FOUNDATION EXAMINATION **SET 1**
MODEL QUESTION PAPER **TERM – DEC 2026**
PAPER – 1 **SYLLABUS 2022**

FUNDAMENTALS OF BUSINESS LAWS AND BUSINESS COMMUNICATION

Time Allowed: 1 Hour Full Marks: 100

Answer all questions. Each question carries 2 marks.
Choose the correct option from the given four alternatives

1.	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		
	(a)	An invitation to offer	O
	(b)	An offer	O
	(c)	An invitation to visit the book shop	O
	(d)	None of these	O
2.	Which one of the following is a void agreement?		
	(a)	An agreement without consideration	O
	(b)	An agreement in restraint of trade but not in restraint of marriage	O
	(c)	An agreement without consideration but not in restraint of trade	O
	(d)	An agreement in restraint of trade, marriage and an agreement without consideration	O
3.	State which of the following statements is not correct:		
	(a)	The term unpaid seller includes agent of the seller	O
	(b)	'Caveat emptor' means buyer be aware	O
	(c)	Conditions and Warranties can be implied or expressed	O
	(d)	A sale creates right in personam	O
4.	Which is not correct about the Promissory note?		
	(a)	It is an instrument in writing but not signed by the maker	O
	(b)	It contains the amount mentioned on it	O
	(c)	Either (A) or (B)	O
	(d)	It contains a conditional undertaking	O
5.	Office order do not include		
	(a)	Order No	O
	(b)	Subject	O
	(c)	Date	O
	(d)	Undersigned	O
6.	A mortgage executed by minor is:		
	(a)	Void	O
	(b)	Valid	O
	(c)	Void but not voidable	O
	(d)	Valid but illegal	O

7.	The statutes are enacted by Parliament and State Legislature according to their domain mentioned in the:		
	(a)	Union List but not the State List	O
	(b)	The State List but not the Concurrent List	O
	(c)	The Concurrent List but not the Union List	O
	(d)	The Union, the State and the Concurrent List	O
8.	State which of the following statement is true:		
	(a)	Price means the money consideration for sale of goods	O
	(b)	The seller cannot resale the goods	O
	(c)	Sale is liable for Sales tax	O
	(d)	All of the above	O
9.	Which of these is not a Negotiable Instrument as per Negotiable Instrument Act, 1881:		
	(a)	Bill of Exchange but not Share certificate	O
	(b)	Share certificate but not Delivery note	O
	(c)	Share Certificate only	O
	(d)	Bearer cheque but not foreign instrument	O
10.	Communication among employees of the same level in the organizational structure is called:		
	(a)	Upward but not Downward communication	O
	(b)	Both Diagonal and Lateral Communication	O
	(c)	Diagonal, Downward and Lateral Communication	O
	(d)	Lateral Communication only	O
11.	Unlawful agreements comprise		
	(a)	Illegal agreements	O
	(b)	Immoral agreements only	O
	(c)	Agreements opposed to public policy only	O
	(d)	All the agreements mentioned above	O
12.	Mutual mistake as to the price of the subject matter would render the agreement __.		
	(a)	Void but not illegal	O
	(b)	Becomes void	O
	(c)	Void but not voidable	O
	(d)	Void only	O
13.	A Share certificate is a:		
	(a)	Document of title to goods	O
	(b)	Document showing title to goods	O
	(c)	instrument of transfer	O
	(d)	None of the above	O

14.	_____ does not have salutation and complimentary close		
	(a)	Memo	O
	(b)	Office order	O
	(c)	Office note	O
	(d)	None of the above	O
15.	Out of the following, _____ is an instance of constructive delivery of goods:		
	(a)	The transfer of bill of lading	O
	(b)	Attornment by a person in possession of the goods	O
	(c)	Handing over the key of warehouse to the buyer	O
	(d)	Actual delivery of the goods to the buyer	O
16.	While obtaining the consent of the promise, 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
17.	A void agreement:		
	(a)	Has no legal consequences	O
	(b)	Is void at the time of agreement itself	O
	(c)	Both of the above	O
	(d)	None of the above	O
18.	The essential element of a contract of sale is:		
	(a)	Delivery of goods	O
	(b)	Transfer of ownership	O
	(c)	Both	O
	(d)	None	O
19.	A Bill of Exchange does not require		
	(a)	Acceptance	O
	(b)	Crossing	O
	(c)	Both	O
	(d)	None	O
20.	Psychological Barriers include		
	(a)	Emotions	O
	(b)	Halo effect	O
	(c)	Information overload	O
	(d)	All of the above	O

21.	Consider the following: Active concealment of fact. Promise made without any intention of performing it. Breach of duty which gains without an intent to deceive an advantage to the person committing it. 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
22.	A contract is not voidable merely because it was caused by one of the parties to it under a mistake as to:		
	(a)	A mistake of law but not a mistake of obligation	O
	(b)	Mistake of obligation but not a mistake of law	O
	(c)	A mistake of fact only	O
	(d)	None of the above	O
23.	Seller means a person who:		
	(a)	Sells or agrees to sell	O
	(b)	Has the ownership and custody of goods	O
	(c)	Desires of selling and agrees to sell goods	O
	(d)	Has the ownership of goods and bears authority to sell	O
24.	A bearer instrument is negotiated by:		
	(a)	Delivery only	O
	(b)	Delivery and endorsement	O
	(c)	Stamping and attestation	O
	(d)	Delivery and stamping	O
25.	Consider the following statement: (1) Developing an idea is the first step of communication process. (2) Affirming comments with regard to future behaviour only is called positive feedback		
	(a)	Statement (1) is correct but Statement (2) is incorrect	O
	(b)	Statement (2) is correct but Statement (1) is incorrect	O
	(c)	Both the Statements are correct	O
	(d)	None	O
26.	Customs are considered as __ of law:		
	(a)	Source	O
	(b)	Rules and Principle but not decision	O
	(c)	Principle and decision but not rules	O
	(d)	Rules, Principle and decision	O

27.	The consideration must be:		
	(a)	Adequate but not superficial	O
	(b)	Must be adequate	O
	(c)	Need not be adequate	O
	(d)	Substantially adequate	O
28.	If goods are sent on sale or return basis property passes to the buyer when:		
	(a)	He signifies his approval	O
	(b)	He retains the goods beyond a reasonable time	O
	(c)	He pledges the goods to a third party	O
	(d)	All of the above	O
29.	The primary object of crossing a cheque is:		
	(a)	To provide protection and safeguard to the owner of the cheque	O
	(b)	To allow the holder to get cash immediately in the counter	O
	(c)	Both	O
	(d)	To ensure the cheque is never dishonoured	O
30.	In a wagering agreement:		
	(a)	Both the parties win	O
	(b)	Both the parties lose	O
	(c)	None of the parties wins	O
	(d)	One party wins and the other looses	O
31.	The Parliament for the Union of India which shall consist of:		
	(a)	Rajya Sabha but not Lok-Sabha	O
	(b)	Lok-Sabha but not Legislative Assembly	O
	(c)	Rajya Sabha, Lok-Sabha, and Legislative Assembly	O
	(d)	The President, the Council of States and the House of the People	O
32.	A contract is made where		
	(a)	X buys a book from shop	O
	(b)	X bids at public auction	O
	(c)	X agrees with Y to discover a treasure by magic	O
	(d)	Z agrees to attend the birthday party of his friend	O
33.	A stipulation in a contract of sale which is collateral to the main purpose of the contract is called as		
	(a)	Condition but not guarantee	O
	(b)	Warranty but not guarantee	O
	(c)	Condition, Warranty and Guarantee	O
	(d)	Warranty only	O

34.	When a Promissory note, Bill of exchange or cheque is transferred to any person so as to continue the holder thereof, the instrument is said:		
	(a)	To be transferred but not to be endorsed	O
	(b)	To be valid, transferred and endorsed	O
	(c)	To be negotiated only	O
	(d)	To be valid, transfer and endorsed	O
35.	Visual Communication includes		
	(a)	Maps but not Slider	O
	(b)	Slider but not Graphs	O
	(c)	Maps, Slider and graphs	O
	(d)	None of the above	O
36.	The ____ can decide disputes between the Government of India and one or more states		
	(a)	High Court	O
	(b)	The Supreme Court of India	O
	(c)	Civil but not criminal court	O
	(d)	District and Subordinate Court	O
37.	An agreement not enforceable by law is said to be		
	(a)	Void	O
	(b)	Valid but not voidable	O
	(c)	Void, but voidable	O
	(d)	Both void and voidable	O
38.	Under Sec 2(7) of the Sale of Goods Act 1930, the term goods does not include		
	(a)	Stock and Shares	O
	(b)	Growing crops	O
	(c)	Grass	O
	(d)	Neither (A) nor (B) nor (C)	O
39.	Offence under chapter XVII shall be tried by		
	(a)	Metropolitan Magistrate	O
	(b)	Judicial magistrate of first class	O
	(c)	Either (A) or (B)	O
	(d)	A Judicial magistrate only	O
40.	Marketing is a process of		
	(a)	Communication	O
	(b)	Delivering	O
	(c)	Exchanging products and services to the customers	O
	(d)	All of the above	O

41.	P engages B to kill C and borrows ₹100 from D to pay B. If D is aware of the purpose of the loan, the transaction is		
	(a)	Void	O
	(b)	Illegal	O
	(c)	Not enforceable	O
	(d)	All of the above	O
42.	Which of the following is a void agreement?		
	(a)	An agreement without consideration but not in restraint of marriage	O
	(b)	An agreement in restraint of marriage but not an agreement in restraint of trade	O
	(c)	An agreement in restraint of marriage, trade and without consideration	O
	(d)	None of the above	O
43.	State which of the following statement is not true relating to agreement to sell		
	(a)	It is an executed contract	O
	(b)	It creates right in personam	O
	(c)	It is not liable for GST	O
	(d)	Ownership of goods is transferred to the buyer at some future date.	O
44.	P engages B to kill C and borrows ₹100 from D to pay B. If D is aware of the purpose of the loan, the transaction is		
	(a)	Void	O
	(b)	Illegal	O
	(c)	Not enforceable	O
	(d)	All of the above	O
45.	__ includes television and radio advertising		
	(a)	Print media advertising	O
	(b)	Broadcast advertising	O
	(c)	Outdoor advertising	O
	(d)	Digital advertising	O
46.	In Indian Contract Act, the term consensus ad idem means		
	(a)	Parties under a mistake	O
	(b)	Parties under the free consent	O
	(c)	Parties agreeing upon the same thing in same sense	O
	(d)	None of these	O
47.	State which of the following statement is not true		
	(a)	An express offer is not made by words spoken or written	O
	(b)	An offer must give rise to legal obligation	O
	(c)	Offer to make an offer is not an offer	O
	(d)	All of the above	O

48.	Mercantile Agent is having an authority to		
	(a)	Sell or consign goods	O
	(b)	Raise money on security of goods	O
	(c)	Sell or buy goods	O
	(d)	All of the above	O
49.	A cheque is payable on		
	(a)	Immediately	O
	(b)	On demand	O
	(c)	3 days after presentation	O
	(d)	The date mentioned therein	O
50.	Which of the following is not an advantage of written communication?		
	(a)	More time consuming but accurate and precise	O
	(b)	Can be easily revised	O
	(c)	Sufficient time for planning	O
	(d)	More time consuming only	O