

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

**Postal Test Paper\_P3\_Foundation\_Syllabus 2016\_Set 2**

**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) Delivery of goods means-
  - (a) Voluntary transfer of possession
  - (b) Compulsory transfer of possession
  - (c) Exchange of goods
  - (d) Voluntary transfer of ownership
  
- (ii) An agreement created by words spoken or written is called
  - (a) express agreement
  - (b) execute agreement
  - (c) implied agreement
  - (d) voidable agreement
  
- (iii) Voidable contract
  - (a) are enforceable by law if they are not avoided
  - (b) are not enforceable by law
  - (c) can be enforced if the court directs
  - (d) can be enforced with prior permission of Court / Government
  
- (iv) An offer comes to an end by
  - (a) acceptance
  - (b) communication
  - (c) revocation
  - (d) none of the above
  
- (v) A contract or an obligation to perform a promise could arise in the following ways
  - (a) By agreement and contract
  - (b) By standard form of contracts
  - (c) By promissory estoppels
  - (d) None of the above
  
- (vi) A contract is made where:
  - (a) A buys a book from a shop
  - (b) X bids at a public auction.
  - (c) X agrees with Y to discover a treasure by magic

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(d) Z agrees to attend the birthday party of his friend

(vii) Invariably business have unethical practice because

- (a) Of government
- (b) Fear of tax
- (c) Greed
- (d) None of the above

(viii) The general rule of Sale of Goods Act is, risk prima facie passes with

- (a) Ownership
- (b) Possession
- (c) Delivery
- (d) Custody

(ix) Which of these is NOT a Document of Title to Goods?

- (a) Bill of Lading
- (b) Railway Receipt
- (c) Dock Warrant
- (d) Bearer Cheque

(x) Cheque is a

- (a) promissory note
- (b) bill of exchange
- (c) both (a) and (b) above
- (d) None of the above

(b) Match the following:

[5×1=5]

|       | Column A                        |     | Column B                          |
|-------|---------------------------------|-----|-----------------------------------|
| (i)   | Payment by an interested person | (a) | Corporate Ethics                  |
| (ii)  | Money consideration             | (b) | Section 22 of Indian Contract Act |
| (iii) | An erroneous belief about       | (c) | Quasi- contract                   |
| (iv)  | Business Ethics                 | (d) | Price                             |
| (v)   | Unilateral Mistake as to fact   | (e) | Mistake                           |

(c) Fill in the blanks:

[10×2 =20]

- (i) Cheque is a \_\_\_\_\_.
- (ii) Mercantile Law is applicable to \_\_\_\_\_.
- (iii) A cheque is crossed \_\_\_\_\_ when it bears across its face an addition of the name of a banker, either with or without the words "not negotiable".
- (iv) A contract is a contract from the time \_\_\_\_\_.
- (v) The study of ethics is a \_\_\_\_\_ science.

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- (vi) The process of identifying the goods and setting apart as per the intended quality or description is called\_\_\_\_\_.
- (vii) Section 2(b) defines, "When the person to whom the proposal is made, signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a/an\_\_\_\_\_.
- (viii) For transfer of property in unascertained goods, the basic condition is that goods must Be \_\_\_\_\_ and \_\_\_\_\_.
- (ix) Compliance is about obeying and adhering to\_\_\_\_\_.
- (x) The process of identifying the goods and setting apart as per the intended quality or description is called\_\_\_\_\_.
- (d) State whether the following statements are True or False: [1×10=10]
- (i) Seller can sue for price only when property in goods has passed on to the buyer.
- (ii) When a bill is drawn, accepted, or endorsed for consideration it is a fictitious bill.
- (iii) A person is competent to contract if he is literate.
- (iv) A Negotiable Instrument may be transferred by delivery.
- (v) An agreement and contract are one and same thing.
- (vi) Holders of public office are not accountable for their decisions and actions to the public.
- (vii) Delivery of goods can be actual and constructive.
- (viii) Silence is fraud when silence is, in itself equivalent to speech.
- (ix) Both offer and acceptance be absolute, unqualified and unconditional.
- (x) Ethics refers to the study and development of one's ethical standards.
- (e) Answer any 5 of the following questions. [5×3=15]
- (i) Condition as to fitness or quality
- (ii) Novation
- (iii) Features of Quasi contract
- (iv) Coercion
- (v) Effects of special crossing
- (vi) Transfer of property of specific goods in a deliverable state
- (vii) Responsibility of finder to goods
- (viii) Silence amounts to fraud

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

- (a) (i) Mr. Joseph found a wrist watch in shopping mall. He made all efforts to trace the true owner of the wrist watch but could not find him. He sold the same to Nilesh, who buys without any knowledge that Joseph is merely a finder. Is sale by Joseph to Nilesh valid? [5]

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- (ii) Amrut draws a cheque payable to 'self or order'. Before he could encash the cheque, one of his creditors, Bihari approaches him for payment. Amrut endorses the same cheque in Bihari's favour. The banker refuses payment to Bihari on account of insufficiency of funds in the account. Can Amrut be made liable to penalties for dishonor of cheque due to insufficiency of funds in the account under section 138? [5]
- (b) Define revocation. How can a revocation of offer and acceptance made. [3+7=10]
- (c) "Nemo dat qui habet" – State the exceptions to it. [10]
- (d) Explain the different types of Negotiable Instruments. [10]
- (e) (i) Can a contract be discharged by operation of law? Comment. [5]
- (ii) State the warranties that are implied in every contract of sale. [5]
- (f) (i) State the difference between Ethics and Morals. [5]
- (ii) Concept of Value-free Ethics. [5]