

**FOUNDATION EXAMINATION****PRACTICE TEST PAPER****PAPER - 1****FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

Syllabus - 2022

TERM JUNE-2026

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	The essence of Sub-Ordinate legislation can be found in which Article of the Constitution of India, 1950?		
	(a)	Article 12	O
	(b)	Article 32	O
	(c)	Article 13	O
	(d)	Article 14	O
2.	In Indian Contract Act, the term consensus ad idem means:		
	(a)	Parties agreeing upon the same thing in same sense,	O
	(b)	Parties under the free consent	O
	(c)	Parties under a mistake	O
	(d)	None of these	O
3.	Unpaid Seller can exercise his right of lien —		
	(a)	even when property in goods has passed to the Buyer	O
	(b)	only when property in goods has not passed to the Buyer	O
	(c)	either 1 or 2	O
	(d)	neither 1 nor 2	O
4.	If an instrument may be construed either as a promissory note or bill of exchange, it is		
	(a)	a valid instrument	O
	(b)	an ambiguous instrument	O
	(c)	a returnable instrument	O
	(d)	none of the above	O
5.	The Shreni courts were associated with:		
	(a)	Royal administration	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(b)	Religious matters	O
	(c)	Military disputes	O
	(d)	Trade or professional councils	O
6.	A person who rightfully rescinds a contract is entitled to:		
	(a)	No compensation	O
	(b)	Compensation for damage sustained through non-fulfilment	O
	(c)	Be imprisoned	O
	(d)	Double the amount of the contract	O
7.	Delivery of the keys of a godown where goods are kept amounts to:		
	(a)	Actual delivery	O
	(b)	Symbolic delivery	O
	(c)	Constructive delivery	O
	(d)	All of these	O
8.	Under which Article can we amend the provisions of the Constitution of India?		
	(a)	Article 356	O
	(b)	Article 368	O
	(c)	Article 254	O
	(d)	Article 245	O
9.	If a party unauthorizedly changes the date or amount of a contract, it is discharged due to:		
	(a)	Remission	O
	(b)	Material Alteration	O
	(c)	Performance	O
	(d)	Rescission	O
10.	A stipulation essential to the main purpose of the contract, the breach of which allows repudiation, is a:		
	(a)	Warranty	O
	(b)	Guarantee	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(c)	Pledge	O
	(d)	Condition	O
11.	If a minor draws, endorses, delivers or negotiates an instrument, such instrument binds:		
	(a)	all parties to the instrument including the minor	O
	(b)	only the minor and not other parties to the instrument	O
	(c)	all parties to the instrument except the minor	O
	(d)	none of the above	O
12.	Which of the following statements correctly differentiates arbitration from conciliation?		
	(a)	In arbitration, the decision is non-binding, whereas in conciliation the decision is always binding.	O
	(b)	Arbitration involves a third-party tribunal whose award is mostly binding, while conciliation involves a third-party conciliator who only facilitates a voluntary settlement.	O
	(c)	In conciliation, courts intervene extensively, whereas in arbitration courts have no role at all.	O
	(d)	Arbitration is only used for criminal disputes, while conciliation is used for civil disputes.	O
13.	An instrument drawn conditionally as collateral security is called:		
	(a)	Accommodation bill	O
	(b)	Fictitious bill	O
	(c)	Escrow instrument	O
	(d)	Documentary bill	O
14.	What is the primary difference between Novation and Alteration?		
	(a)	In Novation, parties may change; in Alteration, parties remain the same	O
	(b)	Alteration requires no consent	O
	(c)	Novation only applies to e-contracts	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(d)	There is no difference	O
15.	A "Sale" creates a Right in Rem, whereas an "Agreement to Sell" creates a:		
	(a)	Right in personam	O
	(b)	Right in legality	O
	(c)	Right to destroy	O
	(d)	Right in equity	O
16.	If the words "not negotiable" are used with special crossing in a cheque, the cheque is---		
	(a)	not transferable	O
	(b)	transferable	O
	(c)	negotiable under certain circumstances	O
	(d)	none of the above	O
17.	What kind of structure does the Indian Constitution have?		
	(a)	Unitary	O
	(b)	Federal	O
	(c)	Autocracy	O
	(d)	Totalitarian	O
18.	What is the standard "grace period" for payment of a bill other than those payable on demand?		
	(a)	7 days	O
	(b)	15 days	O
	(c)	3 days	O
	(d)	1 month	O
19.	If goods are sent on "sale or return" basis, property passes to the buyer when:		
	(a)	He signifies approval	O
	(b)	He pledges the goods to a third party	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(c)	He retains the goods beyond a reasonable time	O
	(d)	Any of the above	O
20.	A contract of indemnity is entered into for the primary purpose of:		
	(a)	Earning interest	O
	(b)	Protecting the promisee from loss	O
	(c)	Providing a loan	O
	(d)	Acting as a witness	O
21.	A, while filling up the insurance application form, states his age as 25 believing it to be true. His actual age was 27. The Life Insurance Corporation issued a policy in his favour charging a lower premium than what it should have charged if the actual age had been given. This is a case of		
	(a)	Fraud	O
	(b)	Misrepresentation	O
	(c)	Undue influence	O
	(d)	Mistake of fact	O
22.	A promissory note, bill of exchange or cheque drawn or made in India and made payable in, or drawn upon any person resident in, India is treated as a/an –		
	(a)	Inland instrument	O
	(b)	Local instrument	O
	(c)	Foreign instrument	O
	(d)	Indigenous instrument	O
23.	Under an 'Agreement to Sell', if the buyer becomes insolvent before the price is paid and before the goods are delivered, what is the seller's legal position regarding the Official Receiver?		
	(a)	The seller is bound to deliver the goods and claim a rateable dividend for the price.	O
	(b)	The seller can refuse to deliver the goods to the Official Receiver	O
	(c)	The seller must deliver the goods if the Official Receiver provides a guarantee.	O
	(d)	The property has already passed, so the seller has no choice but to deliver.	O



24.	B, having discovered a vein of ore on the estate of A, adopts means to conceal, and does conceal, the existence of the ore from A. Owing to A's ignorance B is enabled to buy the estate at a low price. The contract is:	
(a)	Valid	O
(b)	Void	O
(c)	Voidable at the option of A	O
(d)	Invalid	O
25.	A cheque must be presented to the bank within how many months from the date it is drawn, as per the current RBI guidelines?	
(a)	6 months	O
(b)	3 months	O
(c)	12 months	O
(d)	1 month	O
26.	A, a Hindu already married with a living wife B, enters into a marriage agreement with a widow of 30 years of age. This agreement is :	
(a)	Void, because of being opposed to public policy	O
(b)	Valid and can be enforced by either party	O
(c)	Voidable, because A has obtained B's consent by exercising undue influence against her	O
(d)	Void, because of being forbidden by law	O
27.	In case of appropriation of goods, which are the essential requirements:	
(a)	The goods should confirm to the description and quality stated in the contract.	O
(b)	The goods must be in a deliverable state	O
(c)	The appropriation must be by the seller with the assent of the buyer	O
(d)	All the above	O
28.	Delivery of goods means-	



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(a)	Voluntary transfer of possession	O
	(b)	Compulsory transfer of possession	O
	(c)	Exchange of goods	O
	(d)	Voluntary transfer of ownership	O
29.	A telephonic acceptance is complete when the offer is		
	(a)	spoken into the telephone.	O
	(b)	heard but not understood by the offeror.	O
	(c)	heard and understood by the offeror	O
	(d)	received, heard and understood by some person in the offeror's house.	O
30.	The term 'negotiation' in section 14 of the Negotiable Instruments Act, 1881 refers to:		
	(a)	The transfer of a bill of exchange, promissory note or cheque to any person, so as to constitute the person the holder thereof	O
	(b)	the payment by a bank on a negotiable instrument after due verification of the instrument	O
	(c)	The bargaining between the parties to a negotiable instrument	O
	(d)	All of the above	O
31.	Which of the following best defines an "Insolvent" person according to the law of contract?		
	(a)	A person who refuses to pay his debts despite having money.	O
	(b)	A person who is unable to discharge his liabilities.	O
	(c)	A person who has more assets than liabilities.	O
	(d)	A person who is under the age of 18.	O
32.	Professional behaviour includes behave in a _____ manner in the workplace?		
	(a)	Neutral	O
	(b)	Positive	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(c)	Negative	O
	(d)	None of the above	O
33.	What is the primary object of "Crossing" a cheque?		
	(a)	To make it look professional	O
	(b)	To ensure the cheque is never dishonoured	O
	(c)	To provide protection and safeguard to the owner of the cheque	O
	(d)	To allow the holder to get cash immediately at the counter	O
34.	If no mode of acceptance is prescribed in the offer, acceptance must be communicated by:		
	(a)	Any secret method	
	(b)	Some usual and reasonable mode	
	(c)	Only by post	
	(d)	Only by telegram	
35.	Why is it important to avoid beating around the bush in communication?		
	(a)	To confuse the listener	O
	(b)	To keep the message precise and clear	O
	(c)	To make the conversation longer	O
	(d)	To impress the listener	O
36.	Which form of written communication presents the actual financial status of a company?		
	(a)	Product disclaimers	O
	(b)	Financial reporting	O
	(c)	Marketing communications	O
	(d)	Internal communications	O
37.	A, B and C (a minor) executed a promissory note in favour of P. Later, P sued all		



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	three for payment. Which of the following is correct?	
(a)	All three (A, B and C) are personally liable.	O
(b)	Only C (minor) is liable	O
(c)	The promissory note is void because C is a minor.	O
(d)	A and B are liable, but C is not personally liable.	O
38.	A, a singer, enters into a contract with B, the manager of a theatre, to sing at his theatre two nights every week for the next two months. B agrees to pay her ₹100 for each night's performance. On the sixth night, A willfully absents herself from the theatre. What is B entitled to do?	
(a)	B must continue the contract.	O
(b)	B can put an end to the contract.	O
(c)	B must pay A for all remaining performances.	O
(d)	The contract automatically becomes void.	O
39.	In a sale of 20 hogsheads of sugar out of a larger quantity, 4 were filled and taken away by the buyer. The remaining 16 hogsheads were later filled and the buyer was informed. The buyer promised to take them away, but before he could do so, the goods were lost. Who bears the loss?	
(a)	The seller, because delivery was not completed.	O
(b)	The buyer, because the property had passed to him.	O
(c)	Both equally.	O
(d)	No one, as the contract becomes void.	O
40.	A debate is usually based on:	
(a)	Current affairs or specific situations	O
(b)	Imaginative storytelling	O
(c)	Poetry and creative writing	O
(d)	Historical speeches	O
41.	In case of breach of quasi-contract, a suit may be filed:	



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

	(a)	Only with special permission	O
	(b)	Only for liquidated damages	O
	(c)	Not maintainable in court	O
	(d)	In the same way as a complete contract	O
42.	Advertising through newspapers, magazines, and brochures is called:		
	(a)	Broadcast Advertising	O
	(b)	Outdoor Advertising	O
	(c)	Print Media Advertising	O
	(d)	Digital Advertising	O
43.	What are specific goods?		
	(a)	Goods that are not yet manufactured	O
	(b)	Goods identified and agreed upon at the time the contract of sale is made	O
	(c)	Goods sold in bulk without identification	O
	(d)	Goods that are intangible	O
44.	Interpretation and conversion of information communicated into the intelligible form so that the recipient can fully understand the true meaning of the information is called:		
	(a)	Decoding	O
	(b)	Encoding	O
	(c)	Feedback	O
	(d)	None of the above	O
45.	To prove undue influence, the plaintiff has to prove that:		
	(a)	The relations, subsisting between the parties are such that the defendant was in a position to dominate the will of the plaintiff	O
	(b)	The defendant used that position to obtain an unfair advantage from the plaintiff	O
	(c)	Both 1 and 2	O
	(d)	None of these	O



**FOUNDATION EXAMINATION
PRACTICE TEST PAPER
PAPER - 1**

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

46.	Writing fosters creativity because it:		
	(a)	Stops thinking	O
	(b)	Limits imagination	O
	(c)	Encourages reflection and idea development	O
	(d)	Avoids problem-solving	O
47.	Reading your writing before sending helps to:		
	(a)	Find and correct mistakes	O
	(b)	Increase errors	O
	(c)	Waste time	O
	(d)	Make it confusing	O
48.	An indemnity holder can recover costs of defending a suit if:		
	(a)	He acted against the promisor's orders	O
	(b)	He acted carelessly	O
	(c)	He acted prudently and within authority	O
	(d)	He refused to defend	O
49.	In the adaptation stage, members function in a:		
	(a)	Single-cultural capacity	O
	(b)	No-cultural capacity	O
	(c)	Mono-cultural capacity	O
	(d)	Bi-cultural capacity	O
50.	Semantic barriers arise when:		
	(a)	Both parties remain silent	O
	(b)	Both parties speak different languages	O
	(c)	There is no message	O



FOUNDATION EXAMINATION

PRACTICE TEST PAPER

PAPER - 1

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

Syllabus - 2022

TERM JUNE-2026

	(d)	People refuse to talk	O