

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]

1. 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

2. 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

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

4. 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

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

6. 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
7. 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
8. 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'
9. A promissory note contains a/an
- (a) unconditional undertaking
 - (b) unconditional order
 - (c) conditional undertaking
 - (d) conditional order
10. 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
11. Which of the following contracts are not recognized by Indian Contract Act, 1872?
- (a) Recognizance
 - (b) Court Judgment
 - (c) Contract under seal
 - (d) All the above
12. Communication of acceptance is not necessary
- (a) By performance of conditions of the offer by offeree
 - (b) By acceptance of consideration by the offeree
 - (c) By acceptance of benefit/service by the offeree
 - (d) All the above
13. Which section, of Indian Contract Act defines "performance of the conditions of a proposal is an acceptance of the proposal"?
- (a) Section 6
 - (b) Section 7
 - (c) Section 8
 - (d) Section 9

14. The difference between an advertisement for sale and a proposal is
- (a) No difference at all
 - (b) That a proposal becomes a promise as soon as the party to whom it is made accepts it but an advertisement does not
 - (c) Every case will be viewed according to the circumstances
 - (d) None of these
15. In a sale by sample and description, there is an implied condition
- (a) that bulk of the goods correspond with the sample
 - (b) that bulk of goods must correspond to the description as well as the sample thereof
 - (c) the bulk of goods must correspond either to the description or to the sample
 - (d) the bulk of goods must correspond to the description only
16. Property in the goods in the Sale of Goods Act means
- (a) ownership of goods
 - (b) possession of goods
 - (c) asset in the goods
 - (d) custody of goods
17. Who among the following cannot cross a cheque?
- (a) Drawer
 - (b) Holder
 - (c) Banker
 - (d) Foreigner
18. The term Negotiable instrument is defined in section _____ of the Negotiable Instrument Act, 1881
- (a) 2
 - (b) 13
 - (c) 12
 - (d) 10
19. The grace period for payment of a negotiable instrument other than payable on demand is _____ days/months
- (a) 7 days
 - (b) 3 days
 - (c) 1 month
 - (d) 15 days
20. The maturity of a promissory note or bill of exchange is the date _____
- (a) at which it falls due
 - (b) of its presentation
 - (c) of its acceptance
 - (d) none of these
21. A Promissory note must be _____

- (a) in writing
(b) unconditional
(c) signed by the maker
(d) all the three
22. Acceptance is to offer what a lighted match is to a train of gun powder. This statement indicates
(a) Once an offer is accepted it results in binding contract
(b) Communication of acceptance is necessary
(c) Acceptance must be absolute & unqualified
(d) All the above
23. Appropriation of goods means
(a) separating the goods sold from other goods
(b) putting the quantity of goods sold in suitable receptacles
(c) delivering the goods to the carrier or other bailee for the purpose of transmission to the buyer with reserving the right of disposal
(d) all the above
24. Merchantable quality of goods means
(a) that the goods are commercially saleable
(b) they are fit for the purpose for which they are generally used
(c) both 'a' and 'b'
(d) the quality should be of high standard
25. _____ is not a negotiable instrument as per customs and usage
(a) Delivery note
(b) Railway Receipt
(c) Cheque
(d) Government promissory note

(b) Match the following:

[1 × 5 = 5]

	Column 'A'		Column 'B'
1.	Offer	A	Remission
2.	Implied Condition	B	Substitution of a new contract
3.	Novation	C	Quite possession
4.	Discharge by agreement	D	Adherence to sample and description
5.	Implied Warranty	E	expression of willingness to contract on certain terms

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

[12 × 1 = 12]

1. An agreement not enforceable by law is said to be voidable.

2. An offer must be expressed.
3. An offer need not be made to a ascertained person.
4. A mere mental resolve can be a valid acceptance.
5. All contracts are agreements.
6. Symbolic delivery occurs by doing some act, which has the effect of putting the goods in the possession of the buyer.
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) What are the various ways in which revocation can be made?
- (ii) What are quasi contracts? What are the different kinds of Quasi contracts.
- (iii) State the law relating to appropriation of payments.
- (iv) 'Nemo dat qui non habet'. State the exceptions to it.
- (v) What do you mean by auction sale? State the rules regarding it.
- (vi) Discuss the effects of different types of crossing.

Section B

1. Answer all questions.

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

[1×12 = 12]

1. Ethical and unethical behaviors are determined by
 - (a) The individual
 - (b) The culture
 - (c) Both the individual and the culture
 - (d) Neither the individual nor the culture

2. Behavior that does not confirm to generally social norms will be considered as:
 - (a) Arrogant Behavior
 - (b) Arbitrary Behavior
 - (c) Ethical Behavior
 - (d) Unethical Behavior

3. Business ethics relates to
 - (a) Society's decisions
 - (b) An individual's or work group's decisions
 - (c) Customers decisions
 - (d) Government decisions

4. The crucial step in understanding business ethics is
 - (a) Establishing codes of ethics
 - (b) Learning to recognize ethical issues
 - (c) Having efficient operations
 - (d) Implementing a strategic plan

5. Business ethics has a _____ application
 - (a) Universal
 - (b) Natural
 - (c) Practical
 - (d) None of the above

6. Business ethics is based on well accepted _____.
 - (a) Moral and social values
 - (b) Social values only
 - (c) Moral values only
 - (d) None of the above

7. Business Ethics is a code of conduct which businessmen should follow while conducting their _____.
 - (a) Normal activities
 - (b) Special activities
 - (c) Specific activities
 - (d) None of the above

8. Compliance is about obeying and adhering to _____.
 - (a) Rules an authority
 - (b) Discipline

- (c) Laws
(d) All of the above
9. Which of the following is an unethical business practice?
(a) Collusion
(b) False Communication
(c) Insider Trading
(d) All the above
10. A business should have which kind of an approach?
(a) Profit earning
(b) Social responsibility
(c) Both (a) and (b)
(d) Either (a) and (b)
11. Companies which are responsive to employees' would have _____.
(a) Profits
(b) Lower turnover in staff
(c) Staff Dissatisfaction
(d) Strikes
12. Ethics in compliance means _____.
(a) It is about obeying and adhering to rules and authority
(b) It deals with the moral principles behind the operation and regulation of marketing
(c) It deals with the duties of a company to ensure that products and production processes do not cause harm
(d) None of the above

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

[6 × 1 = 6]

1. Business ethics are important to develop good and friendly relations between business and society.
2. The customers have more trust and confidence in the businessmen who follow ethical rules.
3. There is separate business ethics for businessmen, and ethics applies to all the activities of people.
4. Business ethics concerns itself with adhering to the social principles of the situations in which business takes place.
5. Holders of public office have a duty to declare any private interests relating to their public duties.

6. Business ethics is a pure science.

2. Answer any two of the following questions.

[2 × 6 = 12]

- (i) Can ethics be treated as a principle? Comment
- (ii) Comment on the relevance of ethics with respect to its application.
- (iii) Write a note on 'Evolution of Ethics'