

## **Paper 3 - Fundamentals of Laws and Ethics**

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**Full Marks :100**

**Time allowed: 3 hours**

**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**

**I. Choose the correct answer from the given four alternatives: [25 ×1 = 25]**

1. Mercantile Law
  - (a) Is applicable to businessmen only
  - (b) Is applicable to everybody
  - (c) Is applicable to non-businessman only
  - (d) Is applicable to Indians only
  
2. An agreement in restraint of marriage is:
  - (a) Voidable
  - (b) Void
  - (c) Valid
  - (d) Illegal
  
3. A agrees to sell to B a 'hundred tons of oil'. There is nothing whatever to show what kind of oil was intended. The agreement is
  - (a) Valid
  - (b) Void for uncertainty
  - (c) Voidable
  - (d) Illegal
  
4. An insurance contract is
  - (a) Contingent contract
  - (b) Wagering agreement
  - (c) Unenforceable contract
  - (d) Void contract
  
5. Which of the following statements regarding Quasi-contracts is incorrect
  - (a) It resembles a contract
  - (b) It is imposed by law
  - (c) It is based on the doctrine of unjust enrichment
  - (d) It is voluntarily created
  
6. Advertisement for tender is merely an invitation to offer.

- (a) True
  - (b) False
  - (c) Cannot say
  - (d) Insufficient information
7. A change of nature of obligation of a contract is known as:
- (a) Novation
  - (b) Rescission
  - (c) Alteration
  - (d) Repudiation
8. 'A' promises to paint a picture for 'B' by a certain day at a certain price. 'A' dies before that day. In this situation, the contract
- (a) Cannot be enforced as it becomes void due to personal incapacity
  - (b) Will be performed by the legal representative of 'A', who is bound by law to perform it
  - (c) Can be performed by an agent of 'A'
  - (d) Can be performed by a third person on behalf 'A'
9. A party who does not suffer any loss in case of breach of contract, is entitled to
- (a) Statutory damages
  - (b) Liquidated damages
  - (c) Exemplary damages
  - (d) Nominal damages
10. 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
11. An essential element of a contract of sale is
- (a) transfer of ownership in goods
  - (b) delivery of goods
  - (c) both 'a' and 'b'
  - (d) either 'a' or 'b'
12. The subject matter of a valid sale are such goods which are
- (a) transferred by seller to the buyer for a price
  - (b) transferred by succession
  - (c) transferred by a will
  - (d) transferred by a buyer to the seller
13. The Sale of Goods Act, 1930 extends to the whole of India, except the state of \_\_\_\_\_
- (a) Maharashtra
  - (b) Jammu and Kashmir

- (c) Tamilnadu  
(d) Uttar Pradesh
14. "If you contract to sell peas, you cannot oblige a party to have beans": this statement applies to  
(a) a implied condition as to be description of goods  
(b) the implied condition as to fitness of goods for a particular purpose  
(c) implied condition as to sample  
(d) implied condition as to title
15. For passing of property in goods, the goods must be in  
(a) deliverable state  
(b) manufacturing stage  
(c) consumable state  
(d) marketing state
16. "Nemo dat quad non habet", means:  
(a) no one is greater than god  
(b) none can give what he does not possess  
(c) everyone can give everything he has  
(d) everyone is bound by is habit
17. 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 these
18. A Bill of Lading is a \_\_\_\_\_.  
(a) Bill of Exchange  
(b) Promissory Note  
(c) Cheque  
(d) Document of Title to Goods
19. Performance of conditions of a proposal is an acceptance to the proposal  
(a) True  
(b) False  
(c) Depends on the facts of the case  
(d) Partially true and partially false
20. If a minor draws, endorses, delivers 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

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21. The undertaking contained in a promissory note, to pay a certain sum of money is
- (a) Conditional
  - (b) Unconditional
  - (c) may be conditional or unconditional depending upon the circumstances
  - (d) none of the above
22. Cheque is a
- (a) promissory note
  - (b) bill of exchange
  - (c) both (a) and (b) above
  - (d) None of the above
23. The Negotiable Instruments Act, 1881 came into force on
- (a) 9th December, 1881
  - (b) 19th December, 1881
  - (c) 1st March, 1882
  - (d) none of the above
24. A contract is formed when the acceptor
- (a) has done something to signify his intention
  - (b) makes his mind to do so
  - (c) reads the offer
  - (d) all the above
25. An offer stands revoked
- (a) If the fact of the death or insanity is known to offeree
  - (b) By counter offer
  - (c) By rejection of offer
  - (d) All the above

**II. Match the following**

**[5 × 1 = 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

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

**[12 × 1 = 12]**

1. A contract is said to be executed when it has been performed wholly on two sides.
2. Performance of conditions of a proposal is an acceptance to the proposal.
3. Silence is fraud when silence is, in itself equivalent to speech.

4. A person is competent to contract if he is a graduate.
5. If consent is not free due to coercion, undue influence, fraud, and misrepresentation then the agreement is void.
6. Quiet possession, freedom from encumbrance, disclosing dangerous nature of goods etc are implied conditions.
7. Right of stoppage of goods in transit can be exercised subject to fulfillment of some conditions.
8. Negotiable Instruments can be transferred ad infinitum.
9. An instrument incomplete in some respect is known as inchoate instrument.
10. When goods are physically handed over by the seller to the buyer it is called symbolic delivery.
11. A master asks his servant to sell his cycle to him at less than the market price. This contract can be avoided by the servant.
12. For an acceptance to be valid, it must be absolute and unqualified.

**IV. Answer any four of the following questions.**

**[4 × 7 = 28]**

- |   |   |
|---|---|
| 1. What are the various ways in which revocation can be made?                 | 7 |
| 2. What are quasi contracts? What are the different kinds of Quasi contracts. | 7 |
| 3. State the law relating to appropriation of payments.                       | 7 |
| 4. 'Nemo dat qui non habet'. State the exceptions to it.                      | 7 |
| 5. What do you mean by auction sale? State the rules regarding it.            | 7 |
| 6. Discuss the effects of different types of crossing.                        | 7 |

### Section B

**I. Choose the correct answer from the given four alternatives:**

**[12 × 1 = 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 conform 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

**II. 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.

**III. Answer any two of the following questions. [2 × 6 = 12]**

1. Can ethics be treated as a principle? Comment 6
2. Comment on the relevance of ethics with respect to its application. 6
3. Write a note on 'Evolution of Ethics' 6