

# CA - IPCC COURSE MATERIAL

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## **BUSINESS LAWS TRUE OR FALSE STATEMENTS\_ 37E**

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## **Index**

<b>Chapter No.</b>	<b>Chapter Name</b>	<b>No. of Questions</b>	<b>Page No.</b>
<b>1.</b>	Bailment and Pledge	96	03
<b>2.</b>	The Payment of Gratuity Act, 1972	15	09
<b>3.</b>	E.P.F.Act, 1952	64	10
<b>4.</b>	Payment of Bonus Act, 1965	16	16
<b>5.</b>	NI Act, 1881	105	18

# 1. BAILMENT AND PLEDGE

1. **The word bailment is derived from latin word bailer.**
  - A. **False**, the word bailment is derived from French word ballier which means to deliver.
2. **Bailment is the delivery of goods to himself**
  - A. **False**, Bailment is the delivery of goods by one person to another for some purpose
3. **When the purpose is accomplished , the goods be returned or otherwise disposed off according to the Directions of bailee**
  - A. **False**, when the purpose is accomplished, the goods be returned or otherwise disposed off according to the directions of bailor
4. **Person delivery the goods is called bailor**
  - A. **True**, the person who delivers the goods is know as bailor
5. **Person to whom the goods are delivered is called bailee**
  - A. **True**, the person whom the goods are delivered called bailee
6. **The property which is bailed is called pawned property**
  - A. **False**, the property which is bailed is called bailed property
7. **Some times bailment is implied by law**
  - A. **True**, some times bailment could be implied by law as it happens in case of finder of lost goods
8. **Bailment is for both movable and immovable goods**
  - A. **False**, bailment is only movable goods and never for immovable goods or money
9. **In bailment ,the possession of the goods and ownership is transferred from bailor to bailee**
  - A. **False** ,in bailment possession of the goods transferred from bailor to bailee but not ownership
10. **In bailment ,change of possession of goods can be happened only by physical delivery**
  - A. **False**, In bailment ,change of possession of goods can be happen either by physical or constructive delivery i.e.,by any action which has the effect of placing the goods in the possession of bailee
11. **Bailee is not obliged to return the goods to bailor**
  - A. **False**, bailee is obliged to return the goods to bailor or dispose off the goods as per directions of bailor
12. **A person who is having custody of goods without possession also treated as bailee**
  - A. **False**, a person who is having custody without possession of goods does not become Bailee.  
Example: Depositing ornaments in a bank locker is not bailment.
13. **Deposit of money in a bank is also bailment.**
  - A. **False**, Deposit of money in a bank is not bailment since the money returned by the bank would not be identical currency notes.
14. **In bailment goods must be delivered to bailee for specific purpose only.**
  - A. **True**, In bailment goods must be delivered to bailee for specific purpose.  
Example: Car delivered to garage for specific purpose.
15. **Rights of bailor = Duties of bailee**
  - A. **True**, Rights of bailor = Duties of bailee  
Duties of bailor = Rights of bailee
16. **Bailor has a right to claim damages for loss caused to the goods by the negligence of bailor.**
  - A. **False**, Bailor has a right to claim damages for loss caused to the goods by the negligence of bailee.

17. Bailor has a right to claim compensation for loss caused by authorized use of goods bailed.
- A. **False**, Bailor has a right to claim compensation for loss caused by an unauthorized use of goods bailed.
18. Bailor has a right to claim damages arising out of mixing of goods of bailor by bailee with his own goods
- A. **True**, Bailor has a right to claim the damages arising out of mixing of goods of bailor by bailee with his own goods if such goods are mixed without any authorization of bailor.
19. **In case of gratuitous bailment, bailor has no right to demand the goods back even before the expiry of the period of bailment.**
- A. **False**, In case of gratuitous bailment bailor has a right to demand the goods back even before the expiry of the period of bailment.
20. **Bailor has a right to claim increase or profits from goods bailed.**
- A. **True**, Bailor has a right to claim the increase or profits from the goods bailed which may occur from the goods valued.
21. **In gratuitous bailment bailor has not responsible for any loss or damage suffered by the bailee by not disclosure of known defects.**
- A. **False**, if the bailor does not disclose, he would be responsible for any loss or damage suffered by bailee while keeping the goods in his custody.
22. **In the case of non- gratuitous bailment bailor is responsible for defects in goods bailed.**
- A. **True**, the bailor is particularly responsible for defects in goods hire to bailee whether bailor has aware of such defects in goods or not.
23. **In case of non- Gratuitous bailment bailor is not responsible for defects in goods bailed if such defects are not known to him.**
- A. **False**, bailor is particularly responsible for defects in goods hire to bailee whether bailor was aware of such defects or not.
24. **In case of gratuitous bailment, the bailor is not responsible for any expenditure incurred in keeping the goods.**
- A. **False**, in case of gratuitous bailment, bailor must reimburse the bailee for any expenditure incurred in keeping the goods.
25. **In case of gratuitous bailment, bailor may compensate bailee for the loss or damage suffered in excess of benefit received.**
- A. **False**, bailor must be compensate bailee for any loss or damage suffered by bailee i.e, in excess of benefit received, where he had lent the goods gratuitously on decides to terminate bailment before the expiry of the period.
26. **Bailor is bound to accept the goods after the purpose is accomplished.**
- A. **True**, Bailor is bound to accept the goods after the purpose is accomplished.
27. **It is the duty of bailor to indemnify the bailee for loss of due to defective title.**
- A. **True**, It is the duty of the bailor to indemnify the bailee for his loss due to defective title.
28. **It is the duty of bailor to bear normal risk.**
- A. **True**, It is the duty of the bailor to bear normal risk.
29. **In case of non- gratuitous bailment, bailor is not responsible for defects in goods bailed if such defects are known to him.**
- A. **False**, in case of non- gratuitous bailment, bailor is responsible for defects in goods bailed if such goods defects are known to him or not.



45. The duties of finder of lost goods are that of the bailor.
- A. **False**, The duties of finder of lost goods are that of the bailee.
46. Finder of lost goods enjoys all the rights and carries all the the responsibilities of a bailor.
- A. **False**, Finder of lost goods enjoys all the rights and carries all the responsibilities of bailee.
47. Finder of lost goods is bound to take as much care of the goods as a man of ordinary prudence.
- A. **True**, Finder of lost goods is bound to take as much care of the goods as a man of ordinary prudence would take care of his own goods.
48. The property in goods shall vests in the finder and he is entitled to retain it against the whole world including true owner.
- A. **False**, The property in goods shall vest in the finder and he is entitled to retain it against the whole world, except the **True** owner>
49. Finder of lost goods cannot ask for reimbursement of expenses incurred for preserving the goods.
- A. **False**, finder of lost goods can ask for reimbursement of expenses incurred for preserving the goods but also for searching the **True** owner.
50. If the real owner refuses to pay compensation, the finder can sue on the real owner.
- A. **False**, if the real owner refuses to pay compensation, the finder cannot sue but retain the goods so found.
51. The finder of lost goods can exercise lien right on goods for expenses incurred by him in preserving the goods
- A. **True**, The finder can exercise lien right on goods for expenses incurred by him in preserving the goods and finding the **True** owner.
52. When the real owner has announced any reward the finder is not entitled the reward.
- A. **False**, Where the real owner has announced any reward, the finder is entitled to receive the reward.
53. The finder of lost goods has a right to sell the goods found in normal course.
- A. **False**, The finder has no right to sell the goods found in the normal course.
54. The finder can sell the article if the goods are perishable in nature.
- A. **True**.
55. The right of lien may be defined as the right of a person to retain the possession of any property.
- A. **True**, Right of lien, may be defined as the right of a person to retain the possession of any property of some other person until the charges/remunerations due to the person in possession are paid.
56. As soon as the possession is lost, right of lien also lost.
- A. **True**.
57. Lien may be of 3 types.
- A. **False**, Lien is of two types namely: 1. General lien. 2. Particular lien.
58. A general lien is the right to retain the property for a specific balance of account.
- A. **False**, A General lien is the3 right to retain the property of another for a general balance of account.
59. Particular lien is the right to retain any goods for non payment of charge/remuneration for any goods.
- A. **False**, particular lien is the right to retain particular goods bailed for non payment of charges / remuneration only for that particular goods.
60. Banker does not have a general lien in respect of goods which come into their possession during the course of their profession.
- A. **False**, bankers, factors, wharfinger, policy broker and attornies of low have a general lien in respect of goods which came into their possession during the course of profession.

61. Under the right of general lien goods can also be sold.
- A. False, under the right of general lien goods cannot be sold but can only be retained for dues.
62. The right of lien can be waived through a contract.
- A. True, It can be waived through contract.
63. CHARTERED ACCOUNTANTS does not exercise general lien against the books of their clients for non payment of professional fees.
- A. False, CHARTERED ACCOUNTS have a general lien against the books of their clients which come into their possession against professional fees not paid to them by those clients
64. In accordance with the purpose of bailment. if the bailee by his skills or labour improve the goods bailed, he is entitled for remuneration for such services.
- A. True, he is entitled for remuneration for such services.
65. In particular lien bailee can retain the goods bailed if the bailor refuses to pay the remuneration.
- A. False, In particular lien bailee can retain the goods bailed if the bailor refuses to pay the remuneration.
66. In a particular lien bailee has a right to see the bailor if goods are in the possession of bailee.
- A. False, in a particular lien bailee has no right to see the bailor if the goods are in the possession of bailee.
67. Particular lien does not lost even through bailee does not complete the work with in agreed time.
- A. False, Particular lien is also lost if the bailee does not complete the work with in the agreed time .
68. Bailment does not end if the specified period is expired.
- A. False, Bailment automatically terminates on the expiry of such period if the bailment is for such specified time period.
69. Bailment terminates as soon as the purpose is achieved.
- A. True, If the bailment is made for specified purpose, it terminates as soon as the purpose is achieved.
70. Termination of bailment when bailee does some act which is inconsistent with the terms of bailment is void.
- A. False, If the bailee does some act to bailed goods which is inconsistent with the terms of bailment becomes voidable at the option of bailee.
71. Non gratuitous bailment is terminated by death of bailor or bailee .
- A. False, a gratuitous bailment is terminated by death of bailee or bailor.
72. Non gratuitous bailment can be terminated by the bailor at any time. If the purpose or period of bailment is not over.
- A. False, non gratuitous bailment is not terminated by the bailor at any time if the purpose or period of bailment is not over.
73. Gratuitous bailment may be terminated by the bailor at any time even if the period or purpose of bailment is not over.
- A. True.
74. Bailment is not terminate even if the subject matter of bailment is destroyed.
- A. False, bailment is terminated when the subject matter of bailment is destroyed.
75. Bailment is terminated when the subject matter of the bailment by reason of a change in its nature becomes incapable of use for the purpose of bailment.
- A. True, Bailment will be terminated.
76. In the case of inconsistent use of goods by bailee, bailor has a right to terminate the contract.
- A. True, it is voidable at the option of bailor.

77. Mr.X bailed car to his friend Y for a period of one month for his marriage works.  
In the above case bailment does not terminate after one month.
- A. False, Bailment automatically terminates on the expiry of specific period.
78. Pledge is a specie of bailment.
- A. True, pledge is a variety or specie of bailment.
79. In a pledge goods are delivered to pledge for specific purpose.
- A. False, In pledge goods are delivered as a security for repayment of money or for performance of an obligation.
80. In a pledge goods are delivered as a security for repayment of money only.
- A. False, in a pledge goods are delivered as a security for repayment of money or for performance of an obligation.
81. Bailment of goods as a security for payment of debt or performance of a promise is called pledge.
- A. False, Bailment of goods as a security for payment of debt or performance of a promise is called pledge.
82. In pledge there shall be a change in ownership of the property.
- A. False, In pledge there is no change in ownership of property.
83. Pledge has no right to sell the property pledge.
- A. False, under exceptional cases the pledge has a right to sell the property pledge.
84. All the essential elements of bailment are not present in case of pledge.
- A. False, all the essential elements of bailment are present in case of contract of pledge.
85. Pledge must be on future goods.
- A. False, Goods pledged must be in existence.
86. In the pledge there must be a delivery of goods from pawnor to pawnee.
- A. True.
87. All bailment are pledges but all pledges are not bailment.
- A. False, all pledges are bailments but all the bailments are not pledges.
88. Right to redeem is the right of pawnee.
- A. False, Right to redeem is the right of pawnor.  
Pawnor has a basic right to redeem the goods pledged by performing his promise.
89. Pawnor has the right to sue after 3years in the event of pawnee refusing to return the goods even after payment of debt.
- A. False, Pawnor has a right to sue ,but with in a period of 3years in view of prvision of limitation act only in the event of pawnee refusing to return the goods even after payment of debt etc....
90. Pawnor has no right to demand pawnee to take all reasonable care and preservation of the goods pledged.
- A. False, Pawnor has a right to demand a pawnee to take all reasonable care and preservation of goods pledged.
91. Pawnor has a right to receive increase or profit from the goods if there is any increase/profit relating to it during the pledged period.
- A. True.
92. Pawnee has no right to retain the goods pledged for payment of debt.
- A. False, Pawnee has a right to retain the goods pledged for payment of debt.



93. Pawnee has a right to retain the goods pledged subject to such right being specifically contemplated in the contract.
- A. True, Pawnee has a right to retain the goods pledged subject to such right being specifically contemplated in the contract.
94. Pawnee has no right to seek reimbursement of extraordinary expenses incurred.
- A. False, Pawnee has a right to seek reimbursement of extra ordinary expenses incurred.
95. Pawnee has a right to retain the goods if pawnor doesnot pay any extraordinary expenses.
- A. False, Pawnee has right to retain the goods for extraordinary expenses but his right is restricted to ordinary expenses.
96. Pawnee has a right to sue pawnee in the case of default in payment
- A. True.

## 2. PAYMENT OF GRATUITY ACT, 1972

1. Employees of a registered company converted from a partnership, is entitled to gratuity.
- A. Correct, When a partnership firm is converted into a registered company, employees are entitled to gratuity on the basis of length of service under both the establishments taken together. [Bommidala Bros. v. Authority, the Payment of Gratuity Act (1989) 1 cur LR 595 AP]. (MTP M14)
2. Gratuity shall be payable to an employee for rendering continuous service for not less than 2 years. (M12 RTP)
- A. Incorrect, As per sec 4 of the Payment of Gratuity Act, 1972, gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years.
3. The Payment of Gratuity Act, 1972 is largely based on Kerala Industrial Employees Payment of Gratuity Act, 1972. (PM)
- A. Incorrect, The Payment of Gratuity Act, 1972 is largely based on West Bengal Employees' Payment of Compulsory Gratuity Act, 1971.
4. A retrenched employee is also eligible for gratuity. (PM)
- A. Correct, As per sec 4 of the Payment of Gratuity Act, 1972 gratuity is payable to every employee on the termination of his employment if he has completed 5 years of continuous service.
- Hence, in the case of a retrenched employee, he shall be eligible for gratuity upto the date of retrenchment if he has completed 5 years of service. It is assumed that he is retrenched in compliance with the applicable labour laws in this regard and has been paid the required compensation.
- In the case of State of Punjab Vs. Labour Court (1986), it was held that a retrenched employee is also eligible for gratuity.
5. Where an employee's resignation has not been accepted, then that employee is not eligible to claim gratuity. (PM)
- A. Incorrect, it was held in Mettur Spinning Mills Vs. Deputy Commissioner of Labour, (1983) II LLJ 188, that non acceptance of the resignation is no hurdle in the way of an employee to claim gratuity.
6. Where the negligence of employee causes loss to the employer, then the gratuity shall be wholly forfeited. (PM)
- A. Incorrect, When loss is caused by the negligence of employee, there gratuity shall be forfeited to the extent of the damage or loss so caused as laid down in sec. 4(6) clause (a) of the Payment of Gratuity Act, 1972.
7. An appeal against the Controlling Authority's order must generally be made within 60 days. (PM)
- A. Correct, An appeal against the Controlling Authority's order must be made within 60 days. [Sec. 7 (7) of the Payment of Gratuity Act, 1972].
8. Forfeiture of Gratuity is possible under certain circumstances. (PM)
- A. Correct, As per Sec. 4(6) of the Payment of Gratuity Act, 1972.

9. **Gratuity can be attached in execution of any degree or order of any civil, revenue or criminal court.** (PM)
- A. **Incorrect**, As per Sec. 13 of the Payment of Gratuity Act, 1972.
10. **Gratuity is a benefit, which an employee gets at the time of only retirement.**
- A. **Incorrect**, Gratuity is a benefit, which an employee gets at the time of retirement or when he leaves the establishment.
11. **Payment of Gratuity Act, 1972 extend to the whole of India including the state of Jammu and Kashmir.**
- A. **Incorrect**, The Act shall not extend to the state of Jammu and Kashmir.
12. **The power to exempt any establishment from the operation of Payment of Gratuity Act., rests with the controlling authority.**
- A. **Incorrect**, The appropriate Government may, by notification and subject to specified conditions, exempt any establishment from the operation of provisions of Payment of Gratuity Act.
13. **Under Payment of Gratuity Act, 1952 retirement means termination of the service of an employee otherwise than on superannuation**
- A. **Correct.**
14. **Where an employee becomes disabled due to an accident or disease and is not in a position to do the same work and is reemployed on reduced wages on some other work, the gratuity will be calculated in two parts.**
- A. **Correct**, When an employee becomes disabled due to any accident or disease and is not in a position to do the same work and re – employed on reduced wages on some other job, the gratuity will be calculated in 2 parts –
- a) **For the period preceding the disablement:** on the basis of wages last drawn by the employee at the time of his disablement.
- b) **For the period subsequent to the disablement:** on the basis of the reduced wages as drawn by him at the time of the termination of services.
15. **Where an employee dies without making a nomination, his legal heir shall apply on FORM “F”**
- A. **Incorrect**, Nomination shall be made in “FORM F” by each employee, who has completed 1 year of service.

### 3. EMPLOYEE PROVIDENT FUND

1. **State government may by notification in the official gazette, constitute an Executive committee to assist the central Board?**
- A. **False**, Central government may by notification in the official gazette, constitute an Executive committee to assist the central Board.
2. **The secretary to the government of India from the Ministry of labour and employment will be appointed by the state government as the chairman to executive committee.**
- A. **False**, The secretary to the government of India from the Ministry of labour and employment will be appointed by the state government as the chairman to executive committee.
3. **Two persons, Additional secretary to the government of India and the financial advisor from the ministry of labour and employment will be appointed by the central government.**
- A. **True**, Two persons, Additional secretary to the government of India and the financial advisor from the ministry of labour and employment will be appointed by the central government.
4. **Three persons representing the governments of the state will be appointed by the state government as members of executive committee.**
- A. **False**, Three Persons representing the governments of the states will be appointed by the Central Government as the members of the Executive committee.

5. Presently the representatives of the executive committee are from the Government of Tamilnadu, Gujarat and Bihar.
- A. **False**, Presently, the representatives of the executive committee are from the Governments of Assam, Rajasthan and Tamilnadu.
6. Four persons representating the employers of the establishments to which the scheme applies will be appointed by the central Government as members of the executive committee.
- A. **False**, Three persons representating the employers of the establishments to which the scheme applies will be appointed by the central Government as members of the executive committee.
7. Five persons representing the employees in the establishments to which the scheme applies will be appointed by the central government as members of the executive committee.
- A. **False**, Three persons representing the employees in the establishments to which the scheme applies will be appointed by the central government as members of the executive committee.
8. The chairman of executive committee is appointed by the central Board.
- A. **False**, The chairman of executive committee is appointed by the central government.
9. The central provident fund commissioner is empowered to determine the dispute arising regarding the applicability of the act and the determination of the amount due from the employer.
- A. True.
10. Additional central provident fund commissioner is empowered to determine the dispute regarding the applicability of the act and determination of the amount due from employer.
- A. True.
11. Deputy provident fund commissioner is empowered to determine the dispute regarding applicability of act and determination of the amount due from employer.
- A. True.
12. Regional provident fund commissioner is empowered to determine the dispute regarding applicability of act and determine the amount due from employer.
- A. True.
13. An assistant provident fund commissioner is empowered to determine the dispute regarding applicability of act and determine the amount due from employer.
- A. True.
14. Local authority is empowered to determine the dispute regarding applicability of act and determine the amount due from employer.
- A. **False**.

#### Reasons for 9 to 14

The central provident fund commissioner or

Additional central provident fund commissioner or

Deputy central provident fund commissioner or

Regional central provident fund commissioner or

Assistant central provident fund commissioner may or by order,

- (i) In a case where a dispute arises regarding the applicability of this act to an establishment, decide such dispute and
- (ii) Determine the amount due from any employer under any provision of the provident fund scheme or the pension scheme or the Insurance scheme.

15. **Officers under E.P.F act do not maintain principles of natural justice.**  
 A. **False**, Officers under E.P.F act shall maintain principles of natural justice.
16. **Officer under E.P.F act should not conduct any enquiry with regard to any dispute.**  
 A. **False**, Officer under E.P.F act may conduct the necessary enquiry as deem necessary.
17. **The officer conducting any enquiry under E.P.F Act shall not have the same power as are vested in a court.**  
 A. **False**, The officer conducting any enquiry under E.P.F Act shall have the same power as are vested in a court.
18. **The officer conducting any enquiry under E.P.F & M.P act shall have the power to enforce the attendance of any person or examining him on oath.**  
 A. **True**.
19. **The officer conducting any enquiry under E.P.F & M.P act shall have the power to receive evidence on affidavit.**  
 A. **True**.
20. **The officer conducting any enquiry under E.P.F & M.P act shall have the power to issue commissions for the examination of witness.**  
 A. **True**.

#### Reasons for 18 to 20

The officer conducting such enquiry under E.P.F Act shall have the same power as are vested in a court, such as,

- (i) Enforcing the attendance of any person or examining him on oath.
- (ii) Requiring the discovery and production of documents
- (iii) Receiving evidence on affidavit.
- (iv) Issuing commission for the examination of witness.

21. **Officer under E.P.F & M.P act can pass an order without giving the employer an opportunity of being heard.**  
 A. **False**, No order shall be passed by the officer unless the employer is given an opportunity of being heard.
22. **The Employer or other person required to attend the enquiry fails to attend, then the officer conducting the enquiry on the basis of evidence pass ex-parte order.**  
 A. **True**.
23. **The Employer or other person required to produce any documents fails to produce, then the officer conducting the enquiry on the basis of evidence pass ex-parte order.**  
 A. **True**.
- Where the Employer or other person required to attend the inquiries fails to attend or produce any document without showing any valid reason, the officer conducting the inquiry may decide the applicability of the Act the evidence collected during such enquiry (Ex-parte order).
24. **Where an x-parte order passed by the officer, the employer may within 4 months from the date of communication of such order applies to the officer for setting aside/cancels such order.**  
 A. **False**, The employer may within 3 months from the date of communication of such order apply to the officer for setting aside/ cancel such order.
25. **Ex-parte order can be cancelled without any notice to the opposite party**  
 A. **False**, Ex-parte order can't be cancelled, unless notice thereof has been served on the opposite party.

26. Further, if the employer satisfies the officer that the show cause notice was not duly served upon him, the officer cannot cancel ex-parte order.

A. False.

27. Further, if the employer satisfies the officer that he was prevented by a sufficient cause from appearing when the enquiry was held, the officer shall cancel ex-parte order.

A. True.

**Reasons to 26 & 27,**

Further if the employer satisfies the officer that,

\*The show cause notice was not duly served on him or

\*He was prevented by a sufficient cause from appearing when the enquiry was held,

\*The officer shall cancel ex-parte order and shall proceed with the enquiry.

28. Where an appeal has been filed against the ex-parte order and such appeal has been disposed off, no application shall be accepted requesting for setting aside the ex-parte order.

A. True.

29. Any person aggrieved with the order should not prefer the same officer for review.

A. False, Any person aggrieved with the order may prefer to the same officer for review.

30. If new and important evidence is discovered which could not be produced earlier as it was not within his knowledge even after due diligence, then the officer can review the order.

A. True.

31. If there is some mistake or error apparent on the records then the officer can review the order or appeal.

A. True.

32. Application for review shall be made within 60 days.

A. False.

33. Notice is not required to be sent to all the previous parties and to be heard to review.

A. False.

**Reasons to 30,31,32,33:**

Conditions for review,

\*If new and important evidence is discovered which could not be produced earlier as it was not within his knowledge even after due diligence.

\*There is some mistake or and opponent on the records or

\*Any other sufficient reason.

\*No appeal is filed against 7A

\*Officer must satisfied for review

\*Notice must be sent to all the previous parties to be heard for review.

\*Application for review should be made within 45 days in form 9.

34. Officer cannot review his own order on his motion even though if he satisfies that it is necessary to do so.

A. False, Officer may also on his own motion review his own order if he is satisfied that it is necessary so to do on any such ground.

35. When the officer fails to identify sufficient reason for review, application for review may be rejected.

A. True, If officer fails to identify sufficient reason for review, application may be rejected.

36. Appeal can be made against the order of the officer rejecting an application for review.

A. False, No appeal shall lie against the order of the officer rejecting on application for review. However, appeal can be made if a fresh order

37. If PF claim complete in all respects submitted along with the requisite documents shall be settled and the amount paid to the beneficiaries within 60 days from the date of its receipt by the commissioner.
- A. **False**, Amount paid to the beneficiaries within 30 days from the date of its receipt by the commissioner.
38. If there is any deficiency in the claim, the same shall be recorded and communicated to the applicant within 40 days from the date of receipt of such application.
- A. **False**, If there is any deficiency in the claim, the same shall be recorded and communicated to the applicant within 30 days from the date of receipt of such application.
39. If commissioner fails without sufficient cause to settle the claim within 30 days, then commissioner is not liable to such delay.
- A. **False**, In case the commissioner fails without sufficient cause to settle a claim complete in all respects within 30 days, the commissioner shall be liable for the delay beyond the said period.
40. In the case of delay of settlement of claim without any reason beyond the specified period penal interest @ 12% per annum may be charged on the benefit amount and the same may be deducted from the salary of commissioner.
- A. **True**, Penal interest @ 12% per annum may be charged on the benefit amount and the same may be deducted from the salary of the commissioner.
41. If there is any delay in payment of claims under EPF & MP act employer is liable to pay simple interest @15% p.a. or such higher rate may be prescribed.
- A. **False**, Employer is liable to pay simple interest @12%p.ap or such higher rate as may be prescribed in the scheme.
42. The recovery officer shall offer the receipt of the certificate from authorized officer proceed to recover the amount specified in the certificate from the establishment or employer.
- A. **True**, The recovery officer shall then proceed to recover the amount specified in the certificate from the establishment or supplier.
43. Recovery officer cannot attach or sell the movable or immovable property of the establishment or the employer to recover the dues under EPF & MP Act.
- A. **False**, Attachment or sale of the movable or immovable property of the establishment or the employer is one of the ways to recover the dues under EPF & MP Act.
44. Arrest of the employer and his detention in prison is one of the way to recover the amount due under EPF & MP Act.
- A. **True**.

**Reasons for 46, 47:-**

The recovery shall then proceed to recover the amount specified in the certificate from the establishment or the employer by one or more of the ways /modes mentioned below.

\*Attachment or sale of the movable or immovable property of the establishment or the employer.

\*Arrest of the employer and his detention in prison.

\*Appointing a receiver for the management of the movable or immovable property of the establishment or the employer.

45. The attachment and sale of any property be first effected against the personal properties of the employer.
- A. **False**, The attachment and sale of any property be first effected against the properties of the establishment and if it is insufficient for recovery the whole of the arrears, the recovery office may take such proceedings against the property of the employer.
46. The amount standby to the credit of in the PF A/C shall be liable to attachment under any order of the court.
- A. **False**, The amount shall not be liable to attachment under any order of the court in respect of any debt or liability by the member.

47. The official assignee appointed under the presidency town insolvency Act, 1909 shall be entitled to have any claim on the amount standing credit to EPF.

A. False.

**Reasons for 49, 50:-**

Neither the official assignee appointed under the presidency town insolvency act, 1909 nor any official receiver appointed under the provisional town insolvency act, 1920 shall be entitled to have any claim on such amount standing credit to EPF A/C.

48. The protection applies to provident fund , pension fund and insurance amount received by employee under the scheme.

A. False, The protection applies to provident fund, pension fund and insurance amount receivable by employee under the scheme.

49. Any amount standing to the credit of a member in the fund, at the time of his death shall be payable to his creditor.

A. False.

50. Any amount standing to the credit of a member in the fund, at the time of his death shall be payable to his nominee without any deduction.

A. False, Reasons for 52, 53:-

Any amount standing to the credit of a member in the fund, at the time of his death shall be payable to his nominee subject to any deduction authorized by the said sceme.

51. Any amount vested in the nominee shall not be free from any debt or other liability incurred by the deceased before the death of the member/exempted employee.

A. False, Any amount vested in the nominee shall be free from any debt or other liability incurred by the deceased before the death of the member/exempted employee.

52. Protection u/s 10 of EPF & MP Act is to be balance in PF account and PF money which is in the hands of employee.

A. False, The protection is only to the balance in the PF account and not to the PF money which is in the hands of employee.

53. Sec. 7A provides for the transfer of accounts of an employee in case of his leaving the establishment and taking up employment in another establishment.

A. False.

54. Sec 17A does not provide for the transfer of accounts of an employee in case of his leaving the establishment and taking up employment in another establishment.

A. False, Reason for 56, 57:-

Sec 17 A provides for the transfer of accounts of an employee in case of his leaving the employment and taking up employment in another establishment.

55. If an employee who is member of PF leaves an establishment & obtains re-employment in another establishment, the amount to his credit should not be transferred in another establishment where he is re-employed. if the new establishment is also covered under PF provision.

A. False, If an employee who is member of PF leaves on establishment, the amount to his credit should be transferred to the account in establishment where he is re-employment, if the new establishment is also covered under PF provisions.

56. If an employee is re-employed in an establishment to which the act does not apply, but has a provident fund of its own (not under provisions of PF act), the amount to the credit of employee shall be transferred to such fund within 6 months at the request of employee.

A. False, The amount to the credit of employee shall be transferred to such fund within 3 months at the request of employee.

57. If an employee who was employed in an establishment which was not covered under the EPF Act but had his own provident funds scheme is re-employed in an establishment which is covered under PF act, the balance to his credit should not be transferred.
- A. False, The balance to his credit should be transferred at the request of employee to his new account.
58. Where an employer transfers an establishment in whole or part, the transferor is not liable to pay the contribution and other dues from the transferor under any of the provisions of this act.
- A. False.
59. Where an employer transfers an establishment in whole or part, the transferor is not liable to pay the contribution and other dues.
- A. False, Reasons for 61 & 62:-  
Where an employer transfers an establishment in whole or part by way of sale, gift etc.  
The employer and the person to whom the establishment is so transferred shall jointly and severally be liable to pay the contribution and other sums due from the employer under any of the provisions of this act or the scheme or the family pension scheme in respect of the period up to the date of such transfer.
60. It is provided that the liability of the transferor shall be limited to fee value of the assessee & liability obtained by him by such transfer.
- A. False, It is provided that the liability of the transferor shall be limited to the value of the assessee obtained by him by such transfer.
61. Every member of the fund is not required to nominate a person to receive the amount standing to the credit of his provident fund in the event of his death.
- A. False, Every member of the fund is required to nominate a person to receive the amount standing to the credit of his provident fund in the event of his death.
62. Only one nominee is to be appointed by each member.
- A. False, More than one nominee may be appointed.
63. Nomination shall be in favour of any person.
- A. False, Nomination should be in favor of a family.
64. If an employee has no family then he cannot appoint any person as nominee.
- A. False, If an employee has no family then he can appoint any person as nominee.

#### 4. PAYMENT OF BONUS ACT, 1965

1. The maximum bonus payable to employees is limited to the available surplus. (PM)
- A. Incorrect, As the maximum bonus payable to employees u/s 11 is 20% of salary, irrespective of the available surplus being more.
2. "Salary or wage" does not include dearness allowance. (PM)
- A. Incorrect, U/s 2(21), "salary or wage" includes dearness allowance.
3. Accounting year in relation to a corporation means the year commencing on 1<sup>st</sup> of April. (PM)
- A. Incorrect, U/s 2(1), the accounting year in relation to a corporation means the year ending on the day on which the books and account of the corporation are to be closed and balanced. It does not mean therefore, the year commencing on 1<sup>st</sup> of April.
4. A part-time employee engaged on regular basis is eligible for bonus. (PM)
- A. Correct, As a part-time employee is engaged on regular basis and thus is eligible for bonus [Automobile Karmchari Sangh Vs. Industrial Tribunal (1970) 38 FJR 268].
5. If any interim bonus has been paid it may be adjusted against the statutory bonus that is payable under the Payment of Bonus Act, 1965. (PM)
- A. Correct, As per Sec. 17 of the Payment of Bonus Act, 1965.



6. "Employees can relinquish their right to receive minimum bonus by an agreement with employer". (PM)
- A. **Incorrect**, As per sec. 31A of the payment of Bonus Act, 1965 any such agreement whereby the employees relinquish their right to receive minimum bonus u/s 10, shall be null and void in so far as it purports to deprive the employees of the right to receiving minimum bonus.
7. **Ordinarily, the Payment of Bonus Act, 1965 cannot apply on an establishment employing less than 20 persons.** (PM)
- A. **Correct**, As per sec. 1 (3)(b) of the Payment of Bonus Act, 1965.
8. **Once the Bonus Act is applicable on an establishment, the Act will continue to apply even if the number of employees comes below the required minimum.** (PM)
- A. **Correct**, As per sec. 1(5) of the Payment of Bonus Act, 1965.
9. **Woman employee on maternity leave is not eligible for bonus.** (RTP - N13)
- A. **Incorrect**. As per sec. 14 of the Payment of Bonus Act, 1965, a female employee who is on maternity leave is eligible for bonus since she is deemed to be on duty during her maternity leave.
10. **Seasonal employees are exempted from the payment of bonus.** (RTP - N13)
- A. **Incorrect**. Under the provision of Payment of Bonus Act, 1965, seasonal employees are entitled to bonus, if they worked for 30 days in the relevant accounting year.
11. **The provisions of the Payment of Bonus Act does not apply to public sector establishments.**
- A. **Incorrect**. There are following two conditions under which, this Act will be applied to the public sector establishments -
- If in any accounting year an establishment in public sector sells any goods produced or manufactured by it or renders any services, in competition with an establishment in private sector, and
  - The income from such sale or services of both is not less than 20% of the gross income of the establishment in public sector for that year.
- then, the provisions of this Act shall apply in relation to such establishment in public sector as they apply in relation to a like establishment in private sector.
- Save as otherwise provided in Sub-sec (1), nothing in this Act shall apply to the employees employed by any establishment in the public sector.
12. **As employee by his misconduct caused financial loss to the employer. As of consequences employer denied to pay employee the bonus to compensate the financial loss.** (MTP - M15)
- A. **Incorrect**. As per sec. 18 of the Payment of Bonus Act, 1965, where in any accounting year, an employee is found guilty of misconduct causing financial loss to the employer, then the employer can lawfully deduct the amount of loss from the amount of bonus payable by him to the employee in respect of that accounting year only in order to compensate loss. In this case, the employee shall get the balance, if any, but not completely denied from getting the bonus.
13. **In a Non- Banking company, allocable surplus is equal to 67% of the available surplus**
- A. **Correct**.
14. **The Minimum Bonus payable to an Employee who has not completed 15 years of age is either 8.33% or Rs.100 whichever, is higher .**
- A. **Incorrect**
15. **Attendance Bonus is not customary Bonus and need not be adjusted against the bonus payable.**
- A. **Correct**.
16. **Since Bonus is payable on the basis of Gross profit, there is a general presumption that the Balance sheet and statement of P & L of a company are accurate.**
- A. **Correct**.

**5. NI ACT, 1881**

1. NI Act is applicable to the whole of India including Jammu and Kashmir.  
A. True, Sec 1 of NI Act.
2. NI Act is applicable only to promissory note or Bills of Exchange or Cheque.  
A. False, Applicable even to hundis also.
3. Negotiable instrument must be signed by the maker.  
A. True.
4. It is assumed that negotiable instrument is transferred without consideration.  
A. False.
5. Promissory note must be conditional.  
A. False.
6. Negotiable Instrument holder must prove that instrument is obtained by means of good title.  
A. False, It is presumed that instrument holder is having a good title.
7. Promissory note shall specify in monetary terms but need not be certain.  
A. False, It must specify sum of money and also it must be certain.
8. The person to whom amount is payable must be certain.  
A. True.
9. Promissory note can be made and payable to self.  
A. False, There must be 2 parties.
10. A Bills of Exchange shall contain a promise to pay a certain amount to payee.  
A. False, BOE shall contain an order to pay.
11. Sometimes Drawer and payee may be one and the same.  
A. True, Self-drawn Bill or cheque is acceptable.
12. Bills of exchange can also be in oral form.  
A. False, Only in written form.
13. There can be more than one drawee in bills of exchange.  
A. True, A BOE can be accepted by more than one drawee.
14. A cheque is a time instrument.  
A. False, Demand instrument.
15. A cheque includes both electronic cheque and truncated cheque.  
A. True, Includes both.
16. A cheque will have 3 days grace period.  
A. False, It is a demand instrument.
17. All bills of exchange can be crossed like a cheque.  
A. False, Only cheques can be crossed.
18. Noting and protesting is not required for the cheque as the banker specify the reason.  
A. True, Banker's reason is sufficient to create an evidence.

19. Like bill of exchange, cheque is also required to get accepted from banker.
- A. **False**, Cheque does not require acceptance because cheque is issued by bank itself.
20. Crossing means drawing 2 transverse parallel lines anywhere on the face of the cheque is valid.
- A. **True**, But generally it is crossed on the top left hand side corner.
21. When crossing is made it is compulsory to write something in between the lines.
- A. **False**, Just drawing 2 transverse lines is a valid crossing.
22. The object of crossing is to direct the drawee banker to pay the amount of the cheque over the counter to any person. True or False?
- A. **False**, The object of crossing is to direct the drawee banker to pay the amount of the cheque only to a banker, to prevent the payment of the cheque being made to wrong person.
23. Where a bank draft is forged and endorsed by or on behalf of the payee the paying bank is discharged from liability by its payment in due course even though the endorsement of the payee has been forged. True or False,
- A. **True**, It is a protection given to banker. Because banker cannot doubt every person.
24. If the banker wrongly dishonours the cheque then the baker is liable to payee. True or False?
- A. **False**, Banker is liable to Drawer because drawer is the customer.
25. Cheque crossed 'not negotiable' affects the transferability of the negotiable instrument. True or False?
- A. **False**, It does not affect the transferability.
26. Where a cheque is crossed specially to more than one banker, say both to Andhra Bank And State Bank, except when it is crossed to an agent for the purpose of collection, the banker on whom it is drawn shall refuse payment thereof. True or False?
- A. **True**, Section 127 of NI Act.
27. An "account payee" cheque can also be "specially crossed". True or False?
- A. **True**, Then the cheque shall be paid only through that bank.
28. The party on whom a bill of exchange or cheque is drawn is called the payee. True or False?
- A. **False**, The person is drawee.
29. Drawee becomes liable for the payment in the bills of exchange (not being Cheque), when drawer mentions the name of the drawee. True or False?
- A. **False**, The drawee is liable for the payment only when the instrument is accepted.
30. The mode of acceptance of bill of exchange is generally by oral and no need of any other mode of acceptance. True or False?
- A. **False**, Signing the document is enough.
31. Parties to the bill of exchange can act in 2 capacities (For eg: Drawer and drawee can be one and the same person). True or False?
- A. **True**, One person can act in 2 capacities.
32. Cheque in the electronic form means scanned copy of physical form of cheque. True or False?
- A. **False**, "A cheque in the electronic form" means a cheque which contains the exact mirror image of a paper cheque.
33. The acceptance of bills of exchange shall be on the face of the instrument. True or False?
- A. **True**,
34. If acceptance for the bills of exchange is a conditional acceptance then the parties prior to the payee are discharged from the liability if payee accepts the conditional acceptance. True or False?
- A. **True**, Section 86 of NI Act.

35. There can be more than one drawee in the bills of exchange. That additional drawees are called as “drawee in case of need”. True or False?
- A. False, Additional drawees are also called as drawees.
36. The 2<sup>nd</sup> drawee who is resorted to, when original drawee has not accepted the bill, is called as “Drawee in case of need”. True or False?
- A. True, Section 7 of NI Act.
37. When the drawee has not accepted the bill or has not made the payment then the payee can approach the “drawee in case of need”. True or False?
- A. True, Section 115 of NI Act.
38. When the “original drawee” has not made the payment, then the bill can be considered as “dishonoured by non-payment”. True or False?
- A. False, The bill shall be treated as dishonoured only when the instrument is also dishonoured by the ‘Drawee in case of need’. Section 115 of NI Act.
39. The person who is holding the instrument is called as “holder” of the instrument. True or False?
- A. False, The person who is entitled to the possession of the instrument is called as ‘Holder’ Section 8 & 9 of NI Act.
40. Mr Good has drawn a cheque on Bank of India payable to Mr Trust. But Mr Bad has forged the signature of Mr Trust which purports to be the signature of Mr Trust. Mr Bad has endorsed the cheque to Mr Innocent for a value of goods. Mr B can be called as Holder of the instrument. True or False,
- A. False, Mr Bad is not the possessor of the instrument.
41. In the Q No 42 Mr Innocent is the “Holder in due course”. True or False?
- A. True, if Mr Innocent has acted in normal course business and is not negligent.
42. A “Holder in due course” shall have better title than the transferor. True or False?
- A. True, Section 53 of NI Act.
43. Mr Clean has drawn an inchoate bill in favour of Mr Neat. But Mr Dirty has forged the instrument and indorsed to Mr Good who received the bill for a value. The Bill is covered with the stamp of Rs 5,000 but the Bill is filled with the value of Rs 9,000. Mr Good can recover the amount of Rs 9,000. True or False?
- A. True, Section 58 & 120 of NI Act.
44. Mr Tom who forged the signature of Mr Jerry, has drawn Inchoate Bill in favour of Mr Butch. The Bill is in such a way that it purports to be drawn by Mr Jerry. Mr Butch filled the inchoate bill with 20,000 even though the stamp of bill is covered for Rs 10,000. Mr Butch indorsed the bill to Mr Nibbles. In this case Mr Nibbles can claim entire Rs 20,000. True or False?
- A. False, As there is no Bill of Exchange at all. Section 5 & 58 of NI Act.
45. A cheque has been received by the partnership firm. On behalf of the partnership firm a partner is holding the cheque. The partner is called as the “holder” of the cheque. True or False?
- A. False, Mere holding of the cheque will not make a person holder.
46. A company has indorsed a bill of exchange to managing director in full and final settlement of salary payable to him. The company has transferred the bill of exchange. True or False?
- A. True, Section 14 and 15 of NI Act.
47. A Cheque is drawn for an amount of Rs 1,000. But cheque amount in words is specified as “ten thousand rupees only”. In this case the amount in words is taken as amount to be paid. True or False?
- A. True, Section 18 of NI Act.

48. A bill of exchange is payable "at sight". That means the bill is said to be the Demand instrument. True or False?
- A. True, Section 21 of NI Act.
49. The maturity date in a bill of exchange is the date on which grace period begins. True or False?
- A. False, Maturity date is the date on which bill becomes payable.
50. A blank endorsement into full indorsement is a material alteration but allowed. True or False?
- A. True, Section 49 & 87 of NI Act.
51. A promissory note is completed and valid when it is delivered. True or False?
- A. True, Section 46 of NI Act.
52. Indorsement for part of the sum in a negotiable instrument is valid. True or False?
- A. False, Section 56 of NI Act.
53. A bill of exchange is an accommodation bill. Without knowing the fact a person has received the bill by way of indorsement. The person who is endorsee can recover the money of the bill. True or False?
- A. True, Section 59 of NI Act.
54. A promissory note should be presented for acceptance. True or False?
- A. False, A promissory note need not be presented for acceptance. Section 61 of NI Act.
55. A bill of exchange is presented for acceptance, if no time or place is specified, at business place and business hours only. True or False?
- A. True, Section 61 of NI Act.
56. For acceptance of bill of exchange, the drawee shall be allowed more than 48 hours excluding public holidays. True or False?
- A. False, Section 63 of NI Act.
57. A promissory note is payable at a specified place should be presented at that place only.
- A. True, Section 69 of NI Act.
58. A holder of bill of exchange has cancelled the liability of parties of bill of exchange. Then the parties of bills of exchange are discharged from the liability. True or False?
- A. True, If the holder's intention is to discharge all the parties then the holder has cancelled the instrument itself.
59. A bill of exchange is dishonoured by non-payment. Such dishonour is been noted and certified by a notary public. Such certificate is called as "Noting". True or False?
- A. False, Such certificate s called as Protest.
60. When words "& co" is used in 2 parallel transverse lines, then cheque is said to be crossed generally. True or False?
- A. True, Section 123 of NI Act.
61. When bills of exchange is drawn in sets and a provision has been specified on the every bill in sets that all bills in sets constitute one bill, then if a part of the bill is paid then the drawee is still liable on the remaining sets of the bill. True or False?
- A. False, If a bill in sets is unpaid then remaining parts also remains unpaid.
62. In the foreign negotiable instrument, the drawee is regulated by the law of place where the instrument is made. True or False?
- A. False, The drawee is regulated by the law of place where the instrument is made payable. Section 134 of NI Act.

63. Mr Father has drawn a cheque on HSBC bank for Rs 10,00,000 and made payable to Ms Daughter, and has given that cheque to Ms Daughter as gift on her birthday. But the cheque is dishonoured because of insufficient funds. Ms Daughter has filed a case on Mr Father for bouncing of the cheque. She can maintain the suit. True or False?
- A. False, Legal suit on bouncing of the cheque can be maintained only when the cheque is issued for settlement of a legally enforceable debt. Section 138 of NI Act.
64. A bill of exchange is drawn in India and made payable outside India but drawn on resident of India is called as Inland instrument. True or False?
- A. True, When a NI is drawn in India and on resident of India, then the NI is an Inland NI. Section 11 of NI Act.
65. A piece of paper annexed to a negotiable instrument, signed by the holder to negotiate the instrument as there is no space left on the instrument, is called as "Protest". True or False?
- A. False, That piece of paper is called as "Allonge".
66. The drawee is fictitious in a bill of exchange, then the instrument is said to be fictitious bill of exchange. True or False?
- A. False, The bill is an ambiguous instrument. Section 17 of NI Act.
67. A bill of exchange contained an expression "after sight" then bill of exchange is said to be the demand instrument. True or False?
- A. False, It is called as time instrument.
68. A promissory note is dated 29<sup>th</sup> January 2016 and made payable after 1 month. Then the promissory note will be matured at 3<sup>rd</sup> February, 2016. True or False?
- A. True, The Instrument will be matured on the third day of due date. Section 22 of NI Act.
69. A minor may draw, indorse, deliver and negotiate an instrument so as to bind all parties except himself. True or False?
- A. True, Section 26 of NI Act.
70. In case of dishonour the drawer is liable to compensate the holder of the instrument. True or False?
- A. True, Section 30 of NI Act.
71. When an instrument is indorsed and delivered but dishonoured, then the endorser is not liable to holder of instrument. The drawee is liable for the loss or damage of dishonoured instrument. True or False?
- A. False, The endorser is liable. Section 35 of NI Act.
72. A drawer has drawn a bill of exchange payable to a fictitious person who is created by the drawer. Under this fictitious name the drawer has indorsed the bill of exchange to a holder in due course. The holder in due course has not known about the fact that the bill is drawn in fictitious name but the drawee has known that. The drawee is still liable to the holder in due course. True or False?
- A. True, Section 42 of NI Act.
73. A cheque drawn in favour of Mr Looser, who lost it in the course of journey to the bank. He made a police complaint about lost cheque. Based upon complaint, Mr Looser has requested the drawer to issue new cheque. But drawer is under no obligation to issue new cheque. True or False?
- A. False, The holder of the instrument has the right to have duplicate bill. Section 45A of NI Act.
74. A bearer negotiable instrument is negotiated by way of indorsement only. True or False?
- A. False, It can even be negotiated by just delivery without indorsement. Section 46 of NI Act.
75. An endorser who does not want to accept the liability of the negotiable instrument on further endorsement, will indorse by adding the words "sans recourse". True or False?
- A. True, Sans Recourse means without recourse.

76. A bearer cheque was drawn by Mr. Hurry, which is drawn in favour of and to be delivered to Mr. Late next day, was kept in desk. But in the night, Mr. Thief has stolen the cheque. As the cheque is a bearer instrument the thief is entitled to the amount in the instrument. True or False?
- A. **False**, Because Mr Thief is not a holder. Moreover the instrument will be complete only when the instrument is delivered.
77. A cheque, payable to the order, is negotiable by indorsement and delivery only. True or False?
- A. **True**, An order instrument is negotiated only by way of indorsement and delivery.
78. Indorsement in blank can be converted into indorsement full and is not regarded as material alteration. True or False?
- A. **True**.
79. "Pay to Mr Seller only". It is a restrictive endorsement. True or False?
- A. **True**.
80. I promise to pay Mr Creditor an amount of Rs 10,000 after the death of my horse. It is a valid promissory note. True or False?
- A. **True**, It is time instrument, because the NI Act specifies about validity of an instrument based of certainty of event. The death is certain provided there is horse with the promisor.
81. A bill of exchange is drawn for an amount of Rs 10,000 in favour of Mr A. Afterwards, in full settlement of debt the bill of exchange is endorsed in favour of Mr B only for Rs 5,500. Remaining Rs 4,500 is in favour of Mr A. Mr A specifies it as a valid endorsement. True or False.
- A. **False**, Partial endorsement is not a valid endorsement.
82. Indorsement is valid if it is delivered to the holder. True or False,
- A. **True**, Indorsement is complete only if it is delivered.
83. An instrument is draw in favour of Mr Ceaser. Mr Ceaser has indorsed the instrument in favour of Mr Julius payable to the order of Mr Julius. But Mr Ceaser died before it is delivered to Mr Julius. Therefore Son of Mr Ceaser has delivered to Mr Julius. It is valid transfer.
- A. **False**, An instrument payable to the order cannot be delivered by the legal representative. The instrument can be delivered only by the Endorser.
84. A promissory note payable after certain time period after sight, then the promissory note should be presented for the fixing the time period. If the promissory is not presented then the parties are discharged from the liability. True or False,
- A. **True**, Section 62 of NI Act.
85. When a negotiable instrument is obtained by lawful means or by means of fraud, then the possessor or holder including the holder in due course will not obtain the amount stated I the instrument. True or False,
- A. **False**, Holder in due course is exceptional case.
86. When a bill of exchange is drawn for without consideration, then such instruments are called as Accommodation bill. True or False,
- A. **True**.
87. A negotiable instrument can be negotiated any number of times till the maturity. True or False?
- A. **True**.
88. A bill of exchange which is a time instrument, but no time or place is specified, should be presented during business hours on a business day. If the drawee cannot be found then the bill of exchange is said to be dishonoured. True or False?
- A. **True**, Because acceptor has not accepted it.

89. Mr Endorser has indorsed the bill as "Pay to Mr Endorsee only". Then the indorsement is called as conditional indorsement. True or False?
- A. False, It is a Restrictive indorsement.
90. A bill of exchange is drawn to be payable on 12<sup>th</sup> march, 2016. Then the bill falls due on 12<sup>th</sup> March, 2016 i.e., the bill shall be matured on that day. True or False,
- A. False, The time instruments shall be matured on the 3<sup>rd</sup> day of due date.
91. An agent has drawn a bill of exchange on behalf of the principal within the limits specified by the contract of agency between principal and agent. But the agent was removed after completion of the contract of agency. Therefore the principal is not bound by the bill of exchange. True or False,
- A. False, The principal is bound, because a person is bound by the acts of an agent acting within his limits. Section 27 of NI Act.
92. By the agreement, a partnership firm has aroused. There are three partners in partnership firm. Mr One is the managing partner of the firm. He is entitled to a salary of Rs 30,000 per month for managing the firm. Therefore for the first month of the firm a cheque is drawn by Mr One payable to him as salary and signed the cheque as the agent of the firm. Therefore the firm is liable for the cheque. True or False,
- A. True, Because agent binds the principal who acts with in the authority.
93. All cheques are bills of exchange but all bills of exchange are not cheques. True or False?
- A. True.
94. A cheque can be crossed and also a bill of exchange can be crossed. True or False?
- A. False, There is no option of crossing on the bills of exchange.
95. Crossing of the cheque by the holder, but not by the drawer is valid. That means the cheque was not crossed when it is drawn by the drawer. True or False,
- A. True, Crossing can be done by the holder even though the cheque is not crossed by the drawer.
96. When a cheque is crossed as an "account payee", then such crossing is a restrictive crossing. True or False?
- A. True.
97. A cheque was drawn and dated 12<sup>th</sup> march, 2016 which is delivered to the holder on 5<sup>th</sup> March, 2016. The holder presented the cheque on 10<sup>th</sup> March, 2016 to the banker. Therefore the banker "may" dishonour the cheque. True or False?
- A. False, The Banker "must" dishonour.
98. In the promissory note there won't be acceptor. True or False?
- A. True, Acceptor is not required.
99. The bill of exchange is drawn to be payable after 3 months from the date of acceptance by the drawee. But the payee has not presented the bill on the maturity date. Therefore the parties are discharged from the liability. True or False?
- A. False, Drawer and Drawee or acceptor still liable. Banaras Bank Ltd Vs Normusji Pestonji
100. Endorsement can be made only by the holder or maker signing otherwise than as such maker. True or False?
- A. True, Section 15.
101. If a cheque is undated then the banker should refuse the payment. True or False?
- A. True.
102. If cheque is a stale cheque that is if it has not been presented within reasonable period, which is three months then the banker shall refuse the payment. True or False?
- A. True.



103. If the customer has credit with one branch of a bank and he draws a cheque upon another branch of the same bank in which either he has account or his account is overdrawn, then the banker should make the payment. True or False?
- A. False.
104. If the authority of the banker to honour a cheque of his customer is undermined by the notice of the latter's death then banker shall refuse the payment. However, any payment made prior to the receipt of the notice of death is valid. True or False?
- A. True.
105. If a cheque contains material alterations, irregular signature or irregular endorsement then the banker shall refuse the payment. True or False?
- A. True.

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**THE END**

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