



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

**Syllabus - 2022
TERM JUNE-2026**

FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1.	What are the sources of law?		
	(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
2.	What kind of structure does the Indian Constitution have?		
	(a)	Unitary	O
	(b)	Federal	O
	(c)	Autocracy	O
	(d)	Totalitarian	O
3.	The Parliament for the Union of India which shall consist?		
	(a)	The President, the Council of States (Rajya Sabha) and the House of the People (Lok Sabha)	O
	(b)	Rajya Sabha	O
	(c)	Lok Sabha	O
	(d)	Legislative Assembly	O
4.	What Are Personal Laws?		
	(a)	Laws relating to inter personal behaviour	O
	(b)	Customs (religious beliefs) that have now been codified	O
	(c)	Laws that a person makes	O
	(d)	Laws based on opinion	O
5.	The ancient Indian courts can be divided into six categories based on their rank as :		
	(a)	The Gana- The Kula- The Shreni - The Nripa - the Adhikrita -The Sasita	O



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	(b)	The Kula - The Shreni - The Gana -the Adhikrita - The sasita - The Nripa	O
	(c)	The Kula -the Adhikrita - The Gana -the Adhikrita - The sasita - The Nripa-The shreni	O
	(d)	The Nripa -the Adhikrita- The Kula - The Gana -The shreni - The sasita	O
6.	Voidable contract is one :		
	(a)	Which is lawful	O
	(b)	Which is invalid	O
	(c)	Which is valid so long it is not avoided by the party entitled to do so	O
	(d)	None of these	O
7.	The difference between an advertisement for sale and a proposal is :		
	(a)	No difference at all	O
	(b)	That a proposal becomes a promise as soon as the party to whom it is made accepts it but an advertisement does not	O
	(c)	Every case will be viewed according to the circumstances	O
	(d)	None of these	O
8.	A promises B not to carry on a similar business as that of B if B pays him a certain amount. B pays the money but A continues to carry on the business. B can :		
	(a)	Do nothing	O
	(b)	Compel A to stop the business	O
	(c)	Get him imprisoned for fraud	O
	(d)	Sue A for damages	O
9.	A catalogue of the goods of a company for sale _____ a series of offers but only an invitation for offers.		
	(a)	is	O
	(b)	is not	O
	(c)	in normal cases is	O
	(d)	in normal cases is not	O
10.	An offer does not lapse if the :		
	(a)	offeror dies before acceptance	O



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	(b)	The offeree dies before acceptance	O
	(c)	Acceptance is made by the offeree in ignorance of the death of the offeror	O
	(d)	Acceptance is made by the offeree with knowledge of the death of the offeror	O
11.	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)	is received, heard and understood by some person in the offeror's house	O
12.	With regard to the contractual capacity of a person of unsound mind, which one of the following statements is most appropriate?		
	(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
13.	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)	Mistake	O
	(d)	Fraud	O
14.	A' threatened to commit suicide if his wife did not execute a sale deed in favour of this brother. The wife executed the sale deed. This transaction is:		
	(a)	Voidable due to under influence	O
	(b)	Voidable due to coercion	O
	(c)	Void being immoral	O



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	(d)	Void being forbidden by law	O
15.	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
16.	Consider the following: 1. Active concealment of fact. 2. Promise made without any intention of performing it. 3. Breach of duty which gains an advantage to the person committing it. 4. Inducing mistakes as to subject matter. Which of the above amount to fraud?		
	(a)	1 and 2	O
	(b)	2 and 3	O
	(c)	3 and 4	O
	(d)	1 and 4	O
17.	Factors vitiating consent are:		
	(a)	Coercion, Undue influence	O
	(b)	Fraud, Misrepresentation	O
	(c)	Mistake	O
	(d)	All of these	O
18.	Misrepresentation means:		
	(a)	Unwarranted assertion	O
	(b)	Any breach of duty without an intent to deceive	O
	(c)	Innocent mistake	O
	(d)	All the above	O



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19.	If a party stands in a fiduciary relation to the other:		
	(a)	He cannot dominate	O
	(b)	He can dominate the will of another	O
	(c)	The trust should be maintained	O
	(d)	None of these	O
20.	The validity of contract is not affected by :		
	(a)	Mistake of fact	O
	(b)	Mistake of Indian law	O
	(c)	Misrepresentation	O
	(d)	Fraud	O
21.	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
22.	"Nemo dat quad non habet", means:		
	(a)	no one is greater than god	O
	(b)	none can give who does not himself possess	O
	(c)	everyone can give everything he has	O
	(d)	everyone is bound by is habit	O
23.	Appropriation of goods means :		
	(a)	separating the goods sold from other goods	O
	(b)	putting the quantity of goods sold in suitable receptacles	O
	(c)	delivering the goods to the carrier or other bailee for the purpose of transmission to the buyer with reserving the right of disposal	O



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	(d)	all the above	O
24.	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
25.	Unpaid Seller can exercise his right of lien —		
	(a)	even when ownership of goods has passed to the Buyer	O
	(b)	only when ownership of goods has not passed to the Buyer	O
	(c)	either (a) or (b)	O
	(d)	neither (a) nor (b)	O
26.	Unpaid Seller can exercise his right of re-sale of goods—		
	(a)	even when ownership of goods has passed to the Buyer	O
	(b)	only when ownership of goods has not passed to the Buyer	O
	(c)	either (a) or (b)	O
	(d)	neither (a) nor (b)	O
27.	A valid contract of sale		
	(a)	includes 'an agreement to sell'	O
	(b)	does not include 'an agreement to sell'	O
	(c)	includes hire purchase contract	O
	(d)	includes contract for work and labour	O
28.	For a valid contract of sale, delivery may be		
	(a)	Actual delivery	O
	(b)	Symbolic delivery	O
	(c)	Constructive delivery	O



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	(d)	All of the above	O
29.	Delivery of goods means		
	(a)	Voluntary transfer of possession	O
	(b)	Compulsory transfer of possession	O
	(c)	Exchange of goods	O
	(d)	Voluntary transfer of ownership.	O
30.	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
31.	A bill of exchange contains a/an :		
	(a)	unconditional undertaking	O
	(b)	unconditional order	O
	(c)	conditional undertaking	O
	(d)	conditional order	O
32.	The undertaking contained in a promissory note, to pay a certain sum of money is :		
	(a)	Conditional	O
	(b)	Unconditional	O
	(c)	may be conditional or unconditional depending upon the circumstances	O
	(d)	none of the above	O
33.	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



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	(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
34.		If an instrument may be construed either as a promissory note or bill of exchange, it is :	
	(a)	a valid instrument	
	(b)	an ambiguous instrument	
	(c)	a returnable instrument	
	(d)	none of the above	
35.		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
36.		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
37.		A cheque is crossed _____ when it bears across its face an addition of the name of a banker, either with or without the words "not negotiable".	
	(a)	Specially	O
	(b)	General	O
	(c)	Restrictive	O



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	(d)	None of the above	O
38.	When an Instrument is drawn conditionally or for a special purpose as a collateral security and not for the purpose of transferring property therein, it is called an		
	(a)	Escrow Instrument	O
	(b)	Inchoate Instrument	O
	(c)	Ambiguous Instrument	O
	(d)	None of the above	O
39.	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
40.	A Promissory Note must be		
	(a)	in writing	O
	(b)	unconditional	O
	(c)	signed by the maker	O
	(d)	all of the above	O
41.	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
42.	Communication among employees at the same level in the organizational structure is called -		



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	(a)	Grapevine Communication	O
	(b)	Diagonal Communication	O
	(c)	Lateral Communication	O
	(d)	None of the above	O
43.	What is the situation called when a bad image of the company is created?		
	(a)	Positive PR	O
	(b)	Negative PR	O
	(c)	Customer service	O
	(d)	Promotion	O
44.	Business communications help in establishing _____ when marketing?		
	(a)	Professionalism	O
	(b)	Rudeness	O
	(c)	Negativity	O
	(d)	Casualness	O
45.	Participants involved in the process of communication must be _____ .		
	(a)	Judgemental	O
	(b)	Open-minded	O
	(c)	Both a and b	O
	(d)	None of the above	O
46.	_____ stage at which members learn to accept each other's culture however they still remain devoted to their own respective cultures.		
	(a)	Adoption	O
	(b)	Integration	O
	(c)	Denial	O
	(d)	Minimization	O



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47.	Recognizing the different types of cultures, the similarities and differences between them without being judgemental is called _____.	
(a)	Acceptance	O
(b)	Cultural Sensitivity	O
(c)	Adoption	O
(d)	Integration	O
48.	Which of the following is not an example of a physical communication barrier?	
(a)	Telephonic Disturbances	O
(b)	Distance	O
(c)	Background noises	O
(d)	Language	O
49.	Excessive usage of technical jargons and double meaning words are what type of barrier?	
(a)	Semantic Barriers	O
(b)	Psychological Barriers	O
(c)	Physical Barriers	O
(d)	None of the above	O
50.	Information Overload is when _____.	
(a)	Listener gets inadequate information	O
(b)	Listener gets too much information	O
(c)	Listener gets adequate information	O
(d)	Listener is inattentive	O