

FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS
IN BPS-17 UNDER THE FEDERAL GOVERNMENT, 2001.

MERCANTILE LAW

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: Attempt FIVE questions in all, including question No.8 which is
COMPULSORY. All questions carry **EQUAL** marks.

1. Discuss the importance of free consent in contracts. When do you think, consent is said to be 'not free', and what effect will such a consent have on contracts?
2. Discuss in detail remedies for breach of a contract given to a seller against the buyer in the Sale of Goods Act.
3. Define partnership, and discuss the essential elements of partnership in detail.
4. What do you understand by the words, 'negotiation' and 'negotiable'? There are special rules of evidence relating to negotiable instruments. What are they?
5. What is arbitration? How an arbitrator is appointed, and what are his powers under the Arbitration Act?
6. Explain the nature of a contract of insurance. Distinguish between life insurance and other kinds of insurances.
7. Write short notes on the following:
 - (a) Surety
 - (b) Warranties
 - (c) Bailment
 - (d) Award

COMPULSORY QUESTION

8. Write only the correct answer in the Answer Book. Do not reproduce the questions.
 - (1) A proposes, by a letter sent by post, to sell his house to B. The acceptance of the proposal is complete:
 - (a) the moment the letter is posted by A;
 - (b) the moment the letter is received by B;
 - (c) None of these.
 - (2) In order to convert a proposal into a promise, the acceptance must be:
 - (a) Conditional; (b) Unconditional; (c) None of these
 - (3) A voidable contract may be turned by the option of the party at a loss into:
 - (a) a void contract; (b) a valid contract; (c) None of these
 - (4) The maximum number of members in a private company is:
 - (a) 60 (b) 50 (c) Unlimited.
 - (5) The maximum number of partners in a firm is:
 - (a) 18 (b) 25 (c) None of these

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- (6) The Companies Ordinance, 1984:
(a) applies to a Co-operative Society (b) Insurance Companies
(b) None of these
- (7) A Company is subsidiary of another Company:
(a) if the other company holds more than 50% of its voting shares;
(b) less than 50% of its voting shares;
(c) None of these
- (8) P appoints A as his agent. A is not a person of full age:
(a) the appointment of A is not valid;
(b) the appointment of A is valid;
(d) None of these
- (9) Statutory meeting of a Company is held:
(a) Once in the life-time of the Company; (b) every year
(c) None of these
- (10) Publication of Prospectus is Compulsory by:
(a) a Private Company (b) a Firm (c) None of these
- (11) Award is a decision given by:
(a) a Court (b) an arbitrator (c) None of these
- (12) A lends some ornaments to B to be used in a marriage. The transaction is:
(a) a bailment (b) a pledge (c) None of these
- (13) A partner may be expelled from a partnership by:
(a) a majority of partners (b) orders of the Court
(c) None of these
- (14) Third Party Insurance is an insurance relating to:
(a) Motor vehicles' accidents (b) Injuries due to war
(c) None of these
- (15) A Bill of Exchange has:
(a) two parties (b) three parties (c) None of these
- (16) A minor:
(a) can make, draw, accept or indorse a negotiable instrument
(b) cannot make, draw, accept or indorse a negotiable instrument
(c) None of these
- (17) A void as well as an illegal contract is:
(a) Similar in effect (b) Not similar in effect (c) None of these
- (18) In the Companies Ordinance, 1984, there are:
(a) Kinds of shares (b) No kinds of shares (c) None of these
- (19) Like a cheque, a bill of exchange may be:
(a) crossed (b) cannot be crossed (c) None of these
- (20) An executory consideration takes the form of:
(a) a promise to be performed in future
(b) relates to the present act made for a promise
(c) None of these
