Skillshort

Self-Study Preparation Pack

CSEET

Paper 4: Business Laws and Management (OMR based)

Chapter-wise Practice Questions with Answers

All 10 chapters · original MCQs that do not repeat the mocks · key with explanation after each chapter

96 MCQs | Explanation for every answer | Target: 80% per chapter

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This subject pack has 6 parts

1 Chapter-wise notes

2 Important topics & weightage

3 Past papers: trends & links

4 Mock tests + solutions

5 Chapter practice questions

6 Last-week plan & strategy

Prepared by Skillshort for self-study. Original explanations and questions; not an official ICAI/ICMAI/ICSI publication. Items marked VERIFY should be checked against the latest official material.

How to practise

Do each chapter set at exam speed (**about 70 seconds a question**) after revising that chapter in file 01. Check with the key below the set. Below 70% → revise and repeat after two days.

Chapter 1: Introduction to Law

1. The Bharatiya Sakshya Adhiniyam, 2023 replaced the
(a) Indian Contract Act, 1872
(b) Code of Criminal Procedure, 1973
(c) Indian Evidence Act, 1872
(d) Indian Penal Code, 1860

2. "Damnum sine injuria" means
(a) damage without legal injury, which is not actionable
(b) legal injury without damage
(c) a void contract
(d) actual damage with legal injury

3. The subjects on which both Parliament and State legislatures can make laws are listed in the
(a) Concurrent List (b) State List
(c) Union List (d) Residuary List

4. Money bills can be introduced only in the
(a) joint sitting (b) either House
(c) Rajya Sabha (d) Lok Sabha

5. The maxim "Audi alteram partem" means
(a) ignorance of law is no excuse
(b) hear the other side
(c) let the buyer beware
(d) no one should be a judge in his own cause

6. "Respondeat superior" means
(a) the burden of proof lies on the plaintiff
(b) let the master answer for the acts of his servant
(c) a thing speaks for itself
(d) hear the other side

7. The main objective of the Digital Personal Data Protection Act, 2023 is to
(a) regulate only paper records
(b) protect digital personal data while allowing its processing for lawful purposes
(c) permit unlimited surveillance
(d) ban all transfer of data outside India

8. A key benefit of delegated legislation in a modern welfare State is that it
(a) takes away all power of the executive
(b) forces the legislature to decide every detail
(c) makes law-making slower
(d) allows flexibility, speed and experimentation

9. The Mediation Act, 2023 encourages
(a) involuntary arbitration only
(b) voluntary and structured mediation to settle disputes amicably
(c) compulsory litigation in all disputes
(d) criminal trials by mediators

10. "Res ipsa loquitur" means
(a) let the buyer beware
(b) a wrong without damage
(c) the act of God
(d) the thing speaks for itself

11. The final authority to interpret the Constitution of India rests with the
(a) President
(b) Law Commission
(c) Parliament
(d) Supreme Court

12. "Equality of all persons before law" best reflects the concept of
(a) parliamentary sovereignty
(b) judicial supremacy
(c) rule of law
(d) executive supremacy

Answer key – Chapter 1

Q	Ans	Explanation / working
1	(c)	BSA is the new law of evidence.
2	(a)	Loss alone, without violation of a legal right, gives no claim.
3	(a)	Seventh Schedule.
4	(d)	Art. 110; Rajya Sabha may delay by 14 days.
5	(b)	A principle of natural justice.
6	(b)	Basis of vicarious liability.
7	(b)	It balances individuals' rights and lawful processing.
8	(d)	Parliament lacks time and technical expertise.
9	(b)	Mediation is voluntary; the Act gives it a structured framework.
10	(d)	Negligence is inferred from the circumstances.
11	(d)	Supreme Court is the guardian and final interpreter.
12	(c)	Dicey's rule of law.

Chapter 2: Elements of Company Law

1. Outsiders are entitled to assume that internal formalities have been complied with. This is the doctrine of
(a) ultra vires
(b) indoor management
(c) privity
(d) constructive notice

2. The first board meeting of a company must be held within ___ of incorporation.
(a) 60 days
(b) 30 days
(c) 90 days
(d) 6 months

3. A company is defined under Section ___ of the Companies Act, 2013 as a company incorporated under this Act or any previous company law.
(a) 2(85)
(b) 2(71)
(c) 2(68)
(d) 2(20)

4. Under the Companies Act, 2013 (as amended in 2022), a small company is a private company whose paid-up capital does not exceed ___ and turnover does not exceed ___.

(a) ₹4 crore; ₹40 crore
(b) ₹10 crore; ₹100 crore
(c) ₹50 lakh; ₹2 crore
(d) ₹2 crore; ₹20 crore

5. The maximum number of members of a private company (excluding employee-members) is

(a) 100
(b) unlimited
(c) 200
(d) 50

6. A one person company (OPC) is defined in Section

(a) 2(62)
(b) 2(85)
(c) 2(68)
(d) 2(71)

7. A general meeting may be called by giving at least ___ clear days' notice.

(a) 14
(b) 21
(c) 30
(d) 7

8. The gap between two consecutive board meetings should not exceed

(a) 60 days
(b) 180 days
(c) 90 days
(d) 120 days

9. A listed company must appoint a whole-time company secretary under Section

(a) 205
(b) 203
(c) 149
(d) 204

10. Under the Companies Act, 2013, the minimum paid-up share capital required for a private company is

(a) ₹1 lakh
(b) ₹10 lakh
(c) no minimum is now prescribed
(d) ₹5 lakh

11. The minimum number of directors in a public company is

(a) 7
(b) 3
(c) 2
(d) 5

12. The person who heads a company's board meetings is the

(a) chairperson
(b) auditor
(c) registrar
(d) company secretary

Answer key – Chapter 2

Q	Ans	Explanation / working
1	(b)	Royal British Bank v. Turquand.
2	(b)	Sec 173(1).
3	(d)	Sec 2(20) defines "company".
4	(a)	Thresholds raised in 2022 VERIFY.
5	(c)	Sec 2(68).
6	(a)	An OPC has only one member.
7	(b)	Sec 101; shorter notice with members' consent.
8	(d)	Sec 173(1); at least four meetings a year.
9	(b)	Sec 203 – whole-time KMP.
10	(c)	The minimum capital requirement was removed in 2015.
11	(b)	Sec 149(1).

Q	Ans	Explanation / working
12	(a)	The chair conducts meetings.

Chapter 3: Elements of Law of Contracts

1. An agent who guarantees to the principal the solvency of the buyers, for an extra commission, is a
(a) sub-agent
(b) factor only
(c) del credere agent
(d) general agent

2. An agreement in restraint of trade is generally void under
(a) Section 30
(b) Section 26
(c) Section 27
(d) Section 28

3. A written and registered agreement made on account of natural love and affection between near relatives without consideration is
(a) void
(b) illegal
(c) voidable
(d) valid

4. A contract to perform the promise, or discharge the liability, of a third person in case of his default is a contract of
(a) indemnity
(b) guarantee
(c) bailment
(d) agency

5. Rohit deposits his gold chain with a bank as security for a loan. The bank is the
(a) surety
(b) bailor
(c) pawnee
(d) pawnor

6. Section 85C of the Indian Evidence Act states that the court presumes the information in an electronic signature certificate is
(a) true and correct
(b) not reliable
(c) only true if notarised
(d) false

7. An offer made to the world at large is a
(a) cross offer
(b) general offer
(c) standing offer
(d) specific offer

8. Silence of the offeree does not amount to acceptance – the case is
(a) Felthouse v Bindley
(b) Balfour v Balfour
(c) Harvey v Facey
(d) Hadley v Baxendale

9. The delivery of goods by one person to another for some purpose, on a contract that they shall be returned when the purpose is accomplished, is
(a) hire-purchase only
(b) sale
(c) bailment
(d) pledge

10. Section 70 (benefit of non-gratuitous act) applies only when the act was done lawfully AND the other person enjoyed its benefit. Which option states this?
(a) Neither condition is needed
(b) Only enjoyment of benefit is needed
(c) Only lawful doing is needed
(d) Both conditions must be satisfied

11. A person employed to do any act for another or to represent another in dealings with third persons is an

(a) principal
(b) surety
(c) agent
(d) bailee

12. A guarantee which extends to a series of transactions is a

(a) specific guarantee
(b) fidelity guarantee only
(c) continuing guarantee
(d) retrospective guarantee

Answer key – Chapter 3

Q	Ans	Explanation / working
1	(c)	Del credere commission covers credit risk.
2	(c)	Exception: sale of goodwill.
3	(d)	Sec 25(1).
4	(b)	Sec 126.
5	(c)	The pledgor (pawnor) is Rohit.
6	(a)	Presumption as to electronic signature certificates.
7	(b)	Carlill v Carbolic Smoke Ball Co.
8	(a)	Acceptance must be communicated.
9	(c)	Sec 148.
10	(d)	Both are required, plus the act must be non-gratuitous.
11	(c)	Sec 182.
12	(c)	Sec 129.

Chapter 4: Partnership and LLP

1. The relation of partnership arises from

(a) contract and not from status
(b) status and not from contract
(c) operation of law
(d) birth in a family

2. Dissolution of a firm by the adjudication of all partners, or of all but one, as insolvent is

(a) dissolution by agreement
(b) dissolution by notice
(c) dissolution by court
(d) compulsory dissolution

3. In the absence of an agreement, profits of a firm are shared

(a) in the ratio of time devoted
(b) in the capital ratio
(c) equally
(d) by the senior partner's decision

4. Which of the following is NOT an essential of partnership under Section 4?

(a) Agreement between persons
(b) Carrying on a business
(c) Registration of the firm
(d) Sharing of profits

5. Under Section 2(b), an "act of a firm" means

(a) any act or omission by all the partners, or by any partner or agent of the firm, giving rise to a right enforceable by or against the firm
(b) only acts registered with the Registrar
(c) any act of a stranger
(d) only acts done by all partners together

6. A partner who invests capital but does not take part in the business is a

(a) sub-partner
(b) sleeping (dormant) partner
(c) partner by estoppel
(d) nominal partner

7. Under Section 10, every partner shall indemnify the firm for any loss caused to it by his

(a) fraud in the conduct of the business
(b) retirement
(c) illness
(d) honest mistakes

8. The mutual rights and duties of partners of an LLP are governed by the

(a) LLP agreement
(b) Partnership Act, 1932
(c) Memorandum of Association
(d) Articles of Association

9. A person who represents himself, or knowingly allows himself to be represented, as a partner becomes liable as a

(a) partner by holding out
(b) secret partner
(c) sub-partner
(d) sleeping partner

10. The implied authority of a partner does NOT empower him to

(a) buy goods for the firm's business
(b) submit a dispute of the firm to arbitration
(c) receive payments for the firm
(d) employ servants for the business

11. Which statement is TRUE for an LLP but FALSE for a partnership firm?

(a) It has a legal entity separate from its partners
(b) It needs an agreement
(c) It carries on business
(d) Partners share profits

Answer key – Chapter 4

Q	Ans	Explanation / working
1	(a)	Sec 5; a Hindu Undivided Family business is not a partnership.
2	(d)	Sec 41.
3	(c)	Sec 13(b).
4	(c)	Registration is optional (Sec 58).
5	(a)	Definition of act of a firm.
6	(b)	He shares profits and is liable for debts.
7	(a)	Duty to indemnify for fraud.
8	(a)	Sec 23.
9	(a)	Sec 28 – holding out (estoppel).
10	(b)	Sec 19(2) restrictions.
11	(a)	An LLP is a body corporate.

Chapter 5: Sale of Goods

1. Exchange of goods for goods is

(a) a pledge
(b) a sale
(c) a hire-purchase
(d) barter, not a sale

2. A buys a mobile from B by fraud and before B rescinds, sells it to C who buys in good faith for value. C gets
(a) no title
(b) a defective title
(c) a good title
(d) a title only after B consents

3. A buyer may treat a breach of condition as a breach of warranty. This is provided in
(a) Section 13
(b) Section 12
(c) Section 16
(d) Section 62

4. The implied condition that goods are of merchantable quality applies where goods are bought
(a) after full examination revealing defects
(b) by auction only
(c) from a private person
(d) by description from a seller who deals in goods of that description

5. The doctrine of caveat emptor means
(a) goods once sold cannot be returned
(b) let the buyer beware
(c) let the seller beware
(d) the buyer must pay in advance

6. "Price" means
(a) the market value
(b) the cost of goods
(c) the money consideration for a sale of goods
(d) any consideration in kind

7. Unless otherwise agreed, delivery of goods and payment of price are
(a) conditions subsequent
(b) warranties
(c) independent conditions
(d) concurrent conditions

8. When a seller sells goods that could be dangerous and the buyer is unaware of the danger, the seller must
(a) wait for the buyer to ask
(b) warn the buyer about the danger
(c) warn only after a waiver is signed
(d) charge a higher price

9. The implied warranty of quiet possession is in
(a) Section 14(b)
(b) Section 12
(c) Section 16
(d) Section 17

10. Where a seller delivers a larger quantity than contracted, the buyer may
(a) only reject the whole
(b) claim the excess free
(c) accept the contracted quantity and reject the rest, or reject the whole
(d) only accept the whole

11. Where the seller reserves the right of disposal of the goods, property does not pass until
(a) the buyer inspects the goods
(b) the goods are delivered to the carrier
(c) the conditions imposed by the seller are fulfilled
(d) the contract is signed

12. Goods lying in a third party's warehouse are delivered when the warehouseman
(a) receives the price
(b) receives an e-mail from the seller
(c) acknowledges to the buyer that he holds the goods on the buyer's behalf
(d) moves the goods to the buyer

Answer key – Chapter 5

Q	Ans	Explanation / working
1	(d)	Price must be in money.
2	(c)	Sec 29 – sale by person in possession under voidable contract.
3	(a)	Waiver or acceptance of goods.
4	(d)	Sec 16(2).
5	(b)	Sec 16.
6	(c)	Sec 2(10); barter is not a sale.
7	(d)	Sec 32.
8	(b)	Implied duty to disclose dangerous nature.
9	(a)	Buyer shall have and enjoy quiet possession.
10	(c)	Sec 37.
11	(c)	Sec 25.
12	(c)	Constructive delivery by attornment – Sec 36(3).

Chapter 6: Negotiable Instruments

1. Noting of a dishonoured bill is done by a
(a) notary public (b) magistrate
(c) bank manager (d) drawee

2. Days of grace allowed on an instrument payable after a fixed period are
(a) five (b) three
(c) two (d) none

3. The liability of the maker of a promissory note and the acceptor of a bill is provided in
(a) Section 30 (b) Section 31
(c) Section 29 (d) Section 32

4. A promissory note cannot be made payable to
(a) a bank
(b) a specified person
(c) the order of a specified person
(d) bearer on demand

5. The person to whom payment is to be made under an instrument is the
(a) drawer (b) payee
(c) endorser (d) drawee

6. A bill of exchange is defined in
(a) Section 6 (b) Section 5
(c) Section 4 (d) Section 7

7. An endorsement "Pay to B only" is a

(a) special endorsement (b) partial endorsement
(c) blank endorsement (d) restrictive endorsement

8. If the maturity date of an instrument falls on a public holiday, it is payable on the

(a) same day (b) preceding business day
(c) third day after (d) next business day

9. The term "negotiable instrument" means

(a) a verbal promise that cannot be sold
(b) a document whose price can be negotiated
(c) a document only for bank use
(d) a written document transferable by delivery or endorsement that gives a legal right to money

10. Two parallel transverse lines on the face of a cheque, with or without "& Co.", is a

(a) not negotiable crossing (b) general crossing
(c) special crossing (d) restrictive crossing

11. Crossing a cheque with the name of a banker is

(a) special crossing (b) general crossing
(c) account payee crossing (d) double crossing

12. For an offence under Section 138, the payee must give a written notice demanding payment within

(a) 1 year
(b) 3 months
(c) 30 days of receiving information of dishonour
(d) 15 days

Answer key – Chapter 6

Q	Ans	Explanation / working
1	(a)	Sec 99.
2	(b)	Sec 22.
3	(d)	Liable to pay at maturity.
4	(d)	Sec 31 RBI Act – only RBI/Central Government may issue such notes.
5	(b)	Sec 7.
6	(b)	Written, signed, unconditional order.
7	(d)	Prohibits further negotiation.
8	(b)	Sec 25.
9	(d)	Negotiable = transferable; instrument = written document.
10	(b)	Sec 123.
11	(a)	Sec 124.
12	(c)	Then drawer has 15 days to pay.

Chapter 7: Introduction to Management

1. Which ancient Indian text is a comprehensive treatise on statecraft, economics and administration?

(a) Kautilya's Arthashastra (b) Ramayana
(c) Rigveda only (d) Panchatantra

Answer key – Chapter 7

Q	Ans	Explanation / working
1	(a)	Arthashastra (c. 4th century BCE) by Kautilya (Chanakya).

Chapter 8: Functions of Management

1. Which of the following CANNOT be delegated?

(a) Tasks (b) Work
(c) Authority (d) Accountability

2. Coordination is called the essence of management because

(a) it is done only at the top level
(b) it is a separate department
(c) it is needed in every function of management
(d) it replaces planning

3. According to Herzberg, salary and working conditions are

(a) motivators (b) self-actualisation needs
(c) hygiene factors (d) esteem needs

4. The process of searching for prospective employees and stimulating them to apply for jobs is

(a) selection (b) training
(c) recruitment (d) placement

5. Theory X assumes that the average worker

(a) needs no supervision
(b) is creative and self-directed
(c) enjoys work and seeks responsibility
(d) dislikes work and must be controlled

6. A plan that lays down the chronological sequence of steps for doing a routine job is a

(a) mission (b) procedure
(c) strategy (d) policy

7. Planning and controlling are

(a) unrelated functions
(b) the same function
(c) inseparable – planning sets standards and control checks them
(d) done by different organisations

8. Collaboration differs from coordination mainly because collaboration

(a) involves jointly working towards a shared goal with shared decisions
(b) is only about timing of activities
(c) needs no communication
(d) happens only within one department

9. Continuously tracking actual performance against targets using KPIs is

(a) recruitment (b) delegation
(c) performance monitoring (d) planning premises

10. Reporting of deviations helps managers to

(a) take corrective action in time (b) ignore problems
(c) increase costs (d) avoid planning

11. Choosing the most suitable candidate from among the applicants is

(a) selection (b) promotion
(c) recruitment (d) induction

12. Comparing actual results with standards after the activity is complete is

(a) preventive control (b) concurrent control
(c) feedback control (d) feedforward control

Answer key – Chapter 8

Q	Ans	Explanation / working
1	(d)	The superior remains accountable.
2	(c)	Coordination runs through all functions.
3	(c)	Hygiene factors prevent dissatisfaction; motivators create satisfaction.
4	(c)	Recruitment is a positive process; selection is negative (choosing).
5	(d)	Theory Y is the opposite.
6	(b)	Procedures are step-by-step methods.
7	(c)	"Siamese twins" of management.
8	(a)	Coordination harmonises; collaboration co-creates.
9	(c)	Monitoring helps spot deviations early.
10	(a)	Report significant deviations from standards (management by exception).
11	(a)	Selection follows recruitment.
12	(c)	Corrects future performance.

Chapter 9: Principles of Management and Modern Approaches

1. "Science, not rule of thumb" is a principle of

(a) F.W. Taylor (b) Henri Fayol
(c) Elton Mayo (d) Max Weber

2. Gang plank in Fayol's scalar chain allows

(a) direct communication between employees at the same level
(b) bypassing the chief executive permanently
(c) orders from two bosses
(d) ignoring the hierarchy for all purposes

3. "Knowing exactly what you want men to do and then seeing that they do it in the best and cheapest way" is the definition of management by

(a) Drucker (b) Koontz
(c) Henri Fayol (d) F.W. Taylor

4. Unity of command means

(a) one head and one plan for a group of activities
(b) orders flow from bottom to top
(c) an employee should receive orders from one superior only
(d) all employees work together

5. Functional foremanship was suggested by

(a) Max Weber (b) Peter Drucker
(c) Henri Fayol (d) F.W. Taylor

6. The elements of delegation are

(a) line, staff and committees
(b) planning, organising and staffing
(c) responsibility, authority and accountability
(d) unity of command and direction

7. Time study, motion study and fatigue study are techniques of

(a) bureaucracy (b) administrative management
(c) scientific management (d) human relations approach

8. "To manage is to forecast and plan, to organise, to command, to co-ordinate and to control" – this definition was given by

(a) Peter Drucker (b) Henri Fayol
(c) F.W. Taylor (d) Elton Mayo

9. The differential piece-rate system was introduced by

(a) F.W. Taylor (b) Gantt
(c) Henri Fayol (d) Gilbreth

10. Fayol's principle that employees should be treated with kindness and justice is

(a) order (b) equity
(c) discipline (d) initiative

11. Management as "the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims" was given by

(a) Fayol (b) Taylor
(c) Follett (d) Koontz and Weihrich

12. Organising has been defined as "the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships" by

(a) F.W. Taylor (b) Louis Allen
(c) Mary Parker Follett (d) Elton Mayo

Answer key – Chapter 9

Q	Ans	Explanation / working
1	(a)	Scientific management.
2	(a)	Horizontal contact with the superiors' permission.
3	(d)	Taylor, father of scientific management.
4	(c)	Fayol's principle; "one head, one plan" is unity of direction.
5	(d)	Eight specialist foremen instead of one.
6	(c)	The three elements of delegation.
7	(c)	Taylor's techniques.
8	(b)	Fayol's functional definition (1916).
9	(a)	Higher rate for efficient workers.
10	(b)	Equity = kindliness + justice.
11	(d)	Koontz & Weihrich's definition.
12	(b)	Louis A. Allen's definition.