

Paper 3 – Fundamentals of Laws and Ethics

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Full Marks: 100

Time allowed: 3 hours

Section – A

1. Answer all questions.

(a) Choose the correct answer out of the given four alternatives:

[1×25 = 25]

- (i) A contract consist of
 - (a) Mutual promises or agreement enforceable by law
 - (b) Agreement not enforceable by law
 - (c) Involuntary obligations
 - (d) None of the above

- (ii) Who is liable for necessaries supplied to a minor?
 - (a) The guardian of the minor
 - (b) The minor
 - (c) His property
 - (d) None of the above

- (iii) An auction sale is complete on the -
 - (a) delivery of goods
 - (b) payment of price
 - (c) fall of hammer
 - (d) all of the above

- (iv) Where the sale is not notified to be subject to a right to bid on behalf of seller, and the Auctioneer knowingly takes any bid from the Seller or any such person, the sale shall be treated as _____ by the buyer.
 - (a) unlawful
 - (b) illegal
 - (c) immoral
 - (d) fraudulent

- (v) A bill of exchange contains a/an
 - (a) unconditional undertaking
 - (b) unconditional order
 - (c) conditional undertaking
 - (d) conditional order

- (vi) A foreigner
 - (a) is competent to enter into contract if he fulfils the conditions of section 11.
 - (b) is not competent to enter into contract
 - (c) can enter into contract with permission of Central Govt.

- (d) can enter into contract with the permission of court
- (vii) A promised to marry none else than Miss B and in default to pay her a sum of ₹ 1,000. Subsequently A married Miss C and Miss B sued for recovery of ₹ 1,000. The contract is
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) Enforceable
- (viii) Conditions are stipulations
- (a) essential to the main purpose of the contract
 - (b) collateral to the main purpose of the contract
 - (c) either 'a' or 'b'
 - (d) neither 'a' nor 'b'
- (ix) A promissory note contains a/an
- (a) unconditional undertaking
 - (b) unconditional order
 - (c) conditional undertaking
 - (d) conditional order
- (x) A contract is a contract
- (a) from the time it is made
 - (b) from the time its performance is due
 - (c) at the time from its performance
 - (d) none of the above
- (xi) A borrows from B ₹500 to bet with C. Can B recover the amount of his loan?
- (a) Yes, the agreement between them is collateral to a wagering agreement and hence enforceable.
 - (b) Yes, the agreement is not opposed to public policy.
 - (c) No, the agreement is a voidable agreement and can be avoided by A.
 - (d) No, the agreement is wagering agreement and falls under section 23 and hence void.
- (xii) Which of the following statements is true in connection with the contingent contract?
- (a) The collateral event is contingent.
 - (b) The collateral event may be certain or uncertain.
 - (c) The contingency event may be the mere will of the promisor.
 - (d) The main event should be contingent.
- (xiii) Quasi-contracts are
- (a) not contracts in the real sense of the word.
 - (b) relations which create certain obligations resembling those created by a

- contract.
- (c) implied contracts.
 - (d) unenforceable contracts.
- (xiv) If the performance of contract becomes impossible because the subject matter of contract has ceased to exist then
- (a) both the parties are liable.
 - (b) neither party is liable.
 - (c) only offerer is liable.
 - (d) only acceptor is liable.
- (xv) A valid contract of sale
- (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.
- (xvi) Transfer of documents of title to the goods sold to the buyer, amounts to
- (a) actual delivery
 - (b) symbolic delivery
 - (c) constructive delivery
 - (d) None of the above
- (xvii) Right of Stoppage in transit can be exercised by the Unpaid Seller, where he
- (a) has lost his right of lien.
 - (b) still enjoys his right of lien.
 - (c) Either (a) or (b)
 - (d) Neither (a) nor (b)
- (xviii) The Sale of Goods Act, 1930 governs the transfer of property in
- (a) movable property
 - (b) immovable property
 - (c) both movable and immovable property
 - (d) all type of properties
- (xix) Property in the goods 'in the Sale of Goods Act 1930 means'
- (a) Ownership of goods
 - (b) Possession of goods
 - (c) Asset in the goods
 - (d) Custody of goods
- (xx) The term 'Unpaid Seller' includes
- (a) Agent of the Buyer
 - (b) Agent of the Seller
 - (c) Agent of the Carrier/Transporter
 - (d) All of the above

- (xxi) Right of Stoppage in transit may be exercised by the Unpaid Seller, by
- (a) taking actual possession of goods.
 - (b) giving notice of his claim to the Carrier/Bailee who holds the goods.
 - (c) Either (a) or (b)
 - (d) Both (a) and (b)
- (xxii) The term 'Negotiable Instrument' is defined in the Negotiable Instruments Act, 1881, under section
- (a) 12
 - (b) 13
 - (c) 13A
 - (d) 2(d)
- (xxiii) The Negotiable Instrument Acts 1881 came into force on
- (a) 9th December, 1881
 - (b) 19th December, 1881
 - (c) 1st March, 1882
 - (d) None of the above
- (xxiv) If a minor draws, indorses, deliver or negotiates an instrument, such instrument binds
- (a) all parties to the instrument including the minor.
 - (b) only the minor and not other parties to the instrument.
 - (c) all parties to the instrument except the minor.
 - (d) None of the above
- (xxv) A Promissory Note must be
- (a) in writing
 - (b) unconditional
 - (c) signed by the maker
 - (d) All of the above

(b) Match the following:

[1×5 = 5]

	Column 'A'		Column 'B'
1.	Grace days	A	Express Offer
2.	Condition	B	Three days
3.	Legal Rules Regarding Offer	C	a person to whom an offer to enter into a contract has been made
4.	Offeree	D	The person who makes the proposal
5.	Offeror	E	Essential to the main purpose of the contract

(c) State whether the following statement is True (or) False.

[12×1 = 12]

1. All contracts are agreements.
2. An acceptance will be revoked at any time before the communication of acceptance is complete against the acceptor, but not afterwards. Is it true or not?
3. A contract is said to be executed when it has been performed wholly on two sides.
4. Can a mere mental resolve to make an offer unless such intention is also communicated to the other party has agreed to make such statement?
5. After a transaction has ripened into a contract, does it require the consent of both parties to revoke or modify it?
6. If the agreement is made by obtaining consent by doing an act forbidden by the Indian Penal Code, the agreement would be caused by fraud.
7. Delivery of goods can be actual and constructive.
8. Negotiable Instruments Act, 1881 provides that a negotiable instrument include promissory note, bill of exchange and cheque, only payable to bearer.
9. The 'price' in a contract of sale means the money consideration for sale of goods.
10. A, intending to deceive B, falsely represents that five hundred mounds of Indigo are made annually at A's factory and, thereby, induces B to buy the factory. The contract is voidable.
11. P renders some service to D at D's desire. After a month D promises to compensate P for the service rendered to him, it is a future consideration
12. Caveat Emptor means buyer be aware.

2. Answer any four of the following questions:

[7×4 = 28]

- (i) "No Consideration No Contract". State the exceptions to it.
- (ii) How can a contract be discharged by agreement?
- (iii) List out the legal rules for consideration.
- (iv) What are the essential elements of contract of sale?
- (v) State the rules regarding an Auction.
- (vi) What are the requisites of a Bill of Exchange?

Section B

1. Answer all questions.

(a) Choose the correct answer out of the given four alternatives:

[1×12 = 12]

1. Ethics has evolved with evolution of
 - (a) Society
 - (b) Culture
 - (c) Problems
 - (d) Politics

2. Which one is not the 7 Principles of Public Life?
 - (a) Leadership
 - (b) Integrity
 - (c) Honesty
 - (d) Content

3. "It is difficult but not impossible to conduct strictly honest business" is famous quote by
 - (a) Adam Smith
 - (b) Mahatma Gandhi
 - (c) Peter Drucker
 - (d) Indira Gandhi

4. Which of the following is not a 'Code of Conduct'?
 - (a) Code of Ethics
 - (b) Code of Practices
 - (c) Code of Behaviour
 - (d) Code of Management

5. Reasons why a "good understanding of business ethics" is important, can be stated as follows:
 - (a) Healthy Competition
 - (b) Conduct
 - (c) Accountability
 - (d) Application

6. The main aim or objective of business is
 - (a) increase in profit.
 - (b) consumer satisfaction.
 - (c) to become a business leader.
 - (d) creation of job opportunities.

7. Business Ethics is based on well accepted
 - (a) Moral and Social values
 - (b) Social values

- (c) Moral values
 - (d) None of the above
8. Business Ethics helps to
- (a) create wealth
 - (b) stop business malpractices
 - (c) expand business
 - (d) None of the above
9. Ethics has become important because of
- (a) Globalization
 - (b) Communication
 - (c) Both (a) and (b)
 - (d) Computerisation
10. The study of Ethics is divided into operational areas.
- (a) 3
 - (b) 4
 - (c) 2
 - (d) 5
11. Business Ethics is also called as
- (a) Absolute Ethics
 - (b) Permanent Ethics
 - (c) Corporate Ethics
 - (d) None of the above
12. Following is not a Professional characteristics:
- (a) Competition
 - (b) Character
 - (c) Competency
 - (d) Compensation

(b) State whether the following statement is True or False:

[1×6 = 6]

- (i) In business ethics, the stakeholder theory of business ethics maintains that managers have an ethical responsibility to manage a firm for the benefit of all its stockholders, and for people who have a claim on a company.
- (ii) Business ethics is losing importance because of consumer movement.
- (iii) Business ethics create a good image for the business and businessmen.
- (iv) Business can survive so long it enjoys the patronage of consumer.
- (v) Business ethics is not mandatory for the survival of business.
- (vi) There is a difference between normative and practical ethics

3. Answer any two of the following questions:

[6×2 = 12]

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| (i) Discuss the concept of Value-free Ethics | 6 |
| (ii) Differentiate between ethics and morals | 6 |
| (iii) Write a note on the character of business. | 6 |