable Instruments Act, 1881.

Q85. Section 138 Punishment Limits

What is the maximum imprisonment term that can be awarded for an offence under Section 138?

A. One (1) Year

B. Two (2) Years

C. Three (3) Years

D. Five (5) Years

Correct Option: B (Two (2) Years)
Explanation: Carries penalty of imprisonment up to 2 years, or fine up to twice the cheque amount, or both.
Statutory Authority: Section 138 of the Negotiable Instruments Act, 1881.

Q86. Written Demand Notice Timeline

Following cheque bounce, within what period must the payee send written notice to the drawer demanding payment?

A. Within 15 days of receiving the return memo

B. Within 30 days of receiving the return memo

C. Within 45 days of receiving the return memo

D. Within 60 days of receiving the return memo

Correct Option: B (Within 30 days)
Explanation: The notice demanding payment must be sent in writing within 30 days of receiving bank information.
Statutory Authority: Proviso (b) to Section 138 of the Negotiable Instruments Act, 1881.

Q87. Notice Cure Period

How many days must the payee allow the drawer to make payment before the cause of action arises?

A. Seven (7) days

B. Ten (10) days

C. Fifteen (15) days

D. Thirty (30) days

Correct Option: C (Fifteen (15) days)
Explanation: The drawer is given a statutory 15-day window to clear the payment after receiving the notice.
Statutory Authority: Proviso (c) to Section 138 of the Negotiable Instruments Act, 1881.

Q88. Filing Criminal Complaint Period

A criminal complaint under Section 138 must be filed within what period from the date the cause of action arises?

A. Within 15 days

B. Within One (1) Month

C. Within Three (3) Months

D. Within Six (6) Months

Correct Option: B (Within One (1) Month)
Explanation: Complaint must be filed in writing within one month from the 16th day after notice receipt.
Statutory Authority: Section 142(1)(b) of the Negotiable Instruments Act, 1881.

Q89. Offence Compounding status

An offence under Section 138 of the Negotiable Instruments Act, 1881 is:

A. Non-compoundable

B. Compoundable

C. Cognizable and non-bailable

D. Summary triable without bail

Correct Option: B (Compoundable)
Explanation: Section 147 explicitly mandates that all offenses under this Act are compoundable.
Statutory Authority: Section 147 of the Negotiable Instruments Act, 1881.

Q90. Inchoate Stamped Instrument

Which section of the Negotiable Instruments Act deals with an 'Inchoate Stamped Instrument'?

A. Section 15

B. Section 17

C. Section 20

D. Section 22

Correct Option: C (Section 20)
Explanation: Allows a person signing a blank stamped paper to deliver it as a negotiable instrument to be completed.
Statutory Authority: Section 20 of the Negotiable Instruments Act, 1881.

Q91. Ambiguous Instruments Election

Under Section 17, where an instrument can be construed either as a promissory note or bill of exchange:

A. The instrument is completely void

B. The holder may at his election treat it as either

C. The banker decides the classification

D. It is treated strictly as a bill of exchange

Correct Option: B (The holder may at his election treat it as either)
Explanation: An ambiguous instrument is treated based on the holder's choice. Once elected, it cannot be changed.
Statutory Authority: Section 17 of the Negotiable Instruments Act, 1881.

Q92. Days of Grace

How many days of grace are added to calculate the maturity of a promissory note or bill of exchange?

A. No grace days

B. Two (2) grace days

C. Three (3) grace days

D. Five (5) grace days

Correct Option: C (Three (3) grace days)
Explanation: Every promissory note or bill of exchange which is not payable on demand is entitled to 3 grace days.
Statutory Authority: Section 22 of the Negotiable Instruments Act, 1881.

Q93. Public Holiday Maturity

If the maturity of a bill of exchange falls on a public holiday, it is deemed to be mature on:

A. The next succeeding business day

B. The preceding business day

C. The holiday itself

D. The next Monday

Correct Option: B (The preceding business day)
Explanation: Under Section 25, if maturity falls on a public holiday, the instrument is due on the preceding day.
Statutory Authority: Section 25 of the Negotiable Instruments Act, 1881.

Q94. Types of Crossing

Crossing of a Cheque can be of which types under S. 123 & 124?

A. General Crossing

B. Special Crossing

C. Both A and B

D. Exclusive Crossing

Correct Option: C (Both A and B)
Explanation: General crossing restricts payment to any bank; special crossing names the specific bank branch.
Statutory Authority: Sections 123 & 124 of the Negotiable Instruments Act, 1881.

Q95. Not Negotiable Crossing Effect

A cheque bearing a 'Not Negotiable' crossing has which legal consequence?

A. It cannot be transferred further

B. It remains transferable, but transferee cannot get better title than transferor

C. It is void

D. It can only be paid across the counter

Correct Option: B (It remains transferable, but subject to defect rules)
Explanation: Does not restrict transfer, but eliminates the holder in due course protection against defective titles.
Statutory Authority: Section 130 of the Negotiable Instruments Act, 1881.

Q96. Material Alteration Effect

Any material alteration of a negotiable instrument renders it void as against anyone under which section?

A. Section 85

B. Section 87

C. Section 89

D. Section 90

Correct Option: B (Section 87)
Explanation: Any material alteration makes the instrument void unless made with the consent of parties.
Statutory Authority: Section 87 of the Negotiable Instruments Act, 1881.

Q97. Section 139 Mandatory Presumption

Section 139 creates a mandatory statutory presumption in favor of whom?

A. The Drawer

B. The Holder of the cheque

C. The Drawee Bank

D. The State Government

Correct Option: B (The Holder of the cheque)
Explanation: Presumes that the cheque was received in discharge, in whole or in part, of a debt or liability.
Statutory Authority: Section 139 of the Negotiable Instruments Act, 1881.

Q98. Definition of Banker Scope

Under Section 3, the term 'Banker' is interpreted to include:

A. Any person acting as a banker and Post Office Savings Bank

B. Only public sector banks

C. Private NBFCs

D. Insurance companies

Correct Option: A (Any person acting as a banker and Post Office Savings Bank)
Explanation: The statutory definition extends standard banks to any person acting in banking capacities.
Statutory Authority: Section 3 of the Negotiable Instruments Act, 1881.

Q99. Mandatory Written Form

Which of the following must be in writing as a mandatory legal rule?

A. A Promissory Note

B. A Bill of Exchange

C. A Cheque

D. All of the above

Correct Option: D (All of the above)
Explanation: All three negotiable instruments under this Act are fundamentally written documents.
Statutory Authority: Sections 4, 5 & 6 of the Negotiable Instruments Act, 1881.

Q100. Definition of Holder Section

Which Section of the Negotiable Instruments Act, 1881 defines a ’Holder’?

A. Section 7

B. Section 8

C. Section 9

D. Section 10

Correct Option: B (Section 8)
Explanation: The holder is any person entitled in their own name to the possession and recovery of the instrument.
Statutory Authority: Section 8 of the Negotiable Instruments Act, 1881.

4 Master Revision Conclusion

You have completed the full run of **all 100 high-yield commercial law MCQs** covering:

- The Companies Act, 2013 (Q1–Q35)
- The Sale of Goods Act, 1930 (Q36–Q70)
- The Negotiable Instruments Act, 1881 (Q71–Q100)

Use this document to systematically practice active-recall. Cover the explanation blocks, formulate your reasoning, check against the statutory sections, and master the Bihar Judicial Services (Civil Judge) Commercial Law syllabus!