



FOUNDATION EXAMINATION
MODEL QUESTION PAPER
PAPER - 1

TERM – DEC 2023

FUNDAMENTALS OF BUSINESS LAWS AND BUSINESS COMMUNICATION

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	The general rule of Sale of Goods Act is, risk prima facie passes with _____.	
(a)	Ownership	O
(b)	Possession	O
(c)	Delivery	O
(d)	Custody	O
2.	When goods are physically handed over by the seller to the buyer what does it call?	
(a)	Symbolic	O
(b)	Actual	O
(c)	Constructive	O
(d)	None of the above	O
3.	Which of the following is/are type/s of Quasi-Contracts?	
(a)	Payment by an interested person (Sec 69)	O
(b)	Responsibility of finder of goods (Sec 71)	O
(c)	Money paid by mistake or under coercion (Sec 72)	O
(d)	None of the above	O
4.	Which Article of the Constitution of India empowers the legislature to make laws?	
(a)	Article 12	O
(b)	Article 243	O
(c)	Article 141	O
(d)	Article 245	O
5.	Law is a _____ of rules.	
(a)	book	O
(b)	set	O
(c)	combination	O
(d)	none of the above	O
6.	The term 'Negotiable instrument' is defined in the Negotiable Instruments Act, 1881, under section _____.	



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	(a)	12	O
	(b)	13	O
	(c)	13A	O
	(d)	2(d)	O
7.	_____ parties are involved in a Bill of exchange.		
	(a)	Two	O
	(b)	Six	O
	(c)	Three	O
	(d)	Four	O
8.	Who among the following cannot cross a cheque?		
	(a)	Drawer	O
	(b)	Holder	O
	(c)	Banker	O
	(d)	Foreigner	O
9.	Writing is _____ in nature?		
	(a)	Personal	O
	(b)	Impersonal	O
	(c)	Neutral	O
	(d)	Both (a) and (b)	O
10.	Business communications help in establishing _____ when marketing?		
	(a)	Professionalism	O
	(b)	Rudeness	O
	(c)	Negativity	O
	(d)	Casualness	O
11.	The Supreme Court of India can review its own orders or judgments under Article _____.		
	(a)	137	O
	(b)	127	O
	(c)	136	O
	(d)	135	O
12.	What are the sources of law?		



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	(a)	Constitution of India	O
	(b)	Constitution of India, judicial precedents, customary laws, statutes and ordinance	O
	(c)	Statutes enacted by the Parliament of India and State Legislatures	O
	(d)	Religion	O
13.		Which of the following is/are important function/s of IRDA?	
	(a)	Levy charges and fees as per the IRDA act	O
	(b)	Regulating and controlling the insurance premium rates, terms and conditions and other benefits offered by insurers	O
	(c)	Conducting enquiries and investigations on intermediaries and other participants	O
	(d)	Both (a) and (b)	O
14.		How does a surety is discharged?	
	(a)	By revocation	O
	(b)	By act or conduct of creditor	O
	(c)	By act or conduct of creditor	O
	(d)	All of the above	O
15.		The term “Unpaid Seller” includes _____.	
	(a)	Agent of the Buyer	O
	(b)	Agent of the Seller	O
	(c)	Agent of the Carrier/Transporter	O
	(d)	All of the above	O
16.		In a promissory note, the amount of money payable	
	(a)	must be certain	O
	(b)	may be certain or uncertain	O
	(c)	is usually uncertain	O
	(d)	None of the above	O
17.		Use of coupons and samples come under which mode of marketing communication?	
	(a)	Sales promotion	O
	(b)	Advertising	O
	(c)	Direct marketing	O



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	(d)	None of the above	O
18.	Includes face to face interaction with customers for closing the sale?		
	(a)	Sales promotion	O
	(b)	Advertising	O
	(c)	Direct marketing	O
	(d)	Personal Selling	O
19.	In which business communication, a speaker has to clearly speak for or against a topic?		
	(a)	presentation	O
	(b)	Debate	O
	(c)	speech	O
	(d)	Group discussion	O
20.	Which of the following is not one of the 8C's of communication?		
	(a)	Curiousness	O
	(b)	Conciseness	O
	(c)	Considerate	O
	(d)	Concreteness	O
21.	Which of the following is/are kind/s of guarantee?		
	(a)	Retrospective or prospective	O
	(b)	Specific or continuing	O
	(c)	Entire or partial debt	O
	(d)	All of the above	O
22.	While obtaining the consent of the promisee, keeping silence by the promisor when he has a duty to speak about the material facts, amounts to consent obtained by _____.		
	(a)	Coercion	O
	(b)	Misrepresentation	O
	(c)	Error	O
	(d)	Fraud	O
23.	In a Book depot a catalogue of books enlisting the price of each book and specifying the place where the particular book is available is _____.		



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	(a)	An invitation to offer	O
	(b)	An offer	O
	(c)	An invitation to visit the book shop	O
	(d)	None of these	O
24.	M contracts to sing for N at a concert for ₹ 6,000 which are paid in advance. M is too ill to sing. Which of the following options is correct?		
	(a)	M is bound to make compensation	O
	(b)	M is not bound to make compensation to N for the loss of the profit which N would have made if M had been able to sing, but must refund to N ₹6,000 paid in advance	O
	(c)	M is not liable to refund to N ₹ 6,000 paid in advance	O
	(d)	M is liable for loss of profit as well as for refund	O
25.	A person contracted to deliver a part of a specific crop of potatoes. The potatoes were destroyed by blight through no fault of the party. The contract is		
	(a)	valid	O
	(b)	voidable	O
	(c)	Void due to frustration of contract	O
	(d)	Illegal	O
26.	_____ are imagery representations of a huge bulk of data.		
	(a)	Tables	O
	(b)	Graphs	O
	(c)	Flowcharts	O
	(d)	Letters	O
27.	Which of the following should be avoided in the Group discussion?		
	(a)	Positive body language	O
	(b)	Leadership initiative	O
	(c)	False statements	O
	(d)	Confidence	O
28.	Communication among employees at the same level in the organizational structure is called -		
	(a)	Grapevine Communication	O
	(b)	Diagonal Communication	O
	(c)	Lateral Communication	O



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	(d)	None of the above	O
29.	A Bill of Lading is a —		
	(a)	Bill of Exchange	O
	(b)	Promissory Note	O
	(c)	Cheque	O
	(d)	Document of Title to Goods	O
30.	Voluntary transfer of possession from one person to another is called as		
	(a)	Ownership	O
	(b)	Delivery	O
	(c)	Gift	O
	(d)	License	O
31.	A paid ₹500 to a Government servant to get him a contract for the canteen. The Government servant could not get the contract. Can A recover ₹500 paid by him to the Government servant?		
	(a)	yes, the agreement between them is valid and enforceable	O
	(b)	yes, the agreement is not opposed to public policy	O
	(c)	no, the agreement is a voidable agreement and can be avoided by A	O
	(d)	no, the agreement is void	O
32.	Rajeev entered into a contract with Lata to marry her on a fixed date. However, before the marriage date. Rajeev went mad. With reference to the Indian Contract Act which is the valid response?		
	(a)	Lata can't marry till Rajeev dies	O
	(b)	The executors of Rajeev can enforce the contract against Lata	O
	(c)	The contract becomes void	O
	(d)	All the statements are correct	O
33.	Goods displayed in a shop window with a price label will amount to _____.		
	(a)	Invitation to offer	O
	(b)	Contract	O
	(c)	coercion	O
	(d)	None of the above.	O



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34.	A contract which is vitiated by undue influence is declared as which one of the following by the Indian Contract Act?		
	(a)	Invalid	O
	(b)	Void	O
	(c)	Illegal	O
	(d)	Voidable	O
35.	The grace period for payment of a negotiable instrument other than payable on demand is----- days/months		
	(a)	7 days	O
	(b)	3 days	O
	(c)	1 month	O
	(d)	15 days	O
36.	Unpaid Seller can exercise his right of withholding delivery of goods —		
	(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 (a) or (b)	O
	(d)	neither (a) nor (b)	O
37.	A sale in an executed contract whereas an agreement to sell is an _____ contract.		
	(a)	executory	O
	(b)	executing	O
	(c)	exclusive	O
	(d)	exceptional	O
38.	Section 19 of the Sale of Goods Act, deals with passing of property of.....goods.		
	(a)	Unascertained Goods	O
	(b)	Future Goods	O
	(c)	Specific or Ascertained Goods	O
	(d)	Contingent Goods	O
39.	X promises to supply Y one tola of gold brought from the sun. This is		
	(a)	a valid contract	O
	(b)	an illegal contract	O



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	(c)	a void agreement	O
	(d)	a voidable agreement	O
40.		A promised B to obtain an employment for him in a public office. B promised to pay ₹2,000 to A for this. B gets a job through A but refuses to pay the money. A can	
	(a)	Challenge B's appointment on the ground of non-payment of money	O
	(b)	Sue B for ₹2,000	O
	(c)	Do nothing	O
	(d)	Do both given at (a) and (b) above	O
41.		A Corporation can be party to a Negotiable Instrument if ____	
	(a)	authorized by its article of association	O
	(b)	if special permission of Board of Directors taken	O
	(c)	if special resolution by Shareholders is passed	O
	(d)	absolutely without any restrictions	O
42.		The term "a cheque in the electronic form" is defined in the Negotiable Instruments Act, 1881 - under	
	(a)	Section 6(a)	O
	(b)	Section 6(1)(a)	O
	(c)	Explanation 1(a) of Section 6	O
	(d)	Section 6A.	O
43.		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
44.		If the bank refuses to pay the amount to the payee, the cheque is said to be _____.	
	(a)	dishonoured	O
	(b)	discounted	O
	(c)	honoured	O
	(d)	renewal	O
45.		The Negotiable Instruments Act, 1881 came into force on _____.	

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	(a)	9th December, 1881	O
	(b)	19th December, 1881	O
	(c)	9th November, 1881	O
	(d)	1st March, 1882	O
46.	A promised to marry B and none else and promised her to pay a sum of ₹10,000 in addition to what he gets from the other party if he marries someone else. A marries C and gets ₹20,000 from C. B can get from A		
	(a)	₹30,000	O
	(b)	₹20,000	O
	(c)	Nothing	O
	(d)	₹30,000 plus damages	O
47.	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
48.	The term “Unpaid Seller” includes —		
	(a)	Agent of the Buyer	O
	(b)	Agent of the Seller	O
	(c)	Agent of the Carrier/Transporter	O
	(d)	All of the above	O
49.	Communication that originates at a lower level and flows to a higher level is called -		
	(a)	Upward Communication	O
	(b)	Diagonal Communication	O
	(c)	Downward Communication	O
	(d)	None of the above	O
50.	A, Hindu already married with a living wife S, 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



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	(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

Answers:

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
(a)	(b)	(d)	(d)	(b)	(b)	(c)	(d)	(a)	(a)
11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
(a)	(b)	(d)	(d)	(b)	(a)	(a)	(d)	(b)	(a)
21.	22.	23.	24.	25.	26.	27.	28.	29.	30.
(d)	(d)	(c)	(b)	(c)	(b)	(c)	(c)	(d)	(b)
31.	32.	33.	34.	35.	36.	37.	38.	39.	40.
(d)	(c)	(a)	(d)	(b)	(c)	(c)	(c)	(a)	(a)
41.	42.	43.	44.	45.	46.	47.	48.	49.	50.
(a)	(c)	(a)	(a)	(d)	(c)	(b)	(b)	(a)	(d)