



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

**SET 2  
TERM JUNE-2025**

**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.	Legal customs and Conventional customs are a part of		
	(a)	Customs without Sanction	O
	(b)	Customs having Sanction.	O
	(c)	Judicial Customs	O
	(d)	Voluntary Customs	O
3.	Which Law is related to the Commercial activities of the people of the society?		
	(a)	Constitutional Law	O
	(b)	Administrative Law	O
	(c)	Civil Law	O
	(d)	Mercantile Law	O
4.	..... is the primary source of Hindu Law		
	(a)	Vedas	O
	(b)	Holy Quran	O
	(c)	Smriti	O
	(d)	Both a and c	O
5.	Customs are considered as ..... of Law.		
	(a)	Source	O



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PAPER - 1**

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	(b)	Rules	O
	(c)	Principle	O
	(d)	Decision	O
6.	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
	(d)	None of the above	O
7.	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	O
	(b)	Valid and can be enforced by either party	O
	(c)	Voidable, because A has obtained B's consent by exercising undue influence against her	O
	(d)	Void, because of being forbidden by law	O
8.	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
9.	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)	Fraud	O
	(b)	Coercion	O
	(c)	Mistake	O



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PAPER - 1**

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TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(d)	Misrepresentation	O
10.	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
11.	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
12.	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
13.	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
14.	A contract which is vitiated by undue influence is declared as which one of the		



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PAPER - 1**

**SET 2  
TERM JUNE-2025**

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	following by the Indian Contract Act?	
(a)	Invalid	O
(b)	Void	O
(c)	Illegal	O
(d)	Voidable	O
15.	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
16.	A agrees with B to discover treasure by magic for a consideration of Rs 500. This is	
(a)	A void agreement	O
(b)	A void contract	O
(c)	A valid agreement	O
(d)	An unenforceable contract	O
17.	The consideration must be:	
(a)	Adequate	O
(b)	Must be adequate	O
(c)	Need not be adequate	O
(d)	Substantially adequate	O
18.	A finder of lost goods is entitled to be reimbursed for any lawful expenses incurred for:	
(a)	Taking care for goods	O
(b)	Taking reasonable step to trace the owner	O



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

**SET 2  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(c)	Selling of the goods, if the goods are in the deteriorating condition	O
	(d)	All of the above.	O
19.	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
20.	Consideration is defined under section _____.		
	(a)	2(d)	O
	(b)	2(b)	O
	(c)	2(c)	O
	(d)	2(e)	O
21.	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
22.	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
23.	In case of appropriation of goods, which are the essential requirements:		



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

**SET 2  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(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
24.	"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
25.	Transfer of documents of title to the goods sold to the buyer, amounts to :		
	(a)	actual delivery	O
	(b)	symbolic delivery	O
	(c)	constructive delivery	O
	(d)	none of these	O
26.	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
27.	Section 19 of the Sale of Goods Act, deals with passing of property of ..... goods.		
	(a)	Unascertained Goods	O
	(b)	Future Goods	O
	(c)	Specific or Ascertained Goods	O



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

**SET 2  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(d)	Contingent Goods	O
28.	Voluntary transfer of possession from one person to another is called as		
	(a)	Ownership	O
	(b)	Delivery	O
	(c)	Gift	O
	(d)	License	O
29.	CIF contract is also known as		
	(a)	Contingent contract	O
	(b)	Contract for sale of document	O
	(c)	Conditional contract of sales	O
	(d)	Quasi contract	O
30.	Sale of Goods Act, 1930 was enforced on _____.		
	(a)	July 1, 1930	O
	(b)	June 1, 1930	O
	(c)	July 31, 1930	O
	(d)	June 30, 1930	O
31.	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
32.	Who among the following cannot cross a cheque?		
	(a)	Drawer	O
	(b)	Holder	O
	(c)	Banker	O



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

**SET 2  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(d)	Foreigner	O
33.	_____ parties are involved in a Bill of exchange		
	(a)	Two	O
	(b)	Six	O
	(c)	Three	O
	(d)	Four	O
34.	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
35.	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
36.	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
37.	A Corporation can be party to a Negotiable Instrument if		
	(a)	authorized by its article of association	O





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

**SET 2  
TERM JUNE-2025**

**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

	(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
38.	Where the third party, who is in possession of goods of the seller at the time of sale, acknowledges to the buyer that he holds goods on his behalf, the delivery is		
	(a)	Actual Delivery	O
	(b)	Constructive delivery	O
	(c)	Symbolic Delivery	O
	(d)	Condition Delivery	O
39.	Where the third party fails to fix the price , but the buyer has received and appropriated the goods , then the buyer is liable to pay ?		
	(a)	Penalty	O
	(b)	Damages	O
	(c)	Reasonable price	O
	(d)	According to seller's demand	O
40.	The term Caveat Emptor is a Latin word which means -		
	(a)	let Seller be aware	O
	(b)	let Agent be aware	O
	(c)	let buyer be aware	O
	(d)	let All be aware	O
41.	Business communications help in establishing_____ when marketing?		
	(a)	Professionalism	O
	(b)	Rudeness	O
	(c)	Negativity	O
	(d)	Casualness	O



**FOUNDATION EXAMINATION  
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PAPER - 1**

**SET 2  
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**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

42.	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
43.	Which of the following is not an advantage of written communication?		
	(a)	More time consuming	O
	(b)	Accurate and precise	O
	(c)	Can be easily revised	O
	(d)	Sufficient time for planning	O
44.	An advantage of oral communication is		
	(a)	Partial listening	O
	(b)	Effective tool of persuasion in Management	O
	(c)	One sided activity	O
	(d)	No record of legal liability	O
45.	Which of the feature belongs to choice of means and mode of communication?		
	(a)	Nature of organization	O
	(b)	Variable means	O
	(c)	Distance involved	O
	(d)	None of these	O
46.	Sanction letter is required in which type of loan ?		
	(a)	Term loan	O
	(b)	Overdraft	O
	(c)	Cash credit	O
	(d)	All of the above	O



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**FUNDAMENTALS OF BUSINESS LAWS & BUSINESS COMMUNICATION**

47.	Study of body language of a person is called _____.		
	(a)	Kinesics	O
	(b)	Chronemics	O
	(c)	Paralanguage	O
	(d)	None of the above	O
48.	A cloud computing is availability of computer resources?		
	(a)	Off demand	O
	(b)	From demand	O
	(c)	On demand	O
	(d)	None of the above	O
49.	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
50.	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