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**Fundamentals of
BUSINESS LAWS AND BUSINESS
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REVIEWER™

**FUNDAMENTALS OF BUSINESS LAWS AND
BUSINESS COMMUNICATION**

CMA Foundation

2nd Edition

Publisher:



VIVITSU
STRIVING TOWARDS KNOWLEDGE

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Reviewer™

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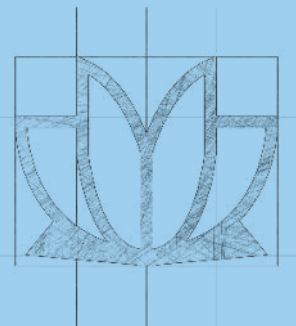
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STRIVING TOWARDS KNOWLEDGE

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To the one who's not just dreaming CMA —
but becoming it



CMA

Write your name here

What Matters in CMA?

1 CONCEPTUAL CLARITY

Law isn't about memorising sections — it's about *understanding logic*, rights, and duties. When the “why” behind each provision is clear, Use this *Reviewer to test your understanding* right after studying a concept. Apply the law, don't just read it.

2 CONSISTENCY

Law needs *regular revision*. Just a few objective questions daily can help retain legal language and presentation.

This *chapter-wise structure* helps you revise consistently and master each concept one at a time, without waiting for the full syllabus.

3 CONFIDENCE

CMA exams demand crystal clear clarity and understanding of Laws. Practising how to *apply legal answers* builds confidence.

This book gives you *ICMAI-style* questions and solving practice to help you get the right answer.

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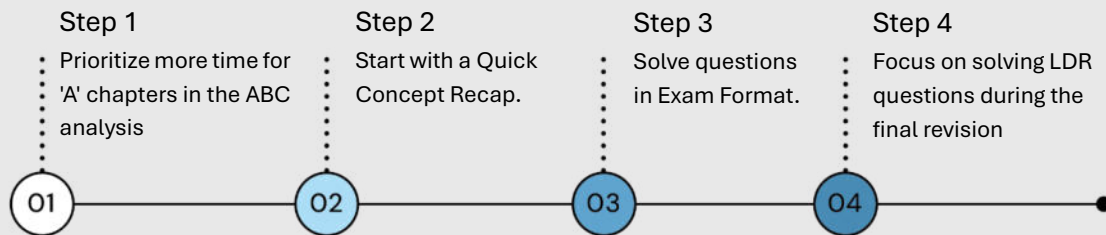


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Don't just study—study smart. Watch renowned professors solve the Vivitsu Reviewer with you on YouTube, breaking down every concept, question, and answer for better understanding and stronger retention.

60+ in BUSINESS LAWS



Step 1: Prioritize your chapters

Topics in the index are categorized as A, B, or C based on their importance. Focus more on 'A' chapters, as they carry the most weight, and give adequate attention to 'B' chapters. While all chapters must be covered, this approach helps manage time efficiently for better results.



Step 2: Start with a Quick Concept Recap

Use this powerful summary for a quick brush-up on key concepts before you attempt the chapter. This helps you identify and understand the core principles. If a question gives you trouble, return to this section / main study material to solidify the concept, then come back and solve it again.



Step 3: Practice in Exam Format

Always solve the question on your own before looking at the answer. If you get confused in MCQs and options or make a conceptual mistake, be sure to mark it to review during your next revision.



Step 4: Last Day Revision (LDR)

Focus on solving LDR questions during the final revision. On the day before your exam, prioritize these questions as they cover the most critical concepts from each chapter. You'll find a quick summary of LDR question numbers listed right before each chapter for easy reference.

5 Ways Vivitsu Reviewer will help you CLEAR CMA FOUNDATION

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05

Prioritize using ABC Analysis

Each chapter is categorized as A , B or C

A : Very Important, Read on priority

B : Moderately Important

C : Less Critical but still essential

Topic-wise Break up

04

1.3

LEGAL METHOD AND COURT SYSTEM IN INDIA

Quick Review of Important Concepts

Legal Method and Court System in India

- **Judiciary Hierarchy:** The Supreme Court is the highest court in India. Below it are the High Courts and then District & Subordinate Courts (Civil and Criminal).
- **Writ Jurisdiction:** Both the Supreme Court (Article 32) and High Courts (Article 226) have the power to entertain petitions for the violation of Fundamental Rights.
- **Supreme Court Powers:** Includes Original, Writ, Appellate, Advisory, Punishment for Contempt (Article 324), and Review (Article 327).
- **High Court Powers:** Includes Original, Appellate, and Power of Superintendence (Article 227).
- **Lowest Criminal Court:** The Judicial Magistrate is the lowest court to approach for criminal matters.
- **Alternative Dispute Resolution (ADR):** Processes like Arbitration, Conciliation, Mediation, and Lok Adalat are supported to resolve disputes. These are generally less time-consuming and cost-effective.
- **Tribunals:** These are quasi-judicial bodies established by an Act of Parliament to assist the judiciary's control and efficient working.

Multiple Choice Questions (MCQ)

47. Which is the highest court in India? (SM, MCQ)

Bank (MQP [2] 2 Marks Jun'25)

- (a) High Court
- (b) Supreme Court of India
- (c) International Court of Justice
- (d) Sessions Court

Ans: (b)

48. Which Article

the power to

Fundamental

(a) Article 32

(b) Article 226

Ans: (a)

49. When was the Supreme Court of India

established? (SM, MCQ Bank)

- (a) 26th November 1949
- (b) 26th January 1950
- (c) 26th January 1951
- (d) 26th October 1952

Ans: (b)

Includes 100% coverage of SM + MCQ Bank + MQP + PYP

(SM, MCQ Bank, MQP [1] 2 Marks Jun'25) (PYP 2 Marks-Dec'23)

03

Concept Summary

5.1

INTRODUCTION TO BUSINESS COMMUNICATION

Quick Review of Important Concepts

Communication: is the process of sharing, exchanging, or transmitting information, ideas, feelings, and experiences. Its primary aim is to ensure understanding between parties.

Business Communication: involves exchanging information within and outside an organization to achieve goals and ensure mutual understanding. It is essential for smooth operations, decision-making, employee management, leadership, customer service, and organizational efficiency.

Significance:

- Improves managerial efficiency & leadership.
- Builds employee morale, loyalty, trust.
- Supports decision-making and HR management.
- Enhances customer service.

02

Concept Summary

Sharpen your memory with lightning-fast concepts recap before you hit the questions. Also perfect for the final 1.5-day revision!



1.1

01

SOURCES OF LAW

Quick Review of Important Concepts

Sources of Law

- **Definition of Law:** Law is a set of rules that govern the behavior of individuals and organizations to accommodate societal requirements.
- **Foundational Source:** The Constitution of India, 1950, is the founding source of modern Indian law.
- **Classification:** Laws are broadly classified into:
 - **Statutes:** Enacted by Parliament and State Legislatures (e.g., Indian Contracts Act, Sale of Goods Act).
 - **Case Laws:** Judicial precedents and customary laws (personal laws).
 - **Ordinances, Regulations, and other Mandates:** Issued by authorities like the President or Governor during legislative recess.
- **Historical Context:** Indian legal history is divided into Ancient, Medieval, British Administration, and Indian legal Periods. Key ancient texts include Vedas and Smritis (e.g., Manusmriti, based on "Dharma").
- **Customs:** Customary laws, including personal laws (e.g., Hindu and Mohammedan law), are a source. For a custom to be valid, it must not be uncertain, unreasonable, or in contravention of law and public morality.
- **Judicial Precedents:** The Doctrine of Stare Decisis refers to the rule that past judgments are followed in future cases. The Supreme Court decisions are binding on all lower courts.

Multiple Choice Questions (MCQ)

1. What are the sources of law? (2M, MCQ Bank, MQP 2 Marks Dec'23, Jan'24, Jun'24, 2 Marks MQP'22 Jun'23, PMP 2 Marks Dec'23, MQP 12 2 Marks Jun'24)

- (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

Ans (b)

2. When was the Constitution of India passed by the Constituent Assembly? (2M, MCQ Bank, 2 Marks MQP 12 Dec'24, Jun'24)

- (a) 26th January 1950
- (b) 26th November 1949
- (c) 26th November 1945
- (d) 15th August 1947

Ans (b)

3. What Are Personal Laws? (2M, MCQ Bank, PMP 2 Marks Jun'23 & Jun'24) (MQP 12 2 Marks Jun'24)

- (a) Laws relating to interpersonal behaviour
- (b) Customs (religious beliefs) that have now been codified
- (c) Laws that a person makes
- (d) Laws based on opinion

Ans (b)

4. Elements of Law include (2M)

- (a) Command
- (b) Duty
- (c) Sanction
- (d) All the above

Ans (d)

5. As per the Historical definition of law, it is not universal in nature. (2M)

- (a) True
- (b) False
- (c) Partly True
- (d) Partly False

Ans (a)

6. ... is a primary source of Hindu law. (2M, 2 Marks MQP 12 Jun'23) (PMP 2 Marks Dec'23)

- (a) Vedas
- (b) Holy Quran
- (c) Bible
- (d) None of the above

Ans (a)

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ABC Analysis



Very Important,
Read on priority



Moderately
Important



Less critical but still
essential

Ensure you thoroughly read all chapters without skipping any. The ABC analysis is designed to help you prioritize based on past trends, but it should not replace comprehensive preparation.

WHAT DOES REVIEWER INCLUDE?

This Reviewer offers 100% coverage, including all questions from:

- SM: ICMAl Study Material Questions
- MCQ Bank
- PYP: Past Year Papers
- MQP: Model Question Papers (1 or 2 denotes MQP 1 or MQP 2)



1.1

SOURCES OF LAW

Quick Review of Important Concepts

Sources of Law

- **Definition of Law:** Law is a **set of rules** that has evolved over centuries to accommodate societal requirements.
- **Foundational Source:** The **Constitution of India, 1950**, is the founding stone of modern Indian law.
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- **Historical Context:** Indian legal history is divided into Ancient, Medieval, British Administrative, and Indian Legal Periods. Key ancient texts include Vedas and Smritis (e.g., Manu-Smriti), based on "dharma".
- **Customs:** Customary laws, including personal laws (e.g., Hindu and Mohammedan law), are a source. For a custom to be valid, it must not be uncertain, unreasonable, or in contravention of law and public morality.
- **Judicial Precedents:** The **Doctrine of Stare Decisis** refers to the rule that court decisions are followed in future cases. The Supreme Court's decisions are binding on all courts in India (Article 141).

Multiple Choice Questions (MCQ)



1. What are the sources of law? (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24, 2 Marks MQP[2] Jun'25, PYP 2 Marks Dec'23, MQP [1] 2 Marks June'26)

- (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

Ans: (b)

2. When was the Constitution of India passed by the Constituent Assembly? (SM, MCQ Bank, 2 Marks MQP [2] Dec'24, June'26)

- (a) 26th January 1950
- (b) 26th November 1949
- (c) 25th November 1949
- (d) 15th August 1947

Ans: (b)



3. What Are Personal Laws? (SM, MCQ Bank, PYP 2 Marks June'23 & June'24) (MQP [1] 2 Marks June'26)

- (a) Laws relating to interpersonal behaviour
- (b) Customs (religious beliefs) that have now been codified
- (c) Laws that a person makes
- (d) Laws based on opinion

Ans: (b)

4. Elements of Law include. (SM)

- (a) Command
- (b) Duty
- (c) Sanction
- (d) All the above

Ans: (d)

5. As per the Historical definition of law, it is not universal in nature. (SM)

- (a) True
- (b) False
- (c) Partly True
- (d) Partly False

Ans: (a)

6. Is a primary source of Hindu law. (SM, 2 Marks MQP [2] Jun'25) (PYP 1 Marks-Dec'15)

- (a) Vedas
- (b) Holy Kuran
- (c) Bible
- (d) None of the above

Ans: (a)



7. ... Is the most ancient source of Hindu Law (SM)

- (a) Judicial decisions (b) Personal Law
(c) Statutes (d) Customs

Ans: (d)

8. Custom prevails in a particular locality. (SM)

- (a) Legal (b) General
(c) Conventional (d) Local

Ans: (d)

9. Custom to be valid must not be: (SM)

- (a) Immemorial
(b) Uncertain
(c) Reasonable
(d) In confirmation with Law and public morality

Ans: (b)

10. Shruthi includes.....number of Vedas. (SM)

- (a) 1 (b) 2
(c) 3 (d) 4

Ans: (d)

11. Hindu and Muhammedan law is (SM, MQP (1) 2 Marks June'25, PYP 1 Marks Dec'19)

- (a) Personal Law (b) Principal Law
(c) Historical Law (d) Customary Law

Ans: (a)

12. Law Administrated by Chancellor is known as. (SM)

- (a) Statute Law (b) Equity
(c) Equity Courts (d) All of These

Ans: (b)

13. These customs which are not obligatory and are observed due to the pressure of public opinion are known as (SM)

- (a) Custom having sanction. (b) Positive Morality
(c) Both A and B (d) None of these

Ans: (b)

14. Customs that are enforced by the state are known as. (SM)

- (a) Customs having Sanction. (b) Local Customs
(c) General Customs (d) All of these

Ans: (a)

15. This is an essential condition for making a valid custom. (SM)

- (a) Compulsory Observations (b) Peaceable Enjoyment
(c) Certainty (d) All of these

Ans: (d)

16. Which of the following is not the branch of Law? (SM)

- (a) Civil Law (b) Administrative Law
(c) Commercial Law (d) None of these

Ans: (d)

17. The Hindu personal Law is basically found in. (SM)

- (a) Shruti (b) Smriti
(c) Both A and B (d) None of the above

Ans: (c)

18. Which of the following is not a Smriti? (SM)

- (a) Manu (b) Yajnavalkya
(c) Narada (d) Shruti

Ans: (d)

19. Legal customs and Conventional customs are a part of (SM, MQP[2] 2Marks Jun'25)

- (a) Customs without Sanction (b) Customs having Sanction.
(c) Judicial Customs (d) Voluntary Customs

Ans: (b)

20. Which of the following is not a source of Indian Law? (SM, PYP 1 Marks-June'14)

- (a) English mercantile Law (b) Judicial Law
(c) Civil Law (d) None of the above

Ans: (d)

21. In case of Hindu and Muslim Family Business, Which Laws prevail to divide their family properties? (SM, PYP 1 Marks June'15)

- (a) Government Law (b) Their own laws
(c) Legal laws (d) None of these

Ans: (b)

22. Custom as a source has a very inferior place in the (SM, PYP 1 Marks-June'15)

- (a) Hindu Law (b) Judicial decision
(c) Criminal law (d) None of the above

Ans: (d)

23. Customs are considered as of Law. (SM, MQP[2] 2Marks Jun'25, PYP 1 Marks June'17)

- (a) Rules (b) Source
(c) Principle (d) Decision

Ans: (b)

24. Find the odd one out (SM, PYP 1 Marks Dec'19)

- (a) Manu (b) Yajnavalkya
(c) Shruti (d) Narada

Ans: (c)



25. Law is a _____ of rules (MQP(1) 2 Marks June'23)

- (a) book (b) set
(c) combination (d) none of the above

Ans. (b)

26. The Part ____ provides for provisions for the Panchayat Raj system (SM, MQP(1) 2 Marks June'25)

- (a) IX (b) X
(c) XI (d) XII

Ans: (a)

27. State which of the following statements is true. (SM, PYP 2 Marks June'24)

- (a) Case laws are judicial precedents
(b) Any elected Minister can pass an ordinance
(c) There is no punishment for Contempt of Court
(d) Only Acts passed by the Parliament of India or State Legislature are the law

Ans: (a)

28. Which among the following is not a source of law? (PYP 2 Marks Dec'25)

- (a) Custom (b) Precedent
(c) Practice (d) Opinion of lawyers

Ans: (d)

29. "Inter Vivos" means (PYP 2 Marks Dec'25)

- (a) Between two living persons.
(b) Between two persons.
(c) Between two partners.
(d) A company and an employee.

Ans: (a)



30. Which Law is related to the Commercial activities of the people of the society? (SM, MQP[2] 2 Marks Jun'25) (PYP 1 Marks-June'14)

- (a) Constitutional Law (b) Administrative Law
(c) Civil Law (d) Mercantile Law

Ans: (d)

1.2

LEGISLATIVE PROCESS IN INDIA

Quick Review of Important Concepts

Legislative Process in India

Parliament Composition: The Parliament consists of the **President, the Council of States (Rajya Sabha), and the House of the People (Lok Sabha)** (Article 79).

- **Bills:** Legislative proposals are introduced as Bills (Article 107). A **Money Bill** is introduced only in the Lok Sabha (Article 109). A **Private Bill** is introduced by a member other than a Minister.
- **Ordinances:** The **President** can promulgate Ordinances during legislative recess (Article 123). Similarly, the **Governor of a State** can promulgate Ordinances (Article 213). Ordinances have a tenure ranging from six weeks to six months.
- **Constitutional Amendments:** The Constitution can be amended under **Article 368**. The Supreme Court in *Keshav Ananda Bharati vs State of Kerala* ruled that amendments cannot contravene Fundamental Rights.
- **Power Sharing:** Article 243 provides for local governance (Panchayati Raj).
- **Legislative Powers:** The 7th Schedule of the Constitution deals with the separation of subjects for legislatures (Union List, State List, Concurrent List). Article 254 addresses inconsistencies between laws made by Parliament and State Legislatures.

Multiple Choice Questions (MCQ)



31. Which Article in the Constitution of India, 1950 has provisions for introduction of a bill in the Parliament of India? (SM, MCQ Bank, MQP 2 Marks Jun'24, MQP[1] 2 Marks Jun'25, Dec'25) (MQP [2] 2 Marks June'26)

- (a) Article 119 (b) Article 141
(c) Article 107 (d) Article 243

Ans: (c)



32. Money Bill is introduced in which House of the Parliament? (SM, MCQ Bank, MQP 2 Marks



Jun'24,MQP[2] Marks Dec'24, Dec'25 PYP 2 Marks-June'23 & June'24)

- (a) Council of People – Lok Sabha
- (b) Council of States – Rajya Sabha
- (c) Both the Houses
- (d) None of the Houses

Ans: (a)



33.Which Article of the Constitution of India empowers the legislature to make laws? (SM,MCQ Bank, MQP 2 Marks Dec'23,Jun'23) (PYP 2 marks-June'23)(MQP [2] 2 Marks June'26)

- (a) Article 12
- (b) Article 243
- (c) Article 141
- (d) Article 245

Ans: (d)

34.What is the Schedule in the Constitution of India, for Separation of Subject for Legislature? (MCQ Bank)

- (a) 9th Schedule
- (b) 7th Schedule
- (c) 32nd Schedule
- (d) 14th Schedule

Ans: (b)

35.Under which Article can we amend the provisions of the Constitution of India? (MCQ Bank) (PYP 2 Marks-Dec'23)

- (a) Article 356
- (b) Article 368
- (c) Article 254
- (d) Article 245

Ans: (b)

36.Which Article of the Constitution of India, deals with inconsistency between laws made by Parliament and laws made by the Legislatures of States? (MCQ Bank) (MQP [2] 2 Marks Dec'25)

- (a) Article 245
- (b) Article 254
- (c) Article 368
- (d) Article 32

Ans: (b)

37.What is a Private Bill? (SM,MCQ Bank, MQP[1] 2 Marks Dec'24,PYP 2 Marks Dec'25)

- (a) A bill introduced by a member other than a Minister
- (b) Bill introduced by a private citizen
- (c) Bill introduced by a Private company
- (d) A bill relating affairs which are private to individual

Ans: (a)

38.The Parliament for the Union of India which shall consist? (SM,MCQ Bank, MQP [1]2 Marks Dec'24, Jun'26)

- (a) The President, the Council of States (Rajya Sabha) and the House of the People (Lok Sabha)
- (b) Rajya Sabha
- (c) Lok Sabha
- (d) Legislative Assembly

Ans: (a)

39.....is the last stage of law making and therefore, the lawyer or the jurist is more important than the legislature. (SM)

- (a) Custom
- (b) Social control
- (c) Legislation
- (d) None of these

Ans: (c)

40.When a law is proposed in parliament it is called (MQP (1) 2 Marks-Dec'24)

- (a) Act
- (b) statue
- (c) bill
- (d) notification

Ans: (c)



41.Fundamental Rights are mentioned under which part of the Constitution of India? (SM,MCQ Bank, MQP[2] 2 Marks Dec'24) (PYP 2 Marks-June'23)

- (a) Part-II
- (b) Part-III
- (c) Part-IX
- (d) Part-XII

Ans: (b)

42.What kind of structure does the Indian Constitution have? (MCQ Bank) (PYP 2 Marks-Dec'23) (MQP [1] 2 Marks June'26)

- (a) Unitary
- (b) Federal
- (c) Autocracy
- (d) Totalitarian

Ans: (b)

43.In Indian Parliament, House of the people is called (PYP 2 MarksDec'25)

- (a) Council of ministers
- (b) Lok Sabha
- (c) Rajya Sabha
- (d) Legislature

Ans:(b)

44.The subjects on which law can be made by both Central and State is called (PYP 2 MarksDec'25)

- (a) Union list
- (b) Concurrent
- (c) Formal
- (d) One sided

Ans:(b)

45.Why is India referred to as a "quasi-federal" State? (PYP 2 Marks Jun'26)

- (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.

Ans: (c)

- (a) Govt bill
(b) Treasury
(c) Private members bill
(d) None of the above

Ans: (c)

46. A Bill introduced by any Member of Parliament, is called (PYP 2 Marks Dec'25)

1.3

LEGAL METHOD AND COURT SYSTEM IN INDIA

Quick Review of Important Concepts

Legal Method and Court System in India

- **Judiciary Hierarchy:** The **Supreme Court is the highest court** in India. Below it are the High Courts and then District & Subordinate Courts (Civil and Criminal).
- **Writ Jurisdiction:** Both the **Supreme Court (Article 32)** and **High Courts (Article 226)** have the power to entertain petitions for the violation of Fundamental Rights.
- **Supreme Court Powers:** Includes Original, Writ, Appellate, Advisory, Punishment for Contempt (Article 129), and Review (Article 137).
- **High Court Powers:** Includes Original, Appellate, and Power of Superintendence (Article 227).
- **Lowest Criminal Court:** The Judicial Magistrate is the lowest court to approach for criminal matters
- **Alternative Dispute Resolution (ADR):** Processes like Arbitration, Conciliation, Mediation, and Lok Adalat are supported to resolve disputes. These are generally **less time-consuming and cost-effective**.
- **Tribunals:** These are quasi-judicial bodies for specific or technical matters, aiming to reduce the judiciary's caseload and provide expertise.

Multiple Choice Questions (MCQ)

47. Which is the highest Court in India? (SM, MCQ Bank) (MQP [2] 2 Marks June'26)

- (a) High Court
(b) Supreme Court of India
(c) International Court of Justice
(d) Sessions Court

Ans: (b)

48. Which Articles of the Constitution of India have the power to entertain petitions of violation of Fundamental Right? (SM, MCQ Bank)

- (a) Article 32 (b) Article 226
(c) Article 226 and Article 32 (d) Article 356

Ans: (c)



49. Which is the highest civil court in a district? (SM, MCQ Bank, MQP [1] 2 Marks Jun'25) (PYP 2 Marks-Dec'23)

- (a) Sessions Court (b) Supreme Court of India
(c) District Court (d) High Court

Ans: (c)

50. When was the Supreme Court of India established? (SM, MCQ Bank)

- (a) 26th November 1949
(b) 26th January 1950
(c) 28th January 1950
(d) 1st October 1937

Ans: (b)



51. Mention the number of judges in the Supreme Court of India including Chief Justice of India currently. (SM, MCQ Bank, 2 Marks MQP [1] Dec'24) (PYP 2 Marks-Dec'23)

- (a) 23 (b) 32
(c) 34 (d) 46

Ans: (c)

52. Which Article of the Constitution of India stipulates law made by the Supreme Court of India? (SM, MCQ Bank)

- (a) Article 141 (b) Article 245
(c) Article 368 (d) Article 352

Ans: (a)

CHAPTER 3: SALE OF GOODS ACT, 1930



LDR Questions

Q 1, Q 2, Q 3, Q 21, Q 37, Q 53, Q 69, Q 78, Q 86, Q 110, Q 117, Q 139, Q 140, Q 146, Q 149, Q 152, Q 166

3.1

DEFINITION

Quick Review of Important Concepts

Key Definitions (Sec. 2)

Term	Section	Meaning / Notes
Buyer	Sec. 2(1)	A person who buys or agrees to buy goods
Seller	Sec. 2(13)	A person who sells or agrees to sell goods
Delivery	Sec. 2(2)	Voluntary transfer of possession from one person to another
Goods	Sec. 2(7)	Every kind of movable property except actionable claims & money; includes stocks, shares, crops, grass, things attached to land if agreed to be severed before sale
Document of Title to Goods	Sec. 2(4)	Bill of lading, dock warrant, warehouse receipt, railway receipt etc. used as proof of ownership/possession
Future Goods	Sec. 2(6)	Goods to be manufactured, produced or acquired after contract of sale
Price	Sec. 2(10)	Money consideration for a sale of goods
Property	Sec. 2(11)	General ownership in goods, not just special property
Specific Goods	Sec. 2(14)	Goods identified & agreed upon at time of contract

Contract of Sale (Sec. 4)

Concept	Definition
Contract of Sale	Seller transfers/ agrees to transfer property in goods to buyer for price
Sale	Ownership immediately transferred
Agreement to Sell	Ownership transferred in future/condition ; conditional sale

Sale vs Agreement to Sell

Basis	Sale	Agreement to Sell
Ownership	Immediate	Future/conditional
Nature	Executed	Executory
Rights	Right in rem	Right in person
Risk of Loss	Buyer bears	Seller bears
Resale	Seller cannot resell	Seller may resell (good title to bona fide buyer)
Destruction	Loss on buyer	Loss on seller
Insolvency of Buyer	Seller must deliver to receiver	Seller may refuse delivery
Insolvency of Seller	Buyer can claim goods	Buyer only gets refund/dividend
Tax	Liable for GST	Not until sale happens

Type of Goods

- **(Section 6) Existing** - Owned or possessed by seller at the time of sale.
- **Specific** - Identified and agreed upon at the time a contract of sale.
- **Ascertained** - Good become ascertained subsequent to the formation of a contract of sale.
- **Unascertained** - Defined only by description and may form part of a lot.



- **(Section 2(6)) Future** - To be manufactured or produced or acquired after making of contract of sale.
- **(Section 6(2)) Contingent** - Acquisition of which by the seller depends upon a contingency

Doctrine of Caveat Emptor (Sec. 16)

Rule **Buyer must beware; seller not bound to disclose defects**

1. Fitness for purpose (buyer relies on seller's skill)
2. Merchantable quality (by description)

Exceptions

3. Wholesomeness (food items)
4. Fraud by seller
5. Usage of trade

Multiple Choice Questions (MCQs)



1. Under Sec.2(4) of the Sale of Goods Act, a delivery order enabling a person to obtain delivery on payment of price is (SM, MCQ Bank, MQP 2 Marks Jun'24) (MQP [2] 2 marks Dec'25, June'26)

- (a) Deemed as a Document of Title
- (b) Not a Document of Title
- (c) Document enabling title to Goods
- (d) Not a valid document at all

Ans: (a)



2. A Share Certificate is a — (SM, MCQ Bank, MQP 2 Marks Jun'24, MQP[2] 2 Marks Dec'24, Dec'25, June'26)

- (a) Document of Title to Goods
- (b) Bill of Exchange
- (c) Document Showing Title to Goods
- (d) Instrument of Transfer

Ans: (c)



3. A Bill of Lading is a — (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24, MQP[2] 2 Marks Dec'24, MQP[2] Marks Jun'25, Dec'25, June'26)

- (a) Bill of Exchange
- (b) Promissory Note
- (c) Cheque
- (d) Document of Title to Goods

Ans: (d)

4. Seller means a person who (SM, PYP 1 marks sep'14 -15)

- (a) Sells or agrees to sell
- (b) Bear authority to sell
- (c) Only agrees to sell goods
- (d) Desirous of selling

Ans: (a)

5. Mercantile agent means the person: (SM, PYP 1 Marks Sep'14, Mar'15, Jun'16)

- (a) Who sells goods or consigns for the purpose to sell or buy goods or raise money on security of goods
- (b) Who only sell or purchase
- (c) Who only consign goods
- (d) Who only transfer goods

Ans: (a)

6. Under Sale of Goods Act, 1930 the term 'Goods' means every kind of movable property and includes: (SM, PYP 2 mark Dec'14 Jun'15 mar'16 dec'16, June'23)

- (a) Stock and share
- (b) Growing crops, grass
- (c) Both (a) and (b)
- (d) None of the above

Ans: (c)

7. The term "goods" in sale of goods means: (SM, PYP 1 Marks mar'15)

- (a) Moveable goods other than money and actionable claims
- (b) All moveable goods only
- (c) Tangible consumable goods
- (d) Tangible goods

Ans: (a)

8. The acquisition of which is contingent upon happening or non-happening of certain events will be treated as (SM)

- (a) Future goods
- (b) Unascertained goods
- (c) Contingent goods
- (d) Forward commodities

Ans: (c)



9. Which of the following is/are not included in the meaning of 'goods' as defined in the Sale of Goods Act. (SM, PYP 1 Mark Mar 15)

- (a) Stocks & Shares
- (b) Actionable claims
- (c) Legal tender
- (d) Both 'b' and 'c'

Ans: (d)

10. Which of these is a document of title of goods? (SM, PYP 1 Mark Sep'15)

- (a) Usance Promissory Notes
- (b) International Bill of Exchange
- (c) Bill of lading
- (d) Account payee crossed cheque

Ans: (c)

11. The definition of "Document of title to goods" given in the Sale of Goods Act is (SM, MQP[1] 2 Marks Jun'25 PYP'Dec'15)

- (a) Exhaustive
- (b) Inclusive
- (c) Exclusive
- (d) Not clear

Ans: (b)

12. A document issued by a warehouse keeper or a wharfingers stating that the goods specified in the document are in his warehouse is called (SM, PYP 1 mark Dec'15)

- (a) Dock warrant
- (b) Bill of lading
- (c) A warehouse keeper's or wharfingers certificates
- (d) Delivery order

Ans: (c)

13. Under the Sale of Goods Act, 1930, the term 'Mercantile Agent' means a mercantile agent, having as such agent, authority to _____. (SM)

- (a) Sell goods or consign goods for the purpose of sale
- (b) Buy goods
- (c) Raise money on the security of goods
- (d) All of the above

Ans: (d)

14. Sale of Goods Act, 1930 deals with _____. (SM, PYP 1 Marks Jun'16)

- (a) Cash Sale
- (b) Credit Sale
- (c) Hire Purchase sale
- (d) Sale of goods in general

Ans: (d)

15. Goods that are identified and agreed upon at the time of contract of Sale are known as (SM, PYP 1 Marks Dec'16, Jun'26)

- (a) Specific goods
- (b) Future goods
- (c) Generic goods
- (d) Existing goods

Ans: (a)

16. Under Sec 2(7) of the Sale of Goods Act, 1930 the term goods does not include (SM)

- (a) Stock and share
- (b) Growing crops
- (c) Grass
- (d) Neither (a) nor (b) nor (c)

Ans: (d)

17. A valid contract of sale (SM) (MQP [1] 2 Marks June'26)

- (a) Includes Contract for work and labour
- (b) Does not include 'An arrangement to sell'
- (c) Includes hire purchases contract
- (d) Includes 'an arrangement to sell'

Ans: (d)

18. 'Goods' means (SM, PYP 1 Mark Dec'17)

- (a) Every kind of movable property other than actionable claims and money
- (b) Some kinds of immovable property only
- (c) Every kind of movable property including actionable claims and money
- (d) Both (a) and (b)

Ans: (a)

19. 'Future Goods' (SM, PYP 1 Mark Dec'17, Jun'26)

- (a) Can be subject matter of sale
- (b) Cannot be subject matter of sale
- (c) Sometimes may be the subject matter of sale
- (d) Depends on circumstances

Ans: (a)

20. A agrees to buy 200 lts of oil from B's on place of cotton. It is a (PYP 1 mark Dec'22)

- (a) Barter sale
- (b) Hire purchase of sale
- (c) Instalment purchase
- (d) None of the above

Ans: (a)



21. The Sale of Goods Act, 1930 governs the transfer of property in (MCQ Bank, MQP[2] 2 Marks Dec'24, June'26, PYP Mar'16 June'17)

- (a) Movable property
- (b) Immovable property
- (c) Both movable and immovable property
- (d) All types of properties

Ans: (a)



22.A valid contract of sale (SM, MCQ Bank, PYP 1 Mark Jun'17)

- (a) includes 'an agreement to sell'
- (b) does not include 'an agreement to sell'
- (c) includes hire purchase contract
- (d) Includes contract for work and labour

Ans: (a)

23.Which one of the following does not connote 'goods' as defined in the Sale of Goods Act? (MQP (1) 2 Marks Dec'24 Dec'19)

- (a) Money
- (b) Animals
- (c) Debt
- (d) Both (A) and (C)

Ans: (d)

24.A hire purchaser of the goods : (MQP (1) 2 Marks-Dec'24)

- (a) can resale the goods
- (b) cannot use the goods
- (c) has an option to return the goods (or) buy it
- (d) none of the above

Ans: (c)

25.Sale of Goods Act,1930 was enforced on _____ . (MQP (2) 2 Marks-June'25 PYP sep'14 Dec'15 Jun'16)

- (a) July 1, 1930
- (b) June 1, 1930
- (c) July 31, 1930
- (d) June 30, 1930

Ans: (a)

26.For terms not defined in the Sales of Goods Act, reference is made to (PYP 1 Marks Sep'15 & March 2015)

- (a) Indian Contract Act
- (b) Companies Act
- (c) Transfer of Immovable Property Act
- (d) Consumer Protection Act

Ans: (a)

27.Which of the following is not considered as goods? (PYP 1 marks sep'14)

- (a) Antiques
- (b) Jubilee coins
- (c) Current coins
- (d) None

Ans: (c)

28.A contract for the sale of "Future Goods" is (PYP 1 Mark sep'14, Dec'15)

- (a) Sale
- (b) Agreement to sell
- (c) Void
- (d) Hire purchase contract

Ans: (b)

29.The doctrine of "CAVEAT EMPTOR" is not applicable: (PYP 1 Mark sep'14)

- (a) When the goods are of mass consumption
- (b) In case of perishable goods
- (c) When the seller is well- established and known person
- (d) When the buyer has relied upon the skill & judgment of the seller

Ans: (d)

30.A contract of sale of goods which provide that property would pass to buyer on full payment of price and execution of sale deed is known as: (PYP 1 Mark sep'14)

- (a) Sale
- (b) Agreement to sell
- (c) Hire purchase agreement
- (d) Sale of approval

Ans: (b)

31.Goods the acquisition of which is contingent upon happening or non-happening of certain events will be treated as (MQP (1) 2 Marks-June'25 PYP 1 marks Mar'15)

- (a) Future goods
- (b) Unascertained goods
- (c) Contingent goods
- (d) Forward commodities

Ans: (c)

32.CIF contract is also known as (SM,MQP[2] 2Marks Jun'25 PYP Mar 15)

- (a) Contingent contract
- (b) Contract for sale of document
- (c) Conditional contract of sales
- (d) Quasi contract

Ans: (b)

33.Doctrine of caveat emptor does not apply when: (SM, MQP[1] 2 Marks Jun'25 PYP Mar'15)

- (a) Goods are purchased by sample
- (b) Goods are purchased by description
- (c) Goods are purchased by sample as well as description
- (d) All of the above

Ans: (d)

34.Price must either be certain or definite or (PYP 1 mark June'15)

- (a) Determined by some method or criterion prescribed in the contract
- (b) By valuation of a third party
- (c) All of the above
- (d) None of the above

Ans: (c)



5.1

INTRODUCTION TO BUSINESS COMMUNICATION

Quick Review of Important Concepts

Communication: is the process of sharing, exchanging, or transmitting information, ideas, feelings, and experiences. Its primary aim is to ensure understanding between parties.

Business Communication: involves exchanging information within and outside an organization to achieve goals and ensure mutual understanding. It is essential for smooth operations, decision-making, employee management, leadership, customer service, and organizational efficiency.

Significance:

- Improves managerial efficiency & leadership.
- Builds employee morale, loyalty, trust.
- Supports decision-making and HR management.
- Enhances customer service.

Uses:

- **Group Discussions (GD):** Develop communication, leadership, social skills.
- **Speeches/Debates:** Convey ideas, argue effectively.
- **Presentations:** Efficient info-sharing; may/may not use visuals.

Role in Marketing:

- Builds relationships, fosters innovation, ensures transparency.
- Overcomes barriers, projects professionalism.
- Modes: Advertising, Direct Marketing, Sales Promotion, Personal Selling.

Skills for Effective Communication:

- Clear, complete, concrete messages.
- Empathy, active listening, open-mindedness.
- Use verbal & non-verbal cues.
- Feedback essential.

Active Listening Benefits:

- Improves problem-solving, social skills, empathy, learning.
- Builds stronger relationships; ensures understanding.



Multiple Choice Questions (MCQs)



1. Which business communication usage provides a bird's eye view on a matter? (SM, MCQ Bank, MQP 2 Marks Jun'24, PYP 2 Marks June'23) (MQP [2] 2 Marks June'26)

- (a) Speech
- (b) Group Discussion
- (c) Debate
- (d) Presentation

Ans: (d)



2. In which business communication, a speaker has to clearly speak for or against a topic? (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24, MQP[1] 2 Marks Dec'24, PYP 2 Marks June'24) (MQP [2] 2 Marks June'26)

- (a) Presentation
- (b) Debate
- (c) Speech
- (d) Group discussion

Ans: (b)



3. Includes face to face interaction with customers for closing the sale. (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24, MQP[2] 2 Marks Jun'25, June'26)

- (a) Sales promotion
- (b) Advertising
- (c) Direct marketing
- (d) Personal Selling

Ans: (d)



4. Use of coupons and samples come under which mode of marketing communication? (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24, MQP[2] 2 Marks Dec'24, Jun'26)

- (a) Sales promotion
- (b) Advertising
- (c) Personal selling
- (d) Direct marketing

Ans: (a)

5. What is the situation called when a bad image of the company is created? (SM, MCQ Bank, MQP 2 Marks Jun'24) (MQP [1] 2 Marks June'26)

- (a) Positive PR
- (b) Negative PR
- (c) Customer service
- (d) Promotion

Ans: (b)



6. Business communications help in establishing _____ when marketing (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, Jun'24,

MQP[2] 2 Marks Jun'25, Dec'25, June'26) (MQP [1] 2 Marks June'26)

- (a) Professionalism
- (b) Rudeness
- (c) Negativity
- (d) Casualness

Ans: (a)

7. Professional behaviour includes behave in a _____ manner in the workplace? (SM, MCQ Bank, PYP 2 Mark-Dec'23)

- (a) Neutral
- (b) Positive
- (c) Negative
- (d) None of the above

Ans: (b)

8. Business attire refers to _____ in a professional conduct? (SM, MCQ Bank, MQP[2] 2 Marks Dec'24, Dec'25)

- (a) Manners
- (b) Qualities
- (c) Clothing
- (d) None of the above

Ans: (c)

9. It is _____ to interrupt people while they are speaking? (SM, MCQ Bank, MQP[2] 2 Marks Dec'24)

- (a) Polite
- (b) Desirable
- (c) Rude
- (d) None of the above

Ans: (c)

10. What does interpersonal communication mean? (SM)

- (a) Communication with ourselves
- (b) Communication with other
- (c) Both (a) & (b)
- (d) None of the above

Ans: (b)

11. Which of the following feature is not of communication? (SM, PYP 2 Marks June'26)

- (a) Continuous
- (b) Goal oriented
- (c) No flow of message
- (d) Inter-disciplinary science

Ans: (c)

12. Which of the following is not an importance of communication? (SM)

- (a) Human relation
- (b) Inter-disciplinary science
- (c) Personal asset
- (d) Public relation

Ans: (b)



13. Which of the feature belongs to choose of means and mode of communication? (SM, MQP[2] 2Marks Jun'25)

- (a) Nature of organization
- (b) Variable means
- (c) Distance involved
- (d) None of these

Ans: (c)

14. Which communication is essential for ensuring mutual co-operation and understanding between departments? (SM, PYP 2 marks June'26)

- (a) Sound communication
- (b) Organizational communication
- (c) Persuasive communication
- (d) oral communication

Ans: (b)

15. Which factor is not in consideration while choosing means & mode of communication? (SM, MQP[1] 2Marks Jun'25)

- (a) Cost factor
- (b) Nature & weather of locality
- (c) Resources
- (d) Distance involved

Ans: (b)

16. _____ is the biggest example of paid communication (SM)

- (a) Advertisement
- (b) Publicity
- (c) Letters
- (d) All of these

Ans: (a)

17. Which of these is an essential feature required for advertisement? (SM)

- (a) Exposure
- (b) Perseverance
- (c) Retention
- (d) All of these

Ans: (d)

18. Which of the following statements about communication is TRUE? (PYP 1 mark July'21)

- (a) Ineffective communication produces at least sometimes good result to the sender
- (b) Ineffective communication is vague, incomplete incorrect and difficult to understand
- (c) In effective communication in an organisation sometimes helps in decision making
- (d) In effective communication is rarely " the breeding ground of misunderstanding and mistrust

Ans: (b)

19. Which of the following factors decides the success or failure of communication? (PYP 1 mark Nov'21)

- (a) Feed back
- (b) Repetition
- (c) Gestures
- (d) Character

Ans: (a)

20. The word "Communication" has been derived from Latin word (PYP 1 mark Dec'18)

- (a) Communism
- (b) Community
- (c) Communicate
- (d) Communis

Ans: (d)

21. Which of the following proves that talking is an important means of communication? (PYP 1 Mark Nov'20)

- (a) Man is a social animal
- (b) We need to interact with ourselves
- (c) Most of our daily activities involve talking to others
- (d) We like to use our vocal cords

Ans: (c)

22. Which of the following is a respected skill in business communication? (PYP 1 Mark Jan'21)

- (a) Conciseness
- (b) Redundancy
- (c) Verbosity
- (d) Wordiness

Ans: (a)

23. According to the principles of professional networking, what should a business do before trying to build brand new relationships? (PYP 2 Marks Jun'26)

- (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.

Ans: (b)



Quick Review of Important Concepts

Business Communication:

- Vital for relationships, negotiations, sales, presentations, problem-solving, and decision-making. Effective communicators exhibit:
1. **Good listening skills** – Focus on understanding rather than speaking.
 2. **Open-mindedness** – Accept feedback and be willing to learn.
 3. **Attentiveness** – Listen patiently without distractions.
 4. **Active participation** – Engage in discussions meaningfully.

Eight Cs of Effective Communication:

1. **Clarity** – Message should be easily understood; avoid ambiguity.
2. **Conciseness** – Keep messages short, direct, and to the point.
3. **Courtesy** – Maintain respect, politeness, and positive tone.
4. **Correctness** – Use proper grammar, spelling, and syntax.
5. **Completeness** – Include all necessary information for action.
6. **Concreteness** – Be specific, clear, and meaningful; avoid vagueness.
7. **Consideration** – Understand the receiver's perspective and potential impact.
8. **Coherence** – Ensure logical, relevant, and structured communication.

Multiple Choice Questions (MCQ)

24. Participants involved in the process of communication must be _____.

(SM, MCQ Bank) (MQP [2] 2 marks Dec'25)
(MQP [1] 2 Marks June'26)

- (a) Judgemental (b) Open-minded
(c) Both a and b (d) None of the above

Ans: (b)



25. Which of the following is not one of the 8C's of communication? (SM, MCQ Bank, MQP 2 Marks Dec'23, Jun'23, MQP [1] 2 Marks Dec'24, PYP 2 Marks-June'23) (MQP [2] 2 Marks June'26)

- (a) Curiousness (b) Conciseness
(c) Considerate (d) Concreteness

Ans: (a)



26. Need of proper grammar and syntax comes under which C of communication? (SM, MCQ Bank, MQP [1] 2 Marks Dec'24, PYP 2 marks-Dec'23 & June'24) (MQP [2] 2 Marks June'26)

- (a) Completeness (b) Coherence
(c) Courteous (d) Correctness

Ans: (d)

27. If a message is short and to the point, the message is said to be _____? (SM, MCQ Bank, PYP 2 Marks-Dec'23) (MQP [2] 2 Marks June'26)

- (a) Correct (b) Concise
(c) Coherent (d) Complete

Ans: (b)

28. Which of the following is not a part of Seven 'C's of effective communication? (SM, PYP 1 Mark-June'14)

- (a) Clarity of expression
(b) Conciseness in presentation
(c) Correctness of facts
(d) None of the above

Ans: (d)

29. Coherent Presentation is an important factor of communication here 'coherent' stands for (SM)

- (a) Clear (b) Easy & soft
(c) Soft (d) None

Ans: (a)

30. Which of these should not be present in a business letter? (SM)

- (a) The name of firm or businessman
(b) The date
(c) Business jargon
(d) Courteous leave taking

Ans: (c)

31. There are _____ 'Cs' of effective communication. (MQP [1] 2 Marks-June'25)



- (a) Five (b) Eight
(c) Ten (d) Twenty

Ans: (b)

32. Communication saves to achieve within a group or organisation which of the following four major functions? (PYP 1 Marks-Aug'20)

(i) Anger, (ii) Motivation, (iii) Emotional expression, (iv) Information, (v) Control

- (a) (ii), (iii), (iv), (v)
(b) (i), (ii), (iii), (v)
(c) (i), (iv)
(d) (i), (ii), (iv), (v)

Ans: (a)

33. Negative messages should be B had A L conveyed with a (PYP 1 Mark-July'21)

- (a) Harsh tone
(b) Considerate attitude
(c) Frown of the face
(d) Confusing gesture

Ans: (b)

34. Which of the following messages is a positive message? (PYP 1 Mark Aug'20)

- (a) We cannot take your order now
(b) We do not want to continue our business relations with you
(c) We sincerely appreciate your interest in our training programmes
(d) We cancel your trip with immediate effect

Ans: (c)

35. An alphabetical list of sources, such as books, journals etc; consulted by the writer in preparing a business report is called: (PYP 1 Mark Aug'20)

- (a) Index (b) Contents
(c) Title (d) Bibliography

Ans: (d)

36. A negative message can (PYP 1 Mark Aug'20)

- (a) cause severe damage in interpersonal relationship
(b) improve business relations
(c) bring more customers to the organisation
(d) hurt the feeling of the sender

Ans: (a)

37. _____ language should not be used in communication. (PYP 1 Mark June'14, June'15, Aug'20)

- (a) Polite (b) Clear
(c) Offensive (d) Oral

Ans: (c)

38. Effective communication has become essential due to: (PYP 1 Mark June'16, June'17)

- (a) Increase in size of organisation
(b) Growing specialisation
(c) Growing need of co-ordination
(d) All the stated options are correct.

Ans: (d)

39. Which of the following, falls into the group of seven C's of effective communication? (PYP 1 Mark June'17, June'19)

- (a) Customer newsletter
(b) Customised reports
(c) Courtesy towards recipient
(d) Customers feedback

Ans: (c)

40. There are C's in communication: (PYP 1 Mark Dec'15)

- (a) Seven (b) Six
(c) Four (d) Eight

Ans: (d)

41. According to the principles of effective communication, why is it often more important to have good listening skills than speaking skills? (PYP 2 Marks Jun'26)

- (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.

Ans: (d)