**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION FOR**
**RECRUITMENT TO POSTS IN BPS-17 UNDER**
**THE FEDERAL GOVERNMENT, 2010**

**Roll Number**

**MERCANTILE LAW**

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| **TIME ALLOWED:** | **(PART-I) 30 MINUTES** | **MAXIMUM MARKS:20** |
| | **(PART-II) 2 HOURS & 30 MINUTES** | **MAXIMUM MARKS:80** |

**NOTE: (i)** **First** attempt **PART-I (MCQ)** on separate **Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**

## PART – I (MCQ)
## (COMPULSORY)

**Q.1. Select the best option/answer and fill in the appropriate box on the Answer Sheet. (20)**

(i) A signs promissory instrument in the following terms:
(a) Mr. B I.O.U. Rs.1000
(b) I promise to pay Rs. 500 seven days after my marriage with C
(c) I acknowledge to be indebted to B in Rs.1000 to be paid on demand, for value received
(d) I promise to pay Rs. 500 to B and to deliver my black horse on 1st January next
(e) None of these

(ii) How many parties are there to a "Promissory note" and a "bill of exchange"?
(a) There are three parties to a "Promissory note" and four to a "bill of exchange"
(b) There are four parties to a "Promissory note" and three to a "bill of exchange
(c) There is one party to a "Promissory note" and two to a "bill of exchange"
(d) There are two parties to a "Promissory note and three to a bill of exchange"
(e) None of these

(iii) In a cheque issued by A to B, amount is stated differently in figures and in words:
(a) the amount stated in words shall be the amount ordered to be paid
(b) the amount stated in figures shall be the amount ordered to be paid
(c) the cheque will be returned to the bearer by the banker for correction by the drawer
(d) None of these

(iv) When consent to an agreement is caused by coersion, fraud or mis-representation, the agreement is:
(a) valid (b) void
(c) voidable at the option of a party whose consent was so caused (d) partially void
(e) None of these

(v) A voidable contract is:
(a) An illegal agreement (b) Partly valid agreement
(c) void ab initio (d) None of these

(vi) A minor in a firm enjoys the following rights:
(a) He may be admitted to the benefits of partnership
(b) He cannot have access to and inspect and copy any of the accounts of the firm
(c) None of these

(vii) A fully paid share-warrant of a company limited by shares is to be treated like a:
(a) Cheque (b) negotiable instrument (c) Bill of Exchange (d) None of these

(viii) A private company can be incorporated by:
(a) 2 persons (b) 3 persons (c) 7 persons (d) None of these

(ix) A public company must have at least:
(a) 5 persons (b) 7 persons (c) 9 persons (d) None of these

(x) A private company cannot have more than:
(a) 20 members (b) 30 members (c) 50 members (d) None of these

(xi) Eliason V. Hamshaw (1819) Sup Ct US 4 wheaton 225 deals with:
(a) Counter proposed (b) Implied acceptance (c) Manner of acceptance (d) None of these

(xii) A and B contract to marry each other. Before the time fixed for the marriage A goes mad. In such a case the contract is:
(a) Void (b) Voidable (c) Valid (d) None of these

(xiii) The maxim of Caveat Emptor in a contract of sale means:
- (a) The seller guarantees the quality or fitness for any particular purpose supplied
- (b) The buyer himself takes the risk as to the quality and condition of the goods
- (c) There is an implied condition that the buyer can repudiate the contract at his option
- (d) None of these

(xiv) A agrees to sell to B ""a hundred tons of oil" –the agreement is:
- (a) Valid (b) Void (c) Voidable
- (d) Partially valid (e) None of these

(xv) An agreement entered into before marriage between a Muslim wife and husband that the wife shall be at liberty to live with her parents after marriage is:
- (a) Valid (b) Void
- (c) Voidable at the option of husband (d) None of these

(xvi) A promises to obtain for B an employment in the Public Service and promises to pay rupees 1000 to A. The agreement is:
- (a) Valid (b) Void (c) Voidable (d) None of these

(xvii) A void contract is:
- (a) An illegal agreement (b) Partly valid agreement
- (c) Ceased to be a valid agreement (d) None of these

(xviii) An agreement to pay one hundred rupees to a holy man for prayers for the success of a suit in a court is:
- (a) Valid (b) Void (c) Voidable
- (d) Partially Valid (e) None of these

(xix) A, for natural love and affection, promises to give his son B, Rs.100,000, and puts his promise to B into writing and registers it. Will the contract be:
- (a) Valid (b) Void (c) Partially Valid (d) None of these

(xx) A contract B to sell his horse for Rs.500 by 10th January 2010. The horse so contracted dies on 8th January 2010. The contract is:
- (a) Valid (b) Void (c) B can sue A for compensation
- (d) A is liable for damages (e) None of these

## PART – II

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| **NOTE:** | **(i)** **PART-II** is to be attempted on the separate **Answer Book.**<br>**(ii)** Attempt **ONLY FOUR** questions from **PART-II.** All questions carry **EQUAL** marks.<br>**(iii)** Extra attempt of any question or any part of the attempted question will not be considered. |

**Q.2.** What is the difference between Memorandum and Articles of Association of a Company? Is it essential to register the Articles of Association signed by the Subscribers to the Memorandum? What is the alternative if these are not registered? **(20)**

**Q.3.** Loans by a Company Limited by shares, other than a Private Company, on the security of its own shares to a person to enable him to purchase its own shares is strictly prohibited. What are its exceptions? What action can be taken in case of a contravention? **(20)**

**Q.4.** (a) What do you understand by the expression Caveat-emptor? **(10)**

(b) Define a "Warranty" and distinguish it from a "Condition" with reference to a contract of the Sale of Goods Act. **(10)**

**Q.5.** Define "Dissolution of a firm". Explain various modes of the dissolution of a firm. **(20)**

**Q.6.** State the rules for determining partner's mutual relations. Explain fully. **(20)**

**Q.7.** What are void and voidable Agreements? State fully, quoting law. **(20)**

**Q.8.** Define and explain "Consent" and ""Free Consent". Is it essential for validity of a contract that the consent should be free? What do you mean by "the parties ad idem"? **(20)**

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