



FOUNDATION EXAMINATION  
MODEL QUESTION PAPER  
PAPER - 1

SET 1  
TERM – JUNE 2023

FUNDAMENTALS OF BUSINESS LAWS AND BUSINESS COMMUNICATION

Time Allowed: 1 Hour

Full Marks: 100

Answer all questions. Each question carries 2 marks.

1. A, Hindu already married with a living wife S, enters into a marriage agreement with a widow of 30 years of age. This agreement is
  - (a) Void, because of being opposed to public policy
  - (b) Valid and can be enforced by either party
  - (c) Voidable, because A has obtained B's consent by exercising undue influence against her
  - (d) Void, because of being forbidden by law
  
2. Communication that originates at a lower level and flows to a higher level is called -
  - (a) Upward Communication
  - (b) Diagonal Communication
  - (c) Downward Communication
  - (d) None of the above
  
3. The term "Unpaid Seller" includes —
  - (a) Agent of the Buyer
  - (b) Agent of the Seller
  - (c) Agent of the Carrier/Transporter
  - (d) All of the above
  
4. Delivery of the keys of a godown where goods are kept amounts to:
  - (a) Actual delivery
  - (b) Symbolic delivery
  - (c) Constructive delivery
  - (d) All of these
  
5. A promised to marry B and none else and promised her to pay a sum of ` 10,000 in addition to what he gets from the other party if he marries someone else. A marries C and gets `20,000 from C. B can get from A
  - (a) ₹30,000
  - (b) ₹20,000
  - (c) Nothing
  - (d) ₹30,000 plus damages



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6. A promised B to obtain an employment for him in a public office. B promised to pay ₹2,000 to A for this. B gets a job through A but refuses to pay the money. A can
- (a) Challenge B's appointment on the ground of non-payment of money
  - (b) Sue B for ₹2,000
  - (c) Do nothing
  - (d) Do both given at (a) and (b) above
7. X promises to supply Y one tola of gold brought from the sun. This is
- (a) a valid contract
  - (b) an illegal contract
  - (c) a void agreement
  - (d) a voidable agreement
8. Section 19 of the Sale of Goods Act, deals with passing of property of.....goods.
- (a) Unascertained Goods
  - (b) Future Goods
  - (c) Specific or Ascertained Goods
  - (d) Contingent Goods
9. A sale in an executed contract whereas an agreement to sell is an \_\_\_\_\_ contract.
- (a) executory
  - (b) executing
  - (c) exclusive
  - (d) exceptional
10. Unpaid Seller can exercise his right of withholding delivery of goods —
- (a) even when property in goods has passed to the Buyer
  - (b) only when property in goods has not passed to the Buyer
  - (c) either (a) or (b)
  - (d) neither (a) nor (b)
11. Voluntary transfer of possession from one person to another is called as
- (a) Ownership
  - (b) Delivery
  - (c) Gift
  - (d) License



12. A Bill of Lading is a —
- (a) Bill of Exchange O
  - (b) Promissory Note O
  - (c) Cheque O
  - (d) Document of Title to Goods O
13. Communication among employees at the same level in the organizational structure is called -
- (a) Grapevine Communication O
  - (b) Diagonal Communication O
  - (c) Lateral Communication O
  - (d) None of the above O
14. Which of the following should be avoided in the Group discussion?
- (a) Positive body language O
  - (b) Leadership initiative O
  - (c) False statements O
  - (d) Confidence O
15. \_\_\_\_\_ are imagery representations of a huge bulk of data.
- (a) Tables O
  - (b) Graphs O
  - (c) Flowcharts O
  - (d) Letters O
16. Which of the following is not one of the 8C's of communication?
- (a) Curiousness O
  - (b) Conciseness O
  - (c) Considerate O
  - (d) Concreteness O
17. In which business communication, a speaker has to clearly speak for or against a topic?
- (a) presentation O
  - (b) Debate O
  - (c) speech O
  - (d) Group discussion O



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18. Includes face to face interaction with customers for closing the sale?
- (a) Sales promotion O
  - (b) Advertising O
  - (c) Direct marketing O
  - (d) Personal Selling O
19. Use of coupons and samples come under which mode of marketing communication?
- (a) Sales promotion O
  - (b) Advertising O
  - (c) Direct marketing O
  - (d) None of the above O
20. 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
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
  - (b) Holder O
  - (c) Banker O
  - (d) Foreigner O



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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. 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
29. The term “a cheque in the electronic form” is defined in the Negotiable Instruments Act, 1881 - under
- (a) Section 6(a) O  
(b) Section 6(1)(a) O  
(c) Explanation 1(a) of Section 6 O  
(d) Section 6A. O



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30. A Corporation can be party to a Negotiable Instrument if \_\_\_\_
- (a) authorized by its article of association O
  - (b) if special permission of Board of Directors taken O
  - (c) if special resolution by Shareholders is passed O
  - (d) absolutely without any restrictions 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 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
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. 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 O
  - (b) The executors of Rajeev can enforce the contract against Lata O
  - (c) The contract becomes void O
  - (d) All the statements are correct O



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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
- (b) yes, the agreement is not opposed to public policy
- (c) no, the agreement is a voidable agreement and can be avoided by A
- (d) no, the agreement is void
36. 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
- (b) voidable
- (c) Void due to frustration of contract
- (d) Illegal
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
- (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
- (c) M is not liable to refund to N ₹ 6,000 paid in advance
- (d) M is liable for loss of profit as well as for refund
38. 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
- (b) An offer
- (c) An invitation to visit the book shop
- (d) None of these
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
- (b) Misrepresentation
- (c) Error
- (d) Fraud



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40. Which of the following is/are kind/s of guarantee?
- (a) Retrospective or prospective
  - (b) Specific or continuing
  - (c) Entire or partial debt
  - (d) All of the above
41. The term “Unpaid Seller” includes \_\_\_\_\_.
- (a) Agent of the Buyer
  - (b) Agent of the Seller
  - (c) Agent of the Carrier/Transporter
  - (d) All of the above
42. How does a surety is discharged?
- (a) By revocation
  - (b) By act or conduct of creditor
  - (c) By act or conduct of creditor
  - (d) All of the above
43. Which of the following is/are important function/s of IRDA?
- (a) Levying charges and fees as per the IRDA act
  - (b) Regulating and controlling the insurance premium rates, terms and conditions and other benefits offered by insurers
  - (c) Conducting enquiries and investigations on intermediaries and other participants
  - (d) Both (a) and (b)
44. What are the sources of law?
- (a) Constitution of India
  - (b) Constitution of India, judicial precedents, customary laws, statutes and ordinance
  - (c) Statutes enacted by the Parliament of India and State Legislatures
  - (d) Religion
45. The Supreme Court of India can review its own orders or judgments under Article \_\_\_\_\_.
- (a) 137
  - (b) 127
  - (c) 136
  - (d) 135



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46. Law is a \_\_\_\_\_ of rules.
- (a) book O  
(b) set O  
(c) combination O  
(d) none of the above O
47. Which Article of the Constitution of India empowers the legislature to make laws?
- (a) Article 12 O  
(b) Article 243 O  
(c) Article 141 O  
(d) Article 245 O
48. Which of the following is/are type/s of Quasi-Contracts?
- (a) Payment by an interested person (Sec 69) O  
(b) Responsibility of finder of goods (Sec 71) O  
(c) Money paid by mistake or under coercion (Sec 72) O
49. When goods are physically handed over by the seller to the buyer what does it call?
- (a) Symbolic O  
(b) Actual O  
(c) Constructive O  
(d) None of the above O
50. 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