FOUNDATION EXAMINATION **SET 2**
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 Indian Parliament, House of the people is called		
	(a)	Lok Sabha but not Rajya Sabha	O
	(b)	Council of minister but not legislature	O
	(c)	Lok Sabha only	O
	(d)	None of the above	O
2.	Any relationship in the nature of a contract but not a clear contract is called		
	(a)	Quasi but not Contingent contract	O
	(b)	Contingent contract but not formal contract	O
	(c)	Formal contract but not illegal contract	O
	(d)	Quasi contract only	O
3.	A Sale creates a Right in Rem whereas an agreement to sell creates a		
	(a)	Right in legality but not right in equity	O
	(b)	Right in personam	O
	(c)	Right to create but not right to destroy	O
	(d)	Right for the primary purpose of earning interest	O
4.	The person to whom the payment is to be made is called—		
	(a)	The drawer but not the drawee	O
	(b)	The drawee but not the bearer	O
	(c)	The payee	O
	(d)	The drawer, the drawee and the bearer	O
5.	The presumption as to the date of a negotiable instrument under Section 118 is that every negotiable instrument bearing a date was made or drawn:		
	(a)	Prior to that date	O
	(b)	On such date	O
	(c)	May be on or prior to that date	O
	(d)	None of the above	O
6.	If the consent was caused by misrepresentation or by silence, fraudulent within the meaning of Section 17, the contract, nevertheless, if the party whose consent was so caused had the means of discovering the truth with ordinary diligence:		
	(a)	May be voidable	O
	(b)	May not be voidable	O
	(c)	Is voidable	O
	(d)	Is not voidable	O

7.	A Contract of indemnity is entered into for primary purpose of		
	(a)	Earning interest but not claim for damage	O
	(b)	Acting as an agent but not as a witness	O
	(c)	Protecting the promisee from loss	O
	(d)	To make it look professional	O
8.	In case of appropriation of goods, which of the following is essential for agreement?		
	(a)	The goods must be a deliverable state	O
	(b)	The appropriation must be made by the seller with the assent of the buyer	O
	(c)	Both (a) and (b)	O
	(d)	Either (a) or (b)	O
9.	When a cheque is payable across the counter of a bank, it is called		
	(a)	Cross but not restricted cheque	O
	(b)	Open cheque	O
	(c)	OTC, cross and restricted cheque	O
	(d)	None of the above	O
10.	Writing is _____ in nature		
	(a)	Personal but not impersonal	O
	(b)	Reliable only	O
	(c)	Personal only	O
	(d)	Personal, impersonal and neutral	O
11.	A contingent contract is a contract to do or not to do something, if some event collateral to such contract		
	(a)	Happened or will not happen	O
	(b)	Does or does not happen	O
	(c)	May or may not happen	O
	(d)	None of the above	O
12.	Sale of Goods Act 1930 deals with		
	(a)	Cash but not credit sale	O
	(b)	Credit but not cash sale	O
	(c)	Hire purchase but not instalment sale	O
	(d)	Sale of goods in general	O
13.	Which of these is not a Negotiable instrument as per Negotiable Instrument Act, 1881		
	(a)	Bill of Exchange and Promissory note	O
	(b)	Delivery note but not bearer cheque	O
	(c)	Share Certificate only	O
	(d)	Bill of Exchange, Delivery note and bearer cheque.	O

14.	The property in goods means:		
	(a)	Possession of goods	O
	(b)	Custody of goods	O
	(c)	Ownership of goods	O
	(d)	Both (a) and (b)	O
15.	An agreement to do an impossible act in itself is:		
	(a)	Bad	O
	(b)	Void	O
	(c)	Valid	O
	(d)	Voidable	O
16.	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
17.	Rescission means the		
	(a)	The change in one or more terms of the contract	O
	(b)	Acceptance of lesser performance but not abandonment of rights by a party	O
	(c)	Either (a) or (b)	O
	(d)	Cancellation of existing contract.	O
18.	If goods are sent on 'Sale or return' basis, property passes to the buyer when		
	(a)	He does not signify his approval but agrees to pledge the goods to a third party	O
	(b)	He retains the goods beyond a reasonable time	O
	(c)	Any one of the above	O
	(d)	Only he signifies his approval	O
19.	An instrument drawn conditionally as security is called		
	(a)	Documentary bill but not fictitious bill	O
	(b)	Both Accommodation and documentary bill	O
	(c)	Escrow instrument	O
	(d)	Accommodation bill but not documentary bill	O
20.	Reading your writing before sending helps to		
	(a)	Find and correct mistake	O
	(b)	Increase errors	O
	(c)	Waste time and make it confusing	O
	(d)	None of the above	O

21.	In a contract not specifying the time for performance, the promisor can perform the contract:		
	(a)	Immediately	O
	(b)	Within the shortest time	O
	(c)	Within a reasonable time	O
	(d)	Within the next 21 days	O
22.	Consent is said to be free when it is not caused by		
	(a)	Slightly influence but not very much influence	O
	(b)	Very much influence but not undue influence	O
	(c)	Influence only	O
	(d)	Very much, undue and slightly influence	O
23.	State which of the following statements is not correct?		
	(a)	In case of 'agreement to sell', the loss will be borne by the seller even though the goods may be in possession of the buyer	O
	(b)	In an auction sale, the auctioneer warrants that he has no knowledge of any defect in his principal's title	O
	(c)	In pretended bidding sale is voidable at the option of the seller	O
	(d)	'Caveat Emptor' means buyer be aware	O
24.	A Bill of exchange without any document relating to goods attached is called		
	(a)	Clean and documentary bill	O
	(b)	Documentary bill but not escrow instrument	O
	(c)	Escrow but not inchoate instrument	O
	(d)	Clean Bill only	O
25.	Physical barriers in communication are mainly created due to		
	(a)	Difference in opinions or emotional conflicts	O
	(b)	Differences in the surroundings or environment	O
	(c)	Lack of vocabulary or difference in opinion	O
	(d)	Difference in opinion or environment	O
26.	Which is the highest civil court in a district		
	(a)	Both District and Sessions Court	O
	(b)	Sessions Court but not Munsif Court	O
	(c)	Munsif Court but not Judicial Magistrate	O
	(d)	District Court only	O
27.	A contract which ceases to be enforceable by law becomes void when it ceases to be		
	(a)	Void but not voidable	O
	(b)	Voidable but not enforceable	O
	(c)	Enforceable but not unenforceable	O
	(d)	Void only	O

28.	A finder of goods can sell the goods if the goods are		
	(a)	Specific and movable	O
	(b)	Perishable	O
	(c)	Generic or unascertained	O
	(d)	Special property	O
29.	State which of the following statement is true?		
	(a)	Special crossing prevents the fraudulent transactions and misappropriation	O
	(b)	A/c Payee crossing cheque can also be transferable like other cheque	O
	(c)	The word 'Not Negotiable' do not mean non-transferable	O
	(d)	All of the above	O
30.	_____ are similar to one another		
	(a)	Legal disclosure and product disclaimer	O
	(b)	Polite and courtesy graphs and motion graphics	O
	(c)	Facts and ideas	O
	(d)	Graphs and flowchart	O
31.	Consideration must move at the desire of:		
	(a)	Promisor	O
	(b)	Promisee	O
	(c)	Any other person	O
	(d)	Any of these	O
32.	An agreement will be unlawful if		
	(a)	there is no consideration and consent is not free	O
	(b)	The object is forbidden by law.	O
	(c)	Both	O
	(d)	None of the above	O
33.	A valid contract of sale		
	(a)	includes contract for work and labour	O
	(b)	does not include an agreement to sell	O
	(c)	includes hire purchase contract	O
	(d)	includes 'an agreement to sell'	O
34.	When a cheque is crossed generally, the banker to 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

35.	Which factor is not in consideration while choosing means and modes of communication		
	(a)	Cost factor and distance involved	O
	(b)	Nature and weather of locality	O
	(c)	Either (a) or (b)	O
	(d)	Resources only	O
36.	Consider the following statements. i) The decision given by Supreme Court are recorded in ITR ii) Past decision of the Courts for future cases is known as Historical record		
	(a)	Statement (i) is correct but statement (ii) is incorrect	O
	(b)	Statement (i) is incorrect but statement (ii) is correct	O
	(c)	Both the Statements are correct	O
	(d)	Both the Statements are incorrect	O
37.	A person is deemed to be in a position to dominate the will of another, if he		
	(a)	holds real or apparent authority	O
	(b)	stands in a fiduciary relationship	O
	(c)	Both (a) and (b)	O
	(d)	Either (a) or (b)	O
38.	Property in the goods in the Sale of Goods Act, 1930 means		
	(a)	Possession but not custody of goods	O
	(b)	Custody of goods but not asset in the goods	O
	(c)	Ownership of goods	O
	(d)	Both possession and custody of goods	O
39.	Who is allowed to perform a double crossing?		
	(a)	Any private party presenting the cheque	O
	(b)	Only the Banker to whom the cheque is initially crossed	O
	(c)	The drawer of the cheque	O
	(d)	The holder in due course	O
40.	A debate is usually based on		
	(a)	Current affairs or specific situation	O
	(b)	Imaginative storytelling	O
	(c)	Poetry and creative writing	O
	(d)	Historical speeches	O
41.	Damages are –		
	(a)	Punitive in nature	O
	(b)	Deterrent in nature	O
	(c)	Compensatory in nature	O
	(d)	All the three	O

42.	A purchases B's business in selling neckties in Delhi. A can restrain B from		
	(a)	Doing business of selling neckties again in his life	O
	(b)	Doing any business in Delhi	O
	(c)	Both	O
	(d)	Doing the business of selling neckties in Delhi for a limited period	O
43.	The term "goods" in sale of goods means:		
	(a)	Moveable goods other than money and actionable claims	O
	(b)	All moveable goods only	O
	(c)	Tangible consumable goods	O
	(d)	Tangible goods	O
44.	The Negotiable Instrument 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
45.	Which of the following is considered good telephone etiquette?		
	(a)	Calling clients at odd hours	O
	(b)	Giving long, unstructured explanation	O
	(c)	Interrupting the client frequently (interrupting)	O
	(d)	None of the above	O
46.	Which of these is an essential feature required for advertisement?		
	(a)	Exposure	O
	(b)	Perseverance	O
	(c)	Retention	O
	(d)	All of these	O
47.	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
48.	_____ shall continue to apply to contract of sale of goods also so far as they are not inconsistent with the provision of Sale of Goods Act, 1930		
	(a)	Companies Act	O
	(b)	Contract Act	O
	(c)	Transfer of Property Act	O
	(d)	English Law	O

49.	Which type of crossing is not defined in the Act but presents in usage?		
	(a)	Restrictive Crossing	O
	(b)	Account Payee Crossing	O
	(c)	Either (a) or (b)	O
	(d)	Neither (a) nor (b)	O
50.	At the end of the day, who needs to be satisfied?		
	(a)	Company but not Customers	O
	(b)	Customers but not Supplier	O
	(c)	Customers only	O
	(d)	Company, Customers and Suppliers	O