

**CA FOUNDATION LAW: IMPORTANT QUESTIONS FOR JAN 2026**

Hello CA Student!!

CA Preeti Aggarwal Ma'am has compiled this comprehensive guide covering the essential **theory and case-based questions** important for Jan 2026 CA Foundation Law Exam. Let's prepare smartly and maximize your chances of success!

Chapter 1: Indian Regulatory Framework

Type of Question	Important Questions
Theory	What is Law and what are the primary sources of law in India?
Theory	Explain how the law is enforced in India clarifying the role of the executive/government ministries (e.g. MCA Ministry of Finance) in monitoring and ensuring compliance.
Theory	Describe the structure and hierarchy of the Indian Judicial System detailing the position and functions of the Supreme Court High Courts and District Courts.
Theory	Describe the major functions of the Reserve Bank of India (RBI) and the purpose of the Securities and Exchange Board of India (SEBI) as regulatory bodies.

Chapter 2: The Indian Contract Act 1872

Type of Question	Important Questions
Theory	Define an Offer and explain the essentials of a valid offer Distinction between an offer and an invitation to offer.
CBQ	A person applies for a job and a friend informs them informally of their appointment before formal acceptance is communicated. If the appointment is later cancelled can the applicant claim damages? (Refer <i>Powell vs Lee</i>). (Refer my law Question Bank for full answer)
CBQ	In a self-service store a customer picks up items and presents them to the cashier who refuses to sell one item at the displayed price. Can the customer compel the sale? (Refer: Offer v Invitation to Offer)
Theory	Lapse of Offer



Theory	Distinguish between a Void Contract and a Voidable Contract ; Void and Illegal Agreement
Theory/ CBQ	Explain the exceptions to the rule that an agreement without consideration is void (Section 25)
CBQ	Mr. Ram decides to gift his house to his daughter and creates a written agreement but fails to register it before death. Can the daughter claim the house? (Registration required for natural love and affection) (Refer my law Question bank for full answer)
Theory/ CBQ	Stranger to contract and its exceptions
Theory/ CBQ	Explain the rule regarding the liability of a Minor for contracts entered into for necessaries supplied to him or anyone he is legally bound to support (Section 68)
Theory	Define Fraud and state whether "mere silence will amount to fraud" explaining the exceptions where disclosure is mandatory (e.g. fiduciary relationships).
CBQ	A seller makes a representation about a product (e.g. fuel efficiency of a car) that turns out to be false but the buyer had the means to discover the truth with ordinary diligence (e.g. meters were working). Can the buyer rescind the contract? (Refer my law Question bank for full answer)
Theory/ CBQ	Discuss Agreements in Restraint of Trade (Section 27) and the validity of clauses restraining a person from carrying on a similar business when selling goodwill or restraints during a service agreement.
Theory/ CBQ	List and explain at least four types of agreements held to be opposed to public policy (e.g. Trafficking Public Offices Stifling Prosecution Wagering Agreements).
Theory	Explain the different modes of discharge of a contract by mutual agreement (Novation Rescission Alteration Remission). These are also contracts which need not be performed
CBQ	A contract for personal skill (e.g. painting a picture) becomes impossible due to the promisor's death or incapacity. Is the contract discharged and can advance payment be recovered?
Theory	Explain the consequences of Anticipatory Breach of Contract listing the two options available to the aggrieved party.
Theory/ CBQ	Appropriation of Payments (Sections 59, 60, 61)



Theory	Explain the concept of Quasi-Contracts and elaborate on the circumstances under which such obligations are imposed by law (e.g. payment by an interested person finder of lost goods).
Theory	Define a Contingent Contract and state the rules relating to its enforcement and when it becomes void.
Theory	Define a Contract of Guarantee and explain the essential features of a valid contract of guarantee.
Theory	State the conditions under which a guarantee is considered invalid (or void) due to reasons like misrepresentation or concealment by the creditor.
Theory/ CBQ	Explain the rules governing the Nature and Extent of a Surety's Liability
Theory	Discuss the rights of the Surety against the Creditor, the Principal Debtor, and the Co-Sureties in detail.
Theory/ CBQ	Explain the circumstances under which a continuing guarantee may be revoked by a surety.
Theory	Distinguish between a Contract of Indemnity and a Contract of Guarantee
CBQ	A creditor makes a change in the original contract terms (e.g., reduces the interest rate or extends the time for repayment) with the principal debtor <i>without</i> the consent of the surety. What is the surety's resulting liability?
CBQ	A creditor obtains a guarantee from a surety by misrepresenting a material fact about the transaction or concealing a material circumstance (e.g., misleading about the quality of goods sold to the principal debtor). Is the surety liable if the principal debtor defaults? (Refer <i>Section 142 and 143</i>).
CBQ	Explain the principle of co-sureties contributing equally to a defaulted debt when they have agreed to different liability limits.
CBQ	A surety guarantees a continuous series of transactions but gives notice to the creditor revoking the guarantee. Is the surety liable for transactions entered into <i>before</i> the notice, or only for future transactions?
CBQ	A creditor holds two securities against a debt guaranteed by a surety. The creditor later loses one security or parts with it without the surety's consent. To what extent is the surety discharged from his liability?
Theory	Define a contract of Bailment and list the essential elements required to constitute a contract of bailment (e.g., delivery of goods, movable property, return of specific goods).



Theory	Distinguish clearly between Bailment and Pledge
CBQ	Bailor's duty to disclose faults in the goods bailed
Theory	Discuss the circumstances under which a contract of bailment may be terminated.
Theory	Explain Pledge and the duties of the Pawnee (pledgee)
CBQ	Goods (e.g., a car for hire) are delivered in a defective state, leading to injury or unexpected repair costs for the bailee. Is the bailor liable for damage, even if they were unaware of the defect? (Non-gratuitous bailment).
CBQ	A bailee wrongfully mixes the bailor's goods with his own without the bailor's consent, making separation impossible. What is the remedy available to the bailor?
CBQ	Goods delivered under a valid bailment are lost/stolen (e.g., through theft or fire) despite the bailee taking reasonable care (ordinary prudence). Is the bailee liable for the loss?
CBQ	Goods are delivered for a fixed period (or purpose), but the bailee retains them longer. If the goods are damaged during this unauthorized period, who bears the loss?
CBQ	Explain the concept and validity of a Pledge by a person in possession under a voidable contract.
CBQ	A person pledges goods obtained under a voidable contract (e.g., procured by fraud). If the contract is not rescinded before the pledge is made, does the pawnee acquire good title?
CBQ	Duty to return the goods and accretions (profits, if any)

Chapter 3: The Sale of Goods Act 1930

Type of Question	Important Questions
Theory	Define 'Condition' and 'Warranty' and explain the circumstances when a breach of condition may be treated as a breach of warranty.
Theory	Discuss the Doctrine of Caveat Emptor ("Let the buyer beware") and enumerate its exceptions in detail (e.g. fitness for purpose merchantable quality fraud).
CBQ	Implied conditions in a contract for Sale by Sample or Sale by Description.



CBQ	Goods are sold by sample but defects (e.g. mixed grains in rice) were not apparent on reasonable examination. Can the buyer reject the bulk? (Latent defects vs. patent defects).
CBQ	A buyer purchases goods for a specific non-obvious purpose (e.g. sensitive skin unique room dimension) after communicating this purpose to the seller. If the goods are unfit can the buyer reject them? (Refer my law Question Bank for full Answer)
Theory	Explain the rule "Risk Prima Facie passes with property" (Section 26) and how property passes in the case of unascertained goods (appropriation).
Theory/ CBQ	Explain the rule Nemo Dat Quod Non Habet and detail the exceptions where a non-owner (e.g. Mercantile Agent Seller in Possession after Sale Buyer under a voidable contract) can convey a better title to a bona fide purchaser.
Theory/ CBQ	Define Unpaid Seller and enumerate the specific rights they hold against the goods (Lien, Stoppage in Transit, Resale).
CBQ	An unpaid seller consigns goods and the buyer becomes insolvent. The buyer sells the railway receipt to a third party. Does the unpaid seller lose the right of stoppage in transit?
Theory/ CBQ	State the legal rules governing Sale by Auction focusing on completion of sale (fall of hammer) the right to bid by the seller and the effect of pretended bidding.

Chapter 4: The Indian Partnership Act 1932

Type of Question	Important Questions
Theory	Define partnership and detail the five essential elements required for the existence of a partnership
CBQ	Two individuals are co-owners of property that they rent out sharing the proceeds. Are they considered partners?
CBQ	Explain the circumstances under which a person is deemed a Partner by Holding Out (Estoppel) and their subsequent liability to third parties.
Theory	Explain the legal position rights and liabilities of a minor admitted to the benefits of a partnership both before and after attaining majority.
Theory	Discuss the rights of an outgoing partner against the continuing partners specifically the right to carry on a competing business (Section 36) and the right to a share in subsequent profits/interest (Section 37).



Theory	State the five main modes of dissolution of a firm (Agreement, Compulsory Contingencies, Notice, Court) and the specific grounds for dissolution by the Court.
Theory	Explain the consequences of non-registration of a firm (Section 69) listing the specific disabilities imposed and the rights of partners/third parties that remain unaffected.
Theory	State the rules for the settlement of accounts after dissolution of a firm (Section 48) noting the order in which assets and capital deficiencies are applied.

Chapter 5: The Limited Liability Partnership Act 2008

Type of Question	Important Questions
Theory	Explain the concept and advantages of an LLP noting how it combines the limited liability of a company with the flexibility of a partnership.
Theory	List the key differences between a Limited Liability Partnership (LLP) and a Limited Liability Company regarding regulatory act management structure transfer of interest and liability.
Theory	Define a Designated Partner and state the requirements regarding their eligibility and residency.
Theory	What is a Small Limited Liability Partnership?
CBQ	Can a group of individuals form an LLP if the sole objective is to run a charitable/non-profit school?

Chapter 6: The Companies Act 2013

Type of Question	Important Questions
Theory/ CBQ	Explain the legal doctrines of Corporate Veil and the circumstances under which courts may lift or pierce it (e.g. fraud tax evasion subsidiary as agent)
CBQ	A shareholder insures the company's property in his own name. If the property is destroyed can the shareholder claim compensation? (Separate Legal Entity; Refer: <i>Macaura Vs. Northern Assurance Co. Ltd.</i>)
Theory/ CBQ	Explain the Doctrine of Ultra Vires and state the crucial consequence that an ultra vires act is void <i>ab initio</i> and cannot be ratified.



CBQ	A company borrows funds beyond the limits stipulated in its Memorandum. Is the company liable for the debt and what is the remedy available to the lender?
Theory/ CBQ	Distinguish between the Doctrine of Constructive Notice and the Doctrine of Indoor Management (Turquand Rule). Explain the major exceptions to the Doctrine of Indoor Management.
CBQ	An outsider pays money to an unauthorized company employee who assures them he is in charge of receipts. Is the outsider discharged from liability? (Exception to Indoor Management: Suspicion of Irregularity).
Theory/ CBQ	Define a One Person Company (OPC) and state the eligibility criteria for the sole member and their nominee (natural person Indian citizen residency criteria).
Theory/ CBQ	Explain the concept of Section 8 Companies (Charitable Purpose) highlighting the conditions for registration and the explicit prohibition on paying dividends to members.
Theory/ CBQ	Define a Government Company and explain how the required percentage of paid-up share capital (51%) is calculated when held by Central/State Governments.

Chapter 7: The Negotiable Instruments Act 1881

Type of Question	Important Questions
Theory/ CBQ	Define Negotiable Instruments and state their essential characteristics. Classify instruments as Inland or Foreign.
Theory	State the conditions that must be complied with for an offence under Section 138 (Dishonour of Cheque) including the need for a legally enforceable debt.
CBQ	A cheque is issued as a gift or donation. If the cheque is dishonoured is the drawer liable under Section 138 of the Act?
Theory	Explain the rules governing the compensation payable in the event of dishonour of a negotiable instrument including the rate of interest recoverable by the holder.
Theory	Explain the meaning of 'Presentment for Payment' (Section 64) and list the circumstances where presentment is expressly <i>not</i> necessary to charge the parties liable (Section 76).
CBQ	A bill of exchange is drawn in India on a foreign resident but is accepted as payable in India. Is this an inland or foreign instrument and whose law governs the acceptor's liability upon dishonour?



Preparation Strategy: For Scoring high marks in Law

To maximize your score for the Jan 2026 exam remember that merely memorizing answers is ineffective for the application-based questions common in law papers. Focus on the following strategies:

1) Conceptual Clarity: Ensure you understand the underlying concepts (the "why" and "how") rather than relying purely on rote memorization especially for topics like the Contract Act and the Companies Act.

2) Case-Based Practice: Since a substantial portion of the paper involves applying principles practice solving CBQs (like those listed above) in the proper format:

Provisions

Facts of the case

Analysis

Conclusion.

3) Use of Legal Language: Use specific legal definitions and terms. You can use concise notes flowcharts or flashcards to retain complex concepts.

4) Time Management: Practice mock tests under timed conditions to ensure you can complete the descriptive sections thoroughly and avoid incomplete answers.

5) Targeted Revision: Focus extra time on the high-weightage topics (Contract Sale of Goods Partnership Companies) and revise them regularly using short notes.