

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) Law of contract
- (a) is the whole law of obligations.
 - (b) is the whole law of agreements.
 - (c) deals with only such legal obligation which arise from agreement.
 - (d) deals with social agreements.
- (ii) For an acceptance to be valid, it must be
- (a) partial and qualified.
 - (b) absolute and unqualified.
 - (c) partial and unqualified.
 - (d) absolute and qualified.
- (iii) If the communication is made by an unauthorised person, it does not result in a/an
- (a) Contract
 - (b) Agreement
 - (c) Offer
 - (d) Consideration
- (iv) An offer does not lapse if the
- (a) offeror dies before acceptance.
 - (b) offeree dies before acceptance.
 - (c) acceptance is made by the offeree in ignorance of the death of the offeror.
 - (d) acceptance is made by the offeree with knowledge of the death of the offeror.
- (v) An agreement without consideration is void under
- (a) Sec. 25(1) of the Contract Act
 - (b) Sec. 25(3) of the Contract Act
 - (c) Sec. 25(2) of the Contract Act
 - (d) None of the above clauses in sec. 25
- (vi) An agreement without consideration is void except in case of compensation for
- (a) voluntary services rendered.
 - (b) voluntary services rendered at the request of the other party to the

- agreement.
- (c) voluntary services rendered at the request of third person.
- (d) reimbursement of expenses incurred.
- (vii) Which of the following is not competent to contract?
- (a) A minor
- (b) A person of unsound mind
- (c) A person who has been disqualified from contracting by some law.
- (d) All of the above
- (viii) Active concealment of fact' is associated with which one of the following?
- (a) Misrepresentation
- (b) Undue influence
- (c) Fraud
- (d) Mistake
- (ix) The validity of contract is not affected by
- (a) Mistake of fact
- (b) Mistake of Indian law
- (c) Misrepresentation
- (d) Fraud
- (x) A promises B to pay ₹ 100 if it rains on Monday and B promises A to pay ₹100 if it does not rain on Monday. This agreement is
- (a) a valid agreement.
- (b) avoidable agreement.
- (c) a wagering agreement.
- (d) an illegal agreement.
- (xi) 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
- (xii) 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
- (xiii) 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
- (xiv) 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
- (xv) 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
- (xvi) 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
- (xvii) Who among the following cannot cross a cheque?
(a) Drawer
(b) Holder
(c) Banker
(d) Foreigner
- (xviii) The term Negotiable instrument is defined in section _____ of the Negotiable Instrument Act, 1881
(a) 2
(b) 13
(c) 12
(d) 10
- (xix) The grace period for payment of a negotiable instrument other than payable on demand is _____ days/months
(a) 7days
(b) 3 days
(c) 1 month
(d) 15 days
- (xx) 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
- (xxi) A Promissory note must be _____
- (a) in writing
 - (b) unconditional
 - (c) signed by the maker
 - (d) all the three
- (xxii) 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
- (xxiii) 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
- (xxiv) 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
- (xxv) _____ 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
(I)	Offeror	(A)	Agreement to receive less than what is due
(II)	Specific Offer	(B)	Three days
(III)	Remission	(C)	An offer made to a specific person
(IV)	Price	(D)	The person who makes the proposal
(V)	Grace days	(E)	Money Consideration

(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. An officer enters into a contract with his subordinate to sell his (subordinate's) house at a lower price than that of market price. The subordinate may challenge the contract on the ground of mistake.
8. Breach of condition give the aggrieved party right to repudiate the contract.
9. Seller can sue for price only when property in goods has passed on to the buyer.
10. Right of Stoppage of goods in transit can be exercised subject to fulfillment of some conditions.
11. Negotiable Instruments can be transferred ad infinitum.
12. Share Certificates with Blank Transfer Deeds, Deposit Receipts and Mate's Receipts are Negotiable Instruments.

2. Answer any four of the following questions:

[7×4 = 28]

- (i) Under what conditions promise to compensate for voluntary services is valid?
- (ii) State the Rules regarding contingent contract.
- (iii) List out remedies for breach of contract.
- (iv) How do we classify goods?
- (v) Discuss the doctrine of Caveat Emptor.
- (vi) What are the different types of Negotiable Instruments?

Section B

1. Answer all questions.

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

[1×12 = 12]

1. If something is to be improved they have to be improved at
 - (a) Organizational level
 - (b) Government level
 - (c) Society level
 - (d) All of the above

2. The issue of fraudulent asset valuation is included in
 - (a) Ethics in compliance
 - (b) Ethics in finance
 - (c) Ethics in marketing
 - (d) Ethics in production

3. Business Ethics is _____ in nature
 - (a) Absolute
 - (b) Not absolute
 - (c) Permanent
 - (d) None of the above

4. Ethics has become important because of
 - (a) Globalization
 - (b) Communication explosion
 - (c) Both a & b
 - (d) None of the above

5. In setting ethical standards, perhaps the most effective step that a company can take is to
 - (a) Adopt a code of ethics
 - (b) Demonstrate top management support of ethical standards
 - (c) Engage employees in ethics training
 - (d) Take an accommodative stance

6. _____ are beliefs about what is right and wrong or good or bad.
 - (a) Mental strength
 - (b) Motivators
 - (c) Cultures
 - (d) Ethics

7. Effective ethics management within an organization can:
 - (a) Minimize errors, losses and fraud
 - (b) Eliminate general e-mail abuses

- (c) Eliminate all errors, fraud and losses
(d) None of the choices are correct
8. Corporate codes of ethics:
(a) Are always externally audited
(b) Create guidelines for employees to work by
(c) Are always compliance based
(d) Are always integrity based
9. It is not UNCOMMON for a business to behave ethically because
(a) It has to protect its own interest
(b) It has to keep its commitment
(c) It has to protect the interest of employees
(d) All of the above
10. If a company has ethics than it gets back from the employees
(a) Time
(b) Skill & energy
(c) Return out of money
(d) Both (a) & (b)
11. Feature that is NOT present in business ethics are
(a) It has universal application
(b) It is Absolute in nature
(c) It Depends from business to business
(d) It Cannot be enforced by law
12. Which of the following is NOT necessary to assess ethical behavior?
(a) Gather Facts
(b) Make a judgment based on the rightness or wrongness of the activity or policy
(c) Consider appropriate moral values
(d) Listen to what is the being said in the rumor

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

[1×6 = 6]

- (i) Business Ethics has no universal applications.
(ii) Ethics is about obeying and adhering to Rules and Authority.
(iii) Ethics refers to the study of one's ethical standard.
(iv) Holder of Public Office is not accountable to the Public.
(v) Compliance is about obeying and adhering to Rules and Authority.
(vi) The relevance of Ethics is in its application.

3. Answer any two of the following questions:

[6×2 = 12]

- (i) What is the relationship between Ethics and Law? 6
- (ii) What is Professional Ethics? 6
- (iii) How Business Ethics can prevent 'business malpractices' and improve customers' confidence? 6