

## **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. A counter offer proposing different terms and conditions amounts to \_\_\_\_\_
  - (a) Acceptance of the offer
  - (b) Rejection of the offer
  - (c) Making a provisional contract
  - (d) Either (a) or (c)
  
2. Which of the following statements is false:
  - (a) A response to invitation to treat, leads to an agreement
  - (b) A valid offer must be communicated
  - (c) Supplying information is not an offer
  - (d) A request for tender is an invitation to treat
  
3. Consideration contemplated under Indian Law is
  - (a) Past consideration only
  - (b) Present consideration only
  - (c) Past, present and future consideration
  - (d) Money consideration only
  
4. A stranger to a contract
  - (a) Can file a suit
  - (b) Can file a suit only with permission of the court
  - (c) Can file a suit, if contract is in writing
  - (d) Cannot file a suit
  
5. A promise to pay a time-barred debt must be \_\_\_\_\_
  - (a) Oral
  - (b) Written and signed
  - (c) Registered
  - (d) Written and registered
  
6. Advertisement for tender is merely an invitation to offer.
  - (a) True
  - (b) False

- (c) Cannot say
  - (d) Insufficient information
7. The principle of estoppel cannot be applied against a minor since \_\_\_\_\_
- (a) He has no sound mind
  - (b) He has no privilege to cheat persons by making any representation
  - (c) He may be induced by dishonest traders to declare in writing that he is a major at the time of entering into the contract
  - (d) He has not attained the age of maturity
8. The onus of proving insanity is on the \_\_\_\_\_
- (a) Prosecutor
  - (b) State
  - (c) Accused
  - (d) Person who alleges it
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. Future goods
- (a) Can be subject matter of sale
  - (b) Cannot be subject matter of sale
  - (c) Sometimes may be subject matter of sale
  - (d) Depends on the circumstances
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. Handing over the keys of the warehouse is an example of \_\_\_\_\_
- (a) Actual Delivery
  - (b) Symbolic Delivery
  - (c) Constructive delivery
  - (d) None of the above
14. In case of appropriation of goods, which are the essential requirements
- (a) The goods should confirm to the description and quality stated in the contract

- (b) The goods must be in a deliverable state
  - (c) The appropriation must be by the seller with the assent of the buyer
  - (d) All of the above
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. Whether a stipulation is a condition or a warranty depends on
- (a) The construction of the contract
  - (b) The conduct of the parties
  - (c) The trade custom
  - (d) The local law
17. For a valid contract of sale, delivery may be:
- (a) actual delivery
  - (b) symbolic delivery
  - (c) constructive delivery
  - (d) all of these
18. The maturity of a promissory note or a bill of exchange is the date \_\_\_\_\_
- (a) At which it falls due
  - (b) Of its presentation
  - (c) Of its acceptance
  - (d) None of these
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
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. A bill of exchange does not require \_\_\_\_\_
- (a) crossing
  - (b) acceptance
  - (c) both
  - (d) either 'a' or 'b'
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. | Valid Contract          | A | Right of lien                |
| 2. | Right against the buyer | B | incomplete                   |
| 3. | Inchoate Instrument     | C | Sec 68 to 72 of Contract Act |
| 4. | Right against goods     | D | Enforceable by law           |
| 5. | Quasi Contract          | E | Suit for interest            |

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

**[12 × 1 = 12]**

1. A price list hanging outside the shop is meant for an offer by the owner of the shop.
2. A buys an article thinking that it is worth ₹1000, when the fact is it is only worth ₹800. There has been no misrepresentation on the part of the seller. The contract is unenforceable.
3. Ordinary damages will be awarded in cases where the loss naturally flows from the breach of contract.
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. Where the third party, who is in possession of the goods of the seller at the time of sale, acknowledges to the buyer that he holds goods on his behalf, the delivery is constructive delivery.

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. There can be an acceptance of an offer which has not come to the knowledge of the offeree.
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. Define conditions and warranties and state the difference between the two. 7
2. What are quasi contracts? What are the different kinds of Quasi contracts. 7
3. How can a contract be discharged by agreement? 7
4. 'Nemo dat qui non habet'. State the exceptions to it. 7
5. Discuss the position of a minor's agreement and its effect thereof. 7
6. State any seven points of difference between a promissory note, bills of exchange and a cheque. 7

**Section B**

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

**[12 × 1 = 12]**

1. Business ethics has a \_\_\_\_\_ application
  - (a) Universal
  - (b) Natural
  - (c) Practical
  - (d) Personal
2. Behavior that does not confirm to generally social norms will be considered as:
  - (a) Arrogant Behavior
  - (b) Arbitrary Behavior
  - (c) Ethical Behavior
  - (d) Unethical Behavior
3. \_\_\_\_\_ is about obeying and adhering to rule and authority
  - (a) Ethics
  - (b) Code
  - (c) Conduct
  - (d) Compliance
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. Which of the following is unethical business practice \_\_\_\_\_
- (a) Collusion
  - (b) False communication
  - (c) Insider trading
  - (d) All 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. The term 'business ethics' came into common use in the year \_\_\_\_\_.
- (a) 1950
  - (b) 1960
  - (c) 1970
  - (d) 1980
9. Study of Ethics is a \_\_\_\_\_ science
- (a) Systematic
  - (b) Programmed
  - (c) Morale
  - (d) None of 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. The study of ethics is divided into \_\_\_\_\_ operational areas
- (a) 2
  - (b) 3
  - (c) 4
  - (d) 5

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

**[6 × 1 = 6]**

- 1. Morals are concerned with the principles of right or wrong behavior.
- 2. The customers have more trust and confidence in the businessmen who follow ethical rules.
- 3. Compensation, Competency and Character are the three C's of Business Ethics.
- 4. Business ethics concerns itself with adhering to the social principles of the situations in which business takes place.
- 5. Business ethics is also called corporate ethics.
- 6. Business ethics is a pure art.

**III. Answer any two of the following questions.**

**[2 × 6 = 12]**

- 1. Differentiate between ethics and morals. 6
- 2. Comment on the relevance of ethics with respect to its application. 6
- 3. Write a note on 'Evolution of Ethics' 6