

**FOUNDATION COURSE EXAMINATION**

June 2018

**P-3(FLE)  
Syllabus 2016**

**Fundamentals of Laws and Ethics**

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.*

*This question paper has two sections.*

*Both the sections are to be answered subject to instructions given against each.*

**Section - A**

1. Answer *all* the questions:

Choose the correct answer from the given four alternatives:

1×25=25

- (i) Asim unlawfully detains Anil to obtain his vacant flat at Safdarjang enclave (valuing ₹ 50,00,000) at ₹ 40,00,000. This is a case of
- (A) Undue influence
  - (B) Coercion
  - (C) Fraud
  - (D) By Force
- (ii) A contract which ceases to be enforceable by law becomes
- (A) Voidable contract.
  - (B) Void agreement.
  - (C) Void contract.
  - (D) Valid contract.
- (iii) Mr. A promises to Mr. B without any intention of performing it. This is a case of
- (A) Cheating
  - (B) Fraud
  - (C) Valid case
  - (D) None of the above

**Please Turn Over**

- (iv) An advertisement for sale of goods by auction. This is a case of
  - (A) General offer
  - (B) An offer to hold such sale
  - (C) An invitation to offer
  - (D) Implied offer
  
- (v) An offer comes to an end by
  - (A) Revocation
  - (B) Acceptance
  - (C) Communication
  - (D) None of the above
  
- (vi) A stranger to a contract can file
  - (A) A suit
  - (B) A suit only with the permission of court
  - (C) A suit if Contract is in writing
  - (D) Can not file a suit
  
- (vii) Of the following who is competent to enter into a contract?
  - (A) Minor
  - (B) Unsound mind
  - (C) Lunatic
  - (D) Sound mind
  
- (viii) A minor can be appointed as agent.
  - (A) False
  - (B) Valid
  - (C) Voidable
  - (D) Not valid

- (ix) Mr. A delivers a basket of mango to Mr. B mistaking him to be Mr. C and Mr. B consumes those mangos. Hence
- (A) Mr. B is bound to pay compensation to Mr. A for the value of Mango.
  - (B) Mr. B is not bound to pay any compensation as there was no agreement and it is 'A's fault.
  - (C) Mr. B is bound to pay compensation for value of mango and damages.
  - (D) None of the above
- (x) Agreement of which the consideration is inadequate is
- (A) Void
  - (B) Voidable
  - (C) Valid
  - (D) None of the above
- (xi) Mr. A promises in writing to pay time barred debt to Mr. B. This is
- (A) Not enforceable
  - (B) Enforceable
  - (C) Voidable
  - (D) None of the above
- (xii) When both the parties to an agreement are under a mistake as to matter of fact essential to an agreement, the agreement is
- (A) Valid
  - (B) Illegal
  - (C) Voidable
  - (D) Void

- (xiii) Mr. Ajit threatened to commit suicide if his wife did not execute sale deed in favour of his sister. Wife executed the sale deed. This is
- (A) Void
  - (B) Voidable
  - (C) Enforceable
  - (D) None of the above
- (xiv) Under Sec. 2 (b) of the Indian Contract Act, 1872 if the person to whom the proposal is made signifies his assent thereto the proposal is said to have been
- (A) Accepted
  - (B) Agreed
  - (C) Provisionally agreed
  - (D) Tentatively accepted
- (xv) An auction sale is complete on the
- (A) Payment of price
  - (B) Delivery of goods
  - (C) Fall of hammer
  - (D) Signing of agreement
- (xvi) Seller can raise the price by fictitious bids in an auction sale with the help of
- (A) pretended bidding
  - (B) puffers
  - (C) agent
  - (D) broker
- (xvii) Mr. A obtained mobile set from Mr. B by fraud. Mr. A has a voidable title at the option of Mr. B. Before Mr. B could rescind the contract, Mr. A sold the same to Mr. C who purchased from Mr. A in good faith and without knowledge of fraud by Mr. A and paid for it. In this case.
- (A) Mr. C has a good title to the goods
  - (B) Mr. B has a good title
  - (C) Mr. C has no right
  - (D) None of the above

(xviii) Right of stoppage in transit can be exercised by the unpaid seller where the buyer is

- (A) Solvent
- (B) Becomes solvent
- (C) Acts fraudulently
- (D) None of the above

(xix) Delivery of goods means

- (A) Voluntary transfer of possession
- (B) Compulsory transfer of possession
- (C) Exchange of goods
- (D) Voluntary transfer of ownership.

(xx) For a valid contract of sale, delivery may be

- (A) Actual delivery
- (B) Symbolic delivery
- (C) Constructive delivery
- (D) All of the above

(xxi) Property in the goods in the Sale of goods Act, means

- (A) Possession of goods
- (B) Custody of goods
- (C) Ownership of goods
- (D) None of the above

(xxii) Every instrument payable otherwise than on demand is entitled to \_\_\_\_\_ days of grace period

- (A) 2
- (B) 3
- (C) 4
- (D) 5

- (xxiii) Inchoate instrument is
- (A) An instrument incomplete in some respect
  - (B) An ambiguous instrument
  - (C) A clean bill
  - (D) Drawn conditionally as collateral security
- (xxiv) Which of the following is not a Negotiable Instrument as per the Negotiable Instrument Act, 1881?
- (A) Bill of exchange
  - (B) Delivery note
  - (C) Cheque
  - (D) Share certificate
- (xxv) How many parties are involved in a bill of exchange?
- (A) 2
  - (B) 3
  - (C) 4
  - (D) 5

2. Match the following:

1×5=5

	Column A		Column B
(I)	Void-ab-initio	(A)	Cheque
(II)	Puffer	(B)	Temporary in capacity
(III)	Lunatic	(C)	Delivery
(IV)	Goods	(D)	Auction Sale
(V)	Crossing	(E)	Void from very beginning

3. State whether the following statement is *True* or *False*:

- (i) Quasi contract is not a contract.
- (ii) An agreement in restraint of legal proceedings are void.
- (iii) Amount paid under mistake of law can not be recovered back.
- (iv) If consent is not free due to coercion, undue influence the agreement is void.
- (v) Silence is fraud when silence is, in itself equivalent to speech.
- (vi) When there is breach of contract, the aggrieved party has no remedy.
- (vii) When a person who is in a position to dominate the will of other and uses that position to obtain unfair advantage over the other. This is a case of coercion.
- (viii) The unpaid seller has right against the goods sold when the property in the goods has passed on to the buyer.
- (ix) Mr. A tells Mr. B in presence of Mr. C that he (Mr. A) is the agent of Mr. C. Mr. C maintains silence instead of denying it. Later Mr. A sells Mr. C's goods to Mr. B. In this case Mr. C cannot dispute B's title to the goods.
- (x) In the case of sale by auction if the seller makes use of pretended bidding to raise the price, the sale is void.
- (xi) A minor cannot draw indorse, deliver, negotiate a valid negotiable instrument.
- (xii) The holder in due course of a negotiable instrument can sue on the instrument in his own name.

4. Answer *any four* of the following questions:

7×4=28

- (i) Explain the 'undue influence'.
- (ii) What are the benefits of non gratuitous act?
- (iii) Under what circumstances contract be discharged by operation of law?
- (iv) Explain the difference between condition and a warranty.
- (v) Explain the "goods on approval" or "on sale or return".
- (vi) What are the characteristics of a Negotiable Instrument?

**Section - B**

1×12=12

5. Choose the correct answer from the given four alternatives:

- (i) Business ethics relates to
  - (A) Customers decisions
  - (B) Government decisions
  - (C) Society's decisions
  - (D) An individual's or work group's decisions
  
- (ii) Morality means:
  - (A) What is considered as correct within a society.
  - (B) Making the right decision and avoid a wrong decision.
  - (C) Defining what is right and wrong for an individual or a community.
  - (D) It helps an individual to make an ethical decision.
  
- (iii) Business ethics is
  - (A) The study of business situations, activities and decisions where issues of right and wrong are addressed.
  - (B) Defined as decisions organizations make on issues that could be considered right or wrong.
  - (C) Ethics that can be applied to an organization's practices for profit maximization.
  - (D) Ethical processes businesses use in order to achieve a good ethical standard.
  
- (iv) "We wish to be good citizens of every community in which we operate."  
This is
  - (A) Ethical Code
  - (B) Political and Social Code
  - (C) Legal Rule
  - (D) Legal Act



- (v) The study of ethics is divided into \_\_\_\_\_ operational areas.
- (A) four
  - (B) three
  - (C) five
  - (D) seven
- (vi) Business Ethics is a code of conduct which society should follow while conducting their social activities.
- (A) True
  - (B) False
  - (C) Partly true
  - (D) None of the above
- (vii) Which statement is/are true?
- (A) Ethics is not synonymous to religious morality or moral theology.
  - (B) Ethics is the principle that guide the human behaviour.
  - (C) The terms 'ethics' and 'morality' are not synonymous terms.
  - (D) All of the above
- (viii) Which of the following *does not* contribute to the development of a business enterprise's standard of ethics?
- (A) Competitors' behaviours
  - (B) Society's norms and values
  - (C) Life experiences of company's key persons
  - (D) Environmental situations
- (ix) Unethical behaviour is often triggered by
- (A) Pressure from higher management to achieve goals.
  - (B) An organizational atmosphere that ignores such behaviour.
  - (C) A regular control system of checks and balances.
  - (D) Both (A) and (B)

- (x) Business Ethics is a code of conduct which businessmen should follow while conducting their
- (A) Special activities
  - (B) Specific activities
  - (C) Normal activities
  - (D) None of the above
- (xi) Managers today are usually quite sensitive to issues of social responsibility and ethical behaviour because of \_\_\_\_\_.
- (A) Interest groups
  - (B) Legal and governmental concerns
  - (C) Media coverage
  - (D) All of the above
- (xii) Which functional area in business ethics is about obeying and adhering to rules and authority?
- (A) Ethics in finance
  - (B) Ethics in production
  - (C) Ethics in compliance
  - (D) None of the above
6. State whether the following statement is *True* or *False*: 1×6=6
- (i) Not all unethical practices are illegal.
  - (ii) What people do normally value and what they should value are not necessarily the same.
  - (iii) If something is seriously wrong, the law will prohibit it. It means, it's enough to rely on the law for deciding what's right or wrong— ethics has no role to play there.
  - (iv) Business ethics is not a pure science but a professional practice, and society expects businessmen to abide by the principles of a civil society.

- (v) Because people already know what is right and what is wrong, the study of business ethics is nothing more than an unprofitable exercise.
- (vi) Ethics refers to the study and development of one's ethical standards.

7. Answer *any two* of the following questions:

6×2=12

- (i) Why we need good ethics in business? 6
  - (ii) (a) Name the Seven Principles of Public Life.  
(b) How a society expects businessmen to abide by the principles "Selflessness"? 4+2=6
  - (iii) How Consumer Movement and Business Ethics are complementing to each other? 6
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