



**POSTAL TEST PAPER
FOUNDATION
PAPER - 1**

FUNDAMENTALS OF BUSINESS LAWS AND 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. What is a Private Bill?
 - (a) A bill introduced by a member other than a Minister O
 - (b) Bill introduced by a private citizen O
 - (c) Bill introduced by a Private company O
 - (d) A bill relating affairs which are private to individual O

3. 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

4. An offer does not lapse if the
 - (a) offeror dies before acceptance O
 - (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

5. '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
 - (d) Void being forbidden by law O

6. Which one of the following statements is correct?



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- (a) Void agreements are always illegal
- (b) Illegal agreements are voidable
- (c) Illegal agreement can be ratified by the parties
- (d) Illegal agreements are always void
7. A, while filling up the insurance application form, states his age as 25 believing it to be true. His actual age was 27. The Life Insurance Corporation issued a policy in his favour charging a lower premium than what it should have charged if the actual age had been given. This is a case of
- (a) Fraud
- (b) Misrepresentation
- (c) Undue influence
- (d) Mistake of fact
8. A agrees to sell to B a 'hundred tons of oil'. There is nothing whatever to show what kind of oil was intended. The agreement is
- (a) Valid
- (b) Void for uncertainty
- (c) Voidable
- (d) Illegal
9. 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
- (b) The executors of Rajeev can enforce the contract against Lata
- (c) The contract becomes void
- (d) All the statements are correct
10. A contractor entered into an agreement with Government to construct a godown and received advance payments for the same. He did not complete the work and the Government terminated the contract.
- (a) The Government can claim damages
- (b) The Government under sec. 65 could recover the amount advanced to the contractor
- (c) The Government cannot claim damages
- (d) Both (a) & (b)
11. "Nemo dat quad non habet", means:



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- (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 his habit O
12. A Share Certificate is a —
- (a) Document of Title to Goods O
- (b) Bill of Exchange O
- (c) Document Showing Title to Goods O
- (d) Instrument of Transfer O
13. 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
14. 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
15. _____ are imagery representations of a huge bulk of data.
- (a) Tables O
- (b) Graphs O
- (c) Flowcharts O
- (d) Letters O
16. Unpaid Seller can exercise his right of re-sale 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
17. The undertaking contained in a promissory note, to pay a certain sum of money is
- (a) Conditional O



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- (b) Unconditional O
(c) may be conditional or unconditional depending upon the circumstances O
(d) none of the above O
18. Cheque is a
(a) promissory note O
(b) bill of exchange O
(c) both (a) and (b) above O
(d) None of the above O
19. 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
20. The Negotiable Instrument Act is applicable to—
(a) Whole of India O
(b) Whole of India except JK state O
(c) Whole of India except J & Kashmir city O
(d) None of the above O
21. Business communications help in establishing _____ when marketing?
(a) Professionalism O
(b) Rudeness O
(c) Negativity O
(d) Casualness O
22. Writing is _____ in nature?
(a) Personal O
(b) Impersonal O
(c) Neutral O
(d) Both (a) and (b) O
23. Who among the following cannot cross a cheque?
(a) Drawer O



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- (b) Holder O
(c) Banker O
(d) Foreigner O
24. _____ parties are involved in a Bill of exchange.
(a) Two O
(b) Six O
(c) Three O
(d) Four O
25. The term 'Negotiable instrument' is defined in the Negotiable Instruments Act, 1881, under section _____.
(a) 12 O
(b) 13 O
(c) 13A O
(d) 2(d) O
26. The Negotiable Instruments Act, 1881 came into force on _____.
(a) 9th December, 1881 O
(b) 19th December, 1881 O
(c) 9th November, 1881 O
(d) 1st March, 1882 O
27. 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
28. 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
29. If both the parties to a contract believe in the existence of a subject, which in fact does not exist, the agreement would be



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- (a) Unenforceable O
(b) Void O
(c) Voidable O
(d) None of these O
30. To prove undue influence, the plaintiff has to prove that
- (a) The relations, subsisting between the parties are such that the defendant was in a position to dominate the will of the plaintiff O
(b) The defendant used that position to obtain an unfair advantage from the plaintiff O
(c) Both (a) and (b) O
(d) None of these O
31. The grace period for payment of a negotiable instrument other than payable on demand is----- days/months
- (a) 7days O
(b) 3days O
(c) 1month O
(d) 15days O
32. A leaves a firm doing a particular business in Mumbai. He agrees with the other partners of the firm not to start a similar business as that of the firm in and around Mumbai for 3 years. This agreement is
- (a) valid O
(b) Immoral O
(c) Illegal O
(d) Void 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
34. The difference between an advertisement for sale and a proposal is?
- (a) No difference at all O



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- (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
35. 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
36. B, having discovered a vein of ore on the estate of A, adopts means to conceal, and does conceal, the existence of the ore from A. Owing to A's ignorance B is enabled to buy the estate at a low- price. The contract is
- (a) valid O
- (b) void O
- (c) Voidable at the option of A O
- (d) invalid O
37. 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
38. X, a tailor, employed Y as his assistant under an agreement that Y, on termination of his employment shall not start the business of a tailor. This restraint is
- (a) Void O



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- (b) valid O
(c) Illegal O
(d) Voidable O
39. 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
40. A promised to marry B and none else and promised her to pay a sum of ₹ 5,000 in addition to what he gets from the other party if he marries someone else. A marries C and gets ₹10,000 from C. B can get from A
- (a) ₹15,000 O
(b) ₹10,000 O
(c) Nothing O
(d) ₹15,000 plus damages O
41. 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
42. A and B agree to deal in smuggled goods and share the profits. A refuses to give B’s share of profit. In this case
- (a) B can enforce the agreement in the court. O
(b) B can only claim damages O
(c) B has no remedy as the contract is illegal O
(d) B can enforce the contact or claim damages O
43. A borrows ₹ 5,000 from B to purchase a revolver to shoot C. Can B recover his loan of ₹ 5,000.
- (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 falls under section 23 and hence void O



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44. 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
45. 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
46. 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
47. 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 no other parties to the instrument O
 - (c) all parties to the instrument except the minor O
 - (d) none of the above O
48. The term Negotiable instrument is defined in section of the Negotiable Instrument Act, 1881
- (a) 2 O
 - (b) 13 O
 - (c) 12 O
 - (d) 10 O
49. How many parties are involved in a Bill of Exchange
- (a) 2 O
 - (b) 3 O
 - (c) 4 O
 - (d) 1 O



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50. 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