

## **Paper 3 – Fundamental Of Laws And Ethics**

**Postal Test Paper\_P3\_Foundation\_Syllabus 2016\_Set 1**

**Paper 3-Fundamental Of Laws And Ethics**

Full Marks: 100

Time allowed: 3 hours

1. Answer all the following questions.

(a) Multiple choice questions: [10×1=10]

- (i) Ethics has become important because of
- (a) Globalization
  - (b) Communication explosion
  - (c) Both a & b
  - (d) None of the above
- (ii) 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
- (iii) 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
- (iv) 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
- (v) For passing of property in respect of specific or ascertained goods, the intention of the parties can be ascertained from —
- (a) Terms of the contract
  - (b) Conduct of the parties
  - (c) Circumstances of the case
  - (d) All of the above
- (vi) When counter offer is given, the original offer
- (a) Lapses

## Postal Test Paper\_P3\_Foundation\_Syllabus 2016\_Set 1

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- (b) Remains valid
- (c) Is accepted and becomes a contract
- (d) The original offer can also be accepted

(vii) An offer or its acceptance or both may be made

- (a) By words
- (b) By conduct
- (c) Either by words or by conduct
- (d) None of these

(viii) Mental acceptance is

- (a) No acceptance at all
- (b) Valid
- (c) Binding promise
- (d) None of the above

(ix) When the contract is perfectly valid in its substance but which cannot be enforced because of certain technical defects. This is called a

- (a) Unilateral contract
- (b) Bilateral contract
- (c) Unenforceable contract
- (d) Void contract

(x) Goods displayed in a shop window with a price label will amount to

- (a) Offer
- (b) Invitation to offer
- (c) Acceptance of offer
- (d) None of these

(b) Match the following:

[5×1=5]

	Column A		Column B
(i)	Void contract	(a)	Goods which are yet to be manufactured
(ii)	Lunatic	(b)	Let the buyer be aware
(iii)	Value-free	(c)	Incapacity to contract
(iv)	Future Goods	(d)	Section 2(j) of Indian Contract Act
(v)	Doctrine of Caveat Emptor	(e)	wertfrei

(c) Fill in the blanks:

[10×2 =20]

- (i) Buyer is not bound to accept installment unless\_\_\_\_\_.
- (ii) The promissory note must be in\_\_\_\_\_.
- (iii) There are\_\_\_\_\_parties to bill of exchange.
- (iv) Law is\_\_\_\_\_of ethics.

## Postal Test Paper\_P3\_Foundation\_Syllabus 2016\_Set 1

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- (v) The sale, in case of an auction sale, may be notified to be subject to a\_\_\_\_\_.
- (vi) An offer, which is made by words, is called\_\_\_\_\_offer.
- (vii) An agreement\_\_\_\_\_by law is said to be void.
- (viii) The terms of agreement must be\_\_\_\_\_and\_\_\_\_\_.
- (ix) In a\_\_\_\_\_contract there is an obligation on both the parties to the contract.
- (x) Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or\_\_\_\_\_.
- (d) State whether the following statements are True or False: [1×10=10]
- (i) Morals refers to well founded standards of right and wrong that describe what humans ought to do in terms of rights, obligations, benefits to society.
- (ii) Appropriation means selection, setting apart, weighing, measuring or counting or other acts with the intention of using the same for performance of the Contract.
- (iii) A Negotiable Instrument may be transferred by endorsement only.
- (iv) The doctrine of Nemo dat qui habet seeks to protect the interest of buyer.
- (v) Share Certificates with Blank Transfer Deeds, Deposit Receipts and Mate's Receipts are Negotiable Instrument's.
- (vi) An officer enters into a contract with his subordinate to sell his (subordinate's) house at a lower price than the market price. The subordinate may challenge the contract on the ground of Mistake.
- (vii) All contracts are agreements.
- (viii) Holders of public office are not accountable for their decisions and actions to the public.
- (ix) 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.
- (x) An acceptance will be revoked at any time before the communication of acceptance is complete against the acceptor, but not afterwards.
- (e) Answer any 5 of the following questions. [5×3=15]
- (i) Capacity to Contract
- (ii) Right of Re-sale u/s 54 of Sale of Goods Act, 1930
- (iii) Ambiguous instrument
- (iv) Rules regarding contingent contract
- (v) Offer
- (vi) Pretended bidding

## Postal Test Paper\_P3\_Foundation\_Syllabus 2016\_Set 1

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- (vii) Business Ethics as Professional Code
- (viii) Consideration must be lawful

2. Answer any four of the following questions: [4×10 = 40]

- (a) (i) With a view to boost the sales, M/s ABC Ltd. sells a new machine to Mr. B on trial basis for a period of three days with a condition that if Mr. B is not satisfied with the performance of the new machine, he can return back the new machine. However, the machine was destroyed in a fire accident at the place of Mr. B before the expiry of three days. Decide whether Mr. B is liable for the loss suffered under Sale of Goods Act, 1930. [5]
- (ii) Raju, UG degree student was induced by his lecturer to sell his brand new car to the later at less than the purchase price to secure more marks in the University examination. Accordingly the car was sold. However, the father of Raju persuaded him to sue his lecturer. State whether Raju can sue against the lecturer? [5]
- (b) State the essential elements of a valid contract and discuss about them. [10]
- (c) What is an offer? Discuss the legal rules regarding a valid offer. [1+9=10]
- (d) Discuss the needs of Business ethics. [10]
- (e) Discuss about the parties to a negotiable instrument. [10]
- (f) Enlist the agreements that have been expressly declared to be void by the Indian Contract Act. [10]