

620145

## FOUNDATION COURSE EXAMINATION

JUNE 2026

## FUNDAMENTALS OF BUSINESS LAWS AND BUSINESS COMMUNICATION

Time Allowed: 1 hour

Full Marks: 100

Answer all questions. Each question carry 2 marks.

Choose the correct option from the four alternatives given for each question.

1. Secondary/Sub-ordinate legislation cannot go beyond

- (A) the ambit of the act.
- (B) the ambit of the act or the Constitution of India.
- (C) the Constitution of India.
- (D) directive principles of State policy.

2. An offer does not lapse if the

- (A) offeror dies before acceptance.
- (B) the offeree dies before acceptance.
- (C) acceptance is made by the offeree in ignorance of the death of the offeror.
- (D) acceptance is made by the offeree with knowledge of the death of the offeror.

3. Delivery of goods means

- (A) voluntary transfer of possession
- (B) compulsory transfer of possession
- (C) exchange of goods
- (D) voluntary transfer of ownership

4. In the term "Negotiable Instrument", what do the two words actually mean?

- (A) "Negotiable" means it can be transferred from one person to another, and "Instrument" means a written document that gives someone a legal right.
- (B) "Negotiable" means the price can be changed, and "Instrument" means a musical tool.
- (C) "Negotiable" means the document is only for the bank, and "Instrument" means it is a secret letter.
- (D) "Negotiable" means it cannot be sold, and "Instrument" means it is a verbal agreement.

5. Which of the following is not a feature of communication?

- (A) Continuous
- (B) Goal oriented
- (C) No flow of message
- (D) Inter-disciplinary science

6. 'Formal contracts': This term is usually found in English laws. Validity of these contracts depends upon their form. They are valid even if they lack consideration. These contracts are known as

- (A) Contract under seal
- (B) Contract of Records
- (C) Contract under seal and contract of Records
- (D) Executed Contract

7. 'Future Goods' \_\_\_\_\_.
- (A) can be the subject matter of sale
  - (B) cannot be the subject matter of sale
  - (C) sometimes may be the subject matter of sale
  - (D) can be the subject matter of sale depending upon circumstances
8. Liability of drawer to compensate the holder in case of dishonor is primarily provided under \_\_\_\_\_ of Negotiable Instruments Act, 1881.
- (A) Section 30
  - (B) Section 29
  - (C) Section 31
  - (D) Section 32
9. According to the principles of effective communication, why is it often more important to have good listening skills than speaking skills?
- (A) Because listening allows you to ignore the other person's opinion.
  - (B) Because listening is the only way to make sure the other person stops talking.
  - (C) Because if you listen, you never have to speak or give your own ideas.
  - (D) Because it helps you avoid judging someone too quickly (premature evaluation) and prevents verbal conflicts.
10. If Mr. A sends a telegram revoking his offer on 4th April, 2026 and it reaches Mr. B on 6th April, 2026, then, as against Mr. A, Communication of revocation is complete on
- (A) 4th April, 2026
  - (B) 5th April, 2026
  - (C) 6th April, 2026
  - (D) 7th April, 2026

11. Why is India referred to as a "quasi-federal" State?
- (A) Because it has no Central government at all.
  - (B) Because it is a country that refuses to follow any federal rules.
  - (C) Because it is a federation that possesses a strong central machinery.
  - (D) Because the State governments have more power than the Central government.

12. An agreement enforceable by law is \_\_\_\_\_.
- (A) a voidable contract
  - (B) void
  - (C) a contract
  - (D) a void contract

13. Goods that are identified and agreed upon at the time of contract of sale are known as
- (A) Specific goods
  - (B) Future goods
  - (C) Generic goods
  - (D) Existing goods

14. If a person accepts a Bill of Exchange "for honour" but forgets to write down whose name they are doing it for, the law assumes they are accepting it for the honour of:

- (A) The Payee
- (B) The Banker
- (C) The Drawer
- (D) The Endorser

15. In a "One-Way" communication process, how does the message move?

- (A) The message moves from the sender to the receiver, but there is no feedback or reply.
- (B) The message moves back and forth between the sender and receiver like a conversation.
- (C) The receiver sends the message first, and the sender decodes it.
- (D) The message is sent by many people at the same time to one single person.

16. Which of the following is not a wagering agreement?

- (A) A lottery
- (B) An agreement to buy a ticket for lottery
- (C) Commercial transaction, intention of which is not to deliver the goods but only to pay the difference in price
- (D) A contract of insurance

17. If a buyer receives goods on "sale or return" terms and a specific time is fixed for returning them, when does the ownership (property) pass to the buyer if they stay silent?

- (A) Immediately when the goods are delivered to the buyer's house.
- (B) Only after the buyer sends a written letter of approval to the seller.
- (C) As soon as the fixed time for returning the goods expires.
- (D) Ownership never passes unless the buyer pays the full price in cash.

18. According to Section 4 of the Negotiable Instruments Act, which of these is a required feature of a Promissory Note?

- (A) It can be a simple verbal promise made over the phone.
- (B) It must be a written document signed by the person making the promise (the maker).
- (C) It must be a currency note or a bank note issued by the government.
- (D) The promise to pay can depend on a future condition (like "if I win the lottery")

19. If two friends use hand gestures and signs to talk to each other because they don't want a stranger to hear them, what type of communication are they using?

- (A) Non-verbal communication
- (B) Verbal communication
- (C) Written communication
- (D) Digital communication

20. Which of the following has been defined in Section 16 of the Indian Contract Act.?

- (A) Coercion
- (B) Undue influence
- (C) Consent
- (D) Free consent

21. Which of the following is one of the most important roles of the Indian judiciary?

- (A) To act as a watchdog of democracy and guardian of the Constitution.
- (B) To make new laws for the country every day.
- (C) To manage the election process of the Prime Minister.
- (D) To only look after the administration of big cities.

22. According to Section 22 of the Indian Contract Act, if only one party is under a mistake of fact (a unilateral mistake), what usually happens to the contract?

- (A) The contract automatically becomes void (invalid).
- (B) The contract is still valid and cannot be cancelled just because of that mistake.
- (C) The party who made the mistake is rewarded with money.
- (D) The contract must be rewritten by a judge immediately.

23. A purchased a mobile set from B by fraud. A has an avoidable title to the mobile set at the option of B. Before B could rescind the contract, A sold the same to C who purchased it from A in good faith and without knowledge of fraud by A and paid for it. C had

- (A) a good title to the goods.
- (B) a defect title to the goods.
- (C) a untitle to the goods.
- (D) a best title to the goods.

24. The person to whom the payment is to be made is called

- (A) The drawee
- (B) The drawer
- (C) The payee
- (D) The bearer

25. If a company holds a meeting specifically for the general public and the media to talk about a new project, what type of meeting is it?

- (A) An Internal Meeting
- (B) An External Meeting
- (C) A Private Staff Meeting
- (D) A Secret Meeting

26. Which of the following conditions must be fulfilled for the application of Section 70 of the Indian Contract Act 1872?

- (A) The act must have been done lawfully.
- (B) The person for whom the act is done must have enjoyed the benefit of that act.
- (C) Either (A) or (B)
- (D) Both (A) and (B)

27. When terms of contract expressly provide for them, they are known as

- (A) Express conditions
- (B) Warranties
- (C) Either (A) or (B)
- (D) Both (A) and (B)

28. According to the law, a Promissory Note can be made payable "on demand" or after a "specified time," but it is NOT allowed to be made payable to

- (A) a specific person by name.
- (B) the order of a specific person.
- (C) a bank or a financial institution.
- (D) the bearer on demand.

29. According to the principles of professional networking, what should a business do before trying to build brand new relationships?

- (A) Stop talking to old clients to save time.
- (B) Nurture and take care of the relationships they already have.
- (C) Mix their personal life and business life together completely.
- (D) Only communicate with people through text messages.

**30.** If two people make a promise together (Joint Promisors) and the person they promised (the Promisee) decides to release only one of them from the deal, what happens to the other person?

- (A) The other person must still fulfill the promise and is not discharged.
- (B) The other person is also automatically released from the promise.
- (C) The entire contract becomes illegal and is canceled.
- (D) The person who was released must pay a fine to the government.

**31.** Which one of the following Acts assigns conciliators the responsibility to mediate and settle industrial disputes and prescribes the procedure to be followed in great detail?

- (A) Arbitration and Conciliation Act, 1996
- (B) Companies Act, 2013
- (C) Industrial Disputes Act, 1947
- (D) Micro, Small and Medium Enterprises Development Act, 2006

**32.** According to Section 125(1) of the Indian Contract Act, if an indemnity-holder is sued and forced to pay damages, what is their right against the indemnifier?

- (A) They have the right to recover all the damages they were compelled to pay.
- (B) They must pay the damages themselves and cannot ask for the money back.
- (C) They can only recover half of the money they paid in the suit.
- (D) They have the right to send the indemnifier to prison instead of taking money.

**33.** If a seller sells a product that could be dangerous (like a chemical or a pressurized can) to a buyer who is unaware of the risk, what must the seller do?

- (A) Charge a higher price because the goods are dangerous.
- (B) Wait for the buyer to ask if the product is safe.
- (C) Only tell the buyer if they specifically sign a safety waiver.
- (D) Warn the buyer about the potential danger of the goods.

**34.** What is the main reason a person "crosses" a cheque (by drawing two parallel lines on it)?

- (A) To make the cheque look more professional and official.
- (B) To ensure the money is paid only through a bank account, making it safer and easier to trace.
- (C) To tell the bank to pay the money in cash immediately at the counter.
- (D) To cancel the cheque so that nobody can use it.

**35.** What is the best way for a business to maintain a "personal touch" and keep its customers updated about new discounts and products?

- (A) By ignoring the customers and focusing only on making the products.
- (B) By waiting for customers to visit the office to ask for information.
- (C) By using communication techniques like letters, emails, and social media promotions.
- (D) By only speaking to the government and media instead of the customers.

36. Which one of these statements is correct?
- (A) Void agreements are always illegal.
  - (B) Void agreements are always voidable.
  - (C) Illegal agreements can be ratified by the parties.
  - (D) Illegal agreements are always void.
37. Select the odd one.
- (A) Sale by Estoppel
  - (B) Sale by Mercantile Agent
  - (C) Sale by power of Attorney holder
  - (D) Sale by joint owner
38. If a cheque is crossed with the words "Not Negotiable," what does this mean for the person who receives it?
- (A) The cheque cannot be transferred to any other person at all.
  - (B) The bank will refuse to pay because the cheque is considered invalid.
  - (C) The person receiving it cannot get a better legal title (ownership right) than the person who gave it to them.
  - (D) The cheque can only be cashed by a person who does not have a bank account.
39. In the "Denial" stage of intercultural sensitivity, how do members of a group typically feel about cultural differences?
- (A) They are very excited to learn about every new culture they meet.
  - (B) They are completely unaware that any cultural differences even exist.
  - (C) They understand the differences but choose to argue about them.
  - (D) They have already mastered the ability to speak many different languages.
40. In which circumstances the original contract needs not be performed?
- (A) If the parties to a contract agree to alter it.
  - (B) If the parties to a contract agree to substantiate a new contract.
  - (C) If the parties to a contract agree to rescind it.
  - (D) All of the above
41. What are the specific benefits of using "delegated legislation" in a modern welfare state?
- (A) It makes the law-making process much slower and more difficult.
  - (B) It allows for flexibility, speed and the opportunity for experimentation.
  - (C) It prevents the executive branch from having any power.
  - (D) It forces the legislature to spend more time on every small detail.
42. Electronic signature serves the same purpose as a handwritten signature. Section 85C of The Indian Evidence Act states that as far as a digital signature is concerned, the courts presume that the information provided in that certificate is
- (A) true
  - (B) false
  - (C) true and correct
  - (D) not reliable

43. X sells 50 tons of rice to Y. The rice is currently stored in Z's warehouse. For the delivery to be considered "complete" in the eyes of the law, what must happen?

- (A) Z must tell Y that he is now holding the rice for Y.
- (B) X must physically move the rice to Y's house himself.
- (C) Y must pay the full price to Z directly.
- (D) X must simply send an email to Y saying the rice is sold.

44. Liability of drawer to compensate the holder in case of dishonour is primarily provided in Negotiable Instrument Act under

- (A) Section 30
- (B) Section 29
- (C) Section 31
- (D) Section 32

45. Which communication is essential for ensuring mutual co-operation and understanding between departments?

- (A) Sound communication
- (B) Organisational communication
- (C) Persuasive communication
- (D) Oral communication

46. The doctrine of privity of contract is laid down in the case of

- (A) Carlil v. Carbolic smoke Ball and Co
- (B) Balfour v. Balfour
- (C) Harvey v. facey
- (D) Dunlop Pneumatic tyre Co. Ltd v. Self ridge & Co

47. A stipulation of contract of sale which is collateral to the main purpose of the contract is called as

- (A) guarantee
- (B) warrantee
- (C) condition
- (D) term

48. According to Section 143A of Negotiable Instruments Act 1881, the Court trying an offence under Section 138 may order the drawer of the cheque to pay

- (A) interim compensation to the complainant.
- (B) final compensation to the complainant.
- (C) part compensation to the complainant.
- (D) full compensation to the complainant.

49. Why do organizations use Motion Graphics (short animated videos or documentaries) during training or a product launch?

- (A) To make the meeting take as long as possible.
- (B) To explain, train, and summarize information while keeping everyone's attention.
- (C) To replace all human workers with animated characters.
- (D) To show that the company does not know how to write reports.

50. A agrees to sell to B a 'hundreds of tons of oil'. There is nothing whatsoever to show what kind of oil was intended. The agreement is

- (A) valid
- (B) void for uncertainty
- (C) voidable
- (D) illegal