



**FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BPS-17 UNDER
THE FEDERAL GOVERNMENT, 2009**

MERCANTILE LAW

S.No.	
R.No.	

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) Select the correct answer:
(a) Promisee and Offeree are one and same party
(b) Offeree is a party who propose an agreement while promisee accepts it
(c) None of these
- (ii) Every agreement forbidding marriage of any adult person is void except of a minor:
(a) Yes (b) No (c) Partly correct (d) None of these
- (iii) Can a contract executed in Saudi Arabia be enforced in courts in Pakistan?
(a) Yes (b) No (c) None of these
- (iv) The effect of coercion on a contract is that the contract becomes:
(a) void (b) voidable (c) valid (d) None of these
- (v) The members of partnership carrying out business of banking must not exceed:
(a) 10 (b) 20 (c) 50 (d) None of these
- (vi) The minimum number of members required for forming private company is:
(a) 1 (b) 3 (c) 5 (d) None of these
- (vii) The minimum number of members required for forming public company is:
(a) 7 (b) 50 (c) 5 (d) None of these
- (viii) After its incorporation, the ordinary General Meeting of a company must be held within:
(a) One year (b) the year of incorporation
(c) Eighteen months from the date of incorporation (d) None of these
- (ix) What type of tax is referred to in the sale of Goods Act, 1930?
(a) Income tax (b) Wealth tax (c) Customs duty
(d) Sales tax (e) None of these
- (x) The carrier holds the goods in transit as:
(a) Trustee (b) Agent (c) Bailee (d) None of these
- (xi) For how much days, a promissory note is entitled to days of grace to be at maturity when it is not expressed to be either payable on demand or otherwise?
(a) 30 days (b) 15 days (c) 3 days (d) None of these
- (xii) A promissory note is at maturity on Sunday, being public holiday. Whether such promissory note shall be deemed to be due on:
(a) the next preceding business day (b) The next succeeding business day
(c) None of these
- (xiii) Can a minor become a payee of a negotiable instrument?
(a) Yes (b) No (c) Not himself but his guardian
- (xiv) Life Insurance Policy cannot be called in question by an insurer on the ground of inaccurate or false immaterial statement made in the proposal for insurance after:
(a) one year (b) two years (c) three years (d) None of these
- (xv) Willfully making statement false in any document required under Insurance Act, 1938, shall be punishable with imprisonment upto:
(a) five years (b) four years (c) three years
(d) fine only (e) None of these
- (xvi) Whether a minor can be appointed as nominee to Life Insurance Policy?
(a) Yes (b) No (c) His guardian only (d) None of these

MERCANTILE LAW

- (xvii) Caveat emptor:
- (a) is a person who institutes preemption suit
 - (b) is seller who discloses defects in the goods being sold
 - (c) is the buyer who is supposed to be aware of the suitability of the goods
 - (d) is owner of an empty cave
 - (e) None of these
- (xviii) Penalty provided for driving uninsured vehicle is:
- (a) imprisonment upto 5 years and fine upto Rs. 1000/- or both
 - (b) imprisonment upto 1 year and fine upto Rs. 100/- or both
 - (c) Imprisonment upto 3 months or fine upto Rs. 500/- or with both
 - (d) fine upto Rs. 10000/- only
 - (e) None of these
- (xix) Can a compoundable criminal case be referred to arbitration?
- (a) Yes
 - (b) No
 - (c) None of these as only civil matters can be referred to
- (xx) Within how much period, the arbitrators are legally required to make their award after entering on the reference?
- (a) one month
 - (b) two months
 - (c) three months
 - (d) four months
 - (e) None of these

PART – II

NOTE:	<p>(i) PART-II is to be attempted on the separate Answer Book.</p> <p>(ii) Attempt ONLY FOUR questions from PART-II. All questions carry EQUAL marks.</p> <p>(iii) Extra attempt of any question or any part of the attempted question will not be considered.</p>
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- Q.2.** (a) All contracts are agreements but all agreements are not contracts. Please justify. (10)
(b) Give five examples of such agreements which are declared to be void under the contract Act, 1872. (10)
- Q.3.** (a) When will consent of a party to a contract be deemed to have been caused by coercion? (10)
(b) Whether threat to commit suicide by husband will amount to coercion against wife in a contract between them? Comment. (10)
- Q.4.** (a) A and B contract to marry each other. Before the time fixed for the marriage, A goes mad. What type of contract it becomes? (10)
(b) (i) Can A, who is pleader, recover fee from his client B, when there was no express agreement as to the remuneration for the services rendered? Justify your reply. (5)
(ii) A, gratuitously saves B's property from fire. Is A entitled to any compensation for it from B? (5)
- Q.5.** (a) Jewellery was pledged with a money lender as security for a loan. The lender gave it to his wife for putting it on a marriage. While returning from the ceremony, she was attacked by decoits and robbed of it. Was the money lender liable for making good the loss to the loanee after such incident? Comment. (10)
(b) What are the rights of the Pawnee in respect of the thing pledged? (10)
- Q.6.** What statutory restrictions are imposed on the alteration of articles of association of a company? (20)
- Q.7.** (a) What remedies are available to a buyer when the seller delivers him goods less and/or more than the quantity contracted? (10)
(b) A purchased a pole for his carriage from B. While A was driving the pole due to a latent defect, broke and the horses got frightened and injured. Is any remedy available to A in such a case? Comment. (10)
- Q.8.** (a) In what cases, a party to the arbitration agreement may appoint his own appointed arbitrator to act as sole arbitrator in the reference? (10)
(b) Define the following: (10)
(i) Drawee (ii) Payee (iii) Accommodation Bills
(iv) Blank instrument (v) Cross cheque
