

FOUNDATION COURSE EXAMINATION

June 2017

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.

*All questions are compulsory,
subject to instruction provided against each question.*

Where necessary, suitable assumptions may be made and disclosed by way of a Note.

*Please: (1) Answer all bits of a question at one place.
(2) Open a new page for answer to a new question.*

Section A

1. Choose the correct answer from 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.

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- (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) 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

2. Match the following:

	Column A		Column B
(I)	Offeror	(P)	Agreement to receive less than what is due
(II)	General Offer	(Q)	Three days
(III)	Remission	(R)	An offer made to a specific person
(IV)	Price	(S)	The person who makes the proposal
(V)	Grace days	(T)	Money Consideration

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

1×12=12

- (i) All contracts are agreements.
- (ii) 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?
- (iii) A contract is said to be executed when it has been performed wholly on two sides.
- (iv) 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?
- (v) After a transaction has ripened into a contract, does it require the consent of both parties to revoke or modify it?
- (vi) 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.
- (vii) 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.
- (viii) Breach of condition give the aggrieved party right to repudiate the contract.
- (ix) Seller can sue for price only when property in goods has passed on to the buyer.
- (x) Right of Stoppage of goods in transit can be exercised subject to fulfilment of some conditions.
- (xi) Negotiable Instruments can be transferred *ad infinitum*.
- (xii) Share Certificates with Blank Transfer Deeds, Deposit Receipts and Mate's Receipts are Negotiable Instruments.

4. 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) What are the essential elements of contract of sale?

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- (v) State the rules regarding an Auction.
- (vi) What are the requisites of a Bill of Exchange?

Section B

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

1×12=12

- (i) Ethics has evolved with evolution of
 - (A) Society
 - (B) Culture
 - (C) Problems
 - (D) Politics
- (ii) Which one is not the 7 Principles of Public Life?
 - (A) Leadership
 - (B) Integrity
 - (C) Honesty
 - (D) Content
- (iii) "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
- (iv) 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
- (v) Reasons why a "good understanding of business ethics" is important, can be stated as follows:
 - (A) Healthy Competition
 - (B) Conduct
 - (C) Accountability
 - (D) Application
- (vi) 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.

- (vii) Business Ethics is based on well accepted
- (A) Moral and Social values
 - (B) Social values
 - (C) Moral values
 - (D) None of the above
- (viii) Business Ethics helps to
- (A) create wealth
 - (B) stop business malpractices
 - (C) expand business
 - (D) None of the above
- (ix) Ethics has become important because of
- (A) Globalization
 - (B) Communication
 - (C) Both (A) and (B)
 - (D) Computerisation
- (x) The study of Ethics is divided into _____ operational areas.
- (A) 3
 - (B) 4
 - (C) 2
 - (D) 5
- (xi) Business Ethics is also called as
- (A) Absolute Ethics
 - (B) Permanent Ethics
 - (C) Corporate Ethics
 - (D) None of the above
- (xii) Following is not a Professional characteristics:
- (A) Competition
 - (B) Character
 - (C) Competency
 - (D) Compensation

2. 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.

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- (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
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