



**FOUNDATION EXAMINATION  
MODEL QUESTION PAPER  
PAPER - 1**

**SET 1  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	Which Article in the Constitution of India, 1950 has provisions for introduction of a bill in the Parliament of India?		
	(a)	Article 119	O
	(b)	Article 141	O
	(c)	Article 107	O
	(d)	Article 243	O
2.	The decision given by Supreme court are recorded in		
	(a)	AIR	O
	(b)	SCC	O
	(c)	AIR and SCC	O
	(d)	ITR	O
3.	An agreement will be unlawful if		
	(a)	There is no consent	O
	(b)	Consent is not free	O
	(c)	There is no consideration	O
	(d)	The object is forbidden by law	O
4.	P engages B to kill C and borrows Rs 100 from D to pay B .If D is aware of the purpose of the loan, the transaction is _____ .		
	(a)	Valid	O
	(b)	Void for uncertainty	O
	(c)	Voidable	O
	(d)	Illegal	O
5.	With regard to the contractual capacity of a person of unsound mind, which one of the following statements is most appropriate?		



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	(a)	A person of unsound mind can never enter into a contract	O
	(b)	A person of unsound mind can enter into a contract	O
	(c)	A person who is usually of unsound mind can contract when he is, at the time of entering into a contract of sound mind	O
	(d)	A person who is occasionally of unsound mind can contract although at the time of making the contract, he is of unsound mind	O
6.	When a proposal may be revoked:		
	(a)	A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards.	O
	(b)	A proposal may be revoked at any time before the communication of its acceptance is incomplete as against the proposer, but not afterwards.	O
	(c)	A proposal may be revoked at any time when the communication of its acceptance is complete as against the proposer, but not afterwards.	O
	(d)	A proposal may be revoked at any time after the communication of its acceptance is complete as against the proposer, but not afterwards.	O
7.	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
	(c)	a void agreement	O
	(d)	a voidable agreement	O
8.	Various mode of revocation of offer have been described in		
	(a)	Sec 5	O
	(b)	Sec 6	O
	(c)	Sec 7	O
	(d)	Sec 9	O
9.	In a contract not specifying the time for performance , the promisor can perform the contract :		
	(a)	Immediately	O
	(b)	Within the shortest time	O



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	(c)	Within a reasonable time	O
	(d)	Within next 21 days	O
10.	An erroneous opinion as to the value of the things which forms the subject-matter of the agreement, is not to be deemed:		
	(a)	A mistake as to a matter of law	O
	(b)	A mistake as to a matter of fact.	O
	(c)	A mistake of circumstances	O
	(d)	A mistake of nature of transactions	O
11.	Hindu and Mohammedan Law is		
	(a)	Personal law	O
	(b)	Customary Law	O
	(c)	Precedents	O
	(d)	Statutes	O
12.	M, who is a dealer in mustard oil, only, agrees to sell to N '500 litres of oil'. This agreement is		
	(a)	Valid contract	O
	(b)	Void contract	O
	(c)	Voidable contract	O
	(d)	Unenforceable contract	O
13.	Which is the highest civil court in a district?		
	(a)	Sessions Court	O
	(b)	Supreme Court of India	O
	(c)	District Court	O
	(d)	High Court	O
14.	Where persons reciprocally promise, firstly, to do certain things which are legal, and, secondly, under specified circumstances, to do certain other things which are		



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	illegal, the first set of promise is a ..... , but the second is a ..... :	
(a)	Void agreements/ contract	O
(b)	void contract/agreement	O
(c)	Contract/void agreement	O
(d)	Contract/voidable contract	O
15.	The term “Quid Pro Quo” is applied in connection with :	
(a)	Capacity of the parties	O
(b)	Consideration	O
(c)	Free consent	O
(d)	Legality of object	O
16.	The term Proposal or offer has been defined in Sec	
(a)	Sec 2(a)	O
(b)	Sec 2(b)	O
(c)	Sec 2(c)	O
(d)	Sec 2(d)	O
17.	The Part ___ provides for provisions for the Panchayat Raj system	
(a)	IX	O
(b)	X	O
(c)	XI	O
(d)	XII	O
18.	When the consent of a party to a contract has been obtained by undue influence, fraud or misrepresentation, the contract is _____.	
(a)	Void	O
(b)	Voidable	O
(c)	Illegal	O
(d)	None of the above	O
19.	Where a minor has entered into a contract for purchase of necessary items. In such cases:	



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	(a)	The minor is not personally liable.	O
	(b)	Minor's estates are liable to make good.	O
	(c)	Minor's guardian is liable.	O
	(d)	The minor is personally liable	O
20.	Partial acceptance of offer result in _____ offer.		
	(a)	Counter	O
	(b)	Cross	O
	(c)	Invitation	O
	(d)	None of the above	O
21.	A stipulation in a contract of sale which is collateral to the main purpose of the contract is called as		
	(a)	Guarantee	O
	(b)	Warranty	O
	(c)	Condition	O
	(d)	Term	O
22.	Select which from the following is not a type of advertisement		
	(a)	Hike in price	O
	(b)	Inviting tenders	O
	(c)	Stunts performed by actors	O
	(d)	Recruitment of personnel	O
23.	Banking require letter writing for following service		
	(a)	Overdraft limit	O
	(b)	Dividend	O
	(c)	Postal authorities	O
	(d)	Policy renewal	O



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24.	Which factor is not in consideration while choosing means & mode of communication?		
	(a)	Cost factor	O
	(b)	Nature & weather of locality	O
	(c)	Resources	O
	(d)	Distance involved	O
25.	The term 'Negotiable instrument' is defined in the Negotiable Instruments Act, 1881, under section		
	(a)	12	O
	(b)	13A	O
	(c)	13	O
	(d)	2(d)	O
26.	There are _____ 'C's of effective communication.		
	(a)	Five	O
	(b)	Seven	O
	(c)	Ten	O
	(d)	Twenty	O
27.	Which of these is not a mode of address for any letter?		
	(a)	To a tradesman	O
	(b)	To a child	O
	(c)	To a firm	O
	(d)	To professional men	O
28.	Passive verb is preferred in which type of inter-department communication		
	(a)	Office order	O
	(b)	Memo report	O
	(c)	Office note	O
	(d)	Office circular	O



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29.	‘With regards’ _____ be mentioned in a business letter.		
	(a)	May	O
	(b)	May not	O
	(c)	Must not	O
	(d)	Must	O
30.	Under section 118 of the Negotiable Instruments Act, 1881, it is presumed, until the contrary is proved, that every transfer of a negotiable instrument was made		
	(a)	after its maturity	O
	(b)	before its maturity	O
	(c)	at its maturity	O
	(d)	none of the above	O
31.	Goods the acquisition of which is contingent upon happening or non-happening of certain events will be treated as		
	(a)	Future goods	O
	(b)	Unascertained goods	O
	(c)	Contingent goods	O
	(d)	Forward commodities	O
32.	The definition of “Document of title to goods” given in the Sale of Goods Act is		
	(a)	Exhaustive	O
	(b)	Inclusive	O
	(c)	Exclusive	O
	(d)	Not clear	O
33.	The ‘agreement to sell’ becomes ‘sale’ when:		
	(a)	The conditions are satisfied	O
	(b)	The parties agree to change the terms of agreement.	O
	(c)	When the court orders	O
	(d)	When the agreement is in writing	O



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34.	The Negotiated Instruments Act,1881 came into force on	
(a)	9th December,1881	O
(b)	19th December,1881	O
(c)	1st March,1882	O
(d)	None of the above	O
35.	A agreed to supply 1000 bags of rice at Rs 500 per bag in 10 instalments of 100 bags each. B also agreed to pay the price in 10 instalments of 100 bags each. This is a	
(a)	Contract of Sale	O
(b)	Sale of approval	O
(c)	Hire purchase agreement	O
(d)	Conditional sale	O
36.	There are _____ modes of delivery.	
(a)	Three	O
(b)	Two	O
(c)	Four	O
(d)	Five	O
37.	The term “unpaid seller” includes	
(a)	Buyer’s agent to whom the Bill of lading is endorsed	O
(b)	Buyer’s agent to whom the goods have been delivered	O
(c)	Seller’s agent to whom the Bill of lading is endorsed	O
(d)	Seller’s agent to whom the goods have been delivered	O
38.	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





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39.	An auction sale is complete on the		
	(a)	Payment of price	O
	(b)	Delivery of goods	O
	(c)	Fall of hammer	O
	(d)	Signing of agreement	O
40.	Doctrine of caveat emptor does not apply when:		
	(a)	Goods are purchased by sample	O
	(b)	Goods are purchased by description	O
	(c)	Goods are purchased by sample as well as description	O
	(d)	All of the above	O
41.	Pledging of goods obtained on sale or return basis will		
	(a)	Complete the sale	O
	(b)	Not the sale	O
	(c)	Complete agreement to sale	O
	(d)	None of the above	O
42.	The undertaking contained in a promissory note, to pay a certain sum of money is _____.		
	(a)	Conditional	O
	(b)	Unconditional or Conditional	O
	(c)	Unconditional	O
	(d)	None of the above	O
43.	The grace period for payment of a negotiable instrument other than payable on demand is _____ days/months.		
	(a)	3 Days	O
	(b)	7 Days	O
	(c)	10 Days	O
	(d)	15 Days	O



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44.	Where a cheque is crossed generally the banker on whom it is drawn		
	(a)	shall not pay it otherwise than to a banker	O
	(b)	shall not pay it otherwise than to the holder	O
	(c)	shall not pay it to a banker	O
	(d)	none of the above	O
45.	“Banker” includes:		
	(a)	Any person acting as an employee of any bank and any post office saving bank.	O
	(b)	Any person acting as a banker and any post office saving bank	O
	(c)	Any person acting as an agent of any bank and any post office saving bank	O
	(d)	Any person acting as a Managing Director of any bank and any post office saving bank	O
46.	_____ days grace period is allowed for payment of a cheque.		
	(a)	Zero	O
	(b)	One	O
	(c)	Two	O
	(d)	None of the above	O
47.	Excessive usage of technical jargons and double meaning words are what type of barrier?		
	(a)	Sematic Barriers	O
	(b)	Psychological Barriers	O
	(c)	Physical Barriers	O
	(d)	None of the above	O
48.	Which is NOT correct about the “Promissory Note”:		
	(a)	It contains a conditional undertaking	O
	(b)	It contains the amount mentioned on it.	O



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	(c)	It is an instrument in writing.	O
	(d)	It is signed by the maker.	O
49.		A stage, wherein the members recognize and even appreciate the differences in the cultures. The members focus their attention on studying more about their own culture and avoid projecting their cultural values upon others	
	(a)	Minimization	O
	(b)	Integration	O
	(c)	Denial	O
	(d)	None of the above	O
50.		When a cheque is payable across the counter of a bank it is called	
	(a)	OTC cheque	O
	(b)	Open cheque	O
	(c)	Crossed cheque	O
	(d)	Restricted cheque	O